**CG Power and Industrial Solutions Limited**
Registered Office:
CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India
T: +91 22 2423 7777 F: +91 22 2423 7733 W: www.cgglobal.com
Corporate Identity Number: L99999MH1937PLC002641

Smart solutions.
Strong relationships.

Our Ref: COSEC/227/2021-2022 08th January, 2022

**By Portal**

**The Corporate Relationship Department**
BSE Limited
1st Floor, New Trading Ring
Rotunda Building,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Scrip Code : 500093

**The Assistant Manager – Listing**
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Scrip Id : CGPOWER

Dear Sir/Madam,

**Sub: Annual Report for the Financial Year 2020-21 and Notice convening the 84th Annual General Meeting of the Company.**

This is further to our letter dated 31st December, 2021 and pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report for the financial year 2020-21 along with the Notice convening the 84th Annual General Meeting of the Company scheduled to be held on Monday, 31st January, 2022 at 01:30 p.m. (IST) through Video Conferencing/ Other Audio-Visual Means, in accordance, with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India are enclosed herewith and are also available on the website of the Company www.cgglobal.com .
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Request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
**For CG Power and Industrial Solutions Limited**

VARADARAJAN PURUSHOTHAMAN

Digitally signed by VARADARAJAN PURUSHOTHAMAN
Date: 2022.01.08 20:10:26 +0530

**P Varadarajan**
***Company Secretary and Compliance Officer***

*Encl: as above*

Smart solutions.
Strong relationships.

# CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

(CIN : L99999MH1937PLC002641)
**Registered Office:** 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai 400 030
**Email:** investorservices@cgglobal.com **Website:** www.cgglobal.com
**Phone:** +91 22 2423 7777 **Fax:** +91 22 2423 7733

## NOTICE

NOTICE is hereby given that the Eighty Fourth Annual General Meeting of the Members of **CG POWER AND INDUSTRIAL SOLUTIONS LIMITED** will be held on **Monday, 31 January, 2022 at 01:30 p.m. (IST)** through Video Conferencing (**'VC'**)/ Other Audio-Visual Means (**'OAVM'**) to transact the following business:

**ORDINARY BUSINESS:**

**Adoption of revised Financial Statements for the financial year 2020-21**

1. To consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** the revised Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2021, the Reports of the Board of Directors and the Auditors thereon, be and are hereby received and adopted."

2. To consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** the revised Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2021 and the Report of the Auditors thereon, be and are hereby received and adopted."

**Re-appointment of Director retiring by rotation**

3. To re-appoint Mr. Vellayan Subbiah, who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

**Adoption of revised Financial Statements for the financial year 2019-20 pursuant to section 131 of the Companies Act, 2013**

4. To consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** the revised Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2020 and the Report of the Auditors' thereon, be and are hereby received and adopted."

5. To consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** the revised Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2020 and the Report of the Auditors' thereon, be and are hereby received and adopted."

**Ratification of remuneration payable to Cost Auditor**

6. To consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs Only) plus taxes as applicable and reimbursement of out-of-pocket expenses, to conduct the audit of cost records of the Company for the financial year ending 31 March 2022, to be paid to M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No.000010), as approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

By Order of the Board
**For CG Power and Industrial Solutions Limited**

**P Varadarajan**
Company Secretary
Membership No. ACS 8237

Mumbai, 31 December 2021

NOTES:

(a) **Convening of Annual General Meeting through Video Conferencing / Other Audio Visual Means facility:**

In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 22/2020, 33/2020, 39/2020, 02/2021 and 19/2021 dated 8 April 2020, 13 April 2020, 5 May 2020, 15 June 2020, 28 September 2020, 31 December 2020, 13 January 2021 and 08 December 2021 respectively, issued by the Ministry of Corporate Affairs (hereinafter collectively referred as **'MCA Circulars'**) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021 issued by the Securities and Exchange Board of India (**'SEBI Circulars'**) and in line with the approval granted by Hon'ble National Company Law Tribunal extending the time for holding AGM till 31 March 2022 vide order dated 03 December 2021 and in compliance with the provisions of the Companies Act 2013 (**'Act'**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI LODR'**), the 84th Annual General Meeting of the Company (**'AGM'** or **'Meeting'**) is being conducted through Video Conferencing (**'VC'**) / Other Audio Visual Means (**'OAVM'**) facility, which does not require physical presence of members at a common venue. Hence, Members are requested to attend and participate at the ensuing AGM through VC / OAVM facility being provided by the Company through National Securities Depository Limited (**'NSDL'**).

The deemed venue for the AGM shall be the Registered Office of the Company.

(b) **Quorum:**

The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the AGM. The Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time of start of the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnels, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and Auditors of the Company, who are allowed to attend the AGM without restriction on account of first come first served basis.

The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

(c) **Proxy(ies):**

Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

(d) **Explanatory Statement:**

An Explanatory Statement as per Section 102 of the Act in respect of the businesses under Item Nos. 1, 2, 4, 5 and 6 of this Notice, proposed to be transacted at the AGM and relevant information with respect to Director seeking appointment at the Meeting under Item No. 3 of this Notice respectively, as required under Regulation 36 of the SEBI LODR and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (**'SS-2'**), are annexed to this Notice.

(e) **Corporate Representations:**

Pursuant to the provisions of Section 113 of the Act, Body Corporate Members who intend their authorised representative(s) to attend the AGM are requested to send, to the Company, a certified copy of the Resolution of its Board of Directors or other governing body, authorizing such representative(s) along with the respective specimen signature(s) of those representative(s) authorised to attend the AGM through VC/OAVM facility and participate thereat and cast their votes through e-voting. The said resolution/authorization shall be sent to the scrutinizer by email through its registered email address to acs.pmehta@gmail.com with a copy marked to investorservices@cgglobal.com.

(f) **Queries:**

Members who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number/folio number, email id and mobile number at investorservices@cgglobal.com. Questions/ queries received by the Company till Friday, 28 January 2022 shall only be considered and responded during the AGM.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending an email to investorservices@cgglobal.com any time before 05:00 p.m. (IST) on Friday, 28 January 2022, mentioning their name, demat account number/folio number, email id and mobile number. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM, depending on availability of time.

The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the Meeting.

**(g) Unclaimed/Unpaid Dividends and Shares:**

During the financial year 2020-21, in terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time (**'IEPF Rules'**), the dividend(s) which have remained unclaimed/unpaid for a period of 7 (seven) consecutive years and the corresponding equity shares have been transferred to the Investor Education and Protection Fund (**'IEPF'**) respectively. The Members / claimants whose shares, have been transferred to IEPF, may claim the shares/dividend amount by making an application to IEPF Authority in webform IEPF 5 (available on http://www.iepf.gov.in/). The Member / claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

Further, in compliance with the IEPF Rules, the Company had communicated individually to all the concerned shareholders at their registered addresses, whose share(s) were liable to be transferred, for taking the appropriate action(s). Additionally Notices were also published in the Newspapers - Free Press Journal / Financial Express and Navashakti / Loksatta in this regard.

Unpaid/unclaimed Dividend(s) pertaining to the financial years 2014-15 which, if remain unclaimed/unpaid for a period of seven consecutive years, were / are due to be transferred to IEPF on the dates given as under:

| Date of declaration of dividend | Due date for transfer to the IEPF |
|---|---|
| 3 February 2015 | 2 March 2022 |

Pursuant to the IEPF Rules, the Company has uploaded details of unpaid and unclaimed dividend amount(s) lying with the Company, as on 19 October 2020 (date of previous Annual General Meeting) in the Investors section on the website of the Company www.cgglobal.com and also on the website of the IEPF Authority www.iepf.gov.in. Members are requested to visit the website of the Company and/or IEPF Authority to check the status of their unpaid/ unclaimed dividends and shares and are requested to contact Datamatics Business Solutions Limited, the Registrar and Share Transfer Agent of the Company (**'RTA'**), by email at cginvestors@datamaticsbpm.com, to claim the same.

**(h) Dispatch of Notice and Annual Report through electronic means and inspection of documents:**

In terms of sections 101 and 136 of the Act, read with rules made thereunder and Regulation 36 of the SEBI LODR as amended from time to time, the listed companies may send the Annual Report and the Notice of AGM through electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars and SEBI Circulars, electronic copy of the Notice of 84th AGM along with the Annual Report for Financial Year 2020-21 is being sent to all the Members whose e-mail addresses are registered with the Company/ RTA/Depository Participant(s).

The Members may also note that the Annual Report and the Notice of the AGM will also be available on the Company's website www.cgglobal.com and on the website of Stock Exchanges (where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited) and also on the website of NSDL at www.evoting.nsdl.com for download. Members may note that relevant documents referred in the Notice and other documents as required under applicable laws shall be made available for inspection in accordance with applicable statutory requirement based on request received by the Company at investorservices@cgglobal.com.

For members who have not received the Notice of 84th AGM along with the Annual Report for Financial Year 2020-21 due to change/ non-registration of their e-mail address with the Company/ RTA/ Depository Participant(s), they may request for the said Notice and Annual Report, by sending an email at cginvestors@datamaticsbpm.com or investorservices@cgglobal.com. Post receipt of such request and verification of details of the shareholder, the shareholder would be provided soft copy of the said Notice and Annual Report. It is clarified that for registration of email address, the shareholders are however requested to follow due procedure for registering their e-mail address with the Company/ RTA in respect of physical holdings and with the Depository Participants in respect of electronic holdings. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their Depository Participants/ RTA/ Company to enable servicing of notices/ documents/ Annual Reports electronically to their email address.

The Members who have not received any communication regarding this AGM for any reason whatsoever, and are eligible to vote, are also entitled to vote and may obtain the User ID and password or instructions for remote e-voting by contacting the Company's Registrar & Share Transfer Agent, Datamatics Business Solutions Limited at Tel No.022-6671 2001 to 6671 2006 or e-mail at cginvestors@datamaticsbpm.com between 09:00 a.m. to 5:00 p.m. IST on all working days, except Saturday and Sunday or contact the Company at investorservices@cgglobal.com or NSDL at evoting@nsdl.co.in.

Any person becoming the Member of the Company after the dispatch of Notice of the AGM and holding shares as on the cut-off date may obtain the user ID and password by referring to the e-voting instructions attached to this Notice and also available on the Company's website www.cgglobal.com and the website of NSDL www.evoting.nsdl.com. Alternatively, Member may send request providing their email address, mobile number and self-attested PAN copy via email to cginvestors@datamaticsbpm.com for obtaining the Notice of 84th AGM and Annual Report.

**(i) Scrutinizer:**

The Board of Directors, at its meeting held on Friday, 31 December 2021, has appointed Mr. Prashant S. Mehta (Membership No ACS 5814), Proprietor of M/s. P. Mehta & Associates,, Practising Company Secretaries (C.P. No. 17341), as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman/ Managing Director /Company Secretary of the Company after completion of the scrutiny of the remote e-voting and e-voting at the AGM. The results will be announced by the Chairman/Managing Director /Company Secretary of the Company within 2 (two) working days from the conclusion of the AGM and will be posted on the Company's website viz. www.cgglobal.com and will also be posted on the website of NSDL at www.evoting.nsdl.com. The results shall also be intimated to the Stock Exchanges where the securities of the Company are listed.

(j) **Electronic voting:**

In compliance with provisions of Sections 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 ('**Rules**'), Regulation 44 of SEBI LODR, and SS-2, the Company is providing remote e-voting facility to enable members to cast their votes electronically on the matters as set forth in this Notice. For this purpose, the Company has engaged the services of NSDL to provide e-Voting facility to enable the Members to cast their votes electronically. The facility of casting votes by a member using remote e-voting system as well as e-voting at the AGM will be provided by NSDL.

Members are requested to follow the procedure stated in the "instructions for e-voting section" of this Notice for casting of votes electronically.

The cut-off date for determining the Members eligible to vote on resolutions proposed to be considered at the Meeting is Monday, 24 January 2022. The remote e-voting period will commence on Thursday, 27 January 2022 at 9:00 a.m. (IST) and end on Sunday, 30 January 2022 at 5:00 p.m. (IST). The remote e-voting will not be allowed beyond the aforesaid date and time. The remote e-voting module shall be disabled thereafter.

The Resolutions set out in this Notice will be deemed to have been passed on the date of the AGM, if approved by the requisite majority.

Only those members whose names are appearing on the Register of Members / List of Beneficial Owners as on the cut-off date i.e. Monday, 24 January 2022, shall be entitled to cast their vote through remote e-voting or voting through VC /OAVM at the AGM, as the case may be. A person who is not a member on the cut-off date should treat this Notice for information purpose only.

The Members who have cast their vote by remote e-voting prior to the AGM, may also attend and participate in the proceedings of the AGM through VC/OAVM but shall not be entitled to cast their votes again. The Members can opt for only one mode of voting i.e. remote e-voting or e-voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered as final and e-voting through VC/OAVM at AGM will not be considered. Members must note that voting by show of hands will not be available at the Meeting in terms of the aforesaid provisions.

(k) **Voting Rights:**

Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on the cut-off date being Monday, 24 January 2022.

(l) **Registrar & Share Transfer Agent & Investor Services Department:**

The Company's Registrar & Share Transfer (**'RTA'**) is Datamatics Business Solutions Limited (**'DBSL'**). In addition to the RTA, our Corporate Secretarial Department is happy to assist in case of any difficulties being experienced by the Members in their interaction with DBSL. For any communication, the Shareholders may send an e-mail to the Company's Secretarial Department at investorservices@cgglobal.com.

Address and details for correspondence with DBSL and the Secretarial Department are provided in the section titled 'Report on Corporate Governance' in the 84th Annual Report for Financial Year 2020-21 accompanying this Notice.

(m) **Route Map:**

As the AGM is held through VC/OAVM, without the physical presence of the Members in terms of MCA Circulars, the route map is not annexed to this Notice.

(n) **Dematerialization of Shares:**

Attention is drawn to Regulation 40 of SEBI LODR which has mandated that transfer of securities would be carried out only in dematerialized form.

Members are therefore requested to dematerialize their physical holdings. For any clarification, assistance or information relating to dematerialization of Company's shares, please contact the Company's RTA, DBSL at Tel No.022- 6671 2001 to 6671 2006 or e-mail at cginvestors@datamaticsbpm.com.

By Order of the Board
**For CG Power and Industrial Solutions Limited**

**P Varadarajan**
Company Secretary
Membership No. ACS 8237

Mumbai, 31 December 2021

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In conformity with the provisions of Section 102 of the Companies Act, 2013 (**'Act'**) and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (**'SS-2'**), the following Explanatory Statement and annexure thereto should be taken as forming part of this Notice.

### Item No. 1, 2, 4 & 5

Pursuant to a petition filed by the Ministry of Corporate Affairs (**'MCA'**) under Section 130 of the Act, the National Company Law Tribunal, Mumbai Bench ('**NCLT'**), has through its order dated 5 March 2020, allowed the re-opening of books of accounts of the Company and its subsidiary companies for the past five financial years up to 31 March 2019. Accordingly, MCA vide its letter dated 1 February 2021, appointed (a) M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, for the purpose of re-opening the books of accounts and re-casting the financial statements of the Company and its subsidiaries for the said five financial years and (b) C N K & Associates LLP, Chartered Accountants, for the purpose of auditing the re-opened and recast accounts.

The recast accounts so audited were placed before the Board on 9 September 2021 and the Board approved its submission to Regional Director (West), Ministry of Corporate Affairs. The Regional Director submitted the said restated financial statements before Hon'ble NCLT and the Hon'ble NCLT vide its Order dated 26 October 2021, directed that the same be taken on record so that the same may be treated as final. The recast accounts have since been taken on record by the Registrar of Companies, Mumbai.

The Board of Directors of the Company had approved the financial statement for financial year ended 31 March 2021 on 11 June 2021 and the results were submitted to the Stock Exchanges on 11 June 2021. The financial statements of the Company for the financial year ended 2019-20 were earlier approved and adopted by the Shareholders of the Company at the 83rd Annual General Meeting of the Company held on 19 October 2020. However, considering that closing balances in the recast financial statements of the Company for the financial year ended 31 March 2019 will have to be carried forward as opening balances for the financial year 2019-20, the financial statements of the Company for the financial year 2019-20 and 2020-21 required to be changed to give effect to consequential changes as stated above. In view of the above, Company made an application before the Hon'ble NCLT for voluntary revision of the financial statements of the Company for the financial years 2019-20 and 2020-21 in order to maintain the consistency with the re-casted books of accounts of the financial year 2018-19 under Section 131 of the Act.

The Hon'ble NCLT, vide its order dated 22 December 2021, approved the voluntary revision of financial statements of the Company for financial years 2019-20 and 2020-21. Accordingly, the financial statements of the Company for the year ended 31 March 2020 and 31 March 2021 were revised. For conducting the audit of the accounts of the financial year 2019-20, M/s. C N K & Associates LLP, Chartered Accountants, carried out the audit for the financial year 2019-20. For the financial year 2020-21, the existing Statutory Auditors of the Company, M/s. S R B C & Co. LLP, Chartered Accountants, have carried out the audit. The said revised audited accounts for both the financial years 2019-20 and 2020-21 were approved by the Board of Directors of the Company at its meeting held on 31 December 2021.

For further details, kindly refer to both standalone and consolidated revised financial statement for the year ended 31 March 2021 in the accompanying 84th Annual Report.

The revised financial statements for the financial year 2019-20 is given in a separate section, which forms part of the 84th Annual Report.

The Company is now seeking approval of the Members for the revised financial statements for the year 2019-20 and 2020-21 prepared pursuant to the said order of NCLT dated 22 December 2021.

Though the resolutions for adopting the revised financial statements for the year 2020-21 are at Item Nos.1 and 2 under the head "Ordinary Business" and the resolutions for adopting the revised financial statements for the year 2019-20 are at Item Nos.4 and 5 under the head "Special Business", when these resolutions are approved by the Members, the resolutions approving the revised financial statements for the year 2019-20 shall be deemed to have been approved first, followed by the resolutions approving the revised financial statements for the year 2020-21.

The Board of Directors recommend to the Members of the Company to consider and adopt the revised financial statements for the Financial Years 2019-20 and 2020-21.

### Item No. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, have at their Meeting held on 09 September 2021, approved the appointment of M/s. R. Nanabhoy & Associates, Cost Accountants (Firm Registration No.000010), for conducting the audit of the cost records of the Company for the financial year ending 31 March 2022 at a remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs Only) plus applicable taxes and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of this Notice for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year ending 31 March 2022.

The Board of Directors recommends the Ordinary Resolution at Item No. 6 for approval of the Members.

Except to the extent of their shareholding in the Company, if any, none of the Directors, Key Managerial Personnel or their relatives are in any way, financially or otherwise, concerned or interested in the said Ordinary Resolutions set out at Item Nos. 4, 5 & 6 of the accompanying Notice.

By Order of the Board
**For CG Power and Industrial Solutions Limited**

**P Varadarajan**
Company Secretary
Membership No. ACS 8237

Mumbai, 31 December 2021

## ANNEXURE TO ITEM NO. 3 OF THE NOTICE CONVENING THE 84TH ANNUAL GENERAL MEETING OF THE COMPANY

**Details of Director seeking re-appointment at the 84th Annual General Meeting of the Company pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India**

| | |
|---|---|
| **Name of the Director** | Mr. Vellayan Subbiah |
| **DIN** | 01138759 |
| **Nationality** | Indian |
| **Date of First Appointment on the Board of Directors** | 26 November 2020 as an Additional Director |
| **Age** | 52 years |
| **Qualifications** | Bachelor of Technology in Civil Engineering from IIT Madras<br>Master's in Business Administration from the University of Michigan |
| **Capacity** | Non-Executive Non-Independent Director |
| **Experience and expertise in Specific Functional Areas** | He has over 24 years of work experience in consulting, technology and financial services. |

**List of Directorships held in other Companies**

- Tube Investments of India Limited
- Cholamandalam Financial Holdings Limited
- Cholamandalam Investment and Finance Company Limited
- Ambadi Investments Limited
- DOT IOT Technologies Private Limited
- CherryTin Online Private Limited
- SRF Limited
- CG Power Americas, LLC
- QEI, LLC

**Membership/ Chairmanship in the Committees of the Boards of companies in which he is a Director**

**CG Power and Industrial Solutions Limited**

- Stakeholders' Relationship Committee – Chairman
- Risk Management Committee – Chairman
- Audit Committee – Member
- Nomination and Remuneration Committee – Member
- Finance Committee – Chairman

**Tube Investments of India Limited**

- Stakeholders' Relationship Committee – Member
- Shares and Debentures Committee – Member
- Loans Committee – Member

**Cholamandalam Investment and Finance Company Limited**

- Corporate Social Responsibility Committee – Chairman
- IT Strategy Committee – Member
- Nomination and Remuneration Committee – Member
- Business Committee – Chairman

**SRF Limited**

- Audit Committee – Member

| | |
|---|---|
| **Terms and Conditions of appointment/ re-appointment** | Appointment as a Non-Executive Non-Independent Director subject to retirement by rotation |
| **Details of remuneration sought to be paid** | Entitled to sitting fees for attending meetings of the Board/Committees and commission as per the limits set out in the Act. |
| **Last drawn remuneration** | Not Applicable. Only sitting fees paid. Kindly refer the section titled 'Report on Corporate Governance' of the 84th Annual Report of the Company accompanying this Notice. |
| **Number of meetings of Board attended during the year** | Attended all the 12 Board Meetings that were held after his appointment i.e. 26 November 2020 till the date of the Notice. |
| **Number of shares held in the Company** | NIL |
| **Justification for choosing the individual for appointment as an Independent Director** | Not Applicable |
| **Relationship with other Directors'/ KMPs** | Not related to any Director / Key Managerial Personnel |

By Order of the Board

**For CG Power and Industrial Solutions Limited**

**P Varadarajan**
Company Secretary
Membership No. ACS 8237

Mumbai, 31 December 2021

## THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING THE 84TH ANNUAL GENERAL MEETING ARE AS UNDER:-

**The remote e-voting period begins on Thursday, 27 January 2022 at 9:00 a.m. (IST) and end on Sunday, 30 January 2022 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Member, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Monday, 24 January 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Monday, 24 January 2022.**

**How do I vote electronically using NSDL e-voting system?**

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-voting system**

**A) Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated 9 December 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on options available against company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.<br>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on options available against company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>2. After successful login of Easi/Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.<br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Once login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on options available against company name or e-voting service provider-NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43 |

B) **Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password,' you need to enter the 'initial password' and the system will mandatorily required you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password.'

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders**

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to acs.pmehta@gmail.com with a copy marked to evoting@nsdl.co.in and the Company at investorservices@cgglobal.com
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.
4. You can also update your mobile number and email ID in the user profile details which may be used for sending future communication(s).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card) and AADHAR (self attested scanned copy of Aadhar Card) by email to cginvestors@datamaticsbpm.com. or investorservices@cgglobal.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card) and AADHAR (self attested scanned copy of Aadhar Card) to investorservices@cgglobal.com or cginvestors@datamaticsbpm.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholders/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9th December 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

The instructions for Members for e-voting on the day of the AGM are as under:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

**Instructions for Members for attending the AGM through VC/OAVM are as under:**

1. Members will be provided with a facility to attend the Meeting through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for Access to NSDL e-voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name.You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id and mobile number at investorservices@cgglobal.com. The same will be replied by the Company suitably.

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Strong relationships.

# CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

(CIN : L99999MH1937PLC002641)
**Registered Office:** 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai 400 030
**Email:** investorservices@cgglobal.com **Website:** www.cgglobal.com
**Phone:** +91 22 2423 7777 **Fax:** +91 22 2423 7733

Dear Shareholder(s), Date:

**Sub: Registration of e-mail address**

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, we request you to kindly register your e-mail ID in order to receive the Notices of future Annual General Meetings, Annual Report and other correspondences of the Company in electronic form, by sending a duly filled in and signed copy of the below registration form to the Company's Registrar and Share Transfer Agent 'Datamatics Business Solutions Limited' at Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai 400 093 or through email at cginvestors@datamaticsbpm.com

Shareholders who hold shares in dematerialized form are requested to approach the concerned Depository Participant for updating/modifying their e-mail id(s) as the case may be.

**For CG Power and Industrial Solutions Limited**

**P Varadarajan**
Company Secretary and Compliance Officer
Membership No. ACS 8237

**E-MAIL REGISTRATION FORM**

To* :

The Company (for Shareholders holding shares in physical mode)

The Depository Participants (for Shareholders holding shares in dematerialised form)

**Sub: Registration of e-mail address - CG Power and Industrial Solutions Limited**

I/We would like to receive Notices, Annual Reports and other communications/documents from the Company in electronic mode. I/We request you to register my/our e-mail address for receiving communications/documents electronically as per the following details:

| | |
|---|---|
| Name of the Shareholder(s) | |
| Folio/DP ID/Client ID | |
| E-mail address | |
| Mobile No | |

Date:

Place:

Signature of the Shareholder(s)#

* Please tick as applicable.
# Please ensure that the form is signed by the registered Shareholder along with Joint Shareholder(s), if any.

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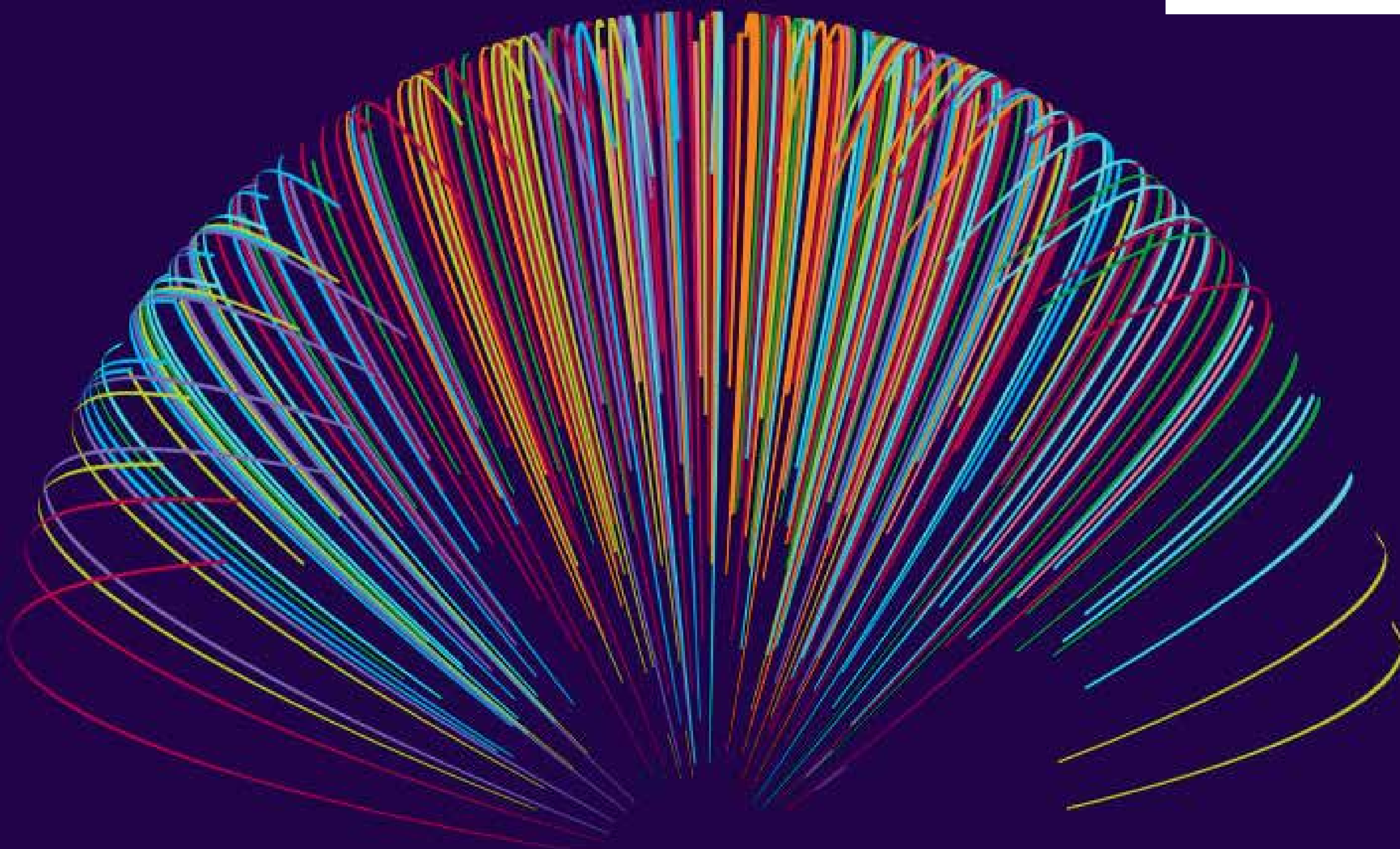
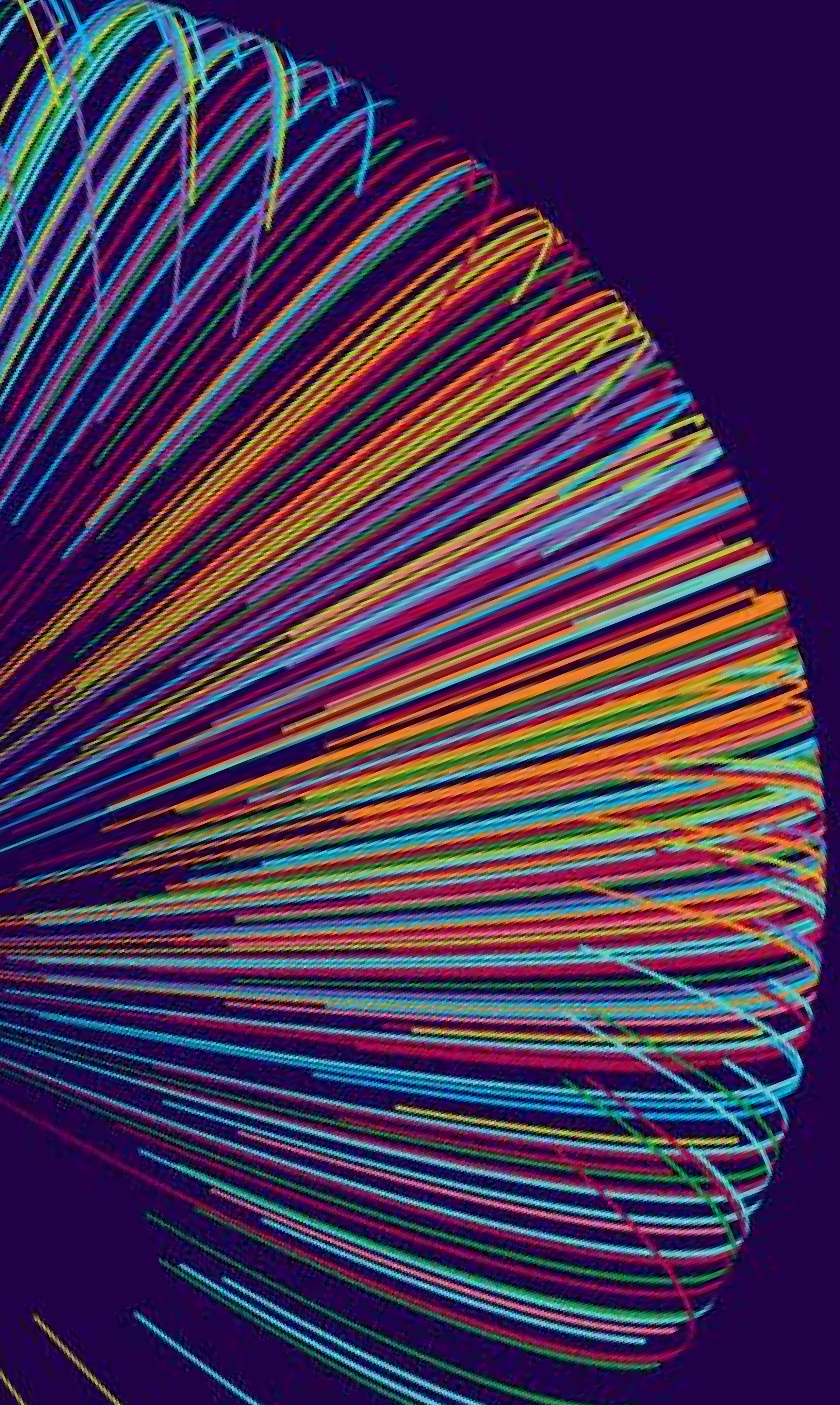


# New Reality

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**

Annual Report 2020-21



# Contents

## Corporate Overview



## Statutory Reports



## Financial Statements



## Additional Info

# Corporate Information

### Chairman
Vellayan Subbiah (w.e.f. 26 November 2020)

### Managing Director
Natarajan Srinivasan (w.e.f. 26 November 2020)

### Non-Executive Directors
M A M Arunachalam (w.e.f. 26 November 2020)
P S Jayakumar (w.e.f. 26 November 2020)
Shailendra Roy (w.e.f. 26 November 2020)
Sasikala Varadachari (w.e.f. 26 November 2020)
Sriram Sivaram (w.e.f. 11 June 2021)
Kalyan Kumar Paul (w.e.f. 11 June 2021)

### Chief Financial Officer
Susheel Todi (w.e.f. 5 February 2021)

### Company Secretary
P Varadarajan (w.e.f. 1 April 2021)

### Auditors
S R B C & CO. LLP

### Bankers
State Bank Of India

### Registered Office
6th Floor, CG House,
Dr. Annie Besant Road, Worli,
Mumbai 400 030



# New Reality

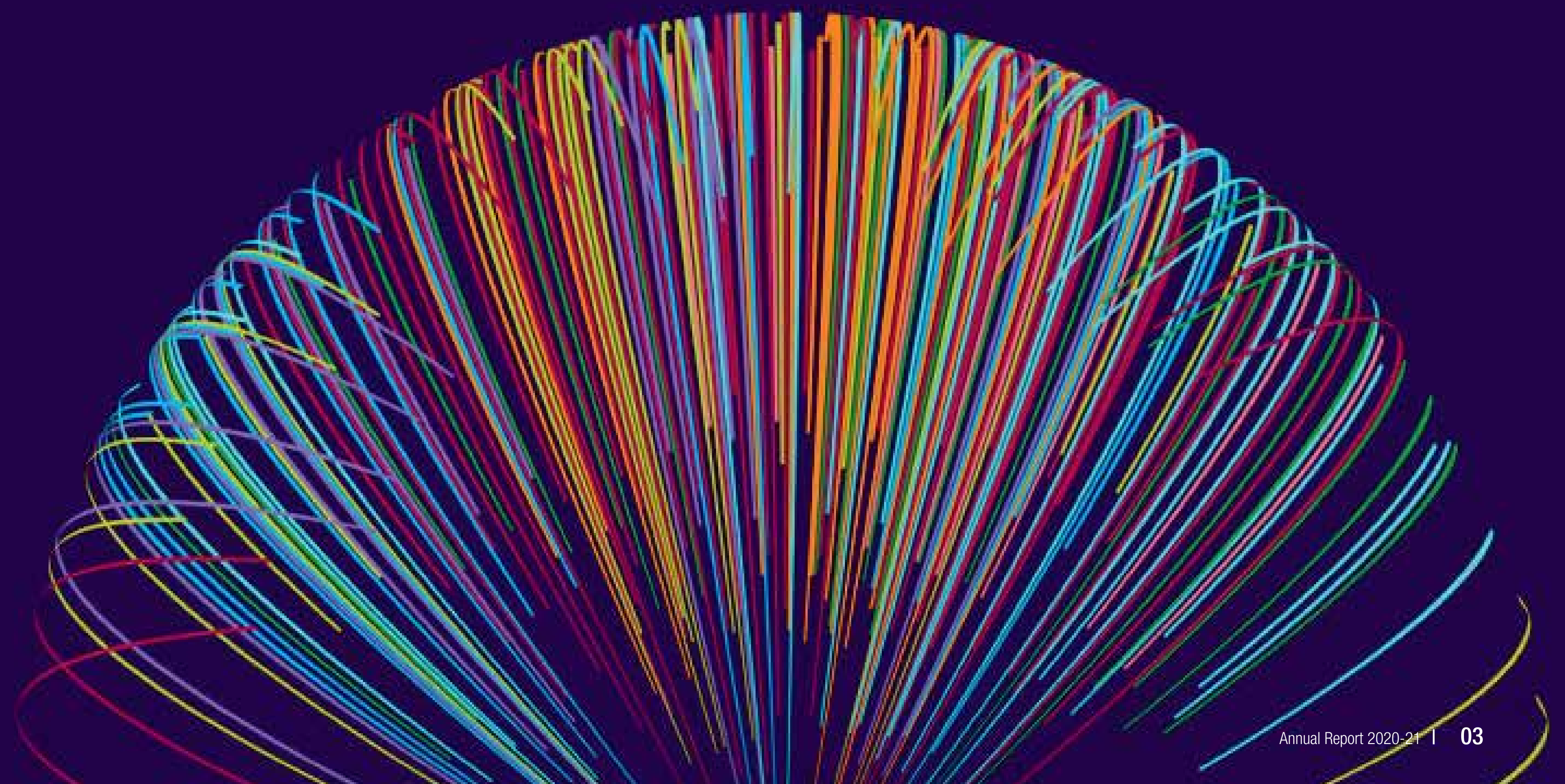
**Leaving the clouds of uncertainties behind, CG is confidently embracing New Reality.**

With the world putting forward a fierce response to tame the invisible enemy (COVID-19), the cloud of uncertainty appears to clear steadily. Nearly 7.7 billion dosage of vaccines has been administered, with over 41% of the world population fully vaccinated. Having administered 1.2 billion dosages in a record time, India too is marching forward. Mixing the newfound vigil with optimism, the world is hoping to step into a phase of sustained economic recovery with the calendar turning into 2022.

IMF indicates a sustained recovery with the global economic growth of 5.9% in 2021 and 4.9% in 2022. With 9.5% and 8.5% for FY2021-22 and FY2022-23 respectively, India is forecasted to record two of its fastest back-to-back growth rates in this century.

Like the world economy, CG Power and Industrial Solutions Limited (CG) too did dispel a cloud of uncertainty behind in the last 12 months. From the arrival of a new promoter in Tube Investments (part of Murugappa Group) to addressal of legacy issues including easing of working capital to normalization of operations to boosting of stakeholders' morale, CG has rapidly resurrected its relevance and goodwill. Delivering a robust quarterly performance in the second quarter (July-September) of FY2021-22, it has signaled a fast and robust turnaround.

Marking FY2021-22 as the first full year of operations under the new promoter, CG is fast strengthening its operational performance. The innovation engine is revving up. The Company is also laying a solid structural framework of corporate governance, fiscal prudence and responsible business.



# Motors

Developed Permanent Magnet AC Motors (PMAC) for Electric Vehicle application. These motors, developed with special rare earth magnet and low watt loss steel, are compact in size and gives very high efficiency for the given power weight ratio.

Developed ultra premium energy efficient motors (IE5), meeting international standards, and became the first Indian company to do so in induction technology along with permanent magnet.

Developed pressurized enclosure motor for use in hazardous area Zone1 applications. The Motor is equipped with fully automated dry air purge system to ensure safety aspect through critical interlocks. This is mainly used in oil and gas sector.

LT Motors : Stator Pressing

# Drives and Automation

DRIVES & AUTOMATION SHOP FLOOR

**Developed new control platform CB2.1 which offered Modbus RTU and standby supply option as standard. The new platform offers a strong foundation for future with much higher communication speeds, possibilities for CAN communication and also wireless connection with PC control software EmoSoftCom through PPU.**

Designed the Next Gen E frames 2.1 for 75 and 90kW drives with 21% reduction in size with better competitiveness. The unique design makes it possible to convert a drive from IP20 to IP54 and vice-versa at any place giving much greater flexibility to the customers.

Developed and introduced Advanced EmoDrive application software, a mobile phone application, for monitoring and control of the drives. This application can work through Bluetooth or Wifi enabled keypad of the Drive and does not require any hardwired connection which helps in not only monitoring the runtime status of the Drive but can also be used to control it in real time.

Developed Next Generation VSS single phase drive with advance features like, Compact design, high starting torque, detachable display, MPPT (Maximum power point tracking) support, torque control that can deal with up to 50°C ambient support.

# Railways

**Developed an electric point machine with arrangement of Secondary Drive replacing spring setting device for thick web switch which would ensure full butting of tongue rail with stock rail from crossing point to Junction Over Head (JOH) location.**

Developed a low voltage high current brushless single bearing Traction Alternator C1019B for Tata Steel Project. The efficiency of 2 X 700 HP Shunting locomotive is improved with this new Alternator when compared to existing system of 1400 HP Single Engine Alternator system.

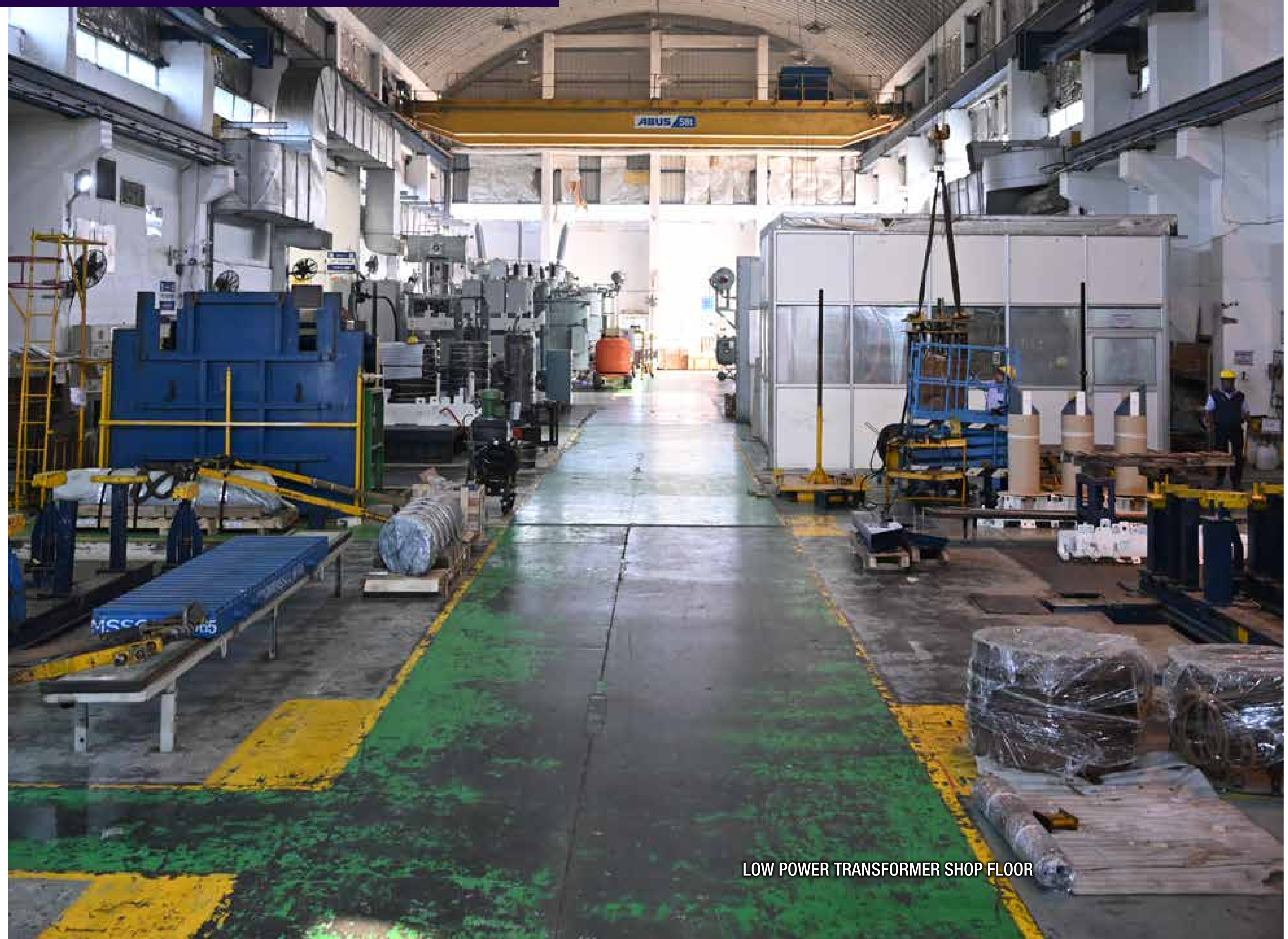
Indigenously developed Filter Cubicle Panels and Auxiliary Circuit Cubicle Panels and received approvals from authorities of Indian Railways.


SELF PROPELLED INSPECTION CAR (SPIC) ROLLED OUT BY INDIAN RAILWAYS WITH TRACTION ELECTRICS SUPPLIED BY CG

# Power

Developed a new Transformer Monitoring System through Internet of Things (IoT) cloud based, named as Smart Controller, designed to effectively monitor & manage the AT&C (Aggregate Technical & Commercial) loss which is a challenge to the Indian Power Sector. Further, to support the Government of India (GOI) initiative and Build Railway Infrastructure in the Country, indigenously developed and successfully conducted short circuit test of Trackside Transformer of 21.6/30.24 MVA, 132/27 kV for Indian Railways.

Expanded product range by introducing three phase shunt reactors with stringent requirements of very low vibration and noise for domestic and export markets. Also developed software for optimising thermal characteristics of products by making least use of cooling equipment and electrical grade steels which will help in reduced use of commodities.



LOW POWER TRANSFORMER SHOP FLOOR

Worked on development of new core materials, new electrode formation, new constructional designs for current transformers and new passive ferro-resonance circuit and electrode configuration for capacitor voltage transformers for higher Reliability and Performance. Developed 800 kV Bushing for 800 kV Transformers and reactors. Also established manufacturing process for UHV Instrument Transformers.

Indigenous development of 145 kV and 245 kV Hybrid Gas Insulated Switchgear (GIS) with objective of Economical Design with Reduced Greenhouse gas and enhanced reliability.

Successfully launched indigenously developed 40.5kV SF6 Gas Circuit Breaker. These Breakers are compact with latest Arc Assist technology deploying low energy mechanism. Further, developed 12kV Ring Main Unit (RMU) – Arista-S for Smart Distribution application to strengthen the Power Distribution Networks in Utilities for reliability and continuity of power supply.

# What Sets Us Apart

OUR INVESTOR VALUE PROPOSITION

## Uniquely Positioned

- At the heart of Atmanirbhar Bharat – sizeable player in the industrial machinery segment
- Eight-decade-strong lineage, know-how and relationships
- A strategic network of plants and strong support team
- Catering to growth critical sectors like Manufacturing, Railways and Power
- One of the widest bouquet of products under one roof – Industrial Motors, Drives & Automations, Railway Products, Commercial Products, Transformers, and Switchgears

Smart solutions.
Strong relationships.

## Resurgent CG

- CG is back on track – operations normalised, vying for growth
- Improved utilisation, cash flow and accruals to help pare debts
- Innovation, expansion (application/ geography) and efficiency to drive revenue and profitability growth
- Governance, Fiscal Prudence and Sustainable Development to strengthen stakeholders' value

## Sustainable Growth Opportunities

- Increased focus on industrial automation, digitization and efficiency to drive growth for motors, Drives & Automation
- Renewable Power, Smarter Grid, Smart Metering and Distribution reforms to lead to a healthy and competitive power sector
- Inside out transformation of the power sector – across generation, transmission and distribution – to support demand growth for transformers and switchgears
- Steady transition towards EV to drive sustained demand growth

# Chairman's Message

Dear Shareholders,

I am delighted to write my first letter as the Chairman of the Company. Ever since welcoming CG Power, as a subsidiary of Tube Investments, in the Murugappa Group, we have focused on restoring the company to its former glory. And we have made significant progress in this direction over the last one year.

CG Power, in my view, has always stood as a company with a rich repository of engineering capabilities, technological know how and enviable customer equity in the Indian Capital Goods sector. Its business presence across three GDP-enabling segments of Energy (power), Industrial (manufacturing) and Logistics (railways) positions it at a sweet spot when the country is aspiring to 'Make in India for the World'.

The Company had, however, gone through a turbulent phase of almost three years, just before Tube Investments stepped in. It was a matter of great satisfaction to settle outstanding dues of employees, vendors and other creditors as the first step of revival.

The second priority for us was to restore normalcy of operations across all the business divisions. Timely infusion of working capital together with quick and smooth alignment of leadership teams and the talent pool has helped us accomplish this goal. This has enabled sequential improvements in quarterly financial performance of the Company. With more and more steps being taken towards strengthening customer engagement, supply chain, talent ramp up, new product development and exploration of new markets and segments, we believe there is significant growth opportunity, going forward.

Our third priority, a little more structural and time consuming, is to introduce and embed a high level of corporate governance, fiscal prudence, and risk management. We are adopting a two-pronged approach towards this. Firstly, we are addressing legacy issues while also making a fair assessment of value erosion in the recent past, especially in the background of recent controversies that the company was marred with. On the other hand, we are evolving a robust framework of risk management and corporate governance, one that corresponds to the nature and size of business that we aspire CG Power to grow to over the coming years.

I would leave the commentary on company's business performance for the next year as we hardly had 4 months of operations after the ownership transition in the financial year 2020-21. Yet, the latest quarter's (Sep 2021) revenue of ₹1,454 crore and EBITDA of ₹186 crore indicate of a quick and strong turnaround.

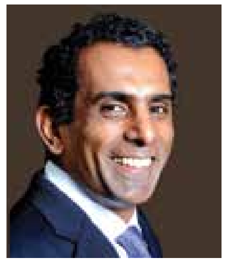
An important facet of your Company, as we discovered post acquisition, has been the deep conviction and loyalty of its talent pool towards its relevance, competitiveness and future success. Treating this as a potent asset, we have worked closely with the leadership team across business divisions and functions, with an empowering approach. Our decision to operate CG Power as a standalone entity while subtly integrating the cultural ethos of the Murugappa Group shall help the Company evolve in the near to medium term.

**The second priority for us was to restore normalcy of operations across all three business divisions. Timely infusion of working capital together with quick and smooth alignment of leadership teams and the talent pool has helped us accomplish this goal.**

Best wishes,

**Vellayan Subbiah**
Chairman

# Board of Directors



## Mr. Vellayan Subbiah

Chairman

Mr. Vellayan Subbiah is a Bachelor of Technology in Civil Engineering from IIT Madras and holds a Master's in Business Administration from the University of Michigan. He has over 24 years of work experience in consulting, technology and financial services. He is currently the Managing Director of Tube Investments of India Limited. He was earlier the Managing Director of Cholamandalam Investment and Finance Company Ltd. He is on the Board of SRF Limited, Cholamandalam Financial Holdings Limited, Cholamandalam Investment and Finance Company Limited and Ambadi Investments Limited. He was a recipient of the Extraordinary Entrepreneur of the Year - TiECON 2014 Award.

## Mr. Natarajan Srinivasan

Managing Director

Mr. Natarajan Srinivasan is a commerce graduate, a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has more than 36 years of corporate work experience spanning across Finance, Legal, Projects and General Management functions. While he started his career with BHEL, his last 15 years of service has been with the Murugappa Group, a Chennai based industrial conglomerate, where he held several senior positions during the years 2004 to 2018. He held position as a Director in Murugappa Corporate Board, Group Finance Director, Murugappa Group, Lead Director - Financial Services Business (NBFC and General Insurance businesses), Executive Vice Chairman and Managing Director of Cholamandalam Investment and Finance Company Limited.

He also served on the Boards of Tube Investments of India Limited, Cholamandalam MS General Insurance Company Limited and TI Financial Holdings Limited. In December 2018, the Government of India appointed him on the Board of Infrastructure Leasing and Financial Services Limited.

Besides, he is also an Independent Director on the Boards of Godrej Agrovet Limited and Computer Age Management Services Limited.

## Mr. M A M Arunachalam

Non-Executive Director

Mr. M A M Arunachalam holds a Master of Business Administration degree from the University of Chicago. He was the Managing Director of Parry Enterprises India Limited ("PEIL") till March 2021. A senior member of the Murugappa family, he drives the business development and strategic initiatives of PEIL by identifying opportunities for its divisions - General Marketing Division (GMD), Parry Travels and Tuflex India. He is also on the Board of Tube Investments of India Limited, Shanthi Gears Limited, Cholamandalam Investment and Finance Company Limited, Cholamandalam Home Finance Limited, Ambadi Investments Limited and Parry Enterprises India Limited.

## Ms. Sasikala Varadachari

Independent Director

Ms. Sasikala Varadachari holds Masters in Economics and is also a Chartered Associate of the Indian Institute of Bankers (CAIIB). She holds a Certificate in Financial Markets from Securities Institute of Australia, Melbourne and a Certificate in Journalism. She was associated with State Bank of India (SBI) group since 1977 and has held several important portfolios in SBI including, Chief Executive Officer of SBI - Tel Aviv, Israel and General Manager – Shares & Bonds, Corporate Centre. She retired from SBI as Chief General Manager, Strategic Training Unit, Corporate Centre. She is a director on the Boards of Tube Investments of India Limited, Sundaram-Clayton Limited and Cholamandalam Securities Limited.

## Mr. Shailendra Roy

Independent Director

Mr. Shailendra Roy, who holds B.Tech degree from IIT (BHU) and is a graduate of the Wharton Advanced Management Program, started his career in 1975 and spent 25 years in Bharat Heavy Electricals Ltd. He had also served as MD & CEO of a Government of India Undertaking – Bharat Heavy Plates and Vessels Ltd. that manufactures power and refinery equipment on turnkey basis.

He had worked in Larsen & Toubro Ltd. (L&T) for more than 17 years and was responsible for business operations of its Power sector (coal, nuclear and gas-based), and Corporate Affairs. He oversaw various joint venture companies which were envisioned to cater to India's infrastructure and power requirements. Under his guidance, L&T made foray into international market, winning four gas-based projects and completing three of them in Bangladesh. He also initiated L&T's entry into development of power projects (thermal, solar & hydro), shipbuilding, substations, transmission lines, railway electrification, highways and transportation and was responsible for the growth of such new business ventures. Earlier, he spearheaded L&T Heavy Engineering and Defence and was also instrumental in driving L&T's focus towards missile, air defence, bridging systems, avionics and weapon systems, self-propelled 155 mm howitzer K9Vajra-T. He was Member of Board of L&T and CEO & MD of L&T Power.

Mr. Roy, over the years, has been the voice of the Indian industry, representing it in various forums, raising matters having national and global impact. He has been a vital part of FICCI and CII National Council - the think-tanks of Industry, presenting roadmaps of growth and development to the policy makers. He is often invited to industrial forums and conferences to share his valuable expertise, insights and strategies related to manufacturing, construction, power, and infrastructure.

He has been awarded the Udyog Rattan Award 2003 by Institute of Economic Studies. He has been conferred with the Hall of Fame Award 2016 for his outstanding achievement and commitment to development of Indian industry at 5th Annual Manufacturing Today conference. He was awarded CEO of the Year Award 2018 by Construction Times magazine. Other honours bestowed on him include the distinguished speaker award by Indo-American Chamber of Commerce (2017) and award for contribution to Planning Commission by PPMAI (2010-11).

## Mr. P S Jayakumar

Independent Director

Mr. P S Jayakumar is a Chartered Accountant from the Institute of Chartered Accountants of India, an MBA graduate from XLRI Jamshedpur and Gurukul Chevening Scholar, London School of Economics and Political Science.

He had joined Citibank NA as Management Associate in 1986 and at the time of leaving the Bank in 2008, he was Co Head, India, with responsibility for its consumer banking. He had served as the Managing Director and CEO of Bank of Baroda during 2015-19. He co-promoted two companies, (i) VBHC Value Homes and (ii) Home First India with equity from various marquee investors. VBHC is focused on addressing the supply side of low cost and affordable housing and Home First India provides long term mortgages to customers with 'thin' credit file and those who are in low and middle income category.

He is also on the Board of TMF Holdings Limited, Tata Motors Finance Limited, Emcure Pharmaceuticals Limited, Adani Ports and Special Economic Zone Limited, LICHFL Asset Management Company Limited, Northern ARC Capital Limited and JM Financial Limited. He is also a Senior Advisor in India Advisory Board, Master Card, India and also is in the Board of Governor of Indian Institute of Corporate Affairs.

## Mr. Sriram Sivaram

Independent Director

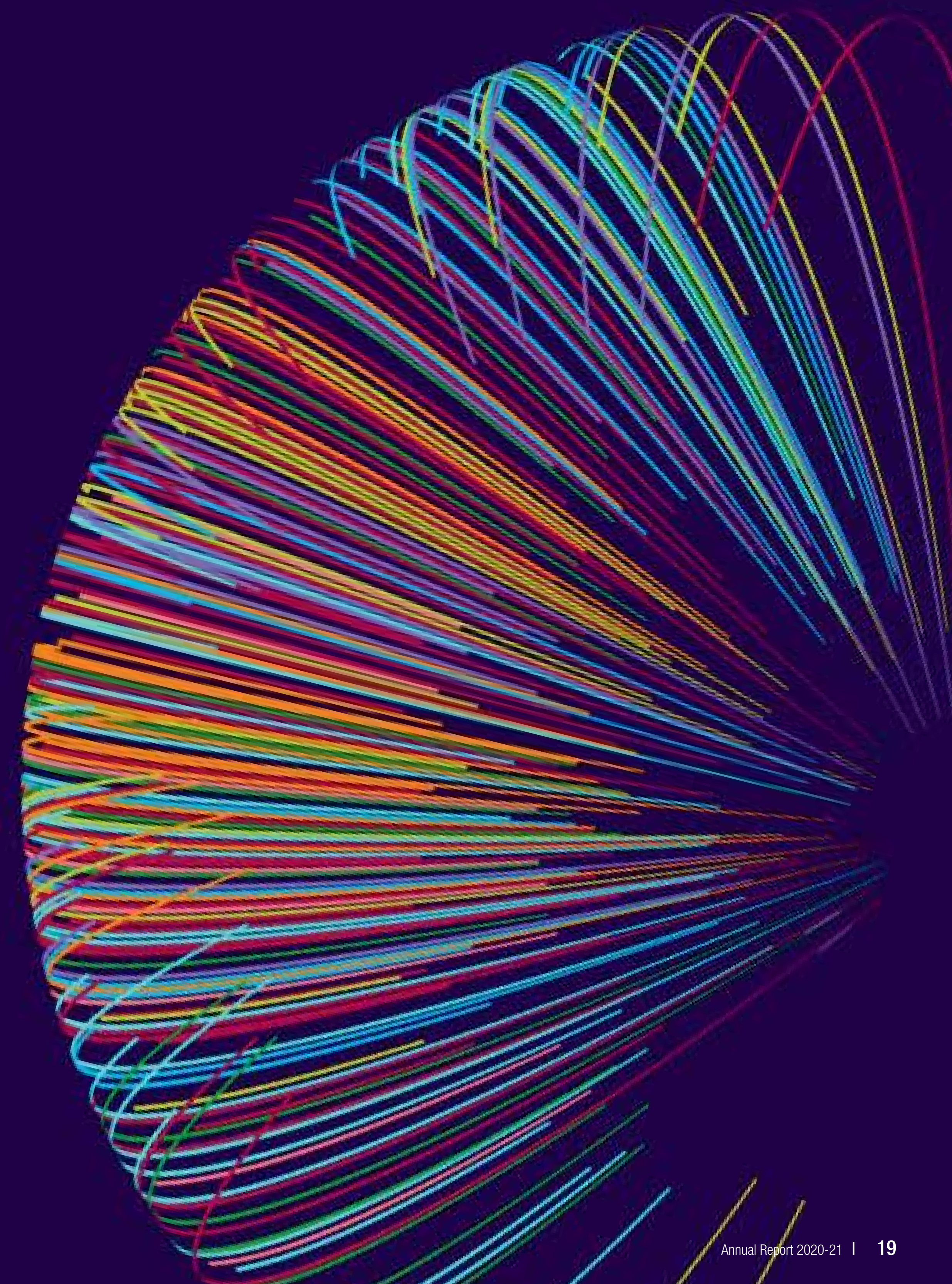
Mr. Sriram Sivaram holds a B. Tech from IIT, Madras, a MS and an MBA from Cornell University. Mr. Sriram has worked for more than fifteen years with US based multinational companies in the energy sector where he has held various key management positions. These include Vice President of Global Sales and Marketing for Active Power Inc; President and Chief Technology Officer at Catalyst Power (an ABB Subsidiary); Business Unit Leader – Ancillary Equipment Group at American Power Conversion Corporation, (APC), prior to which he also served as its Country Manager – South Asia and established APC's subsidiary in India. He is currently the Joint Managing Director of Madras Engineering Industries Private Limited.

Mr. Sriram has a proven track record of turning around loss-making business, ramping up new businesses for organizations, integrating and consolidating existing business for better profitability, establishing new products globally and building capability in organizations to deliver products to customers worldwide.

## Mr. Kalyan Kumar Paul

Non-Executive Director

Mr. Kalyan Kumar Paul is the President of TI Cycles of India, a unit of Tube Investments of India Limited. He is a Bachelor of Science with Honors from Presidency College, Kolkata, and holds an MBA in Sales & Marketing from Indian Institute of Social Welfare and Business Management, Kolkata. He has also attended Advanced Management Program (AMP) in Harvard, USA. He has over three decades of rich experience in managing domestic and international operations, sales and marketing across diverse industries. Mr. Paul has been in various roles with companies like Standard Pharmaceuticals Ltd, Kolkata, Shaw Wallace and Co. Ltd, Mumbai, TI Cycles of India, Chennai, CEAT Ltd, Mumbai and JK Tyres Ltd, Delhi. He was the President of Tube Products of India, a unit of Tube Investments of India Limited, before assuming the current role.



# Ten Years' Highlights

**YEAR ENDED 31 MARCH**
**IN ₹ CRORES**

STANDALONE
CONSOLIDATED

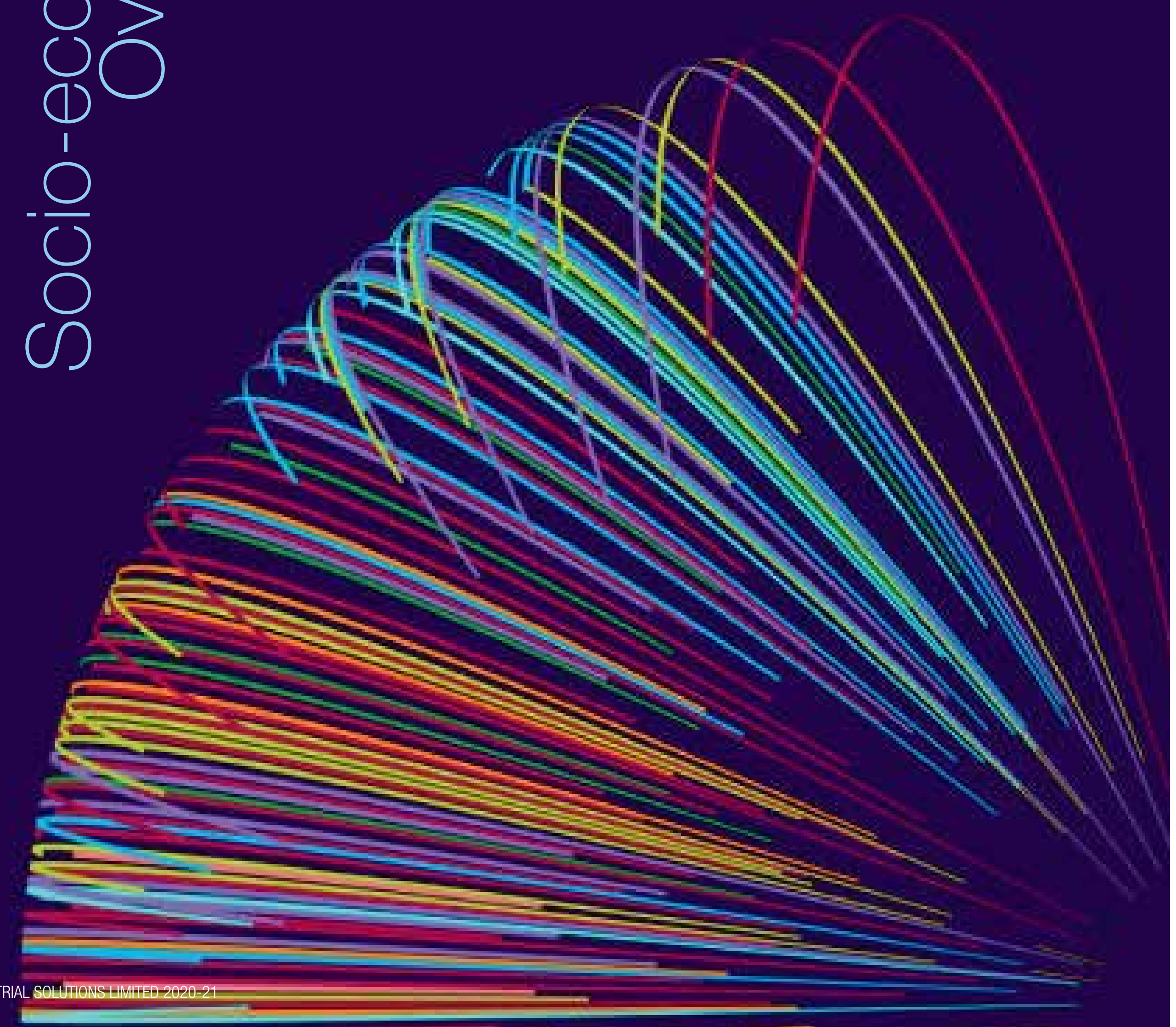
| | 2012 | | 2013 | | 2014 | | 2015^ | | 2016^ | | 2017^ | | 2018^ | | 2019^ | | 2020^ | | 2021^ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| **EARNINGS** | | | | | | | | | | | | | | | | | | | | |
| TOTAL INCOME | 6901 | 11668 | 7624 | 12609 | 8064 | 14207 | 4770 | 5961 | 4552 | 5761 | 5066 | 6042 | 5486 | 8313 | 5504 | 8040 | 3226 | 5158 | 2568 | 3075 |
| GROSS SALES AND SERVICES | 6850 | 11615 | 7571 | 12533 | 7994 | 14058 | 4590 | 5867 | 4277 | 5649 | 4812 | 5975 | 5106 | 8169 | 5356 | 7998 | 3169 | 5110 | 2526 | 2964 |
| NET SALES AND SERVICES | 6485 | 11249 | 7135 | 12094 | 7571 | 13632 | 4297 | 5573 | 3952 | 5323 | 4407 | 5568 | 5008 | 8070 | 5356 | 7998 | 3169 | 5110 | 2526 | 2964 |
| EBIDTA* | 771 | 856 | 648 | 459 | 687 | 761 | 347 | 603 | 451 | 542 | 513 | 510 | 677 | 6 | 447 | 263 | 160 | 44 | 156 | 219 |
| PBT@ | 677 | 550 | 596 | 185 | 713 | 495 | 342 | 355 | (1139) | 249 | 129 | 80 | (35) | (1082) | (3544) | (3647) | (1548) | (1400) | 824 | 1427 |
| PAT**@ | 505 | 374 | 446 | (36) | 521 | 244 | 345 | 369 | (1184) | 185 | 140 | 72 | (13) | (1092) | (2658) | (2778) | (1480) | (1317) | 689 | 1296 |
| DIVIDEND PAY-OUT | 90 | 90 | 77 | 77 | 75 | 75 | 50 | 50 | - | - | - | - | - | - | - | - | - | - | - | - |
| **WHAT THE COMPANY OWNED** | | | | | | | | | | | | | | | | | | | | |
| GROSS BLOCK (INCL. CAPITAL WIP) | 1424 | 4558 | 1560 | 5539 | 1662 | 6429 | 2357 | 7114 | 2186 | 4331 | 2145 | 3139 | 2193 | 3526 | 1489 | 3326 | 1508 | 2686 | 1473 | 2283 |
| NET BLOCK (INCL. CAPITAL WIP) | 675 | 2258 | 775 | 3066 | 823 | 3459 | 1625 | 4237 | 1387 | 2677 | 1315 | 1766 | 1278 | 2350 | 953 | 2053 | 898 | 1517 | 811 | 1166 |
| INVESTMENTS | 1053 | 786 | 1055 | 791 | 826 | 299 | 1166 | 436 | 483 | 231 | 446 | 209 | 1029 | 145 | 899 | 2 | 15 | 2 | 304 | 2 |
| NET CURRENT ASSETS | 1552 | 1887 | 1825 | 1795 | 1810 | 1489 | 2840 | 2171 | 2282 | 1556 | 1221 | 402 | (493) | (1023) | (1322) | (2172) | (2079) | (4030) | (256) | (1424) |
| NET ASSETS EMPLOYED | 2802 | 4463 | 3173 | 5176 | 3481 | 5276 | 5547 | 6711 | 4205 | 4475 | 4797 | 3904 | 5059 | 4310 | 755 | 84 | (1121) | (2439) | 874 | (214) |
| **WHAT THE COMPANY OWED** | | | | | | | | | | | | | | | | | | | | |
| BORROWINGS | 8 | 1044 | 14 | 2029 | 31 | 2396 | 65 | 2092 | 582 | 1528 | 1724 | 1892 | 2367 | 3529 | 2280 | 3414 | 1990 | 2757 | 945 | 1465 |
| TOTAL LIABILITIES | 1826 | 5003 | 2163 | 6435 | 2157 | 7172 | 1537 | 5789 | 2227 | 3521 | 3366 | 4105 | 4049 | 7669 | 4259 | 7672 | 3667 | 6543 | 2845 | 4470 |
| **NET WORTH OF THE COMPANY** | | | | | | | | | | | | | | | | | | | | |
| SHARE CAPITAL | 128 | 128 | 128 | 128 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 268 | 268 |
| RESERVES & SURPLUS | 2573 | 3483 | 2929 | 3433 | 3231 | 3519 | 4490 | 4183 | 4003 | 4551 | 4056 | 4047 | 3942 | 2427 | 1038 | (587) | (442) | (2081) | 766 | (352) |
| SHAREHOLDERS' FUNDS | 2701 | 3611 | 3057 | 3561 | 3356 | 3644 | 4615 | 4308 | 4128 | 4676 | 4181 | 4172 | 4067 | 2552 | 1163 | (462) | (317) | (1956) | 1034 | (84) |
| TANGIBLE NET WORTH*** | 2701 | 3560 | 3057 | 3393 | 3356 | 3491 | 4615 | 4308 | 4128 | 4676 | 4181 | 4172 | 4067 | 2552 | 1163 | (462) | (317) | (1956) | 1034 | (84) |
| **RATIOS** | | | | | | | | | | | | | | | | | | | | |
| BOOK VALUE PER SHARE (IN ₹) | 42.1 | 55.5 | 47.7 | 52.9 | 53.0 | 55.1 | 73.6 | 68.7 | 65.9 | 74.6 | 66.7 | 66.6 | 64.9 | 40.7 | 18.6 | (7.37) | (5.1) | (31.21) | 11.9 | (0.97) |
| EARNINGS PER SHARE (BASIC) (IN ₹) | 7.87 | 5.82 | 6.95 | (0.56) | 8.23 | 3.86 | 9.40 | 5.88 | (17.53) | 2.95 | 1.70 | 1.14 | (1.28) | (17.43) | (42.76) | (44.33) | (23.61) | (21.01) | 7.94 | 14.92 |
| CASH EARNINGS PER SHARE (BASIC) (IN ₹) | 8.96 | 9.34 | 8.17 | 1.30 | 10.01 | 8.67 | 5.33 | 8.95 | 6.82 | 4.67 | 5.42 | 3.82 | 7.46 | (12.22) | 2.90 | (2.60) | 0.26 | (3.89) | 0.85 | 0.99 |
| CURRENT RATIO | 1.88:1 | 1.46:1 | 1.87:1 | 1.39:1 | 1.86:1 | 1.28:1 | 2.94:1 | 1.5:1 | 2.05:1 | 1.54:1 | 1.44:1 | 1.11:1 | 0.84:1 | 0.83:1 | 0.63:1 | 0.65:1 | 0.37:1 | 0.32:1 | 0.87:1 | 0.6:1 |
| DEBT EQUITY RATIO | 0 | 0.17:1 | 0 | 0.44:1 | 0 | 0.45:1 | 0:1 | 0.3:1 | 0:1 | 0.13:1 | 0.12:1 | 0.12:1 | 0.21:1 | 0.59:1 | 0.53:1 | NA## | NA## | NA## | 0.79:1 | NA## |
| EBIDTA / NET SALES (IN %) | 11.9 | 7.6 | 9.1 | 3.8 | 9.1 | 5.6 | 8.1 | 10.8 | 11.4 | 10.2 | 11.6 | 9.2 | 13.5 | 0.1 | 8.3 | 3.3 | 5.0 | 0.9 | 6.2 | 7.4 |
| RETURN ON TANGIBLE NET WORTH (IN %)# | 18.7 | 10.5 | 14.6 | (1.1) | 15.5 | 7.0 | 12.8 | 0.5 | (26.6) | (8.1) | 2.5 | (12.2) | (2.0) | (45.9) | (230.4) | NA## | NA## | NA## | 66.6 | NA## |
| FIXED ASSETS TURNOVER RATIO (IN TIMES) | 9.6 | 5.0 | 9.2 | 3.9 | 9.2 | 3.9 | 2.6 | 1.3 | 2.9 | 2.0 | 3.4 | 3.2 | 3.9 | 3.4 | 5.6 | 3.9 | 3.5 | 3.4 | 3.1 | 2.5 |
| NO OF PERMANENT EMPLOYEES | 5365 | 8966 | 5575 | 9575 | 5529 | 9433 | 4024 | 7854 | 3633 | 7233 | 3421 | 6288 | 3377 | 5655 | 3382 | 5524 | 2802 | 3482 | 2570 | 2794 |

* EBIDTA = Earnings before Interest, Depreciation, Amortisation, Tax, Exceptional Items including other income
** Profit for continuing business after Tax, Minority Interest and Share of Associate Companies for Consolidated Statement of Profit and Loss
*** Tangible Net Worth = Shareholders' Funds - Miscellaneous Expenses - Deferred Tax Asset
@ After exceptional items
# On Total Operations
## Net Worth and Capital Employed are negative, therefore ratio is not calculated.
^ Recasted/Revised

# Management Discussion and Analysis

## Socio-economic Overview

The world, as a collective, is witnessing a rare and inspiring display of human resilience to adversities, and ingenuity to overcome unsurmountable odds. The COVID-19 pandemic appears to chart the downwards curve, as we steadily progress towards a herd immunity, thanks to increasing block of vaccinated population. The uncertainty around new mutated variants and uneven access to vaccine, however, warrant COVID appropriate behaviour till the pandemic is fully eradicated or contained from everywhere.







### In Retrospect

**The World:** The year gone by (2020-21 for India and 2020 for the world) was the worst affected period, as it started with the outbreak and ended with the arrival of the second wave for most parts of the world. With prolonged period of domestic/localised lockdowns and tremendous restrictions on international flow of goods and people, economic activities became a secondary consideration while the driving focus cantered around saving lives, for the most part of this period.

The human response to this mammoth challenge was as befitting. From the governments to the regulators to the medical fraternity to the social fabric to the scientific community, the world responded in one faith and with one resolve. From discovery to its commercial global roll out, COVID-19 vaccines would go on to feature among one of the fastest developed ones in the human history. But for this localised/fragmented yet unified global response, the fatalities to the pandemic could have been much higher.

However, the gains made on the social front got balanced off with the losses made on the economic front. Sudden imposition of movement restrictions, widespread employment losses, the fear psyche, supply chain disruptions and widespread liquidity crunch transitioned the global economy into a sustenance mode (from an uninterrupted ten-year-long spree of growth mode). Such widespread, intense and volatile was their impact that the global economy recorded its deepest contraction of the living memory.

**India:** With the second largest population of the world, a moderate per capita income and an inadequate healthcare infrastructure, India looked vulnerable to begin with, in the face of mammoth challenge that the pandemic posed. The Central Government, with its steely resolve and a calibrated approach that transitioned from 'nothing ahead of the people' to 'lives and livelihood' in a situation-appropriate manner, went on to emerge as a global role model for efficient and responsible handling of the pandemic. Consequently, the country recorded one of the lowest per capita infections and casualties among nations with comparable socio-economic metrics. Besides the governments and authorities, the spirited response of the frontline warriors – medical fraternity, civic administrators, law and order paraphernalia and essential services providers – coupled with a restrained and resilient public response to the clarion call of COVID-appropriate living helped tame the wrath on social front.

COIL SHOP

The Central and State Governments worked in cohesion while the Reserve Bank of India stretched beyond the usual policy support measures to introduce bold relief measures like loan moratorium and record liquidity infusion. A massive economic stimulus, record distribution of free ration and a range of policy reforms under ambitious 'Atma Nirbhar Bharat' (self-reliant India) campaign not only addressed the current need of safely navigating the crisis but also laid foundation for sustained economic recovery and growth for the future.

## Economic Growth

International Monetary Fund's World Economic Outlook of October 2021 (WEO) estimates world output to have contracted by 3.1% in 2020. At 4.5%, the contraction in the advanced economies block was far more severe than the 2.1% contraction recorded in emerging markets and developing economies block. World trade volumes contracted by 8.2%. Commodity prices recorded a steep drop, led by a 32.7% drop in average crude oil prices.

For India, the economic impact of a nationwide lockdown, which commenced a week ahead of the beginning of the financial year 2020-21, manifested itself in form of an instant 24.4% contraction in national GDP for the first quarter. Thereafter, activities started gaining pace, on the back of partial lifting of restrictions synchronously coupled with a slew of support measures. At 7.4%, the shrinkage was far lesser in the second quarter. Growth rate came in black with a nominal 0.5% GDP growth in the third quarter and followed it with a 1.6% growth in the concluding quarter. Cumulatively, the country's GDP recorded an annual contraction of 7.3% for FY2020-21.


Source: IMF World Economic Outlook, October 2021

## Looking Ahead

With the pace of vaccination reaching optimum levels across all major economies and the access improving among low-income countries, economic recovery continues to gain momentum. Gradual easing of restrictions is leading to acceleration in demand. Supply side constraints including higher input prices and shortages need to be overcome. Potential downsides include uneven access to vaccine, threat of new variants, rising inflation, lowering of policy support and muted CAPEX trends.

The factors supporting economic growth include the lower base, pent up demand, normalisation across sectors, lower cost of capital and increased investor activities. WEO estimates the world output to grow by 5.9% and 4.9% in the years 2021 and 2022 respectively. It pegs India's GDP growth to reach 9.5% in FY22 and 8.5% in FY23.



# Industry Overview

## Industrial Sector Overview

With around 17% contribution to the national GDP, manufacturing sector in India offers significant headroom for growth. Realising its true potential and the role manufacturing sector can play in employment generation and exports, the Government of India has been making a slew of synchronous moves to transform India as a global manufacturing hub. Slashing of corporate tax rates, massive infrastructure push, ease of doing business, Atmanirbhar Bharat and the recent Production Linked Incentives (PLI) scheme are all aimed at unleashing country's latent potential in global manufacturing value chain.

With the demand environment poised to steadily firm up, the country is expected to enter into its next multi-year CAPEX cycle. A number of favourable factors – improving capacity utilisations, low interest rate and production-linked incentives among others – are slated to push the country forward on the path of globally competitive manufacturing.

LT MOTORS - SMART MOTOR ASSEMBLY

# Power Sector Overview

India is the third largest producer and consumer of Power energy. With installed generation capacity of 391 GW (as on 30.09.2021), the country's non-fossil fuel generation assets accounts to 40% of the total installed capacity. In order to make a massive transition towards solar energy, the country has set an ambitious target of more than quadrupling its solar generation capacity to 450 GW by 2030. Private sector's share in the generation segment has steadily risen to breach 48% as on 30.09.2021.

The country deploys one of the largest operating synchronous grids to transport power. Keeping pace with rising share of renewable energy (RE), the country is currently implementing phase 1 of Green Energy Corridor (GEC), a comprehensive scheme for evacuation and integration of RE capacities. With a view to integrate future RE generation capacities, the Government is readying to launch Phase 2 of GEC.

Distribution segment, the weakest link of the fast-transforming Indian Power Sector, is headed towards structural recalibration with a slew of bold and much needed reforms. The upcoming Electricity (Amendment) Bill, 2021 aims to de-licence electricity distribution and thereby let the consumers choose what kind of electricity to use and whom to buy it from. The Bill, once implemented on the ground would go a long way in transforming the entire Power Sector.

The Union Budget 2021-22 allocated ₹3.05 Lakh Crore for the power distribution segment, to be released over five years. The move is aimed to assist distribution infrastructure development, feeder separation, and smart meter installation and is likely to help DISCOMS strengthen their financial health.

CG GOA

# Railways

Indian Railways, mainstay of mass transportation of goods and people in India, is among the largest rail networks in the world. Its route length network is spread over 67,956 kms, with 13,169 passenger trains and 8,479 freight trains, plying 23 million travellers and 3 million tonnes (MT) of freight daily from 7,349 stations.

Indian Railways is now looking to transform itself on all the needs and services with enhancement in speeds, passenger comfort, world class amenities at stations, train safety being central to it. While working for above objectives, Indian Railways also has strong plans to improve upon its own business performance in terms of enhancement of its operational efficiency as well as its modal share of business. For achieving its medium and long term goals and targets, Indian Railways is making huge investments in all the required areas through 100% electrification of its BG track network, introduction of High Horsepower Freight locomotives, new Generation of Train-sets, modern and lightweight coaches, redevelopment of stations, advanced train protection and communication systems. Indian Railways also plans to adopt business models such as PPP, Privatisation, Asset Monetisation to meet their infrastructure building and investment objectives.

Indian Railways has been fast modernising itself with sharp focus on efficiency, passenger safety and convenience, technological advancements and eco-sensitive operations. With a view to create a 'future ready' Railway system by the turn of this decade, it has prepared a National Rail Plan for India – 2030. Union Budget 2021-22 has made a record allocation of ₹110,055 crores, for Railways of which ₹107,100 crores is for capital expenditure with thrust on electrification, freight corridor (Golden Diagonal and Golden Quadrilateral) and urban transport system.


JUMPER CONNECTION

# Business Overview

CG Power and Industrial Solutions Limited ("CG") is a global leader and pioneer in the management and application of electrical energy. It provides end-to-end products and solutions for the effective and sustainable use of power.

With various manufacturing facilities located across Madhya Pradesh, Maharashtra and Goa, CG manufactures a wide range of products. The Company's business is arranged under two major business segments namely Industrial Systems Business and Power Systems Business. A market leader in India in its key product lines, CG has a strong global presence with exports to many countries across the world.

# Industrial Systems Business

**Motors:** CG is the largest manufacturer of Low-Tension Motors in India, offering a range of 0.18kW to 710kW in multiple variants and standards and also customized configurations to suit all the industrial sectors. The Company also offers Medium Voltage Motors up to 20 MW in various constructions to suit all the core sectors. Fractional Horse Power (Single phase) Motors up to 5.5 kW are used for all general purpose applications in Domestic, Industrial and Agricultural. CG is the first company to indigenously develop and supply a complete range of IE2, IE3 and IE4 efficiency Motors in India. CG is a pioneer in making hazardous area application Motors with a market share of more than 60%. CG is the only Company to have a NABL accredited test laboratory for LV Motors testing up to 560kW as per IS/IEC 60034-2-1:2014 and IS12615 in India. CG is a forerunner in the indigenously developed Electrical Vehicles Motors and Controller for 2 / 3 wheeler and bus category. CG's innovative 'Smart Motor' solution helps customers monitor motor operations and health remotely for preventive maintenance.

**Railways Products:** CG offers the most comprehensive solutions in Rolling stock and Signaling segment to Indian Railways, producing a wide and comprehensive range of Traction Motors and Alternators, Traction Converter, Auxiliary Converter, Propulsion System and Train Control and Management System, Railway Signalling products - Relays, Electric point machine, Coach products - BLDC Carriage Fan, Control Panel for Locomotive, Self propelled traction equipment DETC, SPIC DEMU and Propulsion system for MEMU and EMU.

LT Motors : Stator Testing

**Drives & Automation:** Drives & Automation business comprises low voltage AC Drives (LV & MV), Soft Starters, Shaft Power Monitor, Solar Drives, PLC and HMI under the 'EMOTRON' by CG brand, well accepted in India, Europe and Middle East. The Drives and Automation has its state-of-the-art R&D, design and development centres in Sweden and India along with two manufacturing facilities and solution providing teams for various industries in Germany and Netherlands apart from India and Sweden.

**Commercial Products:** CG re-launched its Fast Moving Electrical Goods (FMEG) range of products in 2019 after a gap of 3 years. It consists of consumer electrical products like domestic and agricultural Pumps and industrial and domestic Exhaust Fans. Looking at the quick regaining of the market share, CG is preparing to extend FMEG product range in next financial year.

**Business Process Automation:** CG Industrial System was the first to build business process automation on the digital platform way back in 2009, which has immensely helped its channel partners and the business in doing business transactions and ease of doing business. CG provides end to end paper less business solutions to its channel partners. CG also provides their large customers product offerings along with technical documents through their paper less OGS (Offer generating system).

## Business Updates

Since the infusion of capital and restoration of people confidence, the business operations have steadily been normalising. Confidence of customers, channel partners and vendors alike has been restored and the Industrial Systems Business is well on course to regain its market position and share. Armed with an unmatchable range of products, the largest installed capacity and a reputation synonymous with quality, the business is aiming to cement its position as a technology leader offering technologically superior products.

## Segment Performance:

The pandemic impacted the overall economic environment and led to slump in demand during the Q1 and Q2. Adapting to the new normal, the business managed to mitigate lockdown impact by interacting with the channel partners and customers through digital media and supporting them for their critical requirements. With pickup in economic activity in Q3 and Q4 and increase in demand, despite the COVID pandemic, CG has quickly aligned the supply chain and operations with the evolving market scenario with an idea to make the most of the existing opportunities in sectors like Water and Waste Water, Pharmaceuticals, Ethanol, Cement, Steel and Railways. At the same time, it is identifying newer growth opportunities in fast moving Electrical Goods, like domestic and agricultural pumps. With this swift alignment with the market demand, overall performance improved for the year.

## BUSINESS PERFORMANCE: INDUSTRIAL SYSTEMS

Consolidated Financial Performance (₹ crores)

| INDUSTRIAL SYSTEMS | FY 2021 | FY 2020 | Growth (%) |
|---|---|---|---|
| Unexecuted Order Book (UEOB) | 1742 | 1668 | 4.41 |
| Net Revenue | 2092 | 2361 | (11.4) |
| EBITDA (Including Other Income) | 265 | 305 | (13.1) |
| EBIT | 201 | 246 | (18.3) |
| Capital Employed | 386 | (126) | 406.6 |
| Return on Capital Employed (%)* | 52% | NA | NA |

*Note: *Capital employed is negative in FY2020. Thus, ROCE is not calculated. Figures have been re-grouped wherever necessary to make these comparable.*

## Segment Outlook:

With the change in market dynamics due to pandemic, the Sales and Marketing organizations adapted to new normal and focused on fast growing sectors like Water and Waste Water, Pharmaceuticals, Oil and Gas, Infrastructure and core industries like cement and steel to re-establish lost ground. With well established strong channel partners across India for Industrial systems and largest product basket for end to end solution across the industry, the focus remains to gain back lost market share.

Having been a strategic partner in technological upgrade and evolution for Indian Railways, CG is working on a range of breakthrough products and solutions. It has designed and developed traction motor for the upcoming 9000HP high speed freight electric locomotives. The Company continues to manufacture and supply the latest IGBT based 3 phase Drive Propulsion System for the 6000 HP Electric Locomotives, complete traction transmission system of Diesel Electric Tower cars, standard and special application signalling relays and electric point switches. It is also working on design and manufacturing of IGBT based propulsion system and other equipment for MEMU and EMU trains.

During the year, the Company received major orders like 55 sets of Self propelled diesel electric tower car (DETC), 38 Loco transformers for 6000 HP Electric Locomotives, Propulsion system for 1x rake of EMU and 2x rakes of MEMU underslung type. Besides, it is also executing order of propulsion system for 6 rakes of On-board MEMU.

# Power Systems Business

CG is one of the largest Electric Equipment manufacturers for the Power and Industrial sector and also offers turnkey solutions in Power Distribution and Generation. It deals in manufacturing of Transformers (Power and Distribution Transformer), Switchgears (Extra High Voltage and Medium Voltage Switchgear) and Relay, Automation. CG also provides turnkey solution through its Engineering Project Division. CG is an acknowledged leader in its business and has substantial domain knowledge and expertise.

Transformers: The Power Transformer and Distribution Transformer plants are based at Bhopal and Gwalior, respectively. In the Bhopal plant, CG is manufacturing Power Transformers namely Generator Transformer, 500 MVA Auto Transformers, Shunt Reactor (110MVAr-125MVAr), 120MVA Furnace Transformers, 7.7 MVA, 25kV Locomotive and 30.24MVA Track Side Transformers. Transformer products are conforming to IEC, ANSI, IS, BS and other related international standards.

CG was the first Indian manufacturer to develop and supply coupling transformers for Dynamic Reactive Power Compensation (DPRC) applications like Static Synchronous Compensator (STATCOM) and Static VAR Compensator (SVC). In its Gwalior plant, company is manufacturing Distribution, Low Power, Green, Locomotive and Solar Transformers.

Distribution Transformers ranging from 315 KVA to 4 MVA, 3.3kV to 33kV Class are mainly used for Industrial application whereas Low Power Transformers ranging from 4 to 50 MVA, 11kV to 132kV Class are for Generator, Station, Unit Auxiliary and Multi winding. CG is also manufacturing Locomotive Transformer 5.4MVA, 25kV Class for Railways and Solar Transformer for Invertor Duty up to 10MVA, 33kV Class. CG is the first manufacturer of 132kV Green Transformer in India.

AC Generator 1765KVA, 3.3KV

Switchgears: The Switchgear plants are based at Nashik and Aurangabad in India. In its Nashik Switchgear plant, under MV Switchgear, CG is manufacturing Indoor Air Insulated Switchgear (AIS) panels and Outdoor Breakers, Single Pole 25kV Breaker for Railway, Line up and Roof Bushing Kiosk, Gas Insulated Switchgear (GIS), Indoor/Outdoor Ring Main Units (RMU) up to 36kV Class. Under Relay and Automation product portfolio, the Company manufactures CG Series Current and Voltage Numerical Protection Relay, Self-Powered Relay for Ring Main Unit (RMU). CG also manufactures Aegis Series Feeder, Transformer and Motor Protection Relays, Auto-reclose Relay and Feeder Remote Terminal Unit (FRTU) for RMU automation.

Under EHV Switchgear, following products are also manufactured by CG - Current Transformers, Transformer Bushing, Capacitor and Inductive Voltage Transformer, Surge Arrestors, SF6 Circuit Breakers, Air Break Disconnectors, Gas Insulated Switchgear (EHV GIS). CG also provides Digital solution like Control and Relay Panel (CRP), Substation Automation System (SAS), Breaker Monitoring Device and Control Switching Device (CSD). Switchgear products are conforming to IEC, IEEE, ANSI and GOST standards.

CG's Nashik Plant is having one of the largest Indoor Test Laboratories of 1600kV Ultra High Voltage, comprising of 1600kV Series resonance test system and 3600kV Impulse Voltage test system. Facility-wise, it is among the top 5 in the world.

In its Aurangabad Switchgear plant, CG is manufacturing Vacuum Interrupters ranging from 690V to 72.5kV Class, Vacuum Contractor and Capacitor Switch of 12kV Class, Auto Recloser and Sectionalizer up to 36kV, Transformer Bushing 52kV and 72.5kV, Current Transformer and Inductive Voltage Transformer ranging from 33kV to 170kV Class. It also provides Power Quality Solutions consisting of Automatic Power Factor Correction System and Static VAR Compensator (STATUCOM) up to 36 kV.

## Business updates

Since the infusion of capital and restoration of people confidence, the business operations have steadily been normalising. Confidence of customers and vendors alike, have been restored and the Power Systems business unit is well on course to regain its market position. With an aim to regain its erstwhile market position, Power Business division is speedily strengthening its supply chain, engineering talent and Research and Development apparatus.

CG's continued focus is on Research and Development (R&D) activities to deliver value to its customers. It is constantly working on enhancement of product features to existing products and services as well as new product development for supporting future growth. It will be strengthening its presence in the power sector and expanding its market reach and product portfolio. Company's businesses are intertwined with and are core to the growth of the economy.

## Performance

During the financial year, the business performance was impacted by COVID-19, where factories halted production during nation-wide lockdown (mainly during April to June 2020). Subsequently, the factories resumed in a phased manner, while the Company continued to provide service support to its customers via digital technologies. Customers were also affected by the pandemic and the Company supported them by adapting digital solutions that demonstrated customer focus. Digital solutions have been rolled out for Remote Factory Acceptance Tests by providing video streaming directly from the test area to the screen of the customer via mobile cameras. This solution has helped to eliminate the requirement of physical presence for customer material inspection and assisted in streamlining online customer inspection process. Technical webinars and seminars were conducted for product presentation and providing site service support and were attended by various customers virtually.

Market Penetration: The goodwill that was created with its customers and dealers over the long years as a reliable quality supplier of goods, customer value propositions, customer confidence rebuilding and revival has resulted in the Company having won some significant orders from various Electricity Boards, Utilities, Industries and Indian Railways.

## Product Installations

Products Installation at Various Sites.

Commissioned 33 kv and 145 KV GIS at DMRC Charkop s/s at Mumbai

Commissioned 400KV CTS, GCBS and LA and 145KV CTS at Tstransco Narsapur s/s

Commissioned 40 MVA, 132/33 KV Power Transformer supplied to PTCUL, Padartha

Commissioned 500 MVA 400 KV Auto Transformer at PGCIL Badla

Commissioned 66/11 KV GIS Substation along with 2 x 31.5 MVA transformer at BRPL, Sangam Vihar

## BUSINESS PERFORMANCE: POWER SYSTEMS

Consolidated Financial Performance

(₹ crores)

| POWER SYSTEMS | FY 2021 | FY 2020 | Growth (%) |
|---|---|---|---|
| Unexecuted Order Book (UEOB) | 1164 | 1814 | (35.8) |
| Net Revenue | 862 | 2736 | (68.5) |
| EBITDA (Including Other Income) | (23) | (130) | 82.3 |
| EBIT | (82) | (266) | 69.2 |
| Capital Employed | (643) | (694) | 7.34 |
| Return on Capital Employed (%)* | NA | NA | NA |

*Note: * Capital employed is negative in FY 2020 and FY 2021. Thus, ROCE is not calculated. Figures have been re-grouped wherever necessary to make these comparable.*

## FINANCIAL REVIEW

(₹ crores)

| STANDALONE | | | CONSOLIDATED | |
|---|---|---|---|---|
| FY2021 | FY2020 | | FY2021 | FY2020 |
| **2526** | **3169** | **Net Sales and Services** | **2964** | **5110** |
| 1750 | 2179 | Cost of raw materials and components consumed and construction material | 1974 | 3329 |
| 259 | 323 | Employee benefits expenses | 372 | 867 |
| 403 | 564 | Other expenses | 510 | 918 |
| **114** | **103** | **EBIDTA excluding Other Income (OI)** | **108** | **(4)** |
| 42 | 57 | Other Income (OI) | 111 | 48 |
| **156** | **160** | **EBIDTA Including OI** | **219** | **44** |
| 166 | 248 | Finance Costs | 197 | 324 |
| 81 | 91 | Depreciation and Amortisation | 138 | 211 |
| **(91)** | **(179)** | **Loss before exceptional Items** | **(116)** | **(491)** |
| 915 | (1369) | Exceptional Items (net) | 1543 | (909) |
| **824** | **(1548)** | **Profit / (Loss) after exceptional items** | **1427** | **(1400)** |
| | | Less: Tax Expenses | | |
| - | - | Current Tax | 3 | 3 |
| 135 | (68) | Deferred Tax (Net) | 144 | (79) |
| **-** | **-** | **PAT for the year from continuing operations** | **1280** | **(1324)** |
| - | - | Minority Interest | 16 | 7 |
| **-** | **-** | **PAT after Minority Interest** | **1296** | **(1317)** |
| - | - | Profit / (loss) from discontinued operations before Tax | 0 | (7) |
| - | - | Tax expenses on discontinued operations | - | - |
| **-** | **-** | **Profit / (loss) from discontinued operations** | **(0)** | **(7)** |
| **689** | **(1480)** | **Net Profit / (loss) for the Year** | **1296** | **(1324)** |
| 74 | 16 | Cash Profit / (Loss) for the Year | 86 | (244) |

Note: Figures have been re-grouped wherever necessary to make these comparable

# Financial Performance, Key Ratios

| STANDALONE | | | CONSOLIDATED | |
|---|---|---|---|---|
| FY2021 | FY2020 | | FY2021 | FY2020 |
| | | **Profitability Ratios** | | |
| 4.5% | 3.3% | EBIDTA excluding OI / Net Sales from continuing operations | 3.6% | (0.08%) |
| 6.2% | 5.0% | EBIDTA including OI / Net Sales from continuing operations | 7.4% | 0.9% |
| (3.6%) | (5.6%) | PBT (excluding exceptional item) / Net Sales from continuing operations | (3.9%) | (9.6%) |
| 66.6% | NA | RONW on total operations* | NA | NA |
| 10.0% | NA | ROCE (excluding exceptional items) (terminal) on continuing operations* | NA | NA |
| 20.8% | NA | Cash ROCE (excluding exceptional items) (terminal) on continuing operations* | NA | NA |
| | | **Per Share Ratios** | | |
| 7.94 | (23.61) | EPS (Basic) on the basis of total profits from continuing operations (In ₹ Per Share) | 14.92 | (21.01) |
| 7.50 | (23.61) | EPS (Diluted) on the basis of total profits from continuing operations (In ₹ Per Share) | 14.10 | (21.01) |
| 0.85 | 0.26 | Cash (Basic) EPS from continuing operations (In ₹ Per Share) | 0.99 | (3.89) |
| 0.81 | 0.26 | Cash (Diluted) EPS from continuing operations (In ₹ Per Share) | 0.93 | (3.89) |
| | | **Leverage Ratios** | | |
| 0.8 | NA | Long term debts to equity* | NA | NA |
| 0.9 | 0.6 | Interest Coverage Ratio for continuing operations | 1.1 | 0.1 |
| | | **Assets Efficiency Ratios** | | |
| 1.5 | 2.5 | Net Sales to gross working capital of continuing operations (times) | 1.4 | 2.7 |
| NA | NA | Net Sales to net working capital of continuing operations (times)* | NA | NA |
| | | **Others Ratios** | | |
| 75 | 47 | Debtors Turnover (no. of days) | 73 | 50 |
| 80 | 46 | Inventory Turnover (no. of days) | 80 | 54 |
| 0.87 | 0.37 | Current Ratio | 0.60 | 0.32 |
| (8.9) | (3.5) | Net Profit Margin % (before exceptional items) | (8.9) | (8.1) |

** Figures in the denominator of ratio calculation is negative. Therefore, ratios are not calculated and disclosed as NA. Figures have been re-grouped wherever necessary to make these comparable.*

# Environment, Health and Safety (EHS)

In view of the COVID-19 pandemic and keeping employee health and safety paramount, CG has issued SOPs to all its employees in accordance with the guidelines of the Central Government, State Government and local authorities. This includes allowing maximum employees to work from home, virtual inspections/audits, providing Company arranged transport from home to work place and return, regular sanitization of work place and transport vehicles, providing masks and other protective gears, thermal scanning, SpO2 checks, providing touch free hand sanitizers, advising regular hand washing, maintaining social distancing at works, in canteens and in the offices, amongst others. Strict compliance is observed in respect of government guidelines for travel, visitors, contractors and vendors. All these precautions have helped to safeguard all CG units and offices from any adverse impact due to COVID.

The Company has also taken up move to ensure 100% vaccination for all employees.

CG's EHS strategies are directed towards achieving the greenest and safest operations across all its units at various locations. All units are encouraged to consistently improve on operational efficiencies, minimize consumption of natural resources, water and energy and reduce carbon emissions while maximizing production volumes.

CG propagates 'Zero Harm Culture' towards employees, environment and other stakeholders. This is reflected in its Corporate EHS Policy and Cardinal Rules. Through its Corporate EHS Policy, the Company aims not only to comply with legal requisites of safeguarding employees, environment and the society at large but also to set high internal standards for compliance. To monitor compliances and sharing best practices in EHS, a Corporate EHS Review is conducted on monthly basis through GoTo meeting with unit heads and EHS coordinators of all entities.

All the CG units are upgraded for ISO 45001:2018 (Occupational Health and Safety Standard). All CG units in India are certified for quality systems with ISO 9001:2015 Certification/ ISO 14001:2015 Environmental Management System Certification, possess consent to operate from State Pollution Control Board Authorities and are complying with the conditions laid down in such consents to operate.

Regular trainings on EHS awareness and sustainable growth are conducted at all manufacturing locations and regional sales offices. National Safety Week and World Environment Day campaigns are conducted under the guidance of Directorate of Industrial Safety and Health and State Pollution Control Board. Fire Safety Weeks are also observed in India under the guidance of the Fire Adviser, Ministry of Home Affairs and the Government of India.

EHS Key Performance Indicators (KPIs) are linked with SMART goals of all units and individuals for their Annual Performance Management process. Quarterly audits are conducted to review the EHS implementation and process compliances across all locations of the Company. Corrective actions generated from these audits and various EHS events are captured and tracked for closure in an online Event Reporting System portal.

CG shall continue its efforts towards conservation of natural resources and focus on achieving highest level of employee health and well-being, for an injury-free workplace.

## Human Resources

In FY2021, the impact of cash flow and working capital constraints, subdued business and uncertainty resulted in relatively higher levels of attrition among white collar employees. While the attrition was high, revenue too was substantially lower. Thus, CG followed the policy of not replacing all separated employees, and having existing employees take on greater and multiple responsibilities.

As of 31 March 2021, the Company had 2,570 permanent employees.

CG continued to promote internal talent, wherever possible, to occupy vacant leadership positions that needed to be filled. The Company has always invested in employee development and it continued the same trend in FY2021. CG continued its HR initiatives, albeit at a reduced level, focusing on maintaining employee engagement and building positivity across the organization.

LOW POWER TRANSFORMER PRODUCT

The Company continued to offer regular Behavioural development opportunities to its employees. Programs like ‘Be a Beacon’, ‘Build effective Behavioural Patterns’, ‘Stay Strong Stay Positive’, and other technical programs have seen greater participation from employees and business leaders.

A slew of timely actions were taken on employee safety with respect to COVID-19. Advisory Notes were circulated and followed as per Central and State Government norms. Guidelines were flashed on CG Pulse. Awareness sessions were arranged across units and offices by EHS and HR Co-ordinators. Online weekly Self Health Declaration and real time monitoring of the vaccination status was started through CGHR4U – HRIS Portal.

Post-training surveys are regularly conducted to seek feedback from the participants and respective primary managers on the implementation of learning. Apart from such surveys, the Company also started the practice of reaching out to the learners and their managers after 90 days to understand the implementation journey of learnings. This has encouraged learners to refresh key learning and use these in their day to day job. One key feature of the various development interventions was the use of internal experts and talent to conduct these.

CG Productivity System (CGPS) focuses on enhancement of employee productivity on the shop floor. Certain changes in areas of monthly plant capacity in terms of number of shifts and product mix were introduced. A re-run of the productivity was carried out in several manufacturing units of CG.

At CG, Industrial Relations (IR) set up new benchmarks in FY2021. Despite severe cash constraints and concomitant downsizing, IR remained peaceful with a greater connect between the unions and management.

## Information Technology

Technological advancement and rapid digitization are changing business landscape around the world. CG endeavours to use software to aid in design of products and implement or enhance business solutions towards improved business processes. The Company uses software like SolidWorks, AutoDesk, SAP and home grown software like Dealer Portal, OGS, Vendor Portal, Customer Service Portal and so on, across various verticals and support functions. It continues to invest in technologies, update them and strive to improve ROI on these investments.

CG’s core IT Infrastructure runs out of a private cloud. This has served the business objectives of optimizing computing resources on demand scalability, and providing round-the-clock reliable and assured systems availability for users in India, Asia and Europe, including work-from-home and remote users.

Leveraging conferencing and virtual meeting tools has enabled business continuity of critical transactions, key operations and other activities — the more so during the lockdown induced by the COVID-19 pandemic.

Across CG, a robust modern IT platform incorporating SAP ECC ERP and BW, leading industrial design solutions like AutoCAD and SolidWorks, and internally developed applications have not only enabled and strengthened various portals but also improved speed, accessibility, data-integrity, process compliance and security.

CONTROL PANEL FOR MOTOR & GENERATOR TESTING

CG has enhanced its Data Security inner/outer parameters by implementing Cloud Proxy, which gives unrivalled visibility and real-time data and threat protection while accessing cloud services, websites, and private apps from anywhere, on any device.

The Company continued its engagement with prominent IT partners like SAP, Tata Communications, Nxtgen, HP, Canon and others. In the post-Covid scenario, CG intends to increase the use of technology, business intelligence, robotic process automation and adopt an even more agile IT plan.

## Corporate Social Responsibility

CG’s work on CSR is appended with the Directors’ Report.

## Risk Management

CG's comprehensive Risk Management Framework involves a three-tiered approach, taking into account the following:
I. Enterprise Risks
II. Process Risks
III. Compliance Risks

Enterprise risk identification and mitigation initiatives are handled through an on-going process for each of the businesses, as well as for CG as a whole. The coverage extends to all key business exposures. After getting a measure of each such enterprise risk, the mitigation actions are tracked.

Process risk management involves review of CG's business related operational and financial processes and controls through an Internal audit plan placed before the Board-level Audit Committee. Mechanism exists to track the identified gaps in processes and controls to be corrected through the 'Audit Observations', in monthly interactions with the Business Heads.

Compliance risk management comprises a mechanism of reporting and assurances with respect to adherence of laws and regulations applicable to CG.

All three dimensions of CG's Risk Management Framework are reviewed annually for their relevance and changes. The businesses and internal auditors make regular presentations to the Board of Directors and Audit Committee respectively for detailed review. Unresolved internal audit observations and associated risks are presented and discussed at Operations Review Meetings as well as at the Audit Committee meetings.

CG's Risk Management Committee comprises of three Directors and one Business Head. The Committee members along with the Senior Executives and Business Heads of the Company carry out a detailed review of risk management practices and evaluate the implementation status of mitigation measures. The identified key risks at the entity level are evaluated and prioritized based on quantitative and qualitative aspects of impact and likelihood for timely decision on its mitigation.

## Internal Controls and their Adequacy

Robust internal controls framework is a hallmark of a strong business model. While some of these controls may have faltered in prior years, the present management and the Board's Audit Committee have taken steps to reinforce these controls and put the Company back on a strong footing.

CG's internal controls have been designed to provide a reasonable assurance with regard to maintaining proper internal controls, mechanism of reporting of non-adherence to internal controls and corrections of the system, processes and controls regularly based on findings and other relevant information.

CG regularly conducts internal audits of various divisions, sales offices, corporate functions and overseas operations driven by the Internal Audit Plan. The internal audit team focuses primarily on operational and systems audits that monitor compliance with the company wide Rules of Procedures for Management (RoP) Delegation of Authority (DoA), adherence to different business specific policies and prudent business practices.

The annual internal audit plan covers key areas of operations. The Audit Committee is periodically updated of the significant internal audit observations, compliance with statutes, risk management and control systems. The Audit Committee assesses adequacy and effectiveness of inputs given by internal audit, and suggests improvement for strengthening internal controls from time to time.

The Company uses SAP as its key data and analytical tool and has also developed an in-house 'Continuous Auditing' tool based on SAP data for regular exception reporting on specific controls within different business cycles. This has helped the business leaders to act on exceptions on a quarterly basis.

## Business Outlook

With steady resolution of legacy issues and sustained normalisation of operations, CG is on course to reclaim its strategic position in the marketplace. The fact that most of the customers expressed a sigh of relief on CG coming back with strength tells high about the Company's significance across its operating domains of Power Systems and Industrial Systems including Railways.

Sequential improvements in the Company's quarterly performances indicate a rapid turnaround and the Company appears headed towards profitability and positive cash flows in the coming quarters. Company's added efforts towards all round capability ramp up across - customer engagement, operational efficiency, market development, talent, innovation, digitisation – is likely to serve it well, more so in view of the added demand for CG's products and solutions that the opportunity landscape is brimming with.

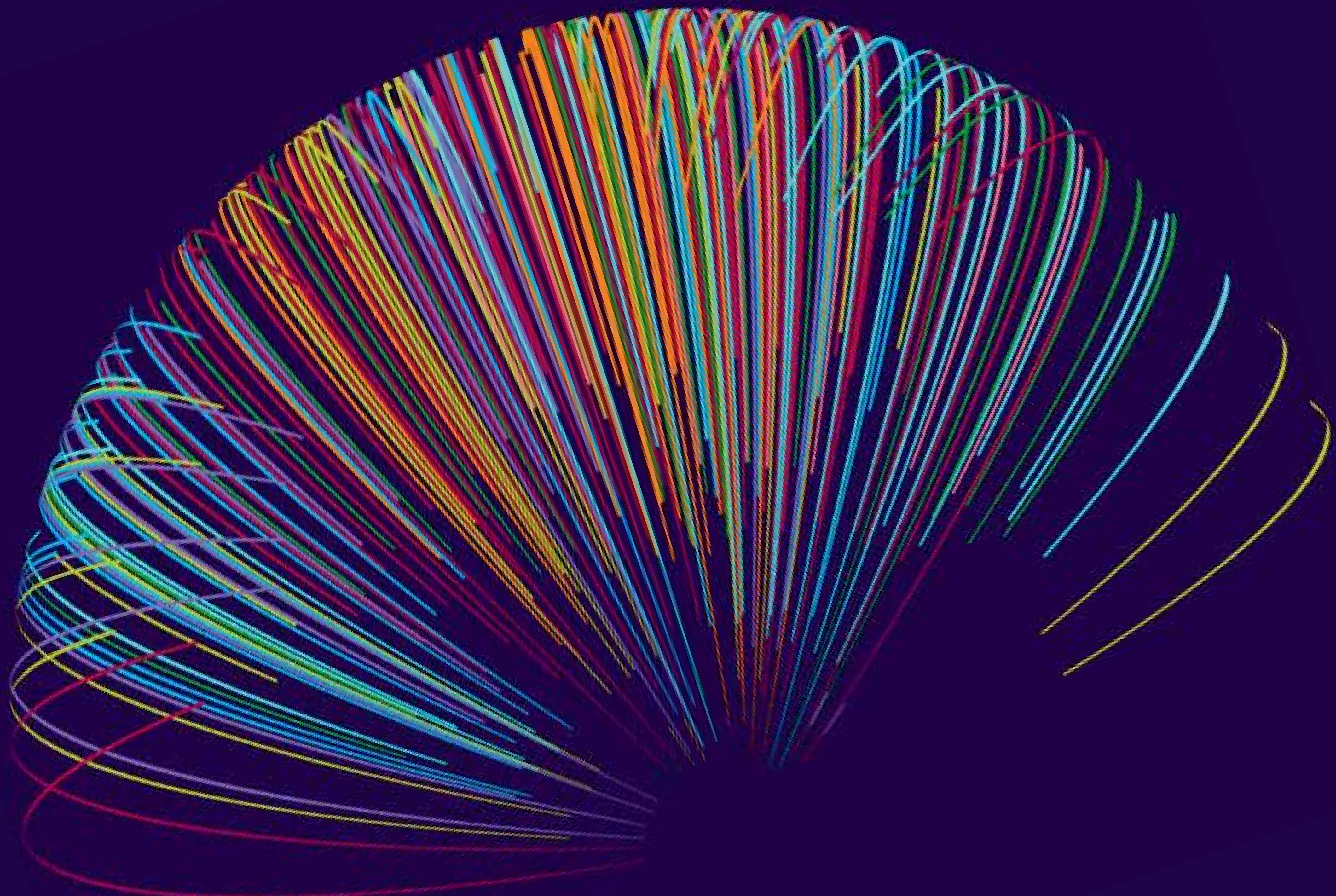
India's GDP growth forecast of 9.5% and 8.5% for FY2022 and FY2023 respectively augurs well for the capital goods sector. 'Make in India, for the World' vision is being backed by an ambitious PLI (Production Linked Incentive) scheme, both of which shall add wings to the manufacturing sector. Bold reforms in the power sector (distribution centric) shall go a long way in fixing its weakest link. New target of 450 GW of Renewable Energy by 2030 is likely to create immense investments across power generation, transmission and distribution. 'Gatishakti' multi-modal logistics program is going to create significant new opportunities across the whole of transportation sector.

In the view of above enabling factors, business outlook of CG appears quite positive and promising. Structural strengthening of its corporate governance, fiscal prudence and risk management framework, all of which are work-in-progress as of now, would solidify its business foundations, resting on which CG can become a formidable force in the Indian Capital Goods segment by the turn of this decade.

On behalf of the Board of Directors

**Vellayan Subbiah**
**Chairman**
(DIN: 01138759)
Mumbai, 31 December 2021

DRIVE & AUTOMATION SHOP FLOOR



# Directors' Report

## TO
## THE MEMBERS

**Your Directors are pleased to present their Eighty-fourth Annual Report on the business and operations of your Company along with the revised audited financial statements, both standalone and consolidated, for the financial year ended 31 March 2021.**

## MATERIAL DEVELOPMENTS:

As your Company was under severe financial stress, the consortium of lenders of the Company ('**Lenders**') led by State Bank of India, initiated steps for resolution of stressed asset (resolution plan) under the Reserve Bank of India's circular dated 7 June 2019 on Prudential Framework for Resolution of Stressed Assets (as amended or modified) ('Prudential Framework'). A series of actions were initiated by the Company and the Lenders, leading to Tube Investments of India Limited ('**TII**'), a listed company and part of the Murugappa Group, acquiring a controlling stake in the Company on 26 November 2020. The chronology of events relating to the above is given below:

7 August 2020 — TII submitted a binding bid to the Lenders to acquire majority stake in the Company.

TII entered into Securities Subscription Agreement with the Company for acquiring a controlling stake in the Company through a combination of investment in equity shares (64,25,23,365 shares) and warrants (17,52,33,645 warrants) aggregating to ₹700 crores subject to compliance of certain conditions and receipt of certain approvals.

11 August 2020 — Based on TII's offer, the Lenders initiated a Swiss Challenge Process inviting competing bids

28 August 2020 — After the completion of the Swiss Challenge Process, TII was declared as the successful bidder to acquire controlling stake in the Company.

The Lead Bank i.e. State Bank of India issued a Letter of Intent (**'LOI'**) to TII detailing the terms and conditions to be fulfilled by TII to complete the acquisition of controlling stake in the Company.

2 September 2020 — The then Board of Directors of your Company approved further issue of 6,87,28,522 equity shares in the Company by way of a preferential issue, aggregating to ₹100 crores.

13 October 2020 — The Competition Commission of India accorded its approval to the acquisition proposal of TII.

28 October 2020 — TII conveyed its acceptance to the Letter of Intent issued by State Bank India, the Lead Bank.

20 November 2020 — TII, the Company and the Lenders executed binding agreements for one time settlement of funded facilities that were outstanding and restructuring of the non funded facilities extended to and availed by the Company. The salient terms of the agreements were:

a) Compromise settlement by making an upfront payment of ₹650 crores to Lenders

b) Conversion of ₹200 crores out of the balance funded facilities into unrated unsecured unlisted non-convertible debentures having a tenure of 5 years to be issued to the Lenders

c) Payment of around ₹150 crores to the Lenders out of the proceeds from the sale of "CG House" within a period of 5 years

d) Replacement / substitution of non fund based facilities extended by the members of the Lenders consortium

26 November 2020 — TII subscribed to the equity shares and warrants issued to them on private placement basis and remitted ₹587.50 crores towards subscription amount for the Equity / Warrants, and accordingly TII was allotted 64,25,23,365 Equity Shares and 17,52,33,645 warrants thus becoming the majority shareholder of the Company with a controlling stake of 50.62%, which subsequently got enhanced to 53.16% when further capital of ₹100 crore was infused by TII in December 2020.

On the same day, the Board of the Company was re-constituted with the then Directors resigning from the Board and appointment of Mr. Vellayan Subbiah, Mr. M A M Arunachalam, Mr. Natarajan Srinivasan, Mr. P S Jayakumar, Mr. Shailendra N Roy and Ms. Sasikala Varadachari as new Directors on the Board. Mr. Natarajan Srinivasan was appointed as the Managing Director of the Company.

Settlements were entered into with the Lenders who had lent monies to overseas subsidiaries of the Company on the strength of the Corporate Guarantees extended by the Company. The Company initiated the process of settling these guarantee liabilities as per the agreed settlement.



**Post the acquisition**

Post acquisition of the controlling interest, the new Board / Management initiated several steps to complete the conditions in the LOI and also took steps to revive the business operations and addressed several issues that were haunting the Company. The key steps initiated were:

26 November 2020 — TII was classified as the new Promoter of the Company in the place of the erstwhile Promoters. Prior to this, the erstwhile promoters were de-classified and ceased to be Promoters of the Company on 19 November 2020.

26 November 2020 to 31 December 2020 — Made payments aggregating to approximately ₹650 crores to Lenders during the period.
Based on the steps taken by the Company, the Company was classified as a STANDARD ASSET and ceased to be a Non-Performing Asset.

**Recasting of Accounts**

5 March 2020 — Based on the application made by Ministry of Corporate Affairs, Union of India, the Hon'ble National Company Law Tribunal, Mumbai Bench (**'NCLT'**) had ordered the re-opening of books of accounts of the Company and its subsidiaries for the past five years (2014-15 to 2018-19), to recast them and also get the recast accounts audited by Independent Auditors.

1 February 2021 — The following two CA firms were appointed by Ministry of Corporate Affairs:

a) M/s. Kalyaniwalla & Mistry LLP - for recasting of the Accounts of the Company and its subsidiaries for five years i.e. from 2014-15 to 2018-19

b) M/s. CNK & Associates LLP - to audit the recast accounts and issue their Report thereof.

**Post Balance Sheet Events:**

While at the end of the financial year, the recasting of accounts and audit of such recast accounts of the past period, as stated above, were in progress, subsequently in the current financial year i.e. 2021-22, the exercise was completed. The recast accounts so audited were placed before the Board on 9 September 2021 and the Board approved its submission to Regional Director (West), Ministry of Corporate Affairs. The Regional Director submitted the re-cast accounts to Hon'ble NCLT and the same were taken on record by the Hon'ble NCLT vide its order dated 26 October 2021.

The Company had applied to Hon'ble NCLT seeking its approval for voluntary revision of the financial statements of the Company for the financial years 2019-20 and 2020-21, to give effect to the consequential changes that arose on account of the said recast accounts for the preceding year ended 31 March 2019. The Hon'ble NCLT accorded its approval for the voluntary revision on 22 December 2021. Based on the said approval, the Company has given consequential effect of the recast accounts of the financial year 2018-19 (closing balances and other items) in the financial statements of the financial years 2019-20 and 2020-21.

The revised financial statements of the Company for the financial years 2019-20 and 2020-21, giving effect to the recast accounts were approved by the Board in its meeting held on 31 December 2021 and the same are being circulated and placed before the shareholders for their approval / adoption at the ensuing Annual General Meeting (**'AGM'**) of the Company.

## COMPANY PERFORMANCE

Your Company's standalone net revenue from operations was ₹2526 crore during the year under review, compared to ₹3169 crore in the previous year, and the consolidated net revenue from continuing operations during the year under review was ₹2964 crore compared to ₹5110 crore in the previous year.

Details of consolidated segment-wise revenue and profit before interest and tax ('**PBIT'**) of the two key business units - Power Systems and Industrial Systems - and how these compare with the previous financial year are given in Table 1. Your Company's financial performance for the year ended 31 March 2021 as compared to the previous year is given in Table 2.

**01 CONSOLIDATED NET SALES AND PROFIT BEFORE INTEREST AND TAX (PBIT) OF THE BUSINESS UNITS** (in ₹ crore)

| | 2020-21 | 2019-20 |
|---|---|---|
| **Consolidated Net Sales** | | |
| Power Systems | 862 | 2736 |
| Industrial Systems | 2092 | 2361 |
| **Consolidated PBIT** | | |
| Power Systems | (82) | (266) |
| Industrial Systems | 201 | 246 |

## 02 COMPANY FINANCIAL HIGHLIGHTS (in ₹ crore)

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Net Sales and Services | 2526 | 3169 | 2964 | 5110 |
| **EBIDTA** | **156** | **160** | **219** | **44** |
| Less: Finance cost | 166 | 248 | 197 | 324 |
| Less: Depreciation | 81 | 91 | 138 | 211 |
| **Loss before Exceptional Items & Tax** | **(91)** | **(179)** | **(116)** | **(491)** |
| Exceptional items (net) | 915 | (1369) | 1543 | (909) |
| **Profit / (loss) Before Tax** | **824** | **(1548)** | **1427** | **(1400)** |
| Less: Tax Expense | 135 | (68) | 147 | (76) |
| **Profit / (loss) from continuing operations** | **689** | **(1480)** | **1280** | **(1324)** |
| Less: Minority Interest | NA | NA | 16 | 7 |
| **Profit / (loss) after minority interest** | **689** | **(1480)** | **1296** | **(1317)** |
| **Profit / (loss) before tax from discontinued operations** | **-** | **-** | **0** | **(7)** |
| Tax expense on discontinued operations | - | - | - | 0 |
| **Profit / (loss) from discontinued operations** | **-** | **-** | **0** | **(7)** |
| **Total Profit / (loss) for the year** | **689** | **(1480)** | **1296** | **(1324)** |

Drop in standalone revenue was due to the financial constraints for working capital faced by the Company. Further, the bankruptcy / voluntary liquidation / divestment of some of the overseas subsidiaries of the Company contributed to drop in consolidated revenue during the year.

A detailed review of the operations and financial performance of your Company and each of its business units is contained in the 'Management Discussion and Analysis' of this Annual Report.

## RECLASSIFICATION OF PROMOTERS/ PROMOTER GROUP

Tube Investments of India Limited (TII) was classified as Promoter on 26 November 2020. Prior to this, the entities belonging to Avantha group promoted by Mr. Gautam Thapar, which were classified as the Promoter and Promoter Group of the Company, holding 8,574 equity shares of your Company (i.e. <0.002% shareholding) were reclassified to public category pursuant to approvals received from BSE Limited (**'BSE'**) and the National Stock Exchange of India Limited (**'NSE'**) on 19 November 2020.

## GLOBAL HEALTH PANDEMIC FROM COVID-19 AND ITS IMPACT ON THE COMPANY

As the global COVID-19 pandemic rapidly developed into an Indian health crisis, the Government of India announced a nationwide lockdown with effect from 25 March 2020. In view of the Government directive and considering the health and safety of employees, your Company suspended operations in all its factories and offices in India till 28 April 2020. However, non-operational activities relating to the factories, sales offices and the corporate office of the Company continued to be performed by such employees who were provided work from home facility.

All manufacturing plants resumed with limited and restricted operations on 29 April 2020, in terms of approvals received from respective authorities, and after implementing Standard Operating Practices in the interest of health and safety of the employees. Gradually, operations at the factories were scaled up. Moreover, based on the relaxations allowed, your Company commenced operations at its sales, regional and corporate offices, while strictly adhering to the terms and conditions of such relaxations and taking all necessary precautions for the health and safety of its employees.

Your Company partnered with local private hospitals and accelerated the vaccination of employees / workmen and has also taken up steps to ensure vaccination for all employees.

With the economic activity gaining momentum post the COVID-19 lockdown, several measures announced by the government and rollout of the vaccines resulted in an uptick in economic sentiments, but the resurgent COVID-19 second wave had put break in the growth momentum. However, from June 2021 onwards the economic activities have resumed and continued without any disruption.

Despite the pandemic situation and the severe financial stress that was faced till TII infused the funds, the Company had continued its operations and remained a going concern.

## DIVESTMENTS AND OTHER DEVELOPMENTS

Due to financial stress and unviable operations, decisions were taken to prune / close down certain subsidiaries of the Company as given under:

a) **Divestment of stake in CG Service Systems France SAS**

During the year under review, CG International BV (**'CGIBV'**), a subsidiary of the Company, divested its entire shareholding in CG Service Systems France SAS (**'SEFR'**), subsidiary of CGIBV, along with its liabilities, for a net consideration of €30,000 to AK Group France, pursuant to a Share Purchase Agreement dated 23 June 2020. Upon completion of the divestment, SEFR has ceased to be a subsidiary of the Company with effect from 20 July 2020.

b) **Bankruptcy of Belgium entities**

As stated in the Annual Report for the financial year 2019-20, CG Holdings Belgium NV and CG Power Systems Belgium NV, step down subsidiaries of the Company, were declared as bankrupt by the Commercial Court in Belgium on 3 February 2020. The Commercial Court has appointed Receivers who are in the process of auctioning the assets of CG Holdings Belgium NV and CG Power Systems Belgium NV including investments in their subsidairies.



c) **Bankruptcy of CG Electric Systems Hungary Zrt. (ESHU)**

On 7 July 2020, the Metropolitan Court in Budapest, Hungary, declared CG Electric Systems Hungary Zrt. (**'ESHU'**), a step-down subsidiary of the Company in Hungary, as bankrupt and commenced liquidation proceedings. The Court has appointed a liquidator who has now taken control of ESHU. However, the Company has settled its guarantee obligations towards MFB Bank, which had given loan facility to ESHU.

d) **Liquidation of subsidiaries**

CG - GANZ GENERÁTOR- ÉS MOTORGYÁRTÓ Korlátolt Felelösségü Társaság, a step down subsidiary of the Company in Hungary has got liquidated post the year under review.

Further, the following subsidiaries of the Company are in the process of being liquidated, subject to receipt of statutory and regulatory approvals:

- CG Power Solutions UK Limited;
- CG Power & Industrial Solutions Middle East FZCO;
- CG Sales Networks Malaysia sdn. bhd.;

Further, the Board of Directors of the Company has also approved proposal for voluntary winding of CG International (Holdings) Singapore Pte. Ltd. and CG Middle East FZE.

e) **Initiation of corporate insolvency proceedings against CG Power Solutions Limited under the Insolvency and Bankruptcy Code, 2016**

On 18 August 2021, your Board has approved a proposal to initiate Corporate Insolvency Proceedings against one of its non-operating subsidiaries i.e. CG Power Solutions Limited, under the provisions of the Insolvency and Bankruptcy Code, 2016.

## DIVIDEND

Your Board does not recommend any dividend for the financial year ended 31 March 2021.

## RESERVES

The Reserves, on standalone basis, at the beginning of the year amounted to ₹(442) Crore and at the end of the year stood at ₹776 Crore

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31 March 2021, your Company had 3 Indian and 11 foreign subsidiaries (excluding 2 subsidiaries in Belgium along with their subsidiaries declared as bankrupt; 4 subsidiaries in voluntary liquidation and 1 subsidiary declared insolvent). During the year under review, your Company has not incorporated or acquired any company.

Pursuant to the Companies (Indian Accounting Standards) Rules, 2015 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI LODR'**) the financial statements reflect the consolidation of accounts of your Company and its subsidiaries, associates and joint venture companies.

Pursuant to Section 136 of the Companies Act, 2013 (**'Act'**), the audited financial statements, including the consolidated financial statements and related information of your Company and audited/ unaudited annual accounts of each of its subsidiaries are placed on the website of your Company.

Highlight of performance of operational subsidiaries of the Company is given below:

1. **CG-PPI Adhesive Products Limited [CG PPI]:**

   CG PPI is the Company's subsidiary in Goa. Your Company holds 81.42% of CG PPI's equity capital. The Company manufactures and deals in speciality adhesive tapes and speciality adhesive labels.

   During the year under review, CG PPI recorded revenue of ₹15.30 crores. (Previous year: ₹15.32 crores) and registered profit before tax of ₹0.82 crores. (Previous year loss before tax: ₹1.01 crores).

2. **QEI, LLC:**

   QEI, LLC is the subsidiary of CG Power Americas, LLC (Formerly Bravin, LLC) and a wholly owned step-down subsidiary of your Company in US, operating in multiple markets and business sectors within and relating to distribution control, load management control and supervisory control and data acquisition systems.

   During the year under review, QEI, LLC recorded revenue of $9.17 Mn i.e. equivalent to ₹67.06 crores (Previous year: $10.38 Mn i.e. equivalent to ₹75.57 crores). It registered profit before tax of $2.45 Mn i.e. equivalent to ₹17.89 crores (previous year: profit before tax of $1.39 Mn i.e. equivalent to ₹10.10 crores).

3. **CG Drives & Automation Sweden AB:**

   CG Drives & Automation Sweden AB is a subsidiary of CG Industrial Holdings Sweden AB and a wholly owned step-down subsidiary of your Company in Sweden. It is a technology partner for energy efficient products and solutions. It develops, manufactures and markets the equipment for control and protection of industrial processes.

   During the year under review, CG Drives & Automation Sweden AB recorded revenue of SEK 241.12 Mn i.e. equivalent to ₹208.52 crores (Previous year: SEK 312.81 Mn i.e. equivalent to ₹234.68 crores) and registered profit before tax of SEK 2.58 Mn i.e. equivalent to ₹2.23 crores. (Previous year profit before tax: SEK 5.50 Mn i.e. equivalent to ₹4.12 crores).

4. **CG Drives & Automation Germany GmbH:**

   CG Drives & Automation Germany GmbH is a subsidiary of CG International BV, Netherlands and a wholly owned step-down subsidiary of your Company in Germany. The Company is into manufacture, sale, maintenance and repair of electronic devices and facilities in the area of drive technology.

   During the year under review, CG Drives & Automation Germany GmbH recorded revenue of €15.64 Mn i.e. equivalent to ₹137.18 crores (previous year: €17.18 Mn i.e. equivalent to ₹138.00 crores). It registered profit before tax of €0.22 Mn i.e. equivalent to ₹1.96 crores (previous year loss before tax: €0.07 Mn i.e. equivalent to ₹0.54 crores).

5. **CG Drives & Automation Netherlands BV:**

   CG Drives & Automation Netherlands BV is a subsidiary of CG International BV, Netherlands and a wholly owned step-down subsidiary of your Company in Netherlands. It is into development, production and marketing of inverter products including electrical motor drives, and the trade of related products.

During the year under review, CG Drives & Automation Netherlands BV recorded revenue of € 6.80 Mn i.e. equivalent to ₹59.59 crores. (Previous year: €6.59 Mn equivalent to ₹52.90 crores) and registered profit before tax of €0.34 Mn i.e. equivalent to ₹2.99 crores. (Previous year profit before tax: €0.27 Mn i.e. equivalent to ₹2.16 crores).

Other than above, the remaining subsidiaries of the Company do not have any business operations. In terms of Section 129 of the Act, statement containing salient features of the financial statements of your Company's subsidiaries/ associates/ joint ventures companies in Form AOC-1 is given in the notes to the financial statements in this Annual Report.

Pursuant to Regulation 16 of the SEBI LODR, a policy for determining material subsidiary of your Company as approved by the Board of Directors is made available on the website under http://www.cgglobal.com/pdfs/policies/Policy-determining-Mat-Subsidiaries.pdf

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF YOUR COMPANY

### MATERIAL ORDERS OF REGULATORS / COURTS / TRIBUNALS

a) **Re-opening of the books of accounts by the Ministry of Corporate Affairs**

Pursuant to a petition filed by the Ministry of Corporate Affairs ('**MCA**') under Section 130 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai Bench ('**Hon'ble NCLT**'), through its order dated 5 March 2020, allowed the re-opening of books of accounts of your Company and its subsidiary companies for the past five financial years up to 31 March 2019. Accordingly, the MCA, vide its letter dated 1 February 2021, appointed (a) Kalyaniwalla & Mistry LLP ('**KMLLP**'), Chartered Accountants, for the purpose of re-opening the books of accounts and re-casting the financial statements of the Company and its subsidiaries for the said five financial years and (b) C N K & Associates LLP ('**CNK**'), Chartered Accountants, for the purpose of auditing the re-opened and recast accounts.

KMLLP and CNK completed the assignments of re-opening of books of accounts and recasting the financial statements and the audit of recast financial statements and furnished the duly audited re-stated financial statements to your Company and the same were submitted to the Regional Director (Western Region), Ministry of Corporate Affairs.

Pursuant to the recasting of financial statements as mentioned above, there was a negative impact on the net-worth of the Company, on a consolidated basis, for the financial year ended 31 March 2019 and the quantum of the negative impact was approximately ₹2,647 crores which resulted in Net worth turning negative (₹462 crores) for the financial year ended 31 March 2019 as per the recast financial statements. This impact was mainly due to provisions made as re-casting adjustments in the financial year 2018-19 in respect of the funds transferred to the erstwhile promoters and its group entities.

The said recast financial statements were submitted by the MCA to Hon'ble NCLT, and the same were taken on record by the Hon'ble NCLT vide its order dated 26 October 2021.

b) **Voluntary revision of financial statements**

The financial statements of the Company for the financial year ended 2019-20 were approved and adopted by the shareholders of the Company at the 83rd Annual General Meeting of the Company held on 19 October 2020. Further, the financial statements of the Company for the financial year ended 2020-21 were approved by your Board on 11 June 2021 and the financial results were disclosed to the stock exchanges.

However, considering that closing balances in the recast financial statements of the Company for the financial year ended 31 March 2019 will have to be carried forward as opening balances for the financial year 2019-20, the financial statements of the Company for the financial year 2019-20 and 2020-21 were required to be revised to give effect as stated above. In view of the above, your Company made an application to Hon'ble NCLT on 17 June 2021 for voluntary revision in financial statements of the Company for the financial years 2019-20 and 2020-21 in order to maintain consistency with the recast books of accounts.

The Hon'ble NCLT vide its order dated 22 December 2021 approved the said application filed by the Company and allowed the voluntary revision of financial statements of the Company for financial years 2019-20 and 2020-21. The order of Hon'ble NCLT was received by the Company on 24 December 2021. Considering the time constraints for holding the AGM of the Company on or before 31 December 2021, your Company had applied to Hon'ble NCLT seeking extension of time for holding the AGM of the Company. Hon'ble NCLT vide its order dated 3 December 2021, granted extension of time to hold the AGM on or before 31 March 2022.

M/s. CNK & Associates LLP, Chartered Accountants ('**CNK**'), was appointed to carry out the audit of revised financial statements of the Company for the financial year 2019-20. CNK has issued an unmodified opinion on the revised financial statements of the Company for the financial year 2019-20. The revised financial statements for financial year 2019-20 is given in a separate section which forms part of this Annual Report. Further, revised financial statements for financial years 2019-20 and 2020-21 have been approved by your Board and the same is being placed before the shareholders for their approval. A statement showing the summary impact of the recast books of accounts of the Company as at 31 March, 2019 considered in voluntary revision of financial statements of the Company for the year ended 31 March, 2020 and necessary consequential changes made therein are given in Note 3B of the Notes to the Accounts.

## INVESTIGATIONS

### BY THE COMPANY:

During the year under review, the Final Report on the Investigation initiated by the Company in the previous year was received. Hon'ble Justice Mr. T. S. Thakur (Retd.) (former Chief Justice of India), who was appointed to oversee / monitor the said Investigation, also provided his report. Your Company has shared the Final Report with relevant authorities, including SEBI and Serious Fraud Investigation Office ('SFIO'). Your Company is extending full co-operation to the investigating agencies and information and documents as sought by them are being provided.

### BY INVESTIGATION AGENCIES

a) **Investigation by the Serious Fraud Investigation Office (SFIO)**

Based on a recommendation of the Ministry of Corporate Affairs, the SFIO has initiated an investigation into the affairs of your Company and its subsidiaries. Your Company is extending full co-operation to the SFIO, and information and documents as sought by them are being provided. The investigation is in progress.

b) **Investigations by Central Bureau of Investigations ('CBI')**

Based on a complaint filed by State Bank of India ('**SBI**') on behalf of all the former lenders of the Company with respect to certain transactions that took place in the past, details of which have already been furnished by the Company in the disclosures made to the stock exchanges on 19 August 2019, the Central Bureau of Investigations ('**CBI**') registered an FIR against the Company, its erstwhile promoters and some of the past directors/ officials of the Company. On 24 June 2021, officials of CBI visited the registered office of the Company at Mumbai, seeking information on certain transactions involving erstwhile promoters, management and their associates, which are also subject matter of existing investigation by SFIO and SEBI.

Your Company has represented to SBI requesting for exclusion of the Company from the list of the accused named in the FIR, as the Company itself is a victim of the fraud committed by other accused named in the FIR. Further, full co-operation is being extended to CBI, and information and documents as sought by them are being provided.

c) **Investigations by Enforcement Directorate**

Enforcement Directorate has sought information from your Company in connection with investigations being carried out by them under Prevention of Money Laundering Act against the erstwhile promoter and the previous management. Full co-operation is being extended by your Company and information and documents as sought by the Enforcement Directorate are being provided.

## AUDITORS AND AUDIT REPORTS

### STATUTORY AUDITORS

At the 81st Annual General Meeting of your Company, M/s S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) ('**SRBC**') and M/s K K Mankeshwar & Co., Chartered Accountants (Firm Registration No.106009W) ('**KKM**') were appointed as Joint Statutory Auditors of the Company, for a term of five years up to the conclusion of 86th Annual General Meeting of your Company.

**Cessation of KKM as Auditor**

In the 83rd Annual Report for the financial year ended 2019-20, the Members were informed regarding the decision of the Board to remove KKM as the Joint Statutory Auditors of the Company and the subsequent resignation by KKM as the Joint Statutory Auditors vide their email dated 25 January 2020 upon communication of this decision.

Since the resignation tendered by KKM was not in accordance with applicable laws and was after the decision of the then Board to seek approval of the Central Government for removal of KKM, your Company filed an application with the MCA for removal of KKM as Joint Statutory Auditors of the Company. After hearing both the parties in the matter, the Regional Director, Western Region, Mumbai, vide its order dated 27 August 2020, disposed off the said application as infructuous since KKM had already resigned as the statutory auditors of the Company. Accordingly, your Company took on record the resignation tendered by KKM vide their email dated 25 January 2020 in terms of the order passed by the Regional Director in the matter.

**Qualified Opinion by the Auditors and Board Responses**

Shareholders may note that pursuant to restatement of the financial statements of the Company for five financial years i.e. from 2014-15 to 2018-19 and the consequential revision in financial statements of the Company for the subsequent years, the Disclaimer of Opinion given by Statutory Auditors in the past have now been dropped by them from their Audit Report on the revised Financial Statements of the Company for the financial year 2020-21. In respect of the revised Standalone Financial Statements, the Statutory Auditors have furnished an unmodified opinion and in respect of the Consolidated Financial Statements, they have furnished a qualified opinion. Further, the Statutory Auditors have also included certain matters in the "Emphasis of Matter" paragraph in the Auditors' Reports for the year 2020-21.

The qualified opinion furnished by the Statutory Auditors on the revised Consolidated Financial Statements of the Company, is mentioned below along with your Board's response to these observations given in *italics.*

1. The Group has not made provision towards the corporate guarantee amounting to ₹41.56 crores invoked by a bank as at March 31, 2021. Consequently, we are unable to comment on the impact of the above matter on these Revised Consolidated Financial Statements.

   **Board Response**

   *CGIBV, a wholly owned subsidiary of the Company, has given a corporate guarantee against loan taken by Belgium Entities, which has been secured against the assets of Belgium Entities (ceased to be subsidiaries from the assumed date of January 1, 2020). The lender has invoked the corporate guarantee amounting to ₹41.56 crore due to bankruptcy proceedings initiated of Belgium Entities. The Company has not made provision towards this invocation of corporate guarantee on the assumption that the estimated recoverable value of assets of Belgium entities to be realised by Receivers shall be sufficient to meet this liability.*

2. We draw attention to note 3A(f) of the Revised Consolidated Financial Statements, which indicate that the accompanying Revised Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of;

   (a) 5 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of ₹173.88 crores as at March 31, 2021, total revenues of ₹57.61 crores, total net loss after tax ₹22.09 crores and total comprehensive loss (net) of ₹22.09 crores for year ended March 31, 2021 and net cash outflows of ₹3.03 crores for the year ended March 31, 2021;

   (b) 1 subsidiary, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of ₹5.98 crores as at March 31, 2021, total revenues of ₹ Nil, total net profit after tax ₹0.06 crores and total comprehensive income (net) of ₹0.06 crores for the year ended March 31, 2021 and net cash inflows of ₹0.22 crores for the year ended March 31, 2021;

Our report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such financial statements and other financial information as available and considered by the management. We are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to an audit.

**Board Response**

*The Company has complied with the regulation 33(3)(h) of the SEBI LODR with respect to coverage of audit of the Company's operations by Auditors and the total revenue of remaining unaudited entities constitutes approx. 2% of the consolidated revenue of the Company.*

## COST AUDITOR

As per the requirement of Section 148(1) of the Act read with rules made thereunder, your Company is required to maintain cost accounts and records. Accordingly, your Company has maintained cost accounts and records for financial year 2020-21 as applicable for its product range.

During the year under review, the Company filed the Cost Audit Report for the financial year 2019-20 with the Registrar of Companies, Mumbai within the prescribed statutory deadline. Cost Audit Report for the financial year 2020-21 has also been filed with the Registrar of Companies, Mumbai within the prescribed time.

Upon recommendation of the Audit Committee, the Board has re-appointed M/s R. Nanabhoy & Co, as Cost Auditor of your Company for financial year 2021-22 at a remuneration of ₹7,00,000/- (Rupees Seven Lakhs only) per annum plus out-of-pocket expenses and taxes, as applicable. The Act mandates that the remuneration payable to the Cost Auditor is ratified by the shareholders. Accordingly, a resolution seeking the shareholders' ratification of the remuneration payable to the Cost Auditors for the financial year 2021-22 is included in the Notice convening the ensuing Annual General Meeting.

## SECRETARIAL AUDITOR

Your Company had appointed M/s. Parikh & Associates, Practising Company Secretaries, Mumbai (Firm Registration Number: P1988MH009800), to undertake the Secretarial Audit of the Company for financial year 2020-21.

Your Company has generally complied with the Secretarial Standards and the Secretarial Audit Report is annexed in Form MR-3 for financial year 2020-21 as **Annexure 4** to this Report.

The Board's response in relation to the observations made by the Secretarial Auditor in the Secretarial Audit Report is provided below:

01. The Company has appointed Chief Financial Officer as required under Section 203 of the Companies Act, 2013 only on 5 February, 2021.

    **Board's Response:** *The delay in appointment of Chief Financial Officer of the Company was due to the extra-ordinary situation faced by the Company and the transition in the Management of the Company. The Chief Financial Officer was appointed after the new management took control of the affairs of the Company.*

02. The requirement under Regulation 33(3)(h) of SEBI Listing Regulations, subject to at least eighty percent of each of the consolidated revenue, assets and profits, respectively for quarters ended June 2020, September 2020, December 2020 and March, 2021 have not been subject to limited review by the Auditors.

    **Board's Response:** *Financial information of certain entities of the Company was unaudited due to either removal or resignation of officers or directors or due to loss of control or on account of bankruptcy or voluntary liquidation. For the quarter ended March 2021, the requirement under Regulation 33(3)(h) of SEBI LODR had not been met only in terms of the profitability criteria in respect of the original Financial Statements / Results of the Company for the year ended 31 March 2021, published in June 2021. However, in respect of the Revised Financial Statements of the Company for the year ended 31 March 2021, 96% of consolidated assets, 98% of consolidated revenue and 88% of the consolidated profit have been subject to audit, thus complying with the requirement under Regulation 33(3)(h) of SEBI LODR.*

03. Submission of the outcome of meeting of the Board of Directors held on June 27, 2020, has been delayed beyond the statutory timelines under Regulation 30 read with Part A of Schedule III of SEBI Listing Regulations.

    **Board's Response:** *In view of the pandemic situation which was prevailing in June 2020, the meetings of the Audit Committee and Board were held by video conferencing and the participants of the meeting including Directors, Statutory Auditors and other officials of the Company participated remotely from different locations in Mumbai and outside Mumbai. As a result, there was a delay in co-ordinating and obtaining all the signatures from the signatories. In view of the above, there was delay in submission of outcome of Board meeting held on 27 June 2020 beyond statutory timelines.*

04. The amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund (IEPF) as on 7 December, 2020 and 28 February, 2021 and the corresponding shares could not be credited to IEPF Account due to technical glitches. As a result, the said amount remained due and outstanding as on 31 March 2021. The Company has since transferred the amounts to IEPF.

    **Board's Response:** *The amounts could not be credited to IEPF Account due to technical glitches. The Company has since transferred the amounts to IEPF Account.*

## INTERNAL FINANCIAL CONTROLS

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.



## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

## BOARD OF DIRECTORS

**Composition**

As on the date of this report, your Company's Board of Directors consists of eight Directors comprising (i) Three Non-Executive Non-Independent Directors which includes the Non-Executive Chairman of the Board (ii) Four Non-Executive Independent Directors, and (iii) a Managing Director.

Mr. Vellayan Subbiah, Non-Executive Director, is the Chairman of your Board, and Mr. M A M Arunachalam and Mr. Kalyan Kumar Paul are Non-Executive Non-Independent Directors on your Board.

Mr. P S Jayakumar, Mr. Shailendra Roy, Ms. Sasikala Varadachari and Mr. Sriram Sivaram are Independent Directors in terms of Regulation 16 of the SEBI LODR and Section 149 of the Act.

Mr. Natarajan Srinivasan is the Managing Director on your Board.

Your Board consists of professionals with diverse functional expertise, industry experience, educational qualifications and gender mix relevant to fulfilling your Company's objectives and strategic goals.

**Change in Composition of the Board**

a) **Appointments and Cessation**

At the beginning of the year, your Company's Board of Directors consisted of eight Directors comprising of (i) a Whole-Time Executive Director, and (ii) seven Independent Non-Executive Directors as follows:

| Sr. No. | Name of Director | Category |
|---|---|---|
| 1. | Mr. Ashish Guha | Non-Executive Independent Director and Chairman of the Board |
| 2. | Mr. Jitender Balakrishnan | Non-Executive Independent Director |
| 3. | Mr. Narayan K. Seshadri | Non-Executive Independent Director |
| 4. | Mrs. Ramni Nirula | Non-Executive Independent Director |
| 5. | Mr. Pradeep Mathur | Non-Executive Independent Director |
| 6. | Dr. Aditi Raja | Non-Executive Independent Director |
| 7. | Dr. Rathin Roy | Non-Executive Independent Director |
| 8. | Mr. Sudhir Mathur | Whole Time Executive Director |

In terms of the Securities Subscription Agreement executed between the Company and TII, TII acquired a controlling stake in the Company on 26 November 2020 and consequently, all the above erstwhile Board members of your Company resigned and the Board of Directors of the Company was reconstituted by appointment of six new Directors – (i) three new Independent Directors and (ii) three persons nominated by TII as directors, on the Board of Directors of the Company with effect from 26 November 2020 as follows:

| Sr. No. | Name | Category |
|---|---|---|
| 1. | Mr. Vellayan Subbiah | Non-Executive Non-Independent Director and Chairman of the Board |
| 2. | Mr. M A M Arunachalam | Non-Executive Non-Independent Director |
| 3. | Mr. P S Jayakumar | Non-Executive Independent Director |
| 4. | Mr. Shailendra Narain Roy | Non-Executive Independent Director |
| 5. | Ms. Sasikala Varadachari | Non-Executive Independent Director |
| 6. | Mr. Natarajan Srinivasan | Managing Director |

Mr. Natarajan Srinivasan was appointed as the Managing Director of the Company initially for a period of three years but subsequently your Board revised his tenure to two years i.e. from 26 November 2020 to 25 November 2022. Mr. Srinivasan does not receive any remuneration or commission from any of the Company's subsidiaries.

The shareholders of the Company, at their extra-ordinary general meeting held on 7 June 2021 regularized the appointment of above Additional Directors in their respective capacity as Non-Executive Non-Independent Directors, Non-Executive Independent Directors and the Managing Director. The shareholders have also approved waiver of recovery of excess remuneration paid, if any, to managing director during the financial year 2020-21 in the event of loss or inadequate profits during the said year.

Further, based on the recommendations of the Nomination and Remuneration Committee, your Board had appointed Mr. Sriram Sivaram and Mr. Kalyan Kumar Paul as Additional Directors in the capacity of Non-Executive Independent Director and Non-Executive Non-Independent Director of the Company respectively, with effect from 11 June 2021. In accordance with Section 161 of the Act, they can hold office up to the date of the Annual General Meeting of the Company held after their appointment or the last date on which the Annual General Meeting should have been held, and are eligible for being appointed as Directors. Accordingly, your Company has obtained approval of the Members for their appointment as Directors through Postal Ballot on 30 December 2021.

b) **Retirement by rotation**

In terms of the provisions of Section 152 of the Act and the Rules made thereunder and Article 114 of the Articles of Association of the Company, Mr. Vellayan Subbiah retires by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

As per Regulation 36 of the SEBI LODR and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (SS-2), a brief profile and other relevant details regarding re-appointment of Mr. Vellayan Subbiah are contained in the Annexure accompanying the explanatory statement to the Notice of the ensuing Annual General Meeting.

## INDEPENDENT DIRECTORS' DECLARATION

Your Company has received declarations from all its Independent Directors confirming that they meet the criteria of independence as laid down under Section 149 of the Act and Regulation 16 of the SEBI LODR.

In the opinion of the Board, all the Independent Directors of your Company fulfil the conditions of independence as specified in the Act and SEBI LODR and are independent of the management and have the integrity, expertise and experience including the proficiency as required to effectively discharge their roles and responsibilities in directing and guiding the affairs of the Company.

The Company has received a certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other statutory authority.

## BOARD MEETINGS

During the financial year 2020-21, your Board of Directors met 23 times, inter alia, to resolve the financial stress faced by the Company, and to guide and navigate the Company during the challenging and difficult situation faced during the year, in addition to dealing with other matters to be dealt with by the Board in accordance with the provisions of the Act, SEBI LODR and other statutory provisions.

Details of Board Meetings held and the attendance of Directors are given in the Section titled "Report on Corporate Governance", which forms part of this Annual Report.

## COMMITTEES OF THE BOARD

Your Board has established following committees in compliance with the requirements of the Act and SEBI LODR: (i) Audit Committee, (ii) Nomination and Remuneration Committee, (iii) Corporate Social Responsibility Committee, (iv) Risk Management Committee, and (v) Stakeholders' Relationship Committee.

Details of composition of the statutory committees, number of meetings held and attendance of Committee members thereof during the financial year is given in the Section titled "Report on Corporate Governance" forming part of this Annual Report.

As mentioned earlier in this Directors' Report, the Board of Directors of your Company was reconstituted with effect from 26 November 2020 with the resignation of all the erstwhile Board members and appointment of new directors. Consequently, the composition of committees was also changed with effect from 26 November 2020 to induct the new Board members in the above committees. The change in composition of the committees is given in the Section titled "Report on Corporate Governance" forming part of this Annual Report.

All recommendations of the Audit Committee have been accepted by the Board.

The Special Situation Committee and the Capital Restructuring Committee constituted in the financial year 2019-20 were dissolved on 26 November 2020. Your Board has constituted a Finance Committee comprising of Mr. Vellayan Subbiah, Chairman of the Board and Mr. Natarajan Srinivasan, Managing Director, to inter alia take decisions relating to borrowings, investments and lending from time to time within such limits / sub-limits as may be decided by the Board.

## KEY MANAGERIAL PERSONNEL ('KMP')

Mr. Sudhir Mathur, who was the Whole Time Executive Director and a KMP of the Company since 10 May 2019 had resigned with effect from close of business hours on 26 November 2020.

Mr. Natarajan Srinivasan was appointed as the Managing Director and a KMP of the Company with effect from 26 November 2020.

Mr. Susheel Todi was appointed as the Chief Financial Officer of the Company effective from 5 February 2021.

Mr. Alen Ferns was the Company Secretary and Compliance Officer of the Company till the closure of business hours on 5 February 2021 and thereafter he was re-designated as the Deputy General Manager – Secretarial of the Company.

Mr. K. R. Viswanarayan who was appointed as the Company Secretary and Compliance officer of the Company with effect from 6 February 2021, resigned from the services of the Company effective from close of business hours on 31 March 2021.

Mr. P. Varadarajan was appointed as the Company Secretary and Compliance Officer of the Company with effect from 1 April 2021.

## REMUNERATION POLICY AND CRITERIA FOR DETERMINING THE ATTRIBUTES, QUALIFICATION, INDEPENDENCE AND APPOINTMENT OF DIRECTORS

Your Company has formulated a Remuneration Policy governing the appointment and remuneration of Directors, KMP, Senior Management and other employees. The Remuneration Policy of the Company provides a performance driven and market-oriented framework to ensure that the Company attracts, retains and motivates high quality executives who can achieve the Company's goals, while aligning the interests of employees, shareholders and all stakeholders in accordance with the group's values and beliefs. The terms of reference of the Nomination and Remuneration Committee includes formulation of criteria for determining qualifications, positive attributes and independence of Directors.

The Company's Remuneration Policy is available on the website of the Company under:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=

Your Company has adopted a Board Diversity Policy to reap the benefits of a broader experience in decision making.

## PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

In line with the requirements of the Act and the SEBI LODR, an annual evaluation of performance of the Board, its Committees and individual Directors was carried out during the year under review. Pursuant to the provisions of Schedule IV of the Act and Regulation 25 of the SEBI LODR, the Independent Directors of your Company at a meeting held on 25 March 2021, evaluated the performance of Non-Independent Directors, the Board as a whole, performance of the Chairman; and also assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

Since the Board of the Company was re-constituted w.e.f. 26 November 2020, board evaluation was conducted by the new board members.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of the SEBI LODR, your Company familiarizes its Independent Directors with their roles, rights, responsibilities as well as the Company's business and operations. Moreover, Directors are regularly updated on the business strategies and performance, management structure and key initiatives of businesses at every Board Meeting. Details of the programme can be viewed under the following link available on the Company's website:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year under review were on arm's length basis and were in the ordinary course of business. Hence disclosure of particulars of contracts/arrangements entered into by your Company with related parties in Form AOC-2 is not applicable for the year under review. There were no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. The Audit Committee grants omnibus approval for transactions which are of repetitive nature with related parties.

Related party transactions entered during the year under review are disclosed in the notes to the Financial Statements.

None of the Directors had any pecuniary relationship or transactions with the Company, except the payments made to them in the form of remuneration / sitting fee.

The Company's Related Party Transactions Policy is made available on the website of the Company under:
http://www.cgglobal.com/pdfs/policies/India%20Related%20Party%20Transactions%20Policy.pdf

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186 of the Act and Schedule V of the SEBI LODR, particulars of loans, guarantees given and investments made by your Company during financial year 2020-21 are given in the notes to the Financial Statements.

## BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI LODR, the Business Responsibility Report for the year 2020-21 highlighting the initiatives taken by the Company in the areas of environment, social, economic and governance is given in the Section titled "Business Responsibility Report", which forms part of this Report and is also available on the website of your Company under:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPlMI=

## ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

CG's comprehensive Risk Management Framework involves a three-tiered approach, taking into account the Enterprise Risks, Process Risks and Compliance Risks.

Enterprise risk identification and mitigation initiatives are handled through an on-going process for each of the businesses, as well as for CG as a whole. The coverage extends to all key business exposures. After getting a measure of each such enterprise risk, the mitigation actions are tracked.

The Risk Management Committee of the Board reviews the key risks associated with the businesses of your Company and their mitigation measures.

## RESEARCH AND DEVELOPMENT (R&D)

During the year under review, your Company's R&D activities continued to focus on development of indigenous and energy efficient products.

**Motors**

- Developed Permanent Magnet AC Motors (PMAC) for Electric Vehicle application. These motors, developed with special rare earth magnet and low watt loss steel, are compact in size and gives very high efficiency for the given power weight ratio.
- Developed ultra premium energy efficient motors (IE5), meeting international standards, and became the first Indian company to do so in induction technology along with permanent magnet.
- Developed pressurized enclosure motor for use in hazardous area Zone1 applications. The Motor is equipped with fully automated dry air purge system to ensure safety aspect through critical interlocks. This is mainly used in oil and gas sector.

**Drives and Automation**

- Developed new control platform CB2.1 which offered Modbus RTU and standby supply option as standard. The new platform offers a strong foundation for future with much higher communication speeds, possibilities for CAN communication and also wireless connection with PC control software EmoSoftCom through PPU.
- Designed the Next Gen E frames 2.1 for 75 and 90kW drives with 21% reduction in size with better competitiveness. The unique design makes it possible to convert a drive from IP20 to IP54 and vice-versa at any place giving much greater flexibility to the customers.
- Developed and introduced Advanced EmoDrive application software, a mobile phone application, for monitoring and control of the drives. This application can work through Bluetooth or Wifi enabled keypad of the Drive and does not require any hardwired connection which helps in not only monitoring the runtime status of the Drive but can also be used to control it in real time.
- Developed Next Generation VSS single phasedrive with advance features like, Compact design, high starting torque, detachable display, MPPT (Maximum power point tracking) support, torque control that can deal with up to 50ºC ambient support.

**Railways**

- Developed a low voltage high current brushless single bearing Traction Alternator C1019B for Tata Steel Project. The efficiency of 2 X 700 HP Shunting locomotive is improved with this new Alternator when compared to existing system of 1400 HP Single Engine Alternator system.
- Indigenously developed Filter Cubicle Panels and Auxiliary Circuit Cubicle Panels and received approvals from authorities of Indian Railways.
- Developed an electric point machine with arrangement of Secondary Drive replacing spring setting device for thick web switch which would ensure full butting of tongue rail with stock rail from crossing point to Junction Over Head (JOH) location.

**Power**

- Developed a new Transformer Monitoring System through Internet of Things (IoT) cloud based, named as Smart Controller, designed to effectively monitor and manage the AT&C (Aggregate Technical & Commercial) loss which is a challenge to the Indian Power Sector. Further, to support the Government of India (GOI) initiative and build Railway Infrastructure in the country, indigenously developed and successfully conducted short circuit test of Trackside Transformer of 21.6/30.24 MVA, 132/27 kV for Indian Railways.
- Expanded product range by introducing three phase shunt reactors with stringent

requirements of very low vibration and noise for domestic and export markets. Also developed software for optimising thermal characteristics of products by making least use of cooling equipment and electrical grade steels which will help in reduced use of commodities.

- Worked on development of new core materials, new electrode formation, new constructional designs for current transformers and new passive ferro-resonance circuit and electrode configuration for capacitor voltage transformers for higher reliability and performance. Developed 800 kV Bushing for 800 kV Transformers and reactors. Also established manufacturing process for UHV Instrument Transformers.

- Indigenous development of 145 kV and 245 kV Hybrid Gas Insulated Switchgear (GIS) with objective of economical design with reduced Greenhouse gas and enhanced reliability.

- Successfully launched indigenously developed 40.5kV SF6 Gas Circuit Breaker. These Breakers are compact with latest Arc Assist technology deploying low energy mechanism. Further, developed 12kV Ring Main Unit (RMU) – Arista-S for Smart Distribution application to strengthen the Power Distribution networks in utilities for reliability and continuity of power supply.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details, as required under Section 134 of the Act read with the Companies (Accounts) Rules, 2014, are given in the prescribed format as **Annexure 1** to this Report.

## ENVIRONMENT, HEALTH AND SAFETY (EHS)

A detailed review of the Environment, Health and Safety (EHS) measures undertaken by your Company is given in the Section titled "Management Discussion and Analysis", which forms part of this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of your Company and its businesses is given in the Section titled "Management Discussion and Analysis", which forms part of this Report.

## CORPORATE GOVERNANCE

A section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of SEBI LODR, is enclosed separately.

A certificate from M/s Parikh & Associates, Practising Company Secretaries, regarding compliance with the conditions of Corporate Governance, as stipulated under SEBI LODR, is annexed to the Report on Corporate Governance.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is now a part of the Murugappa Group, which is known for its tradition of philanthropy and community service.

Owing to the financial stress faced by the Company, coupled with COVID-19 induced lockdown and its impact on business operations, your Company could not incur any CSR expenditure during the year under review. It may be noted that during the year under review, there was no statutory requirement to incur any CSR expenditure, in view of the average net profits of the Company for past three financial years being negative.

However, your Company is committed towards inclusive growth and based on the recommendation of the Board-level CSR Committee, your Company will be identifying focus areas / CSR initiatives to be carried out in the coming financial years in order to have a maximum impact.

Details of the composition of the CSR Committee and CSR Policy of the Company are given in the Section titled 'Annual Report on CSR initiatives' in **Annexure 2** of this Report.

## REGISTRAR AND SHARE TRANSFER AGENT

Your Company has appointed Datamatics Business Solutions Limited (**'DBSL'**), an entity which is registered with SEBI, as its Registrar and Share Transfer Agent. Contact details of DBSL are mentioned in the section titled "Report on Corporate Governance" of this Annual Report.

## PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 3** to this Report. In accordance with the provisions of Section 197(12) of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees covered under the said rule shall be made available to any Member on a specific request made in this regard, by him or her in writing.

## EMPLOYEE STOCK OPTION PLAN 2021

The shareholders of the Company had, through special resolution passed by Postal Ballot on 23 September 2021, approved the introduction and implementation of Employee Stock Option Plan 2021 (**'ESOP 2021' / 'Scheme'**) and authorised the Board / Nomination and Remuneration Committee to issue to the eligible employees, such number of Options under the ESOP 2021, as would be exercisable into, not exceeding 2,70,00,000 (Two Crore Seventy Lakhs) fully paid-up equity shares of ₹2 each in the Company.

The Nomination and Remuneration Committee shall act as the Compensation Committee and is empowered to formulate detailed terms and conditions of the ESOP 2021, administer and supervise the same.

The maximum number of Options under ESOP 2021 that may be granted to each eligible employee shall vary depending upon the grade, however the same shall not exceed 20,00,000 (Twenty Lakhs) in number, per eligible Employee in any year and in aggregate. The specific employees to whom the Options would be granted and their eligibility criteria would be determined by the Nomination and Remuneration Committee at its sole discretion.

Options granted under ESOP 2021 would vest on or after 1 (one) year from the date of grant but not later than 4 (four) years from the date of grant of such Options or any other terms as decided by the Nomination and Remuneration Committee.

As on the date of this report, your Company has granted 18,34,100 options to the eligible employees under ESOP 2021. Since the ESOP Scheme of the Company was introduced and implemented in financial year 2021-22, the disclosure as required under the relevant SEBI Regulations is not applicable for financial year ended 31 March 2021.

## COMPLAINTS RELATING TO SEXUAL HARASSMENT

Your Company has adopted a Prevention of Sexual Harassment Policy and has also constituted an Internal Complaint Committee in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaint Committee has been constituted region-wise, presided by a woman employee and comprising five to seven Company employees with an external member to whom employees can address their complaints.

During the year under review, no incident of sexual harassment was reported.

## VIGIL MECHANISM

Your Company has set up a vigil mechanism, viz. a Whistle Blower Policy, as per the provisions of Section 177 of the Act and Regulation 22 of the SEBI LODR to enable its employees to report violations, genuine concerns, unethical behaviour and irregularities, if any, which could adversely affect the Company's operations. None of the Whistle Blowers was denied access to the Audit Committee of the Board.

The Ombudsperson appointed by your Board deals with the complaints received by or against employees, customers and vendors of the Company and supervises the investigation, ensures appropriate action and submits a report to the Chairman of the Audit Committee on a quarterly basis.

## DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI LODR, your Company has formulated a Dividend Distribution Policy. It is available on the website of the Company under:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=

## PUBLIC DEPOSITS

Your Company has not accepted any deposits from public or its members under Chapter V of the Act and no deposits were outstanding as on 31 March 2021.

## SHARE CAPITAL

During the year under review, your Company allotted equity shares and warrants to Tube Investments of India Limited (**'TII'**) on preferential allotment / private placement basis as follows:

- 642,523,365 equity shares aggregating to approx. ₹550 Crore and 175,233,645 warrants aggregating to approx. ₹150 Crore were allotted on 26 November 2020.

- 68,728,522 equity shares aggregating to approx. ₹100 Crore were allotted on 19 December 2020.

The issue proceeds were utilized by the Company for the purposes/objects as stated in the Offer document and explanatory statement to the notice of the Extraordinary General Meeting wherein the shareholders' approval was given for the said issue.

In case of warrants, TII has paid 25% of warrant consideration aggregating to ₹37.50 Crore at the time of warrants subscription. The balance warrant subscription money is payable by TII upon exercising the option to convert the warrants into equity shares. The warrants can be exercised by TII, in one or more tranches, at any time on or before expiry of 18 months from the date of allotment of warrants.

As on 31 March 2021:

- The authorised share capital of your Company was ₹407,60,00,000/- (Rupees Four Hundred Seven Crore And Sixty Lakh) divided into 203,80,00,000 equity shares of ₹2/-(Rupees two) each.

- The subscribed and paid-up share capital of your Company stood at ₹267,59,96,058/-(Rupees Two Hundred And Sixty Seven Crore Fifty Nine Lakhs Ninety Six Thousand and Fifty Eight only) consisting of 133,79,98,029 equity shares of ₹2/- (Rupees two) each.

Post 31 March 2021, your Company issued and allotted 1,38,45,000 equity shares to Standard Chartered Bank (Singapore) Limited on preferential allotment basis for settlement of obligations under the Guarantee Obligations ('SCB') Settlement Agreement. Consequently, as on date, the subscribed and paid-up share capital of your Company is ₹270,36,86,058/-(Rupees Two Hundred And Seventy Crore Thirty Six Lakhs Eighty Six Thousand and Fifty Eight only) consisting of 135,18,43,029 equity shares of ₹2/- (Rupees two) each.

Your Company's equity shares are listed and traded on BSE Limited and National Stock Exchange of India Limited.

Your Company had issued Global Depository Receipts (**'GDRs'**) in 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York, or the Depository. Each GDR is equivalent to five equity shares. On 5 February 2021, your Board approved the proposal for termination of GDR program of the Company and delisting of GDRs, which were outstanding and listed on the London Stock Exchange, subject to compliance with the applicable laws. Accordingly the GDRs got delisted from the London Stock Exchange effective from 24 May 2021.

As on 31 March 2021, 104,462 GDRs were outstanding.

## ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Act, a copy of the Annual Return of the Company as on 31 March 2021 is placed on the website of the Company and the same is available on the following link:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPIMI=

## REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors of the Company had not reported any matter under Section 143(12) of the Act. Therefore disclosure is not applicable in terms of Section 134(3)(ca) of the Act.

## OTHER DISCLOSURES / REPORTING

The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirm that the Company has in place a framework of internal financial controls and compliance system, which is monitored and reviewed by the Audit Committee and the Board besides the statutory, internal and secretarial auditors. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a) the annual Financial Statements for the year ended 31 March 2021 have been prepared in conformity with the applicable accounting standards along with proper explanation relating to material departures, if any;

b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2021 and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual Financial Statements have been prepared on a going concern basis;

e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively;

f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENTS

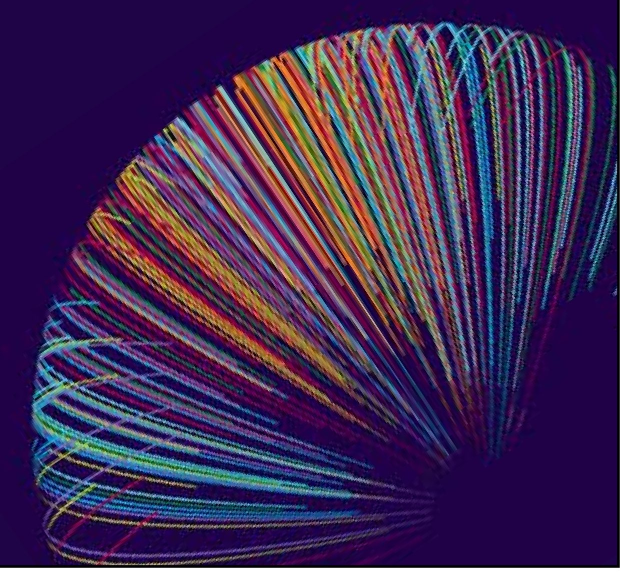
The Board of Directors wishes to convey its gratitude and appreciation to all employees for their tremendous efforts as well as their exemplary dedication and contribution to your Company's performance. The Directors would also like to thank the Central and State Governments, Shareholders, State Bank of India and other Bankers who were part of the SBI Consortium, Ministry of Corporate Affairs Customers, Suppliers, Dealers, Employees and Employee Unions, SBI Capital Markets Ltd., and all other business associates for their continued support extended to your Company.

On behalf of the Board of Directors

**Vellayan Subbiah**
**Chairman**
(DIN: 01138759)
Mumbai, 31 December 2021



# Annexures to Directors' Report



## ANNEXURE 1

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo under Section 134 of the Companies Act, 2013 and rules made thereunder

### A. CONSERVATION OF ENERGY

#### 1. ENERGY CONSERVATION MEASURES TAKEN

All the business units of the Company continued their efforts on conservation and optimal utilization of energy by improving operational efficiencies, minimizing consumption of natural resources and water while maximizing production volumes.

#### MEASURES TAKEN TOWARDS ENERGY CONSERVATION AT VARIOUS UNITS:

**Industrial Division**

**a) Motors**

- Conversion of conventional compressor with VFD controlled compressor
- Introduction of E-AGV (Eletcric – Automated Guided Vehicles) for steel coil handling reducing usage of diesel operated fork lifts
- Replacement of conventional test bench with regenerative test set up at DAI

**b) Railways**

- Initiatives like installation of energy efficient VFD controlled compressor, Thyrister controlled oven, energy efficient VFD based alternator test setup, replacement of conventional lighting with energy efficient LED lighting & replacement of 85 Watt Induction motor fan with 40 Watt BLDC resulting in reduction of energy consumption.
- Maintaining Power factor above 0.95

**Power Division**

**a) Transformers**

- Installation of timer on winding shop AC (capacity 300 ton), to ensure the optimum use of AC only when required, thus saving energy 1000 kWh/day
- Simultaneous processing of two jobs in the VPD which has impacted 10 VPD cycles resulting in saving of energy.
- Developed in-house oil percolation system resulting in savings of 3 pass of total oil (Approximate 200 KL) twice in a year which saved electricity consumption of 9,000 KWh.
- Upgradation of 2 MVA & 5 MVA oven in terms of heating reduced the cycle time by 2 Hrs and running cost by 10%.

**b) Switchgears**

- Conversion of high wattage conventional lighting to energy efficient LED lighting along with Smart/intelligent lighting solutions.
- Conversion of electrical heating (40KW) of 4KL Transformer Oil Filtration Plant to thermic fluid heating system for Instrument Transformer and Bushing plant.
- Conversion of Hot Air and Hot Water Generator of Lighting Arrestor plant from HSD fired to LDO (Light Diesel Oil) fired through upgradation and modification of burner and fuel flow system resulting in reduced HSD consumption.

#### 2. ALTERNATE SOURCES OF ENERGY

**Industrial Division**

**a) Motors**

- Use of electricity generated from roof top solar panels for manufacturing – around 25% requirement was fulfilled through solar power.

**b) Railways**

- Roof top Solar Panels installed and using green energy.
- Solar Water Heater being used in canteen for hot water

**Power Division**

- Installation of 347kW Roof Top Solar power plant at Gwalior.
- Execution of roof top solar panels (992kWp) under the 'Solar as a Service' Model.

#### 3. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

The following processes were implemented for further reducing energy consumption:

**Industrial Division**

- Upgradation of existing Sewage Treatment Plant which is helping in recycling of waste water.

- Installation of LED lights instead of earlier Halogen lamps

Railways

- In-House Installation of 24 kW Vacuum bright Annealing furnace to utilise installed solar energy at RSD.

Power Division

- Capital Investment of ₹31.5 Lakhs was made by the Power Transformer Division at Mandideep – ₹30 Lakhs in procurement of drive to make the 3 MVA MG set operational and ₹1.5 Lakhs in installing the eco ventilator.
- Capital Investment of ₹21 Lakhs was made in financial year 2020-21 by EHV and MV Switchgear division based at Nashik plant.

## B. TECHNOLOGY ABSORPTION

### 1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

Industrial Division

a) Motor

- Development of motor and controller for EV application.
- Development of Ex p HT motor for Hazardous area environment Zone-1. This is compact alternative of Flame Proof motor.
- Focussed on High efficient active front end drive, high power PEBB and up-gradation of existing IP2X drives

b) Railway

- Development of 3 phase Asynchronous AC Traction Motor for 9000 HP Electric Locomotive which is an upgraded version of 6000 HP Electric locomotives. This Traction Motor will enable the Company's Railway business to get upcoming upgrade orders of conversion of 6000 HP Electric locomotives to 9000 HP Electric Locomotives
- Working on development of Composite Converter (CC) which is a hybrid product which comprises the features of both IGBT Power Converter & Hotel Load Converter (HLC). These CCs fit in different types of Passenger locomotives viz. WAP7 & WAP5. In future all Passenger Locomotives Propulsion systems are expected to include Composite Converters in place of IGBT Power Converters to fulfill the power requirement of AC coaches.

### 2. THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION

The benefits derived from these efforts are:

Industrial Division

a) Motors

- Reduced $CO_2$ emmissions by way of eliminating fossil fuel usage & helping energy conservation
- EV is a new and growing sector and has huge business potential
- Product upgradation will increase the reach to new sectors/applications

b) Railways

- Mainline Electric Multiple Unit application with On Board propulsion Electrics (MEMU-OB) is a complete solution to be offered to Indian Railways which comprises of Traction transformer, Traction converter, Auxiliary Power converter, Train control & management system and various other sub system components. The development of the MEMU – OB Electrics will provide the entry for the Company to garner major share in future tenders of MEMU-OB/ MEMU-US/ EMU, Train sets etc.
- The development and successful supply of C1019B Traction alternator for Tata Steel Project provides the Company an opportunity in exploring Railway markets other than from Indian Railways

### 3. IMPORTED TECHNOLOGY

The data for details of the technology imported is given in Table 1.

**01 IMPORTED TECHNOLOGY**

| Details Of Technology Imported | Year Of Import | Whether The Technology Has Been Fully Absorbed | If Not Fully Absorbed, Areas Where Absorption Has Not Taken Place, And The Reasons Thereof |
|---|---|---|---|
| Nil | | | |

### 4. EXPENDITURE ON R&D

The Company's expenditure on Research & Development on standalone basis for the year ended 31 March 2021 is given in Table 2.

**02 EXPENDITURE ON R&D** (in ₹ crore)

| PARTICULARS | AMOUNT |
|---|---|
| A. Capital | 7.69 |
| B. Revenue | 24.05 |
| **C. Total (A + B)** | **31.74** |
| **Total R & D expenditure** | |
| As a percentage of turnover (continuing operations) | 1.26% |
| As a percentage of loss before tax (continuing operations) | (2.72%) |

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used by the Company during the year under review is given in Table 3.

**03 FOREIGN EXCHANGE EARNING & OUTGO** (in ₹ crore)

| PARTICULARS | AMOUNT |
|---|---|
| Total Foreign Exchange Earned | 201.57 |
| Total Foreign Exchange Used | 65.08 |

On behalf of the Board of Directors

**Vellayan Subbiah**
**Chairman**
(DIN: 01138759)
Mumbai, 31 December 2021



# ANNEXURE 2

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES FOR FINANCIAL YEAR 2020-21

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

CSR POLICY

The Company is committed to conduct its business in a responsible manner that creates a sustained positive impact on the society. This means working with underserved communities to improve the quality of their life and preserve the ecosystem that supports the communities and the Company.

For CG, being a socially responsible corporate means:

- Upholding and promoting the principles of inclusive growth, diversity and equitable development in society;
- Collaborating with local government agencies and like minded corporate, voluntary and academic organizations in pursuit of our goals;
- Building active and long term partnerships with the surrounding communities to significantly improve the condition of the most underserved amongst them;
- Making a sustained effort in preserving the environment;
- Using environment friendly, energy efficient and safe processes;
- Promoting transparency in disclosure and reporting procedures;
- Getting our employees involved and sensitized at our communities and develop as better leaders;

In order to accomplish the above, we are building an increased commitment at all levels in the organization to operate our business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all stakeholders.

### 2. COMPOSITION OF CSR COMMITTEE

Till 26 November 2020, the CSR Committee comprised of the following erstwhile Directors of the Company:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year* | Number of meetings of CSR Committee attended during the year* |
|---|---|---|---|---|
| 1. | Mrs. Ramni Nirula | Chairperson, Independent Director | 1 | 1 |
| 2. | Mr. Pradeep Mathur | Member, Independent Director | 1 | 1 |
| 3. | Mr. Sudhir Mathur | Member, Whole Time Executive Director | 1 | 1 |

** Note: The CSR Committee meeting was held on 24 June 2020. Thereafter, pursuant to acquisition of the controlling stake in the Company by Tube Investments of India Limited, the Board of Directors of the Company was re-constituted with effect from 26 November 2020 and consequently, the Corporate Social Responsibility Committee was also re-constituted with effect from 26 November 2020 as given below:*

| Sl. No. | Name of Director | Designation / Nature of Directorship |
|---|---|---|
| 1. | Mr. Shailendra Roy | Chairman, Independent Director |
| 2. | Mr. P. S. Jayakumar | Member, Independent Director |
| 3. | Ms. Sasikala Varadachari | Member, Independent Director |

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company**

http://www.cgglobal.com/frontend/Crompton.aspx?cnl2=Hzywp8VdQN4=

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Nil

**6. Average Net Profit of the Company as per Section 135(5):**

The average net profit of the Company as per Section 135(5) was negative i.e. ₹(137.37) crores.

**7. (a) Two percent of average net profit of the Company as per Section 135(5):**

Nil, since the average net profit of the Company as per Section 135(5) was negative.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

Nil

(c) Amount required to be set off for the financial year, if any;

Nil

(d) Total CSR obligation for the financial year (7a + 7b – 7c)

Nil

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount spent for the Financial Year (in ₹ Crores) | Amount Unspent (in ₹ Crores) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of transfer | Name of the fund | Amount | Date of transfer |
| NIL | Not applicable | | | | |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes / No) | Location of the project | | Project duration | Amount allocated for the project (in ₹ Crores) | Amount spent in the current financial year (in ₹ Crores) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Crores) | Mode of Implementation – Direct (Yes / No) | Mode of Implementation through Implementing Agency – | |
| | | | | State | District | | | | | | Name | CSR Registration Number |
| Not applicable | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (8) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in Schedule VII to the Act | Local area (Yes / No) | Location of the project | | Amount spent for the project (in ₹ Crores) | Mode of Implementation – Direct (Yes / No) | Mode of Implementation through Implementing Agency – | |
| | | | | State | District | | | Name | CSR Registration Number |
| NIL (refer note) | | | | | | | | | |

Note: Owing to the financial stress faced by the Company during the financial year 2020-21, coupled with COVID-19 induced lockdown and its impact on business operations, your Company could not incur any CSR expenditure during the year 2020-21. It may be noted that during the year under review, there was no statutory requirement to incur any CSR expenditure by the Company, in view of the average net profits of the Company for past three financial years being negative.

(d) **Amount spent in Administrative Overheads –** Nil

(e) **Amount spent on Impact Assessment, if applicable –** Not applicable

(f) **Total amount spent for the Financial Year (8b + 8c + 8d + 8e) –** Nil

(g) Excess amount for set off, if any:

| Sl. No. | Particulars | Amount (in ₹ Crores) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | Nil (since average net profit was negative) |
| (ii) | Total amount spent for the Financial Year | Nil |
| (iii) | Excess amount spent for the financial year [(ii) – (i)] | Not applicable |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii) – (iv)] | Nil |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) |
|---|---|---|---|---|---|---|---|
| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹ Crores) | Amount spent in the reporting Financial year (in ₹ Crores) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years (in ₹ Crores) |
| | | | | Name of the fund | Amount (in ₹ Crores) | Date of transfer | |
| | - | - | - | - | - | - | - |
| TOTAL | | - | - | - | - | - | - |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID | Name of the Project | Financial Year in which the Project was commenced | Project duration | Total amount allocated for the project (in ₹ Crores) | Amount spent on the project in the reporting Financial year (in ₹ Crores) | Cumulative amount spent at the end of reporting Financial year (in ₹ Crores) | Status of the project completed / ongoing |
| NIL | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

| | | |
|---|---|---|
| (a) | Date of creation or acquisition of the capital asset(s). | Not applicable |
| (b) | Amount of CSR spent for creation or acquisition of capital asset | |
| (c) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc | |
| (d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | |

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) –** Not Applicable.

**Shailendra Roy**
Chairman of CSR Committee
(DIN: 02144836)

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

Mumbai, 31 December, 2021

## ANNEXURE 3

**The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Note: The information provided below is on stand-alone basis of the Company.

1. Details of the ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the financial year ended 31 March 2021 are provided in **Table 1**.
2. Details of percentage increase in remuneration of each Director, CEO and Managing Director, Chief Financial Officer and Company Secretary in the financial year under review are provided in **Table 1**.
3. The median remuneration of employees increased by 11.40% as compared to previous financial year.
4. The number of permanent employees on the rolls of the Company as on 31 March 2021: 2570 (as against 2802 as on 31 March 2020).
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   No increments were given by the Company during the financial year 2020-21.
6. Remuneration is as per the Remuneration Policy of the Company.

### 01 Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the financial year ended 31 March, 2021 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year under review:

| Sr. No. | Name of Director/Key Managerial Personnel | Designation | Ratio of remuneration of director to median remuneration of all employees | % increase/(decrease) in comparison to previous financial year |
|---|---|---|---|---|
| 1. | Mr. Vellayan Subbiah $ | Chairman, Non- Executive Non-Independent Director | 1.97 | Not applicable as the tenure is for part of the year |
| 2. | Mr. Natarajan Srinivasan $ | Managing Director | 27.20 | |
| 3. | Mr. M A M Arunachalam $ | Non- Executive Non-Independent Director | 1.26 | |
| 4. | Mr. P S Jayakumar $ | Non- Executive Independent Director | 1.62 | |
| 5. | Ms. Sasikala Varadachari $ | Non- Executive Independent Director | 1.26 | |
| 6. | Mr. Shailendra Roy $ | Non- Executive Independent Director | 1.44 | |
| 7. | Mr. Ashish Guha # | Chairman, Non- Executive Independent Director | 6.73 | |
| 8. | Mr. Sudhir Mathur # | Whole Time Director | 30.57 | |
| 9. | Mr. Jitender Balakrishnan # | Non- Executive Independent Director | 3.77 | |
| 10. | Ms. Ramni Nirula # | Non- Executive Independent Director | 2.51 | |
| 11. | Mr. Narayan K Seshadri # | Non- Executive Independent Director | 2.33 | |
| 12. | Mr. Pradeep Mathur # | Non- Executive Independent Director | 6.46 | |
| 13. | Dr. Aditi Raja # | Non- Executive Independent Director | 3.41 | |
| 14. | Dr. Rathin Roy # | Non- Executive Independent Director | 4.67 | |
| 15. | Mr. Susheel Todi * | Chief Financial Officer | NA | |
| 16. | Mr. Alen Ferns ** | Company Secretary | NA | |
| 17. | Mr. K R Viswanarayan *** | Company Secretary | NA | |

$ Appointed on 26 November, 2020

\# Resigned w.e.f. the close of business hours on 26 November, 2020

* Appointed as a Chief Financial Officer w.e.f. 05 February, 2021

** Resigned as a Company Secretary w.e.f. closure of business hours of 05 February, 2021

*** Appointed as Company Secretary w.e.f. 06 February, 2021 and resigned w.e.f the close of business hours on 31 March, 2021.



Notes:

1. For the aforesaid purposes, median remuneration has been computed by ascertaining the cost to Company of all employees as on 31 March 2021, in all categories, whether workmen or white collar employees. Remuneration includes variable pay paid during the year under review.
2. Mr. Vellayan Subbiah, Mr. Natarajan Srinivasan, Mr. M A M Arunachalam, Mr. P S Jayakumar, Ms. Sasikala Varadachari, Mr. Shailendra Roy and Mr. Susheel Todi were appointed in FY 2020-21; hence their remuneration figures are not comparable with previous year figures.
3. Mr. Ashish Guha, Mr. Sudhir Mathur, Mr. Jitender Balakrishnan, Ms. Ramni Nirula, Mr. Narayan K Seshadri, Mr. Pradeep Mathur, Dr. Aditi Raja, Dr. Rathin Roy and Mr. Alen Ferns were associated for part of FY 2020-21, hence, their remuneration figures are not comparable with previous year figures.
4. Mr. K R Viswanarayan's tenure was only for a part of FY2020-21, and hence his remuneration figures are not comparable with previous year figures

On behalf of the Board of Directors

**Vellayan Subbiah**
**Chairman**
(DIN: 01138759)
Mumbai, 31 December 2021

## ANNEXURE 4

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2021

[PURSUANT TO SECTION 204 (1) OF THE COMPANIES ACT, 2013 AND RULE 9
OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

To,
The Members,
CG Power and Industrial Solutions Limited
6th Floor, CG House, Dr. Annie Besant Road, Worli.
Mumbai- 400 030

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CG Power and Industrial Solutions Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and to the extent made available to us and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management; we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2021, generally complied with the statutory provisions listed hereunder; and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31 March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time;

(d) The Securities and Exchange Board of India ( Share Based Employee Benefits) Regulations, 2014 as amended from time to time (Not applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time; (Not applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time (Not applicable to the Company during the audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended from time to time; (Not applicable to the Company during the audit period).

(vi) Other laws applicable specifically to the Company namely:

- The Electricity Act, 2003 and Rules
- Explosives Act, 1884 and Rules
- Batteries (Management and Handling), Rule 2001
- Petroleum Act, 1934 and rules
- The Energy Conservation Act, 2001

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings (SS-1 and SS-2).

(ii) The Listing Agreements entered into by the Company with BSE Limited and The National Stock Exchange of India Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as amended from time to time.



## ANNEXURE 4 (Contd.)

Subject to as stated in paragraph 2 above, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. except the following:

a. The Company has appointed Chief Financial Officer as required under Section 203 of the Companies Act, 2013 only on 5 February, 2021.

b. The requirement under Regulation 33(3) (h) of SEBI Listing Regulations, subject to at least eighty percent of each of the consolidated revenue, assets and profits, respectively for quarters ended June 2020, September 2020, December 2020 and March, 2021 have not been subject to limited review by the Auditors.

c. Submission of the outcome of meetings of the board of directors held on 27 June, 2020, has been delayed beyond the statutory timelines under Regulation 30 read with Part A of Schedule III of SEBI Listing Regulations.

d. The amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund (IEPF) as on 7 December, 2020 and 28 February, 2021 and the corresponding shares could not be credited to IEPF Account due to technical glitches. As a result, the said amount remained due and outstanding as on 31 March 2021. The Company has since transferred the amounts to IEPF.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice and a system generally exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the Minutes of the meetings.

Except for what is stated herein above we report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further to what is stated hereinabove, we further report that during the audit period following events occurred during the year:

1. Pursuant to an application made by the Company, the BSE Limited and National Stock Exchange of India Limited, on 19 November, 2020, have granted their approvals for re-classification of following entities of erstwhile promoter/ promoter group to public category as per the provisions of Regulation 31A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:
   - Varun Prakashan Private Limited
   - Avantha Realty Limited
   - Avantha Holdings Limited

2. The Board of Directors of the Company, at its Board meeting held on 26 November, 2020 allotted the following securities to Tube Investments of India Limited on preferential allotment basis: (i) 64,25,23,365 equity shares of the Company of face value of Rs. 2 (Rupees two) each ("Equity Shares") at a price of Rs. 8.56/- (including premium) per Equity Share aggregating to Rs. 550,00,00,004/- (Indian Rupees Five Hundred Fifty Crores Four Only); and (ii) 17,52,33,645 warrants ("Warrants"), each carrying a right exercisable by the Warrant holder to subscribe to one Equity Share per Warrant within 18 months from allotment. Aggregate consideration for subscribing to equity shares upon exercise of the warrants is Rs. 150,00,00,001/- (Indian Rupees One Hundred Fifty Crores One only), of which INR 37,50,00,000.25 (Indian Rupees Thirty Seven Crores Fifty Lakhs and Paise Twenty Five only) constituting 25% (Twenty Five per cent) of the aggregate consideration will be paid on warrant subscription by the Prospective Investor.

   Post the allotment of securities to TII as stated above, TII has acquired a controlling interest in the Company and holds 50.62% (fifty decimal six two per cent) of the paid up equity share capital of the Company.

3. The Board of Directors were reconstituted on 26 November, 2020 in terms of Securities Subscription Agreement ('SSA') signed by CG Power and Industrial Solutions Limited ('the Company') with Tube Investments of India Limited ('TII'), as part of the implementation of the resolution process under the Reserve Bank of India's circular dated 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets.

4. As per the terms of the Definitive Documents (as amended from time to time) and pursuant to the approval of the Board of Directors of the Company for issuance of Unlisted, Unsecured, Unrated, Redeemable, Non-Convertible Debentures of the Company of face value of INR 1,00,000/-- (Indian Rupees One Lakh Only) each aggregating to INR 200,00,00,000 (Indian Rupees Two Hundred Crore Only) ('the Debentures' or 'NCDs'), the Finance Committee of the Board of Directors at its meeting held on December 04,2020 inter alia, approved the allotment of NCDs by way of conversion of an amount not exceeding INR 200,00,00,000/- (Indian Rupees Two Hundred Crores Only) from the Fund Based Facilities as part of the settlement.

5. The Finance Committee of the board of directors of the Company, vide its circular resolution dated 19 December, 2020 have allotted 68,728,522 Equity Shares of the Company at a price of Rs. 14.55/- (Rupees Fourteen decimal Five Five only) (including premium) per Equity Share aggregating to Rs. 99,99,99,995.10/- (Indian Rupees Ninety

## ANNEXURE 4 (Contd.)

Nine Crores Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred Ninety Five decimal Ten only) to TII on a preferential allotment basis. Post the allotment of Equity Shares to TII as stated above, TII holds 53.16% (fifty three decimal one six per cent) of the paid up equity share capital of the Company. TII's aggregate shareholding (i.e. equity shares and convertible warrants held by TII) in the Company has increased from 56.61% to 58.58% of the share capital of the Company on a fully diluted basis.

We further report that pursuant to a petition filed by the Ministry of Corporate Affairs ('MCA') under Section 130 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai Bench ('Hon'ble NCLT'), through its order dated 5 March 2020, allowed the re-opening of books of accounts of your Company and its subsidiary companies for the past five financial years up to 31 March 2019. Accordingly, the MCA, vide its letter dated 1 February 2021, appointed (a) Kalyaniwalla & Mistry LLP ('KMLLP'), Chartered Accountants, for the purpose of re-opening the books of accounts and re-casting the financial statements of the Company and its subsidiaries for the said five financial years and (b) C N K & Associates LLP ('CNK'), Chartered Accountants, for the purpose of auditing the re-opened and recast accounts. Further, the restatement has been completed in the financial year 2021-22 and the said recast financial statements were submitted by the MCA to Hon'ble NCLT, and the same were taken on record by the Hon'ble NCLT vide its order dated 26 October 2021.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: December 31, 2021

Signature:
Mitesh Dhabliwala
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331C002019736

*This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

## ANNEXURE 4 (Contd.)

### 'Annexure A'

To,
The Members
**CG Power and Industrial Solutions Limited**
6th Floor, CG House, Dr. Annie Besant Road, Worli.
Mumbai- 400 030

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events, etc.

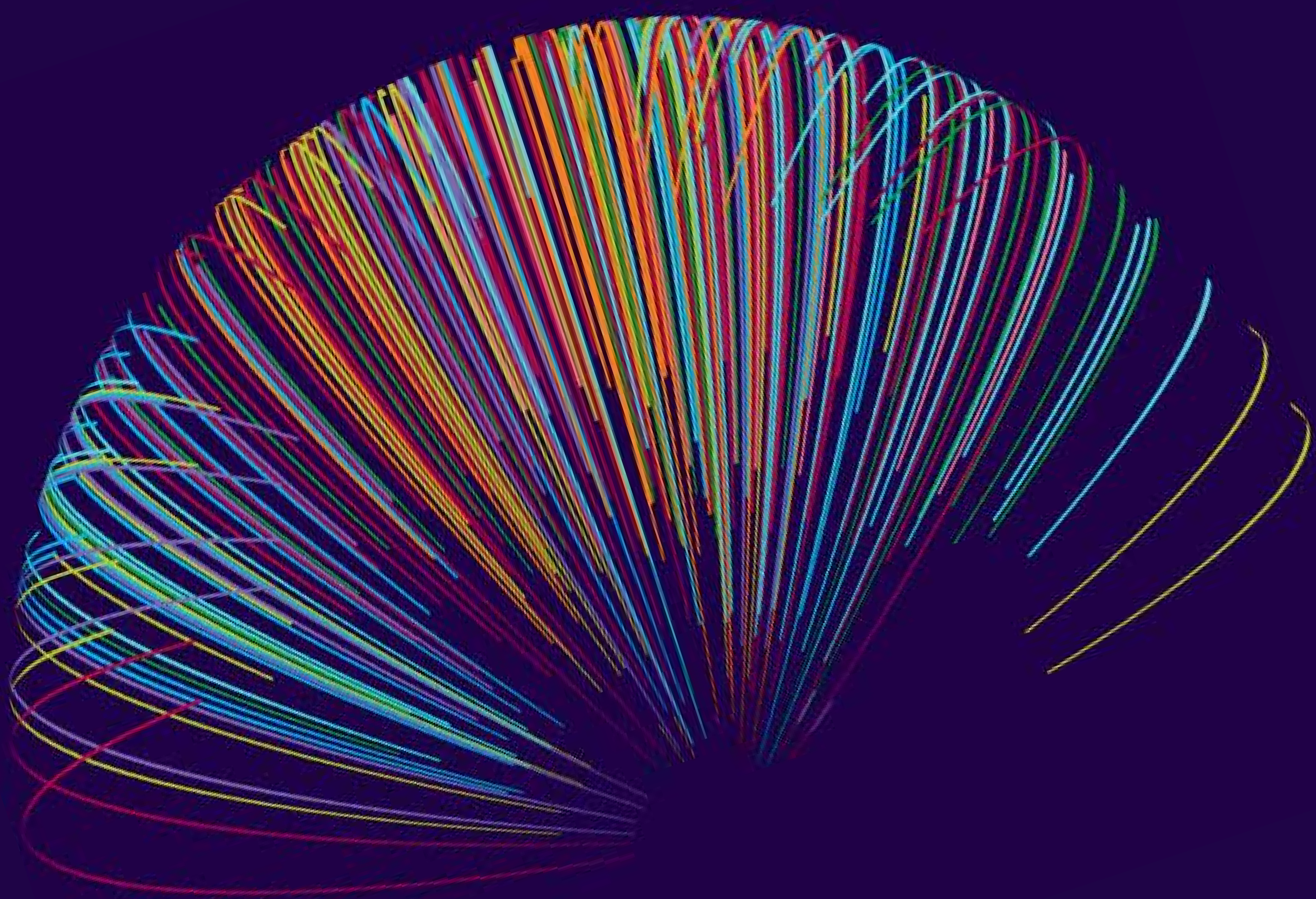
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: December 31, 2021

Signature:
**Mitesh Dhabliwala**
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331C002019736



# Report on Corporate Governance

# Report on Corporate Governance

A report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India in Chapter IV read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI LODR'**).

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that the fundamental objective of Corporate Governance is to enhance the interests of all stakeholders. The Company's Corporate Governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. Key elements in corporate governance are timely and adequate disclosures, establishment of internal controls and high standards of accounting fidelity, product and service quality. Your Company also believes that good Corporate Governance practices help to enhance performance and valuation of the Company.

## BOARD OF DIRECTORS COMPOSITION

The composition of the Board of Directors is in conformity with the provisions of the Companies Act, 2013 (**'Act'**) and Rules made thereunder and SEBI LODR as amended from time to time. The Board has an optimum combination of Executive/Non-Executive Directors, Woman Director and Independent Directors with diversified skill sets, professional knowledge and relevant business experience in diverse fields.

The Board of Directors was reconstituted on 26 November, 2020 in terms of Securities Subscription Agreement (**'SSA'**) signed by CG Power and Industrial Solutions Limited (**'the Company'**) with Tube Investments of India Limited (**'TII'**), as part of the implementation of the resolution process under the Reserve Bank of India's circular dated 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets.

As on 31 March, 2021, your Company's Board comprised of six Directors, out of which 5 Directors were Non-Executive Directors. The Company has a Non-Executive Chairman. The Company had 3 Independent Directors (**'IDs'**), including 1 Women ID, which comprised half of the total strength of the Board.

Subsequently, the Board has appointed Mr. Sriram Sivaram as an Additional Non-Executive Independent Director and Mr. Kalyan Kumar Paul as an Additional Non Executive Non Independent Director of the Company with effect from 11 June, 2021.

The Profile of Directors are available on the website of the Company at http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=BPbAMGwHQu4=

The Independent Directors who have resigned during the financial year 2020-21 (FY 2020-21), have confirmed that there are no material reasons other than those stated in their resignation letter for resigning from the Board of Directors of the Company.

## INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of the Act, each of the Independent Directors have confirmed that he / she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16 of SEBI LODR.

Further, in terms of Regulation 25(8) of SEBI LODR, the Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties without any external influence.

Based on the declarations received from the Independent Directors, the Board is of the opinion that Independent Directors of your Company fulfil the conditions of independence as specified in the Act and SEBI LODR and are independent of the management. They are persons of integrity and possess relevant experience and do not hold, together with their relatives, 2% or more of the voting power in the Company. They are not related to any of the Promoters, Directors, Holding, Subsidiary or Associate companies and are independent of the management.

The Company has received confirmation from all the existing Independent Directors of their registration on the Independent Directors Databank maintained by the Indian Institute of Corporate Affairs pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

## BOARD MEETINGS

Board Meetings are convened at appropriate intervals with a maximum time gap of not more than 120 days between two consecutive meetings. Notice along with the agenda papers is sent to the Directors in advance. In case of exigencies or urgency of matters, resolutions are passed by circulation for such matters as permitted by law and noted at the subsequent meeting.

The Board critically evaluates Company's strategic direction, risks and opportunities, key mergers and amalgamations, investments, financial performance, asset optimisation, management policies and their effectiveness. Additionally, the Board reviews the compliance processes, internal control systems, material occurrences, if any, in the areas of environment, health and safety, financial liabilities, regulatory claims and developments in human resources.

Twenty Three (23) Board Meetings were held during the year. The dates on which the Meetings were held are as follows:

| Sr. No | Date of Board Meeting | Board Strength | No of Directors Present |
|---|---|---|---|
| 1 | 19 Apr, 2020 | 8 | 8 |
| 2 | 1 May, 2020 | 8 | 8 |
| 3 | 3 Jun, 2020 | 8 | 8 |
| 4 | 27 Jun, 2020 | 8 | 8 |
| 5 | 7 Aug, 2020 | 8 | 8 |
| 6 | 10 Aug, 2020 | 8 | 8 |
| 7 | 11 Aug, 2020 | 8 | 8 |
| 8 | 22 Aug, 2020 | 8 | 8 |
| 9 | 2 Sept, 2020 | 8 | 8 |
| 10 | 7 Sept, 2020 | 8 | 8 |
| 11 | 16 Sept, 2020 | 8 | 8 |
| 12 | 26 Sept, 2020 | 8 | 7 |

| Sr. No | Date of Board Meeting | Board Strength | No of Directors Present |
|---|---|---|---|
| 13 | 23 Oct, 2020 | 8 | 8 |
| 14 | 28 Oct, 2020 | 8 | 6 |
| 15 | 29 Oct, 2020 | 8 | 7 |
| 16 | 19 Nov, 2020 | 8 | 6 |
| 17 | 20 Nov, 2020 | 8 | 8 |
| 18 | 25 Nov, 2020 | 8 | 6 |
| 19 | 26 Nov, 2020 | 14 | 14 |
| 20 | 4 Dec, 2020 | 6 | 6 |
| 21 | 18 Dec, 2020 | 6 | 5 |
| 22 | 5 Feb, 2021 | 6 | 6 |
| 23 | 25 Mar, 2021 | 6 | 6 |

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year, attendance at the last Annual General Meeting (**'AGM'**), the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on 31 March 2021, are given in Table 1 given below:

Pursuant to provisions of regulation 17(3) of SEBI LODR, the Board periodically reviews the compliance reports of all laws applicable to the Company. The Company uses the facility of Video Conferencing, permitted under Section 173(2) of the Act read together with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. Due to the exceptional circumstances caused by the COVID-19 Pandemic and consequent relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India, the meetings were held through Video Conferencing (**'VC'**).

The required information, including information as enumerated in Regulation 17(7) read together with Part A of Schedule II of the SEBI LODR is made available to the Board of Directors, for discussions and consideration at Board Meetings.

Pursuant to Regulation 27(2) of the SEBI LODR, the Company also submits a quarterly Compliance Report on Corporate Governance to the Stock Exchanges, within 15 days from the close of every quarter.

### 01 Composition, attendance and details of the Board of Directors during the financial year 2020-21

| Name of Director | Category | Attendance Particulars | | No. of Representations | | |
|---|---|---|---|---|---|---|
| | | Board Meeting | Last AGM | Directorship[##] | Committee Chairperson[###] | Committee Membership[###] |
| Mr Ashish Kumar Guha* | Non-Executive; Independent; Chairman | 19 | Yes | NA | NA | NA |
| Mr Sudhir Mathur* | Whole Time Executive Director | 19 | Yes | NA | NA | NA |
| Mr Jitender Balakrishnan* | Non- Executive; Independent | 19 | Yes | NA | NA | NA |
| Ms Ramni Nirula* | Non- Executive; Independent | 15 | Yes | NA | NA | NA |
| Mr Narayan K Seshadri* | Non- Executive; Independent | 17 | Yes | NA | NA | NA |
| Mr Pradeep Mathur* | Non- Executive; Independent | 19 | Yes | NA | NA | NA |
| Dr Rathin Roy* | Non- Executive; Independent | 17 | No | NA | NA | NA |
| Dr Aditi Raja* | Non- Executive; Independent | 19 | Yes | NA | NA | NA |
| Mr. Vellayan Subbiah** | Non-Executive; Non-Independent; Chairman | 5 | NA | 9 | 1 | 5 |
| Mr. M A M Arunachalam[$] | Non-Executive; Non-Independent | 4 | NA | 9 | 2 | 5 |
| Mr. P S Jayakumar[$$] | Non-Executive; Independent | 5 | NA | 11 | 3 | 6 |
| Ms. Sasikala Varadachari[$$] | Non-Executive; Independent | 5 | NA | 5 | -- | 1 |
| Mr. Shailendra Roy[$$] | Non-Executive; Independent | 5 | NA | 2 | -- | 1 |
| Mr. Natarajan Srinivasan[#] | Managing Director | 5 | NA | 5 | 3 | 2 |

* Ceased as Director of the Company with effect from 26 November, 2020.
** Appointed as an Additional Non-Executive, Non-Independent Director and Chairman of the Board of the Company with effect from 26 November, 2020.
$ Appointed as an Additional Non-Executive, Non-Independent Director of the Company with effect from 26 November, 2020
$$ Appointed as an Additional Non-Executive, Independent Director of the Company with effect from 26 November, 2020
# Appointed as Managing Director of the Company with effect from 26 November, 2020.
## Directorships include directorships as on 31 March 2021 in only Indian companies (including CG) but exclude alternate directorships.
### Committee Chairmanship and Membership as on 31 March 2021 includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (including CG).

## OTHER DIRECTORSHIPS

As on 31 March, 2021, none of the Directors on the Board hold directorships in more than twenty companies (including ten public limited companies) or is an Independent Director in more than seven listed companies. Further, none of the Directors is a member of more than ten Committees or a chairperson of more than five Committees across all public limited companies. For the purpose of determination of limit of the Board Committees, the chairpersonship / membership of only the Audit Committee and the Stakeholders' Relationship Committee have been considered as per Regulation 26(1) (b) of SEBI LODR. Further, the Directorship of Directors is in conformity with Regulation 17A of SEBI LODR.

Names of other listed entities where directors of your Company hold directorship and the category of such directorship as on 31 March 2021 are given in Table 2.

**02 Directors and their Directorial Positions in other listed companies as on 31 March, 2021**

| Name of the Director | Directorship in other Listed Companies | Category |
|---|---|---|
| Mr. Vellayan Subbiah | SRF Limited | ID |
| | Shanthi Gears Limited | NENI |
| | Tube Investments of India Limited | MD |
| | Cholamandalam Financial Holdings Limited | NENI |
| | Cholamandalam Investment and Finance Company Limited | NENI |
| Mr. M A M Arunachalam | Shanthi Gears Limited | NENI |
| | Tube Investments of India Limited | NENI |
| | Cholamandalam Investment and Finance Company Limited | NENI |
| | Coromandel Engineering Company Limited | NENI |
| Mr. P S Jayakumar | Adani Ports and Special Economic Zone Limited | NEI |
| | JM Financial Limited | NEI |
| Ms. Sasikala Varadachari | Sundaram -Clayton Limited | NEI |
| Mr. Shailendra Roy | - | - |
| Mr. Natarajan Srinivasan | Godrej Agrovet Limited | NEI |
| | Computer Age Management Services Limited | NEI |
| | Infrastructure Leasing and Financial Services Limited (Debt Listed) | ND |
| | IndiaFirst Life Insurance Company Limited (Debt Listed) | NEI |

- Independent Director- ID
- Non-Executive Non-Independent- NENI
- Non-Executive Independent- NEI
- Managing Director- MD
- Nominee Director-ND

## SELECTION AND APPOINTMENT OF DIRECTORS

The Nomination and Remuneration Committee ascertains the qualification, expertise and experience of the person being considered for appointment as Director and recommends the appointment to the Board. In case of appointment of an Independent Director, such person shall additionally meet the requirements as stipulated in Section 149 of the Act read with Schedule IV of the said Act and Regulation 16 of the SEBI LODR.

In terms of the requirement of Regulation 46(2)(b) of the SEBI LODR and Schedule IV of the Act, your Company has issued formal letters of appointment to the Independent Directors. The terms and conditions of such appointment are available on the Company's website and can be accessed at http://www.cgglobal.com/pdfs/BOD/T&C-IndependentDirectorsAppt.pdf

## BOARD EFFECTIVENESS EVALUATION

The annual performance evaluation was carried out pursuant to the provisions of the Act and the SEBI LODR. As part of the performance evaluation process, an evaluation questionnaire based on the relevant criteria together with supporting documents was circulated to all the Board members, in advance. The Directors evaluated themselves, the Managing Director, other Board members, the Board as well as the functioning of the Board Committees viz., Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee based on well-defined evaluation parameters as set out in the questionnaire. The duly filled in questionnaires were received back from the Chairman and all the other Directors. The Board reviewed the process of evaluation of the Board of Directors and its Committees including the Managing Director and the individual Directors. Since the Board of the Company was reconstituted w.e.f 26 November, 2020, board evaluation was conducted by the new board members.

## INDEPENDENT DIRECTORS' MEETING

Independent Directors' Meeting in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulations 25(3) and 25(4) of SEBI LODR was convened on 25 March, 2021, inter alia to review the performance of Non-Independent Directors and the Board as a whole and review the performance of the Chairman for FY 2020-21 and the flow of information between the Board and the Management. All Independent Directors were present at the said meeting.



## DIRECTORS' SHAREHOLDING AND RELATIONSHIP INTER-SE

As on 31 March, 2021, except Mr. M A M Arunachalam and Mr. Shailendra Roy who held 1,65,000 equity shares and 5,000 equity shares of the Company, respectively, none of the other Directors held any shares in the Company. Further, none of the Directors on the Board is related to each other.

## DIRECTORS' INDUCTION AND FAMILIARISATION

Pursuant to the provisions of Regulation 25(7) and Regulation 46 of the SEBI LODR, your Company has in place the practice of familiarising Independent Directors about Company's business through induction and regular updates. The program aims to provide information on your Company's background, operations, procedures and policies, director's roles, responsibilities, rights and duties under the Act and other statutes. The Board Members are provided with necessary documents, brochures, forms, reports and internal policies to enable them to familiarise with your Company's procedures and practices. Board Members are appraised on operations, strategic and future plans of your Company through the business review meeting as well as the quarterly Board Meetings.

The details of familiarization programme imparted to the Independent Directors can be accessed on the Company's website at http://www.cgglobal.com/pdfs/BOD/Familiarisation_Programme_for_Independent_Directors.pdf

## CORE SKILLS / EXPERTISE /COMPETENCE

The present Board comprises of qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Financial Management
- Global Business environment perspective
- Business Leadership
- Technology
- Mergers & Acquisitions
- Board insights

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill identified by the Board as above. The Directors possess experience and knowledge in diverse fields and also take active participation at deliberations in the meeting.

The mapping of the skills mentioned above for all the Directors is as follows:

| Skills / Expertise/Competencies | Name of the Director | | | | | |
|---|---|---|---|---|---|---|
| | VS | MAM | PSJ | SV | SR | NS |
| Financial Management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Global business environment perspective | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Business Leadership | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Technology | ✓ | ✓ | - | - | ✓ | ✓ |
| Mergers and Acquisition | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Board Insights | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

VS- Vellayan Subbiah
MAM- M A M Arunachalam
PSJ - P S Jayakumar
SV- Sasikala Varadachari
SR- Shailendra Roy
NS- Natarajan Srinivasan

## THE COMMITTEES OF THE BOARD

Given below are the composition and the terms of reference of various Committees constituted by the Board, inter alia including the details of meetings held during the year and attendance thereat. All Committee decisions are taken, either at the meetings of the Committee or by passing of circular resolutions. The Company Secretary acts as the Secretary for all Board constituted Committees. During the financial year, all recommendations made by the various Committees have been accepted by the Board. The Chairman of each Committee briefs the Board on the significant discussions that have taken place at its meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for noting.

## AUDIT COMMITTEE (AC)

The composition of the Audit Committee ('**AC**') of the Board of Directors is in compliance with the provisions of Section 177 of the Act and Regulation 18 read with Part C of Schedule II of SEBI LODR, including the scope and terms of reference. The Audit Committee was reconstituted on 26 November, 2020 consequent to the reconstitution of the Board of Directors in terms of SSA.

As of 31 March, 2021, the AC comprised of 3 Non-Executive Directors of which 2 are Independent Directors as under, who are financially literate and have relevant finance exposure.

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. P S Jayakumar* | Chairman | Non-Executive; Independent | 2 |
| Ms. Sasikala Varadachari* | Member | Non-Executive; Independent | 2 |
| Mr. Vellayan Subbiah* | Member | Non-Executive; Non-Independent | 2 |

* Inducted as a member with effect from 26 November 2020.

Prior to 26 November, 2020, the AC consisted of five members namely Mr. Jitender Balakrishnan (Chairman), Mr. Ashish Kumar Guha (Member), Ms. Ramni Nirula (Member), Mr. Pradeep Mathur (Member) and Dr. Aditi Raja (Member). Except, Ms Ramni Nirula who attended 7 out of 10 Meetings, all others have attended all the 10 Meetings held during the period from 1 April, 2020 to 26 November, 2020.

## TERMS OF REFERENCE:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment, removal and terms of appointment of external auditors, fixation of audit fees and also approval of payment for any other services.
- Reviewing and monitoring the external auditor's independence and performance, and effectiveness of audit process

- Reviewing with management the annual financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in the draft audit report.
  - Significant adjustments arising out of the audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the larger interests of the Company.
  - Matters to be included in the Directors Responsibility Statement included in the Board Report.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- Reviewing the quarterly financial statements before submission to the board for approval
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the executive heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings in their reports and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, expenditure of an extravagant nature, and reporting the matter to the Board of Directors.
- Discussions with the external auditors before the audit commences, as regards the nature and scope of audit as well as have post-audit discussions to ascertain any areas of concern.
- To look into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing, with the management, the application of funds raised through any issue, funds utilized for purposes other than those stated in the offer documents and the report submitted by the monitoring agency monitoring the utilisation of proceeds of the issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing the functioning of the Vigil Mechanism such as Whistle Blower or any other similar mechanism of the Company which may have been implemented.
- Approving appointment of Chief Financial Officer or any other person heading the finance function.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower.

Twelve (12) Audit Committee Meetings were held during the year. The dates on which the Meetings were held are as follows:

| Sr. No | Date of AC Meeting | Member Strength | No of Members Present |
|---|---|---|---|
| 1 | 19 Apr, 2020 | 5 | 5 |
| 2 | 15 Jun, 2020 | 5 | 5 |
| 3 | 27 Jun, 2020 | 5 | 5 |
| 4 | 7 Aug, 2020 | 5 | 5 |
| 5 | 10 Aug, 2020 | 5 | 4 |
| 6 | 22 Aug, 2020 | 5 | 5 |
| 7 | 30 Aug, 2020 | 5 | 4 |
| 8 | 7 Sept, 2020 | 5 | 5 |
| 9 | 26 Oct, 2020 | 5 | 5 |
| 10 | 28 Oct, 2020 | 5 | 4 |
| 11 | 5 Feb, 2021 | 3 | 3 |
| 12 | 25 Mar, 2021 | 3 | 3 |

Members of the AC have wide exposure and knowledge in the areas of finance and accounting. The Whole Time Executive Director/ Managing Director, the Group Finance Controller/ Chief Financial Officer, Internal Audit Head and representatives of the Statutory Auditors attended the meetings of AC as invitees.

The Company's independent in-house internal audit function had adequate professional resources and skills, which were in line with the Company's nature, size and complexity of business. The external firm appointed by the Company to carry out internal audit, reports to AC. The AC provides assurance to the Board on the effectiveness of the Company's internal control environment. The AC monitors the financial reporting processes and other processes as per the regulatory requirements and functions in accordance with the terms of reference approved by the Board of Directors.

Your Company's management has taken all efforts to ensure that proper systems are in place to monitor the effectiveness of internal controls, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations, and the reliability of financial reporting.

## NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Company has a duly constituted Nomination and Remuneration Committee ('**NRC**') in compliance with the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of SEBI LODR, including the scope and terms of reference.

The NRC was re-constituted on 26 November, 2020 consequent to the reconstitution of the Board of Directors in terms of SSA. The Committee was further reconstituted on 29 January, 2021.

As on 31 March, 2021, the NRC comprised of 4 Non-Executive Directors of which 2 are Independent Director as under:

| Name | Designation | Category of Directorship | Attendance# |
|---|---|---|---|
| Mr. P S Jayakumar* | Chairman | Non-Executive; Independent | 2 |
| Mr. Vellayan Subbiah* | Member | Non-Executive; Non-Independent | 2 |
| Mr. M A M Arunachalam** | Member | Non-Executive; Non-Independent | 2 |
| Mr. S N Roy* | Member | Non-Executive; Independent | 2 |

* Inducted as a member with effect from 26 November 2020.

** Inducted as a member with effect from 29 January 2021.

# At Meetings held after 26 November, 2020

Prior to 26 November, 2020, the NRC consisted of four members namely Mr. Narayan K Seshadri (Chairman), Mr. Jitender Balakrishnan (Member), Mr. Ashish Kumar Guha (Member) and Dr. Rathin Roy (Member). The Members of the NRC have attended all the 3 Meetings held during the period from 1 April, 2020 to 26 November, 2020.

The role of the NRC inter-alia includes the following:

a) Formulate evaluation policies for performance appraisal of senior management and remuneration of Directors, Key Managerial Personnel and senior management.

b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

c) Review and recommend to the Board all remuneration payable to senior management.

d) Review all major aspects of CG's HR processes, including hiring, training, talent management, succession planning and the compensation structure of the Directors and senior management.

e) Identify persons who can be considered as Directors and who may be appointed in senior management.

f) Evaluate each Director's performance.

g) Set up a policy on Board diversity.

Five (5) Nomination & Remuneration Committee Meetings were held during the year. The dates on which the Meetings were held are as follows:

| Sr. No | Date of NRC Meeting | Member Strength | No of Members Present |
|---|---|---|---|
| 1 | 19 Jun, 2020 | 4 | 4 |
| 2 | 22 Aug, 2020 | 4 | 4 |
| 3 | 26 Nov, 2020 | 4 | 4 |
| 4 | 5 Feb, 2021 | 4 | 4 |
| 5 | 25 Mar, 2021 | 4 | 4 |

## PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

Pursuant to the provisions of the Act and SEBI LODR, the performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee which inter-alia includes contribution to the Board, safeguarding stakeholder interest, knowledge of Company's strategy and objectives, etc.

## REMUNERATION OF DIRECTORS

i. **Remuneration of Executive Director**

Executive Director is paid remuneration as per the terms and conditions of his appointment in compliance with the Company's Remuneration Policy in force from time to time, and subject to applicable provisions of the Act and Rules made thereunder, read with Schedule V of the Act and approval of the Shareholders.

The details of remuneration paid to the Managing Director and the Whole-time Director for the year ended 31 March, 2021 are as follows:

(Amount in ₹)

| Name | Salary & Allowances | Perquisites & Contribution | Joining Bonus | Variable Pay | Total |
|---|---|---|---|---|---|
| Mr. Natarajan Srinivasan* Managing Director | 93,45,833 | 7,86,958 | 50,00,000 | 52,02,000** | 2,03,34,791 |
| Mr. Sudhir Mathur*** Whole time Director | 1,60,81,925 | 9,45,149 | - | - | 1,70,27,074 |

* Mr. Natarajan Srinivasan was appointed as Managing Director of the Company w.e.f. 26 November, 2020, accordingly the remuneration details provided above is for the period from 26 November, 2020 to 31 March, 2021. Except the remuneration as detailed above, he was not paid any amount by way of stock options. No severance pay is payable. Service contract and notice period are as per the terms of agreement entered into with him by the Company.

** A sum of ₹52,02,000 was provided for in the books towards variable pay for the year 2020-21, and the same has since been paid in the following year 2021-22.

*** Mr. Sudhir Mathur designated as whole time Director of the Company, ceased to be a Director w.e.f. 26 November, 2020, accordingly the remuneration details provided above is for the period from 1 April, 2020 to 26 November, 2020. Except the remuneration as details above, he was not paid any amount by way of stock options. No severance pay is payable. Service contract and notice period are as per the terms of agreement entered into with him by the Company.

ii. **Remuneration of Non-Executive Directors**

Your Company had no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees for attending the Board and Committee meetings within the limits as approved by the Board.

The details of sitting fees paid to Non-Executive Directors for the year ended 31 March 2021 are as follows:

| Name of the Director | Sitting fees (Amount in ₹) |
|---|---|
| Mr. Ashish Kumar Guha* | 37,50,000 |
| Mr. Jitender Balakrishnan* | 21,00,000 |
| Ms. Ramni Nirula* | 14,00,000 |
| Mr. Narayan K Seshadri* | 13,00,000 |
| Mr. Pradeep Mathur* | 36,00,000 |
| Dr. Rathin Roy* | 26,00,000 |
| Dr. Aditi Raja* | 19,00,000 |
| Mr. Vellayan Subbiah** | 11,00,000 |
| Mr. M A M Arunachalam** | 7,00,000 |
| Mr. P S Jayakumar** | 9,00,000 |
| Ms. Sasikala Varadachari** | 7,00,000 |
| Mr. Shailendra Roy** | 8,00,000 |

* Sitting Fees paid for the period from 1 April, 2020 to 26 November, 2020

** Sitting Fees paid for the period from 26 November, 2020 to 31 March, 2021

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility ('**CSR**') Committee is in line with the provisions of Section 135 of the Act.

The CSR Committee was reconstituted on 26 November 2020 consequent to the reconstitution of the Board of Directors in terms of SSA.

As of 31 March, 2021, the CSR Committee consisted of following 3 Non-Executive Independent Directors.

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. S N Roy* | Chairman | Non-Executive; Independent | NA# |
| Mr. P S Jayakumar* | Member | Non-Executive; Independent | NA# |
| Ms. Sasikala Varadachari* | Member | Non-Executive; Independent | NA# |

* Inducted as a member with effect from 26 November 2020.

\# No CSR committee meeting held during the period from 26 November, 2020 to 31 March, 2021.

Prior to 26 November, 2020, the CSR Committee consisted of three members namely Ms. Ramni Nirula (Chairperson), Mr. Sudhir Mathur (Member) and Mr. Pradeep Mathur (Member). All the Members of the CSR Committee have attended the one Meeting that was held during the period from 1 April, 2020 to 26 November, 2020.

Your Company's CSR Policy, as adopted by the Board, articulates its CSR principles of responsible corporate citizenship envisaging inclusive growth, diversity and equitable development, making sustained efforts at environment preservation, working with under-served communities around its operating locations and preserving the ecosystem that supports your Company.

The CSR Committee recommends, and the Board annually approves, the CSR expenditure budget and project plan. CSR projects of the Company are approved by the Board based on the recommendation of the CSR committees. The Committee reviews CSR expenditure, activities undertaken and milestones achieved.

One (1) Corporate Social Responsibility Committee Meeting was held during the year. The date on which the Meeting was held is as follows:

| Sr. No | Date of CSR Committee Meeting | Member Strength | No of Members Present |
|---|---|---|---|
| 1 | 24 Jun, 2020 | 3 | 3 |

Owing to the financial stress faced by the Company, coupled with COVID-19 induced lockdown and its impact on business operations, your Company could not incur any CSR expenditure during the year under review. It may be noted that during the year under review, there was no statutory requirement to incur any CSR expenditure, in view of the average net profits of the Company for past three financial years, being negative.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

The composition of the Stakeholders' Relationship Committee ("**SRC**") constituted by the Board of Directors is in compliance with the provisions of Regulation 20 read with Part D of Schedule II of SEBI LODR and Section 178 of the Act, including the scope, role and terms of reference.

The SRC was reconstituted on 26 November, 2020 consequent to the reconstitution of the Board of Directors in terms of SSA. The Committee was further reconstituted on 29 January, 2021.

As on 31 March, 2021, the SRC consisted of the following four Directors, wherein three are Non-Executive Directors:

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. Vellayan Subbiah* | Chairman | Non-Executive; Non-Independent | 1 |
| Mr. M A M Arunachalam** | Member | Non-Executive; Non-Independent | 1 |
| Mr. Shailendra Roy** | Member | Non-Executive; Independent | 1 |
| Mr. Natarajan Srinivasan* | Member | Managing Director | 1 |

* Inducted as a member with effect from 26 November 2020.

** Inducted as a member with effect from 29 January 2021.

Prior to 26 November, 2020, the SRC consisted of three members namely Dr. Aditi Raja (Chairperson), Ms. Ramni Nirula (Member) and Mr. Sudhir Mathur (Member). No SRC meeting held during the period from 1 April, 2020 to 26 November, 2020.

Note: During the year, Mr. P S Jayakumar was appointed as a member with effect from 26 November 2020 and ceased as a member with effect from 29 January 2021.

One (1) Stakeholder Relationship Committee Meeting was held during the year. The date on which the Meeting was held is as follows:

| Sr. No | Date of SRC Meeting | Member Strength | No of Members Present |
|---|---|---|---|
| 1 | 5 Feb, 2021 | 4 | 4 |

Your Company reports to the Directors at periodic intervals, the number and category of shareholder complaints received and the status of their resolution. In order to expedite the process, the Board of Directors has also delegated authority to the Company Secretary to approve the share transmission, sub-division etc.

Details of investor complaints received and redressed during FY2021 are as follows:

| | |
|---|---|
| Opening Balance | 1 |
| Received During The Year | 6 |
| Resolved During The Year | 6 |
| Closing Balance* | 1 |

* This complaint has since been resolved and no complaint is outstanding pertaining to the year 2020-21.

The above complaints were related to non receipt of share certificates sent for Transfer / Demat, non-receipt of dividend, non receipt of Annual Report and Legal Notice in relation to transmission case. None of the Complaints were pending for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

Mr. Alen Ferns who was appointed as Company Secretary & Compliance Officer of the Company with effect from 18 March, 2020 was subsequently re-designated as Deputy General Manager - Secretarial with effect from 5 February, 2021.

Mr. K R Viswanarayan was appointed as the Company Secretary & Compliance Officer of the Company with effect from 6 February, 2021 and subsequently he resigned as Company Secretary & Compliance Officer with effect from 31 March, 2021.

Mr. P Varadarajan was appointed as Company Secretary and Compliance Officer of the Company with effect from 1 April, 2021. The Company Secretary acts as Secretary to this Committee.

## RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee ("**RMC**") is constituted in compliance with the provisions of Regulation 21 of SEBI LODR in order to manage the risk associated with the Company.

The RMC was reconstituted on 26 November, 2020 consequent to the reconstitution of the Board of Directors in terms of SSA.

As on 31 March, 2021, the RMC consisted of the following two Directors and a senior employee of the Company:

| Name | Designation | Category | Attendance |
|---|---|---|---|
| Mr. Vellayan Subbiah* | Chairman | Non-Executive; Non-Independent | 1 |
| Mr. Natarajan Srinivasan* | Member | Managing Director | 1 |
| Mr. Ramesh Kumar* | Member | President- Industrial Division | 1 |

* Inducted as a member with effect from 26 November 2020.

Prior to 26 November, 2020, the RMC consisted of four members namely Dr. Rathin Roy (Chairman), Mr. Pradeep Mathur (Member), Mr. Sudhir Mathur (Member) and Mr. Ravi Rajagopal (Member). No RMC meeting held during the period from 1 April, 2020 to 26 November, 2020.

**Terms of reference:**

1) Reviewing, setting direction and evaluation of the Company's Risk management framework, the mitigation actions being taken and the adequacy of the risk responses by all Units; and the Company as a whole, in the areas of Enterprise, Process and Compliance risks.

2) Reviewing the processes and findings of risk driven internal audit, both for enterprise and process risks, for all operations.

3) Co-ordinating decision-making to ensure consistency in the risk management responses.

4) Evaluating periodic feedback from the Risk Management Function/Senior Management, to ensure that the agreed mitigating actions are completed as per plan.

5) Reviewing the significant and critical risks impacting the Company and the effectiveness of the Company's mitigation measures.

6) Monitoring and reviewing cyber security, interalia, to protect against unauthorized access to data centre and other computerized systems.

One (1) Risk Management Committee Meeting was held during the year. The date on which the Meeting was held is as follows:

| Sr. No | Date of RMC Meeting | Member Strength | No of Members Present |
|---|---|---|---|
| 1 | 29 March, 2021 | 3 | 3 |

## OTHER COMMITTEES:

The Special Situation Committee and the Capital Restructuring Committee constituted in the financial year 2019-20 were dissolved on 26 November 2020. Your Board has constituted a Finance Committee comprising of Mr. Vellayan Subbiah, Chairman of the Board and Mr. Natarajan Srinivasan, Managing Director to inter alia take decisions relating to borrowings, investments and lending from time to time within such limits / sub-limits as may be decided by the Board.

## CODE OF CONDUCT AND BUSINESS PRACTICES

Your Company has adopted 'The Company's Code of Conduct and Business Practices' in terms of Regulation 17(5) of the SEBI LODR. Pursuant to Regulation 26(3) of the SEBI LODR, all the Board Members and Senior Management of the Company as on 31 March, 2021 have affirmed compliance with their respective Codes of Conduct.The said Code of Conduct is available on the website of the Company.

The certificate required under Regulation 34 read with schedule V of SEBI LODR stating that the Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct, signed by Mr. Natarajan Srinivasan, Managing Director, is annexed at the end of this Report.

Pursuant to the provisions of Regulations 8 and 9 under the SEBI (Prohibition of Insider Trading) Regulations, 2015 the Company has adopted and endeavors adherence to the Code for Fair Disclosure of Unpublished Price Sensitive Information. Kindly refer to the Company's website http://www.cgglobal.com/pdfs/policies/Code%20for%20Fair%20Disclosure%20of%20UPSI.pdf for the detailed Code for Fair Disclosure of Unpublished Price Sensitive Information of the Company.

## INFORMATION ON GENERAL BODY MEETINGS

### Annual General Meeting ('AGM')

Details of the last three Annual General Meetings of the Company held along with Special Resolutions passed are indicated in Table 3 below:

**03 Last three Annual General Meetings held and special resolutions passed**

| Financial Year | Location | Date | Time (IST) | Special Resolutions Passed |
|---|---|---|---|---|
| 2017-18 | Swatantryaveer Savarkar Rashtriya Smarak, Dadar (West), Mumbai - 400 028 | 28 September 2018 | 3:00 p.m. | Approval of Remuneration of Mr K N Neelkant, CEO and Managing Director |
| 2018-19 | Patkar Hall, SNDT Women's University, 1 Nathibai Thackersey Road, Mumbai 400 020 | 14 December 2019 | 2:00 p.m. | Approval to borrow in excess of limits mentioned under Section 180 (1)(c) of the Companies Act, 2013 |
| 2019-20 | The meeting was conducted through Video Conferencing and Other Audio Visual Means. The deemed venue of the meeting was the registered office of the Company | 19 October 2020 | 3:00 p.m. | 1. Approval for waiver of recovery and ratification of managerial remuneration paid to Mr. Sudhir Mathur, Whole Time Executive Director for the financial year 2019-20, due to loss in the said financial year<br>2. Approval for Payment of remuneration to Mr. Sudhir Mathur, Whole Time Executive Director in case of loss or inadequacy of profit. |

## EXTRAORDINARY GENERAL MEETING

Details of the Extraordinary General Meetings of the Company held during the FY 2021 along with Special Resolutions passed are indicated in Table 4 below:

**04 Extraordinary General Meetings held during FY2021**

| Date | Time (IST) | Location | Resolutions Passed | Outcome |
|---|---|---|---|---|
| 2 September 2020 | 02:00 p.m. | The meeting was conducted through Video Conferencing and Other Audio Visual Means. The deemed venue of the meeting was the registered office of the Company | Approval for issue of Equity Shares and Warrants on a Preferential Allotment / Private Placement Basis | The resolution was passed with requisite majority. |
| 24 September 2020 | 02:00 p.m. | The meeting was conducted through Video Conferencing and Other Audio Visual Means. The deemed venue of the meeting was the registered office of the Company | Approval for further Issue of Equity Shares on a Preferential Allotment / Private Placement Basis to Tube Investments of India Limited | The resolution was passed with requisite majority. |

## POSTAL BALLOT

During the FY2021, no resolution was passed by the Company through Postal Ballot.

### Means of Communication

The Company recognizes communication as a key element to the overall Corporate Governance framework, and therefore emphasizes on prompt, continuous, efficient and relevant communication to all external constituencies.

Your Company strives to achieve full and timely disclosure of information. To this end, it:

- Prepares and dispatches through permitted modes, a full version of its Annual Report, despite an abridged version being allowed by the regulations.
- Submits quarterly, half yearly and annual results of your Company to the National Stock Exchange of India Limited and BSE Limited through their designated web portals and also uploads on company's website (www.cgglobal.com) in the "Investors" Section. These results are simultaneously published in two leading newspapers: Financial Express (English) and Loksatta (Marathi). The Company also files online information on financial results on the 'PN Newswire' website, as approved by the London Stock Exchange.
- Promptly reports all material information including official press releases etc. to all Stock Exchanges on which shares of your Company are listed. All information and disclosures made to Stock Exchanges and investors are simultaneously displayed on your Company's website: www.cgglobal.com
- The 'Information to Investor' section on your Company's website provides 'live' share prices, as well as graphical information relating to the historical share prices and published financials. Graphs relating to income and profitability, balance sheet and equity position, ratios, share returns on the standalone and consolidated position of your Company across a number of years are readily available in a user friendly manner for retail investors and researchers.

Reinforcing its commitment towards the environment and to have e-enabled regulatory compliances, your Company sends it's Annual Report as well as other shareholder correspondences electronically to Members whose e-mail address is registered with the Company / Depository Participants / RTA.

### General Shareholder Information

**CIN:** L99999MH1937PLC002641

**Registration Date:** 28/04/1937

**Address of the Registered Office and Contact Details:** 6th Floor, CG House, AB Road, Worli, Mumbai 400030

**Tel No.:** +91 22 2423 7777

## 84TH ANNUAL GENERAL MEETING

**Date: 31 January 2022**

**Time: 1.30 pm**

**Venue:** In view of the continuing COVID-19 pandemic and pursuant to 'MCA Circulars' and 'SEBI Circulars' the 84th Annual General Meeting of the Company ('**AGM**') is being conducted through Video Conferencing ('**VC**') / other Audio Visual Means ('**OAVM**') facility, which does not require physical presence of members at a common venue. Hence, the deemed venue for the AGM shall be the Registered Office of the Company.

## DIVIDEND PAYMENT DATE

No dividend has been recommended, declared or paid during the FY2021.

## FINANCIAL YEAR AND TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING 31 MARCH 2022

Your Company's accounting year comprises of twelve months period from 1 April to 31 March.

Tentative calendar of Board Meeting for consideration of financial results for remaining part of financial year ending 31 March 2022 is given below:

**First quarter results:** Declared on 2 August, 2021

**Second quarter results:** Declared on 21 October, 2021

**Third quarter results:** On/before 14 February 2022

**Last quarter results and annual audited results:** On/before 30 May 2022

## NAME AND ADDRESS OF THE STOCK EXCHANGES

| Name of Stock Exchange | Address |
|---|---|
| BSE Limited | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 |
| National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400 051 |

## STOCK CODE

**BSE Limited (BSE):** 500093

**National Stock Exchange of India Limited (NSE):** CGPOWER

**ISIN:** INE067A01029

**Depository:** National Securities Depository Limited and Central Depository Services (India) Limited

**GDR Code:** 5090318*

*Listing and admission to trading of the Global Depository Receipts ("**GDR**"), on the London Stock Exchange ("**LSE**"), 10 Paternoster Sq., London EC4M 7LS, United Kingdom, stands cancelled and the GDRs have been delisted from LSE w.e.f. 24 May, 2021.

Your Company has paid the annual listing fees for the FY 2022 to each Stock Exchanges on which its securities are listed.

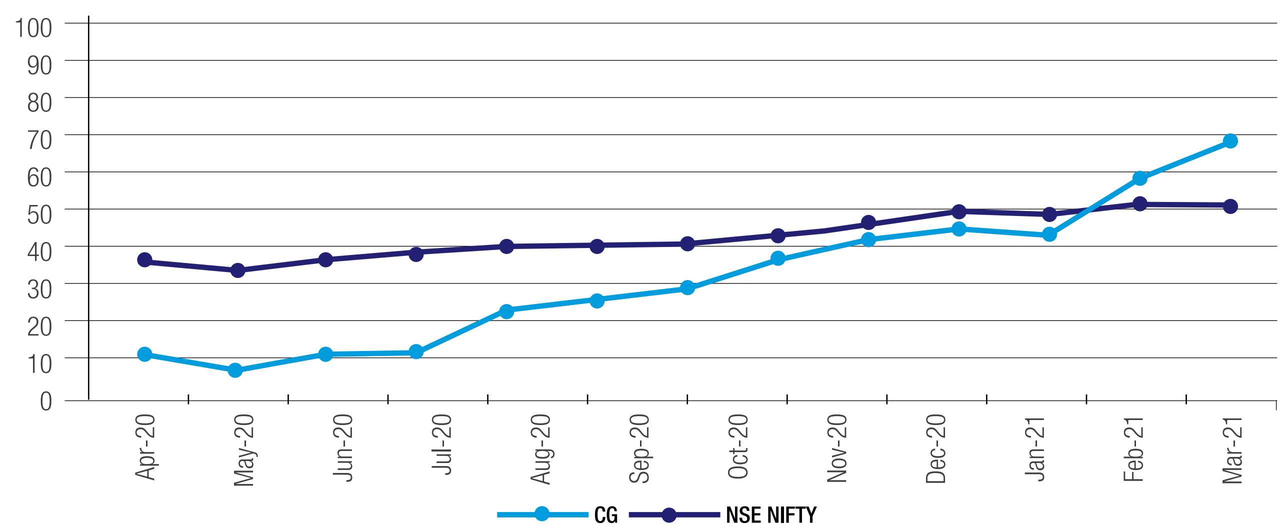
### Market Price Data and Comparison

Monthly high and low price of the equity shares of the Company from 1 April 2020 to 31 March 2021 is given in Table 05 and performance in comparison to NSE Nifty is given in Chart A forming part of this Report.

**05 Market Price Data** (Amount in ₹)

| Month | BSE Ltd High | BSE Ltd Low | National Stock Exchange of India Ltd High | National Stock Exchange of India Ltd Low |
|---|---|---|---|---|
| Apr-20 | 8.98 | 5.24 | 8.80 | 5.05 |
| May-20 | 7.95 | 5.46 | 8.05 | 5.40 |
| Jun-20 | 8.69 | 6.01 | 8.55 | 6.00 |
| Jul-20 | 11.03 | 7.78 | 10.75 | 7.75 |
| Aug-20 | 22.68 | 9.78 | 23.50 | 9.70 |
| Sep-20 | 26.20 | 20.50 | 26.25 | 20.25 |
| Oct-20 | 31.40 | 22.50 | 31.40 | 22.50 |
| Nov-20 | 41.45 | 29.80 | 41.20 | 29.75 |
| Dec-20 | 52.40 | 38.00 | 52.50 | 38.00 |
| Jan-21 | 45.60 | 37.75 | 45.55 | 37.75 |
| Feb-21 | 58.85 | 39.20 | 58.40 | 39.25 |
| Mar-21 | 70.30 | 54.65 | 70.20 | 54.70 |

**A Performance of the share price of the Company in comparison to the NSE Nifty**




| | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **NSE Nifty (Close)** | 9859.90 | 9580.30 | 10302.10 | 11073.45 | 11387.50 | 11247.55 | 11642.40 | 12968.95 | 13981.75 | 13634.60 | 14529.15 | 14690.70 |
| **CG Share Price (Close)** | 7.95 | 6.00 | 8.55 | 9.30 | 22.40 | 23.95 | 31.40 | 41.20 | 44.85 | 39.75 | 56.45 | 66.90 |

## SHARE TRANSFER SYSTEM

All transfer, transmission or transposition of securities, are conducted in accordance with the provisions of SEBI LODR.

All requests for transfer and/or dematerialization of securities held in physical form should be lodged with the office of the Company's Registrar & Share Transfer Agent, Datamatics Business Solutions Limited, for dematerialization.

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days.

The following compliances pertain to share transfers, grievances, etc.

- Pursuant to Regulation 7(3) of the SEBI LODR, certificates are filed with the stock exchanges on half yearly basis by the Company Secretary & Compliance Officer of the Company and the representative of the Registrar and Share Transfer Agent for maintenance of an appropriate share transfer facility;
- Pursuant to Regulation 13 of the SEBI LODR, a statement on pending investor complaints is filed with the stock exchanges and placed before the Board of Directors on a quarterly basis;
- Pursuant to Regulation 39(3) of the SEBI LODR, information regarding loss of share certificates and issue of the duplicate certificates, are submitted to the stock exchanges within 2 days of the Company receiving the information;
- Pursuant to Regulation 40(9) of the SEBI LODR, the Company obtains a half-yearly certificate from a Practicing Company Secretary certifying that, the RTA has issued all share certificates within 30 days of the date of lodgment for transfer, subdivision, consolidation, renewal, exchange or endorsement of calls/ allotment monies and this certificate is simultaneously filed with the Indian Stock Exchanges pursuant to Regulation 40(10) of the SEBI LODR;

In terms of Regulation 40(1) of SEBI LODR, as amended, securities can be transferred only in dematerialized form w.e.f. 1 April 2019, except in case of request received for transmission or transposition of securities.

Your Company's shares are compulsorily traded in dematerialised form. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

## DISTRIBUTION AND CATEGORIES OF SHAREHOLDING

Data on the distribution and categories of shareholders is given in Table 6 and Table 7 respectively below:

As at the beginning of the year, the entities belonging to Avantha group promoted by Mr. Gautam Thapar, were classified as the Promoter and Promoter Group of the Company ('**erstwhile Promoters**') and held 8,574 equity shares of your Company (i.e. <0.002% shareholding) as on 1 April 2020.

As stated in the Annual Report for the financial year 2019-20, your Company had made an application to the Securities and Exchange Board of India ('**SEBI**') seeking certain relaxations / exemptions from the strict enforcement of the requirements under Regulation 31A of SEBI LODR, for re-classification of the status of the erstwhile Promoters of the Company to Public. The said relaxations/exemptions sought by the Company were granted by SEBI, vide its letter no. SEBI/HO/CFD/CMD1/OW/2020/14436/1 dated 4 September, 2020.

Based on the approvals received from the Board and shareholders, your Company made an application to the BSE Limited ('**BSE**') and the National Stock Exchange of India Limited ('**NSE**') on 6 November, 2020 for re-classification of Promoters under Regulation 31A of SEBI LODR. The approvals of BSE & NSE were received on 19 November, 2020 and consequently, the erstwhile Promoter entities – Varun Prakashan Private Limited, Avantha Realty Limited and Avantha Holdings Limited were re-classified as Public category shareholders of the Company with effect from 19 November, 2020.

TII subscribed to the equity shares and warrants issued to them on private placement basis and remitted ₹587.50 crores towards subscription amount for the Equity / Warrant, and accordingly TII was allotted 64,25,23,365 Equity Shares and 17,52,33,645 warrants thus TII becoming the majority shareholder of the Company with a controlling stake of 50.62%, which subsequently got enhanced to 53.16% when further capital of ₹100 crore was infused by TII in December 2020

The shareholding pattern is posted on the Company's website www.cgglobal.com and also filed electronically with BSE and NSE.

**06 Distribution of shareholding as on 31 March 2021**

| No of Shares | No of Shareholders | % of Shareholders | No. of Shares Held | % of Total |
|---|---|---|---|---|
| Upto 500 | 1,24,566 | 76.75 | 1,58,54,536 | 1.19 |
| 501 – 1,000 | 14,033 | 8.65 | 1,15,10,102 | 0.86 |
| 1,001 – 2,000 | 8,935 | 5.51 | 1,37,40,264 | 1.03 |
| 2,001 – 3,000 | 3,757 | 2.32 | 97,12,117 | 0.73 |
| 3,001 – 4,000 | 2,001 | 1.23 | 72,32,695 | 0.54 |
| 4,001 – 5,000 | 1,809 | 1.12 | 86,19,168 | 0.64 |
| 5,001 – 10,000 | 3,320 | 2.05 | 2,50,45,785 | 1.87 |
| 10001 – above | 3,883 | 2.39 | 1,24,62,83,362 | 93.15 |
| **Total** | **1,62,304** | **100.00** | **1,33,79,98,029** | **100.00** |

**07 Categories of shareholders/ Shareholding pattern as on 31 March 2021**

| Category | No of Shares of ₹ 2 each | % of Shareholdings |
|---|---|---|
| Promoters | 71,22,58,077 | 53.23 |
| Financial Institutions/ Banks | 4,11,030 | 0.03 |
| Insurance Companies | 1,21,46,487 | 0.91 |
| Mutual Funds | 6,71,01,266 | 5.02 |
| Alternate Investment Funds | 1,51,29,158 | 1.13 |
| Central Government / State Government(s) / President of India | 140 | 0.00 |
| Qualified Institutional Buyer | 30,32,359 | 0.23 |
| Foreign Investors | 12,59,89,347 | 9.41 |
| Directors | 5,000 | 0.00 |
| Domestic Companies | 10,63,84,338 | 7.95 |
| Individuals | 29,55,40,827 | 22.09 |
| **Total** | **1,33,79,98,029** | **100.00** |

### Dematerialisation of Shares

As on 31 March 2021, 99.743% of the total equity shares of your Company were held in dematerialised form, compared to 99.436% in the previous year.

Data on number of shares held in dematerialized and physical mode as on 31 March 2021 is given in Table 8 below:

**08 No. of shares held in dematerialized and physical as on 31 March 2021**

| Sr. No. | Particulars | No. of Shares | % of Total Capital Issued |
|---|---|---|---|
| 1 | Held in dematerialized form in NSDL | 1,19,19,45,615 | 89.081 |
| 2 | Held in dematerialized form in CDSL | 14,26,58,128 | 10.662 |
| 3 | Held in Physical form | 33,94,286 | 0.254 |
| | Total | 1,33,79,98,029 | 99.997* |

**The Company has forfeited 42,300 equity shares.*

### Registrar and Share Transfer Agent

Your Company's Registrar and Share Transfer Agent is Datamatics Business Solutions Limited, registered with SEBI, whose contact details are:

## DATAMATICS BUSINESS SOLUTIONS LIMITED

**Unit:** CG Power and Industrial Solutions Limited

Plot No B-5, Part B Cross Lane, MIDC, Andheri (East) Mumbai 400 093

**Tel:** + 91 (0) 22 6671 2001 to 6671 2006

**Fax:** + 91 (0) 22 6671 2011

**Email:** cginvestors@datamaticsbpm.com

### Reconciliation of Share Capital Audit Report

A Company Secretary-in-Practice carries out a Reconciliation of Share Capital Audit on a quarterly basis, as per Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 read with SEBI Circular No. D&CC / FITTC/Cir- 16/2002 dated 31 December, 2002, to reconcile the total admitted capital with depositories viz National Securities Depository Limited (**'NSDL'**) and Central Depository Services Limited (**'CDSL'**) and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

### Global Depository Receipts (GDRs)

The Company had issued Global Depository Receipts (**'GDRs'**) in the year 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York (the Depository). Each GDR is equivalent to five equity shares. As on 31 March 2021, 1,04,462 GDRs were outstanding.

The Board of Directors on 5 February, 2021 had considered and approved the proposal of termination of the GDRs Program and delisting of the GDRs, which were outstanding and listed on London Stock Exchange (**'LSE'**), subject to compliance with applicable law. Consequent to such approval, termination notices were served on the GDR Holders to surrender their GDRs for delivery of underlying shares within the stipulated time period.

Further, as on the date of this report, the listing and admission to trading of the GDRs, on the LSE stands cancelled and the GDRs have been delisted from LSE w.e.f. 24 May, 2021.

### Warrants

On 26 November, 2020, the Company had issued and allotted 17,52,33,645 warrants to TII (**'Warrant Holder'**) on preferential allotment basis, each warrant carrying a right exercisable by the Warrant Holder to subscribe to one Equity Share per Warrant within 18 months from allotment.

Aggregate consideration for subscribing to equity shares upon exercise of the warrants is ₹150,00,00,001/- (Rupees One Hundred Fifty crores One only). An amount equivalent to 25% of the aggregate consideration was paid at the time of subscription and allotment of each Warrant and the balance 75% of the aggregate consideration shall be payable by the Warrant Holder against each warrant at the time of allotment of shares pursuant to exercise of the options attached to Warrant(s) to subscribe to Equity Share(s). The Warrant Holder may convert the warrants at one time or in multiple tranches.

### Non-Convertible Debentures

The Company, TII and Lenders of the Company had executed binding agreements for One Time Settlement and restructuring of funding facilities and guaranteed debt of the Company. In terms of the said binding agreements, the Company had allotted to Lenders, 20,000 unlisted, unsecured, redeemable, Non-Convertible Debentures (**'NCDs'**) at a face value of ₹1,00,000 aggregating to ₹200 crores by way of conversion of an amount not exceeding ₹200 crores from the fund based facilities as part of the settlement. SBICAP Trustee Company Limited has been appointed as the debenture trustee in relation to the NCDs.

As on 31 March, 2021, the Company has 20,000 outstanding NCDs at a face value of ₹1,00,000/- each.

### PREFERENTIAL ALLOTMENT / PRIVATE PLACEMENT

Post 31 March, 2021, the Company has allotted 1,38,45,000 equity shares at a price of ₹73.10 per Equity Share aggregating to ₹1,01,20,69,500/- for consideration other than cash, to Standard Chartered Bank (Singapore) Limited (**'SCB'**), a Qualified Institutional Buyer, on a preferential allotment basis for settlement of obligations under the Guarantee Obligations (SCB) Settlement Agreement.

Post the said allotment of equity shares, SCB holds 1.02% (One decimal zero two per cent) of the paid up equity share capital of the Company.

### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company does not trade in commodities. Hence, disclosure relating to commodity price risks and commodity hedging activities is not given.

### DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A) OF SEBI LODR.

During the FY 2021, the Company had entered into the Securities Subscription Agreement dated 7 August, 2020 (**'SSA'**) as amended by Amendment Agreement dated 2 September, 2020 with Tube Investments of India Limited (**'TII'**) for allotment of securities of the Company on preferential allotment basis.

In terms of the SSA, basis the requisite approval of the shareholders and pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018, the Company allotted to TII 6,42,523,365 equity shares at a price of ₹8.56 per equity share on 26 November, 2020 and 68,728,522 Equity Shares at a price of ₹14.55 per equity share on 19 December, 2020 aggregating to ₹6,50,00,00,000/-.

Further, TII was also allotted 17,52,33,645 warrants (**'Warrants'**), each carrying a right exercisable by the Warrant holder to subscribe to one Equity Share per Warrant within 18 months from the date of allotment on 26 November, 2020. An amount of ₹37,50,00,000.25 (Rupees Thirty Seven crores Fifty Lakhs and Paise Twenty Five only) equivalent to 25% of the aggregate consideration of ₹150,00,00,001/- (Rupees One Hundred Fifty crores One only) for subscribing to equity shares upon exercise of the warrants, was paid by TII upon warrant subscription.

Thus, during FY2021, the Company had raised a total of ₹6,87,50,00,000/- by way of allotment of securities of the Company on preferential allotment basis to TII. The proceeds from the allotment of securities has been fully utilised by the Company for the working capital, general corporate purposes, repayment of loan and interest payment as approved by the shareholders of the Company.

### MONITORING AGENCY REPORT

In compliance with the provisions of Regulation 32 of SEBI LODR, read with Regulation 164A(6) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company obtains the Monitoring Agency Report quarterly, issued by ICICI Bank Limited, the Monitoring Agency appointed to monitor the utilisation of proceeds of the Preferential Issue of the Company.

### Plant Locations

Detailed information on plant locations, products, establishments and service centres with their contact details, is provided at the end of this Annual Report.

### Address for Correspondence

The shareholders can direct their communication to the Corporate Secretarial at:

CG House, 10th Floor
Dr Annie Besant Road
Worli, Mumbai 400 030

In addition to the Share Registrar and Transfer Agent, our Corporate Secretarial Department will assist, if investors experience any difficulties in their interaction with Datamatics Business Solutions Limited.

**Time:** 2.00 p.m. to 5.00 p.m. (IST) (Monday to Friday)
**Tel:** +91 (0) 22 2423 7806
**Fax:** +91 (0) 22 2423 7545
**E-mail:** investorservices@cgglobal.com

### Credit Rating

The details of credit rating for Non-Fund based facilities, Derivative Limits and Term Loan / Fund based facilities of the Company are available on the website of the Company at http://www.cgglobal.com/frontend/finalnonproduct.aspx?Id=wmNqyjanBcc=

### Other Disclosures

### DISCLOSURE OF MATERIAL RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year under review were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large.

Details of transactions with related parties as specified in Indian Accounting Standards (IND AS 24) have been reported in the Financial Statements. The Audit Committee approves the related party transactions, from the perspective of fulfilling the criteria of meeting arm's length pricing and being transacted in the ordinary course of business. The detailed Policy on Related Party Transactions is available on the website of the Company at http://www.cgglobal.com/pdfs/policies/India%20Related%20Party%20Transactions%20Policy.pdf.

### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

Company has set up a vigil mechanism, viz. a Whistle Blower Policy, as per the provisions of Section 177 of the Act and Regulation 22 of the SEBI LODR to enable its employees, Directors, customers and vendors to report violations, genuine concerns, unethical behaviour and irregularities, if any, which could adversely affect the Company. The mechanism also provides for adequate safeguards against victimisation of the persons using the mechanism and provides direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. None of the Whistle Blowers was denied access to the Audit Committee of the Board.

The Board of Directors of the Company has revised Whistle Blower Policy to bring in more clarity and the revised policy was approved by the Board at its meeting held on 25 March, 2021. The amended policy came into effect from 1 April, 2021. The said policy is displayed on the Company's website viz. www.cgglobal.com.

### Fees Paid to Statutory Auditors

Total fees for all services paid by your Company and its subsidiaries, on a consolidated basis, to statutory auditors of the Company and other firms in the network entity of which the statutory auditors are a part, during the year ended 31 March 2021, is as follows:

(₹ in crore)

| Particulars | SRBC & CO LLP and their Network Entities |
|---|---|
| Fees for audit and related services | 1.55 |
| Other Fees | 3.22 |
| **Total** | **4.77** |

### COMPLAINTS RELATING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no incident of sexual harassment was reported, pursuant to Prevention of Sexual Harassment Policy adopted by the Company..

RECOMMENDATIONS OF THE COMMITTEES OF THE BOARD

There are no recommendations of the statutory committees of the Board which have not been accepted by the Board.

CEO/CFO CERTIFICATION

For the FY2021, Mr. Natarajan Srinivasan, Managing Director and Mr. Susheel Todi, Chief Financial Officer of the Company have furnished the annual certification on financial reporting and internal controls to the Board in terms of the SEBI LODR, which forms part of this report.

SUBSIDIARY COMPANIES

The Company does not have any material unlisted Indian Subsidiaries in terms of Regulation 24 of SEBI LODR. The Minutes of the Meetings of the Board of Directors of all the Subsidiary Companies are periodically placed before the Board of Directors of the Company. The policy on Material Subsidiary is available on the website of the Company at http://www.cgglobal.com/pdfs/policies/Policy-determining-Mat-Subsidiaries.pdf

The Company is compliant with other requirements under Regulation 24 of the SEBI LODR with regard to its subsidiary companies.

Unclaimed Shares

Regulation 39 of the SEBI LODR requires a listed company to transfer shares which have remained unclaimed pursuant to a public issue or any other issue to an Unclaimed Suspense Account with a Depository Participant. The voting rights with respect to the shares held in such Unclaimed Suspense Account are frozen; and future share allotments are also to be issued directly to such account. This Regulation requires a Company to send three reminders in this regard before the transfer.

During the FY2021, no shareholders have approached the Company for transfer of shares from the Unclaimed Suspense Account.

Details of unclaimed shares at the beginning of the year and at the end of the year and requests processed during the year are given in Table 9.

09 Details of unclaimed shares

| Beginning of the Year | | No. of Shareholders who approached for Transfer | No. of Shareholders to whom Shares were Transferred | End of the Year | |
|---|---|---|---|---|---|
| No. of Shareholders | No of Shares | | | No. of Shareholders | No of Shares |
| 1,191 | 249,696 | 0 | 0 | 1,191 | 249,696 |

Note: During the financial year 2020-21, no equity shares were transferred to the Investor Education and Protection Fund (IEPF) Authority.

Transfer of Unclaimed/ Unpaid Dividends to the Investor Education and Protection Fund (IEPF)

During the FY2021, in terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend(s) which have remained unclaimed / unpaid for a period of seven consecutive years, from the date they became due for payment, have been transferred to the IEPF Authority, established by the Central Government. Details of the due dates for transfer of dividends pertaining to the financial years 2013-14 to 2014–15 which, if remain, unclaimed / unpaid for a period of seven consecutive years are given below.

| Financial Year | Date of Declaration of Dividend | Due Date for Transfer to IEPF |
|---|---|---|
| 2013-2014 | 5 August, 2014 | 4 September, 2021 |
| | 16 October, 2014 | 15 November, 2021 |
| 2014-2015 | 3 February, 2015 | 2 March, 2022 |

The members who have a claim on the above dividends and shares may claim the same from the IEPF Authority by submitting an online application in the prescribed web-Form No.IEPF-5 available on the website www.iepf.gov.in and send a physical copy, duly self-certified, of the said Form and acknowledgement along with requisite documents, as enumerated in the Instruction Kit, to the Company. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

Whilst the Company's Registrar has already written to the shareholders informing them about the due dates for transfer to IEPF for unclaimed/unpaid dividends, attention of the stakeholders is again drawn to this matter through the Annual Report. The data on unpaid / unclaimed dividend is also available on the Company's website at www.cgglobal.com. Investors who have not yet encashed their unclaimed/ unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest. Members may refer to the Refund Procedure for claiming the aforementioned amounts transferred to the IEPF Authority as detailed on http://www.iepf.gov.in/IEPF/refund.html.

Mr. P Varadarajan, Company Secretary, is the IEPF Nodal Officer. His contact details are - CG Power and Industrial Solutions Limited, 10th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai - 400 030. Tel: 91 22 2423 7777 Email: ho.secretarial@cgglobal.com

## STRICTURES/PENALTY/ DETAILS OF NON-COMPLIANCE

During the FY 2018-19, National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) levied fine of ₹16,46,100/- and during FY 2019-20, NSE & BSE levied fine of ₹19,82,400/- and ₹19,88,300/- respectively, on the Company, for non compliance of Regulation 33 of SEBI LODR. Though the Company clarified to Exchanges regarding due compliance of relevant regulation, it deposited fines with Exchanges under protest. Except as aforesaid, there has been no penalty imposed on the Company or no strictures have been passed against it by SEBI or Exchanges or any other statutory authorities on any such matters, during the last three years.

Instances of non-compliance during the FY2021, as reported in the Secretarial Audit Report, and the Board's responses thereto are given in the section titled "Auditors and Audit Reports" of the Directors' Report forming part of this Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Report on Management Discussion and Analysis is given as a separate chapter in the Annual Report.

## DISCRETIONARY REQUIREMENTS

The discretionary requirements as stipulated in Part E of Schedule II of the SEBI LODR, have been adopted to the extent and in the manner as stated under the appropriate headings in this Corporate Governance Report.

## CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI LODR, is attached to this Report.

## COMPLIANCE WITH CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Requirements specified under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR.

## CERTIFICATE ON CORPORATE GOVERNANCE

Your Company has obtained a certificate from M/s Parikh & Associates, Practising Company Secretaries, (Firm Registration Number P1988MH009800), as prescribed by Regulation 34 of the SEBI LODR, which forms part of this Report.

On behalf of the Board of Directors

**Vellayan Subbiah**
**Chairman**
(DIN: 01138759)
Mumbai, 31 December 2021

## CEO/CFO CERTIFICATION

To
The Board of Directors
**CG Power and Industrial Solutions Limited ('the Company')**

We have reviewed the Revised Standalone and Consolidated Financial Statements and Cash Flow Statements of the Company for the year ended 31st March, 2021 and certify that:

(A) These statements, to the best of our knowledge and belief:

A. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

B. present a true and fair view of the Company's affairs and are in compliance with the applicable accounting standards, applicable laws and regulations.

(B) To the best of our knowledge and belief, no transactions entered into by the Company during the year, are fraudulent, illegal or violate the Company's Code of Conduct and Business Practices.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware, and the steps taken or proposed to be taken to rectify these deficiencies.

(D) We have indicated to the Auditors and the Audit Committee that:

(1) there was no significant change in internal control over financial reporting during the year ended 31st March, 2021;

(2) there was no significant change in accounting policies during the year ended 31st March, 2021 other than what have been disclosed in the notes to the Revised financial statements; and

(3) There are no instances of significant fraud of which we have become aware during the year ended 31st March 2021

**Natarajan Srinivasan**
Managing Director

**Susheel Todi**
Chief Financial Officer
Mumbai, 31 December 2021

## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
**CG Power and Industrial Solutions Limited**

We have examined the compliance of the conditions of Corporate Governance by **CG Power and Industrial Solutions Limited** ('the Company') for the year ended on 31 March, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and subject to the disclosures made by the management in the Corporate Governance Report and to the stock exchanges the instances of non-compliances disclosed in the Corporate Governance report and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID 19 pandemic ,we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D, and E of Schedule V of the SEBI LODR for the year ended 31 March, 2021.

We further state that pursuant to a petition filed by the Ministry of Corporate Affairs ('MCA') under Section 130 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai Bench ('Hon'ble NCLT'), through its order dated 5 March 2020, allowed the re-opening of books of accounts of your Company and its subsidiary companies for the past five financial years up to 31 March 2019. Accordingly, the MCA, vide its letter dated 1 February 2021, appointed (a) Kalyaniwalla & Mistry LLP ('KMLLP'), Chartered Accountants, for the purpose of re-opening the books of accounts and re-casting the financial statements of the Company and its subsidiaries for the said five financial years and (b) C N K & Associates LLP ('CNK'), Chartered Accountants, for the purpose of auditing the re-opened and recast accounts. Further, the restatement has been completed in the financial year 2021-22 and the said recast financial statements were submitted by the MCA to Hon'ble NCLT, and the same were taken on record by the Hon'ble NCLT vide its order dated 26 October 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Parikh & Associates**
**Practising Company Secretaries**

**Mitesh Dhabliwala**
Partner
FCS: 8331 CP No.: 9511
Mumbai, 31 December 2021
UDIN: F008331C002019714

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**[Pursuant to Regulation 34(3) and Schedule V-Para-C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,
The Members of,
**CG Power and Industrial Solutions Limited**
6th Floor, CG House,
Dr Annie Besant Road, Worli,
Mumbai 400 030

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CG Power and Industrial Solutions Limited (**'the Company'**)** having **CIN L99999MH1937PLC002641** and having registered office at 6th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai 400 030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S. No. | Name of Director | DIN | Date of Appointment in Company* |
|---|---|---|---|
| 1. | Mr. Vellayan Subbiah | 01138759 | 26.11.2020 |
| 2. | Mr. M A M Arunachalam | 00202958 | 26.11.2020 |
| 3. | Mr. P S Jayakumar | 01173236 | 26.11.2020 |
| 4. | Mr. Shailendra Narain Roy | 02144836 | 26.11.2020 |
| 5. | Ms. Sasikala Varadachari | 07132398 | 26.11.2020 |
| 6. | Mr. Natarajan Srinivasan | 00123338 | 26.11.2020 |

** the date of appointment is as per the MCA Portal.*

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
Practising Company Secretaries

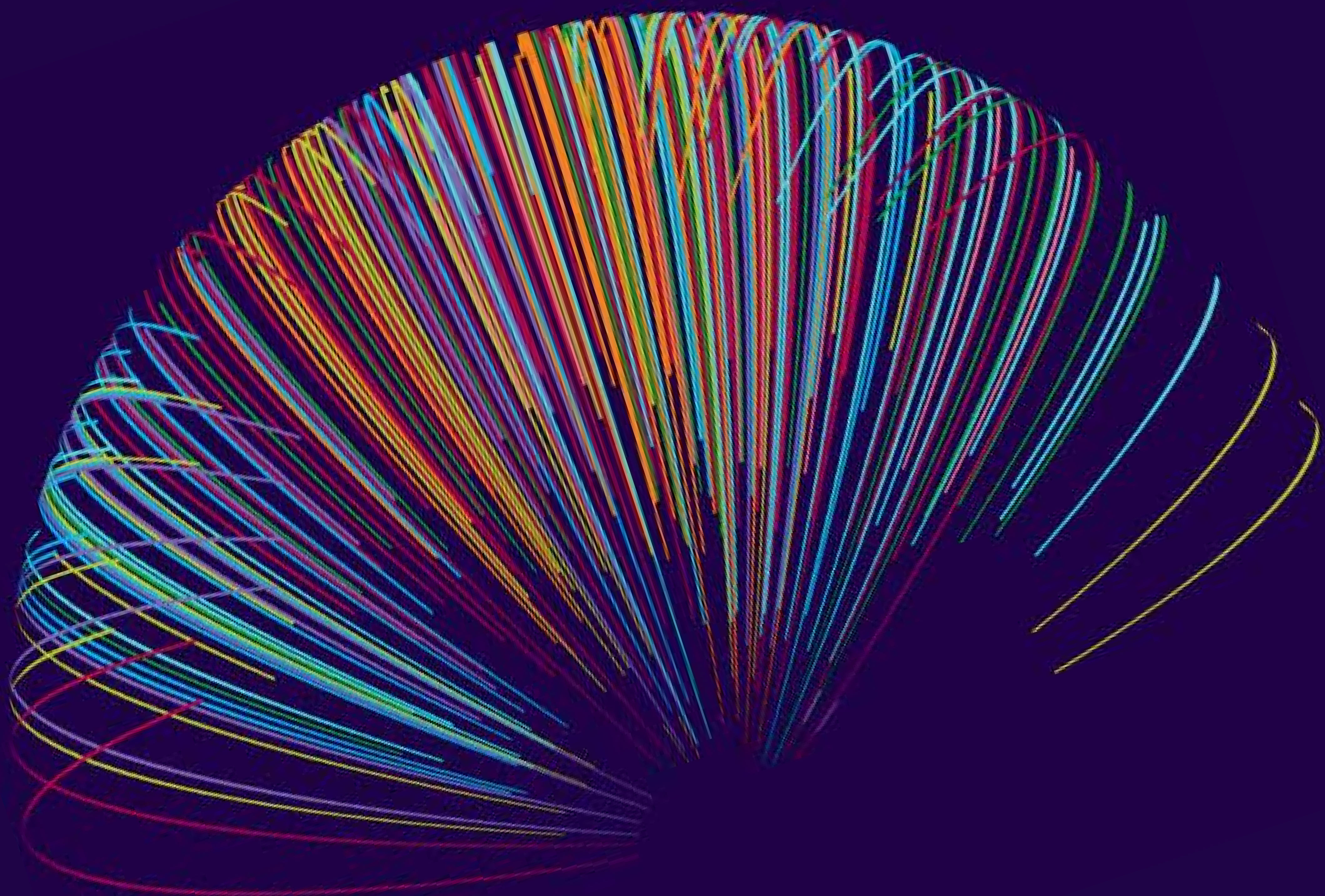
**Mitesh Dhabliwala**
Partner
FCS: 8331 CP No.: 9511
Mumbai, 31 December 2021
UDIN: F008331C002019661

## DECLARATION OF COMPLIANCE WITH CG CODE OF CONDUCT AND BUSINESS PRACTICES

To,
The Members,
**CG Power and Industrial Solutions Limited ('the Company')**

I, the undersigned, hereby declare that all the Board Members and Senior Management of the Company have affirmed compliance with 'CG Code of Conduct and Business Practices' laid down and adopted by the Company, during the year ended 31 March, 2021.

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)
Mumbai, 31 December 2021



# Business Responsibility Report

## AIM OF BUSINESS RESPONSIBILITY REPORTING

The Company aims to provide integrated solutions and superior knowledge based products and services in the domain of generation, transmission, distribution and utilisation of electrical energy. While aiming so the Company's focus is to achieve excellence by optimum utilization of resources, taking due care of the environment and building products that have economic and social value.

This report documents our efforts across all the sustainability parameters.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | L99999MH1937PLC002641 |
| 2. | Name of the Company | CG Power and Industrial Solutions Limited ('the Company' or 'CG') |
| 3. | Registered address | CG House, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030, Maharashtra, India |
| 4. | Website | www.cgglobal.com |
| 5. | E-mail id | investorservices@cgglobal.com |
| 6. | Financial Year reported | 2020-2021 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus – 271 |
| | | Manufacture of other electrical equipment – 279 |
| 8. | List three key products/services that the Company manufactures/ provides (as in balance sheet) | Power Transformers, Switchgear (MV & HV) |
| | | Motors, Drives & Automation |
| | | Switchgears, Railway Traction Motors; Traction Electronics and Railway signaling products |
| 9. | Total number of locations where business activity is undertaken by the Company | Refer to section titled 'Establishments' forming part of 84th Annual Report 2020-21. |
| | a. Number of International Locations | |
| | b. Number of National Locations | |
| 10. | Markets served by the Company – Local/State/National/International | India, Indian Sub-continent, Europe, Americas, Asia Pacific, Africa and Middle East |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1. | Paid up Capital (₹ in crore) | 267.60 |
| 2. | Total Turnover (₹ in crore) | 2525.89 (Revenue from operations - standalone) |
| 3. | Total profit/loss after taxes (₹ in crore) | 688.99 (Net profit for FY 2020-2021 - standalone) |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | Please refer to report on Corporate Social Responsibility Initiatives for FY 2020-21, Annexure-2 of the section titled 'Directors' Report' forming part of the 84th Annual Report 2020-21. |
| 5. | List of activities in which expenditure in 4 above has been incurred | Please refer to report on Corporate Social Responsibility Initiatives for FY 2020-21, Annexure-2 of the section titled 'Directors' Report' forming part of the 84th Annual Report 2020-21. |

## SECTION C: OTHER DETAILS

| | | |
|---|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies? | Yes. As on 31 March 2021, your Company had 3 Indian and 11 foreign subsidiaries – excluding:<br>a) 2 subsidiaries in Belgium and their subsidiaries declared as bankrupt,<br>b) 4 subsidiaries in voluntary liquidation,<br>c) 1 subsidiary declared insolvent. |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : | The Company's Code of Conduct and Business Practices is applicable to all Employees and Directors of the Company and also extends to all subsidiary/group entities. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | CG's commitment to best business practices extends to all its suppliers, contractors and other entities acting on behalf of them, regardless of their size or geographical location. |

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

| | | |
|---|---|---|
| (a) | Details of Director/Directors responsible for BR for implementation of the BR policy/ policies: | |
| 1. | DIN Number | 00123338 |
| 2. | Name | Mr. Natarajan Srinivasan |
| 3. | Designation | Managing Director |
| (b) | Details of BR Head: | |
| 1. | DIN Number (if applicable) | Not Applicable |
| 2. | Name | Mr. Lloyd Pinto* |
| 3. | Designation | President – International Businesses, HR, EHS & Corporate Strategy |
| 4. | Telephone number | +91 22 2423 7505 |
| 5. | E-mail id | lloyd.pinto@cgglobal.com |

** Since retired on 30 July, 2021.*

2. **Principle-wise (as per NVGs) BR Policy/Policies**

a. **Details of compliance (Reply in Y/N)**

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | P1: Ethics and Transparency | Refer Note 1 | | | | | | | | |
| | P2: Product Responsibility | | | | | | | | | |
| | P3: Wellbeing of employees | | | | | | | | | |
| | P4: Responsiveness to Stakeholders | | | | | | | | | |
| | P5: Respect Human Rights | | | | | | | | | |
| | P6: Environmental Responsibility | | | | | | | | | |
| | P7: Public policy advocacy | | | | | | | | | |
| | P8: Support inclusive Growth | | | | | | | | | |
| | P9: Engagement with Customers | | | | | | | | | |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy confirm to any national/international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online | Refer Note 1 | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes. The policies are communicated to internal stakeholders and are available on the Company's website and intranet. Policies are communicated to external stakeholders through the website of the Company and Regulatory filings. | | | | | | | | |
| 8 | Does the Company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | The Internal Auditors of the Company review the implementation of policies from time to time. The Company's various factories have been subject to audit by external certification agencies. No dedicated Business Responsibility audit has been conducted. | | | | | | | | |

Note:

1. **Principle-wise Policy Index:**

| | | |
|---|---|---|
| P1: Ethics and Transparency | Code of Conduct and Business Practices, Supplier Code of Conduct, Whistle Blower Policy, Prevention of Sexual Harassment Policy, Code for Fair Disclosure, Policy for Determination of Materiality of Disclosures. | Prevention of Sexual Harassment Policy is available on Company's intranet.<br>Rest of the policies can be accessed through Company's website: www.cgglobal.com |
| P2: Product Responsibility | Corporate Quality Policy | Can be accessed through Company's website: www.cgglobal.com |
| P3: Wellbeing of employees | Code of Conduct and Business Practices, Whistle Blower Policy, Prevention of Sexual Harassment Policy, EHS Policy, Employee Handbook on Company Policies | Prevention of Sexual Harassment Policy, EHS Policy and Employee Handbook on Company Policies is available on Company's intranet.<br>Rest of the policies can be accessed through Company's website: www.cgglobal.com |
| P4: Responsiveness to Stakeholders | CG Values<br>Corporate Social Responsibility Policy | Can be accessed through Company's website: www.cgglobal.com |
| P5: Respect Human Rights | Code of Conduct and Business Practices, Supplier Code of Conduct. | Can be accessed through Company's website: www.cgglobal.com |
| P6: Environmental Responsibility | Environment, Health and Safety (EHS) Policy and EHS Cardinal Rules, Code of Conduct and Business Practices, Supplier Code of Conduct and Corporate Social Responsibility Policy | EHS Cardinal Rules are available on Company's intranet.<br>Rest of the policies can be accessed through Company's website: www.cgglobal.com |
| P7: Public Policy Advocacy | The same is advocated in the Code of Conduct and Business Practices and internal processes and practices established based on this principle. | The Code of Conduct and Business Practices can be accessed through Company's website: www.cgglobal.com |
| P8: Support Inclusive Growth | Corporate Social Responsibility Policy | Can be accessed through Company's website: www.cgglobal.com |
| P9: Engagement with Customers | Corporate Quality Policy | Can be accessed through Company's website: www.cgglobal.com |

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Not applicable since the response to none of the Principles at serial number 1 is in negative.

3. **Governance related to BR:**

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The BR performance revolves around several policies which is assessed by the BR Head periodically based upon its importance and impact on the Company's operations and activities.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes an Annual Report on its Corporate Social Responsibility initiatives as part of the Directors' Report and Business Responsibility Report both of which are available on the website of the Company www.cgglobal.com. These Reports are published annually.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1 : ETHICS, TRANSPARENCY AND ACCOUNTABILITY

In light of the significant financial irregularities that have occurred in your Company in the past and the consequential investigations and significant financial restatements that have followed both at the standalone and consolidated levels, your Board has taken measures to protect the interest of the Company and its various stakeholders.

Virtues of honesty, integrity and fairness while conducting the business is the priority and are non-negotiable. With the appropriate managerial and structural changes, the Company will be able to leverage the goodwill that it has created over a number of years.

Your current Board will continue to take the necessary steps to improve the policies and processes and to create an environment that meets with the ethical, legal and business expectations.

As the Company continued to be under severe financial stress, the consortium of lenders of the Company ("Lenders") led by State Bank of India, initiated steps for resolution of stressed asset under the Reserve Bank of India's circular dated 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets, and the Board of Directors of the Company provided the required assistance and support in this regard. A series of actions were initiated leading to Tube Investments of India Ltd (**'TII'**), a listed company and part of the Murugappa Group, acquiring a controlling stake in the Company.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?

   The Company's Code of Conduct and Business Practices which inter alia includes guidelines relating to ethical behavior, bribery and corruption is applicable to all the employees and the Directors of CG and also extends to all the Subsidiaries of the Company. All the suppliers, services providers and entities acting on behalf of them are bound by CG's Supplier Code of Conduct and are required to commit their operations subject to the provisions contained in this Code. Acknowledgement to the provisions of these Codes is a pre- requisite for any employment, contract or business relationship with the Company.

   The Company also obtains annual confirmations from its employees and Directors on the Code of Conduct and Business Practices of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the year, the Company has not received any stakeholders complaints.

### PRINCIPLE 2: PRODUCT RESPONSIBILITY

The Company is committed to enhance customer satisfaction by providing products that meets high quality and safety standards which is achieved through its investment in Research & Development, Innovation & Technology. The quality objectives set and followed at all levels of the organization serve as a benchmark to ensure the quality of the products being manufactured and helps in identifying the focus areas for improvement of the processes. The Company on continuous basis assesses the opportunities for improvement in processes and resources used.

The Company continues to invest its substantial time, effort and resources in Research and Development activities to ensure that its products without compromising on the performance, contribute to sustainability throughout their life cycle. All the products of the Company have adequate labeling to avoid any accidents and have instructions with regard to its disposal.

All manufacturing plants of the Company alongwith its vendors, suppliers and service providers work towards achieving environment and socio-economic sustainability objectives in the best possible manner. The Company also actively utilizes 6-sigma techniques for quality enhancement and control in its processes and has a full time qualified six-sigma team having black belt employees across its manufacturing units.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

a. The MV Switchgear-Relay (S2) and HV Switchgear (S3) units in India developed Controlled Switching Device. It is used for switching the Power Transformers. This minimizes the switching inrush current less than 0.5 PU. By conventional switching method the inrush current will be in the range of 5 to 6 PU. This will help increase the life of switchgear, cables and Power Transformer. This controller is developed with the existing infrastructure. This is a strategic development for import substitution. CG India is the only company to supply the controller with all makes of EHV breakers.

b. Traditionally, petroleum based mineral oil is used as an insulating medium in power and distribution transformers. Due to its low cost, mineral oil has been an industry standard for decades. But it is both – flammable and environmentally damaging if it leaks or is spilled from a transformer. Ester oil is a viable natural alternative to mineral oil for use in transformers. It is eco-friendly and fire-safe, provides benefits like low maintenance, extended asset life and continuous overloading of the transformer. As the Company is highly committed towards its environmental initiatives with high performance reliable equipment, the transformer units have worked together closely with R&D to develop ester oil filled transformers for both Distribution Transformers & Power Transformers ranges. The Company's transformer units have designed and developed ester oil transformers in 33kV, 66kV and 132kV ranges. In addition, the Company is also working on the development of 220kV ester oil filled transformer. At present, the transformer units of the Company are geared-up and focused to be a leader in ester oil transformer technology to supply a more reliable, safe and responsible product.

c. The Company has developed design and manufacturing competence for Instrument Transformers and Surge Arresters up to 800 kV with Polymeric insulators. Products with polymeric insulator are becoming more and more popular now owing to its shatterproof, explosion proof characteristics and light weight construction. Polymeric insulators are made of fibre re-enforced plastic externally covered with silicon sheds. Manufacturing process of polymer insulator is well engineered and facilitates automation as against the crude manufacturing of porcelain. The earlier technology for insulators was porcelain (which is still in use), which has a basic environmental disadvantage that in the unlikely event of product failure when porcelain shatters, pieces of it travel with a bullet speed and destroy almost all surrounding equipment and environment including every threat to human life, if present near the place of incident whereas polymeric insulator not only will sustain more pressure due to excellent physical properties but also will just develop a crack and release the energy and will not shatter.

Currently the products required for Europe and American subcontinent are necessarily with polymer insulators and for other regions almost all the global utilities including India are in the phase of specification change from porcelain to polymer.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

These products limit the inrush current which will help reduce the investment in building infrastructure, protect the nearby equipment, increases the fire safety, protects the human life from accidents, reduction of down time and saving of space in metro cities where space is costly.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's sustainability objectives covers all domains of operations with emphasis on energy and resource efficient products, systems and services, ways of lowering our own energy intensity and waste, occupational health safety, environment and community development. While procuring of any new equipment or raw material, the Company focuses on environmental concern and hazard identification. Simultaneously focus is also on constant reduction in use of hazardous material like chrome, cyanide, lead, thermocol etc.

The Company's sustainability agenda also extends to suppliers, vendors and business partners through the Supplier Code of Conduct and the Policy on Environment, Health and Safety (EHS) to which they have to commit. The Company also conducts Supplier Qualification Programme (SQP) Audits, Safety Audits and EHS drives for its vendors.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has a practice of purchasing goods and services from both local and global suppliers including SMEs subject to the cost effectiveness, availability of local suppliers and closer proximity to the Company's manufacturing facility.

The Company has tied up with local technical institutes like ITI for training the students in areas such as winding of motors, etc., on regular basis.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Various initiatives were undertaken by the Company for sustainable growth and for protection of environment including:

a) Elimination of hazardous chemical and effluent generation;
b) Use of renewable energy sources, roof top solar panel installed in all the units
c) Reduction of waste through continuous monitoring;
d) Replacement of wooden packing with steel which can be recycled
e) Rain water harvesting;
f) Reuse and recycling of raw materials such as transformer oil, copper and aluminum electrical steel is reused by melting and making new components.
g) Sewage and effluent treatment plants have been installed and waste water from these plants is re-used for portable use;
h) Segregation and appropriate disposal of waste.



## PRINCIPLE 3: WELLBEING OF EMPLOYEES

The Company has always believed that success of an organization is largely dependent on the development and contribution of its employees and thus is committed to create and sustain a positive and healthy work culture through improving organizational effectiveness, providing safe and ethical work environment and maintaining stability and sustainability amidst growth and ever-changing business environment. CG fosters equal opportunities and treatment of all its employees as the position of the employee in the Company is decided only on the basis of merits and not by extraneous factors, which is reflected in the Company's value of Performance Excellence. The Company believes in celebrating individuality and promotes diversity and inclusion within the organization. CG commits itself to respect and to ensure respect for the principles stipulated in the "Universal declaration of Human Rights of 1948" and for the fundamental Conventions of the International Labour Organization (ILO).

The various policies adopted by the Company have been instrumental in not only safeguarding the interests of the employees but also ensuring their welfare. CG's Code of Conduct and Business Practices and Handbook on Company's policies provides guidelines for employee well being relating to participation, freedom, equality, good environment and harassment free workplace. The safety of the women employees of the Company is secured by CG's policy on 'Prevention of Sexual Harassment.' Employee related policies are updated on timely basis in line with the amendments in laws applicable for employee's welfare.

At CG, learning is a continuous process and hence various training programs, sessions, workshops on various subjects were conducted. This learning experience had a positive impact on the attitude of the employees and strengthened their capabilities.

The Company through its Performance Management Process branded as PRIDE, which stands for 'Personal Responsibility In Delivering Excellence', endeavors to align rewards with performance. The Company also has an active rewards platform – RECOGNIZE, the essence of which is to engage the employees by recognizing their outstanding achievements for behavior, actions and attitude that reflects CG's core values.

To make the Company a fun place to work, activities such as talent contests and offsite team- building are conducted across businesses to boost motivation and productivity, overall contributing to a positive work environment.

| | | |
|---|---|---|
| 1. | Please indicate the Total number of employees: | 4792 |
| 2. | Please indicate the Total number of employees hired on temporary/contractual/casual basis: | 2222 |
| 3. | Please indicate the Number of permanent women employees: | 90 |
| 4. | Please indicate the Number of permanent employees with disabilities: | 2 |
| 5. | Do you have an employee association that is recognized by management: | Yes |
| 6. | What percentage of your permanent employees is member of this recognized employee association: | 45.37% |
| 7. | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? | |
| | - Permanent Employees | 77% |
| | - Permanent Women Employees | 100% |
| | - Casual/Temporary/Contractual Employees | 75% |

Details of Number of complaints received in the last financial year and pending, as on the end of the financial year:

| Sr. No. | Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/forced labour/ involuntary labour | NIL | NIL |
| 2 | Sexual harassment | NIL | NIL |
| 3 | Discriminatory employment | NIL | NIL |

## PRINCIPLE 4: RESPONSIVENESS TO STAKEHOLDERS

The Company endeavors to create meaningful and sustainable value for the society. With that end and intent, we employ various mechanisms and practices, at periodic intervals, for engaging with both our internal stakeholders (employees) and external stakeholders (customers, suppliers, investors and society) to create sustainable impact in the lives of the beneficiaries and thus, enable them to be facilitators of further and larger development.

Being a socially responsible organisation, the Company through its Corporate Social Responsibility (CSR) initiatives builds active and long term partnerships with the surrounding communities to significantly improve the condition of the most underserved amongst them. The Company does extensive work in the field of Skill Development and Education, Community outreach and sustainability. The CSR policy of the Company is available on the website of the Company at www.cgglobal.com.

1. Has the company mapped its internal and external stakeholders? Yes/No

   The Company has mapped its key internal and external stakeholders and carries out engagements at regular intervals through general meetings, press releases, training programmes and community outreach.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   The Company through its intervention in the field of skill development and education, community outreach and sustainability contributes towards the holistic development of the underprivileged communities. The direct and indirect stakeholders involving both internal and external stakeholders having real difficulties in accessing basic necessities are identified through an exhaustive need assessment surveys across CG locations in collaboration with our partner organizations. The assessment also includes obtaining views from our employees along with focused group discussions with government officials, industries and the local communities. While working with identified communities Company gets referrals for other needy, underprivileged communities from the existing stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Due to the financial stress faced by the Company during the financial year 2020-21 and the nationwide lockdown imposed in view of COVID-19, your Company could not focus on CSR activities during the financial year 2020-21.

### PRINCIPLE 5: RESPECT HUMAN RIGHTS

At CG we strive to create and sustain discrimination free habitat, promote harmony and advocate fair employment opportunities. The Company values and recognizes every individual equally and treats them fairly and with dignity irrespective of their race, colour, creed, ancestry, ethnic origin, religion, sex, nationality, age, physical handicap/ disability or marital status. The Company's Values of Performance Excellence and Nurturance encourage performance culture and discourages personal bias.

The safety and health of employees are of paramount importance to CG as we work to provide and maintain a safe, healthy and productive workplace, in consultation with our employees, by addressing and remediating identified risks of accidents, injury and health impacts. We take responsibility for maintaining a safe work place and work hard to minimize the risk of incidents, injuries and health hazards for all the employees. The Company prohibits forced labour, child labour, etc.

We encourage others associated with us to uphold the highest standards of human rights protection. The aspects of human rights aspects are systematically integrated in to our business operations and business relationships which ensure preservation of these rights across the value chains.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Yes, aspects of human rights forms part of the Company's Code of Conduct and Business Practices and various human resource practices/ policies which extend to all employees, Board Members of the Company and subsidiary/group/joint venture entities of the Company. We also expect the same high standards on human rights protection from all our Stakeholders. Thus, as part of our contracting processes through our Supplier Code of Conduct, we encourage our suppliers to respect human rights and commit to eradicate forced, compulsory or trafficked labor from their businesses.

   Acknowledgments of the provisions of these Codes are a mandatory condition for any employment, contract or business relationship with the Company.

2. How many stakeholder complaints with respect to Human Rights violation have been received in the past financial year and what percent was satisfactorily resolved by the management?

   Nil

### PRINCIPLE 6: ENVIRONMENTAL RESPONSIBILITY

The Company believes that environmental conservation is a core component of its business which is accomplished through Environment, Health and Safety (EHS) initiatives. Being a manufacturing Company, CG has always strived to maintain an equitable balance between economic growth and environment protection.

It is ensured that EHS standards at all CG units are continuously ahead of legislation and are benchmarked with the best international practices. All our units in India are certified for quality systems with ISO 9001:2015/ISO 14001:2015 Environmental Management System Certification the units are upgraded for ISO 45001:2018 (Occupational Health and Safety Standard). All units in India have clearance to operate from State Pollution Control Board authorities and are complying over and above the conditions laid down in consent to operate.

EHS governing principles are fully incorporated and implemented in all our business decisions such as product development, procurement, plant/ machinery/ process selection, customer service etc. We encourage sharing of process and product innovations within the group and extending it to benefit of the industry and key members of its value chain.

The Company through its Corporate EHS policy and cardinal rules is not only committed to minimize the adverse impact on the environment and community at large but also to ensure health and safety of all the employees and stakeholders across all factories and establishment. Our "zero-harm culture" endeavours to create a meaningful and sustainable value for the environment and the community we operate in. As we expand our global footprint, we are building increased commitment at all levels in the organization to operate our business in an economically, socially & environmentally sustainable manner, while recognizing the interests of the stakeholders.

We also regularly conduct trainings on Environment, Health and Safety (EHS) awareness and sustainable growth at all plant locations with an aim to renew commitments of employees and general public, to work safely and ensure integration of Environment Management System and Occupational Health and Safety in our work culture and lifestyle. In order to motivate the employees to observe the highest standards of EHS in their operations, the Company has laid down various programs to recognize and reward employees who drive EHS.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   The Company's Corporate EHS Policy and Cardinal Rules are applicable to all employees of the Company and extend to all visitors and contractors of the Company. Moreover, through the Company's Code of Conduct and Business Practices and the Supplier Code of Conduct, our employees, subsidiaries, suppliers and partners are encouraged to be compliant with applicable laws and regulations, including environmental laws and regulations.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   The Company initiates tree plantation drives on a periodic basis also maintains green areas inside and surrounding the factory and office premises.

   Being in the space of "Energy Management", the Company, addresses, contributes and develops awareness about energy conservation, energy sustainability & alternate energy utilization in the communities that we are part of. The Company also continuously improvises its products and technologies in terms of energy efficiency, material use and recyclability to reduce carbon footprints and minimize the environmental impacts of the Company's products.

3. Does the company identify and assess potential environmental risks? Y/N

   EHS targets are assigned to each division through ISO 14001 (Environmental Management System), audits and are regularly monitored through an EHS scorecard at business review meetings and these scores are linked with annual performance evaluations. Corporate EHS audit, with focus on EHS implementation and performance, are conducted periodically for all units. Corrective actions generated from these audits and various EHS events risks are captured and tracked for closure in an online Event Reporting System (ERS). Further the Board of Directors of the Company also reviews compliance processes and material occurrences in areas of EHS, every quarter.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   The Company has not applied for any projects under the Clean Development Mechanism. However as a part of its commitment towards sustainable development and conservation of the environment, the Company is continually undertaking several initiatives for effective utilization of energy resources and minimization and control of waste. Further Company also encourages complete elimination of hazardous substances from its manufacturing process. On pilot basis, we have installed waste to manure convertor machines which convert food waste and other biodegradable waste in to manure. The manure is being utilized for gardening purpose inside the campus. Annual Environmental Statement are being submitted to State Pollution Control Board by the respective entities.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Yes. Towards Company's objective of sustainable development, several initiatives were taken for use of renewable sources of energy and clean technology. Some of them are as follows:

   a. Maintaining green areas inside the factory and office premises and conducting periodical plantation drives;
   b. Replacement of conventional roof with insulated MS roof for use of natural light and regulating temperature, thus control on power consumption;
   c. Installation of solar electrical panels and use of natural gas against conventional fuel;
   d. Elimination of use of hazardous materials from manufacturing across several products;
   e. Using Thermic Fluid Heated Ovens for transformer manufacturing;
   f. Replacement of conventional lights with energy efficient LEDs;
   g. Water sprinklers installed to regulate temperature;

h. Preventive maintenance of plant and equipment performed to reduce the energy consumption;

i. Conducted energy audits to save energy and awareness on conservation were created among employees through leaflets, posters and seminars.

j. Rain water harvesting has been initiated in most manufacturing units.

k. Use of Solar system across all units for electricity generation.

More details pertaining to conservation of energy and technology absorption are provided in Annexure 1- Conservation of energy, technology absorption and foreign exchange earnings and outgo, of section titled 'Directors' Report' of the 84th Annual Report 2020-21 of the Company.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Considering the nature of industry, the quantum of wastes/emissions is well within the permissible limits laid down by CPCB/SPCB in the "consent to operate" issued by them. All manufacturing facilities have well maintained Effluent and Sewage treatment plants as per applicability. Results of quality parameters of the treated effluents are being monitored periodically and displayed at main security gates of respective entities.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

### PRINCIPLE 7: PUBLIC POLICY ADVOCACY

The Company has memberships with trade and industry associations through which the Company makes efforts to further contribute on specific sustainable business issues and participates in a number of exhibitions organized by these associations/bodies.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of various industry associations viz.:

a. Confederation of Indian Industries (CII);

b. Bombay Chambers of Commerce and Industry (BCCI);

c. Engineering and Export Promotion Council of India (EEPC);

d. Federation of Indian Exporters Organization (FIEO);

e. Indian Electrical and Electronics Manufacturers Association (IEEMA);

f. Maharashtra Economic Development Council (MEDC);

g. Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA);

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company's authorized officials represent the Company in various industry forums. They understand their responsibility while representing the Company in such associations, and while they engage in constructive dialogues and discussions they refrain from lobbying or influencing public policy with vested interests. This principle is also embodied in the Code of Conduct and Business Practices of the Company applicable to Company representatives and group entities.

### PRINCIPLE 8 : SUPPORT INCLUSIVE GROWTH

The Company believes that its responsibility as a socially responsible corporate extends beyond bottom line concerns, and encompass myriad social commitments. The Company uses its Corporate Social Responsibility (CSR) initiatives to integrate economic, environmental and social objectives with the Company's operations and growth. The CSR of the Company is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

We intend to focus our Corporate Social Responsibility initiatives across all our geographies. For CG, being a socially responsible corporate means:

- Upholding and promoting the principles of inclusive growth, diversity and equitable development in society;
- Collaborating with local government agencies and like minded corporates, voluntary and academic organisations in pursuit of our goals;
- Building active and long term partnerships with the surrounding communities to significantly improve the condition of the most underserved amongst them;
- Making a sustained effort in preserving the environment;
- Using environment friendly, energy efficient and safe processes;
- Promoting transparency in disclosure and reporting procedures;
- Getting our employees involved and sensitized at our communities, so they develop as better leaders;

In order to accomplish the above, Company is building an increased commitment at all levels in the organization to operate our business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all stakeholders.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company is now a part of Murugappa Group, which is known for its tradition of philanthropy and community service.

Owing to the financial stress faced by the Company, coupled with COVID-19 induced lockdown and its impact on business operations, your Company could not incur any CSR expenditure during the year under review. It may be noted that during the year under review, Company was under no statutory obligation to incur any CSR expenditure, in view of the average net profits of the Company for past three financial years being negative.

However, the Company is committed towards inclusive growth and based on the recommendation of the Board-level CSR Committee, your Company will be identifying focus areas and CSR initiatives to be carried out in the coming financial years in order to have a maximum impact.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

As stated above, the Company could not spend on CSR expenditure during the year under review.

3. Have you done any impact assessment of your initiative?

Impact assessment of CSR initiatives was done by an external agency – Auxilium Empowerment Services in FY 2018-19, in which they interacted with more than 1100 internal and external stakeholders including CSR direct beneficiaries, their family members, community people, trainers, implementing partners, local self government representatives, concerned government officials and local plant teams. The respondents were selected randomly and the data was collected through primary and secondary methods.The report was a mix of qualitative and quantitative data. It pointed out positive behavioral changes and improved academic performance amongst students being covered under quality education and supplementary education projects in Maharashtra and Madhya Pradesh. Growth in income and improved socio-economic status was observed by the team amongst the vocational and technical trainees under skill development program. The beneficiaries of community outreach projects mentioned about upgraded lifestyle and positive effects of provided resources on their day to day life. Impact assessment report also indicated the need of continued support to the beneficiaries and well established tracking system for better impact of programs.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

As stated above, the Company could not spend on CSR expenditure during the year under review.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

As stated above, the Company could not spend on CSR expenditure during the year under review.

### PRINCIPLE 9: ENGAGEMENT WITH CUSTOMERS

The Company offers a comprehensive range of products, solutions and services that meets the customer requirement. It is ensured that the products manufactured by the Company are safe to use and meets the high quality standards. All CG products are accompanied with an installation and maintenance manual which includes instructions on safe usage of products and precautions to be taken at the time of installing the same. The Company has a dedicated customer desk and 24x7 toll free call centre for customers complaints, redressal and feedback. Redressal of customer complaints is done on real-time basis by dedicated service team with the help of service centers equipped to handle all type of exigencies. These complaints are further reviewed by the management team, and based on the inference, corrective actions are put in place. During the regular visits, Company's front line sales executives interact with the customers and channel partners understand their business needs, expectations and other concerns. All the unresolved issues are addressed periodically.

The Company believes in educating its customers and channel partners about the benefits of the products & services offered. Company periodically conducts various interactive programs like Seminars, Workshop, factory visits, dealer conferences, etc. to help them take informed decisions.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company business is in the B2B segment and contracts are governed with agreed warranty terms with customers. With the dedicated service set up, the customer complaints are attended on priority to ensure compliance with agreed terms of the contracts. All the cases of customer complaints are either attended or in the process of being resolved.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

The Company manufactures Industrial products for the B2B segment and adheres to all applicable laws and regulations on product labeling. The Company's products conforms to relevant standards prevailing in the country and are supplied with a comprehensive product manual giving details of the standards to which the product complies, details of unpacking, installation and commissioning, methods of use and end life disposal. It also provides the list of DO's and DON'Ts which ensure the smooth functioning of the equipment. The Company is entering into consumer product business and compliance with applicable laws with respect to packaging and product labeling is being ensured. Compliance to applicable laws with respect to packaging and product labeling with respect to Company's consumer product business are also ensured.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   There are no cases filed by any of our stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of the financial year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   The Company actively conducts annual surveys, vendor meets, training programs and seminars for customers, service contractors and channel partners meet, to get regular feedback on various aspects of business including product performance. The Company also participates in various exhibitions which are relevant to its business.



# Standalone Financials 2020-21

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

### Report on the Audit of the Revised Standalone Financial Statements

### Opinion

We have audited the accompanying revised standalone financial statements of CG Power and Industrial Solutions Limited ("the Company"), which comprise the Revised Standalone Balance Sheet as at March 31, 2021, the Revised Standalone Statement of Profit and Loss, including the Revised Standalone Statement of Other Comprehensive Income, the Revised Standalone Cash Flow Statement, the Revised Standalone Statement of Changes in Equity for the year then ended and notes to the Revised Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'Revised Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Revised Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Revised Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Revised Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Revised Standalone Financial Statements.

### Emphasis of Matter

(i) We draw attention to note 3A(a) of the Revised Standalone Financial Statements, which describes that there are ongoing investigations by Serious Fraud Investigation Office ('SFIO') and other regulatory authorities. Pending completion of such investigations, adjustments, if any, have not been considered by the management in these Revised Standalone Financial Statements.

(ii) We draw attention to note 1B of the Revised Standalone Financial Statements as regards completion of recasting and restatements of the standalone financial statements of the Company for the five years ended March 31, 2019 taken on record by National Company Law Tribunal (the 'NCLT') and NCLT approval dated December 22, 2021 for voluntary revision under section 131 (1) of the Companies Act, 2013 of the Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2021. The revised standalone financial statements for the year ended March 31, 2020 have been approved by the Board of Directors of the Company on December 31, 2021. The Company has now revised the original standalone financial statements for the year ended March 31, 2021, that were approved by the Board of Directors of the Company on June 11, 2021. Consequently, our audit report dated June 11, 2021 on the original standalone financial statements which contained a disclaimer of opinion, on those original standalone financial statements stands withdrawn and this report supersedes our audit report dated June 11, 2021.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Revised Standalone Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Revised Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Revised Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Revised Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Revised Standalone Financial Statements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revision of standalone financial statements (as described in note 1B of the Revised Standalone Financial Statements)** | |
| On March 5, 2020, basis application from Ministry of Corporate Affairs ('MCA'), the National Company Law Tribunal ('NCLT') had allowed for reopening and recasting of books of accounts of the Company and its subsidiary companies for the 5 years ending March 31, 2019, under section 130 of the Companies Act 2013.<br>Recasting of those financial statements have been completed and taken on record by NCLT on October 26, 2021.<br>The Company had also made an application to the NCLT for voluntary revision of books of accounts of the Company for the financial years 2019-20 and 2020-21 under section 131(1) of the Companies Act 2013, to give consequential impact of the above recasting and reauditing of such prior years' financial statements. The NCLT approved such application on December 22, 2021.<br>In accordance with the above, subsequent to year end, revision of the standalone financial statements for the five years ended March 31, 2019 and also March 31, 2020 have been completed. The effect of these revisions on the opening balances as on April 1, 2020 are described in note 3B of the Revised Standalone Financial Statements.<br>The Revision of Standalone Financial Statements is identified as key audit matter considering consequential changes in opening balances as on April 1, 2020. | Our audit procedures amongst others included the following:<br>• We obtained and read the order passed by NCLT for reopening and recasting of books of accounts of the Company and its subsidiary companies for the past 5 years ending March 31, 2019, under section 130 of the Companies Act 2013.<br>• We obtained and read the NCLT order for taking on record the re-casted standalone financial statements for 5 years ending March 31, 2019.<br>• We obtained and read the application to and order of the NCLT for voluntary revision of books of accounts of the Company for the financial years 2019-20 and 2020-21 under section 131(1) of the Companies Act 2013.<br>• We obtained the reconciliation prepared by the management in respect of impact of revision on the amounts reported in the approved standalone financial statements for the year ended March 31, 2021.<br>• We tested reconciliations and treatment of the effect of changes in the books of accounts.<br>• We have assessed the disclosures made in note 3B of the Revised Standalone Financial Statements. |
| **Restructuring of Debts (as described in note 3A(b) of the Revised Standalone Financial Statements)** | |
| During the year on November 20, 2020, the Company executed the Master Implementation cum Compromise Settlement Agreement ('Settlement Agreement') with lenders and the Company has discharged and settled the existing credit facilities including corporate guarantees.<br>Further, the lenders and the Company received a binding offer from Tube Investments of India Limited ('TII'), for resolving the debts of the Company and to infuse capital in the Company.<br>During the year, the Company, lenders and TII executed the required binding agreement for one time settlement and restructuring of funded and unfunded credit facilities. After receiving necessary regulatory approvals and fulfilment of Conditions Precedents, the Board of the Company allotted securities to TII and discharged the liability of the lenders.<br>Consequent to the settlement of outstanding debt and corporate guarantees, the Company recognised cessation of liability arising on settlement and restructuring of borrowings including interest thereon as per resolution plan amounting to Rs. 1426.89 crores and provision towards corporate guarantee obligation settlement amounting to Rs. 306.01 (including foreign exchange gain of Rs. 1.75 crores) respectively as an exceptional item in the statement of profit and loss during the year.<br>The Restructuring of Debt is identified as key audit matter considering the significance of amounts involved. | Our audit procedures amongst others included the following:<br>• We obtained and read the Master Implementation cum Compromise Settlement and Corporate guarantee settlement agreements.<br>• We obtained and read the minutes of the board meeting providing approvals in relation to restructuring of debt<br>• We tested the accounting entries in relation to debt restructuring and settlement of corporate guarantees and exceptional gain on the debt restructuring.<br>• We tested the computation prepared by the management of the Company in relation to debt restructuring and settlement of corporate guarantees.<br>• We traced the payment made to lenders and capital infusion in the bank statements of the Company.<br>• We obtained and read the No Objection Certificates provided by the lenders for settlement of the existing debts.<br>• We obtained direct bank confirmation for balance outstanding as on March 31, 2021.<br>• We assessed the disclosures in the revised standalone financial statements in relation to restructuring of debt and settlement of corporate guarantees as exceptional items. |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
| --- | --- |
| **Recognition of Deferred Tax Asset (as described in note 24 of the Revised Standalone Financial Statements)** | |
| The Company has Deferred Tax Asset (DTA) of ₹ 727.27 crores as at March 31, 2021 on tax losses based on availability of future taxable profits against which DTA will be utilized. The tax losses were primarily on account of write off of receivable balances in relation to various transactions, which are under investigations by regulatory authorities. Basis legal opinion, management has considered these written-offs as an allowable expense under the Income tax and recognized deferred tax assets on such losses.<br><br>The recognition of deferred tax asset is identified as key audit matter considering the significance of amounts and judgements involved. | Our audit procedures amongst others included the following:<br>• We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the measurement and recognition of deferred tax.<br>• We involved internal experts to assess tax computation as per the local fiscal regulations in India<br>• We tested on a sample basis the identification and quantification of differences between the recognition of assets and liabilities according to tax law and financial reporting in accordance with Indian Accounting Standards.<br>• We obtained and verified the budgeted forecast approved by the senior management which was in line with the projections approved by the Board of the Company for recoverability of deferred tax asset.<br>• We performed reasonability testing in relation to assumptions and estimates considered by the management for assessing recoverability of deferred tax asset<br>• We obtained and read the legal opinion considered by the management for recognisation of deferred tax assets on losses<br>• We assessed the disclosures in the Revised Standalone Financial Statements in accordance with the requirements of Ind AS 12 "Income Taxes". |
| **Revenue recognition (as described in note 30 of the Revised Standalone Financial Statements)** | |
| The Company has two operating segments, namely, Power and Industrial Segment. The type of customers varies across these segments, ranging from Large Government companies to Original Equipment Manufacturers and Industrial Customers etc.<br><br>The Company has major revenue from sale of goods which is recognized at a point in time based on the terms of the contract with customers which may vary case to case, further revenue from construction contracts is recognized over period of time. Terms of sales arrangements with various customers within each of the operating segments, including Incoterms determine the timing of transfer of control and require judgment in determining timing of revenue recognition.<br><br>Due to the judgement relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter is considered as Key Audit Matter. | Our audit procedures amongst others included the following:<br>• We read and understood the Company's accounting policy for timing of revenue recognition.<br>• We understood the Company's revenue processes, including design and implementation of controls which vary based on product segment and customer, and tested the operating effectiveness of such controls in relation to revenue recognition.<br>• On a sample basis, we tested contracts with customers, purchase orders issued by customers, and sales invoices raised by the Company to determine the timing of transfer of control along with pricing terms and the timing of revenue recognition in respect of such contracts.<br>• Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.<br>• On a sample basis, we analyzed revenue transactions near the reporting date and tested whether the timing of revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc. for those transactions<br>• We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of Ind AS 115 - Revenue from Contracts with Customers.<br>• We assessed the disclosures for compliance with applicable accounting standards. |



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
| --- | --- |
| **Claims and exposures relating to taxation and litigation (as described in note 39 of the Revised Standalone Financial Statements)** | |
| The Company has disclosed contingent liabilities of Rs. 34.83 crores in respect of disputed claims/ levies under tax and legal matters.<br><br>Taxation and litigation exposures have been identified as a key audit matter due to significant outstanding matters with authorities and management assessment towards potential financial impact of these matters will involve significant judgement and assumptions. | Our audit procedures included the following:<br>• We understood the process and assessed the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.<br>• We obtained details of legal and tax disputed matters from management and assessed management's position through discussions on both the probability of success in significant cases, and the magnitude of any potential loss.<br>• We involved tax specialists to assist us in evaluating tax positions taken by management.<br>• We circulated legal confirmation for material litigations to external legal counsel and review their assessment and had a discussion on their assessment with the senior management of the Company.<br>• We assessed the relevant disclosures made in the Revised Standalone Financial Statements for compliance with the requirements of Ind AS 37. |

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Revised Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Revised Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Revised Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Revised Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Revised Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Revised Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Revised Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Revised Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Revised Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Revised Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Revised Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Revised Standalone Financial Statements, including the disclosures, and whether the Revised Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Revised Standalone Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

I. The comparative figures for the year ended March 31, 2020 of the Company included in these Revised Standalone Financial Statements, are as per the revised standalone financial statements of the Company for the year ended March 31, 2020, which have been audited by the Independent firm of Chartered Accountants approved by the NCLT vide its order dated December 22, 2021, who have issued an unmodified opinion on those revised standalone financial statements.

II. As mentioned in Note 1B to the Revised Standalone Financial Statements, the recasting of the standalone financial statements of the Company for the five years ended March 31, 2019 has been completed in accordance with the Section 130 of the Act and taken on record by National Company Law Tribunal (the 'NCLT').

### Report on Other Legal and Regulatory Requirements

Read with the matters related to revision of financial statements as stated in paragraph (ii) of the Emphasis of Matter section of this report and paragraph I of the Other Matters section of this report, as above, we report as follows;

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii. the Revised Standalone Balance Sheet, the Revised Standalone Statement of Profit and Loss including the Revised Standalone Statement of Other Comprehensive Income, the Revised Standalone Cash Flow Statement and Revised Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   iv. in our opinion, the aforesaid Revised Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   v. on the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;

   vi. with respect to the adequacy of the internal financial controls with reference to these Revised Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   vii. in our opinion remuneration of the Managing Director for the year ended March 31, 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto. Subsequent to year, the management has obtained approval of the shareholders for remuneration paid to the Managing Director in the extraordinary general meeting held on June 7, 2021 by way of a special resolution;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

   viii. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      (i) the Company has disclosed the impact of pending litigations on its financial position in its Revised Standalone Financial Statements - Refer Note 39 to the Revised Standalone Financial Statements;

      (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      (iii) other than amount stated in Note 27(a) of the Revised Standalone Financial Statements, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership Number: 210934
UDIN: 21210934AAAAIS2966
Place of Signature: Chennai
Date: December 31, 2021

## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE, READ WITH PARAGRAPH II OF THE OTHER MATTERS SECTION OF OUR REPORT OF EVEN DATE

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except (i) the title deeds of immovable properties included in property plant and equipment amounting to Rs 149.98 crores are pledged with the banks. The same has been independently confirmed by the Trustee of the bank; (ii) Original title deeds of immovable properties included in property plant and equipment amounting to Rs 11.96 crores are not available with the Company and hence we are unable to comment on the same. (iii) The land and building aggregating to Rs 188.62 crores, for which land lease deed have been expired. As explained to us, the Company is in the process of renewal of expired lease deed.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us and audit procedures performed by us during the year ended March 31, 2021, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to the information and explanations given to us, during the year ended March 31, 2021 (i) the Company has not given any loans, investments, guarantees, and securities in respect of which provisions of section 185 of the Companies Act 2013 are applicable; (ii) the Company has made investments, given loans and guarantees exceeding limits specified under section 186 of the Companies Act 2013, hence Company has not complied with the provisions of Section 186 of the Companies Act 2013.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) According to the information and explanations given to us and a certificate by cost accountant provide by the management, we have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of Power and Industrial products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) According to the information and explanations given to us, during the year ended March 31, 2021;

(a) undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount Unpaid (₹ in crores) | Period to which Amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax and interest | 607.50* | 2015-2017 | Commissioner of Income Tax (Appeals) |
| Central Sales Tax Act, 1956 and Sales Tax Acts of various states | Sales Tax, VAT, Penalty, Interest and Pending sales tax forms including related entry tax | 308.29# | 1994-2017 | Additional Commissioner/ Deputy Commissioner/ Joint Commissioner/ Commissioner (Appeals) |
| | | 6.49# | 1992-2017 | Appellate Tribunal |
| | | 1.11# | 1989-2007 | High Court |
| Central Excise Act, 1944 | Excise Duty, Penalty and Interest | 3.98 | 2002-2016 | Additional Commissioner/ Deputy Commissioner/ Joint Commissioner/ Commissioner (Appeals) |
| | | 4.50 | 1999-2015 | Appellate Tribunal |
| | | 0.14 | 2001-2002 | High Court |
| Finance Act, 1994 | Service Tax, Penalty and Interest | 13.12 | 2013-2014 | Additional Commissioner/ Deputy Commissioner/ Joint Commissioner/ Commissioner (Appeals) |
| | | 0.05 | 2005-2007 | Appellate Tribunal |

* Bombay High Court has stayed the demand of ₹ 606.30 crores. There is a stay from jurisdictional assessing officer on balance amount of ₹ 1.20 crores.

\# The Company has collected 'C' Forms aggregating ₹ 243.79 Crores which it expects the authorities to accept to reduce total unpaid amount to ₹ 72.10 crores and further the liability will reduce to ₹ 36.66 crores after considering related entry tax impact. Further there is stay on these demands in terms of appellate forums procedures.



## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE, READ WITH PARAGRAPH II OF THE OTHER MATTERS SECTION OF OUR REPORT OF EVEN DATE (Contd.)

(viii) During the year the Company executed the Master Implementation cum Compromise Settlement ('Settlement Agreement') with lenders and under the said agreement, the Company has discharged and settled the existing credit facilities. In relation to the borrowings made post restructuring, in our opinion an according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank and financial institution.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. According to the information and explanations given by the management and audit procedures performed by us, the Company has utilized the monies raised by term loan for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Revised Standalone Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year. We draw attention to note 3A of the Revised Standalone Financial Statements which describes ongoing regulatory investigations in progress in respect of certain transactions with erstwhile promoters group etc.

(xi) According to the information and explanation given by the management and audit procedures performed by us, we report that remuneration of the Managing Director for the year ended March 31, 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto. Subsequent to year, the management has obtained approval of the shareholders for remuneration paid to the Managing Director in the extraordinary general meeting held on June 07, 2021 by way of a special resolution.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions entered with the related parties during the year ended March 31, 2021 are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Revised Standalone Financial Statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management and procedures performed by us, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares and warrants during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, during the year ended March 31, 2021, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership Number: 210934
UDIN: 21210934AAAAIS2966
Place of Signature: Chennai
Date: December 31, 2021

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED STANDALONE FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED, READ WITH PARAGRAPH III OF THE OTHER MATTERS SECTION OF OUR REPORT OF EVEN DATE

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CG Power and Industrial Solutions Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the Revised Standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

A company's internal financial control over financial reporting with reference to these Revised Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Revised Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Revised Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Revised Standalone Financial Statements and such internal financial controls over financial



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED STANDALONE FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED, READ WITH PARAGRAPH III OF THE OTHER MATTERS SECTION OF OUR REPORT OF EVEN DATE (Contd.)

reporting with reference to these Revised Standalone Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Emphasis of Matter

We draw attention to note 1B of these Revised Standalone Financial Statements as regards completion of recasting and restatements of the standalone financial statements of the Company for the five years ended March 31, 2019 taken on record by National Company Law Tribunal (the 'NCLT') and NCLT approval dated December 22, 2021 for voluntary revision under section 131 (1) of the Companies Act, 2013 of the standalone financial statements for the year ended March 31, 2020 and March 31, 2021. The revised standalone financial statements for the year ended March 31, 2020 have been approved by the Board of Directors of the Company on December 31, 2021. The Company has now revised the original standalone financial statements for the year ended March 31, 2021, that were approved by the Board of Directors of the Company on June 11, 2021. Consequently, our audit report dated June 11, 2021 on the original standalone financial statements which contained a disclaimer of opinion, on those original standalone financial statements stands withdrawn and this report supersedes our audit report dated June 11, 2021.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership Number: 210934
UDIN: 21210934AAAAIS2966
Place of Signature: Chennai
Date: December 31, 2021

₹ crores

## REVISED STANDALONE BALANCE SHEET AS AT 31 MARCH, 2021

| | Note No. | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **(1) Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | 4 | 769.14 | | 843.44 | | 881.38 | |
| (b) Capital work-in-progress | 4 | 2.43 | | 1.21 | | 11.37 | |
| (c) Intangible assets | 5 | 31.71 | | 39.17 | | 37.25 | |
| (d) Intangible assets under development | 5 | 7.82 | | 14.25 | | 23.42 | |
| (e) Financial assets | | | | | | | |
| (i) Investments | 6 | 303.64 | | 14.75 | | 898.86 | |
| (ii) Trade receivables | 7 | - | | 4.23 | | 6.24 | |
| (iii) Loans | 8 | 6.51 | | 6.52 | | 173.28 | |
| (iv) Others | 9 | 6.09 | | 33.54 | | 43.64 | |
| (f) Deferred tax assets (net) | 24 | 733.41 | | 867.03 | | 799.02 | |
| (g) Other non-current assets | 10 | 1.81 | | 1.08 | | 1.88 | |
| | | | 1862.56 | | 1825.22 | | 2876.34 |
| **(2) Current assets** | | | | | | | |
| (a) Inventories | 11 | 381.92 | | 272.69 | | 531.16 | |
| (b) Financial assets | | | | | | | |
| (i) Investments | 12 | 0.01 | | 0.01 | | 0.01 | |
| (ii) Trade receivables | 13 | 521.67 | | 403.06 | | 1178.45 | |
| (iii) Cash and cash equivalents | 14 | 357.18 | | 100.94 | | 104.04 | |
| (iv) Bank balances other than (iii) above | 15 | 36.03 | | 39.68 | | 16.37 | |
| (v) Loans | 16 | 35.10 | | 35.64 | | 40.18 | |
| (vi) Others | 17 | 1.93 | | 2.79 | | 40.72 | |
| (c) Current tax assets (net) | | 122.57 | | 114.11 | | 104.17 | |
| (d) Other current assets | 18 | 279.97 | | 276.23 | | 250.20 | |
| | | | 1736.38 | | 1245.15 | | 2265.30 |
| **(3) Assets classified as held for sale and discontinued operations** | 46 | | 279.85 | | 279.85 | | 280.43 |
| **TOTAL ASSETS** | | | 3878.79 | | 3350.22 | | 5422.07 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **EQUITY** | | | | | | | |
| (a) Equity share capital | 19 | 267.60 | | 125.35 | | 125.35 | |
| (b) Other equity | 20 | 766.23 | | (442.04) | | 1037.87 | |
| | | | 1033.83 | | (316.69) | | 1163.22 |
| **LIABILITIES** | | | | | | | |
| **(1) Non-current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 21 | 812.99 | | 292.89 | | 611.16 | |
| (ii) Other financial liabilities | 22 | 12.77 | | 16.22 | | 5.59 | |
| | | | 825.76 | | 309.11 | | 616.75 |
| (b) Provisions | 23 | | 27.19 | | 33.33 | | 54.83 |
| **(2) Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 25 | 131.64 | | 1037.93 | | 1180.50 | |
| (ii) Trade payables | | | | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 26 | 84.09 | | 120.06 | | 123.73 | |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 26 | 914.63 | | 1069.90 | | 1430.91 | |
| (iii) Other financial liabilities | 27 | 582.76 | | 793.80 | | 610.15 | |
| | | | 1713.12 | | 3021.69 | | 3345.29 |
| (b) Other current liabilities | 28 | | 130.74 | | 185.81 | | 166.15 |
| (c) Provisions | 29 | | 148.15 | | 116.97 | | 75.83 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | 46 | | - | | - | | - |
| **TOTAL EQUITY AND LIABILITIES** | | | 3878.79 | | 3350.22 | | 5422.07 |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | | | |

The accompanying notes form an integral part of revised standalone financial statements

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

per Bharath N S
Partner
Membership No. 210934
Chennai: 31 December, 2021

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021



₹ crores

## REVISED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

| | Note No. | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Revenue from operations | 30 | | 2525.89 | | 3169.48 |
| Other income | 31 | | 42.17 | | 56.88 |
| **Total income** | | | 2568.06 | | 3226.36 |
| **EXPENSES** | | | | | |
| Cost of materials consumed | 32 | 1761.99 | | 1947.34 | |
| Purchases of stock-in-trade | 33 | 84.69 | | 60.92 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 34 | (97.08) | | 171.29 | |
| Employee benefits expense | 35 | 258.90 | | 322.93 | |
| Finance costs | 36 | 166.25 | | 247.97 | |
| Depreciation and amortisation expense | 37 | 81.21 | | 90.54 | |
| Other expenses | 38 | 402.90 | | 563.89 | |
| **Total expenses** | | | 2658.86 | | 3404.88 |
| **Loss before exceptional items and tax** | | | (90.80) | | (178.52) |
| Exceptional items (net) | 47 | | 914.38 | | (1369.27) |
| **Profit / (loss) before tax** | | | 823.58 | | (1547.79) |
| **Tax expense:** | | | | | |
| Current tax | 24 | - | | - | |
| Deferred tax (net) | 24 | 134.59 | | (67.96) | |
| | | | 134.59 | | (67.96) |
| **Profit / (loss) for the year** | | | 688.99 | | (1479.83) |
| **Other comprehensive income:** | | | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (3.84) | | (0.13) | |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 0.97 | | 0.05 | |
| **Total other comprehensive income for the year** | | | (2.87) | | (0.08) |
| **Total comprehensive income for the year** | | | 686.12 | | (1479.91) |
| **Earnings per share (basic) (₹) (Face value of ₹ 2 each)** | 51 | | 7.94 | | (23.61) |
| **Earnings per share (diluted) (₹) (Face value of ₹ 2 each)** | 51 | | 7.50 | | (23.61) |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | |

The accompanying notes form an integral part of revised standalone financial statements

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

per Bharath N S
Partner
Membership No. 210934
Chennai: 31 December, 2021

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

₹ crores

REVISED STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

| | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| [A] CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) before tax from continuing operations | | 823.58 | (1547.79) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 81.21 | 90.54 |
| Allowances for doubtful receivables | | 61.76 | 63.98 |
| Bad debts written off | | 0.33 | - |
| (Gain) / loss arising on financial instruments designated as FVTPL | | (0.14) | (0.06) |
| Finance costs | | 166.25 | 247.97 |
| Interest income | | (13.07) | (11.25) |
| Dividend income | | - | (0.38) |
| Unrealised exchange (gain) / loss (net) | | 1.99 | 36.50 |
| Intangible assets write off | | 7.15 | 3.94 |
| (Profit) / loss on sale of property, plant and equipment (net) | | 0.23 | 0.08 |
| Exceptional items (net) | | (914.38) | 1369.27 |
| | | (608.67) | 1800.59 |
| Operating profit before working capital changes | | 214.91 | 252.80 |
| Adjustments for: | | | |
| (Increase) / Decrease in trade and other receivables | | (156.55) | 603.76 |
| (Increase) / Decrease in inventories | | (109.23) | 258.47 |
| Increase / (Decrease) in trade and other payables | | (283.90) | (478.10) |
| Increase / (Decrease) in provisions | | 2.66 | 7.86 |
| | | (547.02) | 391.99 |
| Cash (used in) / from operations | | (332.11) | 644.79 |
| Income tax paid (net of refunds) | | (2.74) | (9.94) |
| Net cash flow (used in) / from continuing operating activities | | (334.85) | 634.85 |
| Net cash flow (used in) / from discontinued operating activities | | - | 0.49 |
| Net cash flow (used in) / from continuing and discontinued operating activities | [A] | (334.85) | 635.34 |
| [B] CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Add: Inflows from investing activities | | | |
| Proceed from sale of property, plant and equipment | | 0.46 | 6.69 |
| Loans repaid by subsidiaries and related parties | | - | 16.02 |
| Interest received | | 8.20 | 9.08 |
| Dividend received | | - | 0.38 |
| | | 8.66 | 32.17 |
| *Less:* Outflows from investing activities | | | |
| Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets | | (13.07) | (27.19) |
| Loans given to subsidiaries and related parties | | - | (144.71) |
| Loans given to other than related parties | | - | (2.00) |
| | | (13.07) | (173.90) |
| Net cash flow (used in) / from continuing investing activities | | (4.41) | (141.73) |
| Net cash flow (used in) / from discontinued investing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued investing activities | [B] | (4.41) | (141.73) |



₹ crores

REVISED STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

| | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| [C] CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Add: Inflows from financing activities | | | |
| Proceeds from issue of equity shares and warrants (net off expenses as per below note 4) | | 664.40 | - |
| Proceeds from long-term borrowings (net off processing fees paid) | | 607.67 | - |
| Proceeds from short-term borrowings | | 38.82 | 247.87 |
| | | 1310.89 | 247.87 |
| *Less:* Outflows from financing activities | | | |
| Repayment of long-term borrowings | | (475.90) | (157.09) |
| Repayment of short-term borrowings | | (208.59) | (420.14) |
| Payment of lease liabilities | | (4.33) | (5.17) |
| Finance costs paid | | (26.57) | (162.18) |
| | | (715.39) | (744.58) |
| Net cash flow (used in) / from continuing financing activities | | 595.50 | (496.71) |
| Net cash flow (used in) / from discontinued financing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued financing activities | [C] | 595.50 | (496.71) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 256.24 | (3.10) |
| Cash and cash equivalents at beginning of the year | | 100.94 | 104.04 |
| Cash and cash equivalents at end of the year | | 357.18 | 100.94 |
| Cash and cash equivalents from continuing operations (Refer note 14) | | 357.18 | 100.94 |
| Cash and cash equivalents from discontinued operations | | - | - |
| Cash and cash equivalents from continuing and discontinued operations | | 357.18 | 100.94 |

1 Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ Nil (Previous year gain of ₹ 0.30 crores) on account of translation of foreign currency bank balances.

2 Refer note 50 in respect of disclosure for changes in liabilities arising from financing activities.

3 Purchase of property, plant and equipment and intangible assets referred above include movements of capital work-in-progress and intangible assets under development respectively during the year.

4 Proceeds from issue of equity shares and warrants is net off expenses related to raising of equity aggregating to ₹ 23.10 crores.

5 The revised standalone statement of cash flows has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

per Bharath N S
Partner
Membership No. 210934
Chennai: 31 December, 2021

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

₹ crores

## REVISED STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

### (A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2021

| Balance as at 1-04-2020 (Revised) | Changes in equity share capital during the year* | Balance as at 31-03-2021 (Revised) |
|---|---|---|
| 125.35 | 142.25 | 267.60 |

For the year ended 31 March, 2020

| Balance as at 1-04-2019 (Revised) | Changes in equity share capital during the year | Balance as at 31-03-2020 (Revised) |
|---|---|---|
| 125.35 | - | 125.35 |

* Refer note 19

### (B) OTHER EQUITY

For the year ended 31 March, 2021

| | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Securities Premium | Equity Instruments through Other Comprehensive Income | Share Warrants Money | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2020 (Revised)** | (1334.66) | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | - | (442.04) |
| Profit for the year | 688.99 | - | - | - | - | - | - | 688.99 |
| Amount received on issuance of share warrants | - | - | - | - | - | - | 37.50 | 37.50 |
| Amount received on issuance of equity shares | - | - | - | - | 507.75 | - | - | 507.75 |
| Equity share and share warrants issue related expenses | - | - | - | - | (23.10) | - | - | (23.10) |
| Transfer of cumulative loss on equity instrument measured under FVTOCI | (227.00) | - | - | - | - | 227.00 | - | - |
| Other comprehensive income for the year | | | | | | | | |
| - Remeasurements gains / (loss) on defined benefit plans | (2.87) | - | - | - | - | - | - | (2.87) |
| **Balance as at 31 March, 2021 (Revised)** | (875.54) | 415.89 | 672.49 | 12.95 | 502.94 | - | 37.50 | 766.23 |

For the year ended 31 March, 2020

| | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Securities Premium | Equity Instruments through Other Comprehensive Income | Share Warrants Money | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2019 (Revised)** | 145.25 | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | - | 1037.87 |
| Loss for the year | (1479.83) | - | - | - | - | - | - | (1479.83) |
| Other comprehensive income for the year | | | | | | | | |
| - Remeasurements gains / (loss) on defined benefit plans | (0.08) | - | - | - | - | - | - | (0.08) |
| **Balance as at 31 March, 2020 (Revised)** | (1334.66) | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | - | (442.04) |

For and on behalf of the Board

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**per Bharath N S**
Partner
Membership No. 210934
Chennai: 31 December, 2021

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai: 31 December, 2021



## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS

### 1A. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2021.

### 1B. VOLUNTARY REVISION OF STANDALONE FINANCIAL STATEMENTS

The National Company Law Tribunal ('NCLT') vide its order dated 5 March, 2020 allowed reopening of books of accounts and recasting of financial statements of the Company and audit thereof for the 5 years ended as on 31 March, 2019 ('recasted period'). Pursuant to the said order, Recasting Accountants recasted the standalone financial statements of the Company and the said financial statements were audited by Recasting Auditors. The recasted standalone financial statements of the Company for the 5 years ended as on 31 March, 2019 were taken on records by NCLT on 26 October, 2021. The effect of the recasting has been given in the books of accounts.

As a result of the above, the Company has revised standalone financial statements for the year ended 31 March, 2020 and 31 March, 2021 by way of voluntary revision of financial statements of the Company for the year ended 31 March, 2020 and 31 March, 2021 under section 131(1) of the Companies Act, 2013 pursuant to the NCLT order dated 22 December, 2021.

### 1C. APPROVAL OF STANDALONE FINANCIAL STATEMENTS

The original standalone financial statements of the Company for the year ended 31 March, 2021 were authorised for issue in accordance with a resolution of the directors on 11 June, 2021. The revised standalone financial statements of the Company for the year ended 31 March, 2021 were authorised for issue in accordance with a resolution of the directors on 31 December, 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of preparation:**

The revised standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The revised standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value.

The revised standalone financial statements are presented in Indian Rupees ('₹') and all values are rounded to the nearest crores, except when otherwise indicated.

**2.2 Property, plant and equipment:**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the statement of profit and loss when the asset is derecognised.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery – 1 to 21 years
- Furniture and fittings - 1 to 15 years
- Office equipments - 1 to 15 years
- Buildings – 3 to 60 years
- Vehicles – 1 to 8 years

Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold land are amortised over the primary lease period of the land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Company has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

### 2.3 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets are amortised as follows:

- Specialised software : Over a period of five years;
- Technical know-how : Over a period of five years (from the date of availability for its use); and
- Commercial rights : Over a period of ten years.

Research and development expenditure:

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the Company has intention to complete the development of intangible asset and use or sell it;

(iii) the Company has ability to use or sell the intangible asset;

(iv) the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

### 2.4 Impairment of non-financial assets:

At least at the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised in the statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGUs) fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 2.5 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 2.6 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.7 Foreign currency transactions:

The Company's revised standalone financial statements are presented in Indian Rupees ('₹'), which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognised in the statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

2.8 Revenue recognition:

(a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided. The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.

In revenue arrangements with multiple performance obligations, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their standalone selling prices.

(b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

(c) Dividend and Interest Income

Dividend income is accounted for when the shareholder's right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and effective interest rate.

2.9 Employee benefits:

Short-term employee benefits

All employee benefits payable wholly within twelve months after the end of the annual reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

Post-employment benefits

Defined Contribution Scheme:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Provident Fund:

Contributions to Provident Fund are made to a Trust administered by the Company and are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Company obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

Defined Benefit Plans:

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the profit or loss. Past service cost is recognised in the statement of profit and loss in the period of plan amendment or when the Company recognised related re-structuring costs.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

Gratuity:

The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with the CG Gratuity Fund. Remeasurements, comprising of actuarial gains and losses are recognised in full in other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Leave encashment:

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognised in full in the statement of profit and loss.

Termination benefits:

Termination benefits are recognised as an expense when the Company can no longer withdraw the offer of the termination benefits or when the Company recognises any related restructuring costs whichever is earlier.

2.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Segment accounting:

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Company to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter- segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.12 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

At the date of commencement of the lease, the Company recognises right-of-use ('ROU') asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases and low value assets). For these short term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A ROU asset is recognised representing its right to use the underlying asset for the lease term. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The range of useful lives of the ROU assets are as follows:

- Leasehold land – 24 to 999 years
- Buildings – 2 to 9 years
- Furniture and fittings – 5 years

**Company as a lessor**

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### 2.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the standalone financial statements by the Board of Directors.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.14 Income taxes:

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in net profit in the statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

**Current tax**

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the revised standalone financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### 2.15 Provisions, Contingent liabilities, Contingent assets and Commitments:

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**Warranty provisions**

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Company's obligation.

**Onerous contracts**

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.16 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the revised standalone financial statements.

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cond.)

**2.17 Current and non-current classification:**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period,or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

**Operating cycle:**

A portion of the Company activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

**2.18 Fair value measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**2.19 Non-current assets held for sale and discontinued operations:**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Also comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.



## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cond.)

**2.20 Financial instruments:**

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

**(i) Financial assets:**

**Initial recognition and measurement**

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in other comprehensive income. However, dividend on such equity investments are recognised in statement of profit and loss when the Company's right to receive payment is established.

**Investment in associates, joint venture and subsidiaries**

The Company accounts for its investment in subsidiaries, associates and joint venture, at cost less impairment loss except where investments is accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

**Impairment of financial assets**

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**(ii) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Company to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**(iii) Derivative financial instruments and hedge accounting:**

The Company uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

**(iv) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's revised standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

*Judgements*

**(i) Discontinued operations**

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Company based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognised such assets at the carrying amount in the revised standalone financial statements.

**(ii) Lease of assets not in legal form of lease**

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**(i) Useful lives of property, plant and equipment**

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

**(ii) Development costs**

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Company uses judgement in assessment of development cost eligible for capitalisation.

**(iii) Impairment of non-financial assets**

In case of non-financial assets Company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**(iv) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(v) Income taxes**

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

**(vi) Defined benefit obligation**

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

**(vii) Revenue from contract with customers**

The Company estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

**(viii) Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised, The cases which have been determined as remote by the Company are not disclosed.

## 3A. UPDATE ON REGULATORY AND OTHER MATTERS

(a) Following are the updates in relation to ongoing investigations, regulatory and recovery actions:

- The Company submitted a detailed representation to Ministry of Corporate Affairs seeking its help to recover the various amounts due to the Company from various entities belonging to the earlier promoter group. Acting on the representation, the Ministry has filed a Petition in NCLT Mumbai seeking various reliefs in this regard.
- The Company is fully co-operating with the ongoing investigation by Serious Fraud Investigation Office ('SFIO') for the affairs of the Company for the financial year 2011-12 to 2019-20.
- The Company has filed a suit for recovery against identified erstwhile promoter affiliate company, former Directors connected with the erstwhile promoter group and former Key Managerial Personnel ('KMPs') for recovery of sum of ₹ 1416.07 crores (principal ₹ 727.07 crores together with damages aggregating ₹ 689 crores) and three suits are filed by the Company towards the loss caused to Company's subsidiary, CG Power Solutions Limited ('CGPSOL') for sum of ₹ 1709.46 crores (principal ₹ 1153.24 crores together with interest aggregating ₹ 556.22 crores). The suits are pending disposal before Bombay High Court.

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

(b) Debt resolution in accordance with the Reserve Bank of India's ("RBI") Prudential Framework for Resolution of Stressed Assets (7 June, 2019 circular):

- The Lenders and the Company accepted a binding offer from Tube Investments of India Limited ('TII') for resolving the debts of the Company and to infuse capital in the Company. After executing necessary agreement and receiving necessary regulatory approvals, the Board of the Company allotted equity shares and warrants to TII in December, 2020 and received consideration of ₹ 687.50 crores. Consequently TII has acquired a controlling interest in the Company from 26 November, 2020 and has now been classified as the 'promoter' of the Company.

- The Company, lenders and TII executed the Master Implementation cum Compromise Settlement ('Settlement Agreement') in November, 2020 as per the approved resolution plan and under the said agreement, the Company has discharged and settled the existing credit facilities for a total consideration of ₹ 1000 crores. Consequent to above settlement, the cessation of liability aggregating to ₹ 1409.48 crores (including interest) as per resolution plan is recognised in the revised profit or loss as an exceptional item.

- Consequent to completion of above referred settlement:

  - all the fund based facilities (including all costs, accumulated interest, penalties and other charges payable in relation to those facilities) excluding restructured debt stands discharged and settled in the books of the Company and the lenders;

  - any sponsor support undertaking / erstwhile promoter undertaking / letter of comfort, whatsoever has been provided by the Company to lenders stands discharged without any further claim or liability of the Company;

  - all proceedings filed by the lenders against the Company stands withdrawn except criminal proceedings, if any, against erstwhile promoter / management of the Company and;

  - The Company's loan accounts have been recognized as standard assets.

- In April, 2021, the Company prepaid the restructured debt of ₹ 145.16 crores for all lenders except one by payment of aggregate amount of ₹ 127.75 crores, equivalent to net present value against original due date of payment. Liability towards one lender with outstanding loan of ₹ 4.84 crores was secured by lien over a fixed deposit of equivalent amount. The Company has recognised the difference over the present value of debt settled amounting to ₹ 17.41 crores as an exceptional item.

(c) In December, 2020, the Company, its subsidiaries, offshore lenders and TII entered into agreements to settle the corporate guarantees aggregating to ₹ 863.12 crores (INR equivalents of Euro and USD) issued to offshore lenders by the Company and its subsidiary, CG International B.V. ('CGIBV') and the maximum exposure amount of ₹ 274.13 crores is to be settled ₹ 172.92 crores in cash (excluding foreign exchange gain of ₹ 1.75 crores) and ₹ 101.21 crores by issue of equity shares. Consequently, during the year ended 31 March, 2021 the Company has made provision of ₹ 274.13 crores.

Subsequent to year end, contrary to principally agreed terms of settlement, one of the lender has demanded entire outstanding amount of corporate guarantee of ₹ 146.21 crores and this is being contested. During the year ended 31 March, 2021, the Company has made provision of ₹ 33.63 crores in relation to such proposed settlement.

The Company and its subsidiary CGIBV have provided corporate guarantee towards credit facilities availed by CG Electric Systems Hungary Zrt. ('ESHU') where due to pronouncement of bankruptcy proceedings, the bank issued invocation letter. Subsequent to year end, CGIBV has settled the guarantee at consideration of ₹ 55.79 crores.

(d) Avantha Holdings Limited ('AHL') along-with its two affiliate companies, were classified as Promoter and Promoter Group of the Company ('Promoters'). After receiving necessary approval from Securities Exchange Board of India ('SEBI'), shareholders and the Stock Exchange, the AHL and affiliate companies shareholding is reclassified from 'Promoter' to 'Public' on 19 November, 2020 and consequently, AHL and all their associated group companies are termed in the revised standalone financial statements as 'erstwhile promoter (AHL) affiliate companies'.

(e) The Company believes that the Company or the present Board of Directors and Key Managerial Personnel appointed after the change of Management on 26 November, 2020, cannot be made liable for any violations or non-compliance of any of the provisions of law or applicable regulations in respect of certain past transactions pertaining up to 31 March, 2020 or mentioned in the investigative reports.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF EFFECT OF REVISION IN ORIGINAL STANDALONE FINANCIAL STATEMENTS

Following table summarise the effect of changes considered in revised financial statements of the Company for the year ended 31 March, 2021.

**Changes in Balance Sheet as at 31 March, 2021**

| | Note No. | As at 31-03-2021 (Reported) | Effect of changes | As at 31-03-2021 (Revised) |
|---|---|---|---|---|
| ASSETS | | | | |
| (1) **Non-current assets:** | | | | |
| (a) Property, plant and equipment | | 769.14 | - | 769.14 |
| (b) Capital work-in-progress | | 2.43 | - | 2.43 |
| (c) Intangible assets | | 31.71 | - | 31.71 |
| (d) Intangible assets under development | | 7.82 | - | 7.82 |
| (e) Financial assets | | | | |
| (i) Investments | 3(B)-a | 303.69 | (0.05) | 303.64 |
| (ii) Loans | | 6.51 | - | 6.51 |
| (iii) Others | | 6.09 | - | 6.09 |
| (f) Deferred tax assets (net) | 3(B)-b | 938.15 | (204.74) | 733.41 |
| (g) Other non-current assets | | 1.81 | - | 1.81 |
| **Total non-current assets** | | 2067.35 | (204.79) | 1862.56 |
| (2) **Current assets:** | | | | |
| (a) Inventories | | 381.92 | - | 381.92 |
| (b) Financial assets | | | | |
| (i) Investments | | 0.01 | - | 0.01 |
| (ii) Trade receivables | | 521.67 | - | 521.67 |
| (iii) Cash and cash equivalents | | 357.18 | - | 357.18 |
| (iv) Bank balances other than (iii) above | | 36.03 | - | 36.03 |
| (v) Loans | | 35.10 | - | 35.10 |
| (vi) Others | | 1.93 | - | 1.93 |
| (c) Current tax assets (net) | 3(B)-c | 50.81 | 71.76 | 122.57 |
| (d) Other current assets | | 279.97 | - | 279.97 |
| **Total current assets** | | 1664.62 | 71.76 | 1736.38 |
| (3) **Assets classified as held for sale and discontinued operations** | | 279.85 | - | 279.85 |
| TOTAL - ASSETS | | 4011.82 | (133.03) | 3878.79 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| (a) Equity share capital | | 267.60 | - | 267.60 |
| (b) Other equity | 3(B)-d | 899.26 | (133.03) | 766.23 |
| **Total equity** | | 1166.86 | (133.03) | 1033.83 |
| LIABILITIES | | | | |
| (1) **Non-current liabilities:** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-e | 808.15 | 4.84 | 812.99 |
| (ii) Other financial liabilities | | 12.77 | - | 12.77 |
| (b) Provisions | | 27.19 | - | 27.19 |
| **Total non-current liabilities** | | 848.11 | 4.84 | 852.95 |
| (2) **Current liabilities:** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-e | 136.48 | (4.84) | 131.64 |
| (ii) Trade payables | | 998.72 | - | 998.72 |
| (iii) Other financial liabilities | | 582.76 | - | 582.76 |
| (b) Other current liabilities | | 130.74 | - | 130.74 |
| (c) Provisions | | 148.15 | - | 148.15 |
| **Total current liabilities** | | 1996.85 | (4.84) | 1992.01 |
| (3) **Liabilities associated with group of assets classified as held for sale and discontinued operations** | | - | - | - |
| TOTAL - EQUITY AND LIABILITIES | | 4011.82 | (133.03) | 3878.79 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF EFFECT OF REVISION IN ORIGINAL STANDALONE FINANCIAL STATEMENTS (Contd.)

**Changes in Statement of profit and loss for the year ended 31 March, 2021**

| | Note no. | 2020-21 (Reported) | Effect of changes | 2020-21 (Revised) |
|---|---|---|---|---|
| **INCOME** | | | | |
| (a) Revenue from operations | | 2525.89 | - | 2525.89 |
| (b) Other income | | 42.17 | - | 42.17 |
| **Total income** | | **2568.06** | | **2568.06** |
| **EXPENSES** | | | | |
| (a) Cost of materials consumed | | 1761.99 | - | 1761.99 |
| (b) Purchases of stock-in-trade | | 84.69 | - | 84.69 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | (97.08) | - | (97.08) |
| (d) Employee benefits expense | | 258.90 | - | 258.90 |
| (e) Finance costs | | 166.25 | - | 166.25 |
| (f) Depreciation and amortisation expense | | 81.21 | - | 81.21 |
| (g) Foreign exchange (gain) / loss (net) | 3(B)-f | 4.10 | (4.10) | - |
| (h) Other expenses | 3(B)-f | 398.80 | 4.10 | 402.90 |
| **Total expenses** | | **2658.86** | **-** | **2658.86** |
| **Loss before exceptional items and tax** | | **(90.80)** | **-** | **(90.80)** |
| Exceptional items (net) | 3(B)-g | (1076.08) | 1990.46 | 914.38 |
| **Profit / (loss) before tax** | | **(1166.88)** | **1990.46** | **823.58** |
| **Tax expense:** | | | | |
| Current tax | | - | - | - |
| Deferred tax (net) | 3(B)-b | (957.95) | 1092.54 | 134.59 |
| **Profit / (loss) after tax** | | **(208.93)** | **897.92** | **688.99** |
| **Other comprehensive income:** | | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plan | | (3.84) | - | (3.84) |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | 3(B)-b | 1.34 | (0.37) | 0.97 |
| **Total comprehensive income for the year** | | **(211.43)** | **897.55** | **686.12** |

**Notes on effect of changes mentioned in tables above:**

(a) Impact of provision for diminution in value of investment in a subsidiary company for ₹ 0.05 crores considered in previous financial year.

(b) Impact on deferred tax assets considered upto previous year ended 31 March, 2020, of ₹ 888.17 crores on account of recasting and revision of standalone financial statements and consequential reversal of deferred tax assets of ₹ 806.89 crores earlier recognised in original standalone financial statements for the year ended 31 March, 2021. Reduction in carry forward balance of deferred tax assets (net) aggregating to ₹ 286.02 crores due to change in tax rate.

(c) Impact of recasting of standalone financial statements upto year ended 31 March, 2019, on current tax assets (net) of ₹ 71.76 crores.

(d) Change in other equity of ₹ 133.03 crores is on account of recasting and revision of standalone financial statements upto year ended 31 March, 2021.

(e) The reclassification of current borrowing of ₹ 4.84 crores to non-current borrowing.

(f) Foreign exchange loss for ₹ 4.10 crores is regrouped and considered as a part of other expenses.

(g) Change in exceptional items on account of reversal of provision against doubtful advances of ₹ 963.13 crores and reversal of provision against doubtful loans to subsidiary of ₹ 1027.33 crores which are recognised in recasted and revised standalone financial statements upto year ended 31 March, 2020.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Leasehold land | Buildings | Plant and machinery | Right-of-Use assets | Furniture and fittings | Office equipments | Vehicles | Total | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **49.42** | **86.03** | **616.44** | **443.62** | **-** | **28.05** | **19.41** | **9.02** | **1251.99** | **11.37** |
| Additions | - | - | 10.48 | 9.35 | 17.82 | 3.02 | 1.23 | 0.90 | 42.80 | 1.07 |
| Disposals/ transfers | - | - | 0.05 | 19.54 | - | 0.31 | 0.22 | 2.58 | 22.70 | 11.23 |
| Transferred adjustments | - | (86.03) | (0.11) | 0.48 | 86.03 | (0.31) | (0.06) | - | - | - |
| Transferred adjustments from discontinued operation | - | - | 0.11 | - | - | - | - | - | 0.11 | - |
| **As at 1-04-2020 (Revised)** | **49.42** | **-** | **626.87** | **433.91** | **103.85** | **30.45** | **20.36** | **7.34** | **1272.20** | **1.21** |
| Additions | - | - | - | 2.26 | - | 0.61 | 0.08 | 0.24 | 3.19 | 1.64 |
| Disposals / transfers | - | - | - | 19.97 | 4.42 | 3.82 | 2.13 | 0.98 | 31.32 | 0.42 |
| Transferred adjustments | - | - | - | (0.38) | - | 0.38 | - | - | - | - |
| **As at 31-03-2021 (Revised)** | **49.42** | **-** | **626.87** | **415.82** | **99.43** | **27.62** | **18.31** | **6.60** | **1244.07** | **2.43** |
| **Accumulated depreciation:** | | | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **-** | **14.78** | **134.14** | **194.99** | **-** | **11.13** | **11.50** | **4.07** | **370.61** | |
| Depreciation charge for the year | - | - | 23.61 | 37.47 | 5.89 | 2.87 | 3.05 | 1.17 | 74.06 | |
| Disposals / transfers | - | - | 0.05 | 14.00 | - | 0.16 | 0.17 | 1.55 | 15.93 | |
| Transferred adjustments | - | (14.78) | (0.02) | 0.20 | 14.78 | (0.12) | (0.06) | - | - | |
| Transferred adjustments from discontinued operation | - | - | 0.02 | - | - | - | - | - | 0.02 | |
| **As at 1-04-2020 (Revised)** | **-** | **-** | **157.70** | **218.66** | **20.67** | **13.72** | **14.32** | **3.69** | **428.76** | |
| Depreciation charge for the year | - | - | 23.45 | 32.02 | 5.00 | 2.92 | 2.25 | 0.90 | 66.54 | |
| Disposals / transfers | - | - | - | 13.87 | 1.43 | 2.40 | 1.89 | 0.78 | 20.37 | |
| Transferred adjustments | - | - | - | (0.13) | - | 0.13 | - | - | - | |
| **As at 31-03-2021 (Revised)** | **-** | **-** | **181.15** | **236.68** | **24.24** | **14.37** | **14.68** | **3.81** | **474.93** | |
| **Net book value** | | | | | | | | | | |
| As at 31-03-2020 (Revised) | 49.42 | - | 469.17 | 215.25 | 83.18 | 16.73 | 6.04 | 3.65 | 843.44 | 1.21 |
| **As at 31-03-2021 (Revised)** | **49.42** | **-** | **445.72** | **179.14** | **75.19** | **13.25** | **3.63** | **2.79** | **769.14** | **2.43** |

**Note:**

Company's application for renewal of lease in respect of property in Mumbai is pending consideration of local municipal corporation. The net book value of tangible assets in relation to this property as at 31 March, 2021 is ₹ 192.89 crores (as at 31 March, 2020 ₹ 198.41 crores and as at 1 April, 2019 ₹ 201.56 crores).

₹ crores

**NOTES** ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 5. INTANGIBLE ASSETS

| | Computer software | Technical know-how | Commercial rights | Development cost | Total | Intangible assets under development # |
|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | |
| **As at 1-04-2019 (Revised)** | **68.51** | **12.30** | **31.09** | **90.38** | **202.28** | **23.42** |
| Additions | 0.77 | - | - | 17.44 | 18.21 | 12.40 |
| Disposals / transfers | - | - | - | - | - | 17.44 |
| Impairment for the year | - | - | - | - | - | 4.13 |
| **As at 1-04-2020 (Revised)** | **69.28** | **12.30** | **31.09** | **107.82** | **220.49** | **14.25** |
| Additions | 0.24 | - | - | 6.97 | 7.21 | 7.69 |
| Disposals / transfers | 8.73 | - | - | - | 8.73 | 6.97 |
| Impairment for the year | - | - | - | - | - | 7.15 |
| **As at 31-03-2021 (Revised)** | **60.79** | **12.30** | **31.09** | **114.79** | **218.97** | **7.82** |
| **Accumulated amortisation:** | | | | | | |
| **As at 1-04-2019 (Revised)** | **56.71** | **10.92** | **29.61** | **67.79** | **165.03** | |
| Amortisation charge for the year | 4.96 | 0.41 | 1.11 | 9.81 | 16.29 | |
| **As at 1-04-2020 (Revised)** | **61.67** | **11.33** | **30.72** | **77.60** | **181.32** | |
| Amortisation charge for the year | 2.96 | 0.41 | 0.37 | 10.93 | 14.67 | |
| Disposals / transfers | 8.73 | - | - | - | 8.73 | |
| **As at 31-03-2021 (Revised)** | **55.90** | **11.74** | **31.09** | **88.53** | **187.26** | |
| **Net book value** | | | | | | |
| As at 31-03-2020 (Revised) | 7.61 | 0.97 | 0.37 | 30.22 | 39.17 | 14.25 |
| **As at 31-03-2021 (Revised)** | **4.89** | **0.56** | **-** | **26.26** | **31.71** | **7.82** |

# Refer note 41 for expenses capitalised during the year.

₹ crores

**NOTES** ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units | | | | | |
|---|---|---|---|---|---|---|---|
| | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
| **Details of investments:** | | | | | | | |
| **A) Quoted investments** | | | | | | | |
| **Government and trust securities** | | | | | | | |
| Central Government Securities 10.18% GOI 2026 of ₹ 100 each | 100 | **39000** | 39000 | 39000 | **0.39** | 0.39 | 0.39 |
| (Carried at amortised cost) | | | | | | | |
| **Total (A)** | | | | | **0.39** | 0.39 | 0.39 |
| **B) Unquoted investments** | | | | | | | |
| **Investments in equity instruments (carried at cost)** | | | | | | | |
| **Investment in subsidiary companies** | | | | | | | |
| **Fully paid equity shares** | | | | | | | |
| 1. CG International B.V. | EUR 100 | **1530000** | 1530000 | 1530000 | **1190.54** | 1190.54 | 1190.54 |
| *Less :* Provision (net of reversal) for impairment in value of investment* | | | | | **(901.79)** | (1190.54) | (545.86) |
| | | | | | **288.75** | - | 644.68 |
| 2. CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited) | 2 | **250000** | 250000 | 250000 | **0.05** | 0.05 | 0.05 |
| *Less :* Provision for impairment in value of investment | | | | | **(0.05)** | (0.05) | (0.05) |
| | | | | | **-** | - | - |
| 3. CG International Holdings Singapore Pte Limited | USD 1 | **44121460** | 44121460 | 44121460 | **238.29** | 238.29 | 238.29 |
| *Less :* Provision for impairment in value of investment* | | | | | **(238.29)** | (238.29) | - |
| | | | | | **-** | - | 238.29 |
| 4. CG PPI Adhesive Products Limited | 10 | **3175520** | 3175520 | 3175520 | **13.03** | 13.03 | 13.03 |
| 5. CG Power Solutions Limited | 10 | **50000** | 50000 | 50000 | **0.05** | 0.05 | 0.05 |
| *Less :* Provision for impairment in value of investment* | | | | | **(0.05)** | (0.05) | - |
| | | | | | **-** | - | 0.05 |
| 6. PT Crompton Prima Switchgear Indonesia | | | | | **1.15** | 1.15 | 1.15 |
| *Less :* Provision for impairment in value of investment* | | | | | **(1.15)** | (1.15) | - |
| | | | | | **-** | - | 1.15 |
| **Partly paid equity shares** | | | | | | | |
| CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited) | 0.20 | **156436537** | 156436537 | 156436537 | **3.13** | 3.13 | 3.13 |
| *Less :* Provision for impairment in value of investment | | | | | **(3.13)** | (3.13) | (3.13) |
| | | | | | **-** | - | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units As at 31-03-2021 (Revised) | No. of shares / units As at 31-03-2020 (Revised) | No. of shares / units As at 1-04-2019 (Revised) | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|---|---|---|---|
| **B) Unquoted investments (Contd.)** | | | | | | | |
| **Measured at fair value through other comprehensive income** | | | | | | | |
| Avantha Power & Infrastructure Limited | 10 | 213300228 | 213300228 | 213300228 | 227.00 | 227.00 | 227.00 |
| *Less :* Cumulative change in fair value (impairment) | | | | | (227.00) | (227.00) | (227.00) |
| **Fair value** | | | | | - | - | - |
| **Through profit or loss** | | | | | | | |
| 1. Dinette Exclusive Club Private Limited | 100 | 500 | 500 | 500 | 0.01 | 0.01 | 0.01 |
| 2. Radiant Electronics Limited | 100 | 190000 | 190000 | 190000 | 0.00 | 0.00 | 0.00 |
| | | | | | 0.01 | 0.01 | 0.01 |
| **Investments in debentures or bonds** | | | | | | | |
| **Carried at fair value through profit and loss** | | | | | | | |
| 1. Avantha Holdings Limited (Optionally Convertible, Zero Coupon, Non-marketable, transferable Debentures) | 100 | 800000 | 800000 | 800000 | 8.00 | 8.00 | 8.00 |
| *Less :* Provision for impairment in value of investment | | | | | (8.00) | (8.00) | (8.00) |
| | | | | | - | - | - |
| 2. Dinette Exclusive Club Private Limited (0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each) | 100 | 5000 | 5000 | 5000 | 0.05 | 0.05 | 0.05 |
| | | | | | 0.05 | 0.05 | 0.05 |
| **Other non-current investments** | | | | | | | |
| 1. UTI Hybrid Equity Fund - Dividend Plan - Payout | 10 | 55909 | 55909 | 55909 | 0.16 | 0.11 | 0.15 |
| 2. Power Equipment Limited | USD 10 | 20600 | 20600 | 20600 | 0.00 | 0.00 | 0.00 |
| 3. Exide Life Traditional Employee Benefits Plan Scheme | | 1 | 1 | 1 | 0.32 | 0.27 | 0.26 |
| 4. HDFC Life Secure Managed Fund | | 312939 | 313075 | 313224 | 0.88 | 0.84 | 0.76 |
| 5. IndiaFirst Employee Benefit Plan Equity Advantage Fund | | 23171 | 23171 | 23171 | 0.05 | 0.05 | 0.04 |
| | | | | | 1.41 | 1.27 | 1.21 |
| **Total (B)** | | | | | 303.25 | 14.36 | 898.47 |
| **Total (A+B)** | | | | | 303.64 | 14.75 | 898.86 |
| **Notes** | | | | | | | |
| **Quoted investments** | | | | | | | |
| Book value | | | | | 0.39 | 0.39 | 0.39 |
| Market value | | | | | 0.39 | 0.39 | 0.39 |
| **Unquoted investments** | | | | | | | |
| Book value | | | | | 303.25 | 14.36 | 898.47 |

* Refer note 45 for provision / reversal for impairment in value of investment.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLE

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Unsecured** | | | |
| Considered good (Refer note 30) | - | 4.23 | 6.24 |
| | - | 4.23 | 6.24 |

### 8. NON-CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | | | |
| Deposits | | 6.51 | | 6.52 | | 6.96 |
| Loans to subsidiaries (Refer note 45)* | 2737.61 | | 3745.57 | | 3586.16 | |
| *Less:* Allowance for credit impaired loans to subsidiaries (Refer note 45) | 2737.61 | | 3745.57 | | 3419.84 | |
| | | - | | - | | 166.32 |
| Other loans and advances | 7.94 | | 7.94 | | - | |
| *Less:* Allowance for credit impaired loans | 7.94 | | 7.94 | | - | |
| | | - | | - | | - |
| | | 6.51 | | 6.52 | | 173.28 |

*Amount written off during the year ₹ 1199.50 crores

### 9. NON-CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | | | |
| Fixed deposits with maturity period of more than 12 months* | | 6.09 | | 33.54 | | 5.06 |
| Financial guarantee fees receivable | | - | | - | | 38.58 |
| Advance to others** | - | | 1058.10 | | 175.00 | |
| *Less:* Impairment provision on advances to others | - | | 1058.10 | | 175.00 | |
| | | - | | - | | - |
| Advance to other related parties | - | | - | | 889.14 | |
| *Less:* Impairment provision on advances to other related parties | - | | - | | 889.14 | |
| | | - | | - | | - |
| | | 6.09 | | 33.54 | | 43.64 |

* Deposits of ₹ 0.14 crores (as at 31 March, 2020 ₹ 33.54 crores and as at 1 April, 2019 ₹ 5.06 crores) are held as margin money.
** Amount written off during the year ₹ 1058.10 crores.

### 10. NON-CURRENT ASSETS - OTHERS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | |
| Capital advances | 1.81 | 1.08 | 1.88 |
| | 1.81 | 1.08 | 1.88 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 11. INVENTORIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Raw materials | 137.12 | | 132.14 | | 199.60 | |
| Add: Goods-in-transit | 11.02 | | 3.07 | | 22.72 | |
| | | 148.14 | | 135.21 | | 222.32 |
| Work-in-progress | | 145.06 | | 104.23 | | 199.88 |
| Finished goods | | 78.37 | | 27.43 | | 102.55 |
| Stock-in-trade | | 7.41 | | 2.10 | | 2.62 |
| Stores, spares and packing materials | | 2.90 | | 3.67 | | 3.68 |
| Loose tools | | 0.04 | | 0.05 | | 0.11 |
| | | 381.92 | | 272.69 | | 531.16 |

**Note:** Mode of valuation of inventories is stated in Note 2.5

### 12. CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units | | | | | |
|---|---|---|---|---|---|---|---|
| | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
| **Details of investments:** | | | | | | | |
| Investments in equity instruments* | | | | | | | |
| 1 Nicco Corporation Limited | 2 | 330390 | 330390 | 330390 | 0.01 | 0.01 | 0.01 |
| 2 JCT Electronics Limited | 1 | 250000 | 250000 | 250000 | 0.00 | 0.00 | 0.00 |
| | | | | | 0.01 | 0.01 | 0.01 |
| **Note:** | | | | | | | |
| **Quoted investments** | | | | | | | |
| Book value | | | | | 0.01 | 0.01 | 0.01 |
| Market value | | | | | 0.01 | 0.01 | 0.01 |

* Carried at fair value through profit and loss.

### 13. TRADE RECEIVABLES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured:** | | | | | | |
| Considered good | 515.91 | | 386.88 | | 1135.81 | |
| Credit impaired | 224.54 | | 267.28 | | 152.24 | |
| | 740.45 | | 654.16 | | 1288.05 | |
| *Less:* Allowance for credit impaired | 224.54 | | 267.28 | | 152.24 | |
| | | 515.91 | | 386.88 | | 1135.81 |
| Receivables from related parties | 5.76 | | 16.26 | | 42.72 | |
| *Less:* Allowance for credit impaired* | - | | 0.08 | | 0.08 | |
| (Refer note 45) | | 5.76 | | 16.18 | | 42.64 |
| | | 521.67 | | 403.06 | | 1178.45 |

Notes:

(a) Refer note 30 for trade receivables considered as contract balances.

(b) *Amount written off during the year ₹ 0.08 crores.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 14. CASH AND CASH EQUIVALENTS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Balances with banks:** | | | | | | |
| On current accounts | 75.38 | | 73.05 | | 66.07 | |
| Fixed deposits with original maturity of less than 3 months (Refer note below) | 280.34 | | 27.87 | | 37.92 | |
| | | 355.72 | | 100.92 | | 103.99 |
| Cash on hand | | 1.46 | | 0.02 | | 0.05 |
| | | 357.18 | | 100.94 | | 104.04 |

**Note:** Deposits of ₹ 0.85 crores (as at 31 March, 2020 ₹ 27.87 crores and as at 1 April, 2019 ₹ 37.92 crores) are held as margin money.

### 15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Other balances:** | | | |
| Earmarked balances with banks - Unclaimed dividend (Refer note (a) below) | 0.39 | 0.46 | 0.72 |
| Fixed deposits with original maturity of more than 3 months and upto 12 months (Refer note (b) below) | 35.64 | 39.22 | 15.65 |
| | 36.03 | 39.68 | 16.37 |

Notes:

(a) During the financial year 2020-21, the amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as on 7 December, 2020 and 28 February, 2021 aggregating to ₹ 0.16 crores could not be credited to IEPF account due to technical glitches. As a result, the said amount remains due and outstanding as on 31 March, 2021. Subsequent to year end, the Company has remitted the amount to IEPF.

(b) Deposits of ₹ 6.21 crores (as at 31st March, 2020 ₹ 39.22 crores and as at 1 April, 2019 ₹ 15.65 crores) are held as margin money.

### 16. CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | | | |
| Receivable from subsidiaries (Refer note 45) | | 3.19 | | 0.03 | | 8.45 |
| **Security deposits:** | | | | | | |
| Considered good | 31.91 | | 35.61 | | 31.73 | |
| Considered doubtful | 0.77 | | 0.52 | | 0.52 | |
| | 32.68 | | 36.13 | | 32.25 | |
| *Less:* Allowance for bad and doubtful deposits | 0.77 | | 0.52 | | 0.52 | |
| | | 31.91 | | 35.61 | | 31.73 |
| | | 35.10 | | 35.64 | | 40.18 |

### 17. CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Financial guarantee fees receivable | - | - | 35.20 |
| Derivative instruments | - | - | 4.89 |
| Other financials assets | 1.93 | 2.79 | 0.63 |
| | 1.93 | 2.79 | 40.72 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 18. OTHER CURRENT ASSETS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Advance to suppliers | | 60.81 | | 33.02 | | 32.11 |
| Statutory and other receivables* | | 219.16 | | 243.21 | | 217.81 |
| Receivable from erstwhile directors | 0.28 | | 0.28 | | 0.28 | |
| *Less:* Provision for receivable | 0.28 | | 0.28 | | - | |
| | | - | | - | | 0.28 |
| | | 279.97 | | 276.23 | | 250.20 |

Note:

* Major items include statutory receivables of ₹ 140.22 crores (as at 31 March, 2020 ₹ 180.07 crores and as at 1 April, 2019 ₹ 154.07 crores) and deposits (includes towards disputed tax demands) of ₹ 67.18 crores (as at 31 March, 2020 ₹ 49.47 crores and as at 1 April, 2019 ₹ 37.87 crores).

### 19. SHARE CAPITAL

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Authorised** | | | |
| 2,03,80,00,000 equity shares of ₹ 2 each | 407.60 | 407.60 | 407.60 |
| (2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Issued** | | | |
| 1,33,80,40,329 equity shares of ₹ 2 each | 267.60 | 125.35 | 125.35 |
| (62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Subscribed and paid-up** | | | |
| 1,33,79,98,029 equity shares of ₹ 2 each | 267.60 | 125.35 | 125.35 |
| (62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Forfeited shares** | | | |
| 42,300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32,175) | 0.00 | 0.00 | 0.00 |
| (42,300 equity shares of ₹ 2 each, (Amount partly paid-up ₹ 32,175) as at 31 March, 2020 and 1 April, 2019) | | | |
| | 267.60 | 125.35 | 125.35 |

Notes:

(a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year:**

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| Authorised share capital | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |
| Balance at the end of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| Issued share capital | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 6267 88442 | 125.35 | 626788442 | 125.35 |
| Add: Issued during the year | 711251887 | 142.25 | - | - |
| Balance at the end of the year | 1338040329 | 267.60 | 626788442 | 125.35 |





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 19. SHARE CAPITAL (Contd.)

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| Subscribed and paid-up | No of Shares | ₹ crores | No of Shares | ₹crores |
| Balance at the beginning of the year | 626746142 | 125.35 | 626746142 | 125.35 |
| Add: Issued during the year | 711251887 | 142.25 | - | - |
| Balance at the end of the year | 1337998029 | 267.60 | 626746142 | 125.35 |

In terms of the Debt resolution referred in note 3A(b), a Securities Subscription Agreement ('SSA') was executed between the Company and TII and subsequently the shareholders of the Company approved the issuance of securities. In compliance with the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2018 ("SEBI ICDR Regulations"), the Company has issued following equity shares and warrants under preferential allotment to TII:

(i) 642523365 equity shares of the face value of ₹ 2 each at a price of ₹ 8.56 (including premium) per equity share, for an aggregate consideration of ₹ 550 crores;

(ii) 175233645 warrants ("Warrants"), each carrying a right exercisable by TII as the Warrant holder to subscribe to 1 (one) Equity Share per Warrant within 18 (eighteen) months from allotment, for a subscription amount of ₹ 37.50 crores, being 25% of the aggregate consideration payable for subscribing to equity shares upon exercise of the warrants; and

(iii) 68728522 equity shares of the face value of ₹ 2 each at a price of ₹ 14.55 (including premium) per equity share, for an aggregate consideration of ₹ 100 crores.

Consequent to the allotment of 642523365 equity shares, TII has acquired a controlling interest in the Company and therefore the Company become a subsidiary of TII from 26 November, 2020 and TII has been classified as the 'promoter' of the Company.

The Company has utilised the entire proceeds of ₹ 587.50 crores and ₹ 100 crores from the preferential issue for current / future running and expansion of the business, working capital, general corporate purpose, repayment of loans and for payment of interest for loans liabilities towards lenders.

(b) **Terms / rights attached to equity shares:**

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) **Details of shareholders holding more than 5 % shares in the Company:**

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| 1. Tube Investments of India Limited (Parent company) | 53.16 | 711251887 | - | - |
| 2. Yes Bank Limited | - | - | 12.77 | 80050000 |
| 3. L&T Finance Limited | - | - | 9.99 | 62600000 |
| 4. HDFC Trustee Company Limited - HDFC Equity Fund | - | - | 9.17 | 57451000 |
| 5. Bharti (SBM) Holdings Private Limited | - | - | 8.29 | 51969354 |
| 6. Aditya Birla Sun Life Trustee Private Limited A/c. Aditya Birla Sun Life Frontline Equity Fund | - | - | 8.16 | 51164364 |
| 7. KKR India Financial Services Private Limited | - | - | 8.10 | 50736588 |

(d) **Aggregate number of shares issued as GDRs**

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| The Bank of New York* | 0.01 | 104461 | 0.11 | 687234 |

Note:

* The GDRs are delisted effective from 24 May, 2021.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 20. OTHER EQUITY

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Retained earnings | (875.54) | (1334.66) | 145.25 |
| General reserve | 415.89 | 415.89 | 415.89 |
| Capital reserve | 672.49 | 672.49 | 672.49 |
| Capital redemption reserve | 12.95 | 12.95 | 12.95 |
| Securities premium | 502.94 | 18.29 | 18.29 |
| Equity instruments through other comprehensive income | - | (227.00) | (227.00) |
| Share warrants money (Refer note 19(a)) | 37.50 | - | - |
| | 766.23 | (442.04) | 1037.87 |

(a) **Dividend paid and proposed:**

No dividends have been proposed, declared or paid during the financial year 2020-21 (2019-20 ₹ Nil) or after the financial year but before the revised financial statements were approved for issue.

(b) **Nature and purpose of reserves:**

(1) **Retained Earnings:**

Retained earnings are the profits that the Company has earned till date and includes any transfers to general reserve, dividends or other distributions paid to shareholders and impact on account of transition to / intial application of Ind AS.

(2) **General Reserve:**

General reserve comprises of transfer of profits from retained earnings for appropriation purpose, the reserves can be distributed / utilised by the Company in accordance with the Companies Act, 2013.

(3) **Capital reserve:**

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

(4) **Capital redemption reserve:**

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(5) **Securities premium:**

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

(6) **Equity Instruments through Other Comprehensive Income:**

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings.

(7) **Share warrants money:**

Share warrant money represents amount received against instruments carrying right exercisable by the warrant holder to subscribe to one Equity Share per warrant at a specific fixed price within specified period from date of allotment.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 21. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Secured loans** | | | |
| Term loans from banks | 612.99 | 221.89 | 538.96 |
| (Refer note (a) below) | | | |
| **Unsecured loans** | | | |
| Term loans from banks (Refer note (b) below) | - | 71.00 | 72.20 |
| Debentures (Refer note (b) below) | 200.00 | - | - |
| | 812.99 | 292.89 | 611.16 |

Notes:

Security created to the extent of :

(a) **Secured term loans from banks:**

(i) The term loan of ₹ 608.15 crores has been drawn at rate of interest of 6 months MCLR plus applicable spread and is secured by first charge on fixed assets except such properties as may be specifically excluded. Second charge by way of hypothecation of inventories and book debts / receivables of the Company. Corporate Guarantee given by TII. The term loan will be repaid in 20 structured quarterly instalments starting from December, 2022. Refer note 25(i) for term loan of ₹ 4.84 crores.

(ii) As at 31 March, 2020:

Term loan of ₹ 300.14 crores (as at 1 April, 2019 ₹ 367.66 crores) (current maturity pertaining to the said loan ₹ 227.46 crores and as at 1 April, 2019 ₹ 151.63 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by first charge on certain identified fixed assets except such properties as may be specifically excluded.

Term loan of ₹ 125.24 crores (as at 1 April, 2019 ₹ 139.56 crores) (current maturity pertaining to the said loan ₹ 103.12 crores and as at 1 April, 2019 ₹ 45.38 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by first charge on certain identified fixed assets and subservient charges on identified assets.

Term loan of 279.59 crores (as at 1 April, 2019 ₹ 305.00 crores) (current maturity pertaining to the said loan ₹ 152.50 crores and as at 1 April, 2019 ₹ 76.25 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by second charge on identified plant and machinery and immovable fixed assets.

In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(b) **Unsecured loans:**

**Debentures:**

The Non-convertible Debenture (NCDs) are unlisted, unsecured, redeemable and non-convertible. NCDs are issued to lenders in terms of Settlement Agreement towards settlement of borrowings at stated in Note 3A(b). NCDs carry coupon rate of 0.01% for the initial period of 2 years and thereafter 8% p.a. until the maturity date. The NCDs is repayable after 5 years from the date of allotment. The Company has the right to redeem the NCDs, in whole or part, on and after initial period of 2 years from date of allotment of the NCDs till the date of maturity.

**Unsecured term loans from banks:**

The term loan ₹ Nil (as at 31 March, 2020 ₹ 71.00 crores and as at 1 April, 2019 ₹ 72.20 crores) towards bank in respect of put option entered by certain CIPs on behalf of the Company without the approval of the then Board of Directors. In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

### 22. NON-CURRENT OTHER FINANCIAL LIABILITIES

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Interest accrued | 2.94 | - | - |
| Lease liabilities (Refer note 40) | 5.26 | 10.37 | - |
| Deposits payable | 4.57 | 5.85 | 5.59 |
| | 12.77 | 16.22 | 5.59 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 23. NON-CURRENT PROVISIONS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Provision for leave encashment | 19.28 | 21.23 | 23.86 |
| Provision for post retirement medical benefit | - | - | 10.37 |
| Other provisions (Refer note 29) | 7.91 | 12.10 | 20.60 |
| | 27.19 | 33.33 | 54.83 |

### 24. TAXATION

Income tax recognised in statement of profit and loss:

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Statement of profit or loss:** | | |
| Current income tax: | | |
| Current period | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 134.59 | (67.96) |
| **Income tax recognised in statement of profit or loss** | 134.59 | (67.96) |
| **Statement of other comprehensive income** | | |
| Current tax related to items recognised in other comprehensive income during in the year | - | - |
| Deferred tax related to items recognised in other comprehensive income during in the year | (0.97) | (0.05) |
| **Income tax recognised in other comprehensive income** | (0.97) | (0.05) |

Reconciliation of income tax expense and the accounting profit / (loss) multiplied by applicable income tax rate:

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Accounting profit / (loss) before income tax** | 823.58 | (1547.79) |
| Applicable tax rate | 25.168% | 34.944% |
| **Computed tax expense** | 207.28 | (540.86) |
| Income exempt from taxation | - | (0.13) |
| Expense not deductible in determining taxable profits | 1.91 | 3.74 |
| Tax impact on allowances of research and development activities | - | (9.08) |
| Deferred tax assets not recognised on account of lack of convincing evidence in respect of recognition | (60.62) | 453.79 |
| Impact of deferred tax created at lower rate | (4.04) | (8.91) |
| Cessation of liability arising on settlement and restructuring of borrowings - not taxable | (297.82) | - |
| Other temporary differences | 1.86 | 33.49 |
| Change in income tax rate | 286.02 | - |
| **Net income tax expense charged to statement of profit and loss** | 134.59 | (67.96) |

**Note:**

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961. Accordingly, the Company has recognised provision for income tax basis the tax rate prescribed under the said section. This has resulted in reversal of carry forward balance of deferred tax assets (net) aggregating to ₹ 286.02 crores and the impact of the reversal is considered in the income tax expenses for the year.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 24. TAXATION (Cond.)

Deferred tax relates to the following:

| | Balance sheet | | | Recognised in statement of profit or loss | |
|---|---|---|---|---|---|
| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
| Expenses allowable on payment basis | 33.66 | 19.16 | 12.28 | (14.20) | (6.88) |
| Other items giving rise to temporary differences | 33.03 | 43.38 | 29.56 | 10.35 | (13.82) |
| Accelerated depreciation for tax purposes | (45.59) | (74.68) | (82.05) | (29.09) | (7.37) |
| Fair valuation of property, plant and equipment | (164.15) | (199.81) | (205.87) | (35.66) | (6.06) |
| Provision and impairment of loans and receivables | 84.53 | 844.35 | 854.96 | 759.82 | 10.61 |
| Unabsorbed losses and Unabsorbed depreciation | 727.27 | 219.08 | 174.59 | (508.19) | (44.49) |
| Minimum Alternate tax | - | 15.55 | 15.55 | 15.55 | - |
| Provision for corporate guarantee obligation settlement | 64.96 | - | - | (64.96) | - |
| **Deferred tax assets / (liabilities)** | 733.41 | 867.03 | 799.02 | | |
| **Net (income) / expense** | | | | 133.62 | (68.01) |
| **Deferred tax expense / (benefit):** | | | | | |
| Relating to origination and reversal of temporary differences | | | | 133.62 | (68.01) |
| **Total** | | | | 133.62 | (68.01) |

The net deferred tax assets of ₹ 733.41 crores (as at 31 March, 2020 ₹ 867.03 crores and as at 1 April, 2019 ₹ 799.02 crores) includes deferred tax assets of ₹ 727.27 crores (as at 31 March, 2020 ₹ 219.08 crores and as at 1 April, 2019 ₹ 174.59 crores) related to tax losses. Based on the future forecast and current economic conditions in India, there is reasonable certainty that the deferred tax assets on tax losses will be recovered on or before expiry of 8 years period.

Reconciliation of deferred tax assets / (liabilities) net

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Opening balance** | 867.03 | 799.02 | (151.85) |
| Tax income / (expense) during the year recognised in profit or loss from continued operations | (134.59) | 67.96 | 886.17 |
| Tax income / (expense) during the year recognised in profit or loss from discontinued operations | - | - | 11.78 |
| Tax impact on account of first time adoption of Ind AS 115 | - | - | 52.92 |
| Deferred tax on other comprehensive income | 0.97 | 0.05 | - |
| **Closing balance** | 733.41 | 867.03 | 799.02 |

### 25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Secured loans** | | | | | | |
| Banks (Refer note (i) and (ii) below) | | 127.75 | | 370.59 | | 357.10 |
| **Unsecured Loans** | | | | | | |
| Banks | | - | | 519.18 | | 627.71 |
| Supplier finance facility | | - | | - | | 2.01 |
| Others | | 3.89 | | 4.27 | | 49.79 |
| **From Other Company** | - | | 320.00 | | 320.00 | |
| *Less:* Offsetting of advance receivable (Refer note (iii) below) | - | | 176.11 | | 176.11 | |
| | | - | | 143.89 | | 143.89 |
| | | 131.64 | | 1037.93 | | 1180.50 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 25. CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

**Notes:**

(i) Loan from banks of ₹ 132.59 crores (settled amount) was to be secured by creation and perfection of security over specified property within agreed period and accordingly classified as secured. Subsequent to year end, loans aggregating to ₹ 145.16 crores are settled by payment of ₹ 127.75 crores except for ₹ 4.84 crores payable to one lender which is secured by lien over a time deposit. Subsequent to year end, all the banks have discharged entire borrowings to be secured by perfection of security over specified property (Refer note 3A(b)).

(ii) Loans of ₹ 370.59 crores as at 31 March, 2020 (as at 1 April, 2019 ₹ 357.10 crores) were secured by first charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, consumables (stores and spares) and book debts / receivables of the Company, both present and future. In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(iii) As at 31 March, 2020:

The Company had received the aforesaid amount from Blue Garden Estate Private Limited ('BGEPL') as an initial advance consideration towards the transactions which were not approved by the then Board of Directors in relation to Assignment / Sale of Land along with Factory Building at Nashik and Kanjurmarg, Mumbai of the Company.

Advance receivable from BGEPL had been offset against liability from BGEPL in Recasted books of accounts of the Company. During the year, this liability was settled as referred to in note 3A(b), however the possibility of recoverability of advance receivable was considered remote and therefore the advance outstanding from BGEPL of ₹ 176.11 crores has been provided for and written off.

**Details of defaults in payment of loans and interest:**

The Company has made certain defaults in repayment of due to bank, financial institutions and other lenders.

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Secured current borrowings | - | 49.00 | - |
| Unsecured current borrowings | - | 506.82 | - |
| Current maturities long-term loans from banks | - | 155.53 | - |
| Current borrowing - others | - | 27.32 | - |
| Interest accrued on borrowings | - | 76.19 | - |

**Notes :**

(i) As at 31 March, 2020 the period of default was less than 1 year.

(ii) Refer note 3A(b) for debts resolution in respect of borrowings and interest.

### 26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Acceptances | 3.16 | 7.06 | 85.70 |
| Due to micro and small enterprises (Refer note below) | 84.09 | 120.06 | 123.73 |
| Due to other than micro and small enterprises | 894.56 | 1042.65 | 1325.09 |
| Due to subsidiaries (Refer note 45) | 16.91 | 20.19 | 20.12 |
| | 998.72 | 1189.96 | 1554.64 |

**Note:**

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, have been determined based on the information available with the Company and the required disclosures are given below:

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| a) Principal amount due to suppliers | 84.09 | 120.06 | 123.73 |
| b) Interest accrued and due to suppliers on the above amount, unpaid | 9.69 | 6.69 | 0.39 |
| c) Payment made to suppliers (other than interest) beyond the appointed day, during the year | 179.34 | 23.21 | 23.67 |
| d) Interest paid to suppliers (other than Section 16) | - | - | - |
| e) Interest paid to suppliers (Section 16) | 0.15 | 0.15 | 0.08 |
| f) Interest due and payable towards suppliers for payments already made | 5.07 | 3.47 | 1.17 |
| g) Interest accrued and remaining unpaid at the end of each of the year to suppliers | 14.76 | 10.16 | 1.56 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 27. CURRENT-OTHER FINANCIAL LIABILITIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Current maturities of long-term loans from banks (Refer note 21) | | - | | 483.08 | | 312.62 |
| Interest-free sales tax deferral loans from State Government | | 0.12 | | 0.12 | | 0.12 |
| Lease liabilities (Refer note 40) | | 2.75 | | 4.08 | | - |
| Interest accrued on borrowings | | 4.58 | | 105.34 | | 30.03 |
| **Dues to related parties:** | | | | | | |
| Dues to subsidiaries (Refer note 45) | | 1.05 | | 1.07 | | 10.31 |
| **Investor Education and Protection Fund:** | | | | | | |
| Unclaimed dividend (Refer note (a) below) | | 0.39 | | 0.46 | | 0.72 |
| Security deposits | | 9.36 | | 8.93 | | 8.40 |
| Due to directors | | - | | - | | 3.29 |
| Financial guarantee obligations | | - | | - | | 74.07 |
| **Other payables:** | | | | | | |
| Due to employees | 15.18 | | 19.52 | | 19.58 | |
| Others* | 549.33 | | 171.20 | | 151.01 | |
| | | 564.51 | | 564.51 | | 170.59 |
| | | 582.76 | | 793.80 | | 610.15 |

**Notes :**

(a) During the financial year 2020-21, the amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as on 7 December, 2020 and 28 February, 2021 aggregating to ₹ 0.16 crores could not be credited to IEPF account due to technical glitches. As a result, the said amount remains due and outstanding as on 31 March, 2021. Subsequent to year end, the Company has remitted the amount to IEPF.

(b) Refer note 25 on disclosure on defaults in payment of loans and interest as at 31 March, 2020. In November, 2020, the Company and the lenders executed settlement agreement in respect these liabilities (Refer note 3A(b)).

(c) * Major items includes provision towards guarantee settlement consideration of ₹ 306.01 crores (as at 31 March, 2020 ₹ Nil and as at 1 April, 2019 ₹ Nil), provision towards delay in completion of contractual obligation of ₹ 156.90 crores (as at 31 March, 2020 ₹ 53.23 crores and as at 1 April, 2019 ₹ Nil).

### 28. OTHER CURRENT LIABILITIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Advances from customers (Refer note 30) | | 95.13 | | 147.90 | | 122.68 |
| Due to customers (Refer note 30) | | 12.80 | | 14.35 | | 14.23 |
| **Other payables:** | | | | | | |
| Statutory liabilities | 4.22 | | 5.03 | | 9.49 | |
| Others | 18.59 | | 18.53 | | 19.75 | |
| | | 22.81 | | 23.56 | | 29.24 |
| | | 130.74 | | 185.81 | | 166.15 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 29. SHORT-TERM PROVISIONS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Provision for gratuity (Refer note 43) | 6.69 | 2.05 | - |
| Provision for post retirement medical benefit | - | - | 0.46 |
| Provision for leave encashment | 3.03 | 1.68 | 2.71 |
| Other provisions (Refer note below) | 138.43 | 113.24 | 72.66 |
| | 148.15 | 116.97 | 75.83 |

Notes:

(1) **Movement in provisions:**

| | Warranties | Provision for tax related Litigations | Other Litigation Claims | Total |
|---|---|---|---|---|
| | 2020-21 (Revised) | 2020-21 (Revised) | 2020-21 (Revised) | 2020-21 (Revised) |
| Carrying amount at the beginning of the year | 59.80 | 29.63 | 35.91 | 125.34 |
| Additional provision made during the year | 2.50 | 45.76 | 0.29 | 48.55 |
| Unused amounts reversed during the year | 16.60 | 9.95 | 1.00 | 27.55 |
| Carrying amount at the end of the year | 45.70 | 65.44 | 35.20 | 146.34 |
| Non-current (Refer note 23) | 7.91 | - | - | 7.91 |
| Current (Refer note 29) | 37.79 | 65.44 | 35.20 | 138.43 |
| **Total** | 45.70 | 65.44 | 35.20 | 146.34 |

(2) **Nature of provisions:**

(a) Product Warranties: The Company gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is generally expected to be within a period of two years.

(b) Provision for Tax related Litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the relevant Act / Rules.

(c) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 30. REVENUE FROM OPERATIONS

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| Sale of products | 2376.80 | | 2986.82 | |
| Sale of services | 11.43 | | 31.11 | |
| Construction contracts | 97.68 | | 100.22 | |
| | | 2485.91 | | 3118.15 |
| Other operating income - scrap sales | | 39.98 | | 51.33 |
| | | 2525.89 | | 3169.48 |

**Revenue from Contracts with Customers**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 2578.77 | 3218.66 |
| *Less:* Adjustments | | |
| Discounts | 31.17 | 29.66 |
| Others (includes liquidated damages, price variations, etc) | 21.71 | 19.52 |
| **Revenue recognised as per statement of profit and loss** | 2525.89 | 3169.48 |

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 90.36 | 67.32 |
| Performance obligations satisfied in previous periods | - | - |

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Power Systems Business | 731.91 | 1117.02 |
| Industrial Systems Business | 1793.98 | 2052.46 |
| **Total** | 2525.89 | 3169.48 |

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Contract balances** | | | |
| Trade receivables | | | |
| Non-current | - | 4.23 | 6.24 |
| Current | 521.67 | 403.06 | 1178.45 |
| Contract assets | 0.98 | 0.64 | 1.53 |
| Contract liabilities | | | |
| Advance from customers | 95.13 | 147.90 | 122.68 |
| Due to customers | 12.80 | 14.35 | 14.23 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 30. REVENUE FROM OPERATIONS (Contd.)

**Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to trade receivables on completion of milestones and its related invoicing.

**Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation.

### 31. OTHER INCOME

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Interest income from:** | | |
| Deposits with banks | 6.74 | 4.39 |
| Others | 6.33 | 6.86 |
| Dividend income from investment in subsidiary (Refer note 45) | - | 0.38 |
| Fair value gain on financial instruments at fair value through profit or loss | 0.14 | 0.06 |
| **Other non-operating income:** | | |
| Income from business service centers (Refer note 40) | 8.64 | 9.43 |
| Income recognised on corporate guarantee | - | 25.17 |
| Miscellaneous income | 20.32 | 10.59 |
| | 42.17 | 56.88 |

### 32. COST OF MATERIALS CONSUMED

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Opening inventories | 135.21 | 222.32 |
| Add: Purchases | 1774.92 | 1860.23 |
| *Less:* Closing inventories | 148.14 | 135.21 |
| | 1761.99 | 1947.34 |

### 33. PURCHASES OF STOCK-IN-TRADE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Purchases of stock-in-trade | 84.69 | 60.92 |
| | 84.69 | 60.92 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| **Closing inventories:** | | | | |
| Finished goods | 78.37 | | 27.43 | |
| Work-in-progress | 145.06 | | 104.23 | |
| Stock-in-trade | 7.41 | | 2.10 | |
| | | 230.84 | | 133.76 |
| **Opening inventories:** | | | | |
| Finished goods | 27.43 | | 102.55 | |
| Work-in-progress | 104.23 | | 199.88 | |
| Stock-in-trade | 2.10 | | 2.62 | |
| | | 133.76 | | 305.05 |
| **Net (increase) / decrease in inventories** | | (97.08) | | 171.29 |

### 35. EMPLOYEE BENEFITS EXPENSE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Salaries, wages and bonus | 229.39 | 279.12 |
| Contribution to provident and other funds (Refer note 43) | 18.09 | 21.08 |
| Staff welfare expenses | 11.42 | 22.73 |
| | 258.90 | 322.93 |

### 36. FINANCE COSTS

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Interest expenses* | 165.09 | 246.17 |
| Interest on lease liabilities (Refer note 40) | 1.16 | 1.80 |
| | 166.25 | 247.97 |

**Note:**

* Interest expenses includes amount aggregating to ₹115.68 crores (previous year ₹ 105.01 crores) which is part of the settlement agreement referred in Note 3A(b) and is recognised in the current year as cessation of liability in the nature of an exceptional item.

### 37. DEPRECIATION AND AMORTISATION EXPENSE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 4)* | 66.54 | 74.06 |
| Amortisation of Intangible assets (Refer note 5)# | 14.67 | 16.48 |
| | 81.21 | 90.54 |

**Notes:**

* Depreciation for the current year includes depreciation of ROU assets of ₹ 5.00 crores and previous year ₹ 5.89 crores.

# Includes current year ₹ Nil and previous year ₹ 0.19 crores on account of impairment.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 38. OTHER EXPENSES

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Consumption of stores and spares | 10.94 | 13.62 |
| Power and fuel | 23.59 | 32.24 |
| Rent | 3.93 | 4.18 |
| Repairs to buildings | 2.32 | 1.71 |
| Repairs to machinery | 11.14 | 11.51 |
| Insurance | 8.29 | 8.22 |
| Rates and taxes | 23.25 | 20.64 |
| Freight and forwarding | 50.28 | 66.61 |
| Packing materials | 28.85 | 36.72 |
| After sales services including warranties | 12.03 | 16.39 |
| Sales promotion | 0.45 | 3.94 |
| Sub Contracting Charges | 59.13 | 95.14 |
| Foreign exchange loss | 4.10 | 25.81 |
| Directors' sitting fees | 2.09 | 1.85 |
| Allowance for doubtful debts and advances | 61.76 | 63.98 |
| Corporate social responsibility expenses (Refer note 42) | - | 0.89 |
| Legal and professional charges | 15.28 | 25.47 |
| Miscellaneous expenses (Refer note below) | 85.47 | 134.97 |
| | 402.90 | 563.89 |

Notes:

Miscellaneous expenses includes the following:

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Auditors remuneration (excluding Goods and Service Tax) | | |
| Audit fees | 1.55 | 1.35 |
| Limited review fees | 0.95 | 0.82 |
| Other services | 0.30 | 0.95 |
| Out of pocket expenses | 0.01 | 0.58 |
| | 2.81 | 3.70 |

1) The above auditors remuneration for current year does not include the additional fees of ₹ 0.19 crores paid towards certification work which has been accounted under the head Security Premium.

2) The above auditors remuneration for previous year does not include the additional fees of ₹ 1.25 crores accounted under the head Exceptional items, paid towards additional cost incurred by them during audit of financial year 2018-19.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 39. CONTINGENT LIABILITIES AND COMMITMENTS

| | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|---|
| A. | **Contingent Liabilities:** | | | |
| | (to the extent not provided for) | | | |
| (a) | Claims against the Company not acknowledged as debts | 4.84 | 5.29 | 5.36 |
| (b) | Sales tax / VAT liability that may arise in respect of matters in appeal | 14.02 | 14.07 | 14.41 |
| (c) | Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal | 14.08 | 14.32 | 15.11 |
| (d) | Income tax liability that may arise in respect of matters in appeal | 1.89 | 1.89 | 1.21 |
| B. | **Financial guarantees:** | | | |
| | Issue of post-dated cheques to a Bank against loan given to a related party | - | - | 210.00 |
| | Issue of post-dated cheques to a Bank against loan given to promoter affiliate company | - | 210.00 | - |
| C. | **Commitments:** | | | |
| | Estimated amount of contracts remaining to be executed on capital accountand not provided for (net of advances) | 10.34 | 4.26 | 10.05 |

Notes:

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at A(a) to A(d) above, pending resolution of the arbitration/appellate proceedings.

(ii) Sales tax / VAT cases include disputes pertaining to disallowances of input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts, refund of excise duty on export of transformers, interest payment on Provisional Assessment Cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(v) The Company had received notice of demand under Income Tax Act for ₹ 606.30 crores for financial year 2016-17, and the Hon'ble Bombay High Court has granted the interim stay against the notice of demand until admission of appeal before the High Court. The Company has filed the submissions in respect of the appeal filed before Commissioner of Income Tax (Appeals). Considering the facts and underlying documents with respect to the demand raised under Section 68 of the Income Tax Act, 1961, the management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels.

(vi) From time to time, the Company is involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

### 40. LEASES

(i) **Company as a lessee**

**Movement in carrying value of right of use assets**

| | Land | Building | Fixture and fittings | Vehicles | Total |
|---|---|---|---|---|---|
| **Adoption of Ind AS 116 Leases as at 1-04-2019** | 0.59 | 13.79 | 0.32 | 2.41 | 17.11 |
| Leasehold land transferred as at 1-04-2019 | 71.25 | - | - | - | 71.25 |
| Additions | - | 0.71 | - | - | 0.71 |
| *Less:* Depreciation | 1.45 | 3.54 | 0.07 | 0.83 | 5.89 |
| **Closing net carrying balance as at 31-03-2020 (Revised)** | 70.39 | 10.96 | 0.25 | 1.58 | 83.18 |
| Deletion | - | 1.41 | - | 1.58 | 2.99 |
| *Less:* Depreciation | 1.45 | 3.48 | 0.07 | 0.00 | 5.00 |
| **Closing net carrying balance as at 31-03-2021 (Revised)** | 68.94 | 6.07 | 0.18 | - | 75.19 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 40. LEASES (Contd.)

Movement in lease liabilities during the year

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Opening Balance as at 1-04-2020 / Adoption of Ind AS 116 Leases as at 1-04-2019** | 14.45 | 17.11 |
| Add: Addition | - | 0.71 |
| Add: Accretion of interest | 1.16 | 1.80 |
| *Less:* Payment | 4.33 | 5.17 |
| *Less:* Removal of asset | 2.99 | - |
| *Less:* Gain on removal of asset | 0.28 | - |
| **Closing balance as at 31-03-2021** | 8.01 | 14.45 |

Breakup of current and non-current lease liabilities

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Current lease liabilities | 2.75 | 4.08 |
| Non-current lease liabilities | 5.26 | 10.37 |
| **Total** | 8.01 | 14.45 |

Amounts recognised in the statement profit and loss

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Other Expenses** | | |
| Short-term lease rent expense | 1.88 | 2.55 |
| Low value asset lease rent expense | 0.08 | 0.13 |
| Variable lease rent expense | 0.02 | 0.72 |
| **Finance Cost** | | |
| Interest expense on lease liability | 1.16 | 1.80 |
| **Depreciation and amortisation expense** | | |
| Depreciation of ROU lease assets | 5.00 | 5.89 |

Amounts recognised in the statement of cash flow

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Total cash outflow for leases | 4.33 | 5.17 |

Contractual maturities of lease liabilities on an undiscounted basis

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Less than 1 year | 3.48 | 5.46 |
| 1 - 5 years | 5.54 | 11.15 |
| More than 5 years | 3.18 | 3.67 |
| **Total** | 12.20 | 20.28 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 40. LEASES (Contd.)

(ii) Company as a lessor

Amounts recognised in the statement of profit and loss

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Other Income:** | | |
| Non-operating lease income | 8.64 | 9.43 |

**Note:**

Non-operating lease income is in respect of lease of land and / or building.

Undiscounted future payments to be received

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| **Maturity analysis:** | | |
| Less than 1 year | 1.88 | 8.64 |
| 1 - 5 years | 0.05 | 2.61 |
| More than 5 years | - | - |
| **Total** | 1.93 | 11.25 |

### 41. EXPENDITURE ON RESEARCH AND DEVELOPMENT

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **(a) Capital expenditure:** | | |
| Plant and equipments | - | 0.15 |
| Intangible assets | - | 0.05 |
| Intangible assets under development | 7.69 | 12.40 |
| **Sub-total (a)** | 7.69 | 12.60 |
| **(b) Revenue expenditure:** | | |
| Raw materials consumed | 0.01 | 0.09 |
| Employee benefits | 9.55 | 13.21 |
| Depreciation and amortisation | 13.88 | 13.00 |
| Other expenses | | |
| Consumption of stores and spares | 0.14 | 0.00 |
| Power and fuel | 0.10 | 0.26 |
| Rent | 0.01 | 0.12 |
| Repairs to machinery | 0.00 | 0.00 |
| Insurance | - | 0.00 |
| Miscellaneous expenses | 0.36 | 1.32 |
| **Sub-total (b)** | 24.05 | 28.00 |
| **Total (a+b)** | 31.74 | 40.60 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 42. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

(a) Gross amount required to be spent by the Company during the year is ₹ Nil (Previous year ₹ 0.85 crores)

(b) Amount spent during the year on:

| | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| (i) | Construction / acquisition of asset | - | - |
| (ii) | On purposes other than (i) above | - | 0.89 |
| | **Total** | - | 0.89 |

**Note:**

Amount spent during the year includes amount yet to be paid in cash of ₹ Nil (Previous year ₹ 0.59 crores).

### 43. EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 15.23 crores (Previous year ₹ 18.90 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

| Benefits (Contribution to) | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Provident fund | 10.22 | 12.95 |
| Superannuation fund | 3.93 | 4.70 |
| Employee state insurance scheme | 0.14 | 0.24 |
| Labour welfare scheme | 0.01 | 0.01 |
| National pension scheme | 0.93 | 1.00 |
| **Total** | 15.23 | 18.90 |

(b) **Defined benefit plans:**

**Gratuity:**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Company makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

**Post-retirement medical benefits:**

During the financial year 2019-20, management reviewed and discontinued the policy of Post-retirement medical benefit and hence the accumulated provision of ₹ 10.83 crores was reversed and recognised as an exceptional item in statement of profit and loss.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 43. EMPLOYEE BENEFITS (Contd.)

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) (Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised (Nonfunded) | 2019-20 (Revised) (Nonfunded) |
| **I** | **Change in present value of defined benefit obligation during the year** | | | | |
| 1. | Present Value of defined benefit obligation at the beginning of the year | 42.30 | 48.73 | - | 10.83 |
| 2. | Interest cost | 2.89 | 3.76 | - | - |
| 3. | Current service cost | 2.72 | 2.89 | - | - |
| 4. | Curtailment | - | - | - | - |
| 5. | Past service cost | - | - | - | - |
| 6. | Benefits paid directly by employer | - | - | - | - |
| 7. | Benefits paid | (9.17) | (16.77) | - | - |
| 8. | Actuarial changes arising from changes in financial assumptions | (0.08) | 2.35 | - | - |
| 9. | Actuarial changes arising from changes in experience adjustments | 5.95 | 1.34 | - | - |
| 10. | Reversal due to change in policy (Refer note 47) | - | - | - | (10.83) |
| 11. | Present Value of defined benefit obligation at the end of the year | 44.61 | 42.30 | - | - |
| **II** | **Change in fair value of plan assets during the year** | | | | |
| 1. | Fair value of plan assets at the beginning of the year | 40.25 | 57.99 | NA | NA |
| 2. | Interest Income | 2.75 | 4.47 | NA | NA |
| 3. | Contributions paid by the employer | 2.06 | (9.00) | NA | NA |
| 4. | Benefits paid from the fund | (9.17) | (16.77) | NA | NA |
| 5. | Assets transferred out / divestments | - | - | NA | NA |
| 6. | Return on plan assets excluding interest income | 2.03 | 3.56 | NA | NA |
| 7. | Fair value of plan assets at the end of the year | 37.92 | 40.25 | NA | NA |
| **III** | **Net asset / (liability) recognised in the balance sheet** | | | | |
| 1. | Present Value of defined benefit obligation at the end of the year | (44.61) | (42.30) | - | - |
| 2. | Fair value of plan assets at the end of the year | 37.92 | 40.25 | - | - |
| 3. | Amount recognised in the balance sheet | (6.69) | (2.05) | - | - |
| 4. | Net (liability) / asset- current | (6.69) | (2.05) | - | - |
| | Net (liability) / asset- non-current | - | - | - | - |
| **IV** | **Expenses recognised in the statement of profit and loss for the year** | | | | |
| 1. | Current service cost | 2.72 | 2.89 | - | - |
| 2. | Interest cost on benefit obligation (net) | 0.14 | (0.71) | - | - |
| 3. | Curtailment | - | - | - | - |
| 4. | Past Service Cost | - | - | - | - |
| 5. | Total expenses included in employee benefits expense | 2.86 | 2.18 | - | - |
| **V** | **Recognised in other comprehensive income for the year** | | | | |
| 1. | Actuarial changes arising from changes in demographic assumptions | - | - | NA | NA |
| 2. | Actuarial changes arising from changes in financial assumptions | (0.08) | 2.35 | NA | NA |
| 3. | Actuarial changes arising from changes in experience adjustments | 5.95 | 1.34 | NA | NA |
| 4. | Return on plan assets excluding interest income | (2.03) | (3.56) | NA | NA |
| 5. | Recognised in other comprehensive income | 3.84 | 0.13 | NA | NA |

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

43. EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) (Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised (Nonfunded) | 2019-20 (Revised) (Nonfunded) |
| **VI** | **Maturity profile of defined benefit obligation** | | | | |
| 1. | Within the next 12 months (next annual reporting period) | 7.74 | 4.92 | NA | NA |
| 2. | Between 2 and 5 years | 17.95 | 15.87 | NA | NA |
| 3. | Between 6 and 10 years | 18.22 | 18.96 | NA | NA |
| **VII** | **Quantitative sensitivity analysis for significant assumption is as below:** | | | | |
| **1.** | **Increase/(decrease) on present value of defined benefits obligation at the end of the year** | | | | |
| | (i) One percentage point increase in discount rate | (2.37) | (2.62) | NA | NA |
| | (ii) One percentage point decrease in discount rate | 2.67 | 2.98 | NA | NA |
| | (i) One percentage point increase in rate of salary increase | 2.72 | 3.04 | NA | NA |
| | (ii) One percentage point decrease in rate of salary increase | (2.45) | (2.72) | NA | NA |
| | (i) One percentage point increase in employee turnover rate | 0.60 | 0.70 | NA | NA |
| | (ii) One percentage point decrease in employee turnover rate | (0.66) | (0.78) | NA | NA |
| **2.** | **Sensitivity Analysis Method** | | | | |
| | Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | | | |
| **VIII** | **The major categories of plan assets as a percentage of total plan assets** | | | | |
| | Insurer managed funds | 98.29% | 100.00% | NA | NA |
| **IX** | **Weighted average duration of the defined benefit obligation (in years)** | 7 | 8 | NA | NA |
| **X** | **Actuarial assumptions** | | | | |
| 1. | Discount rate | 6.86% p.a. | 6.83% p.a. | NA | NA |
| 2. | Salary escalation | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | NA | NA |
| 3. | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | NA | NA |
| 4. | Rate of Employee Turnover | 4.00%p.a. | 4.00%p.a. | NA | NA |

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | 6.88 | 4.77 |



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

43. EMPLOYEE BENEFITS (Contd.)

**Notes :**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2021 and as at 31 March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

**(c) Provident Fund:**

The Company makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuarial valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Plan assets at year end, at fair value | 292.10 | 298.63 |
| Present value of defined obligation at year end | 258.41 | 266.31 |

**Assumptions used in determining the present value of obligation:**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Rate of Discounting | 6.86% p.a. | 6.83% p.a. |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Attrition Rate | 4.00% p.a. | 4.00% p.a. |
| Guaranteed rate of Interest | 8.50% p.a. | 8.50% p.a. |
| Whilst in service withdrawal | 5.00% p.a. | 5.00% p.a. |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING

**The Company has the following reportable segments:**

Power Systems : Transformer, Switchgear and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

**Identifications of Segments:**

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

**Segment revenue and results:**

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

**Segment assets and liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

**Inter segment transfer:**

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Company level.

**Summary of the Segmental Information as at and for the year ended 31 March, 2021 (Revised) is as follows:**

| | Power Systems | Industrial Systems | Discontinued Operations | Eliminations/ Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 731.91 | 1793.98 | - | - | 2525.89 |
| Add : Inter segment sales | 1.02 | 0.14 | - | (1.16) | - |
| **Total revenue** | 732.93 | 1794.12 | - | (1.16) | 2525.89 |
| Segment results | (96.15) | 206.71 | - | - | 110.56 |
| *Less:* Finance costs | | | | | 166.25 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | 35.11 |
| **Loss after finance cost but before exceptional items and tax** | | | | | (90.80) |
| Exceptional items (net) | | | | | 914.38 |
| Tax expense | | | | | 134.59 |
| **Profit for the year** | | | | | 688.99 |
| **Other information:** | | | | | |
| Segment assets | 829.68 | 797.77 | 279.85 | 1971.49 | 3878.79 |
| Segment liabilities | 763.79 | 678.56 | - | 1402.61 | 2844.96 |
| Capital expenditure # | 8.70 | 3.81 | - | 0.56 | 13.07 |
| Depreciation and amortisation # | 40.99 | 26.27 | - | 13.95 | 81.21 |
| Impairment of intangible assets under development # | 7.15 | - | - | - | 7.15 |
| Non-cash expenses other than depreciation and amortisation # | 64.75 | (2.66) | - | - | 62.09 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING (Contd.)

**Summary of the Segmental Information as at and for the year ended 31 March, 2020 (Revised) is as follows:**

| | Power Systems | Industrial Systems | Discontinued Operations | Eliminations/ Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 1117.02 | 2052.46 | - | - | 3169.48 |
| Add : Inter segment sales | 0.26 | 0.02 | - | (0.28) | - |
| **Total revenue** | 1117.28 | 2052.48 | - | (0.28) | 3169.48 |
| Segment results | (58.28) | 246.13 | - | - | 187.85 |
| *Less:* Finance costs | | | | | 247.97 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | 118.40 |
| **Loss after finance cost but before exceptional items and tax** | | | | | (178.52) |
| Exceptional items (net) | | | | | (1369.27) |
| Tax expense | | | | | (67.96) |
| **Profit for the year** | | | | | (1479.83) |
| **Other information:** | | | | | |
| Segment assets | 860.90 | 637.77 | 279.85 | 1571.70 | 3350.22 |
| Segment liabilities | 828.95 | 784.49 | - | 2053.47 | 3666.91 |
| Capital expenditure # | 16.16 | 6.61 | - | 4.42 | 27.19 |
| Depreciation and amortisation # | 46.27 | 28.20 | - | 16.07 | 90.54 |
| Impairment of intangible assets under development # | 3.94 | - | - | - | 3.94 |
| Non-cash expenses other than depreciation and amortisation # | 53.11 | 8.53 | - | 2.34 | 63.98 |

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments.

# The disclosure pertains to continuing business segments.

**Geographical Information:**

| | 2020-21 (Revised) | | | 2019-20 (Revised) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue from contracts with customers | 2323.84 | 202.05 | 2525.89 | 2630.52 | 538.96 | 3169.48 |

**Note:**

During the year ended 31 March, 2021 and 31 March, 2020 revenues from transactions with a single external customer did not amount to 10% or more of the Company's revenues from external customers.

| | As at 31-03-2021 (Revised) | | | As at 31-03-2020 (Revised) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Non-current assets | 812.91 | - | 812.91 | 903.38 | - | 903.38 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES

(a) List of related parties

(i) Parent company:

1 Tube Investments Of India Limited (Holding company w.e.f. 26 November, 2020)

(ii) Subsidiaries:

| Sr. No | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2021 (Revised) | % Equity Interest As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | India | 100.00 | 100.00 |
| 2 | CG-PPI Adhesive Products Limited | India | 81.42 | 81.42 |
| 3 | CG Power Equipments Limited | India | 100.00 | 100.00 |
| 4 | CG International Holdings Singapore Pte. Limited | Singapore | 100.00 | 100.00 |
| 5 | CG Sales Networks Malaysia Sdn. Bhd. | Malaysia | 100.00 | 100.00 |
| 6 | CG International B.V. | The Netherlands | 100.00 | 100.00 |
| 7 | CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020) | Belgium | - | - |
| 8 | CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020) | Belgium | - | - |
| 9 | CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020) | Ireland | - | - |
| 10 | PT CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020) | Indonesia | - | - |
| 11 | CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020) | France | - | - |
| 12 | CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020) | Saudi Arabia | - | - |
| 13 | CG Electric Systems Hungary Zrt.* (ceased to be subsidiary w.e.f. 30 June, 2020) | Hungary | - | 100.00 |
| 14 | CG Power Solutions UK Limited | United Kingdom | 100.00 | 100.00 |
| 15 | CG Power Systems Canada Inc. | Canada | 100.00 | 100.00 |
| 16 | CG- Ganz Generator and Motor Limited Liability Company | Hungary | 100.00 | 100.00 |
| 17 | CG Service Systems France SAS (ceased to be subsidiary w.e.f. 20 July, 2020) | France | - | 100.00 |
| 18 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 19 | CG Drives and Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 20 | CG Drives and Automation Germany GmbH | Germany | 100.00 | 100.00 |
| 21 | CG Drives and Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 22 | CG Middle East FZE | UAE | 100.00 | 100.00 |
| 23 | CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | - |
| 24 | QEI, LLC | USA | 100.00 | 100.00 |
| 25 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 26 | CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | - |
| 27 | PT Crompton Prima Switchgear Indonesia | Indonesia | 51.00 | 51.00 |
| 28 | CG Power and Industrial Solutions Limited Middle East FZCO | UAE | 100.00 | 100.00 |

*The Company no longer retains control over its subsidiary CG Electric Systems Hungary Zrt. ('ESHU') with effect from 30 June, 2020. This is in view of it being declared bankrupt by Local Court in Hungary (""Court"") on 7 July, 2020. In view of this, the management of the Company has considered practical expedient to consider the loss of control with effect from 30 June, 2020.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(iii) Associate:

| Sr. No | Name of the Related Party | Country of Incorporation | % Equity Interest As at 31-03-2021 (Revised) | % Equity Interest As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 1 | CG International BV TR. & Cont. Pvt. Co. LLC. (liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC") | Sharjah | - | - |

(iv) Key Management Personnel:

1 Natarajan Srinivasan - Managing Director (Appointed w.e.f. 26 November, 2020)

2 Sudhir Mathur - Whole Time - Executive Director (Appointed w.e.f. 10 May, 2019 and resigned w.e.f. 26 November, 2020) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 9 May, 2019)

3 K. N. Neelkant - Executive Director, CEO & Managing Director (Resigned w.e.f. 30 September, 2019)

4 Susheel Todi - Chief Financial Officer (Appointed w.e.f. 5 February, 2021)

5 V. R. Venkatesh - Chief Financial Officer (Ceased w.e.f. 30 August, 2019)

6 K R Viswanarayan - Company Secretary and Compliance Officer (Appointed w.e.f. 6 February, 2021 and resigned w.e.f. 31 March, 2021)

7 Alen Ferns - Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020 and ceased w.e.f. 5 February, 2021)

8 Shikha Kapadia - Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019)

9 Nimesh S Shah - Company Secretary and Compliance Officer (Appointed w.e.f. 1 January, 2020 and resigned w.e.f. 31 January, 2020)

10 P Varadarajan - Company Secretary and Compliance Officer (Appointed w.e.f. 1 April, 2021)

**Non Executive Directors**

1 Vellayan Subbiah - Chairman, Non-Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020)

2 M A M Arunachalam - Non-Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020)

3 P S Jayakumar - Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020)

4 Shailendra Narain Roy - Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020)

5 Sasikala Varadachari - Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020)

6 Ashish Kumar Guha - Chairman, Non- Executive Independent Director (Appointed as Chairman w.e.f. 25 September, 2019 and resigned w.e.f. 26 November, 2020)

7 Narayan K. Seshadri - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020)

8 Ramni Nirula - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020)

9 Jitender Balakrishnan - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020)

10 Pradeep Mathur - Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019 and resigned w.e.f. 26 November, 2020)

11 Dr. Aditi Raja - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020 and resigned w.e.f. 26 November, 2020)

12 Dr. Rathin Roy - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020 and resigned w.e.f. 26 November, 2020)

13 Gautam Thapar - Non- Executive Director and Chairman (Ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be director w.e.f. 9 October, 2019)

14 Omkar Goswami - Non- Executive Director (Resigned w.e.f. 14 December, 2019)

15 Valentin Von Massow - Non- Executive Independent Director (Ceased w.e.f. 5 August, 2019)

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

(v) Other Related Parties:

| | | |
|---|---|---|
| 1 | Shanthi Gears Limited | (w.e.f. 26 November, 2020) |
| 2 | Clean Max Enviro Energy Solutions Private Limited | (w.e.f. 26 November, 2020) |
| 3 | Parry Enterprises India Limited | (w.e.f. 26 November, 2020) |
| 4 | Ballarpur Industries Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 5 | BILT Graphic Paper Products Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 6 | Avantha Holdings Limited ('AHL')# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 7 | Avantha Realty Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 8 | Jhabua Power Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 9 | Solaris Industrial Chemicals Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 10 | CERG Advisory Private Limited | (Ceased to be a related party w.e.f. 14 December, 2019) |

# Ceased to be a related party upon resignation of Gautam Thapar w.e.f. 9 October, 2019

(vi) Post Employment Benefit Entity:

1 CG Provident Fund

2 CG Gratuity Fund

(b) The following transactions were carried out with the related parties (Refer note 1 below):

| Sr. No. | Nature of transaction / relationship | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| 1 | Purchase of goods and services | | |
| | Subsidiaries | | |
| | CG-PPI Adhesive Products Limited | 3.74 | 2.36 |
| | CG Electric Systems Hungary Zrt. | - | 11.53 |
| | CG Drives and Automation Sweden AB | 3.33 | 2.75 |
| | | 7.07 | 16.64 |
| | Other Related Party | | |
| | Shanthi Gears Limited | 0.50 | - |
| | | 0.50 | - |
| | Total | 7.57 | 16.64 |
| 2 | Sales of goods and services | | |
| | Parent company | | |
| | Tube Investments Of India Limited | 0.08 | - |
| | | 0.08 | - |
| | Subsidiaries | | |
| | CG Sales Network Malaysia Sdn.Bhd. | - | (0.02) |
| | CG Holdings Belgium N.V. | - | 0.95 |
| | CG Power Systems Belgium N.V. | - | 4.15 |
| | PT CG Power Systems Indonesia | - | 0.53 |
| | CG Electric Systems Hungary Zrt. | - | 0.05 |
| | PT Crompton Prima Switchgear Indonesia | - | 12.45 |
| | CG Drives & Automation Sweden AB | 3.46 | 9.71 |
| | CG Drives and Automations Germany GmbH | 0.01 | 1.50 |
| | CG Drives and Automation Netherlands B.V. | - | 0.00 |
| | CG Power Americas, LLC | - | 23.67 |
| | | 3.47 | 52.99 |
| | Other Related Parties | | |
| | Shanthi Gears Limited | 0.16 | - |
| | Jhabua Power Limited | - | 0.02 |
| | | 0.16 | 0.02 |
| | Total | 3.71 | 53.01 |



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| 3 | Interest expenses | | |
| | Subsidiary | | |
| | CG-PPI Adhesive Products Limited | 0.38 | 0.38 |
| | Total | 0.38 | 0.38 |
| 4 | Dividend received | | |
| | Subsidiary | | |
| | CG-PPI Adhesive Products Limited | - | 0.38 |
| | Total | - | 0.38 |
| 5 | Guarantee fee income | | |
| | Subsidiaries | | |
| | CG International Holdings Singapore Pte. Limited | - | 5.27 |
| | CG International B.V. | - | 21.32 |
| | PT CG Power Systems Indonesia | - | 2.46 |
| | Total | - | 29.05 |
| 6 | Proceeds from issue of equity shares | | |
| | Parent company | | |
| | Tube Investments Of India Limited (Refer note 3A(b)) | 650.00 | - |
| | Total | 650.00 | - |
| 7 | Proceeds from issue of warrants | | |
| | Parent company | | |
| | Tube Investments Of India Limited (Refer note 3A(b)) | 37.50 | - |
| | Total | 37.50 | - |
| 8 | Trade payable written back | | |
| | Subsidiaries | | |
| | CG Power Systems Belgium N.V. | - | 0.59 |
| | CG Holdings Belgium N.V. | - | 0.54 |
| | CG Power Americas, LLC | - | 0.19 |
| | Total | - | 1.32 |
| 9 | Liability written back | | |
| | Subsidiaries | | |
| | CG Holdings Belgium N.V. | - | 1.10 |
| | CG Power Americas, LLC | - | 0.86 |
| | CG Drives & Automation Sweden AB | - | 0.01 |
| | Total | - | 1.97 |
| 10 | Payment to Key Managerial Personnel | | |
| | Salaries, commission and perquisites **# | 3.78 | 6.79 |
| | Total | 3.78 | 6.79 |
| 11 | Commission paid | | |
| | Subsidiary | | |
| | CG Sales Network Malaysia Sdn.Bhd. | - | 3.32 |
| | Total | - | 3.32 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| 12 | **Guarantee fee expense** | | |
| | **Subsidiaries** | | |
| | CG International B.V. | - | 3.73 |
| | PT CG Power Systems Indonesia | - | 0.15 |
| | **Total** | - | 3.88 |
| 13 | **Other expenses** | | |
| | **Subsidiaries** | | |
| | CG Holdings Belgium N.V. | - | 0.19 |
| | CG - PPI Adhesive Products Limited | 0.03 | 0.00 |
| | PT CG Power Systems Indonesia | - | 0.21 |
| | CG Electric Systems Hungary Zrt. | 0.05 | 0.14 |
| | | 0.08 | 0.54 |
| | **Other Related Parties** | | |
| | Clean Max Enviro Energy Solutions Private Limited | 0.24 | - |
| | Parry Enterprises India Limited | 0.28 | - |
| | CERG Advisory Private Limited | - | 0.06 |
| | | 0.52 | 0.06 |
| | **Total** | 0.60 | 0.60 |
| 14 | **Recovery of expenses** | | |
| | **Subsidiaries** | | |
| | CG International B.V. | 3.30 | - |
| | CG International Holdings Singapore Pte. Limited | - | 0.05 |
| | **Total** | 3.30 | 0.05 |
| 15 | **Provision against advances** | | |
| | **Subsidiaries** | | |
| | CG Power Solutions Limited^ | 191.54 | 9.98 |
| | CG International B.V. | - | 296.31 |
| | CG International Holdings Singapore Pte. Limited | - | 19.44 |
| | PT CG Power Systems Indonesia | - | 35.14 |
| | CG Power Systems Belgium N.V. | - | 7.94 |
| | CG Drives & Automation Sweden AB | - | 0.28 |
| | CG Industrial Holdings Sweden AB | - | 0.06 |
| | CG Sales Network Malaysia Sdn. Bhd. | - | 0.00 |
| | **Total** | 191.54 | 369.15 |
| 16 | **Provision against trade receivables** | | |
| | **Subsidiaries** | | |
| | PT CG Power Systems Indonesia | - | 0.18 |
| | PT Crompton Prima Switchgear Indonesia | - | 46.05 |
| | CG Power Americas, LLC | 6.90 | 11.00 |
| | CG Power Systems Belgium N. V. | - | 1.99 |
| | CG Holdings Belgium N.V. | - | 3.38 |
| | **Total** | 6.90 | 62.60 |



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|---|
| 17 | **Provision / (Reversal of provision) against investments** | | | |
| | **Subsidiaries** | | | |
| | CG International B.V. | | (288.75) | 644.68 |
| | CG International Holdings Singapore Pte. Limited | | - | 238.29 |
| | PT Crompton Prima Switchgear Indonesia | | - | 1.15 |
| | CG Power Solutions Limited | | - | 0.05 |
| | **Total** | | (288.75) | 884.17 |
| 18 | **Loans and advances given during the year** | | | |
| | **Subsidiaries** | | | |
| | CG Power Solutions Limited | | - | 8.73 |
| | CG International B.V. | | - | 135.98 |
| | | (A) | - | 144.71 |
| | **Other related party** | | | |
| | Avantha Holding Limited | | - | 2.00 |
| | | (B) | - | 2.00 |
| | **Total** | (A+B) | - | 146.71 |
| 19 | **Loans and advances repaid during the year** | | | |
| | **Subsidiary** | | | |
| | CG Power Solutions Limited | | - | 16.02 |
| | **Total** | | - | 16.02 |

** Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

# Remuneration of ₹ 1.49 crores paid to Managing Director during the year is approved by shareholders in the Extra-ordinary General Meeting held on 7 June, 2021.

^ Amount written off during the year ₹ 1199.50 crores.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties:

| Sr. No. | Nature of transaction / relationship | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Subsidiaries** | | | |
| | CG-PPI Adhesive Products Limited | | 2.63 | 5.85 |
| | CG Sales Network Malaysia Sdn.Bhd. | | 2.43 | 2.51 |
| | CG Electric Systems Hungary Zrt. | | - | 0.85 |
| | CG Drives and Automation Sweden AB | | 6.72 | 5.67 |
| | CG Power Americas, LLC | | 5.13 | 5.31 |
| | | (A) | 16.91 | 20.19 |
| | Non-current | | - | - |
| | Current | | 16.91 | 20.19 |
| | | | 16.91 | 20.19 |
| | **Other Related Parties** | | | |
| | Shanthi Gears Limited | | 0.59 | - |
| | Clean Max Enviro Energy Solutions Private Limited | | 0.11 | - |
| | Parry Enterprises India Limited | | 0.11 | - |
| | | (B) | 0.81 | - |
| | Non-current | | - | - |
| | Current | | 0.81 | - |
| | | | 0.81 | - |
| | **Total** | (A+B) | 17.72 | 20.19 |
| 2 | **Trade receivable** | | | |
| | **Parent company** | | | |
| | Tube Investments Of India Limited | | 0.10 | - |
| | | (A) | 0.10 | - |
| | Non-current | | - | - |
| | Current | | 0.10 | - |
| | | | 0.10 | - |
| | **Subsidiaries** | | | |
| | CG Sales Network Malaysia Sdn.Bhd. | | - | 0.01 |
| | PT Crompton Prima Switchgear Indonesia | | - | 0.00 |
| | CG Electric Systems Hungary Zrt. | | - | 0.05 |
| | CG Drives and Automation Netherlands B.V. | | - | 0.00 |
| | CG Drives and Automation Sweden AB | | 4.47 | 7.15 |
| | CG Drives & Automation Germany GmbH | | 0.81 | 0.76 |
| | CG Power Americas, LLC | | 0.19 | 8.21 |
| | | (B) | 5.47 | 16.18 |
| | Non-current | | - | - |
| | Current | | 5.47 | 16.18 |
| | | | 5.47 | 16.18 |
| | **Other Related Party** | | | |
| | Shanthi Gears Limited | | 0.19 | - |
| | | (C) | 0.19 | - |
| | Non-current | | - | - |
| | Current | | 0.19 | - |
| | | | 0.19 | - |
| | **Total** | (A+B+C) | 5.76 | 16.18 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 3 | **Loans and advances receivable (net)** | | | |
| | **Subsidiaries** | | | |
| | CG Power Solutions Limited | | - | 1007.96 |
| | CG International Holdings Singapore Pte. Limited | | 19.44 | 19.44 |
| | CG International B.V. | | 2721.36 | 2718.17 |
| | CG Electric Systems Hungary Zrt. | | - | 0.03 |
| | | (A) | 2740.80 | 3745.60 |
| | *Less :* Provision provided against loans and advances | | | |
| | CG Power Solutions Limited | | - | 1007.96 |
| | CG International Holdings Singapore Pte. Limited | | 19.44 | 19.44 |
| | CG International B.V. | | 2718.17 | 2718.17 |
| | | (B) | 2737.61 | 3745.57 |
| | Non-current | | - | - |
| | Current | | 3.19 | 0.03 |
| | | | 3.19 | 0.03 |
| | **Total** | (A-B) | 3.19 | 0.03 |
| 4 | **Loans and advances payable** | | | |
| | **Subsidiaries** | | | |
| | CG Power Americas, LLC | | 1.05 | 1.07 |
| | CG - PPI Adhesive Products Limited | | 4.57 | 4.61 |
| | | | 5.62 | 5.68 |
| | Non-current | | - | - |
| | Current | | 5.62 | 5.68 |
| | | | 5.62 | 5.68 |
| | **Total** | | 5.62 | 5.68 |
| 5 | **Guarantees utilised** | | | |
| | **Subsidiaries** | | | |
| | CG International Holdings Singapore Pte. Limited^ | | 221.09 | 213.24 |
| | CG International B.V.^ | | 515.76 | 579.02 |
| | CG Electric Systems Hungary Zrt. | | - | 241.73 |
| | CG Drives & Automation Sweden AB | | - | 25.66 |
| | PT Crompton Prima Switchgear Indonesia | | 17.39 | 18.62 |
| | **Total** | | 754.24 | 1078.27 |

^ Represents outstanding amount. Corporate guarantee amount referred in note 3A(c) represents amount considered for settlement agreed during year ended 31 March, 2021.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(d) Compensation of Key Management Personnel of the Company:

| Nature of transaction | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Short-term employee benefits | 3.62 | 6.54 |
| Post-employment benefits | 0.16 | 0.25 |
| **Total compensation paid to key management personnel** | 3.78 | 6.79 |

Notes:

1 The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

2 The Company makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the period, the Company contributed ₹ 10.22 crores (Previous year ₹ 12.95 crores).

3 The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (CG Gratuity Fund). During the year, the Company contributed ₹ 2.05 crores (Previous year ₹ Nil).

4 Following subsidiaries are under liquidation process:

i) CG Power Solutions UK Limited

ii) CG Power and Industrial Solutions Limited Middle East FZCO

iii) CG Power Systems Canada Inc.

iv) CG- Ganz Generator and Motor Limited Liability Company

### 46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Transformer Division - Kanjurmarg

The plant and machineries of Transformer factory at Kanjurmarg were shifted to other manufacturing facilities and the carrying value of land and building was classified as 'Asset held for sale'. A provision for restructuring cost towards closure / shifting of the said manufacturing facility was recognised. During the current year, the Company actualised and reversed exceptional provision of ₹ 9.00 crores (previous year ₹ 31.29 crores) related to expected restructuring cost.

The Company had entered into a definitive agreement with a Buyer for sale of its remaining portion of land at Kanjurmarg originally as at 31 March, 2021. Subsequent to year end, a new binding term sheet was signed and the definitive agreements was terminated. The Company has complied with Conditions Precedent required as laid down in the binding term sheet signed and was pursuing with the Buyer for completion of the transaction. This transaction is completed in December, 2021 and the effect will be considered in year ending 31 March, 2022.

The restructuring provision, utilisation thereof and provision towards delay in completing contractual obligation towards completion of land sale aggregating to ₹ 94.67 crores (previous year ₹ 21.94 crores) forms part of the exceptional items in the revised standalone financial statements.

The major classes of assets and liabilities of the discontinued operations are as under:

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| | Transformer Division - Kanjurmarg | Transformer Division - Kanjurmarg |
| **Assets** | | |
| Land and building (net) | 279.85 | 279.85 |
| **Assets classified as held for sale (A)** | 279.85 | 279.85 |
| **Liabilities directly associated with assets classified as held for sale (B)** | - | - |
| **Net assets directly associated with disposal group (A-B)** | 279.85 | 279.85 |

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Operating | - | 0.49 |
| Investing | - | - |
| Financing | - | - |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 47. EXCEPTIONAL ITEMS

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Cessation of liability arising on settlement and restructuring of borrowings including interest thereon as per resolution plan (Refer note (a) below) | 1426.89 | - |
| Provision towards corporate guarantee obligation settlement (Refer note (b) below) | (307.76) | - |
| Net foreign exchange gain / (loss) on provision for corporate guarantee invocation and obligation settlement (Refer note (b) below) | 1.75 | - |
| Provision / write off against doubtful advances (Refer note (c) below)* | (176.11) | 3.55 |
| Provision / write off against loan given to subsidiaries (Refer note (c) below)** | (191.54) | (325.73) |
| (Impairment) / reversal of impairment of investments in subsidiaries (Refer note (d) below) | 288.75 | (884.17) |
| Provision for delay in completing contractual obligation pertaining to land sale and expected restructuring cost (Refer note 46) | (94.67) | (21.94) |
| Professional fees due to ongoing investigations and debt resolution plan (Refer note (e) below) | (14.39) | (36.24) |
| Provision against litigation (for trade receivable and claims) (Refer note (f) below) | (18.54) | (22.48) |
| Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries (Refer note (g) below) | - | (92.31) |
| Provision towards short fall of provident fund liability (Refer note (h) below) | - | (0.78) |
| Reversal towards post retirement medical benefit provision (Refer note 43(b)) | - | 10.83 |
| **Total** | 914.38 | (1369.27) |

Notes:

(a) As stated in Note 3A(b), the Company has discharged and settled the existing borrowings facilities for a total consideration of ₹ 1000 crores. Consequent to settlement, the gain on extinguishment of liability on account of reduction of certain portion of agreed debt including interest thereon as per resolution plan aggregating to ₹ 1426.89 crores is recognised in profit or loss as an exceptional item.

(b) As stated in Note 3A(c), provision of ₹ 206.55 crores and ₹ 101.21 crores is made towards cash and value of equity settlement option respectively of consideration payable on guarantee obligation settlement. Further unrealised foreign exchange gain of ₹ 1.75 crores is accrued on the provisions towards corporate guarantee obligation settlements.

(c) ₹ 191.54 crores receivables from subsidiary (previous year ₹ 325.73 crores) and ₹ 176.11 crores advances receivable from other company is provided. During the previous year, there was reversal of provision towards advance receivable from other companies ₹ 3.55 crores.

(d) The Company reassessed value of investment in its subsidiary CGIBV and based on the reassessment has reversed impairment provision of ₹ 288.75 crores. In previous year, the Company evaluated recoverability of certain investments in its subsidiaries (includes CGIBV) and recorded impairment provision of ₹ 884.17 crores.

(e) The Company has incurred professional fees of ₹ 14.39 crores (previous year ₹ 36.24 crores) towards the debt resolution process initiatives and ongoing investigation.

(f) The amount of ₹ 18.54 crores is provided towards matters related to sales tax pending either in appeal or in rectification. In previous year, the Company recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds to a customer towards transformer manufactured at CG Belgium factory.

(g) In previous year, the Company evaluated recoverability of certain receivables from / advances given to its subsidiaries and recorded impairment provision of ₹ 92.31 crores.

(h) In previous year, the Company has recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.

* In financial year 2020-21 the total amount of write off is ₹ 1234.21 crores and includes the amount against provision.

** In financial year 2020-21 the total amount of write off is ₹ 1199.50 crores and includes the amount against provision.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 48. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values:**

1. The Company has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others, current financial liabilities - borrowings, trade payables and other financial liabilities (except current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2. The fair values of the quoted investments / units of mutual fund schemes are based on market price / net asset value at the reporting date.

3. The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these loans given. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

4. Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

**The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:**

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

| | Note No. | Carrying amount As at 31-03-2021 (Revised) | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments* | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.51 | - | 6.51 | - |
| Non-current financial assets others | 9 | 6.09 | - | 6.09 | - |
| **Total** | | 12.99 | 0.39 | 12.60 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.47 | - | 1.47 | - |
| Current investments | 12 | 0.01 | 0.01 | - | - |
| **Total** | | 1.48 | 0.01 | 1.47 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long term loans from bank | 21 | 612.99 | - | 612.99 | - |
| Long term loans - debentures | 21 | 200.00 | - | 200.00 | - |
| Non-current other financial liabilities | 22 | 12.77 | - | 7.51 | 5.26 |
| **Total** | | 825.76 | - | 820.50 | 5.26 |

Note:

The Company has accumulated the cumulative loss on fair value change of ₹ 227.00 crores, in equity instruments through other comprehensive income. Considering the fact of non-recoverable nature of investment, the Company has transferred the cumulative loss of ₹ 227.00 crores with in equity to retained earnings from equity instruments through other comprehensive income reserve. The Company will derecognise the investment on disposal or on relinquishment of its rights.



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 48. FAIR VALUE MEASUREMENTS (Contd.)

| | Note No. | Carrying amount As at 31-03-2020 (Revised) | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments* | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.52 | - | 6.52 | - |
| Non-current financial assets others | 9 | 33.54 | - | 33.54 | - |
| **Total** | | 40.45 | 0.39 | 40.06 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.33 | - | 1.33 | - |
| Current investments | 12 | 0.01 | 0.01 | - | - |
| **Total** | | 1.34 | 0.01 | 1.33 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long term loans from bank | 21 | 292.89 | - | 221.89 | - |
| Non-current other financial liabilities | 22 | 16.22 | - | 5.85 | 10.37 |
| Current maturities of long term borrowings | 27 | 483.08 | - | 483.08 | - |
| **Total** | | 792.19 | - | 710.82 | 10.37 |

* Excludes investment in subsidiaries measured at cost.

During the reporting period ending 31 March, 2021 and 31 March, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks namely credit risk, market risk and liquidity risk. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company has generally managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

**Exposure to interest risk**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Floating Rate borrowings | 622.34 | 1995.78 |

**Interest rate sensitivity**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| 25 bps increase - Decrease in profit | (1.56) | (4.99) |
| 25 bps decrease - Increase in profit | 1.56 | 4.99 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Foreign currency risk**

The Company's functional currency is Indian Rupee. The Company undertakes transactions denominated in foreign currencies and consequently the Company is exposed to foreign exchange risk. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies.

**Unhedged foreign currency exposure as at 31 March, 2021 (Revised)**

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 72.78 | 31.06 | - | - | 2.69 | 106.53 |
| Trade payables | (35.37) | (12.91) | (0.77) | (0.43) | (0.54) | (50.02) |
| Commission payable | (24.55) | (3.57) | - | - | (0.13) | (28.25) |

**Unhedged foreign currency exposure as at 31 March, 2020 (Revised)**

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 132.52 | 13.56 | - | - | 2.13 | 148.21 |
| Short-term borrowings | (286.46) | - | - | - | - | (286.46) |
| Trade payables | (60.99) | (17.18) | (1.74) | (2.92) | (0.23) | (83.06) |
| Commission Payable | (25.91) | (2.43) | - | - | (0.12) | (28.46) |

**Foreign currency sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | 0.13 | (0.13) | (2.41) | 2.41 |
| Euro | 0.15 | (0.15) | (0.06) | 0.06 |
| JPY | (0.01) | 0.01 | (0.02) | 0.02 |
| CHF | (0.00) | 0.00 | (0.03) | 0.03 |
| Others | 0.02 | (0.02) | 0.02 | (0.02) |
| **Increase / (decrease) in profit or loss** | 0.29 | (0.29) | (2.50) | 2.50 |

**Credit risk**

Credit risk refers to the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are generally set to manage credit risk. General payment terms include credit period ranging from 45 to 90 days and where applicable, mobilisation advance, progress payments and certain retention money to be released at the end of the project.

Where the loans or receivables are impaired, the Company continues to engage in enforcement activity to attempt to recover the receivable due.

The Company is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans given, other financial assets and financial guarantees.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon or in case where settlement is agreed, the settlement amount. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided except as otherwise stated in respect of guarantees where settlement is agreed.





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Exposure to credit risk**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in Government or trust securities | 0.39 | 0.39 |
| Investments in Debentures or bonds | 0.05 | 0.05 |
| Other non-current investments | 1.41 | 1.27 |
| Non-current loans | 6.51 | 6.52 |
| Non-current financial assets - others | 6.09 | 33.54 |
| Cash and cash equivalents and other bank balances | 393.21 | 140.62 |
| Current financial assets - loans | 35.10 | 35.64 |
| Current financial assets - others | 1.93 | 2.79 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| Trade receivables | 746.21 | 674.65 |

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks. Refer note 47(c) in respect of provision / write off towards non-current loans and non-current financial assets others.

The ageing analysis of the trade receivables (gross of provision) (current as well as non-current) has been considered from the date the invoice falls due.

| | |
|---|---|
| **As at 31-03-2021 (Revised)** | |
| Up to 3 months | 411.16 |
| 3 to 6 months | 22.37 |
| More than 6 months | 312.68 |
| | 746.21 |
| **As at 31-03-2020 (Revised)** | |
| Up to 3 months | 196.24 |
| 3 to 6 months | 48.13 |
| More than 6 months | 430.28 |
| | 674.65 |

The following table summarises the change in the loss allowances for trade receivables measured using life-time expected credit loss model:

| | |
|---|---|
| **As at 1-04-2019 (Revised)** | 152.32 |
| Provided during the year | 122.17 |
| Reversals of provision | (7.13) |
| **As at 31-03-2020 (Revised)** | 267.36 |
| Provided during the year | 72.62 |
| Amounts written off | (103.34) |
| Reversals of provision | (12.10) |
| **As at 31-03-2021 (Revised)** | 224.54 |

No significant changes in estimation techniques or assumptions were made during the reporting period.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity profile of financial liabilities:**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| As at 31-03-2021 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Interest accrued on debentures | - | 2.94 | - | 2.94 |
| Deposits payable | - | 4.48 | 0.09 | 4.57 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 9.35 crores) | 4.84 | 521.10 | 296.40 | 822.34 |
| Short-term borrowings | 131.64 | - | - | 131.64 |
| Trade payables | 998.72 | - | - | 998.72 |
| Other financial liabilities | 579.89 | - | - | 579.89 |
| Lease liabilities | 3.48 | 5.54 | 3.18 | 12.20 |

| As at 31-03-2020 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 5.85 | - | 5.85 |
| Current maturities of long term borrowings | 483.08 | - | - | 483.08 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores) | - | 298.66 | - | 298.66 |
| Short-term borrowings | 1214.04 | - | - | 1214.04 |
| Trade payables | 1189.96 | - | - | 1189.96 |
| Other financial liabilities | 306.52 | - | - | 306.52 |
| Lease liabilities | 5.46 | 11.15 | 3.67 | 20.28 |

General credit terms for the trade payables are in the range of 30 to 180 days. During the year, the Company has established access to approved credit facilities to mitigate short-term liquidity risk.

**Collaterals:**

The Company has hypothecated part of its trade receivables and cash and cash equivalents in order to fullfill certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered (Refer note 21 and 25).

**Capital management**

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

**Gearing ratio**

The gearing ratio at the end of the reporting period was as follows:

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Total debt | 944.75 | 1990.13 |
| Equity | 1033.83 | (316.69) |
| **Total debt and equity** | 1978.58 | 1673.44 |
| **Gearing ratio** | 47.75% | 118.92% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2021 and 31 March, 2020.





₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 50. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | As at 1-04-2020 (Revised) | Effect of reclassification | Cash Inflows / (Outflows) | Conversion into debentures | Conversion into CG House Debt | One time settlement | Finance cost charged during the year | As at 31-03-2021 (Revised) |
|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| Term loans from banks | 221.89 | (217.05) | 607.67 | - | - | - | 0.48 | 612.99 |
| **Unsecured loans** | | | | | | | | |
| Term loans from banks | 71.00 | (71.00) | - | - | - | - | - | - |
| Debentures | - | - | - | 200.00 | - | - | - | 200.00 |
| **Non-current other financial liabilities:** | | | | | | | | |
| Interest accrued on debentures | - | - | - | - | - | - | 2.94 | 2.94 |
| **Current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| Banks | 370.59 | (4.84) | (46.84) | (31.58) | 126.32 | (285.90) | - | 127.75 |
| **Unsecured loans** | | | | | | | | |
| Banks | 519.18 | - | (122.55) | (37.71) | (28.28) | (330.64) | - | - |
| Others | 4.27 | - | (0.38) | - | - | - | - | 3.89 |
| **From other company** | 320.00 | - | (85.32) | (26.25) | (19.69) | (188.74) | - | - |
| **Current - other financial liabilities:** | | | | | | | | |
| Current maturities of long term borrowings | 483.08 | 462.89 | (390.58) | (104.46) | (78.35) | (378.35) | 5.77 | - |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 105.34 | 21.54 | (26.57) | - | - | (243.26) | 147.53 | 4.58 |
| **Total** | 2095.47 | 191.54 | (64.57) | - | - | (1426.89) | 156.72 | 952.27 |

**Note:**

The above disclosure does not include the cash flow movement for lease liabilities (Refer note 40). The finance cost charged during the year is related to borrowings.

| | As at 1-04-2019 (Revised) | Cash Inflows / (Outflows) | Effect of reclassification | Foreign Exchange Movement Impact | Finance cost charged during the year | Others | As at 31-03-2020 (Revised) |
|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | |
| **Secured loans** | | | | | | | |
| Term loans from banks | 538.96 | - | (327.56) | - | 10.49 | - | 221.89 |
| **Unsecured loans** | | | | | | | |
| Term loans from banks | 72.20 | - | - | - | - | (1.20) | 71.00 |
| **Current financial liabilities - borrowings:** | | | | | | | |
| **Secured loans** | | | | | | | |
| Banks | 357.10 | (50.10) | 33.89 | 29.70 | - | - | 370.59 |
| **Unsecured loans** | | | | | | | |
| Banks | 627.71 | (124.43) | 15.90 | - | - | - | 519.18 |
| Others | 51.80 | 2.26 | (49.79) | - | - | - | 4.27 |
| **From other company** | 320.00 | - | - | | | | 320.00 |
| **Current - other financial liabilities:** | | | | | | | |
| Current maturities long term borrowings | 312.62 | (157.10) | 327.56 | - | - | - | 483.08 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 30.03 | (162.17) | - | - | 237.48 | - | 105.34 |
| **Total** | 2310.54 | (491.54) | - | 29.70 | 247.97 | (1.20) | 2095.47 |

**Note:**

The above disclosure does not include the cash flow movement for lease liabilities (Refer note 40).

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 51. EARNINGS PER SHARE

| | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| Face value of equity share | ₹ | 2.00 | 2.00 |
| Weighted average number of Equity Shares | | | |
| - Basic | Nos. | 867943352 | 626746142 |
| - Diluted | Nos. | 918678806 | 626746142 |
| Profit / (loss) for the year | ₹ crores | 688.99 | (1479.83) |
| Earnings per share | | | |
| - Basic | ₹ | 7.94 | (23.61) |
| - Diluted | ₹ | 7.50 | (23.61) |
| Profit / (loss) used as the numerators in calculating basic and diluted earnings per share | | 688.99 | (1479.83) |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | | 867943352 | 626746142 |
| Weighted average number of equity shares used as the denominator in calculating diluted earnings per share | | 918678806 | 626746142 |
| Type of instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period presented | | Warrants | None |

### 52. PARTICULARS IN RESPECT OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 53(F) READ WITH PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

| | Balance as at | | Maximum outstanding during | |
|---|---|---|---|---|
| | 31-03-2021 (Revised) | 31-03-2020 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) |
| (a) Principal outstanding of loans and advances in the nature of loans given to subsidiaries | | | | |
| CG Power Solutions Limited | - | 1007.96 | 1199.50 | 1007.96 |
| CG International B.V. | 2718.17 | 2718.17 | 2718.17 | 2718.17 |
| CG International Holdings Singapore Pte. Limited | 19.44 | 19.44 | 19.44 | 19.44 |
| (b) Loans and advances in the nature of loans where repayment schedule is not specified | | | | |
| CG International B.V. | 2718.17 | 2718.17 | 2718.17 | 2718.17 |
| CG Power Solutions Limited | - | 1007.96 | 1199.50 | 1007.96 |





₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 53. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

Loans given and investments made are given under the respective heads.

Corporate guarantees given by the Company in respect of loans:

| Name of the Company | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| CG International B.V.* | 937.66 | 904.37 |
| CG Electric Systems Hungary Zrt.# | 276.60 | 270.55 |
| CG International Holdings Singapore Pte. Limited** | 386.22 | 372.51 |
| CG Drives & Automation Sweden AB | - | 86.92 |
| PT CG Power Systems Indonesia | 160.95 | 166.45 |
| PT Crompton Prima Switchgear Indonesia | 50.37 | 52.09 |
| Avantha Holdings Limited | - | 500.00 |
| | 1811.80 | 2352.89 |

**Notes:**

**As at 31-03-2021:**

* Amount includes corporate guarantees of ₹ 710.22 crores for which guarantee settlement is agreed by lenders and the Company (Refer Note 3A(c)).
# The corporate guarantee is settled in June, 2021 with the lender to the erstwhile subsidiary (Refer Note 3A(c)).
** Corporate guarantee settlement is agreed by lenders and the Company (Refer Note 3A(c)).

54. In preparation of the revised standalone financial statement, assessment of the recoverable value of its assets based on the internal and external information up to the date of approval of these revised financial statements considers impacts of COVID-19 and current indicators of future economic conditions. The Company believes there is no material impact on the Company due to COVID-19.

### 55. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs (MCA) issued certain amendments to Ind AS (the 2021 amendments). These amendments pertains to the following areas:

- Inter-bank Offered Rate (IBOR) related reforms (phase 2 reforms)
- Extension of practical expedient for rent concession
- Amendments consequent to issue of Conceptual Framework for financial reporting under Ind AS
- Other updates in the nature of clarification

The amendments are effective from annual reporting periods beginning on or after 1 April, 2021. These amendment does not have significant impact on the revised standalone financial statements of the Company.

56. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

57. Amounts shown as ₹ 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

per Bharath N S
Partner
Membership No. 210934
Chennai: 31 December, 2021

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

₹ crores

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2021

| Sr. No | Name of Subsidiary | Date of Acquisition / Incorporation | Reporting year of the subsidiary ended on | Reporting Currency | Exchange Rate | | Capital | | Reserves | Total Assets | Total Liabilities | Investments (except investments in subsidiaries) | Turnover (including Other income) | Profit / (loss) before taxation | Provision for taxation | Profit / (loss) after taxation | Proposed Dividend | % of Shareholding | Country of Incorporation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Closing | Average | Equity Share Capital | Preference Share Capital | | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 1 | CG PPI Adhesive Products Limited | 4-Nov-88 | 31-Mar-21 | INR | 1.00 | 1.00 | 3.90 | - | 14.07 | 22.07 | 4.10 | - | 16.07 | 0.82 | 0.39 | 0.43 | - | 81.42% | India |
| 2 | CG Power Solutions Limited | 14-Mar-12 | 31-Mar-21 | INR | 1.00 | 1.00 | 0.05 | - | (1869.99) | 0.00 | 1,869.95 | - | - | (0.00) | - | (0.00) | - | 100.00% | India |
| 3 | CG Power Equipments Limited | 19-Sep-14 | 31-Mar-21 | INR | 1.00 | 1.00 | 3.18 | - | (3.16) | 0.02 | 0.00 | - | - | (0.01) | - | (0.01) | - | 100.00% | India |
| 4 | CG Sales Networks Malaysia Sdn. Bhd.(formerly known as "Crompton Greaves Sales Network Malaysia Sdn. Bhd.") | 30-Sep-13 | 31-Mar-21 | MYR | 17.64 | 17.85 | 0.36 | - | 3.10 | 6.34 | 2.89 | - | 2.58 | (3.12) | 0.05 | (3.17) | - | 100.00% | Malaysia |
| 5 | CG International Holdings Singapore PTE Limited | 6-Jun-11 | 31-Mar-21 | EUR | 85.83 | 87.69 | 206.20 | - | (511.36) | 73.88 | 379.04 | - | 73.50 | 61.91 | - | 61.91 | - | 100.00% | Singapore |
| 6 | CG International B.V. | 1-Apr-05 | 31-Mar-21 | EUR | 85.83 | 87.69 | 1,570.63 | - | (2989.23) | 540.88 | 1,959.48 | - | 62.28 | (78.67) | - | (78.67) | - | 100.00% | The Netherlands |
| 7 | CG Power Systems Canada Inc. | 13-May-05 | 31-Mar-21 | CAD | 58.07 | 57.70 | 159.69 | 46.46 | (202.60) | 5.98 | 2.44 | - | - | 0.06 | - | 0.06 | - | 100.00% | Canada |
| 8 | PT Crompton Prima Switchgear Indonesia | 7-May-14 | 31-Dec-20 | IDR | 0.00503 | 0.00513 | 37.47 | - | (60.78) | 141.97 | 165.28 | - | 22.15 | (10.97) | 2.74 | (13.71) | - | 51.00% | Indonesia |
| 9 | CG-Ganz Generator and Motor Limited Liability Company (formerly CG Holdings Hungary Kft.) | 26-Sep-06 | 31-Mar-21 | EUR | 85.83 | 87.69 | 33.60 | - | (33.85) | 0.30 | 0.28 | - | 0.18 | (61.68) | - | (61.68) | - | 100.00% | Hungary |
| 10 | CG Electric Systems Hungary Zrt.* | 16-Oct-06 | 31-Mar-21 | EUR | 85.83 | 87.69 | 41.20 | - | (203.75) | 279.94 | 442.50 | - | 85.16 | (150.15) | - | (150.15) | - | 100.00% | Hungary |
| 11 | CG Service Systems France SAS | 2-Jun-08 | 31-Mar-21 | EUR | 85.83 | 87.69 | - | - | - | - | - | - | 2.01 | (1.42) | - | (1.42) | - | 100.00% | France |
| 12 | CG Power Solutions UK Limited | 1-Apr-10 | 31-Mar-21 | GBP | 100.75 | 100.60 | 0.00 | - | (15.59) | 27.40 | 42.99 | - | - | - | - | - | - | 100.00% | United Kingdom |
| 13 | CG Industrial Holdings Sweden AB | 10-Jun-11 | 31-Mar-21 | SEK | 8.39 | 8.65 | 117.47 | - | (3.92) | 249.52 | 135.97 | - | - | 0.45 | - | 0.45 | - | 100.00% | Sweden |
| 14 | CG Drives and Automation Sweden AB | 10-Jun-11 | 31-Mar-21 | SEK | 8.39 | 8.65 | 21.51 | - | 203.77 | 292.85 | 67.57 | - | 215.02 | 2.23 | 0.50 | 1.73 | - | 100.00% | Sweden |
| 15 | CG Drives and Automation Netherlands B.V. | 10-Jun-11 | 31-Mar-21 | EUR | 85.83 | 87.69 | 5.10 | - | 24.97 | 41.78 | 11.71 | - | 59.65 | 2.99 | 0.59 | 2.40 | - | 100.00% | The Netherlands |
| 16 | CG Drives and Automation Germany GmbH | 10-Jun-11 | 31-Mar-21 | EUR | 85.83 | 87.69 | 0.22 | - | 14.66 | 40.56 | 25.69 | - | 138.45 | 1.96 | 0.59 | 1.37 | - | 100.00% | Germany |
| 17 | CG Middle East FZE | 14-Apr-13 | 31-Mar-21 | EUR | 85.83 | 87.69 | 1.78 | - | (782.91) | 1.72 | 782.85 | - | 17.54 | 1.50 | - | 1.50 | - | 100.00% | UAE |
| 18 | CG Power Americas, LLC | 8-Jan-16 | 31-Mar-21 | USD | 73.18 | 73.11 | - | - | (201.65) | 62.48 | 264.13 | - | 0.32 | (16.74) | 1.44 | (18.18) | - | 100.00% | USA |
| 19 | QEI, LLC | 15-Apr-15 | 31-Mar-21 | USD | 73.18 | 73.11 | - | - | 83.22 | 143.75 | 60.54 | - | 67.52 | 17.89 | - | 17.89 | - | 100.00% | USA |
| 20 | CG Power and Industrial Solutions Limited Middle East FZCO | 15-Oct-18 | 31-Mar-21 | EUR | 85.83 | 87.69 | - | - | - | - | - | - | - | - | - | - | - | 100.00% | UAE |

* During the current year, CG Electric Systems Hungary Zrt. ('ESHU) was declared bankrupt by Local Court in Hungary ("Court") on 7 July, 2020; hence the Group no longer retains control over ESHU. Consequently it ceased to be treated as a subsidiary w.e.f. 30 June, 2021 (Refer note 52 in consolidated financial statements)

FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 )

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

**Notes:**

1 **Name of the subsidiaries which are yet to commence the operations**

CG Power and Industrial Solutions Limited Middle East FZCO

2 **Name of the subsidiaries which have been liquidated or sold during the year**

CG Service Systems France SAS

3 **Name of the subsidiaries which have been demerged during the year**

Nil

4 **Name of the subsidiaries ceased to be subsidiaries on account of loss of control during the year (w.e.f. 1 July, 2020)**

CG Electric Systems Hungary Zrt.

5 **Name of the subsidiaries merged during the year**

Nil

**For and on behalf of the Board**

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

## FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 )
Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures
Part 'B' : Associates and Joint Ventures

INFORMATION IN RESPECT OF ASSOCIATE COMPANIES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH, 2021

| S. No. | Name of Associate / Joint Venture | Date of Acquisition / Incorporation | Latest Audited Balance Sheet Date | Share of Associate / Joint Venture held by company on the year end | | | Description of How there is significant infuence | Reason why the Associate is not consolidated | Networth attributable to shareholding as per latest audited balance sheet | Profit / (loss) for the year | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares held | Amount of Investment in Associate / Joint Venture | Extent of Holding % | | | | Considered in Consolidation | Not considered in Consolidation |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| NIL | | | | | | | | | | | |

Notes:

1. Name of the associates or joint venture which are yet to commence the operations - NIL
2. Name of the associates which have been liquidated or sold during the year - NIL

**For and on behalf of the Board**

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

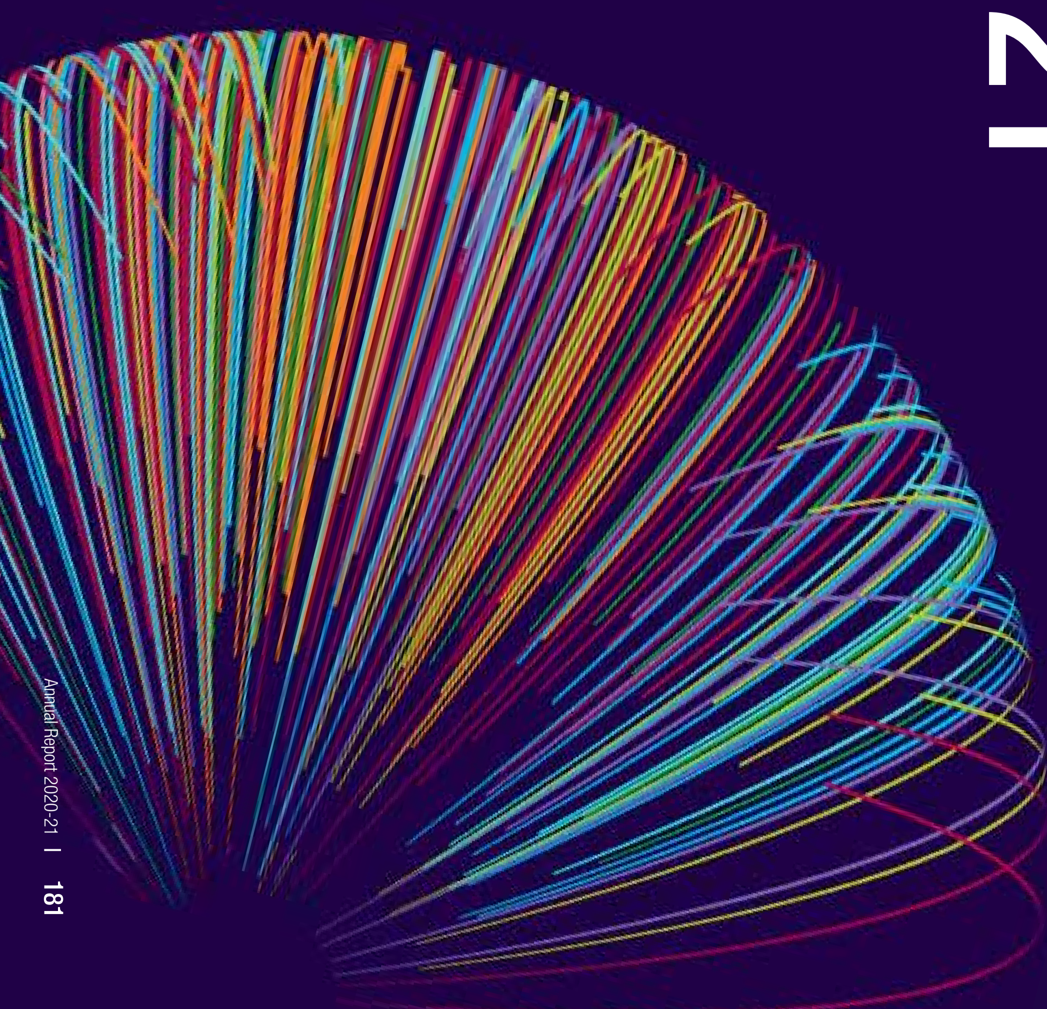
Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021



# Consolidated Financials 2020-21



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

### Report on the Audit of the Revised Consolidated Financial Statements

#### Qualified Opinion

We have audited the accompanying revised consolidated financial statements of CG Power and Industrial Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Revised Consolidated Balance Sheet as at March 31 2021, the Revised Consolidated Statement of Profit and Loss, including the Revised Consolidated Statement of Other Comprehensive Income, the Revised Consolidated Cash Flow Statement, the Revised Consolidated Statement of Changes in Equity for the year then ended, and notes to the Revised Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Revised Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on the audited Financial Statements / Financial Information and on the other financial information of the Subsidiaries, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid Revised Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2021, its consolidated profit including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

(1) The Group has not made provision towards the corporate guarantee amounting to Rs. 41.56 crores invoked by a bank as at March 31, 2021. Consequently, we are unable to comment on the impact of the above matter on these Revised Consolidated Financial Statements.

(2) We draw attention to note 3A(f) of the Revised Consolidated Financial Statements, which indicate that the accompanying Revised Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of :

(a) 5 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of ₹ 173.88 crores as at March 31, 2021, total revenues of ₹ 57.61 crores, total net loss after tax of ₹ 22.09 crores and total comprehensive loss (net) of ₹ 22.09 crores for year ended March 31, 2021 and net cash outflows of ₹ 3.03 crores for the year ended March 31, 2021;

(b) 1 subsidiary, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of Rs. 5.98 crores as at March 31, 2021, total revenues of Rs. Nil, total net profit after tax of Rs. 0.06 crore and total comprehensive income (net) of Rs. 0.06 crore for the year ended March 31, 2021 and net cash inflows of Rs. 0.22 crore for the year ended March 31, 2021;

Our report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such financial statements and other financial information as available and considered by the management. We are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to an audit.

We conducted our audit of the Revised Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Revised Consolidated Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other matter" paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Revised Consolidated Financial Statements.

#### Emphasis of Matter

(i) We draw attention to note 3A(a) of the Revised Consolidated Financial Statements, which describes that there are ongoing investigations by Serious Fraud Investigation Office ('SFIO') and other regulatory authorities. Pending completion of such investigations, adjustments, if any, have not been considered by the management in these Revised Consolidated Financial Statements.

(ii) We draw attention to note 1B of the Revised Consolidated Financial Statements as regards completion of recasting and restatements of the consolidated financial statements of the Group for the five years ended March 31, 2019 taken on record by National Company Law Tribunal (the 'NCLT') and NCLT approval dated December 22, 2021 for voluntary revision under section 131 (1) of the Companies Act, 2013 of the Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2021. The revised consolidated financial statements for the year ended March 31, 2020 have been approved by the Board of Directors of the Holding Company on December 31, 2021. The Group has now revised the original consolidated financial statements for the year ended March 31, 2021, that were approved by the Board of Directors of the Holding Company on June 11, 2021. Consequently, our audit report dated June 11, 2021 on the original consolidated financial statements which contained a disclaimer of opinion, on those original consolidated financial statements stands withdrawn and this report supersedes our audit report dated June 11, 2021.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Revised Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Revised Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

Auditor's responsibilities for the audit of the Revised Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Revised Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of subsidiaries not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Revised Consolidated Financial Statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revision of consolidated financial statements (as described in note 1B of the Revised Consolidated Financial Statements)** | |
| On March 5, 2020, basis application from Ministry of Corporate Affairs ('MCA'), the National Company Law Tribunal ('NCLT') had allowed for reopening and recasting of books of accounts of the Holding Company and its subsidiary companies for the 5 years ending March 31, 2019, under section 130 of the Companies Act 2013.<br><br>Recasting of those financial statements have been completed and taken on record by NCLT on October 26, 2021.<br><br>The Holding Company had also made an application to the NCLT for voluntary revision of books of accounts of the Holding Company and its subsidiaries for the financial years 2019-20 and 2020-21 under section 131(1) of the Companies Act 2013, to give consequential impact of the above recasting and reauditing of such prior years' financial statements. The NCLT approved such application on December 22, 2021.<br><br>In accordance with the above, subsequent to year end, revision of the consolidated financial statements for the five years ended March 31, 2019 and also March 31, 2020 have been completed. The effect of these revisions on the opening balances as on April 1, 2020 are described in note 3B of the Revised Consolidated Financial Statements.<br><br>The Revision of Consolidated Financial Statements is identified as key audit matter considering consequential changes in opening balances as on April 1, 2020. | Our audit procedures amongst others included the following:<br>• We obtained and read the order passed by NCLT for reopening and recasting of books of accounts of the Holding Company and its subsidiary companies for the past 5 years ending March 31, 2019, under section 130 of the Companies Act 2013.<br>• We obtained and read the NCLT order for taking on record the re-casted consolidated financial statements for 5 years ending March 31, 2019.<br>• We obtained and read the application to and order of the NCLT for voluntary revision of books of accounts of the Holding Company and its subsidiaries for the financial years 2019-20 and 2020-21 under section 131(1) of the Companies Act 2013.<br>• We obtained the reconciliation prepared by the management in respect of impact of revision on the amounts reported in the approved consolidated financial statements for the year ended March 31, 2021.<br>• We tested reconciliations and treatment of the effect of changes in the books of accounts.<br>• We have assessed the disclosures made in note 3B of the Revised Consolidated Financial Statements. |
| **Restructuring of Debts (as described in note 3A(b) of the Revised Consolidated Financial Statements)** | |
| During the year on November 20, 2020, the Holding Company executed the Master Implementation cum Compromise Settlement Agreement ('Settlement Agreement') with lenders and the Holding Company has discharged and settled the existing credit facilities including corporate guarantees.<br><br>Further, the lenders and the Holding Company received a binding offer from Tube Investments of India Limited ('TII'), for resolving the debts of the Holding Company and to infuse capital in the Holding Company.<br><br>During the year, the Holding Company, lenders and TII executed the required binding agreement for one time settlement and restructuring of funded and unfunded credit facilities. After receiving necessary regulatory approvals and fulfilment of Conditions Precedents, the Board of the Holding Company allotted securities to TII and discharged the liability of the lenders.<br><br>Consequent to the settlement of outstanding debt and corporate guarantees, the Group recognised cessation of liability arising on settlement and restructuring of borrowings including interest thereon as per resolution plan amounting to Rs. 1426.89 crores and provision towards corporate guarantee obligation settlement amounting to Rs. 185.89 crores respectively as an exceptional item in the statement of profit and loss during the year. The Restructuring of Debt is identified as key audit matter considering the significance of amounts involved. | Our audit procedures amongst others included the following:<br>• We obtained and read the Master Implementation cum Compromise Settlement and Corporate guarantee settlement agreements.<br>• We obtained and read the minutes of the board meeting providing approvals in relation to restructuring of debt.<br>• We tested the accounting entries in relation to debt restructuring and settlement of corporate guarantees and exceptional gain on the debt restructuring.<br>• We tested the computation prepared by the management of the Holding Company in relation to debt restructuring and settlement of corporate guarantees.<br>• We traced the payment made to lenders and capital infusion in the bank statements of the Holding Company.<br>• We obtained and read the No Objection Certificates provided by the lenders for settlement of the existing debts.<br>• We obtained direct bank confirmation for balance outstanding as on March 31, 2021.<br>• We assessed the disclosures in the revised consolidated financial statements in relation to restructuring of debt and settlement of corporate guarantees as exceptional items. |

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Recognition of Deferred Tax Asset (as described in note 10 of the Revised Consolidated Financial Statements)** | |
| The Group has Deferred Tax Asset (DTA) of ₹ 731.65 crores as at March 31, 2021 on tax losses based on availability of future taxable profits against which DTA will be utilized. The tax losses were primarily on account of write off of receivable balances in relation to various transactions, which are under investigations by regulatory authorities. Basis legal opinion, management has considered these written-offs as an allowable expense under the Income tax and recognized deferred tax assets on such losses.<br><br>The recognition of deferred tax asset is identified as key audit matter considering the significance of amounts and judgements involved. | Our audit procedures amongst others included the following:<br>• We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the measurement and recognition of deferred tax.<br>• We involved internal experts to assess tax computation as per the local fiscal regulations in India.<br>• We tested on a sample basis the identification and quantification of differences between the recognition of assets and liabilities according to tax law and financial reporting in accordance with Indian Accounting Standards.<br>• We obtained and verified the budgeted forecast approved by the senior management which was in line with the projections approved by the Board of the Holding Company for recoverability of deferred tax asset.<br>• We performed reasonability testing in relation to assumptions and estimates considered by the management for assessing recoverability of deferred tax asset.<br>• We obtained and read the legal opinion considered by the management for recognisation of deferred tax assets on losses.<br>• We assessed the disclosures in the Revised Consolidated Financial Statements in accordance with the requirements of Ind AS 12 "Income Taxes". |
| **Revenue recognition (as described in note 31 of the Revised Consolidated Financial Statements)** | |
| The Group has two operating segments, namely, Power and Industrial Segment. The type of customers varies across these segments, ranging from Large Government companies to Original Equipment Manufacturers and Industrial Customers etc.<br><br>The Group has major revenue from sale of goods which is recognized at a point in time based on the terms of the contract with customers which may vary case to case, further revenue from construction contracts is recognized over period of time. Terms of sales arrangements with various customers within each of the operating segments, including Incoterms determine the timing of transfer of control and require judgment in determining timing of revenue recognition.<br><br>Due to the judgement relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter is considered as Key Audit Matter. | Our audit procedures amongst others included the following:<br>• We read and understood the Group's accounting policy for timing of revenue recognition.<br>• We understood the Holding Company's revenue processes, including design and implementation of controls which vary based on product segment and customer, and tested the operating effectiveness of such controls in relation to revenue recognition.<br>• On a sample basis, we tested contracts with customers, purchase orders issued by customers, and sales invoices raised by the Holding Company to determine the timing of transfer of control along with pricing terms and the timing of revenue recognition in respect of such contracts.<br>• Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.<br>• On a sample basis, we analyzed revenue transactions near the reporting date and tested whether the timing of revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc. for those transactions.<br>• We evaluated the Group's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of Ind AS 115 - Revenue from Contracts with Customers.<br>• We assessed the disclosures for compliance with applicable accounting standards. |
| **Claims and exposures relating to taxation and litigation (as described in note 40 of the Revised Consolidated Financial Statements)** | |
| The Group has disclosed contingent liabilities of ₹ 35.78 crores in respect of disputed claims/ levies under tax and legal matters.<br><br>Taxation and litigation exposures have been identified as a key audit matter due to significant outstanding matters with authorities and management assessment towards potential financial impact of these matters will involve significant judgement and assumptions. | Our audit procedures included the following:<br>• We understood the process and assessed the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.<br>• We obtained details of legal and tax disputed matters from management and assessed management's position through discussions on both the probability of success in significant cases, and the magnitude of any potential loss.<br>• We involved tax specialists to assist us in evaluating tax positions taken by management.<br>• We circulated legal confirmation for material litigations to external legal counsel and review their assessment and had a discussion on their assessment with the senior management of the Holding Company.<br>• We assessed the relevant disclosures made in the Revised Consolidated Financial Statements for compliance with the requirements of Ind AS 37. |



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

### Information Other than the Revised Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Revised Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Revised Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Revised Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Revised Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Revised Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Revised Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Revised Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Revised Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Revised Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Revised Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Revised Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the Revised Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Revised Consolidated Financial Statements, including the disclosures, and whether the Revised Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

we have audited, to express an opinion on the Revised Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Revised Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Revised Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in Revised Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Revised Consolidated Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

(a) The comparative figures for the year ended March 31, 2020 of the Group included in these Revised Consolidated Financial Statements, are as per the revised consolidated financial statements of the Group for the year ended March 31, 2020, which have been audited by the Independent firm of Chartered Accountants approved by the NCLT vide its order dated December 22, 2021, who have issued an unmodified opinion on those revised consolidated financial statements.

(b) As mentioned in Note 1B to the Revised Consolidated Financial Statements, the recasting of the consolidated financial statements of the Group for the five years ended March 31, 2019 has been completed in accordance with the Section 130 of the Act and taken on record by National Company Law Tribunal (the 'NCLT').

(c) We did not audit the financial statements and other financial information, in respect of 9 subsidiaries which are part of continued operations of the Group and whose separate financial statements include total assets of ₹ 1,263.47 crores as at March 31, 2021, total revenues of ₹ 423.04 crores, total net loss after tax of ₹ 16.63 crores, total comprehensive loss (net) of ₹ 16.63 crores, for the year ended on that date and net cash inflows of ₹ 6.63 crores for the year ended on that date. We did not audit the financial statements and other financial information, in respect of 3 subsidiaries which are part of discontinued operations of the Group and whose separate financial statements include total assets of ₹ 6.66 crores as at March 31, 2021, total revenues of ₹ Nil, total net loss after tax of Rs. Nil, total comprehensive loss (net) of ₹ Nil, for the year ended on that date and net cash inflows of ₹ Nil for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our report on the Revised Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(d) In case of 1 subsidiary not audited by us, the other auditor who audited the subsidiary has reported an Emphasis of Matter paragraph stating that the ongoing investigation by SFIO into the affairs of the subsidiary, which also includes current liabilities – payable to others. The impact if any arising on account of the ongoing investigation is not considered in the financial statements of the subsidiary. The financial statements and other financial information of the subsidiary which reflect total assets of Rs. Nil as at March 31, 2021, total revenues of ₹ Nil, total net loss after tax ₹ Nil, total comprehensive loss (net) ₹ Nil for the year ended March 31, 2021 respectively, and net cash outflows of ₹ Nil for the year ended March 31, 2021, as considered in these Consolidated Financial Statements.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, read with the matters related to revision of consolidated financial statements as stated in Emphasis of Matter and Other Matters section of this report, we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Revised Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the revised financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

(c) The Revised Consolidated Balance Sheet, the Revised Consolidated Statement of Profit and Loss including the Revised Statement of Other Comprehensive Income, the Revised Consolidated Cash Flow Statement and Revised Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Revised Consolidated Financial Statements;

(d) In our opinion, the aforesaid Revised Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to Revised Consolidated Financial Statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion remuneration of the Managing Director for the year ended March 31, 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto. Subsequent to year, the Holding Company management has obtained approval of the shareholders for remuneration paid to the Managing Director in the extraordinary general meeting held on June 7, 2021 by way of a special resolution;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The Revised Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its Revised Consolidated Financial Statements – Refer Note 40 to the Revised Consolidated Financial Statements;

ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. Other than amounts stated in Note 28(a) of the Revised Consolidated Financial Statements, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries in India during the year ended March 31, 2021.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership No. 210934
UDIN: 21210934AAAAIR1235
Date: December 31, 2021

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED CONSOLIDATED FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Revised Consolidated Financial Statements of CG Power and Industrial Solutions Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Revised Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") , which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these Revised Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Revised Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Revised Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Revised Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to these Revised Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these Revised Consolidated Financial Statements.

### Meaning of Internal Financial Controls With Reference to the Revised Consolidated Financial Statements

A company's internal financial control with reference to these Revised Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED CONSOLIDATED FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls With Reference to these Revised Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to these Revised Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these revised consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to these Revised Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to Revised Consolidated Financial Statements and such internal financial controls with reference to Revised Consolidated Financial Statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Emphasis of Matter

We draw attention to note 1B of these Revised Consolidated Financial Statements as regards completion of recasting and restatements of the consolidated financial statements of the Group for the five years ended March 31, 2019 taken on record by National Company Law Tribunal (the 'NCLT') and NCLT approval dated December 22, 2021 for voluntary revision under section 131 (1) of the Companies Act, 2013 of the consolidated financial statements for the year ended March 31, 2020 and March 31, 2021. The revised consolidated financial statements for the year ended March 31, 2020 have been approved by the Board of Directors of the Holding Company on December 31, 2021. The Group has now revised the original consolidated financial statements for the year ended March 31, 2021, that were approved by the Board of Directors of the Holding Company on June 11, 2021. Consequently, our audit report dated June 11, 2021 on the original consolidated financial statements which contained a disclaimer of opinion, on those original consolidated financial statements stands withdrawn and this report supersedes our audit report dated June 11, 2021.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Revised Consolidated Financial Statements of the Holding Company, in so far as it relates to these 3 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the ICAI as specified under section 143(10) of the Act, the Revised Consolidated Financial Statements of the Holding Company, which comprise the Revised Consolidated Balance Sheet as at March 31, 2021, and the Revised Consolidated Statement of Profit and Loss, including other comprehensive income, the Revised Consolidated Cash Flow Statement and the Revised Consolidated Statement of Changes in Equity for the year then ended, and notes to the Revised Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information, and our report dated December 31, 2021 expressed a qualified opinion thereon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership No. 210934
UDIN: 21210934AAAAIR1235
Date: December 31, 2021
Place: Chennai

₹ crores

## REVISED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2021

| | Note No. | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **(1) Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | 4 | 912.14 | | 1228.07 | | 1660.89 | |
| (b) Capital work-in-progress | 4 | 12.31 | | 11.88 | | 67.63 | |
| (c) Goodwill | 5 | 155.68 | | 150.16 | | 140.87 | |
| (d) Intangible assets | 5 | 77.87 | | 110.75 | | 159.84 | |
| (e) Intangible assets under development | 5 | 7.82 | | 15.74 | | 23.42 | |
| (f) Financial assets | | | | | | | |
| (i) Investments | 6 | 1.86 | | 1.73 | | 1.67 | |
| (ii) Trade receivables | 7 | - | | 4.23 | | 13.35 | |
| (iii) Loans | 8 | 6.51 | | 6.52 | | 6.96 | |
| (iv) Others | 9 | 21.62 | | 52.46 | | 171.69 | |
| (g) Deferred tax assets (net) | 10 | 737.95 | | 881.55 | | 956.14 | |
| (h) Other non-current assets | 11 | 14.14 | | 10.03 | | 9.85 | |
| | | | 1947.90 | | 2473.12 | | 3212.31 |
| **(2) Current assets** | | | | | | | |
| (a) Inventories | 12 | 428.27 | | 384.34 | | 1192.80 | |
| (b) Financial assets | | | | | | | |
| (i) Investments | 13 | 0.01 | | 0.01 | | 0.01 | |
| (ii) Trade receivables | 14 | 586.98 | | 522.16 | | 1695.70 | |
| (iii) Cash and cash equivalents | 15 | 486.73 | | 191.98 | | 203.98 | |
| (iv) Bank balances other than (iii) above | 16 | 46.83 | | 50.38 | | 36.78 | |
| (v) Loans | 17 | 33.13 | | 41.67 | | 30.66 | |
| (vi) Others | 18 | 129.81 | | 232.11 | | 9.33 | |
| (c) Current tax assets (net) | | 129.10 | | 122.67 | | 109.47 | |
| (d) Other current assets | 19 | 322.73 | | 324.31 | | 683.22 | |
| | | | 2163.59 | | 1869.63 | | 3961.95 |
| **(3) Assets classified as held for sale and discontinued operations** | 45 | | 290.17 | | 309.44 | | 321.46 |
| **TOTAL ASSETS** | | | 4401.66 | | 4652.19 | | 7495.72 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **EQUITY** | | | | | | | |
| (a) Equity share capital | 20 | 267.60 | | 125.35 | | 125.35 | |
| (b) Other equity | 21 | (351.89) | | (2081.48) | | (587.42) | |
| | | | (84.29) | | (1956.13) | | (462.07) |
| **LIABILITIES** | | | | | | | |
| **(1) Non-current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 22 | 835.93 | | 587.04 | | 1447.54 | |
| (ii) Other financial liabilities | 23 | 18.19 | | 21.83 | | 5.69 | |
| | | | 854.12 | | 608.87 | | 1453.23 |
| (b) Provisions | 24 | | 27.62 | | 33.58 | | 84.22 |
| (c) Deferred tax liabilities (net) | 10 | | 4.68 | | 35.50 | | 238.76 |
| (d) Other non-current liabilities | 25 | | 0.46 | | 1.10 | | - |
| **(2) Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 26 | 127.99 | | 1067.15 | | 1426.79 | |
| (ii) Trade payables | 27 | 1034.52 | | 1301.66 | | 2310.15 | |
| (iii) Other financial liabilities | 28 | 1362.20 | | 2059.15 | | 874.21 | |
| | | | 2524.71 | | 4427.96 | | 4611.15 |
| (b) Other current liabilities | 29 | | 845.24 | | 973.59 | | 1310.07 |
| (c) Provisions | 30 | | 218.07 | | 498.17 | | 212.83 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | 45 | | 11.05 | | 29.55 | | 47.53 |
| **TOTAL EQUITY AND LIABILITIES** | | | 4401.66 | | 4652.19 | | 7495.72 |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | | | |

The accompanying notes form an integral part of revised consolidated financial statements

For and on behalf of the Board

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

**per Bharath N S**
Partner
Membership No. 210934
Chennai, 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai : 31 December, 2021



₹ crores

## REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

| | Note No. | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Revenue from operations | 31 | | 2963.95 | | 5109.88 |
| Other income | 32 | | 111.42 | | 48.23 |
| **Total Income** | | | 3075.37 | | 5158.11 |
| **EXPENSES** | | | | | |
| Cost of materials consumed | 33 | 1969.33 | | 3069.04 | |
| Purchases of stock-in-trade | 34 | 86.12 | | 60.92 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 35 | (81.18) | | 198.15 | |
| Employee benefits expense | 36 | 371.78 | | 867.13 | |
| Finance costs | 37 | 197.10 | | 324.05 | |
| Depreciation and amortisation expense | 38 | 138.31 | | 211.48 | |
| Other expenses | 39 | 510.42 | | 918.22 | |
| **Total Expenses** | | | 3191.88 | | 5648.99 |
| **Loss before exceptional items and tax** | | | (116.51) | | (490.88) |
| Exceptional items (net) | 50 | | 1543.67 | | (909.03) |
| **Profit / (loss) before tax** | | | 1427.16 | | (1399.91) |
| **Tax expense:** | | | | | |
| Current tax | 10 | 2.81 | | 2.64 | |
| Deferred tax (net) | 10 | 144.81 | | (78.45) | |
| | | | 147.62 | | (75.81) |
| **Profit / (loss) from continuing operations after tax** | | | 1279.54 | | (1324.10) |
| **Profit / (loss) from discontinued operations before tax** | 45 | 0.06 | | (6.92) | |
| Tax expense on discontinued operations | 10 | - | | 0.12 | |
| **Profit / (loss) from discontinued operations after tax** | | | 0.06 | | (7.04) |
| **Profit / (loss) for the year** | | | 1279.60 | | (1331.14) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 1295.20 | | (1323.65) |
| Non-controlling interests | | | 15.60 | | 7.49 |
| | | | 1279.60 | | (1,331.14) |
| **Other comprehensive income:** | | | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (4.00) | | (0.36) | |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 1.03 | | 0.11 | |
| B (i) Items that will be reclassified subsequently to profit or loss | | 5.91 | | 11.89 | |
| **Total other comprehensive income for the year** | | | 2.94 | | 11.64 |
| **Total comprehensive income for the year** | | | 1282.54 | | (1319.50) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 1298.14 | | (1312.01) |
| Non-controlling interests | | | 15.60 | | 7.49 |
| | | | 1282.54 | | (1319.50) |
| **Earnings per share for continuing operations** | 49 | | | | |
| **(basic) (₹)** | | | 14.92 | | (21.01) |
| **(diluted) (₹)** | | | 14.10 | | (21.01) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations** | 49 | | | | |
| **(basic) (₹)** | | | 0.00 | | (0.11) |
| **(diluted) (₹)** | | | 0.00 | | (0.11) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share** | 49 | | | | |
| **(basic) (₹)** | | | 14.92 | | (21.12) |
| **(diluted) (₹)** | | | 14.10 | | (21.12) |
| (Face value of ₹ 2 each) | | | | | |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | |

The accompanying notes form an integral part of revised consolidated financial statements

For and on behalf of the Board

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

**per Bharath N S**
Partner
Membership No. 210934
Chennai, 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai : 31 December, 2021

₹ crores

| REVISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| **[A] CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit / (loss) before taxes from continuing operations | | 1427.16 | (1399.91) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 138.31 | 211.48 |
| Allowances for doubtful receivables | | 57.87 | 56.12 |
| Bad debts written off | | 0.33 | 6.61 |
| Gain arising on financial instruments designated as FVTPL | | (0.14) | (0.06) |
| Finance costs | | 197.10 | 324.05 |
| Interest income | | (13.20) | (7.77) |
| Unrealised exchange (gain) (net) | | (3.39) | (8.12) |
| Unrealised exchange (gain) / loss on consolidation (net) | | 7.11 | 12.87 |
| Intangible assets write off | | 7.15 | 3.94 |
| Loss on sale of property, plant and equipment (net) | | 0.23 | 0.08 |
| Exceptional items (net) | | (1543.67) | 909.03 |
| | | (1152.30) | 1508.23 |
| Operating profit before working capital changes | | 274.86 | 108.32 |
| Adjustments for: | | | |
| (Increase) / Decrease in trade and other receivables | | (144.51) | 757.77 |
| (Increase) / Decrease in inventories | | (85.63) | 292.24 |
| Increase / (Decrease) in trade and other payables | | (248.71) | (424.69) |
| Increase / (Decrease ) in provisions | | (21.92) | (2.58) |
| | | (500.77) | 622.74 |
| Cash (used in) / from operations | | (225.91) | 731.06 |
| Income tax paid (net of refunds) | | (3.52) | (19.22) |
| Non-controlling interest in (profit) / loss | | (15.60) | (7.49) |
| Net cash flow (used in) / from continuing operating activities | | (245.03) | 704.35 |
| Net cash flow (used in) / from discontinued operating activities | | 2.83 | (12.80) |
| Net cash flow (used in) / from continuing and discontinued operating activities | (A) | (242.20) | 691.55 |
| **[B] CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Add: Inflows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 2.63 | 9.17 |
| Proceeds from sale of investments in subsidiary | | 0.26 | - |
| Interest received | | 7.76 | 5.61 |
| | | 10.65 | 14.78 |
| *Less*: Outflows from investing activities | | | |
| Purchase of property, plant and equipment (including capital work-in- progress and capital advances) and intangible assets | | (17.67) | (51.84) |
| Unrealised exchange gain on consolidation (net) | | (41.30) | (55.05) |
| Loans given to other than related parties | | - | (14.94) |
| | | (58.97) | (121.83) |
| Net cash flow (used in) / from continuing investing activities | | (48.32) | (107.05) |
| Net cash flow (used in) / from discontinued investing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued investing activities | (B) | (48.32) | (107.05) |



₹ crores

| REVISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| **[C] CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Add: Inflows from financing activities | | | |
| Proceeds from issue of of equity shares and warrants (net off expenses as per below note 3) | | 664.40 | - |
| Proceeds from long-term borrowings (net off processing fees paid) | | 635.61 | - |
| Proceeds from short-term borrowings | | 38.96 | 307.18 |
| Unrealised exchange loss on consolidation (net) | | 15.01 | 65.58 |
| Changes in non-controlling interest | | 15.60 | 7.49 |
| | | 1369.58 | 380.25 |
| *Less*: Outflows from financing activities | | | |
| Repayment of long-term borrowings | | (475.90) | (339.87) |
| Repayment of short-term borrowings | | (252.06) | (364.34) |
| Payment of lease liablities | | (12.03) | (12.72) |
| Payment towards corporate guarantee | | (4.32) | - |
| Finance costs paid | | (35.37) | (190.94) |
| | | (779.68) | (907.87) |
| Net cash flow (used in) / from continuing financing activities | | 589.90 | (527.62) |
| Net cash flow (used in) / from discontinued financing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued financing activities | (C) | 589.90 | (527.62) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 299.38 | 56.88 |
| *Less*: Reduction in cash and cash equivalents on account of deconsolidation of subsidiaries | | (2.60) | (70.60) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 296.78 | (13.72) |
| Cash and cash equivalents at beginning of the year | | 192.03 | 205.75 |
| Cash and cash equivalents at end of the year | | 488.81 | 192.03 |
| Cash and cash equivalents from continuing operations (Refer note 15) | | 486.73 | 191.98 |
| Cash and cash equivalents from discontinued operations | | 2.08 | 0.05 |
| Cash and cash equivalents from continuing and discontinued operations | | 488.81 | 192.03 |

1 Refer note 51 in respect of disclosure for changes in liabilities arising from financing activities.

2 Purchase of property, plant and equipment and intangible assets referred above include movement of capital work-in-progress and intangible assets under development respectively during the year.

3 Proceeds from issue of equity shares and warrants is net off expenses related to raising of equity aggregating to ₹ 23.10 crores.

4 The revised consolidated statement of cash flows has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Bharath N S
Partner
Membership No. 210934
Chennai, 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai : 31 December, 2021

₹ crores

## REVISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

### (A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2021

| Balance as at 1-04-2020 (Revised) | Changes in equity share capital during the year* | Balance as at 31-03-2021 (Revised) |
|---|---|---|
| 125.35 | 142.25 | 267.60 |

For the year ended 31 March, 2020

| Balance as at 1-04-2019 (Revised) | Changes in equity share capital during the year | Balance as at 31-03-2020 (Revised) |
|---|---|---|
| 125.35 | - | 125.35 |

* Refer Note 20

### (B) OTHER EQUITY

**For the year ended 31 March, 2021**

| | Retained Earnings | Effective portion of cash flow hedge | Foreign Currency Translation Reserve | Equity Instruments through Other Comprehensive Income | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Warrants Money | Statutory Reserve | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2020 (Revised)** | (2577.51) | 0.37 | 17.95 | (244.31) | 671.65 | 3.58 | 12.95 | 18.30 | - | - | (2097.02) | 15.54 | (2081.48) |
| Profit / (loss) for the year | 1295.20 | - | - | - | - | - | - | - | - | - | 1295.20 | (15.60) | 1279.60 |
| Amount received on Issuance of share warrants | - | - | - | - | - | - | - | - | 37.50 | - | 37.50 | - | 37.50 |
| Amount received on issuance of equity shares | - | - | - | - | - | - | - | 507.75 | - | - | 507.75 | - | 507.75 |
| Equity share and share warrants issue related expenses | - | - | - | - | - | - | - | (23.10) | - | - | (23.10) | - | (23.10) |
| Transfere of cumulative loss on equity instrument measured under FVTOCI | (244.31) | - | - | 244.31 | - | - | - | - | - | - | - | - | - |
| Other comprehensive income for the year | | | | | | | | | | | | | |
| - Remeasurement loss on defined benefit plans | (2.97) | - | - | - | - | - | - | - | - | - | (2.97) | - | (2.97) |
| - Foreign currency translation differences | - | - | 5.91 | - | - | - | - | - | - | - | 5.91 | 0.47 | 6.38 |
| Transferred to Statement of profit and loss/ Retained earnings on deconsolidation of subsidiaries | - | (0.42) | (75.15) | - | - | - | - | - | - | - | (75.57) | - | (75.57) |
| **Balance as at 31 March, 2021 (Revised)** | (1529.59) | (0.05) | (51.29) | - | 671.65 | 3.58 | 12.95 | 502.95 | 37.50 | - | (352.30) | 0.41 | (351.89) |

For the year ended 31 March, 2020

| | Retained Earnings | Effective portion of cash flow hedge | Foreign Currency Translation Reserve | Equity Instruments through Other Comprehensive Income | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Warrants Money | Statutory Reserve | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2019 (Revised)** | (1501.18) | 1.32 | 187.35 | (244.31) | 671.65 | 144.63 | 12.95 | 18.30 | - | 67.05 | (642.24) | 54.82 | (587.42) |
| Loss for the year | (1323.65) | - | - | - | - | - | - | - | - | - | (1323.65) | (7.49) | (1331.14) |
| Reduction on deconsolidation of subsidiaries | 39.47 | - | - | - | - | - | - | - | - | - | 39.47 | (39.47) | - |
| Other comprehensive income for the year | | | | | | | | | | | | | |
| - Remeasurement gain (loss) on defined benefit plans | (0.25) | - | - | - | - | - | - | - | - | - | (0.25) | - | (0.25) |
| - Foreign currency translation differences | - | - | 12.01 | - | - | - | - | - | - | - | 12.01 | 7.68 | 19.69 |
| - Effective portion of cash flow hedge | - | (0.12) | - | - | - | - | - | - | - | - | (0.12) | - | (0.12) |
| Transferred to Statement of profit and loss/ Retained earnings on deconsolidation of subsidiaries | 208.10 | (0.83) | (181.41) | - | - | (141.05) | - | - | - | (67.05) | (182.24) | - | (182.24) |
| **Balance as at 31 March, 2020 (Revised)** | (2577.51) | 0.37 | 17.95 | (244.31) | 671.65 | 3.58 | 12.95 | 18.30 | - | - | (2097.02) | 15.54 | (2081.48) |

For and on behalf of the Board

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Bharath N S
Partner
Membership No. 210934
Chennai, 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai : 31 December, 2021



## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS

### 1A. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the 'Company' or 'Parent') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company and its subsidiaries (collectively the 'Group') is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2021.

### 1B VOLUNTARY REVISION OF CONSOLIDATED FINANCIAL STATEMENTS

The National Company Law Tribunal ('NCLT') vide its order dated 5 March, 2020 allowed reopening of books of accounts and recasting of financial statements of the Group and audit thereof for the 5 years ended as on 31 March, 2019 ('recasted period'). Pursuant to the said order, Recasting Accountants recasted the consolidated financial statements of the Group and the said financial statements were audited by Recasting Auditors. The recasted consolidated financial statements of the Group for the 5 years ended as on 31 March, 2019 were taken on records by NCLT on 26 October, 2021.The effect of the recasting has been given in the books of accounts.

As a result of the above, the Group has revised consolidated financial statements for the year ended 31 March, 2020 and 31 March,2021 by way of voluntary revision of financial statements of the Group for the year ended 31 March, 2020 and 31 March 2021 under section 131(1) of the Companies Act, 2013 pursuant to the NCLT order dated 22 December, 2021.

### 1C APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The original consolidated financial statements of the Group for the year ended 31 March, 2021 were authorised for issue in accordance with a resolution of the directors on 11 June, 2021.The revised consolidated financial statements of the Group for the year ended 31 March, 2021 were authorised for issue in accordance with a resolution of the directors on 31 December, 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of preparation:**

The revised consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The revised consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value.

The revised consolidated financial statements are presented in Indian Rupees ('₹') and all values are rounded to the nearest crores, except when otherwise indicated.

**2.2 Basis of consolidation:**

The Group consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The entities are consolidated from the date control commences until the date control ceases.

The consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss on each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of profit and loss. Any investment retained is recognised at fair value.

Changes in the Group's holding that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's holding and the non-controlling interests are adjusted to reflect the changes in their relative holding. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Joint Ventures are entities over which the Group has joint control. Associates are entities over which the Group has significant influence but not control. Investments in Joint Ventures and Associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in Joint Ventures and Associates includes goodwill identified on acquisition.

### 2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the consolidated statement of profit and loss when the asset is derecognised.

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery – 1 to 21 years
- Furniture and fittings – 1 to 15 years
- Office equipments – 1 to 15 years
- Buildings – 3 to 60 years
- Vehicles – 1 to 8 years

Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

**Foreign companies**

Depreciation on property, plant and equipment has been provided at the rates required / permissible by the GAAPs of the respective countries. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Group has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

### 2.4 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised

Intangible assets are amortised as follows:

- Computer software : Over a period of five to six years;
- Technical know-how (including technology) : Over a period of five years (from the date of availability for its use);
- Commercial rights : Over a period of ten years;
- Brand name and customer lists (including trade mark) : Over a period of ten years; and
- Other intangible assets : Over a period of three to fifteen years;

**Research and development expenditure:**

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) The Group has intention to complete the development of intangible asset and use or sell it;

(iii) The Group has ability to use or sell the intangible asset;

(iv) The manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) The Group has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

### 2.5 Impairment of non-financial assets:

At least at the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognised in the consolidated statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGU's) fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 2.6 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

  The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

  Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 2.7 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above

### 2.8 Foreign currency transactions:

The Group's revised consolidated financial statements are presented in Indian Rupee, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognised in the consolidated statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the consolidated statement of profit and loss is also recognised in other comprehensive income or the consolidated statement of profit and loss respectively).

### 2.9 Revenue recognition:

#### (a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as separate performance obligations and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided. The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

In revenue arrangements with multiple performance obligations, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their standalone selling prices.

#### (b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

#### (c) Dividend and interest income

Dividend income is accounted for when the shareholder's right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and the effective interest rate.

### 2.10 Employee benefits:

**Short-term employee benefits**

All employee benefits payable wholly within twelve months after the end of the annual reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Compensation to employees of certain subsidiaries consist of pension plan, which are either fee or benefit based.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

**Post-employment benefits**

**Defined Contribution Scheme:**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

**Provident fund:**

Contributions to Provident Fund are made to a Trust administered by the Company and are charged to consolidated profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Company obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

**Defined Benefit Plans:**

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated statement profit or loss. Past service cost is recognised in the consolidated statement of profit and loss in the period of plan amendment or when the Group recognised related re-structuring costs.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**Gratuity:**

Gratuity is a defined benefit obligation plan operated by the Holding Company and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with Gratuity Fund of the Group. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to the consolidated profit and loss subsequently. Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date.

**Leave encashment:**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company and its Indian subsidiaries treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the consolidated statement of profit and loss.

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

**Termination benefits:**

Termination benefits are recognised as an expense when the Group can no longer withdraw the offer of the termination benefits or when the Group recognise any related restructuring costs whichever is earlier.

**2.11 Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.12 Segment accounting:**

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Group to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

**2.13 Leases:**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

At the date of commencement of the lease, the Group recognizes right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases and low value assets). For these short term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

A ROU asset is recognised representing its right to use the underlying asset for the lease term. The cost of the ROU asset measured at inception shall comprises of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The range of useful lives of the ROU assets are as follows:

- Leasehold land – 24 to 999 years
- Buildings – 2 to 9 years
- Furniture and fittings – 5 years

**Group as a lessor**

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**2.14 Earnings per share:**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as additional shares issued, bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of revised consolidated financial statements by the Board of Directors.

**2.15 Income taxes:**

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in net profit in the statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

**Current tax**

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Deferred tax

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the revised consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

2.16 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet.

Warranty provisions

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Group's obligation.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.17 Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the statement of profit and loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.18 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the revised consolidated financial statements.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.19 Business combinations and goodwill:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical costs. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.20 Investment in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or a joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or a joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit and loss of an associate and a joint venture is shown in the consolidated statement of profit and loss outside operating profit and represents profit and loss after tax of the associate and joint venture.

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate or a joint venture' in the consolidated statement of profit and loss.

### 2.21 Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

#### Operating cycle:

A portion of the Group's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

### 2.22 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.23 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit and loss after tax from discontinued operations in the consolidated statement of profit or loss. Also comparative consolidated statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

### 2.24 Financial instruments:

The Group recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

#### (i) Financial assets:

**Initial recognition and measurement**

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in 'other comprehensive income'. However, dividend on such equity investments are recognised in consolidated statement of profit and loss when the Group's right to receive payment is established.

**Impairment of financial assets**

The Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

For Trade Receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**(ii) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Financial guarantee contracts**

A Financial guarantee contracts is a contract that requires the Group to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

**(iii) Derivative financial instruments and hedge accounting:**

The Group uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to the consolidated statement of profit and loss when the hedge item affects profit and loss.

**Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss as other expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**(iv) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's revised consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

**Judgements**

**(i) Discontinued operations:**

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Group based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognized such assets at the carrying amount in the revised consolidated financial statements.

**(ii) Lease of assets not in legal form of lease:**

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Group, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**(i) Useful lives of property, plant and equipment**

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.

**(ii) Development costs**

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Group uses judgement in assessment of development cost eligible for capitalisation.

**(iii) Impairment of non-financial assets**

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**(iv) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

**(v) Income taxes**

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

**(vi) Defined benefit obligation**

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

**(vii) Revenue from contract with customers**

The Group estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

**(viii) Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised, The cases which have been determined as remote by the Group are not disclosed.

### 3A. UPDATE ON REGULATORY AND OTHER MATTERS

(a) Following are the updates in relation to ongoing investigations, regulatory and recovery actions:

- The Company submitted a detailed representation to Ministry of Corporate Affairs seeking its help to recover the various amounts due to the Company from various entities belonging to the earlier promoter group. Acting on the representation, the Ministry has filed a Petition in NCLT Mumbai seeking various reliefs in this regard.
- The Company and its subsidiary are fully co-operating with the ongoing investigation by Serious Fraud Investigation Office ('SFIO') for the affairs of the Company for the financial year 2011-12 to 2019-20.
- The Company has filed a suit for recovery against identified erstwhile promoter affiliate company, former Directors connected with the erstwhile promoter group and former Key Managerial Personnel ('KMPs') for recovery of sum of ₹ 1416.07 crores (principal ₹ 727.07 crores together with damages aggregating ₹ 689 crores) and three suits are filed by the Company towards the loss caused to Company's subsidiary, CG Power Solutions Limited ('CGPSOL') for sum of ₹ 1709.46 crores (principal ₹ 1153.24 crores together with interest aggregating ₹ 556.22 crores). The suits are pending disposal before Bombay High Court.

(b) Debt resolution in accordance with the Reserve Bank of India's ("RBI") Prudential Framework for Resolution of Stressed Assets (7 June, 2019 circular):

- The Lenders and the Company accepted a binding offer from Tube Investments of India Limited ('TII') for resolving the debts of the Company and to infuse capital in the Company. After executing necessary agreement and receiving necessary regulatory approvals, the Board of the Company allotted equity shares and warrants to TII in December, 2020 and received consideration of ₹ 687.50 crores. Consequently TII has acquired a controlling interest in the Company from 26 November, 2020 and has now been classified as the 'promoter' of the Company.
- The Company, lenders and TII executed the Master Implementation cum Compromise Settlement ('Settlement Agreement') in November, 2020 as per the approved resolution plan and under the said agreement, the Company has discharged and settled the existing credit facilities for a total consideration of ₹ 1000 crores. Consequent to above settlement, the cessation of liability aggregating to ₹ 1409.48 crores (including interest) as per resolution plan is recognised in profit or loss as an exceptional item.
- Consequent to completion of above referred settlement:
  - all the fund based facilities (including all costs, accumulated interest, penalties and other charges payable in relation to those facilities) excluding restructured debt stands discharged and settled in the books of the Company and the lenders;
  - any sponsor support undertaking /erstwhile promoter undertaking / letter of comfort, whatsoever has been provided by the Company to lenders stands discharged without any further claim or liability of the Company;
  - all proceedings filed by the lenders against the Company stands withdrawn except criminal proceedings, if any, against erstwhile promoter / management of the Company and;
  - The Company's loan accounts have been recognized as standard assets.
- In April, 2021, the Company prepaid the restructured debt of ₹ 145.16 crores for all lenders except one by payment of aggregate amount of ₹ 127.75 crores, equivalent to net present value against original due date of payment. Liability towards one lender with outstanding loan of ₹ 4.84 crores was secured by lien over a fixed deposit of equivalent amount. The Company has recognised the difference over the present value of debt settled amounting to ₹ 17.41 crores as an exceptional item.

(c) In December, 2020, the Company, its subsidiaries, offshore lenders and TII entered into agreements to settle the corporate guarantees aggregating to ₹ 863.12 crores (INR equivalents of Euro and USD) issued to offshore lenders by the Company and its subsidiary, CG International B.V. ('CGIBV') and the maximum exposure amount of ₹ 274.13 crores is to be settled ₹ 172.92 crores in cash (excluding foreign exchange gain of ₹ 1.75 crores) and ₹ 101.21 crores by issue of equity shares. Consequently, during the year ended 31 March, 2021 the Group has made provision of ₹ 92.15 crores.

Subsequent to year end, contrary to principally agreed terms of settlement, one of the lender has demanded entire outstanding amount of corporate guarantee of ₹ 146.21 crores and this is being contested. During the year ended 31 March, 2021, the Company has made provision of ₹ 33.63 crores in relation to such proposed settlement.

The Company and its subsidiary CGIBV have provided corporate guarantee towards credit facilities availed by CG Electric Systems Hungary Zrt. ('ESHU') where due to pronouncement of bankruptcy proceedings, the bank issued invocation letter. Subsequent to year end, CGIBV has settled the guarantee at consideration of ₹ 55.79 crores.

CGIBV, a wholly owned subsidiary of CG Power and Industrial Solutions Limited , has taken a loan, which has been secured against the assets of Belgium Entities (ceased to be subsidiaries from the assumed date of January 1, 2020) and additionally, supported with corporate guarantee by CGIBV. The said credit facility has been utilized by Belgium Entities. The lender has invoked the corporate guarantee amounting to ₹ 41.56 crore due to bankruptcy proceedings initiated of Belgium Entities. The Group has not made provision towards this invocation of corporate guarantee on the assumption that the estimated recoverable value of assets of Belgium entities shall be sufficient to meet this liability.

(d) Avantha Holdings Limited ('AHL') along-with its two affiliate companies, were classified as Promoter and Promoter Group of the Company ('Promoters'). After receiving necessary approval from Securities Exchange Board of India ('SEBI'), shareholders and the Stock Exchange, the AHL and affiliate companies shareholding is reclassified from 'Promoter' to 'Public' on 19 November, 2020 and consequently, AHL and all their associated group companies are termed in the revised consolidated financial statements as 'erstwhile promoter (AHL) affiliate companies'.

(e) The Company believes that the Company or the present Board of Directors and Key Managerial Personnel appointed after the change of Management on 26 November, 2020, cannot be made liable for any violations or non-compliance of any of the provisions of law or applicable regulations in respect of certain past transactions pertaining up to 31 March, 2020 or mentioned in the investigative reports.

(f) During the year ended March 31, 2021, the following entities have not been subjected to audit by their auditors and have been consolidated based on the management accounts:

| Name of the subsidiary | Country |
|---|---|
| CG Power Solutions UK Ltd | UK |
| CG Power & Industrial Solutions Limited Middle East FZCO (under voluntary liquidation) | UAE |
| CG Power Systems Canada Inc. (under voluntary liquidation) | Canada |
| PT CG Prima Switchgear Indonesia | Indonesia |
| CG Electric Systems Hungary Zrt. (subsidiary upto June 30, 2020) | Hungary |
| CG Service Systems France SAS (subsidiary upto July 20, 2020) | France |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF EFFECT OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS

Following table summarise the effect of changes considered in revised consolidated financial statements of the Company for the year ended 31 March, 2021.

**Changes in Consolidated Balance sheet as at 31 March 2021**

| | Note No | As at 31-03-2021 (Reported) | Effect of changes | As at 31-03-2021 (Revised) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| (a) Property, plant and equipment | | 912.14 | - | 912.14 |
| (b) Capital work-in-progress | | 12.31 | - | 12.31 |
| (c) Goodwill | | 155.68 | - | 155.68 |
| (d) Intangible assets | | 77.87 | - | 77.87 |
| (e) Intangible assets under development | | 7.82 | - | 7.82 |
| (f) Financial assets | | | | - |
| (i) Investments | | 1.86 | - | 1.86 |
| (ii) Loans | 3(B)-a | 11.06 | (4.55) | 6.51 |
| (iii) Others | 3(B)-b | 6.09 | 15.53 | 21.62 |
| (g) Deferred tax assets (net) | 3(B)-c | 942.69 | (204.74) | 737.95 |
| (h) Other non-current assets | | 14.14 | - | 14.14 |
| **Total non current assets** | | **2141.66** | **(193.76)** | **1947.90** |
| **(2) Current assets** | | | | |
| (a) Inventories | | 428.27 | - | 428.27 |
| (b) Financial assets | | | | |
| (i) Investments | | 0.01 | - | 0.01 |
| (ii) Trade receivables | 3(B)-d | 587.02 | (0.04) | 586.98 |
| (iii) Cash and cash equivalents | 3(B)-b | 497.71 | (10.98) | 486.73 |
| (iv) Bank balances other than (iii) above | | 46.83 | - | 46.83 |
| (v) Loans | | 33.13 | - | 33.13 |
| (vi) Others | | 129.81 | - | 129.81 |
| (c) Current tax assets (net) | 3(B)-e | 53.30 | 75.80 | 129.10 |
| (d) Other current assets | 3(B)-f | 326.40 | (3.67) | 322.73 |
| **Total current assets** | | **2102.48** | **61.11** | **2163.59** |
| **(3) Assets classified as held for sale and discontinued operations** | | 290.17 | - | 290.17 |
| **TOTAL - ASSETS** | | **4534.31** | **(132.65)** | **4401.66** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity share capital | | 267.60 | - | 267.60 |
| (b) Other equity | 3(B)-g | (216.84) | (135.05) | (351.89) |
| **Total equity** | | **50.76** | **(135.05)** | **(84.29)** |
| **LIABILITIES** | | | | |
| **(1) Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-h | 831.09 | 4.84 | 835.93 |
| (ii) Other financial liabilities | | 18.19 | - | 18.19 |
| (b) Provisions | | 27.62 | - | 27.62 |
| (c) Deferred tax liabilities (net) | | 4.68 | - | 4.68 |
| (d) Other non-current liabilities | | 0.46 | - | 0.46 |
| **Total non current liabilities** | | **882.04** | **4.84** | **886.88** |
| **(2) Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-h | 132.83 | (4.84) | 127.99 |
| (ii) Trade payables | 3(B)-i | 1032.18 | 2.34 | 1034.52 |
| (iii) Other financial liabilities | | 1362.20 | - | 1362.20 |
| (b) Other current liabilities | 3(B)-j | 845.18 | 0.06 | 845.24 |
| (c) Provisions | | 218.07 | - | 218.07 |
| **Total current liabilities** | | **3590.46** | **(2.44)** | **3588.02** |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | | 11.05 | - | 11.05 |
| **TOTAL - EQUITY AND LIABILITIES** | | **4534.31** | **(132.65)** | **4401.66** |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF EFFECT OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Changes in Consolidated Statement of Profit and Loss for the year ended 31 March 2021**

| | Note No | 2020-21 (Reported) | Effect of changes | 2020-21 (Revised) |
|---|---|---|---|---|
| **INCOME** | | | | |
| (a) Revenue from operations | | 2963.95 | - | 2963.95 |
| (b) Other income | 3(B)-k | 101.92 | 9.50 | 111.42 |
| **Total income** | | **3065.87** | **9.50** | **3075.37** |
| **EXPENSES** | | | | |
| (a) Cost of material consumed | | 1969.33 | - | 1969.33 |
| (b) Purchase of stock-in-trade | | 86.12 | - | 86.12 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | (81.18) | - | (81.18) |
| (d) Employee benefit expense | | 371.78 | - | 371.78 |
| (e) Finance costs | | 197.10 | - | 197.10 |
| (f) Depreciation and amortization expense | | 138.31 | - | 138.31 |
| (g) Foreign exchange (gain)/loss (net) | 3(B)-k | (9.50) | (9.50) | - |
| (h) Other expenses | | 510.42 | | 510.42 |
| **Total expenses** | | **3182.38** | **(9.50)** | **3191.88** |
| Loss before exceptional items and tax | | (116.51) | - | (116.51) |
| Exceptional items (net) | 3(B)-l | (1222.44) | 2766.11 | 1543.67 |
| **Profit/(loss) before tax** | | **(1338.95)** | **2766.11** | **1427.16** |
| **Tax expense:** | | | | |
| (i) Current tax | | 2.81 | - | 2.81 |
| (ii) Deferred tax | 3(B)-c | (947.73) | 1092.54 | 144.81 |
| **Profit/(loss) from continuing operations after tax** | | **(394.03)** | 1673.57 | **1279.54** |
| **Profit from discontinuing operations before tax** | | 0.06 | - | 0.06 |
| Tax expense / (credit) on discontinued operations | | - | - | - |
| **Profit from discontinuing operations after tax** | | 0.06 | - | 0.06 |
| **Profit/(loss) for the year** | | **(393.97)** | **1673.57** | **1279.60** |
| **Attributable to:** | | | | |
| Equity holders of the Parent | | (378.37) | 1673.57 | 1295.20 |
| Non - controlling interests | | 15.60 | - | 15.60 |
| | | **(393.97)** | **1673.57** | **1279.60** |
| **Other comprehensive income:** | | | | |
| (A) (i) Items that will not be reclassified subsequently to profit or loss | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (4.00) | - | (4.00) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 3(B)-c | 1.40 | (0.37) | 1.03 |
| (B) (i) Items that will be reclassified subsequently to profit or loss | 3(B)-m | (38.29) | 44.20 | 5.91 |
| **Total comprehensive income for the year** | | **(434.86)** | **1717.40** | **1282.54** |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF EFFECT OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Notes on effect of changes mentioned in tables above:**

(a) Reclassification of bank deposit balance of ₹ 4.55 crores from non-current financial assets - loans to non-current financial assets – others.

(b) Regrouping of deposit balance of ₹ 10.98 crores from Cash and cash equivalent to non-current financial assets - others and deposits of ₹ 4.55 crores reclassified from non-current financial assets - loans.

(c) Impact on deferred tax assets considered upto previous year ended 31 March, 2020, of ₹ 888.17 crores on account of recasting and revision of consolidated financial statements and consequential reversal of deferred tax assets of ₹ 806.89 crores earlier recognised in original consolidated financial statements for the year ended 31 March, 2021. Reduction in carry forward balance of deferred tax assets (net) aggregating to ₹ 286.02 crores due to change in tax rate.

(d) Reduction in trade receivables on account of bad debts written off ₹ 0.04 crores in revised consolidated financial statements for the year ended 31 March 2020.

(e) Increase in current tax assets (net) of ₹ 75.80 crores on account of recasting adjustment impacts considered in recasted consolidated financial statements upto year ended 31 March 2019.

(f) Reduction in other current assets on account of write off of advance to supplier of ₹ 1.41 crores and statutory and other receivables of ₹ 2.26 crores in revised consolidated financial statements for the year ended 31 March 2020.

(g) Change in other equity of ₹ 135.05 crores on account of recasting and revision of consolidated financial statements upto year ended 31 March 2021.

(h) Reclassification of borrowing from current to non-current amounting to ₹ 4.84 crores.

(i) Impact of adjustments for trade payables recognised in previous year amounting to ₹ 2.34 crores.

(j) Impact of adjustments for other payables recognised in previous year amounting to ₹ 0.06 crores.

(k) Foreign exchange gain of ₹ 9.50 crores is regrouped and considered as part of other income.

(l) Change in exceptional items on account of reversal of provision against doubtful advances of ₹ 2772.41 crores and reversal of write back of trade payable of ₹ 6.30 crores which are recognised in recasted and revised consolidated financial statements upto year ended 31 March, 2019.

(m) Impact of recasting adjustment on FCTR recognised for the year ended 31 March 2021 in revised consolidated financial statements amounting to ₹ 44.20 crores.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIADTED FINANCIAL STATEMENTS (Contd.)

### 4. PROPERTY, PLANT AND EQUIPMENT (Revised)

| | Freehold land | Leasehold land | Buildings | Plant and machinery | Right-of-Use assets | Furniture and fittings | Office equipments | Vehicles | Total | Capital work -in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | | | |
| **As at 01-04-2019 (Revised)** | **228.29** | **86.05** | **1128.05** | **862.74** | **-** | **35.54** | **31.46** | **17.59** | **2389.72** | **67.63** |
| Additions | - | - | 11.24 | 18.01 | 63.42 | 3.30 | 2.26 | 0.96 | 99.19 | 22.04 |
| Disposals / transfers | - | - | 0.05 | 23.41 | - | 0.44 | 0.42 | 2.60 | 26.92 | 60.60 |
| Transferred adjustments | - | (86.05) | (0.11) | 0.48 | 86.05 | (0.31) | (0.06) | - | - | - |
| *Less*: translation adjustments | (16.72) | - | (45.14) | (34.30) | (1.31) | (0.94) | (2.62) | (1.66) | (102.69) | 0.26 |
| Reduction on deconsolidation of subsidiaries | 128.00 | - | 311.60 | 278.30 | 28.71 | 7.30 | 8.35 | 0.01 | 762.27 | 16.93 |
| Transferred adjustments from discontinued operation | - | - | 0.11 | - | - | - | - | - | 0.11 | - |
| **As at 31-03-2020 (Revised)** | 117.01 | - | 872.78 | 613.82 | 122.07 | 31.73 | 27.51 | 17.60 | 1802.52 | 11.88 |
| Additions | - | - | 1.13 | 3.07 | 10.42 | 0.61 | 0.40 | 0.46 | 16.09 | 2.21 |
| Disposals / transfers | - | - | 2.85 | 56.52 | 4.61 | 5.52 | 2.81 | 3.88 | 76.19 | 4.60 |
| Transferred adjustments | - | - | - | (0.38) | - | 0.38 | - | - | - | - |
| *Less*: translation adjustments | (8.02) | - | (13.64) | (14.22) | 0.16 | (0.05) | (0.80) | (0.94) | (37.51) | (2.82) |
| Reduction on deconsolidation of subsidiaries | 51.85 | - | 214.82 | 66.18 | 7.38 | (2.27) | 2.81 | 7.01 | 347.78 | - |
| **As at 31-03-2021 (Revised)** | 73.18 | - | 669.88 | 508.03 | 120.34 | 29.52 | 23.09 | 8.11 | 1432.15 | 12.31 |
| **Accumulated depreciation:** | | | | | | | | | | |
| **As at 01-04-2019 (Revised)** | **-** | **14.80** | **289.08** | **383.24** | **-** | **15.21** | **19.95** | **6.55** | **728.83** | **-** |
| Depreciation charge for the year | - | - | 44.94 | 66.43 | 20.57 | 3.65 | 3.99 | 2.14 | 141.72 | - |
| Impaiment for the year (Refer note 50) | - | - | 8.95 | - | - | - | - | - | 8.95 | - |
| Disposals / transfers | - | - | 0.25 | 17.68 | - | 0.26 | 0.35 | 1.57 | 20.11 | - |
| Transferred adjustments | - | (14.80) | (0.02) | 0.20 | 14.80 | (0.12) | (0.06) | - | - | - |
| *Less*: translation adjustments | - | - | (26.44) | (29.18) | - | (0.75) | (2.52) | (1.43) | (60.32) | - |
| Reduction on deconsolidation of subsidiaries | - | - | 147.31 | 177.17 | 7.84 | 5.30 | 7.66 | - | 345.28 | - |
| Transferred adjustments from discontinued operation | - | - | 0.02 | - | - | - | - | - | 0.02 | - |
| **As at 31-03-2020 (Revised)** | - | - | 221.85 | 284.20 | 27.53 | 13.93 | 18.39 | 8.55 | 574.45 | - |
| Depreciation charge for the year | - | - | 25.83 | 46.04 | 12.89 | 3.28 | 3.02 | 1.25 | 92.31 | - |
| Disposals / transfers | - | - | 1.23 | 42.70 | 1.51 | 3.81 | 2.48 | 3.60 | 55.33 | - |
| Transferred adjustments | - | - | - | **(0.13)** | - | **0.13** | - | - | - | - |
| *Less*: translation adjustments | - | - | (4.72) | (6.29) | 1.62 | (0.07) | (0.42) | (0.73) | (10.61) | - |
| Reduction on deconsolidation of subsidiaries | - | - | 68.87 | 26.68 | 3.85 | (2.27) | 2.60 | 2.30 | 102.03 | - |
| **As at 31-03-2021 (Revised)** | - | - | 182.30 | 267.02 | 33.44 | 15.87 | 16.75 | 4.63 | 520.01 | - |
| **Net book value** | | | | | | | | | | |
| As at 31-03-2020 (Revised) | 117.01 | - | 650.93 | 329.62 | 94.54 | 17.80 | 9.12 | 9.05 | 1228.07 | 11.88 |
| **As at 31-03-2021 (Revised)** | 73.18 | - | 487.58 | 241.01 | 86.90 | 13.65 | 6.34 | 3.48 | 912.14 | 12.31 |

**Note:**

Group's application for renewal of lease in respect of property in Mumbai is pending consideration of local municipal corporation. The net book value of tangible assets in relation to this property is ₹ 192.89 crores (as at 31 March, 2020 ₹ 198.41 crores and as at 1 April, 2019 ₹ 201.56 crores).

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIADTED FINANCIAL STATEMENTS (Contd.)

### 5. INTANGIBLE ASSETS

| | Brand names and customer lists | Computer software | Technical know-how | Commercial rights | Development cost | Total | Goodwill | Intangible assets under development |
|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **254.06** | **141.17** | **98.41** | **31.09** | **180.03** | **704.76** | **140.87** | **23.42** |
| Additions | 0.04 | 2.86 | 36.24 | - | 28.65 | 67.79 | - | 13.85 |
| Disposals / transfers | - | - | - | - | - | - | - | 17.44 |
| Impairment for the year | - | - | - | - | - | - | - | 4.13 |
| *Less*: translation adjustments | (21.13) | (12.00) | (36.96) | - | (3.72) | (73.81) | (9.29) | (0.04) |
| Reduction on deconsolidation of subsidiaries | - | 60.95 | 79.49 | - | - | 140.44 | - | - |
| **As at 31-03-2020 (Revised)** | **275.23** | **95.08** | **92.12** | **31.09** | **212.40** | **705.92** | **150.16** | **15.74** |
| Additions | - | 0.27 | - | - | 14.73 | 15.00 | - | 8.08 |
| Disposals / transfers | 3.02 | 14.04 | 76.13 | - | 26.22 | 119.41 | - | 8.84 |
| Impairment for the year | - | - | - | - | - | - | - | 7.15 |
| *Less*: translation adjustments | (9.08) | (0.81) | (13.38) | - | (17.67) | (40.94) | (5.52) | 0.01 |
| Reduction on deconsolidation of subsidiaries | 48.21 | 11.27 | (68.65) | - | (23.80) | (32.97) | - | - |
| **As at 31-03-2021 (Revised)** | **233.08** | **70.85** | **98.02** | **31.09** | **242.38** | **675.42** | **155.68** | **7.82** |
| **Accumulated amortisation:** | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **201.84** | **111.05** | **96.79** | **29.61** | **105.63** | **544.92** | **-** | **-** |
| Amortisation charge for the year | 17.82 | 9.99 | 12.28 | 1.11 | 28.37 | 69.57 | - | - |
| Impairment for the year (Refer note 50) | 25.38 | - | - | - | - | 25.38 | - | - |
| Disposals / transfers | - | - | - | - | - | - | - | - |
| *Less*: translation adjustments | (18.56) | (10.76) | (36.44) | - | (2.40) | (68.16) | - | - |
| Reduction on deconsolidation of subsidiaries | - | 58.50 | 54.36 | - | - | 112.86 | - | - |
| **As at 31-03-2020 (Revised)** | **263.60** | **73.30** | **91.15** | **30.72** | **136.40** | **595.17** | **-** | **-** |
| Amortisation charge for the year | 14.48 | 3.53 | 0.41 | 0.37 | 27.21 | 46.00 | - | - |
| Disposals / transfers | 2.33 | 11.78 | 76.13 | - | 21.80 | 112.04 | - | - |
| *Less*: translation adjustments | 2.45 | (11.47) | (13.38) | - | (13.00) | (35.40) | - | - |
| Reduction on deconsolidation of subsidiaries | 48.16 | 11.27 | (68.65) | - | (23.80) | (33.02) | - | - |
| **As at 31-03-2021 (Revised)** | **225.14** | **65.25** | **97.46** | **31.09** | **178.61** | **597.55** | **-** | **-** |
| **Net book value** | | | | | | | | |
| As at 31-03-2020 (Revised) | 11.63 | 21.78 | 0.97 | 0.37 | 76.00 | 110.75 | 150.16 | 15.74 |
| **As at 31-03-2021 (Revised)** | **7.94** | **5.60** | **0.56** | **-** | **63.77** | **77.87** | **155.68** | **7.82** |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 5. INTANGIBLE ASSETS

**Impairment testing of goodwill**

For the purpose of impairment testing, goodwill relating to continuing business segments has been allocated to the cash generating units (CGUs) as follows:

| CGUs /Segments | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Revised) |
|---|---|---|---|
| Industrial Systems | **155.68** | 150.16 | 140.87 |
| **Total goodwill** | **155.68** | 150.16 | 140.87 |

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value in use and fair value less cost to sell. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Group's operating segment.

The Group generally uses discounted cash flow based method to determine the recoverable amount. These discounted cash flow calculations use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The discount rate calculation is derived from weighted average cost of capital (WACC) of CGU's. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use / fair value less costs to sell for impairment test purposes.

| | As at 31-03-2021 (Revised) |
|---|---|
| Terminal value growth rate | **1%** |
| Pre tax discount rate | **10.30%** |

The pre tax discount rate (WACC) used 10.30%

During the current year, the Group has not separately tested for impairment the goodwill balances, however, the Group has reassessed recoverability of net assets of certain subsidiaries (including goodwill) and based on the reassessment has reversed provision to the extent of ₹ 282.21 crores as explained in note 50. No further impairment was identified for Industrial segment as of 31 March, 2021 as the recoverable value of the respective CGUs exceeded the carrying value.

An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Quoted investments** | | | |
| Government and trust securities (Carried at amortised cost) | **0.39** | 0.39 | 0.39 |
| **Total (A)** | **0.39** | 0.39 | 0.39 |
| **Unquoted investments** | | | |
| **Investments in equity instruments** | | | |
| Measured at fair value through other comprehensive income | **244.31** | 244.31 | 244.31 |
| *Less*: Cumulative change in fair value (impairment) | **(244.31)** | (244.31) | (244.31) |
| Carried at fair value through profit and loss | **0.01** | 0.01 | 0.01 |
| **Investments in debentures or bonds** | | | |
| Carried at fair value through profit and loss | **0.05** | 0.05 | 0.05 |
| **Other non-current investments** | | | |
| Carried at fair value through profit and loss | **1.41** | 1.28 | 1.22 |
| **Total (B)** | **1.47** | 1.34 | 1.28 |
| **Total (A+B)** | **1.86** | 1.73 | 1.67 |
| **Notes:** | | | |
| **Quoted investments** | | | |
| Book value | **0.39** | 0.39 | 0.39 |
| Market value | **0.39** | 0.39 | 0.39 |
| **Unquoted investments** | | | |
| Book value | **1.47** | 1.34 | 1.28 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLE

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Unsecured | | | |
| Considered good (Refer note 31) | - | 4.23 | 13.35 |
| | - | 4.23 | 13.35 |

### 8. NON-CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | 6.51 | 6.52 | 6.96 |
| Deposits | 6.51 | 6.52 | 6.96 |

### 9. NON-CURRENT FINANCIAL ASSETS-OTHERS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Unsecured considered good, unless otherwise stated** | | | |
| Fixed deposits with maturity period of more than 12 months* | 10.64 | 33.54 | 14.61 |
| Other receivable | 10.98 | 18.92 | 17.29 |
| Advance to others** | - | 3255.27 | 885.67 |
| *Less:* Impairment provision on advances to others | - | (3255.27) | (885.67) |
| Advance to others (net) | - | - | - |
| Advance to other related parties | - | - | 2537.84 |
| *Less:* Impairment provision on advances to other related party | | | (2398.05) |
| | 21.62 | 52.46 | 171.69 |

* Deposits of ₹ 0.14 crores (₹ 33.54 crores as at 31 March, 2020 and ₹ 5.06 crores as at 1 April, 2019) are held as margin money.

** Amount written off during the year ₹ 3255.27 crores.

### 10. TAXATION

Income tax recognised in statement of profit and loss:

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Consolidated statement of profit or loss:** | | |
| Current income tax: | | |
| Current period (continuing operations) | 2.81 | 2.64 |
| Current period (discontinued operations) | - | 0.12 |
| Deferred tax : | | |
| Relating to origination and reversal of temporary differences - continuing operations | 144.81 | (78.45) |
| **Income tax recognised in other consolidated statement of profit or loss** | 147.62 | (75.69) |
| **Consolidated statement of other comprehensive income** | | |
| Current tax related to items recognised in other comprehensive income during the year | - | - |
| Deferred tax related to items recognised in other comprehensive income during the year | (1.03) | (0.11) |
| **Total income tax recognised in other comprehensive income** | (1.03) | (0.11) |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 10. TAXATION (Contd.)

Reconciliation of Income tax expense and the accounting profit / (loss) multiplied by applicable income tax rate:

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Accounting profit / (loss) before tax from continuing operations | 1427.16 | (1399.91) |
| Accounting profit / (loss) before tax from discontinued operations | 0.06 | (6.92) |
| **Accounting profit / (loss) before income tax** | 1427.22 | (1406.83) |
| Applicable tax rate | 25.168% | 34.944% |
| **Computed tax expense** | 359.20 | (491.60) |
| Income exempt from taxation | (0.37) | 165.16 |
| Expense not deductible in determining taxable profits | (97.58) | (346.77) |
| Tax impact on allowances on research and development activities | - | (9.08) |
| Deferred tax assets not recognised on account of lack of convincing evidence in respect of recognition | (153.85) | 338.52 |
| Impact of deferred tax created at lower rate | 24.81 | 239.72 |
| Cessation of liability arising settlement and restructuring of borrowings - not taxable | (297.82) | - |
| Other temporary differences | 27.21 | 28.36 |
| Change in income tax rate | 286.02 | - |
| **Net income tax expense charged to consolidated statement of profit and loss** | 147.62 | (75.69) |
| Income tax attributable to continuing operations | 147.62 | (75.81) |
| Income tax attributable to discontinued operations | - | 0.12 |
| **Total** | 147.62 | (75.69) |

**Note:**

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961. Accordingly, the Company has recognised provision for income tax basis the tax rate prescribed under the said section. This has resulted in reversal of carry forward balance of deferred tax assets (net) aggregating to ₹ 286.02 crores and the impact of the reversal is considered in the income tax expenses for the year.

| | Balance sheet | | | Recognised in statement of profit and loss | |
|---|---|---|---|---|---|
| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) |
| **Deferred tax relates to the following** | | | | | |
| Expenses allowable on payment basis | 33.63 | 19.54 | 18.90 | (14.27) | (6.99) |
| Other items giving rise to temporary differences | 33.17 | 43.60 | 38.10 | 10.58 | (15.11) |
| Accelerated depreciation for tax purposes | (47.73) | (110.51) | (189.28) | (32.46) | (12.61) |
| Fair valuation of property, plant and equipment | (164.15) | (199.81) | (205.87) | (35.66) | (6.06) |
| Provision and impairment of loans and receivables | 84.53 | 853.66 | 860.63 | 759.82 | 10.61 |
| Provision for corporate guarantee obligation settlement | 62.17 | - | - | (64.96) | - |
| Minimum alternate tax | - | 15.55 | 15.55 | - | - |
| Unabsorbed losses and unabsorbed depreciation | 731.65 | 224.02 | 179.35 | (494.81) | (48.29) |
| **Deferred tax assets / (liabilities)** | 733.27 | 846.05 | 717.38 | | |
| **Net (income) / expense** | | | | 128.24 | (78.45) |
| **Deferred tax expense / (Benefits):** | | | | | |
| Relating to origination and reversal of temporary differences - continuing operations | | | | 128.24 | (78.45) |
| Relating to origination and reversal of temporary differences - discontinued operations | | | | - | (0.11) |
| **Total** | | | | 128.24 | (78.56) |

The net deferred tax assets of ₹ 733.41 crores (as at 31 March, 2020 ₹ 867.03 crores and as at 1 April, 2019 ₹ 799.02 crores) includes deferred tax assets of ₹ 727.27 crores (as at 31 March, 2020 ₹ 219.08 crores and as at 1 April, 2019 ₹ 174.59 crores) related to tax losses. Based on the future forecast and current economic conditions in India, there is reasonable certainty that the deferred tax assets on tax losses will be recovered on or before expiry of 8 years period

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 10. TAXATION (Contd.)

**Reconciliation of deferred tax assets net**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 01-04- 2019 (Revised) |
|---|---|---|---|
| **Opening balance** | **846.05** | 717.38 | (251.36) |
| Tax income / (expense) during the year recognised in profit or loss from continuing operations | **(144.81)** | 78.45 | 897.42 |
| Tax income / (expense) during the year recognised in profit or loss from discontinued operations | **-** | 0.12 | 11.78 |
| Deferred tax on other comprehensive income | **1.00** | - | - |
| Reduction on deconsolidation of subsidiaries | **30.64** | 56.85 | - |
| Tax impact on account of first time adoption of Ind AS 115 | **-** | - | 52.92 |
| Translation adjustment | **0.39** | (6.75) | 6.62 |
| **Closing balance** | **733.27** | 846.05 | 717.38 |

### 11. NON-CURRENT ASSETS-OTHERS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | |
| Capital advances | **1.81** | 1.10 | 1.89 |
| Others | **12.33** | 8.93 | 7.96 |
| | **14.14** | 10.03 | 9.85 |

### 12. INVENTORIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Raw materials | **161.24** | | 175.84 | | 361.55 | |
| Add: Goods-in-transit | **11.03** | | 3.43 | | 28.63 | |
| | | **172.27** | | 179.27 | | 390.18 |
| Work-in-progress | | **159.52** | | 159.07 | | 668.45 |
| Finished goods | | **86.08** | | 40.11 | | 127.69 |
| Stock-in-trade | | **7.44** | | 2.10 | | 2.62 |
| Stores, spares and packing materials | | **2.92** | | 3.74 | | 3.75 |
| Loose tools | | **0.04** | | 0.05 | | 0.11 |
| | | **428.27** | | 384.34 | | 1192.80 |

**Note:** Mode of valuation of inventories is stated in Note 2.6



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 13. CURRENT FINANCIAL ASSETS-INVESTMENTS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Quoted investments** | | | |
| **Investments in equity instruments** | | | |
| Carried at fair value through profit and loss | **0.01** | 0.01 | 0.01 |
| | **0.01** | 0.01 | 0.01 |
| **Note:** | | | |
| **Quoted investments** | | | |
| Book value | | | |
| Market value | **0.01** | 0.01 | 0.01 |
| | **0.01** | 0.01 | 0.01 |

### 14. TRADE RECEIVABLES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured:** | | | | | | |
| Considered good (Refer note 31) | **586.98** | | 522.16 | | 1695.70 | |
| Credit Impaired | **232.11** | | 283.35 | | 189.62 | |
| | | **819.09** | | 805.51 | | 1885.32 |
| *Less:* Allowance for Credit impaired | | **232.11** | | 283.35 | | 189.62 |
| | | **586.98** | | 522.16 | | 1695.70 |

**Notes :**

Refer note 41 for trade receivables from related parties.

Refer note 31 for trade receivables considered as contract balances.

### 15. CASH AND CASH EQUIVALENTS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Balances with banks:** | | | | | | |
| On current accounts | **204.67** | | 164.06 | | 165.35 | |
| Fixed deposits with original maturity of less than 3 months (Refer note below) | **280.59** | | 27.87 | | 38.49 | |
| | | **485.26** | | 191.93 | | 203.84 |
| Cash on hand | | **1.47** | | 0.05 | | 0.14 |
| | | **486.73** | | 191.98 | | 203.98 |

**Note :**

Deposits of ₹ 0.85 crores (₹ 27.87 crores as at 31 March, 2020 and ₹ 37.92 crores as at 1 April, 2019) are held as margin money.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Other balances: | | | | | | |
| Earmarked balances with banks for: | | | | | | |
| Unclaimed dividend (Refer note (a) below) | 0.74 | | 0.47 | | 0.74 | |
| Others | 10.45 | | 10.69 | | 20.39 | |
| | | 11.19 | | 11.16 | | 21.13 |
| Fixed deposits with original maturity of more than 3 months and upto 12 months (Refer note (b) below) | | 35.64 | | 39.22 | | 15.65 |
| | | 46.83 | | 50.38 | | 36.78 |

Notes:

(a) During the financial year 2020-21, the amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as on 7 December, 2020 and 28 February, 2021 aggregating to ₹ 0.16 crores could not be credited to IEPF account due to technical glitches. As a result, the said amount remains due and outstanding as on 31 March 2021. Subsequent to year end, the Company has remitted the amount to IEPF.

(b) Deposits of ₹ 6.21 crores (as at 31st March, 2020 ₹ 39.22 crores and as at 1 April, 2019 ₹ 15.65 crores) are held as margin money.

### 17. CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | | | |
| **Advances recoverable in cash or in kind or for value to be received:** | | | | | | |
| Considered good | 0.07 | | 0.02 | | 0.04 | |
| Considered doubtful | - | | - | | 6.52 | |
| | 0.07 | | 0.02 | | 6.56 | |
| *Less:* Allowance for bad and doubtful advances | - | | - | | 6.52 | |
| (A) | | 0.07 | | 0.02 | | 0.04 |
| **Security deposits:** | | | | | | |
| Considered good | 33.06 | | 41.65 | | 30.62 | |
| Considered doubtful | 0.77 | | 0.52 | | 0.52 | |
| | 33.83 | | 42.17 | | 31.14 | |
| *Less:* Allowance for bad and doubtful deposits | 0.77 | | 0.52 | | 0.52 | |
| (B) | | 33.06 | | 41.65 | | 30.62 |
| (A)+(B) | | 33.13 | | 41.67 | | 30.66 |

### 18. CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Derivative instruments | - | - | 8.70 |
| Other financial assets | 2.51 | 2.79 | 0.63 |
| Receivable on deconsolidation of HBE Group (Refer note 52) | 127.30 | 229.32 | - |
| | 129.81 | 232.11 | 9.33 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 19. OTHER CURRENT ASSETS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Advance to suppliers | 66.64 | 42.85 | 75.99 |
| Statutory and other receivables* | 256.09 | 281.46 | 606.95 |
| Receivable from erstwhile directors | 0.28 | 0.28 | 0.28 |
| *Less* Allowances in respect of above | 0.28 | 0.28 | - |
| | 322.73 | 324.31 | 683.22 |

* Major items include statutory receivables of ₹ 140.22 crores (as at 31 March, 2020 ₹ 180.07 crores) and as at 1 April, 2019 ₹ 154.07 crores) and deposits (includes towards disputed tax demands) of ₹ 67.18 crores (as at 31 March, 2020 ₹ 49.47 crores) and as at 1 April, 2019 ₹ 37.87 crores).

### 20. SHARE CAPITAL

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Authorised** | | | |
| 2,03,80,00,000 equity shares of ₹ 2 each | 407.60 | 407.60 | 407.60 |
| (2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Issued** | | | |
| 1,33,80,40,329 equity shares of ₹ 2 each | 267.60 | 125.35 | 125.35 |
| (62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Subscribed and paid-up** | | | |
| 1,33,79,98,029 equity shares of ₹ 2 each | 267.60 | 125.35 | 125.35 |
| (62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2020 and 1 April, 2019) | | | |
| **Forfeited shares:** | | | |
| 42,300 equity shares of ₹ 2 each, (Amount partly paid-up ₹ 32,175) | 0.00 | 0.00 | 0.00 |
| (42,300 equity shares of ₹ 2 each, (Amount partly paid-up ₹ 32,175) as at 31 March, 2020 and 1 April, 2019) | | | |
| | 267.60 | 125.35 | 125.35 |

(a) **Reconciliation of the number of the shares outstanding at the beginning and at the end of the year:**

| Authorised share capital | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | No. of Shares | ₹ crores | No. of Shares | ₹ crores |
| Balance at the beginning of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |
| Balance at the end of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |

| Issued share capital | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | No. of Shares | ₹ crores | No. of Shares | ₹ crores |
| Balance at the beginning of the year | 626788442 | 125.35 | 626788442 | 125.35 |
| Add: issued during the year | 711251887 | 142.25 | - | - |
| Balance at the end of the year | 1338040329 | 267.60 | 626788442 | 125.35 |

| Subscribed and paid-up | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | No. of Shares | ₹ crores | No. of Shares | ₹ crores |
| Balance at the beginning of the year | 626788442 | 125.35 | 626788442 | 125.35 |
| Add: issued during the year | 711251887 | 142.25 | - | - |
| Balance at the end of the year | 1338040329 | 267.60 | 626788442 | 125.35 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 20. SHARE CAPITAL (Contd.)

In terms of the Debt resolution referred in note 3A(b), a Securities Subscription Agreement ('SSA') was executed between the Company and TII and subsequently the shareholders of the Company approved the issuance of securities. In compliance with the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2018 ("SEBI ICDR Regulations"), the Company has issued following equity shares and warrants under preferential allotment to TII.

(i) 642523365 equity shares of the face value of ₹ 2 each at a price of ₹ 8.56 (including premium) per equity share, for an aggregate consideration of ₹ 550 crores.

(ii) 175233645 warrants ("Warrants"), each carrying a right exercisable by TII as the Warrant holder to subscribe to 1 (one) Equity Share per Warrant within 18 (eighteen) months from allotment, for a subscription amount of ₹ 37.50 crores, being 25% of the aggregate consideration payable for subscribing to equity shares upon exercise of the warrants; and

(iii) 68728522 equity shares of the face value of ₹ 2 each at a price of ₹ 14.55 (including premium) per equity share, for an aggregate consideration of ₹ 100 crores;

Consequent to the allotment of 642523365 equity shares, TII has acquired a controlling interest in the Company and therefore the Company become a subsidiary of TII from 26 November, 2020 and TII has been classified as the 'promoter' of the Company.

The Company has utilised the entire proceeds of ₹ 587.50 crores and ₹ 100 crores from the preferential issue for current / future running and expansion of the business, working capital, general corporate purpose, repayment of loans and for payment of interest for loans liabilities towards lenders.

**(b) Terms / rights attached to equity shares:**

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**(c) Details of shareholders holding more than 5 % shares in the Company:**

| | | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|---|
| | | % | No. of Shares | % | No. of Shares |
| 1. | Tube Investments of India Limited (Parent company) | 53.16 | 711251887 | - | - |
| 2. | Yes Bank Limited | - | - | 12.77 | 80050000 |
| 3. | L&T Finance Limited | - | - | 9.99 | 62600000 |
| 4. | HDFC Trustee Company Limited - HDFC Equity Fund | - | - | 9.17 | 57451000 |
| 5. | Bharti (SBM) Holdings Private Limited | - | - | 8.29 | 51969354 |
| 6. | Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund | - | - | 8.16 | 51164364 |
| 7. | KKR India Financial Services Private Limited | - | - | 8.10 | 50736588 |

**(d) Aggregate number of shares issued as GDRs:**

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| The Bank of New York* | 0.01 | 104461 | 0.11 | 687234 |

**Note:** The GDRs are delisted effective from 24 May, 2021.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 21. OTHER EQUITY

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Retained earnings | (1529.59) | (2577.51) | (1501.18) |
| Effective portion of cash flow hedge | (0.05) | 0.37 | 1.32 |
| Foreign currency translation reserve | (51.29) | 17.95 | 187.35 |
| Equity Instruments through other comprehensive income | - | (244.31) | (244.31) |
| Capital reserve | 671.65 | 671.65 | 671.65 |
| Capital reserve on consolidation | 3.58 | 3.58 | 144.63 |
| Capital redemption reserve | 12.95 | 12.95 | 12.95 |
| Securities premium | 502.95 | 18.30 | 18.30 |
| Share warrant money (Refer note 20(a)) | 37.50 | - | - |
| Statutory reserve | - | - | 67.05 |
| Non-controlling interest | 0.41 | 15.54 | 54.82 |
| | (351.89) | (2081.48) | (587.42) |

**(a) Dividend paid and proposed:**

No dividends have been proposed, declared or paid during the financial year 2020-21 (2019-20 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

**(b) Nature and purpose of reserves:**

**(i) Retained earnings:**

Retained earnings are the profits that the Group has earned till date and includes transfers from statutory reserve, dividends or other distributions paid to shareholders and impact on account of transition to/initial application of Ind AS.

**(ii) Effective portion of cash flow hedge:**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

**(iii) Foreign currency translation reserve:**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

**(iv) Equity instruments through other comprehensive income:**

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings.

**(v) Capital reserve:**

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

**(vi) Capital reserve on consolidation:**

Capital reserve on consolidation is on account of subsidiaries acquired.

**(vii) Capital redemption reserve:**

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

**(viii) Securities premium:**

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 21. OTHER EQUITY (Contd.)

(ix) **Share warrant money:**

Share warrant money represents amount received against instruments carrying right exercisable by the warrant holder to subscribe to one Equity Share per warrant at a specific fixed price within specified period from date of allotment.

(x) **Statutory reserve:**

Statutory reserve represents profits set aside as per the local statutory requirement of overseas subsidiaries, since these subsidiaries are no longer part of the Group the same has been trasnferred to retained earnings.

## 22. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Secured loans | | | |
| Term loans from banks / financial Institutions (Refer note (a) and (b) below) | 631.91 | 516.04 | 1125.49 |
| Unsecured loans | | | |
| Term loans from banks (Refer note c (ii),(iii),(iv),(v),(vi) & (vii) below) | 4.02 | 71.00 | 316.37 |
| Debenture (Refer note c (i) below) | 200.00 | - | - |
| finance lease obligation | - | - | 5.68 |
| | 835.93 | 587.04 | 1447.54 |

Notes:

Security created to the extent of:

(a) **Secured term loans from banks:**

(i) The term loan of ₹ 608.15 crores has been drawn at rate of interest of 6 months MCLR plus applicable spread and is secured by first charge on fixed assets except such properties as may be specifically excluded. Second charge by way of hypothecation of inventories and book debts / receivables of the Company. Corporate Guarantee given by TII. The term loan will be repaid in 20 structured quarterly instalments starting from December, 2022. Refer note 26(ii) for term loan of ₹ 4.84 crores.

(ii) The term loans of ₹ 0.15 crores (as at 31 March, 2020 ₹ 0.44 crores and as at 1 April, 2019 ₹ 0.65 crores) are repayable in 6-48 equal monthly instalments and are secured by hypothecation of vehicles. (Current maturity of the said loan is ₹ 0.12 crores) (as at 31 March, 2020 ₹ 0.15 crores) and (as at 1 April, 2019 ₹ 0.27 crores), Refer note 28.

(iii) The term loan of ₹ 237.77 crores (as at 31 March, 2020 ₹ 245.82 crores) and (as at 1 April, 2019 ₹ 259.59 crores) at an interest rate of 3 Months LIBOR+450 bps. The loan is repayable on demand. The loan is secured by way of exclusive charge on all inventory and receivables of subsidiary. The loan is supported by Corporate Guarantee of CG International B.V. (Current maturity of the said loan is ₹ 237.77 crores (as at 31 March, 2020 ₹ 245.82 crores) and (as at 1 April, 2019 ₹ 69.15 crores), Refer note 28.

In November 2020, the Group has entered into settlement agreement with the bank. As per the terms of the agreement and subject to Reserve Bank of India approval, on payment of agreed settlement consideration by Group, the bank will accept the settlement amount as full and final settlement of loan and will discharge of its rights, claims and interest against the Group.

(iv) The term loan of ₹ 36.56 crores (as at 31 March, 2020 ₹ 31.96 crores and as at 1 April, 2019 ₹ 63.21 crores) was secured by land, factory, machineries, inventories and receivables of subsidiary. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited upto 51% of loan liability. (Current maturity of the said loan is ₹ 36.56 crores (as at 31 March, 2020 ₹ 31.96 crores and as at 1 April, 2019 ₹ 26.90 crores), Refer note 28.

(v) The term loan of ₹ Nil (as at 31 March, 2020 ₹ 233.86 crores and as at 1 April, 2019 ₹ 219.40 crores) secured by way of fixed and floating charge on all assets of subsidiary. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. During current year, the loan has been extinguished on deconsolidation of subsidiary. The obligation under corporate guarantee is assigned to operator of erstwhile subsidiary.

(vi) Term loan of ₹ 23.93 crores at 'Stibor 3M + 2.25% for a period of 2 years. The loan is repayable in quarterly installment of SEK 1.5 Mn. The loan is secured by pledging of shares of subsidary. Current maturity of the said loan is ₹ 5.04 crore (as at 31-03-2020 ₹ Nil), Refer note 28.

(vii) As at 31 March, 2020:
Term loan of ₹ 300.14 crores (as at 1 April, 2019 ₹ 367.66 crores) (current maturity of the said loan ₹ 227.46 crores and as at 1 April, 2019 ₹ 151.63 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by first charge on certain identified fixed assets except such properties as may be specifically excluded.





₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 22. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

Term loan of ₹ 125.24 crores (as at 1 April, 2019 ₹ 139.56 crores) (current maturity of the said loan ₹ 103.12 crores and as at 1 April, 2019 ₹ 45.38 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by first charge on certain identified fixed assets and subservient charges on identified assets.

Term loan of ₹ 279.59 crores (as at 1 April, 2019 ₹ 305.00 crores) (current maturity of the said loan ₹ 152.50 crores and as at 1 April, 2019 ₹ 76.25 crores) has been drawn at rate of interest of MCLR plus applicable spread and is secured by second charge on identified plant and machinery and immovable fixed assets.

In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(b) **Secured term loans from financial institutions:**

(i) The term loan of ₹ 170.00 crores as at 31 March, 2020,(as at 1 April, 2019 ₹ 175 crores) is secured by (a) Exclusive charge on movable and immovable fixed assets of the Co-borrowers (the Company), both current and future (b) Demand Promissory Note. (Current maturity of the said term loan is ₹ 110.00 crores (as at 31 March, 2019 ₹ 35.00 crores), Refer note 28.

In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(c) **Unsecured loans:**

**Debentures:**

(i) The Non-convertible Debenture (NCDs) are unlisted, unsecured, redeemable and non-convertible. NCDs are issued to lenders in terms of Settlement Agreement towards settlment of borrowings at stated in Note 3A(b). NCDs carry coupon rate of 0.01% for the initial period of 2 years and thereafter 8% p.a. until the maturity date. The NCDs is repayable after 5 years from the date of allotment. The Company has the right to redeem the NCDs, in whole or part, on and after initial period of 2 years from date of allotment of the NCDs till the date of maturity.

**Unsecured term loans from banks:**

(ii) The term loan of ₹ 221.09 crores (as at 31 March, 2020 ₹ 213.24 crores) (as at 1 April, 2019 ₹ 339.85 crores) at an interest rate Euribor + 2.25%. The loan is repayable on demand. The loan was supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. (Current maturity of the said loan is ₹ 221.09 crores (as at 31 March, 2020 ₹ 213.24) (as at 1 April, 2019 ₹ 95.68 crores), Refer note 28.

In November 2020, the Group has entered into settlement agreement with the bank (Refer note 3A(c). As per the terms of the agreement on payment of agreed settlement consideration by Holding company, the bank will accept the settlement amount as full and final settlement of loan and will discharge of its rights, claims and interest against the Group.

(iii) The term loan ₹ Nil (as at 31 March, 2020 ₹ 71.00 crores and as at 1 April, 2019 ₹ 72.20 crores) towards bank in respect of put option entered by certain CIPs on behalf of the Company without the approval of Board of Directors. In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(iv) The term loan of ₹ Nil (as at 31 March, 2020 ₹ 18.47 crores) (as at 1 April, 2019 ₹ Nil) with interest at the rate ranging from 8.05% to 8.60% per annum. (Current maturity of the said loan is ₹ Nil (as at 31 March, 2020 ₹ 18.47 crores) (as at 1 April, 2019 ₹ Nil).

(v) Term loan of ₹ 4.02 crores (as at 31 March, 2020 ₹ Nil) from a bank, bears interest at a rate of 1% and is payable in monthly instalments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. Further, the said loan may be partially or fully forgiven under the Government initiated Paycheck Protection Program in the United States of America and the subsidiary company is currently evaluating applying for forgiveness of the said loan with the bank citing that the conditions for forgiveness as prescribed under the arrangement shall be met and accordingly, the current maturity is ₹ Nil (as at 31 March, 2020 ₹ Nil) and (as at 1 April, 2019 ₹ Nil).

(vi) As at 31 March, 2020: the term loan of ₹ Nil (as at 1 April, 2019 ₹ 24.36 crores) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11 July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity of the said loan is ₹ Nil (as at 1 April, 2019 ₹ 24.36 crores)), Refer note 28.

(vii) As at 31 March, 2020: the term loan of ₹ Nil (as at 1 April, 2019 ₹ 15.00 crores) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16 May, 2017, in 15 structured monthly instalments with first starting after 9 months from the date of disbursement. (Current maturity of the said loan is ₹ Nil (as at 1 April, 2019 ₹ 15.00 crores)), Refer note 28.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 23. NON-CURRENT OTHER FINANCIAL LIABILITIES

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Interest accrued | 2.94 | - | - |
| Lease liabilities (Refer note 48) | 10.58 | 15.88 | - |
| Deposits payable | 4.67 | 5.95 | 5.69 |
| | 18.19 | 21.83 | 5.69 |

### 24. NON-CURRENT PROVISIONS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Provision for employee benefits | 19.71 | 21.48 | 63.62 |
| Other provisions (Refer note 30) | 7.91 | 12.10 | 20.60 |
| | 27.62 | 33.58 | 84.22 |

### 25. OTHER NON-CURRENT LIABILITIES

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Other | 0.46 | 1.10 | - |
| | 0.46 | 1.10 | - |

### 26 CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Secured loans** | | | |
| From banks (Refer note (i),(ii),(iii) & (v) below) | 127.99 | 397.88 | 603.39 |
| **Unsecured loans** | | | |
| Banks loans | - | 525.38 | 627.71 |
| Supplier finance facility | - | - | 2.01 |
| Others | - | - | 49.79 |
| **From Other Company** | - | 320.00 | 320.00 |
| (*Less*) Offsetting off advance receivable | - | 176.11 | 176.11 |
| (Refer note (v) below) | - | 143.89 | 143.89 |
| | 127.99 | 1067.15 | 1426.79 |

**Notes:**

(i) Working capital demand loan of ₹ 0.24 crores (as at 31 March, 2020 ₹ 1.34 crores) (as at 1 April, 2019 ₹ Nil) from bank is secured by hypothecation of stocks and book debts and is further secured by mortgage by deposit of title deeds in respect of its immovable properties, both present and future consisting of land, factory building structures, erections, godowns and furniture and fixtures of subsidiary.

(ii) Loan from banks of ₹ 132.59 crores (settled amount) was to be secured by creation and perfection of security over specified property within agreed period and accordingly classified as secured. Subsequent to year end, loans aggregating to ₹ 145.16 crores are settled by payment of ₹ 127.75 crores except for ₹ 4.84 crores payable to one lender which is secured by lien over a time deposit. Subsequent to year end, all the banks have discharged entire borrowings to be secured by perfection of security over specified property (Refer note 3A(b)).



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 26. CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

(iii) Loans of ₹ 370.59 crores as at 31 March, 2020 (₹ 357.10 crores as at 1 April, 2019) were secured by first charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, consumables (stores and spares) and book debts / receivables of the Company, both present and future. In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(iv) Working capital demand loans of ₹ Nil (as at 31 March, 2019 ₹ 209.53 crores) is secured by First charge by hypothecation on entire current assets both present and future of the borrower, namely, stock of raw materials, goods in progress, semi finished and finished goods, stores and spares not relating to plant and machinery (consumables stores and spares), bills receivables and book debts including proceeds thereof on realisation and other movables which are in the nature of current assets.

(v) Working capital demand loan of ₹ Nil (as at 31 March, 2020 ₹ 25.95 crores) (as at 1 April, 2019 ₹ 36.76 crores) secured by exclusive charge on fixed assets, intangibles and entire current assets (except bank account) present and future of the borrower at specified location.The loan was supported by Corporate Guarantee of CG Power and Industrial Solutions Limited and 100% pledge of equity shares of CG Industrial Holdings Sweden AB and CG Drives and Automation Sweden AB. During current year, entire loan has been repaid.

(vi) As at 31 March, 2020:

The Company had received the aforesaid amount from Blue Garden Estate Private Limited ('BGEPL') as an initial advance consideration towards the transactions which were not approved by the then Board of Directors in relation to Assignment / Sale of Land along with Factory Building at Nashik and Kanjurmarg, Mumbai of the Company.

Advance receivable from BGEPL had been offset against liability from BGEPL in Recasted books of accounts of the Company. During the year, this liability was settled as referred to in note 3A(b), however the possibility of recoverability of advance receivable was considered remote and therefore the advance outstanding from BGEPL of ₹ 176.11 crores has been provided for and written off.

**Details of defaults in payment of loans and interest:**

The Company has made certain defaults in repayment of dues to banks, financial institutions and other lenders.

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Secured current borrowings | - | 49.00 |
| Unsecured current borrowings | - | 506.82 |
| Current maturities long-term loans from banks / financial institutions | - | 420.36 |
| Current borrowings - others | - | 27.32 |
| Interest accured on borrowings | - | 95.04 |

**Notes:**

(i) As at 31 March, 2020 the period of default was less than 1 year.

(ii) Refer note 3A(b) for debts resolution in respect of borrowings and interest, Note 22(a)(iv) & (c) (ii).

### 27. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| Acceptances | 3.16 | 7.06 | 135.17 |
| Due to others | 1031.36 | 1294.60 | 2174.98 |
| | 1034.52 | 1301.66 | 2310.15 |

**Note:**

Refer note 41 for trade payables to related parties.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 28. CURRENT-OTHER FINANCIAL LIABILITIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Current maturities of long- term loans from banks / financial institution (Refer note 22 and note (d) below) | | 500.58 | | 1102.72 | | 539.62 |
| Interest free sales tax deferral loans from State Government | | 0.12 | | 0.12 | | 0.12 |
| Lease liabilities (Refer note 48) | | 9.08 | | 9.99 | | - |
| Interest accrued on borrowings | | 36.85 | | 138.29 | | 15.67 |
| **Investor Education and Protection Fund: (Refer note below)** | | | | | | |
| Unclaimed dividend | | 0.39 | | 0.46 | | 0.72 |
| Due to directors (Refer note 41) | | - | | - | | 3.29 |
| Financial guarantee obligations | | - | | - | | 0.28 |
| Liability on deconsolidation of HBE Group (Refer note 52) | | 339.77 | | 570.47 | | - |
| Other payables: | | | | | | |
| Due to erstwhile shareholders | - | | - | | 0.05 | |
| Security deposits | 9.36 | | 8.93 | | 8.40 | |
| Due to Employees | 27.53 | | 40.67 | | 125.69 | |
| Others * | 438.52 | | 187.50 | | 180.37 | |
| | | 475.41 | | 237.10 | | 314.51 |
| | | 1362.20 | | 2059.15 | | 874.21 |

Notes:

(a) During the financial year 2020-21, the amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as on 7 December, 2020 and 28 February, 2021 aggregating to ₹ 0.16 crores could not be credited to IEPF account due to technical glitches. As a result, the said amount remains due and outstanding as on 31 March 2021.Subsequent to year end, the Company has remitted the amount to IEPF.

(b) Refer note 26 on disclosure on defaults in payment of loans and interest as at 31 March, 2020. In November, 2020, the Company and the lenders executed settlement agreement in respect this liability (Refer note 3A(b)).

(c) * Major items includes provision towards guarantee settlement consideration of ₹ 185.89 crores (as at 31 March, 2020 ₹ Nil and as at 1 April, 2019 ₹ Nil), provision towards delay in completion of contractual obligation of ₹ 156.90 crores (as at 31 March, 2020 ₹ 53.23 crores and as at 1 April, 2019 ₹ Nil).

(d) Current maturities of long-term loans from banks as on 31 March, 2021 includes loan of ₹ 221.09 crores which is settled after year-end and loan of ₹ 237.77 crores in respect of which the Group has entered into guarantee settlement agreement.

### 29. OTHER CURRENT LIABILITIES

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | | As at 1-04-2019 (Revised) | |
|---|---|---|---|---|---|---|
| Advances from customers (Refer note 31) | | 186.32 | | 278.54 | | 504.67 |
| Due to customers (Refer note 31) | | 12.80 | | 14.35 | | 81.23 |
| **Other payables:** | | | | | | |
| Statutory liabilities | 47.14 | | 52.50 | | 68.09 | |
| Advance from others (Refer note below) | 566.70 | | 566.70 | | 566.70 | |
| Others | 32.28 | | 61.50 | | 89.38 | |
| | | 646.12 | | 680.70 | | 724.17 |
| | | 845.24 | | 973.59 | | 1,310.07 |

Note:

The Group had received certain advances from unrelated parties aggregating to ₹ 566.70 crore (as at 31 March, 2020 ₹ 566.70 crore and as at 1 April, 2019 ₹ 566.70 crore). The Group has recognised these advances as current liability and will continue to do so until fulfilment/ extinguishment of aforesaid liability.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 30. SHORT-TERM PROVISIONS

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Recasted) |
|---|---|---|---|
| Provision for employee benefits | 9.89 | 3.94 | 3.15 |
| Other provisions (Refer note below) | 144.36 | 140.21 | 209.68 |
| Provision for net assets of subsidiaries (Refer note 50) | 63.82 | 354.02 | - |
| | 218.07 | 498.17 | 212.83 |

(1) **Movement in other provisions:**

| Nature of provisions | Provision for Warranties 2020-21 (Revised) | Provision for Tax related litigations 2020-21 (Revised) | Liquidated damages 2020-21 (Revised) | Other litigation claims 2020-21 (Revised) | Onerous contracts 2020-21 (Revised) | Total 2020-21 (Revised) |
|---|---|---|---|---|---|---|
| Carrying amount at the beginning of the year | 64.40 | 29.64 | 19.35 | 35.90 | 3.02 | 152.31 |
| Additional provision made during the year | 2.85 | 45.76 | 3.26 | 0.29 | - | 52.16 |
| Amounts used during the year | 0.06 | - | - | - | - | 0.06 |
| Unused amounts reversed during the year | 18.93 | 9.96 | 22.06 | 0.99 | - | 51.94 |
| Translation adjustment | 0.12 | - | (0.55) | - | 0.23 | (0.20) |
| Carrying amount at the end of the year | 48.38 | 65.44 | - | 35.20 | 3.25 | 152.27 |
| Non-current (Refer note 24) | 7.91 | - | - | - | - | 7.91 |
| Current (Refer note 30) | 40.47 | 65.44 | - | 35.20 | 3.25 | 144.36 |
| Total | 48.38 | 65.44 | - | 35.20 | 3.25 | 152.27 |

(2) **Nature of provisions:**

(a) Product warranties: The Group gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is generally expected to be within a period of two years.

(b) Provision for Tax related Litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the relevant Act / Rules.

(c) Provision for liquidated damages has been made on contracts for which delivery dates are exceeded and computed in reasonable and prudent manner.

(d) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation.

(e) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

### 31. REVENUE FROM OPERATIONS

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| Sale of products | 2792.80 | | 4672.85 | |
| Sale of services | 33.38 | | 87.51 | |
| Construction contracts | 97.68 | 2923.86 | 290.96 | 5051.32 |
| Other operating income - scrap sales | | 40.09 | | 58.56 |
| | | 2963.95 | | 5109.88 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 31. REVENUE FROM OPERATIONS (Contd.)

**Revenue from contracts with customers**

| | 2021-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 3019.53 | 5164.37 |
| *Less:* Adjustments | | |
| Discounts | 31.19 | 29.68 |
| Others (includes liquidated damages, price variations, etc) | 24.39 | 24.81 |
| **Revenue recognised as per consolidated statement of profit and loss** | 2963.95 | 5109.88 |

| | 2021-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 90.36 | 67.32 |
| Performance obligations satisfied in previous periods | - | - |

| | 2021-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Power Systems Business | 860.93 | 2735.58 |
| Industrial Sytems Business | 2091.46 | 2361.34 |
| Others | 11.56 | 12.96 |
| **Total** | 2963.95 | 5109.88 |

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|
| **Contract balances** | | | |
| Trade receivables | | | |
| Non-current | - | 4.23 | 13.35 |
| Current | 586.98 | 522.16 | 1695.70 |
| Contract assets | 0.98 | 0.64 | 219.07 |
| Contract liabilities | | | |
| Advance from customers | 186.32 | 278.54 | 504.67 |
| Due to customers | 12.80 | 14.35 | 81.23 |

**Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to trade receivables on completion of milestones and its related invoicing.

**Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligation.





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 32. OTHER INCOME

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Interest income from:** | | |
| Deposits with banks | 6.81 | 0.02 |
| Others | 6.39 | 7.75 |
| Fair value gain on financial instruments at fair value through profit or loss (Refer Note 46) | 0.14 | 0.06 |
| Foreign exchange gain (net) | 9.50 | - |
| **Other non-operating income:** | | |
| Income from business service centers (Refer Note 48) | 8.64 | 9.43 |
| Government grant | - | 1.11 |
| Miscellaneous income | 79.94 | 29.86 |
| | 111.42 | 48.23 |

### 33. COST OF MATERIALS CONSUMED

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| Opening inventories | 179.27 | | 390.18 | |
| Add: Purchases | 1962.33 | | 2858.13 | |
| *Less:* Closing inventories | 172.27 | | 179.27 | |
| | | 1969.33 | | 3069.04 |
| | | 1969.33 | | 3069.04 |

### 34 PURCHASES OF STOCK-IN-TRADE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Purchases of stock-in-trade | 86.12 | 60.92 |
| | 86.12 | 60.92 |

### 35. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| **Closing inventories:** | | | | |
| Finished goods | 86.08 | | 40.11 | |
| Work-in-progress | 159.52 | | 159.07 | |
| Stock-in-trade | 7.44 | | 2.10 | |
| | 253.04 | | 201.28 | |
| **Opening inventories:** | | | | |
| Finished goods | 40.11 | | 127.69 | |
| Work-in-progress | 159.07 | | 668.45 | |
| Stock-in-trade | 2.10 | | 2.62 | |
| | 201.28 | | 798.76 | |
| | | (51.76) | | 597.48 |
| *Less:* Reduction on deconsolidation of subsidiaries | | (29.42) | | (399.33) |
| **Net (increase)/ decrease in inventories** | | (81.18) | | 198.15 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 36. EMPLOYEE BENEFITS EXPENSE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Salaries, wages and bonus | 313.45 | 711.29 |
| Contribution to provident and other funds (Refer note 43) | 41.56 | 101.75 |
| Staff welfare expenses | 16.77 | 54.09 |
| | 371.78 | 867.13 |

### 37. FINANCE COSTS

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Interest expenses* | 195.32 | 320.67 |
| Interest on lease liabilities (Refer note 48) | 1.78 | 3.38 |
| | 197.10 | 324.05 |

Note:

* Interest expenses includes amount aggregating to ₹ 115.68 crores (previous year ₹ 126.55 crores) which is part of the settlement agreement referred in Note 3A(b) and is recognised in the current year as cessation of liability in the nature of an exceptional item.

### 38. DEPRECIATION AND AMORTISATION EXPENSE

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 4)* | 92.31 | 141.91 |
| Amortisation of Intangible assets (Refer note 5)# | 46.00 | 69.57 |
| | 138.31 | 211.48 |

* Depreciation for the current year includes depreciation of ROU assets of ₹ 12.89 crores (previous year ₹ 20.57 crores).

\# Includes currrent year ₹ Nil and previous year ₹ 0.19 crores on account of impairment.

### 39. OTHER EXPENSES

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Consumption of stores and spares | 11.49 | 28.52 |
| Power and fuel | 25.75 | 55.37 |
| Rent | 4.11 | 21.61 |
| Repairs to buildings | 2.82 | 5.97 |
| Repairs to machinery | 13.54 | 24.00 |
| Repairs to others | 10.56 | 16.34 |
| Insurance | 9.66 | 18.23 |
| Rates and taxes | 25.61 | 34.43 |
| Freight and forwarding | 53.05 | 132.45 |
| Packing materials | 29.35 | 39.89 |
| After sales services including warranties | 9.82 | 17.42 |
| Sales promotion | 1.06 | 4.67 |
| Travelling and conveyance | 5.43 | 28.43 |
| Bank charges | 8.52 | 41.38 |
| Sub contracting charges | 70.94 | 118.56 |
| Directors' sitting fees | 2.17 | 1.97 |
| Allowance for doubtful debts and advances | 57.87 | 56.13 |
| Legal and professional charges | 26.87 | 51.16 |
| Foreign exchange loss (net) | - | 72.53 |
| Miscellaneous expenses | 141.80 | 149.16 |
| | 510.42 | 918.22 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 40. CONTINGENT LIABILITIES AND COMMITMENTS

| | | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 1-04-2019 (Revised) |
|---|---|---|---|---|
| A. | **Contingent Liabilities:** | | | |
| | (to the extent not provided for) | | | |
| a) | Claims against the Group not acknowledged as debts | 4.84 | 5.29 | 5.36 |
| b) | Sales tax / VAT liability that may arise in respect of matters in appeal | 14.79 | 15.31 | 16.41 |
| c) | Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal | 14.08 | 14.32 | 15.29 |
| d) | Income tax liability that may arise in respect of matters in appeal | 2.07 | 1.90 | 4.34 |
| B. | **Financial guarantees:** | | | |
| | Issue of post-dated cheques to a Bank against loan given to a related party | - | - | 210.00 |
| | Issue of post-dated cheques to a Bank against loan given to promoter affiliate company | - | 210.00 | - |
| C. | **Commitments:** | | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 10.34 | 4.36 | 10.17 |

**Notes:**

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at A(a) to A(d) above, pending resolution of the arbitration / appellate proceedings.

(ii) Sales tax / VAT cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts, refund of excise duty on export of transformers, interest payment on Provisional Assessment Cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(v) The Group had received notice of demand under Income Tax Act for ₹ 606.30 crores for financial year 2016-17, and the Hon'ble Bombay High Court has granted the interim stay against the notice of demand until admission of appeal before the High Court . The Group has filed the submissions , in respect of the appeal filed before Commissioner of Income Tax (Appeals), Considering the facts and underlying documents with respect to the demand raised under section 68 of the Income Tax Act, 1961, the management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels.

(vi) A customer of a wholly owned step-down subsidiary of the Company in relation to non-performance of a contract for supply of transformer by the subsidiary had claimed in the court in Ontario, Canada damages of CAD 11.85 million from the subsidiary, its parent CG International BV (CGIBV) and the Company which is the ultimate parent company. The Company believes that it has strong grounds against such claim and hence the claim is not tenable. The Company has filed its statement of defence on August 08, 2021 disputing the claim of the customer.

(vii) From time to time, the Group is involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Group.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES

(a) List of related parties

(i) Parent company:

1 Tube Investments Of India Limited (Holding company w.e.f. 26 November, 2020)

(ii) Subsidiaries:

Details of the Group's subsidiaries at the end of the reporting period considered in the preparation of the revised consolidated financial statements are as follows:

| Sr. No | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2021 (Revised) | % Equity Interest As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | India | 100.00 | 100.00 |
| 2 | CG-PPI Adhesive Products Limited | India | 81.42 | 81.42 |
| 3 | CG Power Equipments Limited | India | 100.00 | 100.00 |
| 4 | CG International Holdings Singapore Pte. Limited | Singapore | 100.00 | 100.00 |
| 5 | CG Sales Networks Malaysia Sdn. Bhd. | Malaysia | 100.00 | 100.00 |
| 6 | CG International B.V. | The Netherlands | 100.00 | 100.00 |
| 7 | CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020) | Belgium | - | - |
| 8 | CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020) | Belgium | - | - |
| 9 | CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020) | Ireland | - | - |
| 10 | PT CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020) | Indonesia | - | - |
| 11 | CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020) | France | - | - |
| 12 | CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020) | Saudi Arabia | - | - |
| 13 | CG Electric Systems Hungary Zrt.* (ceased to be subsidiary w.e.f. 30 June, 2020) | Hungary | - | 100.00 |
| 14 | CG Power Solutions UK Limited | United Kingdom | 100.00 | 100.00 |
| 15 | CG Power Systems Canada Inc. | Canada | 100.00 | 100.00 |
| 16 | CG- Ganz Generator and Motor Limited Liability Company | Hungary | 100.00 | 100.00 |
| 17 | CG Service Systems France SAS (ceased to be subsidiary w.e.f. 20 July, 2020) | France | - | 100.00 |
| 18 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 19 | CG Drives and Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 20 | CG Drives and Automations Germany GmbH | Germany | 100.00 | 100.00 |
| 21 | CG Drives and Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 22 | CG Middle East FZE | UAE | 100.00 | 100.00 |
| 23 | CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | - |
| 24 | QEI, LLC | USA | 100.00 | 100.00 |
| 25 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 26 | CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | - |
| 27 | PT Crompton Prima Switchgear Indonesia | Indonesia | 51.00 | 51.00 |
| 28 | CG Power and Industrial Solutions Limited Middle East FZCO | UAE | 100.00 | 100.00 |

*The Group no longer retains control over its subsidiary CG Electric Systems Hungary Zrt. ('ESHU') with effect from 30 June, 2020. This is in view of it being declared bankrupt by Local Court in Hungary ("Court") on 7 July, 2020. In view of this, the management of the Company has considered practical expedient to consider the loss of control with effect from 30 June, 2020.







## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(iii) Associate:

| Sr. No | Name of the Related Party | Country of Incorporation | % Equity Interest As at 31-03-2021 (Revised) | % Equity Interest As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| 1 | CG International BV TR. & Cont. Pvt. Co. LLC. (Liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC") | Sharjah | - | - |

Note:

In the case of PT Crompton Prima Switchgear Indonesia, the financial statements as at 31 December, 2020 and 31 December, 2019 respectively have been considered. There were no material adjustments required for any significant events or transactions for the three months upto 31 March, 2021 and 31 March, 2020 respectively.

(iv) Key Management Personnel:

| | | |
|---|---|---|
| 1 | Natarajan Srinivasan | - Managing Director (Appointed w.e.f. 26, November, 2020) |
| 2 | Sudhir Mathur | - Whole Time - Executive Director (Appointed w.e.f. 10 May, 2019 and resigned w.e.f. 26, November, 2020) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 9 May, 2019) |
| 3 | K. N. Neelkant | - Executive Director, CEO & Managing Director (Resigned w.e.f. 30 September, 2019) |
| 4 | Susheel Todi | - Chief Financial Officer (Appointed w.e.f. 5 February, 2021) |
| 5 | V. R. Venkatesh | - Chief Financial Officer (Ceased w.e.f. 30 August, 2019) |
| 6 | K R Viswanarayan | - Company Secretary and Compliance Officer (Appointed w.e.f. 6 February, 2021 and resigned w.e.f. 31 March, 2021) |
| 7 | Alen Ferns | - Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020 and ceased w.e.f. 5 February, 2021) |
| 8 | Shikha Kapadia | - Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019) |
| 9 | Nimesh S Shah | - Company Secretary and Compliance Officer (Appointed w.e.f. 1 January, 2020 and resigned w.e.f. 31 January, 2020) |
| 10 | P Varadarajan | - Company Secretary and Compliance Officer (Appointed w.e.f. 1 April, 2021) |

Non Executive Directors

| | | |
|---|---|---|
| 1 | Vellayan Subbiah | - Chairman, Non-Independent Non-Executive Director (Appointed w.e.f. 26 November, 2020) |
| 2 | M A M Arunachalam | - Non-Independent Non-Executive Director (Appointed w.e.f. 26, November, 2020) |
| 3 | P S Jayakumar | - Independent Non-Executive Director (Appointed w.e.f. 26, November, 2020) |
| 4 | Shailendra Narain Roy | - Independent Non-Executive Director (Appointed w.e.f. 26, November, 2020) |
| 5 | Sasikala Varadachari | - Independent Non-Executive Director (Appointed w.e.f. 26, November, 2020) |
| 6 | Ashish Kumar Guha | - Chairman, Non- Executive Independent Director (Appointed as Chairman w.e.f. 25 September, 2019 and resigned w.e.f. 26 November, 2020) |
| 7 | Narayan K. Seshadri | - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020) |
| 8 | Ramni Nirula | - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020) |
| 9 | Jitender Balakrishnan | - Non- Executive Independent Director (Resigned w.e.f. 26 November, 2020) |
| 10 | Pradeep Mathur | - Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019 and resigned w.e.f. 26 November, 2020) |
| 11 | Dr. Aditi Raja | - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020 and resigned w.e.f. 26 November, 2020) |
| 12 | Dr. Rathin Roy | - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020 and resigned w.e.f. 26 November, 2020) |
| 13 | Gautam Thapar | - Non- Executive Director and Chairman (Ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be director w.e.f. 9 October, 2019) |
| 14 | Omkar Goswami | - Non- Executive Director (Resigned w.e.f. 14 December, 2019) |
| 15 | Valentin Von Massow | - Non- Executive Independent Director (Ceased w.e.f. 5 August, 2019) |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(v) **Other Related Parties:**

| | | |
|---|---|---|
| 1 | Shanthi Gears Limited | (w.e.f. 26 November, 2020) |
| 2 | Clean Max Enviro Energy Solutions Private Limited | (w.e.f. 26 November, 2020) |
| 3 | Parry Enterprises India Limited | (w.e.f. 26 November, 2020) |
| 4 | Ballarpur Industries Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 5 | BILT Graphic Paper Products Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 6 | Avantha Holdings Limited ('AHL')# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 7 | Avantha Realty Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 8 | Jhabua Power Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 9 | Solaris Industrial Chemicals Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 10 | CERG Advisory Private Limited | (Ceased to be a related party w.e.f. 14 December, 2019) |

# Ceased to be a related party upon resignation of Gautam Thapar w.e.f. 9 October, 2019.

(vi) **Post Employment Benefit Entity:**

1 CG Provident Fund
2 CG Gratuity Fund

(b) **The following transactions were carried out with the related parties :**

| Sr. No | Nature of transaction / relationship | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| 1 | **Sales of goods and services** | | |
| | **Parent company** | | |
| | Tube Investments Of India Limited | 0.08 | - |
| | | 0.08 | - |
| | **Other Related Parties** | | |
| | Shanthi Gears Limited | 0.16 | - |
| | Jhabua Power Limited | - | 0.02 |
| | | 0.16 | 0.02 |
| | **Total** | 0.24 | 0.02 |
| 2. | **Purchase of goods and services** | | |
| | **Other Related Party** | | |
| | Shanthi Gears Limited | 0.50 | - |
| | **Total** | 0.50 | - |
| 3. | **Proceeds from issue of equity shares** | | |
| | **Parent company** | | |
| | Tube Investments of India Limited (Refer note 3A(b)) | 650.00 | - |
| | **Total** | 650.00 | - |
| 4. | **Proceeds from issue of warrants** | | |
| | **Parent company** | | |
| | Tube Investments of India Limited (Refer note 3A(b)) | 37.50 | - |
| | **Total** | 37.50 | - |
| 5. | **Payment to Key Managerial Personnel** | | |
| | Salaries, commission and perquisites **# | 3.78 | 6.79 |
| | **Total** | 3.78 | 6.79 |
| 6. | **Other expenses** | | |
| | **Other Related Parties** | | |
| | Clean Max Enviro Energy Solutions Private Limited | 0.24 | - |
| | Parry Enterprises India Limited | 0.28 | - |
| | CERG Advisory Private Limited | - | 0.06 |
| | **Total** | 0.52 | 0.06 |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No | Nature of transaction / relationship | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| 7. | **Loans and advances given during the year** | | |
| | Other Related Party | | |
| | Avantha Holdings Limited | - | 2.00 |
| | **Total** | - | 2.00 |

** Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

# Remuneration of ₹ 1.49 crores paid to Managing Director during the year is approved by shareholders in the Extra-ordinary General Meeting held on 7 June, 2021.

(c) **Amount due to / from related parties:**

| Sr. No | Nature of transaction / relationship | | 2020-21 (Revised) | 2019-20 (Recasted) |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Other Related Parties** | | | |
| | Shanthi Gears Limited | | 0.59 | - |
| | Clean Max Enviro Energy Solutions Private Limited | | 0.11 | - |
| | Parry Enterprises India Limited | | 0.11 | - |
| | | | 0.81 | - |
| | Non-current | | - | - |
| | Current | | 0.81 | - |
| | **Total** | | 0.81 | - |
| 2. | **Trade receivable** | | | |
| | **Parent company** | | | |
| | Tube Investments of India Limited | | 0.10 | - |
| | | (A) | 0.10 | - |
| | Non-current | | - | |
| | Current | | 0.10 | - |
| | | | 0.10 | - |
| | **Other Related Party** | | | |
| | Shanthi Gears Limited | | 0.19 | - |
| | | (B) | 0.19 | - |
| | Non-current | | - | - |
| | Current | | 0.19 | - |
| | | | 0.19 | |
| | **Total** | (A+B) | 0.29 | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(d) Compensation of Key Management Personnel of the Group:

| Nature of transaction | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Short-term employee benefits | 3.62 | 6.54 |
| Post-employment benefits | 0.16 | 0.25 |
| **Total compensation paid to key management personnel** | 3.78 | 6.79 |

Notes:

1 The sale to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

2 The Group makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Group contributed ₹ 10.22 crores (Previous year ₹ 12.95 crores).

3 The Group maintains gratuity trust for the purpose of administering the gratuity payment to employees of holding company (CG Gratuity Fund). During the year, the Group contributed ₹ 2.05 crores (Previous year ₹ Nil).

### 42. DISCLOSURE OF INTEREST IN OTHER ENTITIES

Material non-controlling interest for continuing operations

| | Principal place of business / Country of incorporation | Proportion of interest held by Non-controlling entities as at 31-03-2021 % (Revised) | 31-03-2020 % (Revised) |
|---|---|---|---|
| CG-PPI Adhesive Products Limited | India | 18.58 | 18.58 |
| PT Crompton Prima Switchgear Indonesia | Indonesia | 49.00 | 49.00 |
| PT. CG Power Systems Indonesia (upto 31 December, 2019) | Indonesia | - | - |

The proportion of voting rights held by non controlling interest does not differ from the proportion of ownership interest .

Summarised statement of profit and loss:

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | | PT. CG Power Systems Indonesia | |
|---|---|---|---|---|---|---|
| | 2020-21 (Revised) | 2019-20 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) |
| Revenue | 15.30 | 15.32 | 26.24 | 32.12 | - | 422.19 |
| Other Income | 0.76 | 0.47 | 0.16 | 0.01 | - | 21.87 |
| Cost of materials consumed | (8.68) | (9.00) | (21.63) | (33.26) | - | (276.04) |
| Other expenses | (6.52) | (7.75) | (18.47) | (13.00) | - | (165.72) |
| Finance costs | (0.04) | (0.06) | (7.11) | (2.81) | - | (1.78) |
| Pre-tax profit / (loss) from continuing operations | 0.82 | (1.02) | (20.81) | (16.94) | - | 0.52 |
| Income tax expense / (credit) | 0.39 | (0.19) | 12.88 | (4.23) | - | (0.65) |
| Post-tax profit / (loss) from continuing operations (A) | 0.43 | (0.83) | (33.69) | (12.71) | - | 1.17 |
| Other comprehensive income (B) | (0.11) | (0.17) | 1.74 | - | - | - |
| **Total comprehensive income ( A+B ) = (C)** | 0.32 | (1.00) | (31.95) | (12.71) | - | 1.17 |
| Attributable to non-controlling interest | 0.06 | (0.19) | (15.66) | (6.23) | - | 0.06 |
| Dividend paid to non-controlling interest | - | 0.09 | - | - | - | - |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 42. DISCLOSURE OF INTEREST IN OTHER ENTITIES (Contd.)

Summarised balance sheet :

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
| Current assets | 13.58 | 18.63 | 19.33 | 28.11 |
| Non-current assets | 8.50 | 4.61 | 127.16 | 132.62 |
| Current liabilities | (3.79) | (5.34) | (105.52) | (88.85) |
| Non-current liabilities | (0.31) | (0.25) | (65.57) | (60.93) |
| **Total equity** | 17.98 | 17.65 | (24.60) | 10.95 |
| **Attributable to:** | | | | |
| Equity holders of parent | 14.64 | 14.37 | (12.55) | 5.58 |
| Non-controlling interest | 3.34 | 3.28 | (12.05) | 5.37 |

Summarised cash flow information:

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | | PT. CG Power Systems Indonesia | |
|---|---|---|---|---|---|---|
| | 2020-21 (Revised) | 2019-20 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) |
| Cash flows from: | | | | | | |
| Operating activities | 5.19 | (1.34) | 18.90 | 7.41 | - | 43.41 |
| Investing activities | (4.03) | (4.30) | - | (2.90) | - | (1.40) |
| Financing activities | (1.14) | 0.72 | 18.52 | (7.43) | - | (34.01) |
| Net increase / (decrease) in cash and cash equivalents | 0.02 | (4.92) | 37.42 | (2.92) | - | 8.00 |

### 43. EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 38.64 crores (Previous year ₹ 88.79 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

| Benefits (Contribution to): | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Provident fund | 10.34 | 13.10 |
| Superannuation fund | 3.94 | 4.71 |
| Employee state insurance scheme | 0.18 | 0.28 |
| Labour welfare scheme | - | 0.01 |
| National pension scheme | 0.93 | 1.00 |
| Family pension | 23.25 | 69.69 |
| **Total** | 38.64 | 88.79 |

(b) **Defined benefit plans:**

**Gratuity**

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees in India. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Group makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the defining the investment strategy.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 43. EMPLOYEE BENEFITS (Contd.)

**Post-retirement medical benefit**

During the financial year 2019-20, management reviewed and discontinued the policy of post-retirement medical benefit and hence the accumulated provision of ₹ 10.83 crores was reversed and recognised as an exceptional item in revised consolidated statement of profit and loss.

The following tables summarise the components of net benefit expenses recognised in the revised consolidated statement of profit and loss and the funded status and amounts recognised in the revised consolidated balance sheet for the respective plans:

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) (Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised) (Non-funded) | 2019-20 (Revised) (Non-funded) |
| **I** | **Change in present value of defined benefit obligation during the year** | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 42.77 | 49.04 | - | 10.83 |
| 2 | Interest cost | 2.92 | 3.78 | - | - |
| 3 | Current service cost | 2.75 | 2.91 | - | - |
| 4 | Past service cost | 0.01 | - | - | - |
| 5 | Benefits paid directly by the employer | (9.18) | (16.88) | - | - |
| 6 | Actuarial changes arising from changes in financial assumptions | (0.08) | 2.35 | - | - |
| 7 | Actuarial changes arising from changes in experience adjustments | 6.09 | 1.57 | - | - |
| 8 | Reversal due to change in policy (Refer Note 50) | - | - | - | (10.83) |
| 9 | Present value of defined benefit obligation at the end of the year | 45.28 | 42.77 | - | - |
| **II** | **Change in fair value of plan assets during the year** | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 40.51 | 58.33 | NA | NA |
| 2 | Interest income | 2.77 | 4.49 | NA | NA |
| 3 | Contributions paid by the employer | 2.31 | (8.99) | NA | NA |
| 4 | Benefits paid from the fund | (9.15) | (16.88) | NA | NA |
| 5 | Return on plan assets excluding interest income | 2.01 | 3.56 | NA | NA |
| 6 | Fair value of plan assets at the end of the year | 38.45 | 40.51 | NA | NA |
| **III** | **Net asset / (liability) recognised in the balance sheet** | | | | |
| 1 | Present value of defined benefit obligation at the end of the year | (45.28) | (42.77) | - | - |
| 2 | Fair value of plan assets at the end of the year | 38.45 | 40.51 | - | - |
| 3 | Amount recognised in the balance sheet | (6.83) | (2.26) | - | - |
| 4 | Net (liability)/ asset- Current | (6.83) | (2.26) | - | - |
| | Net (liability)/ asset- Non-current | - | - | - | - |
| **IV** | **Expenses recognised in the statement of profit and loss for the year** | | | | |
| 1 | Current service cost | 2.75 | 2.91 | - | - |
| 2 | Interest cost on benefit obligation (net) | 0.16 | (0.68) | - | - |
| 3 | Curtailment | - | - | - | - |
| 4 | Past service cost | 0.01 | - | - | - |
| 5 | Total expenses included in employee benefits expense | 2.92 | 2.23 | - | - |
| **V** | **Recognised in other comprehensive income for the year** | | | | |
| 1 | Actuarial changes arising from changes in financial assumptions | (0.08) | 2.35 | NA | NA |
| 2 | Actuarial changes arising from changes in experience adjustments | 6.09 | 1.57 | NA | NA |
| 3 | Return on plan assets excluding interest income | (2.01) | (3.56) | NA | NA |
| 4 | Recognised in other comprehensive income | 4.00 | 0.36 | NA | NA |







NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

43. EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) (Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised) (Non-funded) | 2019-20 (Revised) (Non-funded) |
| **VI** | **Maturity profile of defined benefit obligation** | | | | |
| 1 | Within the next 12 months (next annual reporting period) | 7.74 | 4.92 | NA | NA |
| 2 | Between 2 and 5 years | 17.95 | 15.87 | NA | NA |
| 3 | Between 6 and 10 years | 18.22 | 18.96 | NA | NA |
| **VII** | **Quantitative sensitivity analysis for significant assumption is as below:** | | | | |
| **1** | **Increase/(decrease) in present value of defined benefits obligation at the end of the year** | | | | |
| (i) | One percentage point increase in discount rate | (2.37) | (2.62) | NA | NA |
| (ii) | One percentage point decrease in discount rate | 2.67 | 2.98 | NA | NA |
| (i) | One percentage point increase in rate of salary increase | 2.72 | 3.04 | NA | NA |
| (ii) | One percentage point decrease in rate of salary increase | (2.45) | (2.72) | NA | NA |
| (i) | One percentage point increase in employee turnover rate | 0.60 | 0.70 | NA | NA |
| (ii) | One percentage point decrease in employee turnover rate | (0.66) | (0.78) | NA | NA |
| **2** | **Sensitivity Analysis Method** | | | | |
| | Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | | | |
| **VIII** | **The major categories of plan assets as a percentage of total plan asset** | | | | |
| | Insurer managed funds | 98% | 100% | NA | NA |
| **IX** | **Weighted average duration of the defined benefit obligation (in years)** | 7 | 8 | NA | NA |
| **X** | **Actuarial assumptions** | | | | |
| 1 | Discount rate | 6.83%% -6.89% p.a | 6.83%% -7.00% p.a | NA | NA |
| 2 | Salary escalation | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | NA | NA |
| 3 | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | NA | NA |
| 4 | Rate of employee turnover | 4.00% p.a. | 4.00% p.a. | NA | NA |

| | 2020-21 (Revised) | 2019-20 (Revised) | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | 6.88 | 4.77 | NA | NA |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43. EMPLOYEE BENEFITS (Contd.)

Notes :

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2021 and as at 31 March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

Pension obligation

The Group operates post retirement pension plan for its eligible employees, a defined benefit retirement plan with assets held in a separately administered funds. The scheme provides retirement benefits on the basis of members' final salary.

The Group also provides other post-employment termination benefits, which is separation pay. The separation pay benefit is paid to employees in the case of voluntary resignation, subject to a minimum number of years of service. This benefit has been accounted for using the same methodology as for the defined benefit pension plan.

The following tables summarise the components of net benefit expenses recognised in the revised consolidated statement of profit and loss and the funded status and amounts recognised in the revised consolidated balance sheet for the respective plans:

| | | Pension | | Pension | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised) (Non-funded) | 2019-20 (Revised) (Non-funded) |
| I | **The movement in the present value of defined benefit obligation:** | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 0.10 | 307.74 | - | 4.04 |
| 2 | Current service cost | - | 10.77 | - | - |
| 3 | Interest cost | - | - | - | - |
| 4 | Benefits paid directly by employer | - | (5.69) | - | - |
| 5 | Translation difference | (0.10) | 14.15 | - | (0.18) |
| 6 | Present value of defined benefit obligation at the end of the year | - | 326.97 | - | 3.86 |
| 7 | Deduction on account of deconsolidation | - | (326.97) | - | - |
| 8 | Closing Balance | - | - | - | - |
| II | **The movement in fair value of plan assets:** | | | | |
| 1 | Fair value of plan assets at the beginning of the year | | 282.52 | NA | NA |
| 2 | Interest income | - | - | NA | NA |
| 3 | Return on plan assets excluding interest income | - | - | NA | NA |
| 4 | Due to termination benefit - Remeasurement | - | - | NA | NA |
| 5 | Employer contributions | - | - | NA | NA |
| 6 | Benefit paid | - | - | NA | NA |
| 7 | Translation difference | | 12.37 | NA | NA |
| 8 | Fair value of plan assets at the end of the year | - | 294.89 | NA | NA |
| 9 | Deduction on account of deconsolidation | - | (294.89) | - | - |
| 10 | Closing Balance | - | - | - | - |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43. EMPLOYEE BENEFITS (Contd.)

| | | Pension | | Pension | |
|---|---|---|---|---|---|
| | | 2020-21 (Revised) Funded) | 2019-20 (Revised) (Funded) | 2020-21 (Revised) (Non-funded) | 2019-20 (Revised) (Non-funded) |
| III | **Net (asset) / liability recognised in the balance sheet:** | | | | |
| 1 | Present value of defined benefit obligation at the end of the year | - | (326.97) | - | (3.85) |
| 2 | Fair value of plan assets at the end of the year | - | 294.89 | - | - |
| 3 | Net pension (liability) / asset | - | (32.08) | - | (3.85) |
| 4 | Deduction on deconsolidation of subsidiaries | - | 31.98 | - | 3.85 |
| 5 | Net pension (liability) / asset recognised in the balance sheet | - | (0.10) | - | - |
| IV | **Expenses recognised in the statement of profit and loss for the year:** | | | | |
| 1 | Current service cost | - | 10.77 | - | - |
| 2 | Interest cost on benefit obligation (net) | - | - | - | - |
| 3 | Past service cost | - | - | - | - |
| 4 | Settlement and curtailment cost | - | - | - | - |
| 5 | Actuarial (gain) / losses | - | - | - | - |
| 6 | Total expenses included in employee benefits expense | - | 10.77 | - | - |

(c) **Provident fund**

The Company makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuary valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Plan assets at period end, at fair value | 292.10 | 298.63 |
| Present value of defined obligation at period end | 258.41 | 266.31 |

Assumptions used in determining the present value of obligation

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Rate of discounting | 6.86% p.a. | 6.83% p.a. |
| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Attrition rate | 4.00% p.a. | 4.00% p.a. |
| Guaranteed rate of interest | 8.50% p.a. | 8.50% p.a. |
| Whilst in service withdrawal | 5.00% p.a. | 5.00% p.a. |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING

**The Group has the following reportable segments:**

Power Systems : Transformer, Switchgear, Automation and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

**Identification of segments:**

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the revised consolidated financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

**Segment revenue and results:**

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

**Segment assets and liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities..

**Inter segment transfer:**

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Group level.

**Summary of the Segmental Information as at and for the year ended 31 March, 2021 is as follows (Revised):**

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 860.93 | 2091.46 | 11.56 | - | - | 2963.95 |
| Add: Inter segment sales | 1.02 | 0.14 | - | - | (1.16) | - |
| **Total revenue** | 861.95 | 2091.60 | 11.56 | - | (1.16) | 2963.95 |
| Segment results | (82.20) | 200.72 | 0.48 | - | - | 119.00 |
| *Less*: Finance costs | | | | | | 197.10 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | | 38.41 |
| **Loss after finance cost but before exceptional items and tax** | | | | | | (116.51) |
| Exceptional items (net) | | | | | | 1543.67 |
| Tax expense / (credit) | | | | | | 147.62 |
| **Profit from continuing operations after tax** | | | | | | 1279.54 |
| **Profit from discontinued operations after tax** | | | | | | 0.06 |
| **Profit for the year** | | | | | | 1279.60 |
| **Other Information:** | | | | | | |
| Segment assets | 1265.63 | 1151.45 | 14.86 | 290.17 | 1679.55 | 4401.66 |
| Segment liabilities | 1908.83 | 765.00 | 3.86 | 11.05 | 1797.21 | 4485.95 |
| Capital expenditure# | 8.78 | 8.31 | 0.58 | - | - | 17.67 |
| Depreciation and amortisation# | 59.46 | 64.33 | 0.57 | - | 13.95 | 138.31 |
| Impairment of tangible and intangible assets# | 25.15 | - | - | - | - | 25.15 |
| Non-cash expenses other than depreciation and amortisation# | 60.81 | (2.78) | 0.17 | - | - | 58.20 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING (Contd.)

**Summary of the Segmental Information as at and for the year ended 31 March, 2020 is as follows (Revised):**

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 2735.58 | 2361.34 | 12.96 | - | - | 5109.88 |
| Add: Inter segment sales | 0.26 | 0.02 | - | - | (0.28) | - |
| **Total revenue** | 2735.84 | 2361.36 | 12.96 | - | (0.28) | 5109.88 |
| Segment results | (265.56) | 246.33 | (3.69) | - | - | (22.92) |
| *Less:* Finance costs | | | | | | 324.05 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | | 143.91 |
| **Loss after finance cost but before exceptional items and tax** | | | | | | (490.88) |
| Exceptional items (net) | | | | | | (909.03) |
| Tax expense | | | | | | (75.81) |
| **Loss from continuing operations after tax** | | | | | | (1,324.10) |
| **Loss from discontinued operations after tax** | | | | | | (7.04) |
| **Loss for the year** | | | | | | (1331.14) |
| **Other Information:** | | | | | | |
| Segment assets | 1782.52 | 975.78 | 12.75 | 309.44 | 1571.70 | 4652.19 |
| Segment liabilities | 2476.70 | 1101.82 | 4.26 | 29.55 | 2995.99 | 6608.32 |
| Capital expenditure# | 19.92 | 27.36 | 0.14 | - | 4.42 | 51.84 |
| Depreciation and amortisation# | 135.68 | 59.14 | 0.59 | - | 16.07 | 211.48 |
| Impairment of tangible and intangible assets# | 38.27 | - | - | - | - | 38.27 |
| Non-cash expenses other than depreciation and amortisation# | 51.68 | 8.96 | 0.10 | - | 1.99 | 62.73 |

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments.

# The disclosure pertains to continuing business segments.

**Geographical Information:**

| | 2020-21 (Revised) | | | 2019-20 (Revised) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue from contracts with customers | 2335.39 | 628.56 | 2963.95 | 2643.48 | 2466.40 | 5109.88 |

**Note:**

During the year ended 31 March, 2021 and 31 March, 2020 revenues from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

| | As at 31-03-2021 (Revised) | | | As at 31-03-2020 (Revised) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Non-current assets | 816.69 | 363.27 | 1179.96 | 907.71 | 623.15 | 1530.86 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) **Following subsidiaries/ business units are considered as discontinued operations as at 31 March, 2021 (Revised):**

(i) CG Sales Networks Malaysia Sdn. Bhd.

(ii) CG Power Equipments Limited

(iii) CG- Ganz Generator and Motor Limited Liability Company

(iv) CG Power Systems Canada Inc.

(b) **Transformer Division - Kanjurmarg**

The plant and machineries of Transformer factory at Kanjurmarg were shifted to other manufacturing facilities and the carrying value of land and building was classified as 'Asset held for sale'. A provision for restructuring cost towards closure / shifting of the said manufacturing facility was recognised. During the current year, the Group actualised and reversed exceptional provision of ₹ 9.00 crores (previous year ₹ 31.29 crores) related to expected restructuring cost.

The Group had entered into a definitive agreement with a Buyer for sale of its remaining portion of land at Kanjurmarg originally as at 31 March, 2021. Subsequent to year end, a new binding term sheet was signed and the definitive agreements was terminated. The Group has complied with Conditions Precedent required as laid down in the binding term sheet signed and was pursuing with the Buyer for completion of the transaction. This transaction is completed in December, 2021 and the effect will be considered in year ending 31 March, 2022

The restructuring provision, utilisation thereof and provision towards delay in completing contractual obligation towards completion of land sale aggregating to ₹ 94.67 crores (previous year ₹ 21.94 crores) forms part of the exceptional items in the revised consolidated financial statements.

(c) The Board of Directors of the Company has approved the proposal for voluntary liquidation of its subsidiaries, CG- Ganz Generator and Motor Limited Liability Company and CG Sales Networks Malaysia Sdn. Bhd, subject to statutory and regulatory approvals. Consequently, as on 31 March 2021, business of these subsidiaries have been classified as discontinued operation. The liquidation proceeding is under process.

**Statement of profit and loss of the discontinued operations is as under :**

| | 2020-21 (Revised) | | | 2019-20 (Revised) | | |
|---|---|---|---|---|---|---|
| | Transmission and Distribution | Others | Total | Transmission and Distribution | Others | Total |
| Revenue from operations | - | - | - | - | - | - |
| Expenses (net of other income) | (0.06) | - | (0.06) | 6.92 | - | 6.92 |
| Profit / (loss) before tax | 0.06 | - | 0.06 | (6.92) | - | (6.92) |
| Tax expense | - | - | - | (0.12) | - | (0.12) |
| Profit / (loss) after tax from discontinued operations | 0.06 | - | 0.06 | (7.04) | - | (7.04) |

**The major classes of assets and liabilities of the discontinued operation are as under:**

| | As at 31-03-2021 (Revised) | | As at 31-03-2020 (Revised) | |
|---|---|---|---|---|
| | Transmission and Distribution | Others | Transmission and Distribution | Others |
| **Assets** | | | | |
| Land and building (net) | 279.85 | - | 281.63 | - |
| Trade receivables | 1.30 | - | - | - |
| Cash and cash equivalents | 2.06 | 0.02 | 0.02 | 0.03 |
| Bank balances other than above | 1.33 | - | 1.21 | - |
| Deferred tax assets(net) | - | - | 23.19 | - |
| Current tax | 0.90 | | - | - |
| Other current assets | 4.71 | - | 3.36 | - |
| **Assets classified as held for sale (A)** | 290.15 | 0.02 | 309.41 | 0.03 |
| **Liabilities** | | | | |
| Deferred tax liabilities (net) | - | - | 23.19 | - |
| Trade payables | 2.86 | - | - | - |
| Other current financial liabilities | - | - | 5.68 | - |
| Other current liabilities | 0.86 | - | 0.00 | - |
| Provisions | 7.33 | | 0.68 | |
| **Liabilities directly associated with assets classified as held for sale (B)** | 11.05 | - | 29.55 | - |
| **Net assets directly associated with disposal group (A-B)** | 279.10 | 0.02 | 279.86 | 0.03 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Operating | 2.83 | (12.80) |
| Investing | - | - |
| Financing | - | - |

### 46. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values:**

1 The Group has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others (except derivative instruments), current financial liabilities borrowings, trade payables, and other financial liabilities (except derivative instruments and current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Group has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2 The fair values of the quoted investments / units of mutual fund schemes are based on market price / net asset value at the reporting date.

3 The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these loans given. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

4 Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

**The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:**

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

| | Note No. | Carrying amount | Fair value | | |
|---|---|---|---|---|---|
| | | As at 31-03-2021 (Revised) | Level 1 | Level 2 | Level 3 |
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.51 | - | 6.51 | - |
| Non-current financial assets others | 9 | 21.62 | - | 21.62 | - |
| **Total** | | 28.52 | 0.39 | 28.13 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.47 | - | 1.47 | - |
| Current investments | 13 | 0.01 | 0.01 | - | - |
| **Total** | | 1.48 | 0.01 | 1.47 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long-term loans from bank | 22 | 635.93 | - | 635.93 | - |
| Long-term loans - debentures | 22 | 200.00 | | 200.00 | |
| Non- current other financial liabilities | 23 | 18.19 | - | 7.61 | 10.58 |
| Current maturities of long term loans (Refer note (b) below) | 28 | 500.58 | - | 500.58 | - |
| **Total** | | 1354.70 | - | 1344.12 | 10.58 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 46. FAIR VALUE MEASUREMENTS (Contd.)

Notes:

(a) The Group has accumulated the cumulative loss on fair value change of ₹ 244.31 crores, in equity instruments through other comprehensive income. Considering the fact of non-recoverable nature of investment, the Group has transferred the cumulative loss of ₹ 244.31 crores within equity to retained earnings from equity instruments through other comprehensive income reserve. The Group will derecognise the investment on disposal or on relinquishment of its rights.

(b) Current maturities of long-term loans from banks includes loan of ₹ 221.09 crores which is settled after year-end and loan of ₹ 237.77 crores in respect of which the Group has entered into guarantee settlement agreement.

| | Note No. | Carrying amount As at 31-03-2020 (Revised) | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.52 | - | 6.52 | - |
| Non-current financial assets others | 9 | 52.46 | - | 52.46 | - |
| **Total** | | 59.37 | 0.39 | 58.98 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.34 | - | 1.34 | - |
| Current investments | 13 | 0.01 | 0.01 | - | - |
| **Total** | | 1.35 | 0.01 | 1.34 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long-term loans from bank | 22 | 587.04 | - | 516.04 | - |
| Non- current other financial liabilities | 23 | 21.83 | - | 5.95 | 15.88 |
| Current maturities of long term borrowings | 28 | 1102.72 | - | 1102.72 | - |
| | | 1711.59 | - | 1624.71 | 15.88 |

During the reporting period ending 31 March, 2021 and 31 March, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks namely credit risk, interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group has managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

#### Exposure to interest risk

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Floating rate borrowings (Refer note below) | 1145.86 | 2938.79 |

Borrowings as on 31 March, 2021 includes loan of ₹ 221.09 crores which is settled after year-end and loan of ₹ 237.77 crores in respect of which the Group has entered into guarantee settlement agreement.



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### Interest rate sensitivity

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| 25 bp increase - Decrease in profit | (2.86) | (7.35) |
| 25 bp decrease - Increase in profit | 2.86 | 7.35 |

#### Foreign currency risk

The Group's functional currency is Indian Rupee. The Group undertakes transactions denominated in foreign currencies and consequently the Group is exposed to foreign exchange risk. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies.

#### Unhedge foreign currency exposure as at 31 March, 2021 (Revised)

| | USD | Euro | GBP | IDR | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 93.45 | 76.52 | 0.80 | 13.86 | 5.02 | 189.65 |
| Loans and other receivables | 129.44 | 53.38 | - | 0.73 | 0.20 | 183.75 |
| Other Current Financial Assets | 22.97 | 88.65 | 21.52 | - | - | 133.14 |
| Bank balances in current accounts and term deposit accounts | 89.03 | 46.09 | 0.66 | 1.51 | 14.95 | 152.24 |
| Trade payables | (18.44) | (5.97) | (2.69) | (57.74) | - | (84.84) |
| Commission Payable | (24.55) | (3.57) | - | - | (0.13) | (28.25) |
| Long-term borrowings | (4.02) | (0.03) | - | (13.87) | (18.89) | (36.81) |
| Short-term borrowings | (273.14) | (1.20) | - | (36.56) | (6.77) | (317.67) |
| Other short-term financial liabilities | (189.29) | (586.06) | (22.38) | - | (0.77) | (798.50) |
| Lease Finance Obligation | - | (5.11) | - | - | (6.54) | (11.65) |

#### Unhedge foreign currency exposure as at 31 March, 2020 (Revised)

| | USD | Euro | GBP | IDR | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 142.87 | 119.17 | 0.74 | - | (25.15) | 237.63 |
| Loans and other receivables | 128.95 | 3.92 | - | - | 379.76 | 512.63 |
| Bank balances in current accounts and term deposit accounts | (82.08) | 128.82 | 17.41 | - | 55.64 | 119.79 |
| Trade payables | (102.77) | (123.32) | (3.76) | (2.92) | (72.65) | (305.42) |
| Commission Payable | (25.91) | (2.43) | - | - | (0.12) | (28.46) |
| Long-term borrowings | (245.82) | (363.58) | - | - | (127.30) | (736.70) |
| Short-term borrowings | (286.46) | (1,398.12) | - | - | (39.73) | (1,724.31) |
| Other short-term financial liabilities | (9.62) | (386.87) | (0.17) | (4.19) | (34.14) | (434.99) |
| Lease liabilities | - | (8.61) | - | - | (2.70) | (11.31) |

#### Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | (1.79) | 1.79 | 1.27 | (1.27) |
| Euro | (22.93) | 22.93 | 23.65 | (23.65) |
| GBP | (0.02) | 0.02 | 0.20 | (0.20) |
| Others | (0.13) | 0.13 | 4.71 | (4.71) |
| Increase / (decrease) in profit or loss | (24.87) | 24.87 | 29.83 | (29.83) |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

1 % increase or decrease in foreign exchange rates will have the following impact on equity

| | 2020-21 (Revised) | | 2019-20 (Revised) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | (1.92) | 1.92 | 3.68 | (3.68) |
| Euro | (19.86) | 19.86 | 23.71 | (23.71) |
| GBP | (0.02) | 0.02 | 0.20 | (0.20) |
| Others | (0.17) | 0.17 | 1.09 | (1.09) |
| **Increase / (decrease) in equity** | (21.97) | 21.97 | 28.68 | (28.68) |

**Credit risk**

Credit risk refers to the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are generally set to manage credit risk. General payment terms include credit period ranging from 45 to 90 days and where applicable, mobilisation advance, progress payments and certain retention money to be released at the end of the project.

Where the loans or receivables are impaired, the Group continues to engage in enforcement activity to attempt to recover the receivable due.

The Group is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees.

In respect of financial guarantees provided by the Group to banks and financial institutions, the maximum exposure which the Group is exposed to is the maximum amount which the Group would have to pay if the guarantee is called upon or in case where settlement is agreed, the settlement amount. Based on the expectation at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided except as otherwise stated in respect of guarantees where settlement is agreed.

**Exposure to credit risk**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in Government or trust securities | 0.39 | 0.39 |
| Investments in Debentures or bonds | 0.05 | 0.05 |
| Other non-current investments | 1.42 | 1.29 |
| Non-current financial assets - loans | 6.51 | 6.52 |
| Non-current financial assets - others | 21.62 | 52.46 |
| Cash and cash equivalents and other bank balances | 533.56 | 242.36 |
| Current financial assets - loans | 33.13 | 41.67 |
| Current financial assets - others | 129.81 | 232.11 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| Trade receivables | 819.09 | 809.74 |

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks. Refer note 50(c) in respect of provision / write off towards non-current loans and non-current financial assets others





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The ageing analysis of the trade receivables (gross of provision) (current as well as non-current) has been considered from the date the invoice falls due.

| | |
|---|---|
| **As at 31-03-2021 (Revised)** | |
| Up to 3 months | 463.63 |
| 3 to 6 months | 22.32 |
| More than 6 months | 333.14 |
| | 819.09 |
| **As at 31-03-2020 (Revised)** | |
| Up to 3 months | 277.77 |
| 3 to 6 months | 62.53 |
| More than 6 months | 469.44 |
| | 809.74 |

The following table summarizes the change in the loss allowances for trade receivables measured using life-time expected credit loss model.

| | |
|---|---|
| **As at 01-04-2019 (Revised)** | 189.62 |
| Provided during the year | 138.00 |
| Amounts written off | (1.55) |
| Reversals of provision | (8.34) |
| Reduction on deconsolidation of Subsidiaries | (35.18) |
| Translation adjustments | 0.80 |
| **As at 31-03-2020 (Revised)** | 283.35 |
| Provided during the year | 74.57 |
| Amounts written off | (103.45) |
| Reversals of provision | (12.73) |
| Reduction on deconsolidation of subsidiaries | (9.77) |
| Translation adjustments | 0.14 |
| **As at 31-03-2021 (Revised)** | 232.11 |

No significant changes in estimation techniques or assumptions were made during the reporting period.

**Liquidity risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Maturity profile of financial liabilities:**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| As at 31-03-2021 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Interest accrued on debentures | - | 2.94 | - | 2.94 |
| Deposits payable | - | 4.58 | 0.09 | 4.67 |
| Current maturities of long term loans (refer note (a) below) | 500.58 | - | - | 500.58 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 9.35 crores) | - | 548.88 | 296.40 | 845.28 |
| Short-term borrowings | 127.99 | - | - | 127.99 |
| Trade payables | 1031.74 | 2.78 | - | 1034.52 |
| Other financial liablities | 852.42 | - | - | 852.42 |
| Lease liabilities | 9.46 | 9.87 | 3.18 | 22.51 |

(a) Current maturities of long-term loans from banks includes loan of ₹ 221.09 crores which is settled after year-end and loan of ₹ 237.77 crores in respect of which the Group has entered into guarantee settlement agreement.

| As at 31-03-2020 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 5.95 | - | 5.95 |
| Current maturities of long term loans | 1102.72 | - | - | 1102.72 |
| Long-term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores) | - | 546.04 | 46.77 | 592.81 |
| Short-term borrowings | 1067.15 | - | - | 1067.15 |
| Trade payables | 1301.66 | - | - | 1301.66 |
| Other financial liablities | 946.32 | - | - | 946.32 |
| Lease liabilities | 11.79 | 16.74 | 3.67 | 32.20 |

General credit terms for the trade payables are in the range of 30 to 180 days. During the year, the Group has established access to approved credit facilities to mitigate short-term liquidity risk.

**Collateral**

The Group has hypothecated part of its trade receivables and cash and cash equivalents in order to fulfill certain collateral requirements for the banking facilities extended to the Group. There is obligation to return the securities to the Group once these banking facilities are surrendered (Refer note 22 and 26).

**Capital management**

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Group monitors capital using gearing ratio, which is total debt divided by total capital plus debt.





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Gearing ratio:**

The gearing ratio at the end of the reporting period was as follows:

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Total debt (Refer note below) | 1464.62 | 2933.14 |
| Equity | (84.29) | (1,956.13) |
| **Total debt and equity** | 1380.33 | 977.01 |
| **Gearing ratio** | 106.11% | 300.22% |

Total debt includes loan of ₹ 221.09 crores which is settled after year-end and loan of ₹ 237.77 crores in respect of which the Group has entered into guarantee settlement agreement.

### 48 LEASES

(i) Group as a lessee

**Movement in carrying value of right of use assets**

| | Land | Buildings | Plant and machinery | Furniture andfittings | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Adoption of Ind AS 116 Leases as at 1-04-2019** | 0.59 | 27.05 | 2.29 | 0.32 | 0.13 | 24.45 | 54.83 |
| Leasehold land transferred as at 1-04-2019 | 71.25 | - | - | - | - | - | 71.25 |
| Additions | - | 1.50 | - | - | - | 7.09 | 8.59 |
| *Less:* Depreciation | 1.45 | 8.31 | 0.65 | 0.07 | 0.06 | 10.03 | 20.57 |
| Translation Adjustments | - | 0.37 | 0.13 | - | - | 0.81 | 1.31 |
| *Less:* Reduction on deconsolidation of subsidiaries | - | 3.40 | 1.77 | - | - | 15.70 | 20.87 |
| **Closing net carrying balances as at 31-03-2020 (Revised)** | 70.39 | 17.21 | - | 0.25 | 0.07 | 6.62 | 94.54 |
| Additions | - | 7.32 | - | - | 0.31 | 2.79 | 10.42 |
| Deletion | - | 1.48 | - | - | 0.03 | 1.58 | 3.09 |
| *Less:* Depreciation | 1.45 | 8.34 | - | 0.07 | 0.07 | 2.96 | 12.89 |
| Translation Adjustment | - | 1.17 | - | - | 0.04 | 0.40 | 1.61 |
| *Less:* Reduction on deconsolidation of subsidiary | - | 2.08 | - | - | - | 1.61 | 3.69 |
| **Closing net carrying balances as at 31-03-2021 (Revised)** | 68.94 | 13.80 | - | 0.18 | 0.32 | 3.66 | 86.90 |

**Movement in lease liabilities during the year**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Opening Balance as at 1-04-2020 / Adoption of Ind AS 116 Leases as at 1-04-2019** | 25.87 | 54.83 |
| Add: Addition | 10.42 | 8.59 |
| Add: Accretion of interest | 1.78 | 3.38 |
| *Less:* Payment | 12.96 | 20.98 |
| *Less:* Removal of asset | 3.10 | - |
| *Less:* Gain on removal of asset | 0.28 | - |
| Translation Adjustment | 1.61 | 1.29 |
| *Less:* Reduction on deconsolidation of subsidiaries | 3.68 | 21.24 |
| **Closing balance as at 31.03.2021** | 19.66 | 25.87 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 48 LEASES (Contd.)

**Breakup of current and non-current lease liabilities**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| Current Lease Liabilities | 9.08 | 9.99 |
| Non-current Lease liabilities | 10.58 | 15.88 |
| **Total** | 19.66 | 25.87 |

**Amounts recognised in the consolidated Statement of profit or loss**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Other Expenses** | | |
| Short-term lease rent expense | 1.93 | 10.54 |
| Low value asset lease rent expense | 0.08 | 9.01 |
| Variable lease rent expense | 0.02 | 1.64 |
| **Finance Cost** | | |
| Interest Expense on lease liabilities | 1.78 | 3.38 |
| **Depreciation and amortisation expense** | | |
| Depreciation of ROU lease assets | 12.89 | 20.57 |

**Amounts recognised in the consolidated statement of cash flows**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Total cash outflow for leases | 12.03 | 12.72 |

**Contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| *Less* than 1 year | 9.46 | 11.79 |
| 1 - 5 years | 9.87 | 16.74 |
| More than 5 years | 3.18 | 3.67 |
| **Total** | 22.51 | 32.20 |

(ii) **Group as a lessor**

**Amounts recognised in the consolidated statement of profit or loss**

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| **Other Income** | | |
| Non-operating lease income | 8.64 | 9.43 |

**Note:**

Non-operating lease income is in respect of lease of land and / or building.

**Undiscounted future payment to be received**

| | As at 31-03-2021 (Revised) | As at 31-03-2020 (Revised) |
|---|---|---|
| **Maturity analysis :** | | |
| *Less* than 1 year | 1.88 | 8.64 |
| 1 to 5 years | 0.05 | 2.61 |
| More than 5 years | - | - |
| **Total** | 1.93 | 11.25 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 49 EARNINGS PER SHARE

| | | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|---|
| **Face value of equity share** | ₹ | 2.00 | 2.00 |
| Weighted average number of Equity Shares | | | |
| - Basic | Nos. | 867943352 | 626746142 |
| - Diluted | Nos. | 918678806 | 626746142 |
| Profit / (Loss) for the year (continuing operations) | ₹ crores | 1295.14 | (1316.61) |
| Earnings per share (for continuing operations) | | | |
| - Basic | ₹ | 14.92 | (21.01) |
| - Diluted | ₹ | 14.10 | (21.01) |
| Profit /(loss) for the year (discontinued operations) | ₹ | 0.06 | (7.04) |
| Earnings per share (for discontinued operations) | | | |
| - Basic | ₹ | 0.00 | (0.11) |
| - Diluted | ₹ | 0.00 | (0.11) |
| Profit / (Loss) for the year (Total operations) | ₹ crores | 1295.20 | (1323.65) |
| Earnings per share | | | |
| - Basic | ₹ | 14.92 | (21.12) |
| - Diluted | ₹ | 14.10 | (21.12) |
| Profit / (Loss) used as the numerators in calculating basic and diluted earnings per share (Total operation) | | 1295.20 | (1323.65) |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | | 867943352 | 626746142 |
| Weighted average number of equity shares used as the denominator in calculating diluted earnings per share | | 918678806 | 626746142 |
| Type of instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period presented | | Warrants | None |

### 50. EXCEPTIONAL ITEMS

| | 2020-21 (Revised) | 2019-20 (Revised) |
|---|---|---|
| Cessation of liability arising on settlement and restructuring of borrowings including interest thereon as per resolution plan (Refer note (a) below) | 1426.89 | - |
| Provision towards corporate guarantee settlement (Refer note 52) | (55.79) | - |
| Provision towards corporate guarantee obligation settlement (Refer note (b) below) | (130.10) | - |
| Provision / write off against doubtful advances (Refer note (c) below) | (176.11) | (153.64) |
| (Provision) / reversal of provision for net assets of subsidiaries (Refer note (d) below) | 285.28 | (468.28) |
| Impairment of property and equipment and intangible assets (Refer note (e) below) | (18.00) | (34.33) |
| Provision towards delay in completing contractual obligation towards completion of land sale and expected restructuring cost (Refer note 45) | (94.67) | (21.94) |
| Professional fees due to ongoing investigations and debt resolution plan (Refer note (f) below) | (14.39) | (36.24) |
| Provision against litigation (for trade receivable and claims) (Refer note (g) below) | (18.54) | (22.48) |
| Foreign currency translation reserve and hedge reserve transferred to statement of profit or loss on deconsolidation/sale of subsidiaries (Refer note 52) | 75.56 | 182.24 |
| Gain on deconsolidation of subsidiary (Refer note 52) | 141.12 | - |
| Reversal of liability on waiver by erstwhile subsidiaries / (liability) on deconsolidation of subsidiaries (Refer note 52) | 123.80 | (341.15) |
| Loss on sale of subsidiary (Refer note 52) | (1.38) | - |
| Provision for expected cost towards closure of factory (Refer note (e) below) | - | (23.26) |
| Provision towards short fall of provident fund liability (Refer note (h) below) | - | (0.78) |
| Reversal towards post retirement medical benefit provision (Refer note 43(b) ) | - | 10.83 |
| **Total** | 1543.67 | (909.03) |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 50. EXCEPTIONAL ITEMS (Contd.)

**Details of exceptional items:**

(a) As stated in Note 3A(b), the Company has discharged and settled the existing borrowings facilities for a total consideration of ₹ 1000 crores. Consequent to settlement, the gain on extinguishment of liability on account of reduction of certain portion of agreed debt including interest thereon as per resolution plan aggregating to ₹ 1426.89 crores is recognised in profit or loss as an exceptional item.

(b) As stated in Note 3A(c), Provision of ₹ 125.78 crores is made towards consideration payable on guarantee obligation settlement under cash settlement option and ₹ 4.32 crores is recognised towards amount debited by bank towards outstanding dues

(c) ₹ 176.11 crores (previous year ₹ 153.63 crores) is provided for advances receivable from other company.

(d) The Group reassessed recoverability of net assets of certain subsidiaries and based on the reassessment has reversed provision of ₹ 282.21 crores. The Group has further accounted for total gain of ₹ 3.07 crores associated with deconsolidation as a result of divestment of its entire shareholding in its subsidiary CG Service Systems France SAS. In previous year, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for certain international operations (other than HBE and its subsidiaries) aggregating to ₹ 354.02 crores. The Group has also accounted loss on deconsolidation of HBE and its subsidiaries ₹114.26 crores (Refer note 52).

(e) Group's overseas subsidiary, CG Electric Systems Hungary Zrt has accounted for impairment of ₹ 18.00 crores towards tangible and intangible assets. In previous year, Group's overseas subsidiary CG Electric Systems Hungary Zrt (ESHU) accounted for impairment of ₹ 8.95 crores towards tangible assets and a provision towards expected cost of closure of factory amounting to ₹ 23.26 crores and QEI LLC (QEI) accounted for impairment of ₹ 25.38 crores towards intangible assets.

(f) The Group has incurred professional fees of ₹ 14.39 crores (previous year ₹ 36.24 crores) towards the debt resolution process initiatives and ongoing investigation.

(g) The amount of ₹ 18.54 crores is provided towards matters related to sales tax pending either in appeal or in rectification. In previous year, the Group recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds to a customer towards transformer manufactured at CG Belgium factory.

(h) In previous year, the Group recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.





## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ crores

| | As at 1-04-2020 (Revised) | Effect of reclassification | Cash Inflows / (Outflows) | Conversion into debentures | Conversion into CG House Debt | One time settlement | Foreign exchange movement impact | Changes in fair values | Reduction on deconsolidation of subsidiaries | Finance cost charged during the year | Others | As at 31-03-2021 (Revised) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | | | |
| Term loans from banks | 516.04 | (277.04) | 626.59 | - | - | - | 19.32 | - | (253.48) | 0.48 | - | 631.91 |
| **Unsecured loans** | | | | | | | | | | | | |
| Term loans from banks | 71.00 | (71.00) | 4.02 | - | - | - | - | - | - | - | - | 4.02 |
| Debentures | - | - | - | 200.00 | - | - | - | - | - | - | - | 200.00 |
| **Non-current other financial liabilities** | | | | | | | | | | | | |
| Interest accrued on debentures | - | - | - | - | - | - | - | - | - | 2.94 | - | 2.94 |
| **Current financial liabilities - borrowings:** | | | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | | | |
| Banks | 397.88 | (4.84) | (75.15) | (31.58) | 126.32 | (285.90) | 1.26 | - | - | - | - | 127.99 |
| **Unsecured loans** | | | | | | | | | | | | |
| Banks | 525.38 | - | (117.77) | (37.71) | (28.28) | (330.64) | (10.98) | - | - | - | - | - |
| From other Company | 320.00 | - | (85.32) | (26.25) | (19.69) | (188.74) | - | - | - | - | - | - |
| **Current - other financial liabilities:** | | | | | | | | | | | | |
| Current maturities of long term borrowings | 1102.72 | 352.88 | (405.76) | (104.46) | (78.35) | (378.35) | 6.13 | - | - | 5.77 | - | 500.58 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 138.29 | - | (35.37) | - | - | (243.26) | (1.19) | - | - | 178.38 | - | 36.85 |
| Payment towards corporate guarantee: | - | - | (4.32) | - | - | - | - | - | - | - | 4.32 | - |
| **Non controlling interest** | 15.54 | - | - | - | - | - | 0.47 | (15.60) | - | - | - | 0.41 |
| **Total** | 3086.97 | - | (93.08) | - | - | (1426.89) | 15.01 | (15.60) | (253.48) | 187.57 | 4.32 | 1504.82 |

**Note:**

The above disclosure does not include the cashflow movement for lease obligations.(Refer note 48). The finance cost charged during the year is related to borrowings.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIADTED FINANCIAL STATEMENTS (Contd.)

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

| | As at 1-04-2019 (Revised) | Cash Inflows / (Outflows) | Foreign exchange movement impact | Changes in fair values | Reduction on deconsolidation of subsidiaries | Effect of reclassification | Finance cost charged during the year | Others | As at 31-03-2020 (Revised) |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Term loans from banks | 1125.49 | (22.50) | 18.49 | - | - | (615.93) | 10.49 | - | 516.04 |
| **Unsecured loans** | | | | | | | | | |
| Term loans from banks | 316.37 | (25.64) | 13.18 | - | - | (231.71) | - | (1.20) | 71.00 |
| Finance lease obligations | 5.68 | - | - | - | - | - | - | (5.68) | - |
| **Current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Banks | 603.38 | 54.07 | 31.68 | - | (325.16) | 33.91 | - | - | 397.88 |
| **Unsecured loans** | | | | | | | | | |
| Banks | 627.71 | (114.20) | - | - | - | 15.90 | - | (4.03) | 525.38 |
| Other | 51.80 | (2.01) | - | - | - | (49.79) | - | - | - |
| From other Company | 320.00 | - | - | - | - | - | - | - | 320.00 |
| **Current - other financial liabilities:** | | | | | | | | | |
| Current maturities long term borrowings | 539.62 | (286.75) | 2.23 | - | - | 847.62 | - | - | 1102.72 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 15.67 | (190.94) | - | - | - | - | 313.56 | - | 138.29 |
| **Non Controlling Interest** | 54.82 | - | - | 0.19 | (39.47) | - | - | - | 15.54 |
| **Total** | **3660.66** | **(587.97)** | **65.58** | **0.19** | **(364.63)** | **-** | **324.05** | **(10.91)** | **3086.97** |

**Note:**

The above disclosure does not include the cashflow movement for lease obligations.(Refer note 48).



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 52 DECONSOLIDATION

(i) CG Electric Systems Hungary Zrt ('ESHU') is declared bankrupt by Local Court in Hungary ("Court") on 07 July, 2020 and went under liquidation proceedings. Consequently, the Group no longer retains control over the operations of the said subsidiary with effect from the date of bankruptcy. In view of this, the management of the Group has considered practical expedient to deconsolidate the accounts of CG Electric Systems Hungary Zrt with effect from June 30, 2020, basis management financial information. The Group has accounted total gain of ₹ 215.57 crores associated with deconsolidation including reclassification of foreign currency translation reserve and hedge reserve of ₹ 74.18 crores. In addition, the Group has created provision of ₹ 55.79 crores towards corporate guarantee invocation in relation to credit facilities availed by ESHU (Refer note 50). In June 2021, the Group has paid consideration of ₹ 55.79 crores and is discharged from corporate guarantee obligation.

**Gain recognised on deconsolidation of ESHU is as follows:**

| | 2020-21 (Revised) |
|---|---|
| Net asset of ESHU on date of deconsolidation | (141.39) |
| **Gain on deconsolidation** | **(141.39)** |
| Add: Reserves transferred to Statement of Profit and loss on deconsolidation: | |
| - Foreign currency translation reserve | (73.76) |
| - Hedge reserve | (0.42) |
| **Net gain recognised under Exceptional Items** | **(215.57)** |

(ii) The Group has divested the entire shareholding in its subsidiary, CG Services Systems France SAS, (SEFR) on 20 July, 2020 effective which SEFR has ceased to be a subsidiary of the Group. The Group has accounted total loss of ₹ 1.38 crores on this divestment including reclassification of foreign currency translation reserve ₹ 1.39 crores and net liability of SEFR recognized on date of deconsolidation ₹ 0.27 crores. (Refer note 50).

(iii) During the previous year, Group deconsolidated the accounts of its subsidiaries CG Holdings Belgium NV (HBE) and CG Power Systems Belgium NV (PSBE), and also of the step down subsidiaries of PSBE, CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia, CG Sales Networks France SA and CG Power Solutions Saudi Arabia Ltd (collectively 'HBE Group'), consequent to the HBE and PSBE being declared bankrupt by a Court in Belgium. The Group had accounted total loss of ₹ 455.41 crores associated with deconsolidation and additionally gain of ₹ 182.24 crores towards reclassification of foreign currency translation reserve and hedge reserve.

**(Gain) / loss recognised on deconsolidation of HBE Group is as follows:**

| | 2019-20 (Revised) |
|---|---|
| Net asset of HBE Group on date of deconsolidation | 114.26 |
| Provision towards net amount payable to HBE group | 341.15 |
| **Loss on deconsolidation*** | **455.41** |
| *Less*: Reserves transferred to Statement of Profit and loss on deconsolidation: | |
| - Foreign currency translation reserve | (181.41) |
| - Hedge reserve | (0.83) |
| **Net loss recognised under Exceptional Items** | **273.17** |

* Excludes loss on discontinued operations for an amount of ₹ 5.68 crores.

During the year ended 31 March 2021, various Group entities entered into Waiver and Release Agreements with erstwhile subsidiary companies towards waiver of various receivable and / or payable balances. Accordingly, the Group has recognised net gain aggregating to ₹ 123.80 crores (includes ₹ 44.00 crores for CG Power Systems Ireland Ltd and ₹ 79.80 crores for PT CG Power Systems Indonesia) (Refer note 50).

Outstanding balance towards net amount payable to HBE Group as on 31 March 2021 is ₹ 212.47 crores (Previous year ₹ 341.15 crores). During the year, the net amount has changed due to deconsolidation of subsidiaries and due to waiver of various receivable and / or payable balances as referred above.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**53** In preparation of the revised consolidated financial statements, assessment of the recoverable value of its assets based on the internal and external information up to the date of approval of these revised financial statements considers impacts of COVID-19 and current indicators of future economic conditions. The Group believes there is no material impact on the Group due to COVID-19.

### 54 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs (MCA) issued certain amendments to Ind AS (the 2021 amendments). These amendments pertains to the following areas:

- Inter-bank Offered Rate (IBOR) related reforms (phase 2 reforms)
- Extension of practical expedient for rent concession
- Amendments consequent to issue of Conceptual Framework for financial reporting under Ind AS
- Other updates in the nature of clarification

The amendments are effective from annual reporting periods beginning on or after 1 April, 2021. These amendment does not have significant impact on the revised consolidated financial statements of the Group.

**55** The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

**56** Amounts shown as ₹ 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

**For and on behalf of the Board**

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

**per Bharath N S**
Partner
Membership No. 210934
Chennai, 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

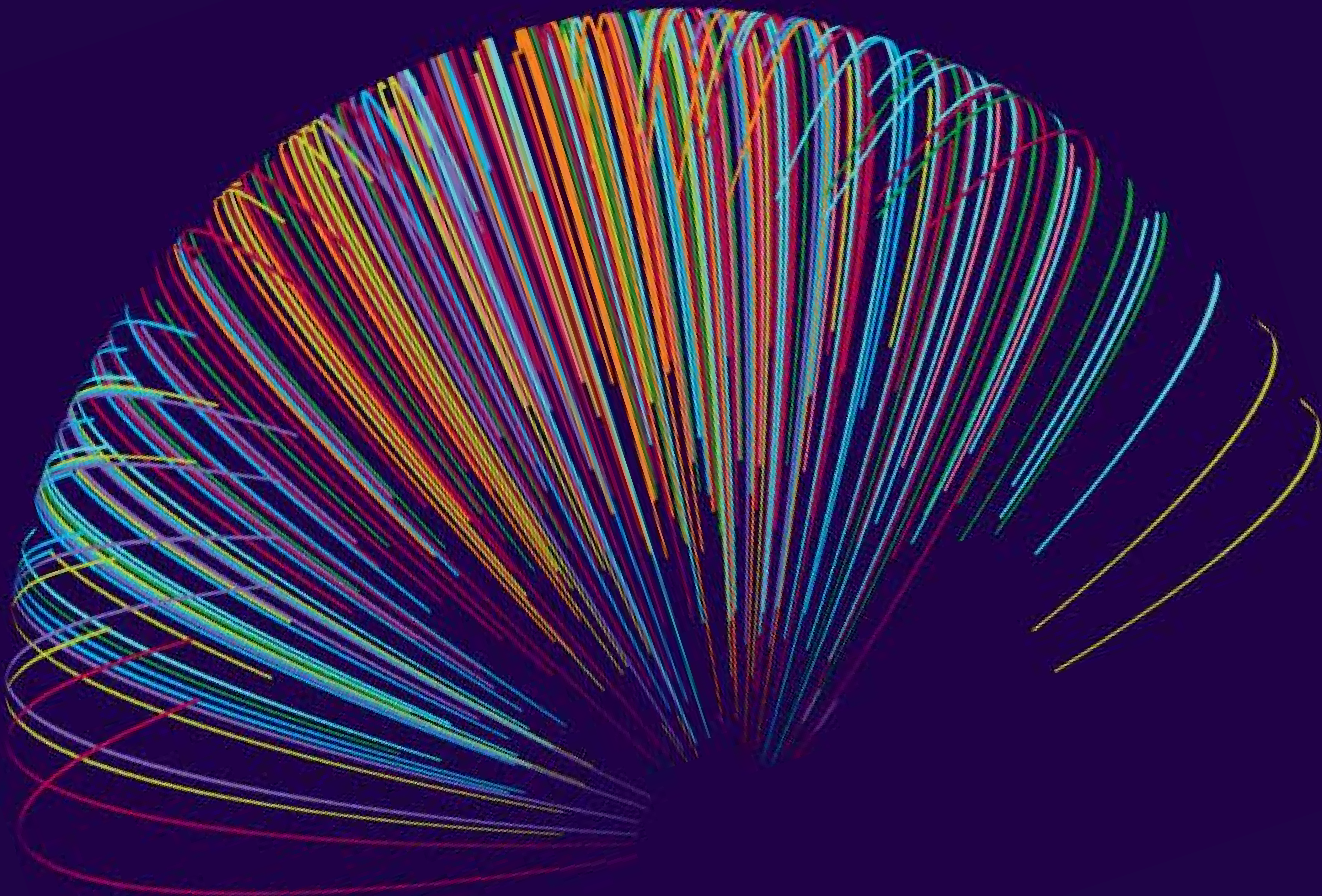
**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai : 31 December, 2021

**ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH 2021**

| Name of the entity in the Group | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount ₹ crores | As % of consolidated profit or loss | Amount ₹ crores | As % of consolidated other comprehensive income | Amount ₹ crores | As % of consolidated total comprehensive income | Amount ₹ crores |
| **Parent :** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 1226.52 | 1033.83 | 53.84 | 688.99 | (97.69) | (2.87) | 53.50 | 686.12 |
| **Indian Subsidiaries :** | | | | | | | | |
| CG PPI Adhesive Products Limited | 21.32 | 17.97 | 0.03 | 0.43 | (3.74) | (0.11) | 0.02 | 0.32 |
| CG Power Solutions Limited | (2218.46) | (1869.94) | (0.00) | (0.00) | - | - | (0.00) | (0.00) |
| CG Power Equipments Limited | 0.02 | 0.02 | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| **Foreign Subsidiaries :** | | | | | | | | |
| CG International B.V. | (1683.00) | (1418.60) | (6.15) | (78.67) | - | - | (6.13) | (78.67) |
| CG Power Systems Canada Inc. | 4.21 | 3.55 | 0.00 | 0.06 | - | - | 0.00 | 0.06 |
| CG-Ganz Generator and Motor LLC | 0.03 | 0.02 | (4.82) | (61.68) | - | - | (4.81) | (61.68) |
| CG Electric Systems Hungary Zrt. | (192.85) | (162.56) | (11.73) | (150.15) | - | - | (11.71) | (150.15) |
| CG Service Systems France SAS | - | - | (0.11) | (1.42) | - | - | (0.11) | (1.42) |
| CG Power Americas, LLC | (239.23) | (201.65) | (1.42) | (18.18) | - | - | (1.42) | (18.18) |
| QEI, LLC | 98.73 | 83.22 | 1.40 | 17.89 | - | - | 1.39 | 17.89 |
| CG Power Solutions UK Limited | (18.49) | (15.59) | - | - | - | - | - | - |
| CG Industrial Holdings Sweden AB | 134.72 | 113.55 | 0.04 | 0.45 | - | - | 0.04 | 0.45 |
| CG Drives and Automation Sweden AB | 267.26 | 225.28 | 0.14 | 1.73 | - | - | 0.13 | 1.73 |
| CG Drives and Automation Netherlands B.V. | 35.67 | 30.07 | 0.19 | 2.40 | - | - | 0.19 | 2.40 |
| CG Drives and Automation Germany GmbH | 17.65 | 14.87 | 0.11 | 1.37 | - | - | 0.11 | 1.37 |
| CG Middle East FZE | (926.72) | (781.13) | 0.12 | 1.50 | - | - | 0.12 | 1.50 |
| CG International Holdings Singapore Pte. Limited | (362.04) | (305.16) | 4.84 | 61.91 | (275.51) | (8.10) | 4.20 | 53.81 |
| Crompton Greaves Sales Network Malaysia sdn.bhd.(formerly known as Crompton Greaves Sales Network Malaysia Sdn.Bhd.) | 4.10 | 3.46 | (0.25) | (3.17) | - | - | (0.25) | (3.17) |
| PT Crompton Prima Switchgear Indonesia | (27.66) | (23.31) | (1.07) | (13.71) | - | - | (1.07) | (13.71) |
| CG Power and Industrial Solutions Limited Middle East FZCO | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 3758.22 | 3167.81 | 64.84 | 829.86 | 476.94 | 14.02 | 65.80 | 843.88 |
| **Total** | (100.00) | (84.29) | 100.00 | 1279.60 | 100.00 | 2.94 | 100.00 | 1282.54 |



# Standalone Financials 2019-20

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

### Report on the Audit of the Revised Standalone Financial Statements

We have been appointed as auditors of CG Power and Industrial Solutions Limited ("the Company") by the Company, to audit the Revised Standalone Financial Statements for the financial year ended 31st March, 2020, as the Company has voluntarily revised its Standalone Financial Statements for the aforesaid financial year, consequent to recasting of its financial statements for five year period ended 31st March, 2019 and has obtained necessary approval from Hon'ble National Company Law Tribunal ("NCLT") vide order dated 22nd December, 2021 u/s 131 of the Companies Act, 2013 ("the Act") (hereinafter referred to as the NCLT order).

### Opinion

We have audited the accompanying Revised Standalone Financial Statements of the Company, which comprise the Revised Standalone Balance Sheet as at 31st March, 2020, the Revised Statement of Profit and Loss (including Other Comprehensive Income), the Revised Statement of Changes in Equity and the Revised Statement of Cash Flows for the year then ended and notes to the Revised Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Revised Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Revised Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its revised loss and total comprehensive income, revised changes in equity and its revised cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Revised Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the 'Audit of the Revised Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Revised Standalone Financial Statements.

### Emphasis of Matter

1. We refer to Note 3B of the Revised Standalone Financial Statements wherein the impact of the adjustments has been stated and Note 3A (a) of the Revised Standalone Financial Statements wherein it is stated that impact, if any, arising from the ongoing Serious Fraud Investigation Office (SFIO) investigation is not considered in the Revised Standalone Financial Statements due to reasons mentioned therein. Our report has to be read in conjunction with those disclosures;
2. As stated in Note 3A (g) of the Revised Standalone Financial Statements, the Company believes that the Board of Directors and Key Managerial Personnel appointed after the change of Management on 26th November 2020 cannot be made liable for any violations or non-compliance of any of the provisions of law in respect of certain past transactions up to 31st March, 2020 arising out of the above;
3. We draw attention to Note 3A (f) to the Revised Standalone Financial Statements wherein the Company has disclosed its exposure by way of corporate guarantees amounting to Rs. 642.29 crores in favour of lenders in respect of its subsidiaries, CG Holdings Belgium NV and CG Power Systems Belgium NV. Pending outcome of the bankruptcy proceedings ordered by the Court of Belgium for above referred companies, the Management believes that the recoverable value of assets in the above referred entities, will be sufficient to meet substantial liabilities post the liquidation process and the company will not be liable to any further obligations for such liabilities / corporate guarantees. Accordingly, the company has not made provisions in respect of the same.
4. We draw attention to Note 3D to the Revised Standalone Financial Statements wherein it is stated that all events that occurred up to the date of approval of the original financial statements have been considered in the preparation of these Revised Standalone Financial Statements;
5. We have carried out the process of obtaining external confirmations for the parties selected by us for the purpose of checking the correctness of the outstanding balances. We have relied upon the balances as per Revised Standalone Financial Statements in cases where no responses were received;
6. We draw attention to Note 55 in the Revised Standalone Financial Statements which indicate the basis on which the financial statements are drawn on the basis of going concern

Our opinion is not modified in respect of these matters

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Revised Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Revised Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

| Sr. No | Key Audit Matter | Auditors' response |
|---|---|---|
| 1. | **Methodology for audit of Revised Standalone Financial Statements**<br>The Company has voluntarily revised its Financial Statements for the aforesaid financial year, consequent to recasting of its financial statements for five year period ended 31st March, 2019 and has obtained necessary approval from NCLT vide order dated 22nd December, 2021 u/s 131 the Act.<br>The Statutory auditors in their audit report dated 27th June, 2020 issued disclaimer of opinion regarding the impact of the certain transactions on financial position and financial result of the Company.<br>The impact of the same being considered material, this has been considered as a key audit matter | Our Audit Approach included the following:<br>• Review of the application to and order of the NCLT for voluntary revision of books of accounts of the Company for the financial year 2019-20 under section 131(1) of the Act.<br>• Review of disclosure of effect of changes made in Note 3B of Revised Standalone Financial Statements and performing procedures to ensure completeness and appropriateness of treatment of those adjustments in the books of accounts and appropriateness of the disclosures. |
| 2. | **Recognition of deferred tax assets**<br>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the income tax laws and applicable accounting standards;<br>Assessment of deferred tax at the close of the financial year taking into account forecasts of future taxable profits;<br>During the year the Company has made provisions of various balances and have recognised deferred tax assets on these deductible differences;<br>We have considered the assessment of deferred tax as a key matter due to the importance of estimation and judgment regarding recognition of deferred tax assets based on reasonable certainty or availability of future taxable profits and the materiality of amounts. | Our Audit Approach included the following:<br>• Performing audit procedures which involved assessment of underlying process (including budgeted forecast for ascertaining recoverability of deferred tax assets) with respect to measurement of deferred tax.<br>• Verification of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable Accounting Standards and relevant disclosures. |

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including its annexures and Corporate Governance and Shareholders information but does not include the Revised Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Revised Standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Revised Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Revised Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

### Responsibilities of Management and those charged with Governance for the Revised Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the presentation of these Revised Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Revised Standalone Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Revised Standalone Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

**Auditor's Responsibilities for the Audit of Revised Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Revised Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Revised Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Revised Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Revised Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Revised Standalone Financial Statements, including the disclosures, and whether the Revised Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Revised Standalone Financial Statements of the current period and are therefore the Key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosures about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As the financial statements are voluntarily revised as per the provisions of section 131 of the Act, we understand that the reporting as required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143(11) of the Act is not applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and except for the matters mentioned in Emphasis of matter paragraph of our report, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Revised Standalone Balance Sheet, the Revised Standalone Statement of Profit and Loss including Other Comprehensive Income, the Revised Statement of Changes in Equity and the Revised Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Revised Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   (e) We have relied on the written representations received from the directors and taken on record by the Board of Directors, while adopting the original financial statements and in terms thereof none of the directors was disqualified as on 31st March, 2020 from being appointed as a director in terms of section 164 (2) of the Act;

   (f) As the financial statements are voluntarily revised as per the provisions of section 131 of the Act, we understand that the reporting required



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

in respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is not applicable;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Revised Standalone Financial Statements – Refer Note 39 to the Revised Standalone Financial Statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For C N K & Associates LLP
Chartered Accountants
Firm registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391

UDIN: 21037391AAAAMC1901

Date: 31st December, 2021
Place: Mumbai

₹ crores

## REVISED STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

| | Note No. | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| (1) Non-current assets | | | | | |
| (a) Property, plant and equipment | 4 | 843.44 | | 881.38 | |
| (b) Capital work-in-progress | 4 | 1.21 | | 11.37 | |
| (c) Intangible assets | 5 | 39.17 | | 37.25 | |
| (d) Intangible assets under development | 5 | 14.25 | | 23.42 | |
| (e) Financial assets | | | | | |
| (i) Investments | 6 | 14.75 | | 898.86 | |
| (ii) Trade receivables | 7 | 4.23 | | 6.24 | |
| (iii) Loans | 8 | 6.52 | | 173.28 | |
| (iv) Others | 9 | 33.54 | | 43.64 | |
| (f) Deferred tax assets (net) | 24 | 867.03 | | 799.02 | |
| (g) Other non-current assets | 10 | 1.08 | | 1.88 | |
| | | | 1825.22 | | 2876.34 |
| (2) Current assets | | | | | |
| (a) Inventories | 11 | 272.69 | | 531.16 | |
| (b) Financial assets | | | | | |
| (i) Investments | 12 | 0.01 | | 0.01 | |
| (ii) Trade receivables | 13 | 403.06 | | 1178.45 | |
| (iii) Cash and cash equivalents | 14 | 100.94 | | 104.04 | |
| (iv) Bank balances other than (iii) above | 15 | 39.68 | | 16.37 | |
| (v) Loans | 16 | 35.64 | | 40.18 | |
| (vi) Others | 17 | 2.79 | | 40.72 | |
| (c) Current tax assets (net) | | 114.11 | | 104.17 | |
| (d) Other current assets | 18 | 276.23 | | 250.20 | |
| | | | 1245.15 | | 2265.30 |
| (3) Assets classified as held for sale and discontinued operations | 46 | | 279.85 | | 280.43 |
| TOTAL ASSETS | | | 3350.22 | | 5422.07 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| (a) Equity share capital | 19 | 125.35 | | 125.35 | |
| (b) Other equity | 20 | (442.04) | | 1037.87 | |
| | | | (316.69) | | 1163.22 |
| LIABILITIES | | | | | |
| (1) Non-current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 21 | 292.89 | | 611.16 | |
| (ii) Other financial liabilities | 22 | 16.22 | | 5.59 | |
| | | | 309.11 | | 616.75 |
| (b) Provisions | 23 | | 33.33 | | 54.83 |
| (2) Current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 25 | 1037.93 | | 1180.50 | |
| (ii) Trade payables | | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 26 | 120.06 | | 123.73 | |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 26 | 1069.90 | | 1430.91 | |
| (iii) Other financial liabilities | 27 | 793.80 | | 610.15 | |
| | | | 3021.69 | | 3345.29 |
| (b) Other current liabilities | 28 | | 185.81 | | 166.15 |
| (c) Provisions | 29 | | 116.97 | | 75.83 |
| (3) Liabilities associated with group of assets classified as held for sale and discontinued operations | 46 | | - | | - |
| TOTAL EQUITY AND LIABILITIES | | | 3350.22 | | 5422.07 |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | | | | |

The accompanying notes form an integral part of revised standalone financial statements.

For and on behalf of the Board

As per our report attached
For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
Mumbai: 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021



₹ crores

## REVISED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

| | Note No. | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Revenue from operations | 30 | | 3169.48 | | 5355.60 |
| Other income | 31 | | 56.88 | | 148.19 |
| **Total income** | | | 3226.36 | | 5503.79 |
| **EXPENSES** | | | | | |
| Cost of materials consumed | 32 | 1947.34 | | 3728.56 | |
| Purchases of stock-in-trade | 33 | 60.92 | | 34.79 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 34 | 171.29 | | (72.35) | |
| Employee benefits expense | 35 | 322.93 | | 372.46 | |
| Finance costs | 36 | 247.97 | | 312.85 | |
| Depreciation and amortisation expense | 37 | 90.54 | | 93.20 | |
| Other expenses | 38 | 563.89 | | 993.44 | |
| **Total expenses** | | | 3404.88 | | 5462.95 |
| **Profit / (loss) before exceptional items and tax** | | | (178.52) | | 40.84 |
| Exceptional items (net) | 47 | | (1369.27) | | (3585.02) |
| **Loss before tax** | | | (1547.79) | | (3544.18) |
| **Tax expense:** | | | | | |
| Current tax | 24 | - | | - | |
| Deferred tax (net) | 24 | (67.96) | | (886.17) | |
| | | | (67.96) | | (886.17) |
| **Loss from continuing operations after tax** | | | (1479.83) | | (2658.01) |
| **Loss from discontinued operations before tax** | 46 | - | | (33.72) | |
| Tax expense on discontinued operations | 24 | - | | (11.78) | |
| **Loss from discontinued operations after tax** | | | - | | (21.94) |
| **Loss for the year** | | | (1479.83) | | (2679.95) |
| **Other comprehensive income:** | | | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (0.13) | | (3.45) | |
| (b) Changes in fair value of FVTOCI equity instruments | | - | | (121.80) | |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 0.05 | | 1.21 | |
| **Total other comprehensive income for the year** | | | (0.08) | | (124.04) |
| **Total comprehensive income for the year** | | | (1479.91) | | (2803.99) |
| **Earnings per share for continuing operations (basic and diluted) (₹)** | 52 | | (23.61) | | (42.41) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations (basic and diluted) (₹)** | 52 | | - | | (0.35) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share (basic and diluted) (₹)** | 52 | | (23.61) | | (42.76) |
| (Face value of ₹ 2 each) | | | | | |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | |

The accompanying notes form an integral part of revised standalone financial statements.

For and on behalf of the Board

As per our report attached
For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
Mumbai: 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

₹ crores

**REVISED STANDALONE STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 31 MARCH, 2020

| | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| **[A] CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax from continuing operations | | (1547.79) | (3544.18) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 90.54 | 93.20 |
| Allowances for doubtful receivables | | 63.98 | 14.54 |
| Bad debts written off | | - | 25.36 |
| (Gain) / loss arising on financial instruments designated as FVTPL | | (0.06) | 7.85 |
| Finance costs | | 247.97 | 312.85 |
| Interest income | | (11.25) | (83.87) |
| Dividend income | | (0.38) | (0.38) |
| Unrealised exchange (gain) / loss (net) | | 36.50 | 50.89 |
| Intangible assets write off | | 3.94 | - |
| (Profit) / loss on sale of property, plant and equipment (net) | | 0.08 | 7.27 |
| Exceptional items (net) | | 1369.27 | 3585.02 |
| | | 1800.59 | 4012.73 |
| | | 252.80 | 468.55 |
| Operating profit before working capital changes | | | |
| Adjustments for: | | | |
| (Increase) / Decrease in trade and other receivables | | 603.76 | 446.11 |
| (Increase) / Decrease in inventories | | 258.47 | (117.11) |
| Increase / (Decrease) in trade and other payables | | (478.10) | 209.88 |
| Increase / (Decrease) in provisions | | 7.86 | (10.04) |
| | | 391.99 | 528.84 |
| Cash flow from operations | | 644.79 | 997.39 |
| Income tax paid (net of refunds) | | (9.94) | (16.81) |
| Net cash flow (used in) / from continuing operating activities | | 634.85 | 980.58 |
| Net cash flow (used in) / from discontinued operating activities | | 0.49 | 2.08 |
| Net cash flow (used in) / from continuing and discontinued operating activities | [A] | 635.34 | 982.66 |
| **[B] CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Add: Inflows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 6.69 | 3.56 |
| Loans recovered from subsidiaries and related parties | | 16.02 | 658.65 |
| Interest received | | 9.08 | 83.56 |
| Dividend received | | 0.38 | 0.38 |
| | | 32.17 | 746.15 |
| *Less*: Outflows from investing activities | | | |
| Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets | | (27.19) | (73.05) |
| Loans given to subsidiaries and related parties | | (144.71) | (1325.31) |
| Loans given to other than related parties | | (2.00) | (33.48) |
| | | (173.90) | (1431.84) |
| Net cash flow (used in) / from continuing investing activities | | (141.73) | (685.69) |
| Net cash flow (used in) / from discontinued investing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued investing activities | [B] | (141.73) | (685.69) |



₹ crores

**REVISED STANDALONE STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

| | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| **[C] CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Add: Inflows from financing activities | | | |
| Proceeds from long-term borrowings | | - | 72.20 |
| Proceeds from short-term borrowings | | 247.87 | 779.13 |
| | | 247.87 | 851.33 |
| *Less*: Outflows from financing activities | | | |
| Repayment of long-term borrowings | | (157.09) | (353.92) |
| Repayment of short-term borrowings | | (420.14) | (608.70) |
| Repayment of lease liabilities | | (5.17) | - |
| Finance costs paid | | (162.18) | (274.79) |
| | | (744.58) | (1237.41) |
| Net cash flow (used in) / from continuing financing activities | | (496.71) | (386.08) |
| Net cash flow (used in) / from discontinued financing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued financing activities | [C] | (496.71) | (386.08) |
| NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C) | | (3.10) | (89.11) |
| Cash and cash equivalents at beginning of the year | | 104.04 | 193.15 |
| Cash and cash equivalents at end of the year | | 100.94 | 104.04 |
| Cash and cash equivalents from continuing operations (Refer note 14) | | 100.94 | 104.04 |
| Cash and cash equivalents from discontinued operations | | - | - |
| Cash and cash equivalents from continuing and discontinued operations | | 100.94 | 104.04 |

1 Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 0.30 crores (Previous year loss of ₹ 0.18 crores) on account of translation of foreign currency bank balances.

2 Refer note 51 in respect of disclosure for changes in liabilities arising from financing activities.

3 Purchase of property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.

4 The revised standalone statement of cash flows has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

**Himanshu Kishnadwala**
Partner
Membership No. 037391
Mumbai: 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai: 31 December, 2021

₹ crores

## REVISED STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

### (A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2020

| Balance as at 1-04-2019 (Revised) | Changes in equity share capital during the year | Balance as at 31-03-2020 (Revised) |
|---|---|---|
| 125.35 | - | 125.35 |

For the year ended 31 March, 2019

| Balance as at 1-04-2018 (Recasted) | Changes in equity share capital during the year | Balance as at 31-03-2019 (Recasted) |
|---|---|---|
| 125.35 | - | 125.35 |

### (B) OTHER EQUITY

For the year ended 31 March, 2020

| | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Securities Premium | Equity Instruments through Other Comprehensive Income | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2019 (Revised)** | 145.25 | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | 1037.87 |
| Loss for the year | (1479.83) | - | - | - | - | - | (1479.83) |
| Other comprehensive income for the year | | | | | | | |
| - Remeasurement gain / (loss) on defined benefit plans | (0.08) | - | - | - | - | - | (0.08) |
| **Balance as at 31 March, 2020 (Revised)** | (1334.66) | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | (442.04) |

For the year ended 31 March, 2019

| | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Securities Premium | Equity Instruments through Other Comprehensive Income | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2018 (Recasted)** | 2927.28 | 415.89 | 672.49 | 12.95 | 18.29 | (105.20) | 3941.70 |
| Loss for the year | (2679.95) | | | | | | (2679.95) |
| Changes in accounting policy as per Ind AS 115 | (99.84) | - | - | - | - | - | (99.84) |
| Other comprehensive income for the year | | | | | | | |
| - Remeasurement gain / (loss) on defined benefit plans | (2.24) | - | - | - | - | | (2.24) |
| - Fair value loss on financial asset measured at fair value through other comprehensive income | - | - | - | - | - | (121.80) | (121.80) |
| **Balance as at 31 March, 2019 (Recasted)** | 145.25 | 415.89 | 672.49 | 12.95 | 18.29 | (227.00) | 1037.87 |

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
Mumbai: 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021



## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS

### 1A. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2020.

### 1B. VOLUNTARY REVISION OF STANDALONE FINANCIAL STATEMENTS

The National Company Law Tribunal ('NCLT') vide its order dated 5 March, 2020 allowed reopening of books of accounts and recasting of financial statements of the Company and its subsidiary companies and audit thereof for the 5 years ended as on 31 March, 2019 ('recasted period'). Pursuant to the said order, Recasting Accountants recasted the standalone financial statements of the Company and the said financial statements were audited by Recasting Auditors. The recasted standalone financial statements of the Company for the 5 years ended as on 31 March, 2019 were taken on record by NCLT on 26 October, 2021. The effect of the recasting has been given in the books of accounts.

As a result of the above, the Company has revised the standalone financial statements by way of voluntary revision of financial statements for the year ended 31 March, 2020 which also considers impact of NCLT order as stated above under section 131(1) of the Companies Act, 2013 pursuant to the NCLT order dated 22 December, 2021.

### 1C. APPROVAL OF STANDALONE FINANCIAL STATEMENTS

The original standalone financial statements of the Company for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the erstwhile directors on 27 June, 2020. The revised standalone financial statements of the Company for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the directors on 31 December, 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of preparation:**

The revised standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The revised standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value

The revised standalone financial statements are presented in Indian Rupees ('₹') and all values are rounded to the nearest crores, except when otherwise indicated.

**2.2 Property, plant and equipment:**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery – 1 to 21 years
- Furniture and fittings - 1 to 15 years
- Office equipments - 1 to 15 years
- Buildings – 3 to 60 years
- Vehicles – 1 to 8 years
- Leasehold land – 24 to 999 years

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold land are amortised over the primary lease period of the land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Company has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

### 2.3 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**Research and development expenditure:**

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the Company has intention to complete the development of intangible asset and use or sell it;

(iii) the Company has ability to use or sell the intangible asset;

(iv) the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised as follows:

- Specialised software : Over a period of five years;
- Technical know-how : Over a period of five years (from the date of availability for its use); and
- Commercial rights : Over a period of ten years.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

### 2.4 Impairment of non-financial assets:

At least at the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised in the statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGUs) fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 2.5 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 2.6 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.7 Foreign currency transactions:

The Company's revised standalone financial statements are presented in Indian Rupees ('₹'), which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognised in the statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.8 Revenue recognition:

(a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided. The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.

In revenue arrangements with multiple performance obligations, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their standalone selling prices.

(b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

(c) Dividend and Interest Income

Dividend income is accounted for when the shareholder's right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and effective interest rate.

2.9 Employee benefits:

Short-term employee benefits

All employee benefits payable wholly within twelve months after the end of the annual reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

Post-employment benefits

Defined Contribution Scheme:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

Provident Fund:

Contributions to Provident Fund are made to a Trust administered by the Company and are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Company obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

Defined Benefit Plans:

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the profit or loss. Past service cost is recognised in the statement of profit and loss in the period of plan amendment or when the Company recognised related re-structuring costs.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Gratuity:

The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with the CG Gratuity Fund. Remeasurements, comprising of actuarial gains and losses are recognised in full in other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Leave encashment:

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognised in full in the statement of profit and loss.

Termination benefits:

Termination benefits are recognised as an expense when the Company can no longer withdraw the offer of the termination benefits or when the Company recognises any related restructuring costs whichever is earlier.

2.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Segment accounting:

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Company to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter- segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

2.12 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

At the date of commencement of the lease, the Company recognises right-of-use ('ROU') asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A ROU asset is recognised representing its right to use the underlying asset for the lease term. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of the lease liability.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Company as a lessor**

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### 2.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the original standalone financial statements by the Board of Directors.

### 2.14 Income taxes:

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in net profit in the statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

**Current tax**

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the revised standalone financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.15 Provisions, Contingent liabilities, Contingent assets and Commitments:

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**Warranty provisions**

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Company's obligation.

**Onerous contracts**

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.16 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the revised standalone financial statements.

### 2.17 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

  All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

**Operating cycle:**

A portion of the Company activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.18 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 2.19 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Also comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

### 2.20 Financial instruments:

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

#### (i) Financial assets:

**Initial recognition and measurement**

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in 'other comprehensive income'. However, dividend on such equity investments are recognised in statement of profit and loss when the Company's right to receive payment is established.

**Investment in associates, joint venture and subsidiaries**

The Company accounts for its investment in subsidiaries, associates and joint venture, at cost less impairment loss except where investments is accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.









**Impairment of financial assets**

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

#### (ii) Financial liabilities:

**Initial recognition and measurement**

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Company to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently. measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### (iii) Derivative financial instruments and hedge accounting:

The Company uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

#### (iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's revised standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

*Judgements*

**(i) Discontinued operations:**

Power Distribution business

As stated in Note 46(a), the Company had classified the Power Distribution business ('PD') as held for disposal from 12 August, 2015 considering that the PD represented a separate major line of business of operations which were abandoned and the carrying amount could not be recovered principally through continuing use.

Assets held for sale – Land and Building at Kanjurmarg

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Company based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognised such assets at the carrying amount in the revised standalone financial statements.

**(ii) Lease of equipment not in legal form of lease**

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**(i) Useful lives of property, plant and equipment**

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.

**(ii) Development costs**

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Company uses judgement in assessment of development cost eligible for capitalisation.

**(iii) Impairment of non-financial assets**

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**(iv) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(v) Income taxes**

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.



NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

**(vi) Defined benefit obligation**

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

**(vii) Revenue from contract with customers**

The Company estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

**(viii) Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised. The cases which have been determined as remote by the Company are not disclosed.

## 3A. INFORMATION ON REGULATORY AND OTHER MATTERS

(a) During the year ended 31 March, 2020 and subsequent to that, below are the updates in relation to regulatory and recovery matters:

- Security Exchange Board of India ('SEBI') passed an interim order dated 17 September, 2019 ('Interim Order') giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion/ siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated 11 March, 2020 confirmed its interim order.

- Pursuant to the Interim Order of SEBI, BSE had appointed a Forensic Auditor to verify the books of accounts, wrongful diversion / siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided necessary details available with the Company. Forensic Auditor completed its audit and has submitted its report to SEBI.

- Ministry of Corporate Affairs by its order dated 06 November, 2019 ordered investigation to be carried out by the Serious Fraud Investigation Office ('SFIO') into the affairs of the Company for the financial year 2011-12 to 2019-20. The Company is fully co-operating with the ongoing investigation by SFIO. Therefore, no adjustments and disclosures that may arise in this regard have been considered in these revised financial statements.

- The Board of Directors of the Company has appointed Hon'able Justice (Retd) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.

(b) On 8 March, 2019, the Board of Directors had approved a Scheme of Amalgamation ('Scheme') of CGPSOL, a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.

On 12 November, 2019, the Board of Directors of the Company resolved to call off the proposed merger given various issues unwinding from the discovery of irregular transactions and other detailed verification during the course of investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme and NCLT has approved the withdrawal of the said Scheme.

(c) The Company has filed the following suits for recovery:

i) Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of ₹ 811.23 crores (Principal amount of ₹ 552.33 crores together with interest aggregating to ₹ 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CGPSOL by unauthorised / illegal liquidation of its mutual funds.

ii) Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 399.30 crores (principal ₹ 280.00 crores together with interest aggregating ₹ 119.30 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal liquidation of its fixed deposits.

iii) Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 478.93 crores - (principal ₹ 320.91 crores together with interest aggregating ₹ 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3A. INFORMATION ON REGULATORY AND OTHER MATTERS (Contd.)

(d) The Company applied to SEBI and has sought for exemption from the conditions provided under Regulation 31A(3)(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. Pending the outcome of said application and pending the decision of SEBI, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.

(e) During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on the date of issuance of original standalone financial statements, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

The Company believes that following the signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to 24 March, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current. However pursuant to outbreak of COVID-19, the ICA stands extended up to 20 September, 2020 under the Reserve Bank of India ('RBI') guidelines.

(f) During the year, Company's subsidiaries, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium N.V. ('PSBE') have been referred to bankruptcy court in Belgium, upon application filed by the public prosecutor in view of outstanding payments to creditors in Belgium. The court has on 3 February, 2020, declared HBE and PSBE as bankrupt, and appointed three Receiver who will proceed to auction their assets including their investments in PT CG Power Systems Indonesia ('PTID') and CG Power Systems Ireland Limited ('CGIE') and CG Sales Network France SA ('SNFR'). HBE together with PSBE, PTID, CGIE, SNFR and CG Power Solutions Saudi Arabia Limited ('PSOL SA'), constitute HBE Group.

The Company believes that carrying value of outstanding balances recoverable from CG International B.V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. As stated in Note 47, in the current year, the Company has made a provision for impairment in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from HBE and its step down subsidiaries. The Company has not considered provision for corporate guarantees extended in relation to these operations aggregating ₹ 642.29 crores (EURO 77.59 million), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees. The Company has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

The Company has not made any provision towards corporate guarantees provided to certain overseas subsidiaries (other than those provided to HBE Group) amounting to ₹499.26 crores on the assumption that the recoverable value of assets of these operations will be sufficient to meet all related liabilities.

(g) The Company believes that the Company or the present Board / Key Managerial Personnel appointed after the change in management on 26 November, 2020 cannot be made liable for any violations or non-compliances of any of the provisions of law in respect of certain past transactions pertaining upto the year ended 31 March, 2020.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF REVISION IN ORIGINAL STANDALONE FINANCIAL STATEMENTS

Following table summarise the impact of recasted books of accounts of the Company as at 31 March, 2019 considered in voluntary revision of standalone financial statements of the Company for the year ended 31 March, 2020 and necessary consequential changes.

Changes in Balance Sheet as at 31 March, 2020

₹ crores

| | Note No. | As at 31-03-2020 (Reported) | Effect of changes | As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets:** | | | | |
| (a) Property, plant and equipment | | 843.44 | - | 843.44 |
| (b) Capital work-in-progress | | 1.21 | - | 1.21 |
| (c) Intangible assets | | 39.17 | - | 39.17 |
| (d) Intangible assets under development | | 14.25 | - | 14.25 |
| (e) Financial assets | | | | |
| (i) Investments | 3(B)-a,n | 14.80 | (0.05) | 14.75 |
| (ii) Trade receivables | | 4.23 | - | 4.23 |
| (iii) Loans | 3(B)-b | 1225.39 | (1218.87) | 6.52 |
| (iv) Others | 3(B)-c | 1172.78 | (1139.24) | 33.54 |
| (f) Deferred tax assets (net) | 3(B)-d | - | 867.03 | 867.03 |
| (g) Other non-current assets | | 1.08 | - | 1.08 |
| **Total non-current assets** | | 3316.35 | (1491.13) | 1825.22 |
| **(2) Current assets:** | | | | |
| (a) Inventories | | 272.69 | - | 272.69 |
| (b) Financial assets | | | | |
| (i) Investments | | 0.01 | - | 0.01 |
| (ii) Trade receivables | | 403.06 | - | 403.06 |
| (iii) Cash and cash equivalents | | 100.94 | - | 100.94 |
| (iv) Bank balances other than (iii) above | | 39.68 | - | 39.68 |
| (v) Loans | | 35.64 | - | 35.64 |
| (vi) Others | | 2.79 | - | 2.79 |
| (c) Current tax assets (net) | 3(B)-e | 42.35 | 71.76 | 114.11 |
| (d) Other current assets | | 276.23 | - | 276.23 |
| **Total current assets** | | 1173.39 | 71.76 | 1245.15 |
| **(3) Assets classified as held for sale and discontinued operations** | | 279.85 | - | 279.85 |
| TOTAL - ASSETS | | 4769.59 | (1419.37) | 3350.22 |
| **EQUITY AND LIABILITIES** | | | | |
| EQUITY | | | | |
| (a) Equity share capital | | 125.35 | - | 125.35 |
| (b) Other equity | 3(B)-f | 588.54 | (1030.58) | (442.04) |
| **Total equity** | | 713.89 | (1030.58) | (316.69) |
| LIABILITIES | | | | |
| **(1) Non-current Liabilities:** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-g | 352.89 | (60.00) | 292.89 |
| (ii) Other financial liabilities | 3(B)-h | 204.26 | (188.04) | 16.22 |
| (b) Provisions | | 33.33 | - | 33.33 |
| (c) Deferred tax liabilities (net) | 3(B)-d | 21.14 | (21.14) | - |
| **Total non-current liabilities** | | 611.62 | (269.18) | 342.44 |
| **(2) Current liabilities:** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-i | 894.04 | 143.89 | 1037.93 |
| (ii) Trade payables | | 1189.96 | - | 1189.96 |
| (iii) Other financial liabilities | 3(B)-j | 1057.30 | (263.50) | 793.80 |
| (b) Other current liabilities | | 185.81 | - | 185.81 |
| (c) Provisions | | 116.97 | - | 116.97 |
| **Total current liabilities** | | 3444.08 | (119.61) | 3324.47 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | | - | - | - |
| TOTAL - EQUITY AND LIABILITIES | | 4769.59 | (1419.37) | 3350.22 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF REVISION IN ORIGINAL STANDALONE FINANCIAL STATEMENTS (Contd.)

**Changes in Statement of profit and loss for the year ended 31 March, 2020**

₹ crores

| | Note no. | 2019-20 (Reported) | Effect of changes | 2019-20 (Revised) |
|---|---|---|---|---|
| **INCOME** | | | | |
| (a) Revenue from operations | | 3169.48 | - | 3169.48 |
| (b) Other income | | 56.88 | - | 56.88 |
| **Total income** | | 3226.36 | - | 3226.36 |
| **EXPENSES** | | | | |
| (a) Cost of materials consumed | | 1947.34 | - | 1947.34 |
| (b) Purchases of stock-in-trade | | 60.92 | - | 60.92 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | 171.29 | - | 171.29 |
| (d) Employee benefits expense | | 322.93 | - | 322.93 |
| (e) Finance costs | 3(B)-k | 281.78 | (33.81) | 247.97 |
| (f) Depreciation and amortisation expense | | 90.54 | - | 90.54 |
| (g) Foreign exchange (gain) / loss (net) | 3(B)-l | 25.81 | (25.81) | - |
| (h) Other expenses | 3(B)-m | 537.80 | 26.09 | 563.89 |
| **Total expenses** | | 3438.41 | (33.53) | 3404.88 |
| **Loss before exceptional items and tax** | | (212.05) | 33.53 | (178.52) |
| Exceptional items (net) | 3(B)-n | (1697.77) | 328.50 | (1369.27) |
| **Loss before tax** | | (1909.82) | 362.03 | (1547.79) |
| **Tax expense:** | | | | |
| Current tax | | - | - | - |
| Deferred tax (net) | 3(B)-d | (110.62) | 42.66 | (67.96) |
| **Loss after tax** | | (1799.20) | 319.37 | (1479.83) |
| **Other comprehensive income:** | | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (0.13) | - | (0.13) |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 0.05 | - | 0.05 |
| **Total comprehensive income for the year** | | (1799.28) | 319.37 | (1479.91) |

**Notes on effect of changes mentioned tables above:**

(a) Impact of provision for diminution in value of investment in a subsidiary company for ₹ 0.05 crores considered in the year.

(b) Recasting adjustments for advances to subsidiary for ₹ 1218.87 crores related to impairment provision towards loans and advances recognised in recasted period.

(c) Recasting adjustments for advances to others for ₹ 1139.24 crores related to impairment provision towards loans and advances recognised in recasted period.

(d) Impact on deferred tax assets considered up to previous year ended 31 March, 2020, of ₹ 930.83 crores on account of recasting and revision of standalone financial statements, the consequential netting off of deferred tax liability of ₹ 21.14 crores and reversal of deferred tax assets of ₹ 42.66 crores recognised in original standalone financial statements for the year ended 31 March, 2020.

(e) Impact of recasting of standalone financial statements up to year ended 31 March, 2019, on current tax assets (net) of ₹ 71.76 crores.

(f) Change in other equity of ₹ 1030.58 crores is on account of recasting and revision of standalone financial statements up to year ended 31 March, 2020.

(g) Impact of recasting adjustments of ₹ 60.00 crores related to borrowing of subsidiary earlier recognised as liability by the Company.

(h) Impact of recasting adjustments of ₹ 188.04 crores on account of reclassification of borrowing from other company from long term to short term.

(i) Impact of recasting adjustments of ₹ 320.00 crores on account of reclassification of borrowing from other company from long term borrowing, current financial liabilities to short term borrowing and netting off of ₹ 176.11 crores receivable.



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

3B. SUMMARY OF REVISION IN ORIGINAL STANDALONE FINANCIAL STATEMENTS (Contd.)

(j) Impact of recasting adjustments of ₹ 131.54 crores related to transfer of borrowing of subsidiary earlier recognised as liability by the Company and recasting adjustments of ₹ 131.96 crores on account of reclassification of borrowing from other company.

(k) Impact of reversal of interest expenses of ₹ 33.81 crores pretaining to borrowing of subsidiary earlier recognised as liability by the Company.

(l) Impact of reclassification of foreign exchange loss of ₹ 25.81 crores as a part of other expenses.

(m) Impact of reclassification of foreign exchange loss ₹ 25.81 crores is regrouped from foreign exchange loss and provision towards receivable from erstwhile directors for ₹ 0.28 crores.

(n) Change in exceptional items on account of reversal of provision against doubtful advances of ₹ 338.53 crores, additional provision against doubtful loans to subsidiary of ₹ 9.98 crores and provision against investment in subsidiary of ₹ 0.05 crores.

The recasting adjustments disclosed in the above table may also have an impact on other disclosures to the revised standalone financial statements. These disclosures should also be read in conjunction with the above.

### 3C. CHANGES IN NOTES AND DISCLOSURES REVISED STANDALONE FINANCIAL STATEMENTS

The consequential changes in notes and disclosures due to voluntary revision of the original standalone financial statements of the Company for the year ended 31March, 2020 are disclosed as applicable hereafter.

### 3D. SUBSEQUENT EVENTS

All events that occurred up to the date of approval of the original financial statements by the Board of Directors as stated in Note 1C have been considered in the preparation of these revised standalone financial statements.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Leasehold land | Buildings | Plant and machinery | Right-of-Use assets* | Furniture and fittings | Office equipments | Vehicles | Total | Capital work -in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **49.42** | **86.03** | **616.44** | **443.62** | **-** | **28.05** | **19.41** | **9.02** | **1251.99** | **11.37** |
| Additions | - | - | 10.48 | 9.35 | 17.82 | 3.02 | 1.23 | 0.90 | 42.80 | 1.07 |
| Disposals / transfers | - | - | 0.05 | 19.54 | - | 0.31 | 0.22 | 2.58 | 22.70 | 11.23 |
| Transferred adjustments | - | (86.03) | (0.11) | 0.48 | 86.03 | (0.31) | (0.06) | - | - | - |
| Transferred adjustments from discontinued operation | - | - | 0.11 | - | - | - | - | - | 0.11 | - |
| **As at 31-03-2020 (Revised)** | **49.42** | **-** | **626.87** | **433.91** | **103.85** | **30.45** | **20.36** | **7.34** | **1272.20** | **1.21** |
| **Accumulated depreciation:** | | | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **-** | **14.78** | **134.14** | **194.99** | **-** | **11.13** | **11.50** | **4.07** | **370.61** | |
| Depreciation charge for the year | - | - | 23.61 | 37.47 | 5.89 | 2.87 | 3.05 | 1.17 | 74.06 | |
| Disposals / transfers | - | - | 0.05 | 14.00 | - | 0.16 | 0.17 | 1.55 | 15.93 | |
| Transferred adjustments | - | (14.78) | (0.02) | 0.20 | 14.78 | (0.12) | (0.06) | - | - | |
| Transferred adjustments from discontinued operation | - | - | 0.02 | - | - | - | - | - | 0.02 | |
| **As at 31-03-2020 (Revised)** | **-** | **-** | **157.70** | **218.66** | **20.67** | **13.72** | **14.32** | **3.69** | **428.76** | |
| **Net book value** | | | | | | | | | | |
| As at 31-03-2019 (Recasted) | 49.42 | 71.25 | 482.30 | 248.63 | - | 16.92 | 7.91 | 4.95 | 881.38 | 11.37 |
| **As at 31-03-2020 (Revised)** | **49.42** | **-** | **469.17** | **215.25** | **83.18** | **16.73** | **6.04** | **3.65** | **843.44** | **1.21** |

**Note:**

* The Company has adopted Ind AS 116, w.e.f 1 April, 2019, hence leasehold land is now part of right-of-use ('ROU') assets. Under the modified retrospective method, excluding the leasehold land, the Company has recognised ₹ 17.11 crores as ROU assets as at 1 April, 2019 (Refer note 40).

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 5. INTANGIBLE ASSETS

| | Computer software | Technical know-how | Commercial rights | Development cost | Total | Intangible assets under development # |
|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | |
| **As at 1-04-2019 (Revised)** | **68.51** | **12.30** | **31.09** | **90.38** | **202.28** | **23.42** |
| Additions | 0.77 | - | - | 17.44 | 18.21 | 12.40 |
| Disposals / transfers | - | - | - | - | - | 17.44 |
| Impairment for the year | - | - | - | - | - | 4.13 |
| **As at 31-03-2020 (Revised)** | **69.28** | **12.30** | **31.09** | **107.82** | **220.49** | **14.25** |
| **Accumulated amortisation:** | | | | | | |
| **As at 1-04-2019 (Revised)** | **56.71** | **10.92** | **29.61** | **67.79** | **165.03** | |
| Amortisation charge for the year | 4.96 | 0.41 | 1.11 | 9.81 | 16.29 | |
| **As at 31-03-2020 (Revised)** | **61.67** | **11.33** | **30.72** | **77.60** | **181.32** | |
| **Net book value** | | | | | | |
| As at 31-03-2019 (Recasted) | 11.80 | 1.38 | 1.48 | 22.59 | 37.25 | 23.42 |
| **As at 31-03-2020 (Revised)** | **7.61** | **0.97** | **0.37** | **30.22** | **39.17** | **14.25** |

\# Refer note 41 for expenses capitalised during the year

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units As at 31-03-2020 (Revised) | No. of shares / units As at 31-03-2019 (Recasted) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|---|
| **Details of investments:** | | | | | |
| **A) Quoted investments** | | | | | |
| **Government or trust securities** | | | | | |
| Central Government Securities 10.18% GOI 2026 of ₹ 100 each | 100 | 39000 | 39000 | 0.39 | 0.39 |
| (Carried at amortised cost) | | | | | |
| **Total (A)** | | | | 0.39 | 0.39 |
| **B) Unquoted investments** | | | | | |
| **Investments in equity instruments (carried at cost)** | | | | | |
| **Investment in subsidiary companies** | | | | | |
| **Fully paid equity shares** | | | | | |
| 1. CG International B.V. | EUR 100 | 1530000 | 1530000 | 1190.54 | 1190.54 |
| *Less:* Provision for diminution in value of investment* | | | | (1190.54) | (545.86) |
| | | | | - | 644.68 |
| 2. CG Power Equipments Limited (Formerly Crompton Greaves Consumer Products Limited) | 2 | 250000 | 250000 | 0.05 | 0.05 |
| *Less:* Provision for diminution in value of investment | | | | (0.05) | (0.05) |
| | | | | - | - |
| 3. CG International Holdings Singapore Pte. Limited | USD 1 | 44121460 | 44121460 | 238.29 | 238.29 |
| *Less:* Provision for diminution in value of investment* | | | | (238.29) | - |
| | | | | - | 238.29 |
| 4. CG PPI Adhesive Products Limited | 10 | 3175520 | 3175520 | 13.03 | 13.03 |
| 5. CG Power Solutions Limited | 10 | 50000 | 50000 | 0.05 | 0.05 |
| *Less:* Provision for diminution in value of investment* | | | | (0.05) | - |
| | | | | - | 0.05 |
| 6. PT Crompton Prima Switchgear Indonesia | | | | 1.15 | 1.15 |
| *Less:* Provision for diminution in value of investment* | | | | (1.15) | - |
| | | | | - | 1.15 |
| **Partly paid equity shares** | | | | | |
| CG Power Equipments Limited (Formerly Crompton Greaves Consumer Products Limited) | 0.20 | 156436537 | 156436537 | 3.13 | 3.13 |
| *Less:* Provision for diminution in value of investment | | | | (3.13) | (3.13) |
| | | | | - | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units As at 31-03-2020 (Revised) | No. of shares / units As at 31-03-2019 (Recasted) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|---|
| **B) Unquoted investments (Contd.)** | | | | | |
| **Measured at fair value through other comprehensive income** | | | | | |
| Avantha Power & Infrastructure Limited | 10 | 213300228 | 213300228 | 227.00 | 227.00 |
| *Less:* Cumulative change in fair value (impairment) | | | | (227.00) | (227.00) |
| **Fair value** | | | | - | - |
| **Fair Value Through profit or loss** | | | | | |
| 1. Dinette Exclusive Club Private Limited | 100 | 500 | 500 | 0.01 | 0.01 |
| 2. Radiant Electronics Limited | 100 | 190000 | 190000 | 0.00 | 0.00 |
| | | | | 0.01 | 0.01 |
| **Investments in debentures or bonds** | | | | | |
| **Carried at fair value through profit and loss** | | | | | |
| 1. Avantha Holdings Limited | 100 | 800000 | 800000 | 8.00 | 8.00 |
| (Optionally Convertible, Zero Coupon, Non-marketable, transferable Debentures) | | | | | |
| Less : Provision for diminution in value of investment | | | | (8.00) | (8.00) |
| | | | | - | - |
| 2. Dinette Exclusive Club Private Limited | 100 | 5000 | 5000 | 0.05 | 0.05 |
| (0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each) | | | | | |
| | | | | 0.05 | 0.05 |
| **Other non-current investments** | | | | | |
| 1. UTI Hybrid Equity Fund - Dividend Plan - Payout | 10 | 55909 | 55909 | 0.11 | 0.15 |
| 2. Power Equipment Limited | USD 10 | 20600 | 20600 | 0.00 | 0.00 |
| 3. Exide Life Traditional Employee Benefits Plan Scheme | | 1 | 1 | 0.27 | 0.26 |
| 4. HDFC Life Secure Managed Fund | | 313075 | 313224 | 0.84 | 0.76 |
| 5. IndiaFirst Employee Benefit Plan Equity Advantage Fund | | 23171 | 23171 | 0.05 | 0.04 |
| | | | | 1.27 | 1.21 |
| **Total (B)** | | | | 14.36 | 898.47 |
| **Total (A+B)** | | | | 14.75 | 898.86 |
| **Notes:** | | | | | |
| **Quoted investments** | | | | | |
| Book value | | | | 0.39 | 0.39 |
| Market value | | | | 0.39 | 0.39 |
| **Unquoted investments** | | | | | |
| Book value | | | | 14.36 | 898.47 |

**Note:**

* Refer note 47 for provision for diminution in value of investment.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLE

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured** | | |
| Considered good (Refer note 30) | 4.23 | 6.24 |
| | 4.23 | 6.24 |

### 8. NON-CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | |
| Deposits | | 6.52 | | 6.96 |
| Loans to subsidiaries (Refer note 45) | 3745.57 | | 3586.16 | |
| *Less*: Allowance for credit impaired loans to subsidiaries (Refer note 45) | 3745.57 | | 3419.84 | |
| | | - | | 166.32 |
| Other loans and advances | 7.94 | | - | |
| *Less*: Allowance for credit impaired loans | 7.94 | | - | |
| | | - | | - |
| | | 6.52 | | 173.28 |

### 9. NON-CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | |
| Fixed deposits with maturity period of more than 12 months* | | 33.54 | | 5.06 |
| Financial guarantee fees receivable (Refer note 45) | | - | | 38.58 |
| Advance to others | 1058.10 | | 175.00 | |
| *Less*: Impairment provision on advances to others | 1058.10 | | 175.00 | |
| | | - | | - |
| Advance to other related parties (Refer note 45) | - | | 889.14 | |
| *Less*: Impairment provision on advances to other related parties (Refer note 45) | - | | 889.14 | |
| | | - | | - |
| | | 33.54 | | 43.64 |

* Deposits of ₹ 33.54 crores (as at 31 March, 2019 ₹ 5.06 crores) are held as margin money.

### 10. NON-CURRENT ASSETS - OTHERS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Capital advances | 1.08 | 1.88 |
| | 1.08 | 1.88 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 11. INVENTORIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Raw materials | 132.14 | | 199.60 | |
| Add: Goods-in-transit | 3.07 | | 22.72 | |
| | | 135.21 | | 222.32 |
| Work-in-progress | | 104.23 | | 199.88 |
| Finished goods | | 27.43 | | 102.55 |
| Stock-in-trade | | 2.10 | | 2.62 |
| Stores, spares and packing materials | | 3.67 | | 3.68 |
| Loose tools | | 0.05 | | 0.11 |
| | | 272.69 | | 531.16 |

**Note:** Mode of valutions of inventories is stated in Note 2.5

### 12. CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | No. of shares / units | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|---|
| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) | | |
| **Details of investments:** | | | | | |
| Investments in equity instruments | | | | | |
| 1 Nicco Corporation Limited | 2 | 330390 | 330390 | 0.01 | 0.01 |
| 2 JCT Electronics Limited | 1 | 250000 | 250000 | 0.00 | 0.00 |
| | | | | 0.01 | 0.01 |
| **Note:** | | | | | |
| **Quoted invetsments** | | | | | |
| Book value | | | | 0.01 | 0.01 |
| Market value | | | | 0.01 | 0.01 |

### 13. TRADE RECEIVABLES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured:** | | | | |
| Considered good | 386.88 | | 1135.81 | |
| Credit impaired | 267.28 | | 152.24 | |
| | 654.16 | | 1288.05 | |
| *Less:* Allowance for credit impaired | 267.28 | | 152.24 | |
| | | 386.88 | | 1135.81 |
| Receivables from related parties | 16.26 | | 42.72 | |
| *Less*: Allowance for credit impaired (Refer note 45) | 0.08 | | 0.08 | |
| | | 16.18 | | 42.64 |
| | | 403.06 | | 1178.45 |

**Note :**

Refer note 30 for trade receivables considered as contract balances.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 14. CASH AND CASH EQUIVALENTS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Balances with banks:** | | | | |
| On current accounts | 73.05 | | 66.07 | |
| Fixed deposits with original maturity of less than 3 months (Refer note below) | 27.87 | | 37.92 | |
| | | 100.92 | | 103.99 |
| Cash on hand | | 0.02 | | 0.05 |
| | | 100.94 | | 104.04 |

**Note:**

Deposits of ₹ 27.87 crores (as at 31 March, 2019 ₹ 37.92 crores) are held as margin money.

### 15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Other balances:** | | |
| Earmarked balances with banks - Unclaimed dividend (Refer note (a) below) | 0.46 | 0.72 |
| Fixed deposits with original maturity of more than 3 months upto 12 months (Refer note (b) below) | 39.22 | 15.65 |
| | 39.68 | 16.37 |

**Notes:**

(a) Earmarked balances are restricted for use. There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020 and 31 March, 2019.

(b) Deposits of ₹ 39.22 crores (as at 31 March, 2019 ₹ 15.65 crores) are held a margin money.

### 16. CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | |
| Loans to subsidiaries (Refer note 45) | | 0.03 | | 8.45 |
| **Security deposits:** | | | | |
| Considered good | 35.61 | | 31.73 | |
| Considered doubtful | 0.52 | | 0.52 | |
| | 36.13 | | 32.25 | |
| *Less:* Allowance for bad and doubtful deposits | 0.52 | | 0.52 | |
| | | 35.61 | | 31.73 |
| | | 35.64 | | 40.18 |

### 17. CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Financial guarantee fees receivable (Refer note 45) | - | 35.20 |
| Derivative instruments | - | 4.89 |
| Other financials assets | 2.79 | 0.63 |
| | 2.79 | 40.72 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 18. OTHER CURRENT ASSETS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Advance to suppliers | | 33.02 | | 32.11 |
| Statutory and other receivables | | 243.21 | | 217.81 |
| Receivable from erstwhile directors | 0.28 | | 0.28 | |
| *Less:* Provision against receivable | 0.28 | | - | |
| | | - | | 0.28 |
| | | 276.23 | | 250.20 |

### 19. SHARE CAPITAL

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Authorised** | | |
| 2,03,80,00,000 equity shares of ₹ 2 each | 407.60 | 407.60 |
| (2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Issued** | | |
| 62,67,88,442 equity shares of ₹ 2 each | 125.35 | 125.35 |
| (62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Subscribed and paid-up** | | |
| 62,67,46,142 equity shares of ₹ 2 each | 125.35 | 125.35 |
| (62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Forfeited shares** | | |
| 42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) | 0.00 | 0.00 |
| (42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) as at 31 March, 2019) | | |
| | 125.35 | 125.35 |

**Notes:**

**(a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the year**

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Authorised share capital | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |
| Balance at the end of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Issued share capital | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 626788442 | 125.35 | 626788442 | 125.35 |
| Balance at the end of the year | 626788442 | 125.35 | 626788442 | 125.35 |

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Subscribed and paid-up | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 626746142 | 125.35 | 626746142 | 125.35 |
| Balance at the end of the year | 626746142 | 125.35 | 626746142 | 125.35 |

The Company has not issued any equity shares during the current and in the previous year.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 19. SHARE CAPITAL (Contd.)

(b) **Terms / rights attached to equity shares:**

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) **Details of shareholders holding more than 5 % shares in the Company**

| | | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|---|
| | | % | No. of Shares | % | No. of Shares |
| 1 | Yes Bank Limited | 12.77 | 80050000 | - | - |
| 2 | L&T Finance Limited | 9.99 | 62600000 | - | - |
| 3 | HDFC Trustee Company Limited - HDFC Equity Fund | 9.17 | 57451000 | 9.17 | 57451000 |
| 4 | Bharti (SBM) Holdings Private Limited | 8.29 | 51969354 | 4.99 | 31275000 |
| 5 | Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund | 8.16 | 51164364 | 8.93 | 55960974 |
| 6 | KKR India Financial Services Private Limited | 8.10 | 50736588 | - | - |
| 7 | Vistra ITCL India Limited | 0.81 | 5096248 | 21.60 | 135392496 |
| 8 | Avantha Holdings Limited | - | - | 12.77 | 80050000 |

(d) **Aggregate number of shares issued as GDRs**

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| The Bank of New York | 0.11 | 687234 | 0.12 | 775949 |

### 20. OTHER EQUITY

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Retained earnings | (1334.66) | 145.25 |
| General reserve | 415.89 | 415.89 |
| Capital reserve | 672.49 | 672.49 |
| Capital redemption reserve | 12.95 | 12.95 |
| Securities premium | 18.29 | 18.29 |
| Equity Instruments through other comprehensive income | (227.00) | (227.00) |
| | (442.04) | 1037.87 |

(a) **Dividend paid and proposed:**

No dividends have been proposed, declared or paid during the financial year 2019-20 (2018-19 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(b) **Nature and purpose of reserves:**

(1) **Retained Earnings:**

Retained earnings are the profits that the Company has earned till date and includes any transfers to general reserve, dividends or other distributions paid to shareholders and impact on account of transition to / intial application of Ind AS.





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 20. OTHER EQUITY (Contd.)

(2) **General reserve:**

The General reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilised by the Company in accordance with the Companies Act, 2013.

(3) **Capital reserve:**

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

(4) **Capital redemption reserve:**

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(5) **Securities premium:**

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

(6) **Equity Instruments through other comprehensive income:**

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings.

### 21. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Secured loans** | | |
| Term loans from banks (Refer note (a) below) | 221.89 | 538.96 |
| **Unsecured loans** | | |
| Term loans from banks (Refer note (b) below) | 71.00 | 72.20 |
| | 292.89 | 611.16 |

Notes:

Security created to the extent of :

(a) **Secured term loans from banks:**

(i) The term loan of ₹ 300.14 crores (as at 31 March 2019 ₹ 367.66 crores) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3 August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on certain identified plant and machinery and fixed assets. (Current maturity pertaining to the said loan is ₹ 227.46 crores (as at 31 March, 2019 ₹ 151.63 crores), Refer note 27).

(ii) The term loan of ₹ 125.24 crores (as at 31 March 2019 ₹ 139.56 crores) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crores and 13 months for ₹ 43.50 crores respectively. The loan is secured by First charge on movable and immovable property of ₹ 69.70 crores of specific location. Subservient charges on identified assets (Current maturity pertaining to the said loan is ₹ 103.12 crores (as at 31 March, 2019 ₹ 45.38 crores), Refer note 27).

(iii) The term loan of ₹ 279.59 crores (as at 31 March, 2019 ₹ 305.00 crores) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24 July, 2017, in 36 equal monthly instalments after a moratorium of 2 years from the date of first disbursement. The loan is secured by second charge on identfied plant and machinery and immovable fixed assets. (Current maturity pertaining to the said loan is ₹ 152.50 crores (Previous year ₹ 76.25 crores), Refer note 27).

(b) **Unsecured term loans from banks:**

(i) An assignment cum put agreement was entered by certain CIPs on behalf of the Company without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ('SICL') - a related party, and a bank in September, 2018 ('SICL Assignment') under which the Royalty payable by Company to AHL was assigned over to the bank. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March, 2019 in escrow account of SICL, the deposit will be refunded by the Company. On 20 March, 2019, the Company did not pay any royalty to this escrow on 20 March, 2019 as an amount of ₹ 78.25 crores was already paid in advance to AHL by the Company against Royalty to AHL. The bank issued a communication to the Company of its intent to exercise the put option as per the aforementioned assignment and has asked the Company to discharge the liability outstanding of ₹ 71.00 crores. After considering all relevant facts and internal assessment, the Company had recorded a liability towards a Bank amounting to ₹ 72.20 crores (including interest amount to ₹ 1.20 crores) and a corresponding receivable from SICL in the recasted standalone financial statements for the year ended 31 March, 2019.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 21. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

(ii) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11 July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity pertaining to the said term loan is ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores), Refer note 27).

(iii) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16 May, 2017, in 15 structured monthly installments with first starting after 9 months from the date of disbursement. (Current maturity of the said term loan is ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores), Refer note 27).

### 22. NON-CURRENT OTHER FINANCIAL LIABILITIES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Lease liabilities (Refer note 40) | 10.37 | - |
| Deposits payable | 5.85 | 5.59 |
| | 16.22 | 5.59 |

### 23. NON-CURRENT PROVISIONS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Provision for leave encashment | 21.23 | 23.86 |
| Provision for post retirement medical benefit (Refer note 43) | - | 10.37 |
| Other provisions (Refer note 29) | 12.10 | 20.60 |
| | 33.33 | 54.83 |

### 24. TAXATION

**Income tax recognised in statement of profit and loss:**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Statement of profit or loss:** | | |
| Current income tax (continuing operations) | - | - |
| Deferred tax related to: | | |
| Origination and reversal of temporary differences - continuing operations | (67.96) | (886.17) |
| Origination and reversal of temporary differences - discontinued operations | - | (11.78) |
| **Total income tax recognised in statement of profit or loss** | (67.96) | (897.95) |
| **Statement of other comprehensive income** | | |
| Current tax related to items recognised in other comprehensive income during in the year | - | (1.21) |
| Deferred tax related to items recognised in other comprehensive income during in the year | (0.05) | - |
| **Total income tax recognised in other comprehensive income** | (0.05) | (1.21) |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 24. TAXATION (Contd.)

**Reconciliation of income tax expense and the accounting profit / (loss) multiplied by applicable income tax rate:**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Loss before tax from continuing operations | (1547.79) | (3544.18) |
| Loss before tax from discontinued operations | - | (33.72) |
| **Accounting loss before income tax** | (1547.79) | (3577.90) |
| Applicable income tax rate | 34.944% | 34.944% |
| **Computed tax expense** | (540.86) | (1250.26) |
| Income exempt from taxation | (0.13) | (0.13) |
| Expense not deductible in determining taxable profits | 3.74 | 5.56 |
| Tax impact on allowances of research and development activities | (9.08) | (7.47) |
| Deferred tax assets not recognised on account of lack of convincing evidence in respect of future taxable income | 453.79 | 477.20 |
| Deferred tax assets recognised on provisions made in previous periods | - | (142.50) |
| Impact of deferred tax created at lower rate | (8.91) | 21.40 |
| Tax impact on other comprehensive income | - | (1.21) |
| Other temporary differences | 33.49 | (0.54) |
| **Net income tax expense charged to statement of profit and loss** | (67.96) | (897.95) |
| Income tax attributable to continued operations | (67.96) | (886.17) |
| Income tax attributable to discontinued operations | - | (11.78) |
| | (67.96) | (897.95) |

**Note:**

The Company has not availed the option permitted under section 115BAA of the Income Tax Act, 1961 in current year. In view of this, the Company has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Company immediately before the amendment):

**Deferred tax relates to the following:**

| | Balance sheet | | Recognised in statement of profit or loss | |
|---|---|---|---|---|
| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
| Expenses allowable on payment basis | 19.16 | 12.28 | (6.88) | 2.28 |
| Other items giving rise to temporary differences | 43.38 | 29.56 | (13.82) | (30.94) |
| Accelerated depreciation for tax purposes | (74.68) | (82.05) | (7.37) | 0.95 |
| Fair valuation of property, plant and equipment | (199.81) | (205.87) | (6.06) | 9.49 |
| Provision and impairment of loans and receivables | 844.35 | 854.96 | 10.61 | (709.02) |
| Unabsorbed losses and unabsorbed depreciation | 219.08 | 174.59 | (44.49) | (170.71) |
| Minimum alternate tax | 15.55 | 15.55 | - | - |
| **Deferred tax assets / (liabilities)** | 867.03 | 799.02 | | |
| **Net (income) / expense** | | | (68.01) | (897.95) |
| **Deferred tax expense:** | | | | |
| Relating to origination and reversal of temporary differences - continuing operations | | | (68.01) | (886.17) |
| Relating to origination and reversal of temporary differences - discontinued operations | | | - | (11.78) |
| **Total** | | | (68.01) | (897.95) |

The net deferred tax assets of ₹ 867.03 crores (as at 31 March, 2019 ₹ 799.02 crores) includes deferred tax assets of ₹ 219.08 crores (as at 31 March, 2019 ₹ 174.59 crores) related to tax losses. Based on the future forecast and current economic conditions in India, there is reasonable certainty that the deferred tax assets on tax losses is recovered on or before expiry of 8 years period.

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 24. TAXATION (Contd.)

Reconciliation of deferred tax assets / (liabilities) net

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Opening balance** | 799.02 | (151.85) |
| Tax income / (expense) during the year recognised in profit or loss from continued operations | 67.96 | 886.17 |
| Tax income / (expense) during the year recognised in profit or loss from discontinued operations | - | 11.78 |
| Deferred tax on other comprehensive income | 0.05 | - |
| Tax impact on account of first time adoption of Ind AS 115 | - | 52.92 |
| **Closing balance** | 867.03 | 799.02 |

## 25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Secured loans** | | | | |
| Banks* | | 370.59 | | 357.10 |
| **Unsecured Loans** | | | | |
| Banks | | 519.18 | | 627.71 |
| Supplier finance facility | | - | | 2.01 |
| Others | | 4.27 | | 49.79 |
| **From Other Company** ** | 320.00 | | 320.00 | |
| *Less:* Offsetting off advance receivable | 176.11 | | 176.11 | |
| | | 143.89 | | 143.89 |
| | | 1037.93 | | 1180.50 |

**Notes:**

* Secured by first charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, consumables (stores and spares) and book debts / receivables of the Company, both present and future.

** The Company had received the amount from Blue Garden Estate Private Limited ('BGEPL') as an initial advance consideration towards the transactions which were not approved by the then Board of Directors in relation to Assignment / Sale of Land along with Factory Building at Nashik and Kanjurmarg, Mumbai of the Company.

Advance receivable from BGEPL had been offset against liability from BGEPL in recasted books of accounts of the Company.

**Defaults in payment of loans and interest:**

The Company has made certain defaults in repayment of dues to banks and other lenders.

Following are the details of continuing defaults as at 31 March, 2020:

| | As at 31-03-2020 (Revised) | Period of default |
|---|---|---|
| Secured current borrowings | 49.00 | less than 1 year |
| Unsecured current borrowings | 506.82 | less than 1 year |
| Current maturities long-term loans from banks | 155.53 | less than 1 year |
| Current borrowing - others | 27.32 | less than 1 year |
| Interest accured on borrowings | 76.19 | less than 1 year |



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Acceptances | 7.06 | 85.70 |
| Due to micro and small enterprises (Refer note below) | 120.06 | 123.73 |
| Due to other than micro and small enterprises | 1042.65 | 1325.09 |
| Due to subsidiaries (Refer note 45) | 20.19 | 20.12 |
| | 1189.96 | 1554.64 |

**Note:**

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on information available with the Company and the required disclosures are given below:

| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|
| a) | Principal amount due to suppliers | 120.06 | 123.73 |
| b) | Interest accrued and due to suppliers on the above amount, unpaid | 6.69 | 0.39 |
| c) | Payment made to suppliers (other than interest) beyond the appointed day, during the year | 23.21 | 23.67 |
| d) | Interest paid to suppliers (other than Section 16) | - | - |
| e) | Interest paid to suppliers (Section 16) | 0.15 | 0.08 |
| f) | Interest due and payable towards suppliers for payments already made | 3.47 | 1.17 |
| g) | Interest accrued and remaining unpaid at the end of each of the year to suppliers | 10.16 | 1.56 |

## 27. CURRENT-OTHER FINANCIAL LIABILITIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Current maturities of long- term loans from banks (Refer note 21) | | 483.08 | | 312.62 |
| Interest-free sales tax deferral loans from state government | | 0.12 | | 0.12 |
| Lease liabilities (Refer note 40) | | 4.08 | | - |
| Interest accrued on borrowings | | 105.34 | | 30.03 |
| **Dues to related parties:** | | | | |
| Dues to subsidiaries (Refer note 45) | | 1.07 | | 10.31 |
| **Investor Education and Protection Fund:** | | | | |
| Unclaimed dividend (Refer note (a) below) | | 0.46 | | 0.72 |
| Security deposits | | 8.93 | | 8.40 |
| Due to directors (Refer note 45) | | - | | 3.29 |
| Financial guarantee obligations | | - | | 74.07 |
| **Other payables:** | | | | |
| Due to employees | 19.52 | | 19.58 | |
| Others | 171.20 | | 151.01 | |
| | | 190.72 | | 170.59 |
| | | 793.80 | | 610.15 |

**Notes :**

(a) There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020 and 31 March, 2019.

(b) Refer note 25 on disclosure on defaults in payment of loans and interest.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 28. OTHER CURRENT LIABILITIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Advances from customers (Refer note 30) | | 147.90 | | 122.68 |
| Due to customers (Refer note 30) | | 14.35 | | 14.23 |
| **Other payables:** | | | | |
| Statutory liabilities | 5.03 | | 9.49 | |
| Others | 18.53 | | 19.75 | |
| | | 23.56 | | 29.24 |
| | | 185.81 | | 166.15 |

### 29. SHORT-TERM PROVISIONS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Provision for gratuity (Refer note 43) | 2.05 | - |
| Provision for post retirement medical benefit (Refer note 43) | - | 0.46 |
| Provision for leave encashment | 1.68 | 2.71 |
| Other provisions (Refer note below) | 113.24 | 72.66 |
| | 116.97 | 75.83 |

Notes:

(1) Movement in provisions:

| | Warranties | Provision for tax related Litigations | Other Litigation Claims | Total |
|---|---|---|---|---|
| | 2019-20 (Revised) | 2019-20 (Revised) | 2019-20 (Revised) | 2019-20 (Revised) |
| Carrying amount at the beginning of the year | 64.93 | 18.19 | 10.14 | 93.26 |
| Additional provision made during the year | 11.73 | 13.59 | 26.02 | 51.34 |
| Unused amounts reversed during the year | 16.86 | 2.15 | 0.25 | 19.26 |
| Carrying amount at the end of the year | 59.80 | 29.63 | 35.91 | 125.34 |
| Non-current (Refer note 23) | 12.10 | - | - | 12.10 |
| Current (Refer note 29) | 47.70 | 29.63 | 35.91 | 113.24 |
| **Total** | 59.80 | 29.63 | 35.91 | 125.34 |

(2) Nature of provisions:

(a) Product Warranties: The Company gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for Tax related litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the Act / Rules.

(c) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 30. REVENUE FROM OPERATIONS

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| Sale of products | 2986.82 | | 5168.22 | |
| Sale of services | 31.11 | | 41.47 | |
| Construction contracts | 100.22 | | 55.59 | |
| | | 3118.15 | | 5265.28 |
| Other operating income - scrap sales | | 51.33 | | 90.32 |
| | | 3169.48 | | 5355.60 |

**Revenue from contracts with customers**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 3218.66 | 5400.06 |
| *Less:* Adjustments | | |
| Discounts | 29.66 | 42.02 |
| Others (includes liquidated damages, price variations, etc) | 19.52 | 2.44 |
| **Revenue recognised as per revised statement of profit and loss** | 3169.48 | 5355.60 |

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 67.32 | 23.95 |
| Performance obligations satisfied in previous periods | - | - |

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Power Systems Business | 1117.02 | 2275.07 |
| Industrial Systems Business | 2052.46 | 3080.53 |
| **Total** | 3169.48 | 5355.60 |

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Contract balances** | | |
| Trade receivables | | |
| Non-current | 4.23 | 6.24 |
| Current | 403.06 | 1178.45 |
| Contract assets | 0.64 | 1.53 |
| Contract liabilities | | |
| Advance from customers | 147.90 | 122.68 |
| Due to customers | 14.35 | 14.23 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 30. REVENUE FROM OPERATIONS (Contd.)

**Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to trade receivables on completion of milestones and its related invoicing.

**Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation.

### 31. OTHER INCOME

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Interest income from:** | | |
| Subsidiaries (Refer note 45) | - | 49.88 |
| Deposits with banks | 4.39 | 10.21 |
| Others | 6.86 | 23.78 |
| Dividend income from investment in subsidiary (Refer note 45) | 0.38 | 0.38 |
| Fair value gain on financial instruments at fair value through profit or loss | 0.06 | - |
| **Other non-operating income:** | | |
| Income from business service centers (Refer note 40) | 9.43 | 5.69 |
| Income recognised on corporate guarantee | 25.17 | 55.82 |
| Miscellaneous income | 10.59 | 2.43 |
| | 56.88 | 148.19 |

### 32. COST OF MATERIALS CONSUMED

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Opening inventories | 222.32 | 176.98 |
| Add: Purchases | 1860.23 | 3773.90 |
| *Less:* Closing inventories | 135.21 | 222.32 |
| | 1947.34 | 3728.56 |

### 33. PURCHASES OF STOCK-IN-TRADE

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Purchases of stock-in-trade | 60.92 | 34.79 |
| | 60.92 | 34.79 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2019-20 (Revised) | | 2018-19 (Revised) | |
|---|---|---|---|---|
| **Closing inventories:** | | | | |
| Finished goods | 27.43 | | 102.55 | |
| Work-in-progress | 104.23 | | 199.88 | |
| Stock-in-trade | 2.10 | | 2.62 | |
| | | 133.76 | | 305.05 |
| **Opening inventories:** | | | | |
| Finished goods | 102.55 | | 40.45 | |
| Work-in-progress | 199.88 | | 191.65 | |
| Stock-in-trade | 2.62 | | 0.60 | |
| | | 305.05 | | 232.70 |
| **Net (increase) / decrease in inventories** | | 171.29 | | (72.35) |

### 35. EMPLOYEE BENEFITS EXPENSE

| | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|
| Salaries, wages and bonus | 279.12 | 319.51 |
| Contribution to provident and other funds (Refer note 43) | 21.08 | 22.14 |
| Post retirement medical benefits (Refer note 43) | - | 0.95 |
| Staff welfare expenses | 22.73 | 29.86 |
| | 322.93 | 372.46 |

### 36. FINANCE COSTS

| | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|
| Interest expenses | 246.17 | 312.85 |
| Interest on lease liabilities (Refer note 40) | 1.80 | - |
| | 247.97 | 312.85 |

### 37. DEPRECIATION AND AMORTISATION EXPENSE

| | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 4)* | 74.06 | 73.95 |
| Amortisation of Intangible assets (Refer note 5) # | 16.48 | 19.25 |
| | 90.54 | 93.20 |

**Notes:**

* Depreciation for the current year includes depreciation of ROU assets of ₹ 5.89 crores.

# Includes currrent year ₹ 0.19 crores and previous year ₹ 0.80 crores on account of impairment.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 38. OTHER EXPENSES

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Consumption of stores and spares | 13.62 | 30.35 |
| Power and fuel | 32.24 | 44.87 |
| Rent | 4.18 | 13.72 |
| Repairs to buildings | 1.71 | 7.56 |
| Repairs to machinery | 11.51 | 23.70 |
| Insurance | 8.22 | 6.78 |
| Rates and taxes | 20.64 | 17.03 |
| Freight and forwarding | 66.61 | 131.10 |
| Packing materials | 36.72 | 61.21 |
| After sales services including warranties | 16.39 | 46.70 |
| Sales promotion | 3.94 | 4.23 |
| Foreign exchange loss | 25.81 | 62.95 |
| Brand Royalty | - | 25.68 |
| Sub contracting charges | 95.14 | 212.60 |
| Directors' sitting fees | 1.85 | 0.76 |
| Allowance for doubtful debts and advances | 63.98 | 58.46 |
| Corporate social responsibility expenses (Refer note 42) | 0.89 | 3.25 |
| Legal and professional charges | 25.47 | 54.99 |
| Miscellaneous expenses (Refer note below) | 134.97 | 187.50 |
| | 563.89 | 993.44 |

**Note:**

Miscellaneous expenses includes the following:

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Auditors remuneration (excluding Goods and Service Tax) | | |
| Audit fees | 1.35 | 1.83 |
| Limited review fees | 0.82 | 0.69 |
| Other services | 0.95 | 0.15 |
| Out of pocket expenses | 0.58 | 0.70 |
| | 3.70 | 3.37 |

The above auditor's remuneration for current year does not include additional fees of ₹ 1.25 crores accounted under the head Exceptional items, paid towards additional cost incurred by them during audit of financial year 2018-19.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 39. CONTINGENT LIABILITIES AND COMMITMENTS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **A. Contingent Liabilities:** | | |
| (to the extent not provided for) | | |
| a) Claims against the Company not acknowledged as debts | 5.29 | 5.36 |
| b) Sales tax / VAT liability that may arise in respect of matters in appeal | 14.07 | 14.41 |
| c) Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal | 14.32 | 15.11 |
| d) Income tax liability that may arise in respect of matters in appeal | 1.89 | 1.21 |
| **B. Financial guarantees:** | | |
| Issue of post-dated cheques to a Bank against loan given to a related party (Refer note below (vi)) | - | 210.00 |
| Issue of post-dated cheques to a Bank against loan given to other promoter affiliate company (AHL affiliate) (Refer note below (vii)) | 210.00 | - |
| **C. Commitments:** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 4.26 | 10.05 |

**Notes:**

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at A (a) to (d) above, pending resolution of the arbitration / appellate proceedings.

(ii) Sales tax / VAT / Entry tax cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts and refund of excise duty on export of transformers, interest payment on Provisional Assessment Cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(v) The Company has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating ₹ 69.08 crores which are not a part of contingent liability. As part of its working capital monitoring process, the Company has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.

(vi) A Letter of Comfort allegedly was issued by certain identified personnel ('CIP') on behlaf of the Company to bank allegedly to discharge a related party's loan obligations, the loan amount outstanding as at 31 March, 2019 is ₹ 391.88 crores. The post-dated cheque was issued against the comfort letter.

(vii) The Company had received notice of demand under Income Tax Act for ₹ 606.30 crores for financial year 2016-17, and the Hon'ble Bombay High Court has granted the interim stay against the notice of demand until admission of appeal before the High Court. The Company had also filed an appeal before Commissioner of Income Tax, Appeals 'CIT(A)' against the demand raised by Assessing Officer. Considering the facts and underlying documents with respect to the demand raised under section 68 of the Income Tax Act, 1961, the management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels. The Company awaits next hearing date from CIT(A) and High Court.

(viii) From time to time, the Company is involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 40. LEASES

(i) **Company as a lessee**

The Company has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended 31 March, 2019 have not been restated. Under the modified retrospective method, the Company has recognised ₹ 17.11 crores as rightof-use ('ROU') asset as at 1 April, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial periods to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on loss after tax and earnings per share for the year ended 31 March, 2020 on adoption of Ind AS 116.

**Movement in carrying value of right-of-use assets for the year ended 31 March, 2020**

| | Land | Building | Fixture and fittings | Vehicles | Total |
|---|---|---|---|---|---|
| **Adoption of Ind AS 116 Leases as at 1-04-2019** | 0.59 | 13.79 | 0.32 | 2.41 | 17.11 |
| Leasehold land tranferred as at 1-04-2019 | 71.25 | - | - | - | 71.25 |
| Additions | - | 0.71 | - | - | 0.71 |
| *Less:* Depreciation | 1.45 | 3.54 | 0.07 | 0.83 | 5.89 |
| **Closing net carrying balance as at 31-03-2020 (Revised)** | 70.39 | 10.96 | 0.25 | 1.58 | 83.18 |

**Movement in lease liabilities during the year ended 31 March, 2020**

| | |
|---|---|
| **Adoption of Ind AS 116 Leases as at 1-04-2019** | 17.11 |
| Add: Addition | 0.71 |
| Add: Accretion of interest | 1.80 |
| *Less:* Payment | 5.17 |
| **Closing balance as at 31-03-2020 (Revised)** | 14.45 |

**Breakup of current and non-current lease liabilities as at 31 March, 2020 (Revised)**

| | |
|---|---|
| Current lease liabilities | 4.08 |
| Non-current lease liabilities | 10.37 |
| **Total** | 14.45 |

**Amounts recognised in the statement of profit or loss**

| | 2019-20 (Revised) |
|---|---|
| **Other Expenses** | |
| Short-term lease rent expense | 2.55 |
| Low value asset lease rent expense | 0.13 |
| Variable lease rent expense | 0.72 |
| **Finance Cost** | |
| Interest expense on lease liability | 1.80 |
| **Depreciation and amortisation expense** | |
| Depreciation of ROU lease assets | 5.89 |

**Amounts recognised in the statement of cash flows**

| | 2019-20 (Revised) |
|---|---|
| Total cash outflow for leases | 5.17 |

**Contractual maturities of lease liabilities as at 31 March, 2020 (Revised) on an undiscounted basis**

| | 2019-20 (Revised) |
|---|---|
| Less than 1 year | 5.46 |
| 1 - 5 years | 11.15 |
| More than 5 years | 3.67 |
| **Total** | 20.28 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 40. LEASES (Contd.)

(ii) **Company as a lessor**

**Amounts recognised in the statement of profit and loss**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Other Income** | | |
| Non-operating lease income | 9.43 | 5.69 |

**Note:**

Non-operating lease income is in respect of lease of land and / or building.

**Undiscounted future payments to be received**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Maturity analysis:** | | |
| Less than 1 year | 8.64 | 7.49 |
| 1 - 5 years | 2.61 | 9.41 |
| More than 5 years | - | - |
| **Total** | 11.25 | 16.90 |

### 41. EXPENDITURE ON RESEARCH AND DEVELOPMENT

| | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| (a) | **Capital expenditure:** | | |
| | Building | - | 0.43 |
| | Plant and equipments | 0.15 | 0.88 |
| | Furniture and fittings | - | 0.22 |
| | Intangible assets | 0.05 | 0.02 |
| | Intangible assets under development | 12.40 | 14.12 |
| | **Sub-total (a)** | 12.60 | 15.67 |
| (b) | **Revenue expenditure:** | | |
| | Raw materials consumed | 0.09 | 0.82 |
| | Employee benefits | 13.21 | 14.33 |
| | Depreciation and amortisation | 13.00 | 13.22 |
| | Other expenses | | |
| | Consumption of stores and spares | 0.00 | 0.14 |
| | Power and fuel | 0.26 | 0.16 |
| | Rent | 0.12 | 0.12 |
| | Repairs to machinery | 0.00 | 0.00 |
| | Insurance | 0.00 | 0.01 |
| | Rates and taxes | - | 0.01 |
| | Miscellaneous expenses | 1.32 | 3.32 |
| | **Sub-total (b)** | 28.00 | 32.13 |
| | **Total (a) + (b)** | 40.60 | 47.80 |

### 42. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

(a) Gross amount required to be spent by the company during the year is ₹ 0.85 crores (Previous year ₹ 3.70 crores)

(b) Amount spent during the year on:

| | | 2019-20 (Revised)* | 2018-19 (Recasted) |
|---|---|---|---|
| i. | Construction / acquisition of asset | - | - |
| ii. | On purposes other than (i) above | 0.89 | 3.25 |
| | **Total** | 0.89 | 3.25 |

**Note:**

* Amount spent during the year includes amount yet to be paid in cash of ₹ 0.59 crores (Previous year ₹ Nil).

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 43. EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 18.90 crores (Previous year ₹ 17.71 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

| Benefits (Contribution to) | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Provident fund | 12.95 | 12.15 |
| Superannuation fund | 4.70 | 4.88 |
| Employee state insurance scheme | 0.24 | 0.37 |
| Labour welfare scheme | 0.01 | 0.02 |
| National pension scheme | 1.00 | 0.29 |
| **Total** | 18.90 | 17.71 |

(b) **Defined benefit plans:**

**Gratuity:**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Company makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for defining the investment strategy.

**Post-retirement medical benefits:**

During the financial year 2019-20, management has reviewed and decided to discontinue the policy of post-retirement medical benefit. Consequently the accumulated provision of ₹ 10.83 crores has been reversed and recognised as an exceptional item in statement of profit and loss.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Nonfunded) | 2018-19 (Recasted) (Nonfunded) |
| **I** | **Change in present value of defined benefit obligation during the year** | | | | |
| 1 | Present Value of defined benefit obligation at the beginning of the year | 48.73 | 63.60 | 10.83 | 10.68 |
| 2 | Interest cost | 3.76 | 5.02 | - | 0.83 |
| 3 | Current service cost | 2.89 | 3.83 | - | 0.12 |
| 4 | Curtailment | - | - | - | - |
| 5 | Past service cost (Refer note 47) | - | (17.16) | - | - |
| 6 | Benefits paid directly by employer | - | (0.32) | - | (0.47) |
| 7 | Benefits paid | (16.77) | (6.86) | - | - |
| 8 | Actuarial changes arising from changes in financial assumptions | 2.35 | 0.44 | - | (0.25) |
| 9 | Actuarial changes arising from changes in experience adjustments | 1.34 | 0.18 | - | (0.08) |
| 10 | Reversal due to change in policy (Refer note 47) | - | - | (10.83) | - |
| 11 | Present Value of defined benefit obligation at the end of the year | 42.30 | 48.73 | - | 10.83 |



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 43. EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Nonfunded) | 2018-19 (Recasted) (Nonfunded) |
| **II** | **Change in fair value of plan assets during the year** | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 57.99 | 55.92 | NA | NA |
| 2 | Interest Income | 4.47 | 4.41 | NA | NA |
| 3 | Contributions paid by the employer | (9.00) | 7.68 | NA | NA |
| 4 | Benefits paid from the fund | (16.77) | (6.86) | NA | NA |
| 5 | Assets transferred out / divestments | - | - | NA | NA |
| 6 | Return on plan assets excluding interest income | 3.56 | (3.16) | NA | NA |
| 7 | Fair value of plan assets at the end of the year | 40.25 | 57.99 | NA | NA |
| **III** | **Net asset / (liability) recognised in the balance sheet** | | | | |
| 1 | Present Value of defined benefit obligation at the end of the year | (42.30) | (48.73) | - | (10.83) |
| 2 | Fair value of plan assets at the end of the year | 40.25 | 57.99 | - | - |
| 3 | Amount recognised in the balance sheet | (2.05) | 9.26 | - | (10.83) |
| 4 | Net (liability) / asset- current | (2.05) | 9.26 | - | (0.46) |
| | Net (liability) / asset- non-current | - | - | - | (10.37) |
| **IV** | **Expenses recognised in the statement of profit and loss for the year** | | | | |
| 1 | Current service cost | 2.89 | 3.83 | - | 0.12 |
| 2 | Interest cost on benefit obligation (net) | (0.71) | 0.61 | - | 0.83 |
| 3 | Curtailment | - | - | - | - |
| 4 | Past Service Cost (Refer note 47) | - | (17.16) | - | - |
| 5 | Total expenses included in employee benefits expense | 2.18 | (12.72) | - | 0.95 |
| **V** | **Recognised in other comprehensive income for the year** | | | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | - | - | NA | - |
| 2 | Actuarial changes arising from changes in financial assumptions | 2.35 | 0.44 | NA | (0.25) |
| 3 | Actuarial changes arising from changes in experience adjustments | 1.34 | 0.18 | NA | (0.08) |
| 4 | Return on plan assets excluding interest income | (3.56) | 3.16 | NA | NA |
| 5 | Recognised in other comprehensive income | 0.13 | 3.78 | NA | (0.33) |
| **VI** | **Maturity profile of defined benefit obligation** | | | | |
| 1 | Within the next 12 months (next annual reporting period) | 4.92 | 7.99 | NA | 0.50 |
| 2 | Between 2 and 5 years | 15.87 | 19.79 | NA | 2.29 |
| 3 | Between 6 and 10 years | 18.96 | 21.17 | NA | 3.72 |
| **VII** | **Quantitative sensitivity analysis for significant assumption is as below:** | | | | |
| **1** | **Increase/(decrease) on present value of defined benefits obligation at the end of the year** | | | | |
| | (i) One percentage point increase in discount rate | (2.62) | (2.63) | NA | (1.37) |
| | (ii) One percentage point decrease in discount rate | 2.98 | 2.97 | NA | 1.74 |
| | (i) One percentage point increase in rate of salary Increase | 3.04 | 3.05 | NA | NA |
| | (ii) One percentage point decrease in rate of salary Increase | (2.72) | (2.74) | NA | NA |
| | (i) One percentage point increase in employee turnover rate | 0.70 | 0.91 | NA | NA |
| | (ii) One percentage point decrease in employee turnover rate | (0.78) | (1.02) | NA | NA |
| | (i) One percentage point increase in medical Inflation rate | NA | NA | NA | 1.76 |
| | (ii) One percentage point decrease in medical Inflation rate | NA | NA | NA | (1.39) |

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 43. EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Nonfunded) | 2018-19 (Recasted) (Nonfunded) |
| 2 | **Sensitivity Analysis Method** | | | | |
| | Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | | | |
| VIII | **The major categories of plan assets as a percentage of total plan assets** | | | | |
| | Insurer managed funds | 100% | 100% | NA | NA |
| IX | **Weighted average duration of the defined benefit obligation (in years)** | 8 | 7 | NA | 30 |
| X | **Actuarial assumptions** | | | | |
| 1 | Discount rate | 6.83% p.a. | 7.72% p.a. | NA | 7.76% p.a. |
| 2 | Salary escalation | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | NA | NA |
| 3 | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | NA | Indian Assured Lives Mortality (2006-08) Ultimate |
| 4 | Mortality post retirement rate | NA | NA | NA | Indian Assured Lives Mortality (2006-08) |
| 5 | Rate of employee turnover | 4.00% p.a. | 4.00% p.a. | NA | 4.00% p.a. |
| 6 | Medical premium inflation rate | NA | NA | NA | 2.00% p.a. |

| | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | 4.77 | - | NA | NA |

**Notes:**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.





₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 43. EMPLOYEE BENEFITS (Contd.)

(c) **Provident Fund:**

The Company makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the company has obtained actuarial valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Plan assets at year end, at fair value | 298.63 | 337.45 |
| Present value of defined obligation at year end | 266.31 | 304.36 |

**Assumptions used in determining the present value of obligation:**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Rate of Discounting | 6.83% p.a. | 7.72% p.a. |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Attrition Rate | 4.00% p.a. | 4.00% p.a. |
| Guaranteed rate of Interest | 8.50% p.a. | 8.65% p.a. |
| Whilst in service withdrawal | 5.00% p.a. | 5.00% p.a. |

## 44. SEGMENT REPORTING

**The Company has the following reportable segments:**

Power Systems : Transformer, Switchgear and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

**Identifications of Segments:**

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

**Segment revenue and results:**

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

**Segment assets and liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

**Inter segment transfer:**

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Company level.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended 31 March, 2020 (Revised) is as follows:

| | Power Systems | Industrial Systems | Discontinued Operations | Eliminations/ Unallocable Expenditure / Assets* | Total |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 1117.02 | 2052.46 | - | - | 3169.48 |
| Add : Inter segment sales | 0.26 | 0.02 | - | (0.28) | - |
| **Total revenue** | 1117.28 | 2052.48 | - | (0.28) | 3169.48 |
| Segment results | (58.28) | 246.13 | - | - | 187.85 |
| *Less:* Finance costs | | | | | 247.97 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | 118.40 |
| **Loss after finance cost but before exceptional items and tax** | | | | | (178.52) |
| Exceptional items (net) | | | | | (1369.27) |
| Tax expense | | | | | (67.96) |
| **Loss for the year** | | | | | (1479.83) |
| **Other information:** | | | | | |
| Segment assets | 860.90 | 637.77 | 279.85 | 1571.70 | 3350.22 |
| Segment liabilities | 828.95 | 784.48 | - | 2053.48 | 3666.91 |
| Capital expenditure # | 16.16 | 6.61 | - | 4.42 | 27.19 |
| Depreciation and amortisation # | 46.27 | 28.20 | - | 16.07 | 90.54 |
| Impairment of intangible assets under development # | 3.94 | - | - | - | 3.94 |
| Non-cash expenses other than depreciation and amortisation # | 53.11 | 8.53 | - | 2.34 | 63.98 |

Summary of the Segmental Information as at and for the year ended 31 March, 2019 (Recasted) is as follows:

| | Power Systems | Industrial Systems | Discontinued Operations | Eliminations/ Unallocable Expenditure / Assets* | Total |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 2275.07 | 3080.53 | - | - | 5355.60 |
| Add : Inter segment sales | 1.78 | 0.87 | - | (2.65) | - |
| **Total revenue** | 2276.85 | 3081.40 | - | (2.65) | 5355.60 |
| Segment results | 75.72 | 377.33 | - | - | 453.05 |
| *Less:* Finance costs | | | | | 312.85 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | 99.36 |
| **Profit after finance cost but before exceptional items and tax** | | | | | 40.84 |
| Exceptional items (net) | | | | | (3585.02) |
| Tax expense | | | | | (886.17) |
| **Loss from continuing operations after tax** | | | | | (2658.01) |
| **Loss from discontinued operations after tax** | | | | | (21.94) |
| **Loss for the year** | | | | | (2679.95) |
| **Other information:** | | | | | |
| Segment assets | 1462.99 | 1112.17 | 280.43 | 2566.48 | 5422.07 |
| Segment liabilities | 1052.00 | 906.34 | - | 2300.51 | 4258.85 |
| Capital expenditure # | 26.60 | 40.56 | - | 5.89 | 73.05 |
| Depreciation and amortisation # | 48.58 | 26.86 | - | 17.76 | 93.20 |
| Impairment of intangible assets under development # | 14.15 | - | - | - | 14.15 |
| Non-cash expenses other than depreciation and amortisation # | 34.57 | 2.13 | - | 11.05 | 47.75 |

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments.

\# The disclosure pertains to continuing business segments.





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 44. SEGMENT REPORTING (Contd.)

**Geographical Information:**

| | 2019-20 (Revised) | | | 2018-19 (Recasted) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue from contracts with customers | 2630.52 | 538.96 | 3169.48 | 4579.08 | 776.52 | 5355.60 |

**Note:**

During the year ended 31st March, 2020 and 31st March, 2019 revenues from transactions with a single external customer did not amount to 10% or more of the Company's revenues from external customers.

| | As at 31-03-2020 (Revised) | | | As at 31-03-2019 (Recasted) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Non-current assets | 903.38 | - | 903.38 | 961.54 | - | 961.54 |

### 45. RELATED PARTY DISCLOSURES

(a) List of related parties

(i) Subsidiaries:

| Sr. No | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2020 (Revised) | % Equity Interest As at 31-03-2019 (Recasted) |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | India | 100.00 | 100.00 |
| 2 | CG-PPI Adhesive Products Limited | India | 81.42 | 81.42 |
| 3 | CG Power Equipments Limited | India | 100.00 | 100.00 |
| 4 | CG International Holdings Singapore Pte. Limited | Singapore | 100.00 | 100.00 |
| 5 | CG Sales Networks Malaysia Sdn. Bhd. (formerly known as "Crompton Greaves Sales Network Malaysia Sdn.Bhd.") | Malaysia | 100.00 | 100.00 |
| 6 | CG International B.V. | The Netherlands | 100.00 | 100.00 |
| 7 | CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)* | Belgium | - | 100.00 |
| 8 | CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)* | Belgium | - | 100.00 |
| 9 | CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020)* | Ireland | - | 100.00 |
| 10 | PT CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020)* | Indonesia | - | 95.00 |
| 11 | CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020)* | France | - | 99.70 |
| 12 | CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020)* | Saudi Arabia | - | 51.00 |
| 13 | CG Electric Systems Hungary Zrt. | Hungary | 100.00 | 100.00 |
| 14 | CG Power Solutions UK Limited (Refer note 3 below) | United Kingdom | 100.00 | 100.00 |
| 15 | CG Power Systems Canada Inc. | Canada | 100.00 | 100.00 |
| 16 | CG- Ganz Generator and Motor Limited Liability Company (formerly known as CG Holdings Hungary Kft.) | Hungary | 100.00 | 100.00 |
| 17 | CG Service Systems France SAS | France | 100.00 | 100.00 |
| 18 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 19 | CG Drives and Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 20 | CG Drives and Automation Germany GmbH | Germany | 100.00 | 100.00 |
| 21 | CG Drives and Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 22 | CG Middle East FZE | UAE | 100.00 | 100.00 |
| 23 | CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | 100.00 |
| 24 | QEI, LLC | USA | 100.00 | 100.00 |
| 25 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 26 | CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | USA | - | 100.00 |
| 27 | PT Crompton Prima Switchgear Indonesia (Subsidiary w.e.f. FY 2018-19) | Indonesia | 51.00 | 51.00 |
| 28 | CG Power and Industrial Solutions Limited Middle East FZCO (Incorporated on 15 October, 2018) (Refer note 3 below) | UAE | 100.00 | 100.00 |

* During the current year, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE') are declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020 and the Court has appointed Receivers. Based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Ltd and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia and CG Sales Networks France SA (collectively 'HBE Group') w.e.f. the date of bankruptcy. As stated in Note 52 in revised consolidated financial statements for the year ended 31 March, 2020, these Subsidiaries are deconsolidated w.e.f. 1 January, 2020 and consequently these entities ceased to be treated as subsidiaries and related parties w.e.f. 1 January, 2020.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(ii) Associate:

| Sr. No | Name of the Related Party | Country of Incorporation | % Equity Interest As at 31-03-2021 (Revised) | % Equity Interest As at 31-03-2020 (Recasted) |
|---|---|---|---|---|
| 1 | CG International BV TR. & Cont. Pvt. Co. LLC. (liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC") | Sharjah | - | 49.00 |

(iii) Key Management Personnel:

1. Sudhir Mathur - Whole Time - Executive Director (w.e.f. 10 May, 2019) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 9 May, 2019)
2. Ashish Kumar Guha - Non- Executive Independent Director and Chairman (Appointed as Chairman w.e.f. 25 September, 2019)
3. Narayan K. Seshadri - Non- Executive Independent Director
4. Ramni Nirula - Non- Executive Independent Director
5. Jitender Balakrishnan - Non- Executive Independent Director
6. Pradeep Mathur - Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019)
7. Dr. Aditi Raja - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
8. Dr. Rathin Roy - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
9. Alen Ferns - Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020)
10. Gautam Thapar - Non- Executive Director, Chairman and Promoter Director (Ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be director w.e.f. 9 October, 2019)
11. K. N. Neelkant - Executive Director, CEO & Managing Director (Resigned w.e.f. 30 September, 2019)
12. V. R. Venkatesh - Chief Financial Officer (ceased w.e.f. 30 August, 2019)
13. Omkar Goswami - Non- Executive Director (Resigned w.e.f. 14 December, 2019)
14. Valentin Von Massow - Non- Executive Independent Director (Ceased w.e.f. 5 August, 2019)
15. Shikha Kapadia - Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019)
16. Nimesh S Shah - Company Secretary and Compliance Officer (Appointed w.e.f. 1 January, 2020 and resigned w.e.f. 31 January, 2020)

(iv) Other Related Parties in which directors are interested:

1. Ballarpur Industries Limited# (Ceased to be a related party w.e.f. 9 October, 2019)
2. BILT Graphic Paper Products Limited# (Ceased to be a related party w.e.f. 9 October, 2019)
3. Avantha Holdings Limited ('AHL')# (Ceased to be a related party w.e.f. 9 October, 2019)
4. Avantha Realty Limited# (Ceased to be a related party w.e.f. 9 October, 2019)
5. Jhabua Power Limited# (Ceased to be a related party w.e.f. 9 October, 2019)
6. Solaris Industrial Chemicals Limited# (Ceased to be a related party w.e.f. 9 October, 2019)
7. CERG Advisory Private Limited (Ceased to be a related party w.e.f. 14 December, 2019)

# Ceased to be a related party upon resignation of Gautam Thapar w.e.f. 9 October, 2019.

(v) Post Employment Benefit Entity:

1. CG Provident Fund
2. CG Gratuity Fund



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties (Refer note 1 below):

| Sr. No. | Nature of transaction / relationship | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|---|
| 1 | Purchase of goods and services | | |
| | Subsidiaries | | |
| | CG-PPI Adhesive Products Limited | 2.36 | 6.01 |
| | CG Power Systems Belgium N.V. | - | 0.05 |
| | CG Electric Systems Hungary Zrt. | 11.53 | 1.53 |
| | CG Holdings Belgium N.V. | - | 0.27 |
| | CG Drives and Automation Sweden AB | 2.75 | 1.33 |
| | Total | 16.64 | 9.19 |
| 2 | Sales of goods and services | | |
| | Subsidiaries | | |
| | CG Sales Network Malaysia Sdn.Bhd. | (0.02) | 0.05 |
| | CG Holdings Belgium N.V. | 0.95 | - |
| | CG Power Systems Belgium N.V. | 4.15 | 34.51 |
| | PT. CG Power Systems Indonesia | 0.53 | 3.49 |
| | CG Electric Systems Hungary Zrt. | 0.05 | - |
| | PT Crompton Prima Switchgear Indonesia | 12.45 | 15.99 |
| | CG Holdings Americas, LLC | - | 0.43 |
| | CG Drives & Automation Sweden AB | 9.71 | 13.65 |
| | CG Drives and Automations Germany GmbH | 1.50 | 8.79 |
| | CG Drives & Automation Netherland | 0.00 | - |
| | CG Power Americas, LLC | 23.67 | 22.54 |
| | | 52.99 | 99.45 |
| | Other Related Parties | | |
| | BILT Graphic Paper Products Limited | - | 0.01 |
| | Jhabua Power Limited | 0.02 | 0.39 |
| | | 0.02 | 0.40 |
| | Total | 53.01 | 99.85 |
| 3 | Interest expenses | | |
| | Subsidiary | | |
| | CG-PPI Adhesive Products Limited | 0.38 | 0.41 |
| | Total | 0.38 | 0.41 |
| 4 | Dividend received | | |
| | Subsidiary | | |
| | CG-PPI Adhesive Products Limited | 0.38 | 0.38 |
| | Total | 0.38 | 0.38 |
| 5 | Guarantee fee income | | |
| | Subsidiaries | | |
| | CG International Holdings Singapore Pte. Limited | 5.27 | 10.48 |
| | CG International B.V. | 21.32 | 50.64 |
| | PT CG Power Systems Indonesia | 2.46 | 5.40 |
| | Total | 29.05 | 66.52 |

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|---|
| 6 | Interest Income | | |
| | Subsidiaries | | |
| | CG International Holdings Singapore Pte. Limited | - | 0.06 |
| | CG International B.V. | - | 49.82 |
| | Total | - | 49.88 |
| 7 | Trade payable written back | | |
| | Subsidiaries | | |
| | CG Power Systems Belgium N V | 0.59 | - |
| | CG Holdings Belgium N.V. | 0.54 | - |
| | CG Power Americas, LLC | 0.19 | - |
| | Total | 1.32 | - |
| 8 | Liability written back | | |
| | Subsidiaries | | |
| | CG Holdings Belgium N.V. | 1.10 | - |
| | CG Power Americas, LLC | 0.86 | - |
| | CG Drives & Automation Sweden AB | 0.01 | - |
| | Total | 1.97 | - |
| 9 | Payment to Key Managerial Personnel | | |
| | Salaries, commission and perquisites ** | 6.79 | 7.13 |
| | Total | 6.79 | 7.13 |
| 10 | Rent paid | | |
| | Other Related Parties | | |
| | Avantha Realty Limited | - | 1.87 |
| | Jhabua Power Limited | - | 0.55 |
| | Total | - | 2.42 |
| 11 | Commission Paid | | |
| | Subsidiary | | |
| | CG Sales Network Malaysia Sdn.Bhd. | 3.32 | 6.39 |
| | Total | 3.32 | 6.39 |
| 12 | Amounts written off | | |
| | Other Related party | | |
| | BILT Graphic Paper Products Limited | - | 2.80 |
| | Total | - | 2.80 |
| 13 | Guarantee fee expense | | |
| | Subsidiaries | | |
| | CG International B.V. | 3.73 | 10.40 |
| | PT CG Power Systems Indonesia | 0.15 | 0.30 |
| | Total | 3.88 | 10.70 |

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|---|---|
| 14 | Other expenses | | | |
| | Subsidiaries | | | |
| | CG Holdings Belgium N.V. | | 0.19 | 0.08 |
| | CG - PPI Adhesive Products Limited | | 0.00 | - |
| | PT CG Power Systems Indonesia | | 0.21 | 1.16 |
| | CG Electric Systems Hungary Zrt. | | 0.14 | - |
| | | | 0.54 | 1.24 |
| | Other Related Parties | | | |
| | Avantha Holdings Limited | | - | 38.06 |
| | Jhabua Power Limited | | - | 0.19 |
| | CERG Advisory Private Limited | | 0.06 | - |
| | | | 0.06 | 38.25 |
| | Total | | 0.60 | 39.49 |
| 15 | Recovery of expenses | | | |
| | Subsidiaries | | | |
| | CG International B.V. | | - | 12.32 |
| | CG International Holdings Singapore Pte. Limited | | 0.05 | - |
| | Total | | 0.05 | 12.32 |
| 16 | Provision against advances | | | |
| | Subsidiaries | | | |
| | CG International B.V. | | 296.31 | 1365.61 |
| | CG Power Solutions Limited | | 9.98 | 927.98 |
| | CG International Holdings Singapore Pte. Limited | | 19.44 | - |
| | PT CG Power Systems Indonesia | | 35.14 | - |
| | CG Power Systems Belgium N.V. | | 7.94 | - |
| | CG Drives & Automation Sweden AB | | 0.28 | - |
| | CG Industrial Holdings Sweden AB | | 0.06 | - |
| | CG Sales Network Malaysia Sdn. Bhd. | | 0.00 | - |
| | | (A) | 369.15 | 2293.59 |
| | Other Related Parties | | | |
| | Avantha Holdings Limited | | - | 711.78 |
| | Avantha Reality Limited | | - | 10.66 |
| | Ballapur Industries Limited | | - | 68.50 |
| | Solaris Industrial Chemicals Limited | | - | 98.20 |
| | | (B) | - | 889.14 |
| | Total | (A+B) | 369.15 | 3182.73 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|---|---|
| 17 | **Provision against trade receivables** | | | |
| | **Subsidiaries** | | | |
| | PT CG Power Systems Indonesia | | 0.18 | - |
| | PT Crompton Prima Switchgear Indonesia | | 46.05 | - |
| | CG Power Americas, LLC | | 11.00 | - |
| | CG Power Systems Belgium N. V. | | 1.99 | - |
| | CG Holdings Belgium N.V. | | 3.38 | - |
| | **Other Related Party** | | | |
| | Ballapur Industries Limited | | - | 0.08 |
| | **Total** | | 62.60 | 0.08 |
| 18 | **Provision against investments** | | | |
| | **Subsidiaries** | | | |
| | CG International B.V. | | 644.68 | - |
| | CG International Holdings Singapore Pte. Limited | | 238.29 | - |
| | PT Crompton Prima Switchgear Indonesia | | 1.15 | - |
| | CG Power Solutions Limited | | 0.05 | - |
| | **Total** | | 884.17 | - |
| 19 | **Loans and advances given during the year** | | | |
| | **Subsidiaries** | | | |
| | CG Power Solutions Limited | | 8.73 | 1044.80 |
| | CG International B.V. | | 135.98 | 330.59 |
| | CG Power Systems Belgium N.V. | | - | 0.42 |
| | CG Electric Systems Hungary Zrt. | | - | 8.19 |
| | CG-PPI Adhesive Products Limited | | - | 5.25 |
| | | (A) | 144.71 | 1389.25 |
| | **Other Related Parties** | | | |
| | Avantha Holdings Limited | | 2.00 | 42.31 |
| | Avantha Realty Limited | | - | 0.42 |
| | Solaris Industrial Chemicals Limited | | - | 98.20 |
| | | (B) | 2.00 | 140.93 |
| | **Total** | (A+B) | 146.71 | 1530.18 |
| 20 | **Loans and advances repaid during the year** | | | |
| | **Subsidiaries** | | | |
| | CG Power Solutions Limited | | 16.02 | 722.16 |
| | CG International B.V. | | - | 15.09 |
| | CG Power Systems Belgium N.V. | | - | 0.17 |
| | CG Electric Systems Hungary Zrt. | | - | 0.15 |
| | CG-PPI Adhesive Products Limited | | - | 5.25 |
| | | (A) | 16.02 | 742.82 |
| | **Other Related Party** | | | |
| | Avantha Holdings Limited | | - | 6.76 |
| | | (B) | - | 6.76 |
| | **Total** | (A+B) | 16.02 | 749.58 |

** Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties:

| Sr. No. | Nature of transaction / relationship | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Subsidiaries** | | | |
| | CG-PPI Adhesive Products Limited | | 5.85 | 4.29 |
| | CG Sales Network Malaysia Sdn.Bhd. | | 2.51 | 1.62 |
| | CG Holdings Belgium N.V. | | - | 0.54 |
| | CG Power Systems Belgium N.V. | | - | 4.45 |
| | CG Electric Systems Hungary Zrt. | | 0.85 | 1.18 |
| | CG Drives and Automation Sweden AB | | 5.67 | 2.65 |
| | CG Holdings Americas, LLC | | - | 0.18 |
| | CG Power Americas, LLC | | 5.31 | 4.85 |
| | PT CG Power Systems Indonesia | | - | 0.36 |
| | | (A) | 20.19 | 20.12 |
| | Non-current | | - | - |
| | Current | | 20.19 | 20.12 |
| | | | 20.19 | 20.12 |
| | **Other Related Party** | | | |
| | Jhabua Power Limited | | - | 1.01 |
| | | (B) | - | 1.01 |
| | Non-current | | - | - |
| | Current | | - | 1.01 |
| | **Total** | (A+B) | 20.19 | 21.03 |
| 2 | **Trade receivable** | | | |
| | **Subsidiaries** | | | |
| | CG Sales Network Malaysia Sdn.Bhd. | | 0.01 | 0.03 |
| | CG Holdings Belgium N.V. | | - | 3.30 |
| | CG Power Systems Belgium N.V. | | - | 1.98 |
| | PT Crompton Prima Switchgear Indonesia | | 0.00 | 15.94 |
| | CG Electric Systems Hungary Zrt. | | 0.05 | (0.00) |
| | CG Drives & Automation Netherland | | 0.00 | - |
| | CG Drives and Automation Sweden AB | | 7.15 | 5.73 |
| | CG Drives & Automation Germany GmbH | | 0.76 | 1.69 |
| | CG Holdings Americas, LLC | | - | 0.13 |
| | CG Power Americas, LLC | | 8.21 | 8.29 |
| | CG Solutions Americas, LLC | | - | 0.26 |
| | PT CG Power Systems Indonesia | | - | 3.51 |
| | | (A) | 16.18 | 40.86 |
| | Non-current | | - | - |
| | Current | | 16.18 | 40.86 |
| | | | 16.18 | 40.86 |
| | **Other Related Parties** | | | |
| | BILT Graphic Paper Products Limited | | - | 0.47 |
| | Jhabua Power Limited | | - | 1.31 |
| | | (B) | - | 1.78 |
| | Non-current | | - | - |
| | Current | | - | 1.78 |
| | **Total** | (A+B) | 16.18 | 42.64 |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|
| 3 | **Loans and advances receivable (net)** | | | |
| | **Subsidiaries** | | | |
| | CG Power Solutions Limited | | 1007.96 | 997.98 |
| | CG International Holdings Singapore Pte. Limited | | 19.44 | 13.90 |
| | CG Sales Network Malaysia Sdn. Bhd. | | - | 0.00 |
| | CG International B.V. | | 2718.17 | 2566.38 |
| | CG Power Systems Belgium N.V. | | - | 7.90 |
| | PT CG Power Systems Indonesia | | - | 0.07 |
| | CG Electric Systems Hungary Zrt. | | 0.03 | 8.04 |
| | CG Industrial Holdings Sweden AB | | - | 0.06 |
| | CG Drives and Automation Sweden AB | | - | 0.28 |
| | | (A) | 3745.60 | 3594.61 |
| | *Less*: Provision against loans and advances | | | |
| | CG Power Solutions Limited | | 1007.96 | 997.98 |
| | CG International Holdings Singapore Pte. Limited | | 19.44 | - |
| | CG International B.V. | | 2718.17 | 2421.86 |
| | | (B) | 3745.57 | 3419.84 |
| | | (A-B) | 0.03 | 174.77 |
| | Non-current | | - | 166.32 |
| | Current | | 0.03 | 8.45 |
| | | | 0.03 | 174.77 |
| | **Other Related Parties##** | | | |
| | Avantha Holdings Limited | | - | 711.78 |
| | Avantha Realty Limited | | - | 10.66 |
| | Ballarpur Industries Limited | | - | 68.50 |
| | Solaris Industrial Chemicals Limited | | - | 98.20 |
| | | (C) | - | 889.14 |
| | *Less*: Provision against loans and advances | | | |
| | Avantha Holdings Limited | | - | 711.78 |
| | Avantha Realty Limited | | - | 10.66 |
| | Ballarpur Industries Limited | | - | 68.50 |
| | Solaris Industrial Chemicals Limited | | - | 98.20 |
| | | (D) | - | 889.14 |
| | | (C-D) | - | - |
| | Non-current | | - | - |
| | Current | | - | - |
| | **Total** | (A-B+C-D) | 0.03 | 174.77 |



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

| Sr. No. | Nature of transaction / relationship | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|
| 4 | **Financial guarantee fees receivable** | | |
| | **Subsidiaries** | | |
| | CG International B.V. | - | 42.25 |
| | CG International Holdings Singapore PTE Limited | - | 31.53 |
| | | - | 73.78 |
| | Non-current | - | 38.58 |
| | Current | - | 35.20 |
| | **Total** | - | 73.78 |
| 5 | **Loans and advances payable** | | |
| | **Subsidiaries** | | |
| | CG Holdings Belgium N.V. | - | 1.14 |
| | CG Drives and Automation Sweden AB | - | 1.61 |
| | CG Holdings Americas, LLC | - | 0.08 |
| | CG Power Americas, LLC | 1.07 | 6.71 |
| | CG Solutions Americas, LLC | - | 0.77 |
| | CG - PPI Adhesive Products Limited | 4.61 | - |
| | | 5.68 | 10.31 |
| | Non-current | - | - |
| | Current | 5.68 | 10.31 |
| | **Total** | 5.68 | 10.31 |
| 6 | **Due to Key Management Personnel** | | |
| | K. N. Neelkant | - | 3.29 |
| | | - | 3.29 |
| | Non-current | - | - |
| | Current | - | 3.29 |
| | **Total** | - | 3.29 |
| 7 | **Guarantees utilised** | | |
| | **Subsidiaries** | | |
| | CG International Holdings Singapore Pte. Limited | 213.24 | 349.48 |
| | CG International B.V. | 579.02 | 889.23 |
| | CG Electric Systems Hungary Zrt. | 241.73 | 253.82 |
| | CG Drives & Automation Sweden AB | 25.66 | 81.55 |
| | PT CG Power Systems Indonesia | - | 152.13 |
| | PT Crompton Prima Switchgear Indonesia | 18.62 | 47.61 |
| | **Other Related Party** | | |
| | Avantha Holdings Limited ## | - | 391.88 |
| | **Total** | 1078.27 | 2165.70 |

## These transactions and balances are subject to regulatory investigation.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

(d) **Compensation of Key Management Personnel of the Company:**

| Nature of transaction | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Short-term employee benefits | 6.54 | 6.93 |
| Post-employment benefits | 0.25 | 0.20 |
| **Total compensation paid to key management personnel** | 6.79 | 7.13 |

Notes:

1 Other related parties in which directors are interested (serial no. 1 to 6 in 45(a)(iv) above) have ceased to be related parties w.e.f. 9 October, 2019 and are considered as promoter affiliate companies in the revised standalone financial statements for the current year ended 31 March, 2020. Above related party disclosure does not include transactions with these entities after the date these entities ceased to be related parties of the Company. Similarly the amount due to / from related parties does not include balances with these parties as at 31 March, 2020.

2 The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

3 The Board of Directors of the Company have approved the proposal of liquidation of two of the step down subsidiaries of the Company viz. CG Power Solutions UK Limited and CG Power and Industrial Solutions Limited Middle East FZCO.

4 The Company makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company contributed ₹ 12.95 crores (Previous year ₹ 12.15 crores).

5 The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (CG Gratuity Fund). During the year, the Company contributed ₹ Nil (Previous year ₹ 7.68 crores).

### 46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) **Power Distribution Franchise with Maharashtra State Electricity Distribution Company Limited**

On 1 June, 2011, the Company had entered into Power Distribution Franchise Agreement ('DFA') with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India. As per the terms of the arrangements, the Company had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large. MSEDCL should supply / sale electricity to the Company at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Company should distribute and supply the electricity at the tariff determined by the regulatory authorities.

MSEDCL had given right to the Company to use its distribution assets which would always belong to MSEDCL. During the tenure of the arrangement, if the Company incurred any capital expenditure, the same should vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Company for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Company had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

The arrangement was assessed as a public-to-private service concession under Ind AS 115. The Company had a contractual right to receive the residual value of the capital expenditure done under the arrangement and accordingly, will recognise financial asset. Further, the Company had right to charge the consumers for the services and therefore, there was an intangible asset. Consequent to the certain unresolved disputes arising out of the DFA of the Company with MSEDCL, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee from the Company with effect from 12 August, 2015. Accordingly, the Company has classified Power Distribution Segment as discontinued operations.

In respect of discontinued power distribution franchise business, the Company and MSEDCL have entered into final settlement on 16 February, 2018. Considering the non-recoverability of balance dues of ₹ 34.21 crores (As at 31 March, 2019), the Company has provided for ₹ 33.72 crores (previous year). During the current financial year the Company has received an amount of ₹ 0.49 crores from the outstanding balance.



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

(b) **Transformer Division - Kanjurmarg**

The Company had entered into a definitive agreement with a Buyer for sale of its remaining portion of land at Kanjurmarg. Consequently, the Board had approved the closure of the Kanjurmarg operations for completion of sale of land. The plant and machineries of Transformer Division (T1) were shifted to other manufacturing facilities. Accordingly, in the previous year ended 31 March, 2019, carrying value of land and building amounting to ₹ 279.94 crores has been classified as 'Asset held for sale' in accordance with "IND AS 105 Non-current Assets Held for Sale and Discontinued Operations" and had recognised a provision for restructuring cost towards closure/shifting of the said manufacturing facility at Kanjurmarg ₹ 95.39 crores in accordance with "IND AS 37 Provisions, Contingent Liabilities and Contingent Assets". During the current year, based on additional update, the Company has actualised and reversed exceptional provision of ₹ 31.29 crores related to expected restructuring cost.

The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. During the current year, the Company has recognised a provision towards delay in completing contractual obligation towards completion of land sale aggregating to ₹ 53.23 crores. The Company continues to engage with the Buyer and shall negotiate settlement of aforesaid provision.

The restructuring provision, reversal thereof and provision towards delay in completing contractual obligation towards completion of land sale forms part of the exceptional items in the financial statements (Refer note 47).

**Statement of profit and loss of the discontinued operations:**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| | Power Distribution | Power Distribution |
| Revenue from operations | - | - |
| Expenses (net of other income) | - | 33.72 |
| Loss before tax | - | (33.72) |
| Tax credit | - | (11.78) |
| Loss after tax from discontinued operations | - | (21.94) |

**The major classes of assets and liabilities of the discontinued operations are as under:**

| Nature of transaction | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | Transformer Division - Kanjurmarg | Power Distribution | Transformer Division - Kanjurmarg | Power Distribution |
| Assets | | | | |
| Land and building (net) | 279.85 | - | 279.94 | - |
| Trade receivables | - | - | - | 0.49 |
| **Assets classified as held for sale (A)** | 279.85 | - | 279.94 | 0.49 |
| **Liabilities directly associated with assets classified as held for sale (B)** | - | - | - | - |
| **Net assets directly associated with disposal group (A-B)** | 279.85 | - | 279.94 | 0.49 |

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

| Cash Flows | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Operating | 0.49 | 2.08 |
| Investing | - | - |
| Financing | - | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 47. EXCEPTIONAL ITEMS

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Provision against loan given to subsidiary | - | (40.61) |
| Impairment of investments in subsidiaries (Refer note (a) below) | (884.17) | - |
| Provision against doubtful advances | 3.55 | - |
| Impairment of advances given to other related parties | - | (889.14) |
| Impairment of advances given to other parties | - | (249.63) |
| Provision against litigation (for trade receivable and claims) (Refer note (b) below) | (22.48) | (35.45) |
| Impairment of loan given to subsidiary (Refer note (a) below) | (325.73) | (2252.98) |
| Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries (Refer note (a) below) | (92.31) | - |
| Curtailment of gratuity liability | - | 17.16 |
| Provision for impairment of intangible assets under development | - | (14.15) |
| Short fall of provident fund liability (Refer note (c) below) | (0.78) | (24.83) |
| Post retirement medical benefit provision reversal due to change in policy (Refer note 43(b)) | 10.83 | - |
| Provision for delay in completing contractual obligation pertaining to land sale and expected restructuring cost (Refer note 46) | (21.94) | (95.39) |
| Professional and Consultancy fees due to ongoing investigations and debt resolution plan (Refer note (d) below) | (36.24) | - |
| **Total** | (1369.27) | (3585.02) |

Notes:

(a) The Company had a total exposure of ₹ 940.99 crores in CG International B.V., ('CGIBV'), ₹ 257.73 crores in CG International Holdings Singapore PTE Limited ('CGSN'), ₹46.40 crores in CG Power Systems Belgium N V and its step down subsidiaries and ₹ 47.06 crores in PT Crompton Prima Switchgear Indonesia ('CPSI') from receivables and investments as at 31 March, 2020. In addition, the Company has ₹ 0.05 crores investment in and ₹ 9.98 crores of loan given to CG Power Solutions Limited. The Company evaluated the recoverability of such investment and receivable balances and recorded an impairment provision of ₹ 1302.21 crores in the current year.

(b) One of the customers of the Company had raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory and consequently, had invoked arbitration proceedings. During the current year, the Customer agreed to settle the dispute and the arbitration proceeding was finally terminated. Under the settlement agreement, the Company was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer failing which the settlement agreement provided for payment of 2.9 million USD by the Company to the customer. In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and the Company does not have control over the transformer. Considering these facts, during the current year, the Company has recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds.

(c) During the year, the Company has recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.

(d) During the year, the Company has incurred professional and consultancy charges of ₹ 36.24 crores towards ongoing investigations in relation to matters disclosed in these standalone financial statements and the debt resolution process initiatives.

### 48. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values:**

1. The Company has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others (except financial guarantee fees receivable and derivative instruments), current financial liabilities - borrowings, trade payables and other financial liabilities (except derivative instruments and current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2. The fair values of the quoted investments / units of mutual fund schemes are based on market price / net asset value at the reporting date.





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 48. FAIR VALUE MEASUREMENTS (Contd.)

3. The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

4. Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

   The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

   **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

   **Level 2**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

   **Level 3**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

| | Note No. | Carrying amount As at 31-03-2020 (Revised) | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments* | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans (Refer note (a) below) | 8 | 6.52 | - | 6.52 | - |
| Non-current financial assets others | 9 | 33.54 | - | 33.54 | - |
| **Total** | | 40.45 | 0.39 | 40.06 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.33 | - | 1.33 | - |
| Current investments | 12 | 0.01 | 0.01 | - | - |
| **Total** | | 1.34 | 0.01 | 1.33 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long term loans from bank (Refer note (b) below) | 21 | 292.89 | - | 221.89 | - |
| Non-current other financial liabilities | 22 | 16.22 | - | 5.85 | 10.37 |
| Current maturities of long term borrowings | 27 | 483.08 | - | 483.08 | - |
| **Total** | | 792.19 | - | 710.82 | 10.37 |

| | Note No. | Carrying amount As at 31-03-2019 (Recasted) | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments* | 6 | 0.39 | 0.39 | - | - |
| Financial guarantee fees receivable (non-current) | 9 | 38.58 | - | 38.58 | - |
| Financial guarantee fees receivable (current) | 17 | 35.20 | - | 35.20 | - |
| Non-current financial assets loans (Refer note (a) below) | 8 | 173.28 | - | 6.96 | - |
| Non-current financial assets others | 9 | 5.06 | - | 5.06 | - |
| **Total** | | 252.51 | 0.39 | 85.80 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Derivative instruments | 17 | 4.89 | - | 4.89 | - |
| Non-current investments | 6 | 1.27 | - | 1.27 | - |
| Current investments | 12 | 0.01 | 0.01 | - | - |
| **Total** | | 6.17 | 0.01 | 6.16 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long term loans from bank (Refer note (b) below) | 21 | 611.16 | - | 538.96 | - |
| Non-current other financial liabilities | 22 | 5.59 | - | 5.59 | - |
| Current maturities of long term borrowings | 27 | 312.62 | - | 312.62 | - |
| **Total** | | 929.37 | - | 857.17 | - |

* Excludes investment in subsidiaries measured at cost.

During the reporting period ending 31 March, 2020 and 31 March, 2019 , there were no transfers between Level 1 and Level 2 fair value measurements.

₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 48. FAIR VALUE MEASUREMENTS (Contd.)

Notes:

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| a) The carrying amount includes below (other than those categorised in the fair value hierarchy above): | | |
| Advance to subsidiaries | - | 166.32 |
| **Total** | - | 166.32 |

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| b) The carrying amount includes below (other than those categorised in the fair value hierarchy above): | | |
| Term loans from banks | 71.00 | 72.20 |
| **Total** | 71.00 | 72.20 |

The facts disclosed or disclosure made or provisions made as above for certain liabilities as at respective year end are subject to admission of liability by the Company and the Company's right under law and / or contract and / or equity to contest the same, as necessary.

## 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks namely credit risk, interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the Company's risk anagement policy which has been approved by its Board of Directors.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company generally has managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

### Exposure to interest risk

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Floating Rate borrowings | 1995.78 | 2296.65 |

### Interest rate sensitivity

| | 2019-20 (Revised) | 2018-19 (Revised) |
|---|---|---|
| 25 bps increase - Decrease in profit | (4.99) | (5.74) |
| 25 bps decrease - Increase in profit | 4.99 | 5.74 |

### Foreign currency risk

The Company's functional currency is Indian Rupee. The Company undertakes transactions denominated in foreign currencies and consequently the Company is exposed to foreign exchange risk Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

## 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Unhedged foreign currency exposure as at 31 March, 2020 (Revised)

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 132.52 | 13.56 | - | - | 2.13 | 148.21 |
| Short-term borrowings | (286.46) | - | - | - | - | (286.46) |
| Trade payables | (60.99) | (17.18) | (1.74) | (2.92) | (0.23) | (83.06) |
| Commission payable | (25.91) | (2.43) | - | - | (0.12) | (28.46) |

Unhedged foreign currency exposure as at 31 March, 2019 (Recasted)

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 118.87 | 42.98 | - | - | 2.51 | 164.36 |
| Loans and other receivables | 13.89 | 144.53 | - | - | - | 158.42 |
| Short-term borrowings | (418.61) | - | - | - | - | (418.61) |
| Trade payables | (73.85) | (38.58) | (5.44) | (3.71) | (0.82) | (122.40) |
| Commission Payable | (19.76) | (1.45) | - | - | - | (21.21) |
| Forward contracts for receivable | 1.76 | - | - | - | - | 1.76 |
| Forward contracts for loans | - | 3.13 | - | - | - | 3.13 |

### Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | (2.41) | 2.41 | (4.28) | 4.28 |
| Euro | (0.06) | 0.06 | 0.33 | (0.33) |
| JPY | (0.02) | 0.02 | (0.05) | 0.05 |
| CHF | (0.03) | 0.03 | (0.04) | 0.04 |
| Others | 0.02 | (0.02) | 0.02 | (0.02) |
| **Increase / (decrease) in profit or loss** | (2.50) | 2.50 | (4.02) | 4.02 |

### Credit risk

Credit risk refers to the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project.

Where the loans or receivables are impaired, the Company continues to engage in enforcement activity to attempt to recover the receivable due.

The Company is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees and derivative financial instruments.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Exposure to credit risk**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in Government or trust securities | 0.39 | 0.39 |
| Investments in Debentures or bonds | 0.05 | 0.05 |
| Other non-current investments | 1.27 | 1.21 |
| Long-term loans (Refer note below) | 6.52 | 173.28 |
| Long-term financial assets - others (Refer note below) | 33.54 | 43.64 |
| Cash and cash equivalents and other bank balances | 140.62 | 120.41 |
| Current financial assets - loans | 35.64 | 40.18 |
| Current financial assets - others | 2.79 | 40.72 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| **Trade receivables** | 674.65 | 1337.01 |

**Notes:**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying balances includes below: | | |
| Advance to subsidiaries | - | 166.32 |
| **Total** | - | 166.32 |

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) (current as well as non-current) has been considered from the date the invoice falls due.

| | |
|---|---|
| **As at 31-03-2020 (Revised)** | |
| Up to 3 months | 196.24 |
| 3 to 6 months | 48.13 |
| More than 6 months | 430.28 |
| | 674.65 |
| **As at 31-03-2019 (Recasted)** | |
| Up to 3 months | 894.91 |
| 3 to 6 months | 108.65 |
| More than 6 months | 333.45 |
| | 1337.01 |

The following table summarises the change in the loss allowances measured using life-time expected credit loss model:

| | |
|---|---|
| **As at 1-04-2018 (Recasted)** | 102.25 |
| Provided during the year | 99.18 |
| Amounts written off | (17.77) |
| Reversals of provision | (31.34) |
| **As at 31-03-2019 (Recasted)** | 152.32 |
| Provided during the year | 122.17 |
| Reversals of provision | (7.13) |
| **As at 31-03-2020 (Revised)** | 267.36 |

No significant changes in estimation techniques or assumptions were made during the reporting period.

Also refer note 55 for mitigating factors explained on the going concern assumptions.





₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity profile of financial liabilities:**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| As at 31-03-2020 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | | 5.85 | | 5.85 |
| Current maturities of long term borrowings | 483.08 | - | - | 483.08 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores) | - | 298.66 | - | 298.66 |
| Short-term borrowings | 1214.04 | - | - | 1214.04 |
| Trade payables | 1189.96 | - | - | 1189.96 |
| Other financial liabilities | 306.52 | - | - | 306.52 |
| Lease liabilities | 5.46 | 11.15 | 3.67 | 20.28 |

| As at 31-03-2019 (Recasted) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 5.59 | - | 5.59 |
| Current maturities of long term borrowings | 312.62 | - | - | 312.62 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 16.26 crores) | - | 627.42 | - | 627.42 |
| Short-term borrowings | 1356.61 | - | - | 1356.61 |
| Trade payables | 1554.64 | - | - | 1554.64 |
| Other financial liabilities | 297.41 | - | - | 297.41 |

The amount of guarantees utilised on behalf of subsidiaries included in Note 45 represents the maximum amount the Company could be forced to settle. Based on the expectation at the end of the reporting year, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. General credit terms for the payables are in the range of 30 to 180 days.

**Notes:**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying amount of financial liabilities includes: | | |
| Term loans from bank | 71.00 | 72.20 |
| Term loan from others | 320.00 | 320.00 |
| **Total** | 391.00 | 392.20 |

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary.

Also Refer note 55 for mitigating factors explained on the going concern assumptions.

**Collaterals:**

The Company has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfill certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered (Refer note 21 and 25).

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 50. CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Total debt (Refer note below) | 1990.13 | 2280.51 |
| Equity | (316.69) | 1163.22 |
| **Total debt and equity** | 1673.44 | 3443.73 |
| **Gearing ratio** | 118.92% | 66.22% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2020 and 31 March, 2019.

Notes:

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying amount includes below: | | |
| Term loans from bank | 71.00 | 72.20 |
| Term loan from others | 320.00 | 320.00 |
| **Total** | 391.00 | 392.20 |

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Company has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | As at 1-04-2019 (Revised) | Cash Inflows / (Outflows) | Effect of reclassification | Foreign Exchange Movement Impact | Finance cost charged during the year | Others | As at 31-03-2020 (Revised) |
|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | |
| **Secured loans** | | | | | | | |
| Term loans from banks | 538.96 | - | (327.56) | - | 10.49 | - | 221.89 |
| **Unsecured loans** | | | | | | | |
| Term loans from banks | 72.20 | - | - | - | - | (1.20) | 71.00 |
| **Current financial liabilities - borrowings:** | | | | | | | |
| **Secured loans** | | | | | | | |
| Banks | 357.10 | (50.10) | 33.89 | 29.70 | - | - | 370.59 |
| **Unsecured loans** | | | | | | | |
| Banks | 627.71 | (124.43) | 15.90 | - | - | - | 519.18 |
| Supplier Finance Facility | 2.01 | (2.01) | - | - | - | - | - |
| Others | 49.79 | 4.27 | (49.79) | - | - | - | 4.27 |
| From other company | 320.00 | - | - | - | - | - | 320.00 |
| **Current - other financial liabilities:** | | | | | | | |
| Current maturities of long term borrowings | 312.62 | (157.10) | 327.56 | - | - | - | 483.08 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 30.03 | (162.17) | - | - | 237.48 | - | 105.34 |
| **Total** | 2310.54 | (491.54) | - | 29.70 | 247.97 | (1.20) | 2095.47 |

**Note :** The above disclosure does not include the cash flow movement for lease liabilities (Refer note 40)



₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

| | As at 1-04-2018 (Recasted) | Cash Inflows / (Outflows) | Effect of reclassification | Foreign Exchange Movement Impact | Finance cost charged during the year | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | |
| **Secured loans** | | | | | | |
| Term loans from banks | 799.80 | - | (273.26) | - | 12.42 | 538.96 |
| **Unsecured loans** | | | | | | |
| Term loans from banks | 36.85 | 72.20 | (39.36) | - | 2.51 | 72.20 |
| **Current financial liabilities - borrowings:** | | | | | | |
| **Secured loans** | | | | | | |
| Banks | 318.59 | 28.47 | - | 10.04 | - | 357.10 |
| **Unsecured loans** | | | | | | |
| Banks | 467.84 | 159.87 | - | - | - | 627.71 |
| Supplier finance facility | 89.71 | (87.70) | - | - | - | 2.01 |
| Others | - | 49.79 | | - | - | 49.79 |
| From other company | 390.00 | (70.00) | - | - | - | 320.00 |
| **Current - other financial liabilities:** | | | | | | |
| Current maturities long term borrowings | 263.92 | (263.92) | 312.62 | - | - | 312.62 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 6.90 | (274.79) | - | - | 297.92 | 30.03 |
| **Total** | 2373.73 | (386.08) | - | 10.04 | 312.85 | 2310.54 |

### 52. EARNINGS PER SHARE

| | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| Face value of equity share | ₹ | 2.00 | 2.00 |
| Equity shares outstanding | Nos. | 626746142 | 626746142 |
| Loss for the year (continuing operations) | ₹ crores | (1479.83) | (2658.01) |
| Earnings per share (for continuing operations) | ₹ | (23.61) | (42.41) |
| Loss for the year (discontinued operations) | ₹ crores | - | (21.94) |
| Earnings per share (for discontinued operations) | ₹ | - | (0.35) |
| Loss for the year (total operations) | ₹ crores | (1479.83) | (2679.95) |
| Earnings per share (for continuing operations and discontinued operations) | ₹ | (23.61) | (42.76) |

₹ crores

## NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

### 53. PARTICULARS IN RESPECT OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 53(F) READ WITH PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

| | | Balance as at | | Maximum outstanding during | |
|---|---|---|---|---|---|
| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
| (a) | **Principal outstanding of loans and advances in the nature of loans given to subsidiaries** | | | | |
| | CG Power Solutions Limited* | 1007.96 | 997.98 | 1007.96 | 1314.58 |
| | CG International B.V. | 2718.17 | 2566.38 | 2718.17 | 2566.38 |
| | CG International Holdings Singapore Pte. Limited | 19.44 | 13.89 | 19.44 | 13.89 |
| (b) | **Loans and advances in the nature of loans where repayment schedule is not specified** | | | | |
| | CG International B.V. | 2718.17 | 2566.38 | 2718.17 | 1041.17 |
| | CG Power Solutions Limited* | 1007.96 | 997.98 | 1007.96 | 1314.58 |

* The Company has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The Company plans to initiate the recovery proceedings for these receivables based on consultation with independent legal counsel.

### 54. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

Loans given and investments made are given under the respective heads.

Corporate guarantees given by the Company in respect of loans::

| Name of the Company | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| CG International B.V. | 904.37 | 889.23 |
| CG Electric Systems Hungary Zrt. | 270.55 | 253.82 |
| CG International Holdings Singapore Pte. Limited | 372.51 | 349.48 |
| CG Drives & Automation Sweden AB | 86.92 | 81.55 |
| PT CG Power Systems Indonesia | 166.45 | 152.13 |
| PT Crompton Prima Swtichgear Indonesia | 52.09 | 47.61 |
| Avantha Holdings Limited | 500.00 | 500.00 |
| | 2352.89 | 2273.82 |

55. The Company has incurred a net loss before exceptional item of ₹ 178.52 crores during the year ended 31 March, 2020. As at 31 March, 2020, the Company's current liability exceeds its current assets by ₹ 2079.32 crores subject to classification of bank borrowings depending on conclusion of resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on Inter-Creditor Agreement ('ICA') gets extended. Due to these factors, the going concern basis of preparation of these revised standalone financial statements could be materially affected as at 31 March, 2020.

However following mitigating factors and business updates for the year supports the going concern assumption for preparation of these revised standalone financial statements:

- The Company has been in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the ICA, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Company and its lenders are in discussion with potential investors for infusion of capital in the Company.
- The Company has an unexecuted business order book of over ₹ 2853.00 crores as on the date of issuance of original standalone financial statements.



₹ crores

NOTES ACCOMPANYING THE REVISED STANDALONE FINANCIAL STATEMENTS (Contd.)

56. Globally including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Company's operations in India were impacted in the month of March, 2020, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India in view of COVID-19. The lockdown affected our partners and customers too, resulting in diminished sales, ordering and manufacturing activities. Subsequent to easing of lockdown and receipt of requisite approvals, the Company has commenced limited operations at all its plants from 29 April, 2020 and is gradually ramping up production, sales and allied activities.

In view of the uncertainties regarding the extent and duration of current COVID-19 situation, the Company is not able to predict the future impact on the business operations. However, even before this pandemic situation, the Company because of the various reasons discussed in notes above has been facing financial stress and is working on various options to avail the required financial support. The Company believes post requisite financial restructuring, there will be no significant impact on the recoverability of its financial and non-financial assets, subject to the past events and possible impact thereof, as discussed above.

### 57. RECENT ACCOUNTING PRONOUNCEMENT (STANDARDS ISSUED BUT NOT EFFECTIVE)

Ministry of Corporate Affairs (""MCA"") notifies new standard or amendments to the existing standards. Till the date of issue of financial statements, there is no such notification which would have been applicable from 1 April, 2020.

58. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

59 Amounts shown as ₹ 0.00 represents amount below ₹ 50000 (Rupees Fifty Thousand).

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

**Himanshu Kishnadwala**
Partner
Membership No. 037391
Mumbai: 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Susheel Todi**
Chief Financial Officer

Mumbai: 31 December, 2021

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**P Varadarajan**
Company Secretary

FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

₹ crores

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2020

| Sr. No | Name of Subsidiary | Date of Acquisition / Incorporation | Reporting year of the subsidiary ended on | Reporting Currency | Exchange Rate Closing | Exchange Rate Average | Capital Equity Share Capital | Capital Preference Share Capital | Reserves | Total Assets | Total Liabilities | Investments (except investments in subsidiaries) | Turnover (including Other income) | Profit / (loss) before taxation | Provision for taxation | Profit / (loss) after taxation | Proposed Dividend | % of Share-holding | Country of Incorporation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 1 | CG PPI Adhesive Products Limited | 4-Nov-88 | 31-Mar-20 | INR | 1.00 | 1.00 | 3.90 | - | 13.76 | 23.25 | 5.59 | - | 15.80 | (1.01) | (0.19) | (0.82) | - | 81.42% | India |
| 2 | CG Power Solutions Limited | 14-Mar-12 | 31-Mar-20 | INR | 1.00 | 1.00 | 0.05 | - | (1,869.99) | 0.00 | 1,869.94 | - | 0.36 | (33.59) | - | (33.59) | - | 100.00% | India |
| 3 | CG Power Equipments Limited | 19-Sep-14 | 31-Mar-20 | INR | 1.00 | 1.00 | 3.18 | - | (3.16) | 0.03 | 0.01 | - | - | (0.01) | - | (0.01) | - | 100.00% | India |
| 4 | CG Sales Networks Malaysia Sdn. Bhd. (formerly known as Crompton Greaves Sales Network Malaysia Sdn.Bhd.) | 30-Sep-13 | 31-Mar-20 | MYR | 17.49 | 17.26 | 0.36 | - | 6.08 | 8.74 | 2.30 | - | 9.60 | (0.51) | 0.09 | (0.60) | - | 100.00% | Malaysia |
| 5 | CG International Holdings Singapore PTE Limited | 6-Jun-11 | 31-Mar-20 | EUR | 1.00 | 1.00 | 206.20 | - | (565.17) | 73.46 | 432.43 | - | 2.39 | (223.73) | - | (223.73) | - | 100.00% | Singapore |
| 6 | CG International B.V. | 1-Apr-05 | 31-Mar-20 | EUR | 82.78 | 80.32 | 1,514.87 | - | (2,808.85) | 660.47 | 1,954.45 | - | 12.53 | (1218.69) | - | (1218.69) | - | 100.00% | The Netherlands |
| 7 | CG Holdings Belgium N.V. * | 13-May-05 | 31-Mar-20 | EUR | 82.78 | 80.32 | - | - | - | - | - | - | 156.94 | (37.07) | - | (37.07) | - | 100.00% | Belgium |
| 8 | CG Power Systems Belgium N.V.* | 13-May-05 | 31-Mar-20 | EUR | 82.78 | 80.32 | - | - | - | - | - | - | 364.07 | (118.30) | - | (118.30) | - | 100.00% | Belgium |
| 9 | CG Power Systems Ireland Limited * | 13-May-05 | 31-Mar-20 | EUR | 82.78 | 80.32 | - | - | - | - | - | - | 413.81 | 27.83 | 0.80 | 27.03 | - | 100.00% | Ireland |
| 10 | PT CG Power Systems Indonesia * | 13-May-05 | 31-Mar-20 | IDR | 0.00463 | 0.00502 | - | - | - | - | - | - | 444.06 | 0.52 | (0.65) | 1.17 | - | 95.00% | Indonesia |
| 11 | CG Sales Networks France SA * | 13-May-05 | 31-Mar-20 | EUR | 82.78 | 80.32 | - | - | - | - | - | - | 4.41 | 0.15 | 0.12 | 0.03 | - | 99.70% | France |
| 12 | CG Power Solutions Saudi Arabia Limited * | 21-Dec-10 | 31-Dec-19 | SAR | 20.11 | 19.41 | - | - | - | - | - | - | - | - | - | - | - | 51.00% | Saudi Arabia |
| 13 | CG Power Systems Canada Inc. | 13-May-05 | 31-Mar-20 | CAD | 53.06 | 53.73 | 145.92 | 42.45 | (185.18) | 5.36 | 2.17 | - | - | (0.07) | - | (0.07) | - | 100.00% | Canada |
| 14 | PT Crompton Prima Switchgear Indonesia | 7-May-14 | 31-Dec-19 | IDR | 0.00463 | 0.00502 | 34.49 | - | (23.54) | 160.73 | 149.78 | - | 32.13 | (16.94) | (4.23) | (12.71) | - | 51.00% | Indonesia |
| 15 | CG-Ganz Generator and Motor Limited Liability Company (formerly CG Holdings Hungary Kft.) | 26-Sep-06 | 31-Mar-20 | EUR | 82.78 | 80.32 | 32.41 | - | 25.84 | 114.23 | 55.98 | - | 0.64 | 0.26 | 0.01 | 0.25 | - | 100.00% | Hungary |
| 16 | CG Electric Systems Hungary Zrt. | 16-Oct-06 | 31-Mar-20 | EUR | 82.78 | 80.32 | 39.73 | - | (54.78) | 487.57 | 502.62 | - | 205.33 | (86.67) | - | (86.67) | - | 100.00% | Hungary |
| 17 | CG Service Systems France SAS | 2-Jun-08 | 31-Mar-20 | EUR | 82.78 | 80.32 | 7.28 | - | (5.06) | 14.20 | 11.98 | - | 24.95 | (0.99) | - | (0.99) | - | 100.00% | France |
| 18 | CG Power Solutions UK Limited | 1-Apr-10 | 31-Mar-20 | GBP | 93.39 | 92.30 | 0.00 | - | (14.45) | 25.40 | 39.85 | - | 2.43 | (5.34) | - | (5.34) | - | 100.00% | United Kingdom |
| 19 | CG Industrial Holdings Sweden AB | 10-Jun-11 | 31-Mar-20 | SEK | 7.47 | 7.50 | 104.58 | - | (3.88) | 222.17 | 121.47 | - | - | (0.53) | - | (0.53) | - | 100.00% | Sweden |
| 20 | CG Drives and Automation Sweden AB | 10-Jun-11 | 31-Mar-20 | SEK | 7.47 | 7.50 | 19.15 | - | 179.92 | 270.25 | 71.18 | - | 235.34 | 4.12 | 0.43 | 3.69 | - | 100.00% | Sweden |
| 21 | CG Drives and Automation Netherlands B.V. | 10-Jun-11 | 31-Mar-20 | EUR | 82.78 | 80.32 | 4.92 | - | 21.82 | 40.12 | 13.38 | - | 52.96 | 2.16 | 0.42 | 1.74 | - | 100.00% | The Netherlands |
| 22 | CG Drives and Automation Germany GmbH | 10-Jun-11 | 31-Mar-20 | EUR | 82.78 | 80.32 | 0.21 | - | 12.84 | 36.14 | 23.09 | - | 139.16 | (0.54) | (0.24) | (0.30) | - | 100.00% | Germany |
| 23 | CG Middle East FZE | 14-Apr-13 | 31-Mar-20 | EUR | 82.78 | 80.32 | 1.71 | - | (756.52) | 1.66 | 756.47 | - | 4.69 | (185.56) | - | (185.56) | - | 100.00% | UAE |
| 24 | CG Power Americas, LLC | 8-Jan-16 | 31-Mar-20 | USD | 75.66 | 72.81 | - | - | (189.69) | 70.38 | 260.07 | - | 64.62 | (10.20) | - | (10.20) | - | 100.00% | USA |
| 25 | QEI, LLC | 15-Apr-15 | 31-Mar-20 | USD | 75.66 | 72.81 | - | - | 67.53 | 119.25 | 51.72 | - | 76.25 | 10.10 | - | 10.10 | - | 100.00% | USA |
| 26 | CG Holdings Americas, LLC # | 7-Oct-16 | 31-Mar-20 | USD | 75.66 | 72.81 | - | - | - | - | - | - | - | - | - | - | - | - | USA |
| 27 | CG Solutions Americas, LLC # | 7-Oct-16 | 31-Mar-20 | USD | 75.66 | 72.81 | - | - | - | - | - | - | - | - | - | - | - | - | USA |
| 28 | CG Power and Industrial Solutions Limited Middle East FZCO | 15-Oct-18 | 31-Mar-20 | EUR | 82.78 | 80.32 | - | - | - | - | - | - | - | - | - | - | - | 100.00% | UAE |

* During the current year, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') are declared bankrupt and based on the legal advice obtained, the Group believes that it no longer retains control over these subsidiaries, CG Power Solutions Saudi Arabia Limited and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Limited, PT CG Power Systems Indonesia and CG Sales Networks France SA. Consequently these entities ceased to be treated as subsidiaries w.e.f. 1 January, 2020 (Refer note 52 in consolidated financial statements)

\# Merged with CG Power Americas, LLC w.e.f. 1 April, 2019

FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 )

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

Notes:

1 **Name of the subsidiaries which are yet to commence the operations**

CG Power and Industrial Solutions Limited Middle East FZCO

2 **Name of the subsidiaries which have been liquidated or sold during the year**

Nil

3 **Name of the subsidiaries which have been demerged during the year**

Nil

4 **Name of the subsidiaries ceased to be subsidiaries on account of loss of control during the year (w.e.f. 1 January, 2020)**

CG Holdings Belgium N.V.

CG Power Systems Belgium N.V.

CG Power Systems Ireland Limited

PT CG Power Systems Indonesia

CG Sales Networks France SA

CG Power Solutions Saudi Arabia Limited

5 **Name of the subsidiaries merged during the year**

CG Holdings Americas, LLC (merged with CG Power Americas,LLC w.e.f.1 April, 2019)

CG Solutions Americas, LLC (merged with CG Power Americas, LLC w.e.f.1 April, 2019)

**For and on behalf of the Board**

| | |
|---|---|
| Natarajan Srinivasan<br>Managing Director<br>(DIN: 00123338) | Vellayan Subbiah<br>Chairman<br>(DIN : 01138759) |
| Susheel Todi<br>Chief Financial Officer | P Varadarajan<br>Company Secretary |

Mumbai : 31 December, 2021

FORM AOC -I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 )

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'B' : Associates and Joint Ventures

₹ crores

**INFORMATION IN RESPECT OF ASSOCIATE COMPANIES AND JOINT VENTURES** FOR THE YEAR ENDED 31 MARCH, 2020

| S. No. | Name of Associate / Joint Venture | Date of Acquisition / Incorporation | Latest Audited Balance Sheet Date | Share of Associate / Joint Venture held by company on the year end | | | Description of How there is significant infuence | Reason why the Associate / Joint Venture is not consolidated | Networth attributable to shareholding as per latest audited balance sheet | Profit / (loss) for the year | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares held | Amount of Investment in Associate / Joint Venture | Extent of Holding % | | | | Considered in Consolidation | Not considered in Consolidation |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | CG International BV TR. & Cont. Pvt. Co. LLC. (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC") | 13-May-2005 | 31-Mar-2018 | - | - | - | Control of more than 26% of total share capital | - | - | - | - |

Notes:

1. Name of the associates or joint ventures which are yet to commence the operations - Nil

2. Name of the associates which have been liquidated or sold during the year - CG International BV Tr. & Cont. Pvt. Co. LLC (formerly known as Pauwels Middle East Tr. & Cont. Pvt. Co. LLC), Liquidated w.e.f. 18 June, 2019.

For and on behalf of the Board

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

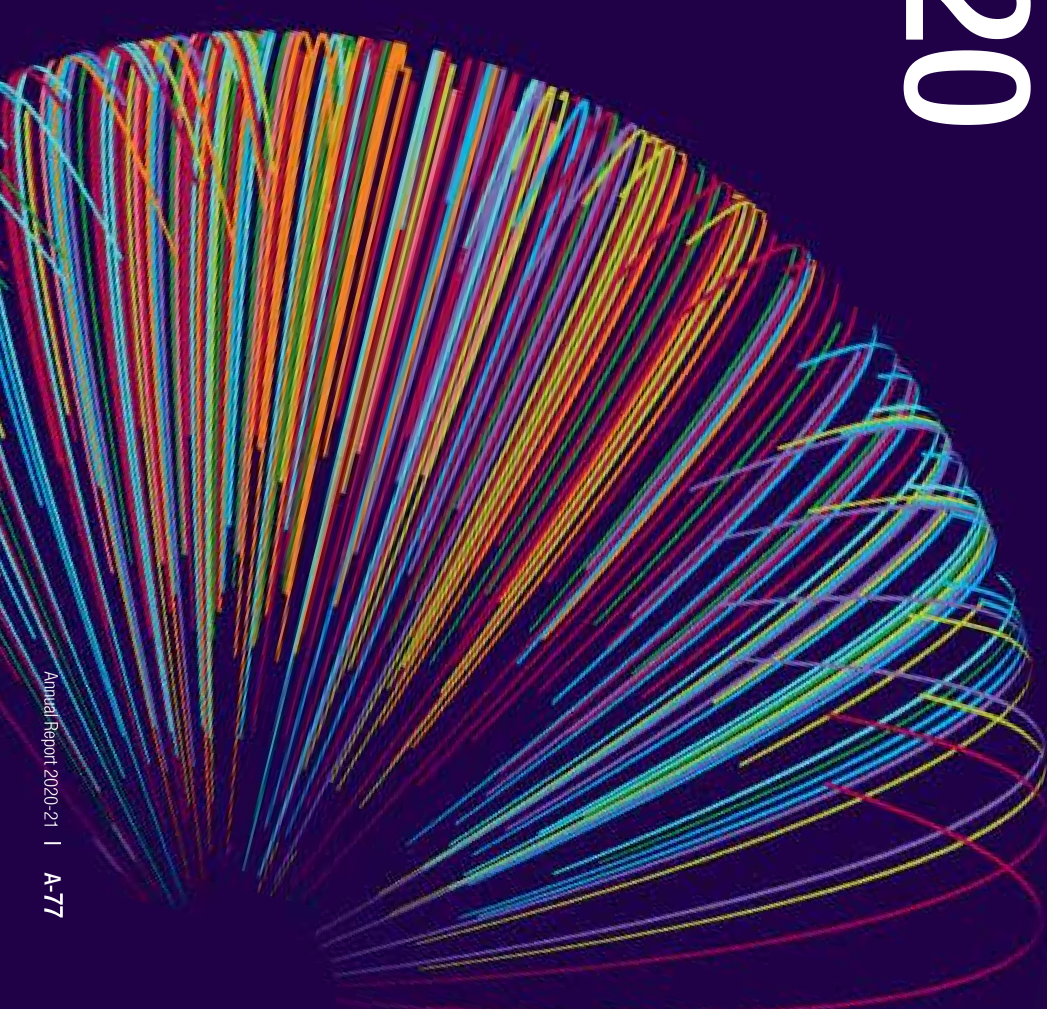
**P Varadarajan**
Company Secretary

Mumbai : 31 December, 2021





# Consolidated Financials 2019-20



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

### Report on the audit of the Revised Consolidated Financial Statements

We have been appointed as auditors of CG Power and Industrial Solutions Limited (hereinafter referred to as "Holding Company") to audit the Revised Consolidated Financial Statements for the financial year ended 31st March, 2020, as the Company has voluntarily revised its consolidated financial statements for the aforesaid financial year, consequent to recasting of its financial statements for five year period ended 31st March, 2019 and has obtained necessary approval from Hon'ble National Company Law Tribunal ("NCLT") vide order dated 22nd December, 2021 u/s 131 of the Companies Act, 2013 ("the Act") (hereinafter referred to as the NCLT order).

### Opinion

We have audited the accompanying Revised Consolidated Financial Statements of the Holding Company, and its subsidiaries (Holding Company and its subsidiaries together referred to as Group), which comprise the Revised Consolidated Balance Sheet as at 31st March, 2020, the Revised Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Revised Statement of Changes in Equity, Revised Statement of Cash Flows for the year then ended and notes to the Revised Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "Revised Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Revised Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2020, its Revised Consolidated Loss, total comprehensive income, Revised Consolidated changes in equity and its Revised Consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Revised Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the 'Audit of the Revised Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Revised Consolidated Financial Statements.

### Emphasis of Matter

1. We refer to Note 3B of the Revised Consolidated Financial Statements wherein the impact of the adjustments has been stated and Note 3A (a) of the Revised Consolidated Financial Statements wherein it is stated that impact, if any, arising from the ongoing Serious Fraud Investigation Office (SFIO) investigation is not considered in the Revised Consolidated Financial Statements due to reasons mentioned therein. Our report has to be read in conjunction with those disclosures;

2. As stated in Note 3A (f) of the Revised Consolidated Financial Statements, the Group believes that the Board of Directors and Key Managerial Personnel appointed after the change of Management on 26th November 2020 cannot be made liable for any violations or non-compliance of any of the provisions of law in respect of certain past transactions up to 31st March, 2020 arising out of the above;

3. We draw attention to Note 3A (e) of the Revised Consolidated Financial Statements wherein the Group has disclosed its exposure by way of corporate guarantees amounting to Rs. 642.29 crores in favour of lenders in respect of its subsidiaries, CG Holdings Belgium NV and CG Power Systems Belgium NV. Pending outcome of the bankruptcy proceedings ordered by the Court of Belgium for above referred companies, the Management believes that the recoverable value of assets in the above referred entities, will be sufficient to meet substantial liabilities post the liquidation process and the company will not be liable to any further obligations for such liabilities / corporate guarantees. Accordingly, the company has not made provisions in respect of the same.

4. We have carried out the process of obtaining external confirmations for the parties selected by us for the purpose of checking the correctness of the outstanding balances. We have relied upon the balances as per Revised Consolidated Financial Statements in cases where no responses were received.

5. We draw attention to Note 53 of the Revised Consolidated Financial Statements which indicate the basis on which the financial statements are drawn on the basis of Going Concern.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Revised Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Revised Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.





| Sr. No | Key audit matters | Auditors' response |
|---|---|---|
| 1 | **Methodology for audit of Revised Consolidated Financial Statements**<br>The Holding Company has voluntarily revised the Consolidated Financial Statements, for the aforesaid financial year, consequent to recasting of its financial statements for five year period ended 31st March, 2019 and has obtained necessary approval from NCLT vide order dated 22nd December, 2021 u/s 131 the Act.<br>The Statutory auditors in their audit report dated 27th June, 2020 issued disclaimer of opinion regarding the impact of certain transactions on financial position and financial result of the Holding Company.<br>The impact of the same being considered material, this has been considered as a key audit matter | Our Audit Approach included the following:<br>• Review of the application to and order of the NCLT for voluntary revision of books of accounts of the Company for the financial year 2019-20 under section 131(1) of the Act.<br>• Review of disclosure of effect of changes made in Note 3B of Revised Consolidated Financial Statements and performing procedures to ensure completeness and appropriateness of treatment of those adjustments in the books of accounts and appropriateness of the disclosures. |
| 2. | **Recognition of deferred tax assets**<br>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the income tax laws and applicable accounting standards;<br>Assessment of deferred tax at the close of the financial year taking into account forecasts of future taxable profits;<br>During the year the Group has made provisions of various balances and have recognised deferred tax assets on these deductible differences;<br>We have considered the assessment of deferred tax as a key matter due to the importance of estimation and judgment regarding recognition of deferred tax assets based on reasonable certainty or availability of future taxable profits and the materiality of amounts. | Our Audit Approach included the following:<br>• Performing audit procedures which involved assessment of underlying process (including budgeted forecast for ascertaining recoverability of deferred tax assets) with respect to measurement of deferred tax.<br>• Verification of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable Accounting Standards and relevant disclosures. |

### Other Matters

1. We did not audit the financial statements and other financial information, in respect of 11 subsidiaries whose separate financial statements reflect total assets of Rs. 1,402.47 crores as at 31st March, 2020, total revenues of Rs. 543.42 crores, total net loss after tax of Rs. 1,374.87 crores, total comprehensive loss of Rs. 1,374.87 crores, and net cash inflows of Rs. 47.51 crores for the year ended on that date. These Financial Statements and other financial information have been audited by other auditors whose financial statements, other financial information and audit report have been furnished to us by the management. Our report on the Consolidated Financial Statements, in so far as relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such other auditors.

2. We did not audit the financial statements and other financial information, in respect of 13 subsidiaries whose separate financial statements reflect total assets of Rs. 793.02 crores as at 31st March, 2020, total revenues of Rs. 1580.41 crores, total net loss after tax of Rs. 231.66 crores, total comprehensive loss of Rs. 231.66 crores, and net cash outflows of Rs. 55.53 crores for the year ended on that date. These financial statements and financial information are unaudited and have been furnished to us by the management and our opinion on the Revised Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Section 143(11)(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such on such Financials certified/ provided by the Management.

3. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information provided by the Management

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including its annexures and Corporate Governance and Shareholders information but does not include the Revised Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Revised Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Revised Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Revised Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

**Responsibilities of Management and those charged with Governance for the Revised Consolidated Financial Statements**

The Holding Company's Board of Director is responsible for the matters stated in section 134(5) of the Act, with respect to the presentation of these Revised Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The present Management of the Holding Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the accompanying Revised Consolidated Financial Statements that give true and fair view and are free from material misstatements, whether due to fraud or error which have been used for preparation of the Revised Consolidated Financial Statements by Directors of the Holding Company as aforesaid.

In preparing the Revised Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of Revised Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Revised Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Revised Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Revised Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Revised Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Revised Consolidated Financial Statements, including the disclosures, and whether the Revised Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Revised Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Revised Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in the Revised Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Revised Consolidated Financial Statements of the current period and are therefore the Key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosures about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and except for the matters mentioned in Emphasis of matter paragraph of our report, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Revised Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The Revised Consolidated Balance Sheet, the Revised Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Revised Statement of Changes in Equity and the Revised Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Revised Consolidated Financial Statements;

   (d) In our opinion, the aforesaid Revised Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   (e) We have relied on the written representations received from the directors of the Holding company and its subsidiaries, incorporated in India and taken on record by the respective Board of Directors, while adopting the original financial statements and in terms thereof none of the directors was disqualified as on 31st March, 2020 from being appointed as a director in terms of section 164 (2) of the Act; In respect of one subsidiary, since there were no directors as at 31st March, 2020,reporting for compliance in terms of Section 164(2) of the Act, is not made

   (f) As the financial statements are voluntarily revised as per the provisions of section 131 of the Act, we understand that the reporting required in respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is not applicable;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its Indian subsidiaries to its directors during the year is in accordance with the provisions of section 197 of the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Group has disclosed the impact of pending litigations on its financial position in its Revised Consolidated Financial Statements – Refer Note 40 to the Revised Consolidated Financial Statements;

      ii. The Group did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

**For C N K & Associates LLP**
Chartered Accountants
Firm registration No. 101961W/W-100036

**Himanshu Kishnadwala**
Partner
Membership No. 037391
UDIN: 21037391AAAAMD1126
Date: 31st December, 2021
Place: Mumbai

₹ crores

## REVISED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

| | Note No. | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| (1) Non-current assets | | | | | |
| (a) Property, plant and equipment | 4 | 1228.07 | | 1660.89 | |
| (b) Capital work-in-progress | 4 | 11.88 | | 67.63 | |
| (c) Goodwill | 5 | 150.16 | | 140.87 | |
| (d) Intangible assets | 5 | 110.75 | | 159.84 | |
| (e) Intangible assets under development | 5 | 15.74 | | 23.42 | |
| (f) Financial assets | | | | | |
| (i) Investments | 6 | 1.73 | | 1.67 | |
| (ii) Trade receivables | 7 | 4.23 | | 13.35 | |
| (iii) Loans | 8 | 6.52 | | 6.96 | |
| (iv) Others | 9 | 52.46 | | 171.69 | |
| (g) Deferred tax assets (net) | 10 | 881.55 | | 956.14 | |
| (h) Other non-current assets | 11 | 10.03 | | 9.85 | |
| | | | 2473.12 | | 3212.31 |
| (2) Current assets | | | | | |
| (a) Inventories | 12 | 384.34 | | 1192.80 | |
| (b) Financial assets | | | | | |
| (i) Investments | 13 | 0.01 | | 0.01 | |
| (ii) Trade receivables | 14 | 522.16 | | 1695.70 | |
| (iii) Cash and cash equivalents | 15 | 191.98 | | 203.98 | |
| (iv) Bank balances other than (iii) above | 16 | 50.38 | | 36.78 | |
| (v) Loans | 17 | 41.67 | | 30.66 | |
| (vi) Others | 18 | 232.11 | | 9.33 | |
| (c) Current tax assets (net) | | 122.67 | | 109.47 | |
| (d) Other current assets | 19 | 324.31 | | 683.22 | |
| | | | 1869.63 | | 3961.95 |
| (3) Assets classified as held for sale and discontinued operations | 45 | | 309.44 | | 321.46 |
| TOTAL ASSETS | | | 4652.19 | | 7495.72 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| (a) Equity share capital | 20 | 125.35 | | 125.35 | |
| (b) Other equity | 21 | (2081.48) | | (587.42) | |
| | | | (1956.13) | | (462.07) |
| LIABILITIES | | | | | |
| (1) Non-current liabilities | | | | | |
| a) Financial liabilities | | | | | |
| (i) Borrowings | 22 | 587.04 | | 1447.54 | |
| (ii) Other financial liabilities | 23 | 21.83 | | 5.69 | |
| | | | 608.87 | | 1453.23 |
| (b) Provisions | 24 | | 33.58 | | 84.22 |
| (c) Deferred tax liabilities (net) | 10 | | 35.50 | | 238.76 |
| (d) Other non-current liabilities | 25 | | 1.10 | | - |
| (2) Current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 26 | 1067.15 | | 1426.79 | |
| (ii) Trade payables | 27 | 1301.66 | | 2310.15 | |
| (iii) Other financial liabilities | 28 | 2059.15 | | 874.21 | |
| | | | 4427.96 | | 4611.15 |
| (b) Other current liabilities | 29 | | 973.59 | | 1310.07 |
| (c) Provisions | 30 | | 498.17 | | 212.83 |
| (3) Liabilities associated with group of assets classified as held for sale and discontinued operations | 45 | | 29.55 | | 47.53 |
| TOTAL EQUITY AND LIABILITIES | | | 4652.19 | | 7495.72 |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | | | | |

The accompanying notes form an integral part of revised consolidated financial statements

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
Mumbai: 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021



₹ crores

## REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

| | Note No. | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Revenue from operations | 31 | | 5109.88 | | 7997.91 |
| Other income | 32 | | 48.23 | | 42.50 |
| **Total income** | | | 5158.11 | | 8040.41 |
| **Expenses** | | | | | |
| Cost of materials consumed | 33 | 3069.04 | | 5075.09 | |
| Purchases of stock-in-trade | 34 | 60.92 | | 34.79 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 35 | 198.15 | | 87.76 | |
| Employee benefits expense | 36 | 867.13 | | 1063.34 | |
| Finance costs | 37 | 324.05 | | 383.17 | |
| Depreciation and amortisation expense | 38 | 211.48 | | 214.55 | |
| Other expenses | 39 | 918.22 | | 1516.10 | |
| **Total Expenses** | | | 5648.99 | | 8374.80 |
| **Loss before exceptional items and tax** | | | (490.88) | | (334.39) |
| Exceptional items (net) | 50 | | (909.03) | | (3312.27) |
| **Loss before tax** | | | (1399.91) | | (3646.66) |
| **Tax expense:** | | | | | |
| Current tax | 10 | 2.64 | | 32.77 | |
| Deferred tax (net) | 10 | (78.45) | | (897.40) | |
| | | | (75.81) | | (864.63) |
| **Loss from continuing operations after tax** | | | (1324.10) | | (2782.03) |
| **Loss from discontinued operations before tax** | 45 | (6.92) | | (27.09) | |
| Tax expense on discontinued operations | 10 | 0.12 | | (11.49) | |
| **Loss from discontinued operations after tax** | | | (7.04) | | (15.60) |
| **Loss for the year** | | | (1331.14) | | (2797.63) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | (1323.65) | | (2794.00) |
| Non-controlling interests | | | 7.49 | | 3.63 |
| | | | (1331.14) | | (2797.63) |
| **Other comprehensive income:** | | | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (0.36) | | (16.18) | |
| (b) Changes in fair value of FVTOCI equity instruments | | - | | (121.80) | |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 0.11 | | 1.21 | |
| B (i) Items that will be reclassified to profit or loss | | 11.89 | | (12.11) | |
| **Total other comprehensive income for the year** | | | 11.64 | | (148.88) |
| **Total comprehensive income for the year** | | | (1319.50) | | (2946.51) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | (1312.01) | | (2942.88) |
| Non-controlling interests | | | 7.49 | | 3.63 |
| **Earnings per share for continuing operations (basic and diluted) (₹)** | 49 | | (21.01) | | (44.33) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations (basic and diluted) (₹)** | 49 | | (0.11) | | (0.25) |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share (basic and diluted) (₹)** | 49 | | (21.12) | | (44.58) |
| (Face value of ₹ 2 each) | | | | | |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | | | | |

The accompanying notes form an integral part of revised consolidated financial statements

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
Mumbai: 31 December, 2021

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai: 31 December, 2021

₹ crores

| REVISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020 | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| **[A] CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before taxes from continuing operations | | (1399.91) | (3646.66) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 211.48 | 214.55 |
| Allowances for doubtful receivables | | 56.12 | 28.08 |
| Bad debts written off | | 6.61 | 28.73 |
| (Gain) / loss arising on financial instruments designated as FVTPL | | (0.06) | 7.85 |
| Finance costs | | 324.05 | 383.17 |
| Interest income | | (7.77) | (23.85) |
| Unrealised exchange (gain) / loss (net) | | (8.12) | 10.64 |
| Unrealised exchange (gain) / loss on consolidation (net) | | 12.87 | 0.51 |
| Intangible assets write off | | 3.94 | - |
| (Profit)/ loss on sale of property, plant and equipment (net) | | 0.08 | 6.69 |
| Exceptional items (net) | | 909.03 | 3312.27 |
| | | 1508.23 | 3968.64 |
| Operating profit before working capital changes | | 108.32 | 321.98 |
| Adjustments for: | | | |
| (Increase) / Decrease in trade and other receivables | | 757.77 | (20.29) |
| (Increase) / Decrease in inventories | | 292.24 | 33.58 |
| Increase / (Decrease) in trade and other payables | | (424.69) | 97.41 |
| Increase / (Decrease ) in provisions | | (2.58) | (49.56) |
| | | 622.74 | 61.14 |
| Cash flow from operations | | 731.06 | 383.12 |
| Income tax paid (net of refunds) | | (19.22) | (38.17) |
| Non-controlling interest in (profit) / loss | | (7.49) | 12.07 |
| Net cash flow (used in) / from continuing operating activities | | 704.35 | 357.02 |
| Net cash flow (used in) / from discontinued operating activities | | (12.80) | 37.62 |
| Net cash flow (used in) / from continuing and discontinued operating activities | [A] | 691.55 | 394.64 |
| **[B] CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Add: Inflows from investing activities | | | |
| Proceeds from Sale of property, plant and equipment and intangible assets | | 9.17 | 6.30 |
| Interest received | | 5.61 | 31.95 |
| | | 14.78 | 38.25 |
| *Less:* Outflows from investing activities | | | |
| Purchase of property, plant and equipment (including capital work-in- progress and capital advances) and intangible assets | | (51.84) | (135.37) |
| Unrealised exchange loss on consolidation (net) | | (55.05) | (2.45) |
| Loans given to other related parties | | - | 92.60 |
| Loans given to other than related parties | | (14.94) | (249.54) |
| Recognition of fixed assets on classification of joint venture to subsidiary | | - | (85.85) |
| | | (121.83) | (380.62) |
| Net cash flow (used in) / from continuing investing activities | | (107.05) | (342.37) |
| Net cash flow (used in) / from discontinued investing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued investing activities | [B] | (107.05) | (342.37) |

₹ crores

| REVISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020 | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| **[C] CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Add: Inflows from financing activities | | | |
| Recognition of borrowing on classification of joint venture to subsidiary | | - | 63.21 |
| Proceeds from long-term borrowings | | - | 419.66 |
| Proceeds from short-term borrowings | | 307.18 | 850.98 |
| Changes in non-controlling interest | | 7.49 | 3.63 |
| | | 314.67 | 1337.48 |
| *Less:* Outflows from financing activities | | | |
| Repayment of long-term borrowings | | (339.87) | (406.64) |
| Repayment of short-term borrowings | | (364.34) | (786.85) |
| Payment of lease liablity | | (12.72) | - |
| Unrealised exchange loss on consolidation (net) | | 65.58 | (23.63) |
| Finance costs paid | | (190.94) | (348.40) |
| | | (842.29) | (1565.52) |
| Net cash flow (used in) / from continuing financing activities | | (527.62) | (228.04) |
| Net cash flow (used in) / from discontinued financing activities | | - | - |
| Net cash flow (used in) / from continuing and discontinued financing activities | [C] | (527.62) | (228.04) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 56.88 | (175.77) |
| *Less:* Reduction in cash and cash equivalents on account of deconsolidation of subsidiaries | | (70.60) | - |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | (13.72) | (175.77) |
| Cash and cash equivalents at beginning of the year | | 205.75 | 381.52 |
| Cash and cash equivalents at end of the year | | 192.03 | 205.75 |
| Cash and cash equivalents from continuing operations (Refer note 15) | | 191.98 | 203.98 |
| Cash and cash equivalents from discontinued operations | | 0.05 | 1.77 |
| Cash and cash equivalents from continuing and discontinued operations | | 192.03 | 205.75 |

1. Refer note 51 in respect of disclosure for changes in liabilities arising from financing activities.
2. Purchase of property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.
3. The revised consolidated statement of cash flows has been prepared under the Indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

**Himanshu Kishnadwala**
Partner
Membership No. 037391
Mumbai: 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Susheel Todi**
Chief Financial Officer

Mumbai: 31 December, 2021

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**P Varadarajan**
Company Secretary

₹ crores

## REVISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

### (A) EQUITY SHARE CAPITAL

For the year ended March 31, 2020

| Balance as at 1-04-2019 (Revised) | Changes in equity share capital during the year | Balance as at 31-03-2020 (Revised) |
|---|---|---|
| 125.35 | - | 125.35 |

For the year ended March 31, 2019

| Balance as at 1-04-2018 (Recasted) | Changes in equity share capital during the year | Balance as at 31-03-2019 (Recasted) |
|---|---|---|
| 125.35 | - | 125.35 |

### (B) OTHER EQUITY

For the year ended 31 March, 2020

| | Retained Earnings | Effective portion of cash flow hedge | Foreign Currency Translation Reserve | Equity Instruments through Other Comprehensive Income | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Statutory Reserve | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April, 2019 (Revised)** | (1501.18) | 1.32 | 187.35 | (244.31) | 671.65 | 144.63 | 12.95 | 18.30 | 67.05 | (642.24) | 54.82 | (587.42) |
| Loss for the year | (1323.65) | - | - | - | - | - | - | - | - | (1323.65) | (7.49) | (1331.14) |
| Reduction on deconsolidation of subsidiaries | 39.47 | - | - | - | - | - | - | - | - | 39.47 | (39.47) | - |
| Other comprehensive income for the year | | | | | | | | | | | | |
| - Remeasurement gain / (loss) on defined benefit plans | (0.25) | - | - | - | - | - | - | - | - | (0.25) | - | (0.25) |
| - Foreign currency translation differences | - | - | 12.01 | - | - | - | - | - | - | 12.01 | 7.68 | 19.69 |
| - Effective portion of cash flow hedge | - | (0.12) | - | - | - | - | - | - | - | (0.12) | - | (0.12) |
| Transferred to Statement of profit and loss/Retained Earning on deconsolidation of subsidiaries | 208.10 | (0.83) | (181.41) | - | - | (141.05) | - | - | (67.05) | (182.24) | - | (182.24) |
| **Balance as at 31 March, 2020 (Revised)** | (2577.51) | 0.37 | 17.95 | (244.31) | 671.65 | 3.58 | 12.95 | 18.30 | - | (2097.02) | 15.54 | (2081.48) |

For the year ended 31 March, 2019

| | Retained Earnings | Effective portion of cash flow hedge | Foreign Currency Translation Reserve | Equity Instruments through Other Comprehensive Income | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Statutory Reserve | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2018 (Recasted)** | 1407.63 | (4.14) | 192.57 | (122.51) | 671.65 | 144.63 | 12.95 | 18.30 | 67.05 | 2388.13 | 38.72 | 2426.85 |
| Loss for the year | (2794.00) | - | - | - | - | - | - | - | - | (2794.00) | (3.63) | (2797.63) |
| Recognition of Non controlling interest on reclassification of joint venture to subsidiary | - | - | - | - | - | - | - | - | - | - | 15.70 | 15.70 |
| Changes in accounting policy as per Ind AS 115 | (99.84) | - | - | - | - | - | - | - | - | (99.84) | - | (99.84) |
| Other comprehensive income for the year* | | | | | | | | | | | | |
| - Remeasurement gain / (loss) on defined benefit plans | (14.97) | - | - | - | - | - | - | - | - | (14.97) | - | (14.97) |
| - Fair value loss on financial asset measured at fair value through other comprehensive income | - | - | - | (121.80) | - | - | - | - | - | (121.80) | - | (121.80) |
| - Foreign currency translation differences | - | - | (5.22) | - | - | - | - | - | - | (5.22) | 4.03 | (1.19) |
| - Effective portion of cash flow hedge | - | 5.46 | - | - | - | - | - | - | - | 5.46 | - | 5.46 |
| **Balance as at 31 March, 2019 (Recasted)** | (1501.18) | 1.32 | 187.35 | (244.31) | 671.65 | 144.63 | 12.95 | 18.30 | 67.05 | (642.24) | 54.82 | (587.42) |

* After reclassification and considering amount of ₹ 12.35 crores recognised in reserve in recasted financial statements.

**For and on behalf of the Board**

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

**Himanshu Kishnadwala**
Partner
Membership No. 037391
Mumbai: 31 December, 2021

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai: 31 December, 2021



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS

### 1A CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the ‘Company’ or ‘Parent’) is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company and its subsidiaries (collectively the ‘Group’) is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2020.

### 1B VOLUNTARY REVISION OF CONSOLIDATED FINANCIAL STATEMENTS

The National Company Law Tribunal (‘NCLT’) vide its order dated 5 March, 2020 allowed reopening of books of accounts and recasting of financial statements of the Group and its subsidiary companies and audit thereof for the 5 years ended as on 31 March, 2019 (‘recasted period’). Pursuant to the said order, Recasting Accountants recasted the consolidated financial statements of the Company and the said financial statements were audited by Recasting Auditors. The recasted consolidated financial statements of the Company for the 5 years ended as on 31 March, 2019 were taken on record by NCLT on 26 October, 2021. The effect of the recasting has been given in the books of accounts.

As a result of the above, the Company has revised the consolidated financial statements by way of voluntary revision of financial statements for the year ended 31 March, 2020 which also considers impact of NCLT order as stated above under section 131(1) of the Companies Act, 2013 pursuant to the NCLT order dated 22 December, 2021

### 1C APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The original consolidated financial statements of the Company for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the erstwhile directors on 27 June, 2020.The revised consolidated financial statements of the Company for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the directors on 31 December, 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation:

The revised consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The revised consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value.

The revised consolidated financial statements are presented in Indian Rupees (‘₹’) and all values are rounded to the nearest crores, except when otherwise indicated.

#### 2.2 Basis of consolidation:

The Group consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. The entities are consolidated from the date control commences until the date control ceases.

The consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss on each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of profit and loss. Any investment retained is recognised at fair value.

Changes in the Group’s holding that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group’s holding and the non-controlling interests are adjusted to reflect the changes in their relative holding. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Joint Ventures are entities over which the Group has joint control. Associates are entities over which the Group has significant influence but not control. Investments in Joint Ventures and Associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in Joint Ventures and Associates includes goodwill identified on acquisition.

### 2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of profit and loss when the asset is derecognised.

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery – 1 to 21 years
- Furniture and fittings- 1 to 15 years
- Office equipments - 1 to 15 years
- Buildings – 3 to 60 years
- Vehicles – 1 to 8 years
- Leasehold land – 24 to 999 years

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

**Foreign companies**

Depreciation on property, plant and equipment has been provided at the rates required / permissible by the GAAPs of the respective countries. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Group has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

### 2.4 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in consolidated statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

**Research and development expenditure:**

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) The Group has intention to complete the development of intangible asset and use or sell it;

(iii) The Group has ability to use or sell the intangible asset;

(iv) The manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) The Group has ability to reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised as follows:

| | |
|---|---|
| • Computer software | : Over a period of five to six years; |
| • Technical know-how (including technology) | : Over a period of five years (from the date of availability for its use); |
| • Commercial rights | : Over a period of ten years; |
| • Brand name and customer lists (including trade mark) | : Over a period of ten years; and |
| • Other intangible assets | : Over a period of three to fifteen years; |

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

### 2.5 Impairment of non-financial assets:

At least at the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognised in the consolidated statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGU's) fair value less cost to sell and the value in use.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 2.6 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 2.7 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.8 Foreign currency transactions:

The Group's consolidated financial statements are presented in Indian Rupee ("₹"), which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date at the closing rate are recognised in the consolidated statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the consolidated statement of profit and loss is also recognised in other comprehensive income or the consolidated statement of profit and loss respectively).

### 2.9 Revenue recognition:

#### (a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Group and recovered from the customers, the same is treated as separate performance obligation and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided. The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.

In revenue arrangements with multiple performance obligations, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their consolidated selling prices.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### (b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

#### (c) Dividend and interest income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and the effective interest rate.

### 2.10 Employee benefits:

#### Short-term employee benefits

All employee benefits payable wholly within twelve months after the end of the reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

#### Post-employment benefits

#### Defined Contribution Scheme:

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

#### Provident fund:

Contributions to Provident Fund are made to a Trust administered by the Group and are charged to consolidated profit or loss as incurred. The Group is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Group obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

#### Defined Benefit Plans:

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated statement profit or loss. Past service cost is recognised in the consolidated statement of profit and loss in the period of plan amendment or when the Group recognised related re-structuring costs.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

#### Gratuity:

Gratuity is a defined benefit obligation plan operated by the Holding Company and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with Gratuity Fund of the Group. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to the consolidated profit and loss subsequently. Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date.

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**Leave encashment:**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company and its Indian subsidiaries treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the consolidated statement of profit and loss.

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

**Termination benefits:**

Termination benefits are recognised as an expense when the entity can no longer withdraw the offer of the termination benefits or when the entity recognise any related restructuring costs whichever is earlier.

#### 2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.12 Segment accounting:

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Group to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

#### 2.13 Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

At the date of commencement of the lease, the Group recognizes right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A ROU asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of ROU assets. ROU assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.



## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Group as a lessor**

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### 2.14 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the consolidated financial statements by the Board of Directors.

#### 2.15 Income taxes:

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in the consolidated statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

**Current tax**

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2.16 Provisions, Contingent liabilities, Contingent assets and Commitments:

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet.

#### Warranty provisions

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Group's obligation.

#### Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.17 Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the statement of profit and loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

### 2.18 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the consolidated financial statements.

### 2.19 Business combinations and goodwill:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical costs. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

### 2.20 Investment in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or a joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or a joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit and loss of an associate and a joint venture is shown in the consolidated statement of profit and loss outside operating profit and represents profit and loss after tax of the associate and joint venture.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate or a joint venture' in the consolidated statement of profit and loss.

### 2.21 Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

Operating cycle:

A portion of the Group's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

2.22 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.23 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit and loss after tax from discontinued operations in the consolidated statement of profit or loss. Also comparative consolidated statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.24 Financial instruments:

The Group recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

(i) Financial assets:

Initial recognition and measurement

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the consolidated statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in 'other comprehensive income'. However, dividend on such equity investments are recognised in consolidated statement of profit and loss when the Group's right to receive payment is established.

Impairment of financial assets

The Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

`For Trade Receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantee contracts

A Financial guarantee contracts is a contract that requires the Group to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are Subsequently measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

**iii) Derivative financial instruments and hedge accounting:**

The Group uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to the consolidated statement of profit and loss when the hedge item affects profit and loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

**Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss as other expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**iv) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's revised consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

*Judgements*

**(i) Discontinued operations:**

Power Distribution business

As stated in Note 45(b), the Group had classified the Power Distribution business ('PD') as held for disposal from 12 August, 2015 considering that the PD represented a separate major line of business of operations which were abandoned and the carrying amount could not be recovered principally through continuing use.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

Assets held for sale – Land and Building at Kanjurmarg

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Group based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognised such assets at the carrying amount in the consolidated financial statements.

**(ii) Lease of equipment not in legal form of lease:**

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Group, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**(i) Useful lives of property, plant and equipment**

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.

**(ii) Development costs**

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Group uses judgement in assessment of development cost eligible for capitalisation.

**(iii) Impairment of non-financial assets**

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**(iv) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(v) Income taxes**

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

**(vi) Defined benefit obligation**

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

**(vii) Revenue from contract with customers**

The Group estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

**(viii) Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised, The cases which have been determined as remote by the Group are not disclosed.

### 3A. INFORMATION ON REGULATORY AND OTHER MATTERS

(a) During the year ended 31 March, 2020 and subsequent to that, below are the updates in relation to regulatory and recovery matters:

- Security Exchange Board of India ('SEBI') passed an interim order dated 17 September, 2019 ('Interim Order') giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion/ siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated 11 March, 2020 confirmed its interim order.
- Pursuant to the Interim Order of SEBI, BSE had appointed a Forensic Auditor to verify the books of accounts, wrongful diversion / siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided necessary details available with the Company. Forensic Auditor completed its audit and has submitted its report to SEBI.
- Ministry of Corporate Affairs by its order dated November 6, 2019 ordered investigation to be carried out by the Serious Fraud Investigation Office ('SFIO') into the affairs of the Company and its subsidiary, CGPSOL for the financial year 2011-12 to 2019-20. The Company and its subsidiary are fully co-operating with the ongoing investigation by SFIO. Therefore, no adjustments and disclosures that may arise in this regard have been considered in these revised consolidated financial statements.
- The Board of Directors of the Company has appointed Hon'able Justice (Retd) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.

(b) The Company has filed the following suits for recovery:

i) Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of ₹ 811.23 crores (Principal amount of ₹ 552.33 crores together with interest aggregating to ₹ 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CG Power Solutions Limited ("CGPSOL") by unauthorised / illegal liquidation of its investment in mutual funds.

ii) Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 399.30 crores (principal ₹ 280.00 crores together with interest aggregating ₹ 119.30 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal liquidation of its fixed deposits.

iii) Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 478.93 crores - (principal ₹ 320.91 crores together with interest aggregating ₹ 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

(c) The Group applied to SEBI and has sought for exemption from the conditions provided under Regulation 31A(3)(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. Pending the outcome of said application and pending the decision of SEBI, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.

(d) During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on the date of issuance of original consolidated financial statements, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

The Group believes that following the signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to 24 March, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current. However pursuant to outbreak of COVID-19, the ICA stands extended up to 20 September, 2020 under the Reserve Bank of India ('RBI') guidelines.



NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3A. INFORMATION ON REGULATORY AND OTHER MATTERS (Contd.)

(e) During the year, Group's subsidiaries, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE') have been referred to bankruptcy court in Belgium, upon application filed by the public prosecutor in view of outstanding payments to creditors in Belgium. The court has on 3 February, 2020, declared HBE and PSBE as bankrupt, and appointed three Receiver who will proceed to auction their assets including their investments in PT CG Power Systems Indonesia ('PTID') and CG Power Systems Ireland Limited ('CGIE') and CG Sales Network France SA ('SNFR'). HBE together with PSBE, PTID, CGIE, SNFR and CG Power Solutions Saudi Arabia Limited ('PSOL SA'), constitute HBE Group.

The Company has not considered provision for corporate guarantees extended in relation to these operations aggregating ₹ 642.29 crores (EURO 77.59 million), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees. The Company has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

The Group has not made any provision towards corporate guarantees provided to certain overseas subsidiaries (other than those provided to HBE Group) amounting to ₹ 499.26 crores on the assumption that the recoverable value of assets of these operations will be sufficient to meet all related liabilities.

(f) The Group believes that the Company or the present Board / Key Managerial Personnel appointed after the change in management on November 26, 2020 cannot be made liable for any violations or non-compliances of any of the provisions of law in respect of certain past transactions pertaining upto the year ended March 31, 2020.

(g) During the year ended, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for international operations (other than HBE and its subsidiaries) aggregating to ₹ 354.02 crores. The Group believes certain receivables in CG Middle East FZE and CG International Holdings Singapore Pte. Limited are recoverable as the Group has right to recover those receivables and recovery proceedings are initiated on behalf of such receivables

(h) During the current year, the following entities have not been audited by their auditors and have been consolidated based on the management accounts

| Name of Subsidiary | Country |
|---|---|
| CG Holdings Belgium N.V.* | Belgium |
| CG Power Systems Belgium N.V.* | Belgium |
| CG Sales Networks France SAS* | France |
| CG Power Solutions UK Limited | UK |
| CG Power & Industrial Solutions Limited Middle East FZCO | Dubai |
| CG Power Systems Canada Inc. | Canada |
| CG Power Solutions Saudi Arabia Limited* | Saudi Arabia |
| PT CG Prima Switchgear Indonesia | Indonesia |
| CG- Ganz Generator and Motor LLC** | Hungary |
| CG Electric Systems Hungary Zrt** | Hungary |
| CG Power Equipments Limited ** | India |

* Consolidated upto 31 December, 2019 (for reasons explained in Note 52)

** Audited financials received post approval of original consolidated financial statements.

Following entities have not been subject to audit by the management and have been consolidated based on the 9 months unaudited financial information of these entities, subjected to limited review by their respective auditors:

| Name of Subsidiary | Country |
|---|---|
| CG Power Systems Ireland Limited* | Ireland |
| PT CG Power Systems Indonesia* | Indonesia |

* Consolidated upto 31 December, 2019 (for reasons explained in Note 52)

For the purposes of audited consolidated financial statements for the year ended March 31, 2020, 87% of the consolidated assets, 71% of the consolidated revenue and 76% of the consolidated loss have been subject to audit. This has led to non-compliance with regulation 33(3)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS

Following table summarise the impact of recasted books of accounts of the Company as at 31 March, 2019 considered in voluntary revision of consolidated financial statements of the Company for the year ended 31 March, 2020 and necessary consequential changes

**Changes in Consolidated Balance sheet as at 31 March, 2020**

| | Note No. | As at 31-03-2020 (Reported) | Effect of changes | As at 31-03-2020 (Revised) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| (1) **Non-current assets** | | | | |
| (a) Property, plant and equipment | | 1228.07 | - | 1228.07 |
| (b) Capital work-in-progress | | 11.88 | - | 11.88 |
| (c) Goodwill | | 150.16 | - | 150.16 |
| (d) Intangible assets | | 110.75 | - | 110.75 |
| (e) Intangible assets under development | | 15.74 | - | 15.74 |
| (f) Financial assets | | | | |
| (i) Investments | | 1.73 | - | 1.73 |
| (ii) Trade Receivables | | 4.23 | - | 4.23 |
| (iii) Loans | | 6.52 | - | 6.52 |
| (iv) Others | 3(B)-a | 2982.07 | (2929.61) | 52.46 |
| (g) Deferred tax assets (net) | 3(B)-b | 14.53 | 867.02 | 881.55 |
| (h) Other non-current assets | | 10.03 | - | 10.03 |
| **Total non-current assets** | | **4535.71** | **(2062.59)** | **2473.12** |
| (2) **Current assets** | | | | |
| (a) Inventories | | 384.34 | - | 384.34 |
| (b) Financial assets | | | | |
| (i) Investments | | 0.01 | - | 0.01 |
| (ii) Trade receivables | 3(B)-c | 522.20 | (0.04) | 522.16 |
| (iii) Cash and cash equivalents | 3(B)-d | 210.89 | (18.91) | 191.98 |
| (iv) Bank balances other than (iii) above | | 50.38 | - | 50.38 |
| (v) Loans | | 41.67 | - | 41.67 |
| (vi) Others | | 232.11 | - | 232.11 |
| (c) Current tax assets (net) | 3(B)-e | 46.87 | 75.80 | 122.67 |
| (d) Other current assets | 3(B)-f | 372.21 | (47.90) | 324.31 |
| **Total current assets** | | **1860.68** | **8.95** | **1869.63** |
| (3) **Assets classified as held for sale and discontinued operations** | | 309.44 | - | 309.44 |
| **TOTAL - ASSETS** | | **6705.83** | **(2053.64)** | **4652.19** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity share capital | | 125.35 | - | 125.35 |
| (b) Other equity | 3(B)-g | (229.03) | (1852.45) | (2081.48) |
| **Total equity** | | **(103.68)** | **(1852.45)** | **(1956.13)** |
| **LIABILITIES** | | | | |
| (1) **Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-h | 737.84 | (150.80) | 587.04 |
| (ii) Other financial liabilities | 3(B)-i | 209.87 | (188.04) | 21.83 |
| (b) Provisions | | 33.58 | - | 33.58 |
| (c) Deferred tax liabilities (net) | 3(B)-b | 56.65 | (21.15) | 35.50 |
| (d) Other non-current liabilities | | 1.10 | - | 1.10 |
| **Total non-current liabilities** | | **1039.04** | **(359.99)** | **679.05** |
| (2) **Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 3(B)-j | 923.26 | 143.89 | 1067.15 |
| (ii) Trade payables | 3(B)-k | 1305.62 | (3.96) | 1301.66 |
| (iii) Other financial liabilities | 3(B)-l | 2040.31 | 18.84 | 2059.15 |
| (b) Other current liabilities | 3(B)-m | 973.56 | 0.03 | 973.59 |
| (c) Provisions | | 498.17 | - | 498.17 |
| **Total Current Liabilities** | | **5740.92** | **158.80** | **5899.72** |
| (3) **Liabilities associated with group of assets classified as held for sale and discontinued operations** | | 29.55 | - | 29.55 |
| **TOTAL - EQUITY AND LIABILITIES** | | **6705.83** | **(2053.64)** | **4652.19** |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Changes in consoldiated Statement of Profit and Loss for the year ended 31 March 2020**

| | Note No. | 2019- 2020 (Reported) | Effect of changes | 2019-2020 (Revised) |
|---|---|---|---|---|
| **INCOME** | | | | |
| (a) Revenue from operations | | 5109.88 | - | 5109.88 |
| (b) Other income | 3(B)-n | 48.13 | 0.10 | 48.23 |
| **Total income** | | **5158.01** | **0.10** | **5158.11** |
| **EXPENSES** | | | | |
| (a) Cost of material consumed | | 3069.04 | - | 3069.04 |
| (b) Purchase of stock-in-trade | | 60.92 | - | 60.92 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | 198.15 | - | 198.15 |
| (d) Employee benefit expense | | 867.13 | - | 867.13 |
| (e) Finance costs | | 324.05 | - | 324.05 |
| (f) Depreciation and amortization expense | | 211.48 | - | 211.48 |
| (g) Foreign exchange loss | 3(B)-o | 72.53 | (72.53) | - |
| (h) Other expenses | 3(B)-p | 845.20 | 73.02 | 918.22 |
| **Total expenses** | | **5648.50** | **0.49** | **5648.99** |
| **Loss before exceptional items and tax** | | (490.49) | (0.39) | (490.88) |
| Exceptional items (net) | 3(B)-q | (1787.88) | 878.85 | (909.03) |
| **Loss before tax** | | (2278.37) | 878.46 | (1399.91) |
| Tax expense: | | | | |
| (i) Current tax | | 2.64 | - | 2.64 |
| (ii) Deferred tax (net) | 3(B)-b | (121.11) | 42.66 | (78.45) |
| **Loss from continuing operations after tax** | | **(2159.90)** | **835.80** | **(1324.10)** |
| **Loss from discontinuing operations before tax** | | **(6.92)** | **-** | **(6.92)** |
| Tax expense on discontinued operations | | 0.12 | - | 0.12 |
| **Loss from discontinuing operations after tax** | | (7.04) | - | (7.04) |
| **Loss for the year** | | **(2166.94)** | **835.80** | **(1331.14)** |
| Attributable to: | | | | |
| Equity holders of the Parent | | (2159.45) | 835.80 | (1323.65) |
| Non-controlling interests | | 7.49 | - | 7.49 |
| | | **(2166.94)** | **835.80** | **(1331.14)** |
| **Other comprehensive income:** | | | | |
| (A) (i) Items that will not be reclassified subsequently to profit or loss | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (0.36) | - | (0.36) |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 0.11 | - | 0.11 |
| (B) (i) Items that will be reclassified to profit or loss | 3(B)-r | 52.70 | (40.81) | 11.89 |
| **Total comprehensive income for the year** | | **(2114.49)** | **794.99** | **(1319.50)** |

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 3B. SUMMARY OF REVISION IN ORIGINAL CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Notes on effect of changes mentioned in tables above:**

(a) Recasting adjustments for advances to others for ₹ 2948.53 crores related to impairment provision towards loans and advances recognised in recasted period and other receivables reclassified from Cash and cash equivalent to noncurrent other financial asset for ₹18.92 crores

(b) Impact on deferred tax assets considered up to previous year ended 31 March, 2020, of ₹ 930.83 crores on account of recasting and revision of standalone financial statements, the consequential netting off of deferred tax liability of ₹ 21.14 crores and reversal of deferred tax assets of ₹ 42.66 crores recognised in original standalone financial statements for the year ended 31 March, 2020

(c) Impact of adjustment for Bad debts on trade receivables for ₹0.04 crores

(d) Impact of adjustment for other receivables reclassified from cash and cash equivalent to non current financial asset for ₹18.92 crores

(e) Impact of recasting of financial statements up to year ended 31 March, 2019, on current tax assets (net) of ₹ 75.8 crores.

(f) Impact of recasting adjustment on rectification of advance to supplier for ₹ 45.62 crores, prepaid expense for ₹ 0.07 crores and statutory and other receivables for ₹ 2.21 crores

(g) Change in other equity of ₹ 1852.45 crores are on account of recasting and revision of consolidated financial statements up to year ended 31 March, 2020.

(h) Impact of recasting adjustments of ₹ 150.80 crores on account of reclassification from non current financial liability -borrowing to non current - other financial liability.

(i) Impact of recasting adjustments of ₹ 188.04 crores on account of reclassification of borrowing from other company from non current to current.

(j) Impact of recasting adjustments of ₹ 320.00 crores on account of reclassification of borrowing from other company from long term borrowing, current financial liabilities to short term borrowing and netting off of ₹ 176.11 crores receivable considered by Recasting Accountants.

(k) Impact of recasting adjustments for trade payables for ₹ 3.96 crores

(l) Impact of recasting adjustments of ₹ 150.80 crores on account of reclassification from non current financial liability -borrowing to non current - other financial liability and recasting adjustment of ₹ 131.96 crores on account of reclassification of borrowing from other company.

(m) Impact of adjustments for other payables for ₹ 0.03 crores

(n) Impact of trade payables written back of ₹ 0.10 crores

(o) Impact of reclassification of foreign exchange loss of ₹ 72.53 crores as a part of other expenses.

(p) Impact of reclassification of Foreign exchange loss ₹ 72.53 crores is regrouped from foreign exchange loss, provision towards receivable from erstwhile directors for ₹ 0.28 crores, Bad debts on trade receivables for ₹ 0.04 crores and other Miscellaneous expense for ₹ 0.17 crores

(q) Change in exceptional items on account of reversal of provision against doubtful advances of ₹ 751.34 crores, investment written off ₹ 127.49 and ₹ 0.02 crores statutory receivable written off

(r) Impact of adjustment on FCTR on rectification of advance to supplier for ₹ 44.21 crores, ₹ 0.71 crores write off investment, ₹ 0.04 crores write off trade receivable and ₹ 2.72 crores on advance to others

The effect of changes disclosed in the above table may also have an impact on other disclosures to the revised consolidated financial statements. These disclosures should also be read in conjunction with the above.

### 3C. CHANGES IN NOTES AND DISCLOSURES REVISED CONSOLIDATED FINANCIAL STATEMENTS

The consequential changes in notes and disclosures due to voluntary revision of the original consolidated financial statements of the Company for the year ended 31 March, 2020 are disclosed as applicable hereafter.

### 3D. SUBSEQUENT EVENTS

All events that occurred up to the date of approval of the original consolidated financial statements by the Board of Directors as stated in Note 1C have been considered in the preparation of these revised consolidated financial statements.



## NOTES ACCOMPANYING THE REVISED CONSOLIADTED FINANCIAL STATEMENTS (Contd.)

### 4. PROPERTY, PLANT AND EQUIPMENT

₹ crores

| | Freehold land | Leasehold land | Buildings | Plant and machinery | Right-of-Use assets* | Furniture and fittings | Office equipments | Vehicles | Total | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | | | |
| **As at 01-04-2019 (Revised)** | **228.29** | **86.05** | **1128.05** | **862.74** | **-** | **35.54** | **31.46** | **17.59** | **2389.72** | **67.63** |
| Additions | - | - | 11.24 | 18.01 | 63.42 | 3.30 | 2.26 | 0.96 | 99.19 | 22.04 |
| Disposals / transfers | - | - | 0.05 | 23.41 | - | 0.44 | 0.42 | 2.60 | 26.92 | 60.60 |
| Transferred adjustments | - | (86.05) | (0.11) | 0.48 | 86.05 | (0.31) | (0.06) | - | - | - |
| *Less:* translation adjustments | (16.72) | - | (45.14) | (34.30) | (1.31) | (0.94) | (2.62) | (1.66) | (102.69) | 0.26 |
| Reduction on deconsolidation of subsidiaries | 128.00 | - | 311.60 | 278.30 | 28.71 | 7.30 | 8.35 | 0.01 | 762.27 | 16.93 |
| Transferred adjustments from discontinued operation | - | - | 0.11 | - | - | - | - | - | 0.11 | - |
| **As at 31-03-2020 (Revised)** | **117.01** | **-** | **872.78** | **613.82** | **122.07** | **31.73** | **27.51** | **17.60** | **1802.52** | **11.88** |
| **Accumulated depreciation:** | | | | | | | | | | |
| **As at 01-04-2019 (Revised)** | **-** | **14.80** | **289.08** | **383.24** | **-** | **15.21** | **19.95** | **6.55** | **728.83** | **-** |
| Depreciation charge for the year | - | - | 44.94 | 66.43 | 20.57 | 3.65 | 3.99 | 2.14 | 141.72 | - |
| Impairment for the year (Refer note 50) | - | - | 8.95 | - | - | - | - | - | 8.95 | - |
| Disposals / transfers | - | - | 0.25 | 17.68 | - | 0.26 | 0.35 | 1.57 | 20.11 | - |
| Transferred adjustments | - | (14.80) | (0.02) | 0.20 | 14.80 | (0.12) | (0.06) | - | - | - |
| *Less:* translation adjustments | - | - | (26.44) | (29.18) | - | (0.75) | (2.52) | (1.43) | (60.32) | - |
| Reduction on deconsolidation of subsidiaries | - | - | 147.31 | 177.17 | 7.84 | 5.30 | 7.66 | - | 345.28 | - |
| Transferred adjustments from discontinued operation | - | - | 0.02 | - | - | - | - | - | 0.02 | - |
| **As at 31-03-2020 (Revised)** | **-** | **-** | **221.85** | **284.20** | **27.53** | **13.93** | **18.39** | **8.55** | **574.45** | **-** |
| **Net book value** | | | | | | | | | | |
| As at 31-03-2019 (Recasted) | 228.29 | 71.25 | 838.97 | 479.50 | - | 20.33 | 11.51 | 11.04 | 1660.89 | 67.63 |
| **As at 31-03-2020 (Revised)** | **117.01** | **-** | **650.93** | **329.62** | **94.54** | **17.80** | **9.12** | **9.05** | **1228.07** | **11.88** |

**Note:**

*The Group has adopted Ind AS 116, w.e.f 1 April, 2019, hence leasehold land is now part of Right-to-Use ('ROU') Assets. Under the modified retrospective method, excluding the leasehold land, the Group has recognised ₹ 54.83 crores as ROU asset as at 1 April, 2019 (Refer note 48).

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIADTED FINANCIAL STATEMENTS (Contd.)

### 5. INTANGIBLE ASSETS

| | Brand names and customer lists | Computer software | Technical know-how | Commercial rights | Development cost | Total | Goodwill | Intangible assets under development |
|---|---|---|---|---|---|---|---|---|
| **Deemed cost:** | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **254.06** | **141.17** | **98.41** | **31.09** | **180.03** | **704.76** | **140.87** | **23.42** |
| Additions | 0.04 | 2.86 | 36.24 | - | 28.65 | 67.79 | - | 13.85 |
| Disposals / transfers | - | - | - | - | - | - | - | 17.44 |
| Impaiment for the year | - | - | - | - | - | - | - | 4.13 |
| *Less:* translation adjustments | (21.13) | (12.00) | (36.96) | - | (3.72) | (73.81) | (9.29) | (0.04) |
| Reduction on deconsolidation of subsidiaries | - | 60.95 | 79.49 | - | - | 140.44 | - | - |
| **As at 31-03-2020 (Revised)** | **275.23** | **95.08** | **92.12** | **31.09** | **212.40** | **705.92** | **150.16** | **15.74** |
| **Accumulated amortisation:** | | | | | | | | |
| **As at 1-04-2019 (Revised)** | **201.84** | **111.05** | **96.79** | **29.61** | **105.63** | **544.92** | **-** | **-** |
| Amortisation charge for the year | 17.82 | 9.99 | 12.28 | 1.11 | 28.37 | 69.57 | - | - |
| Impaiment for the year (Refer note 50) | 25.38 | - | - | - | - | 25.38 | - | - |
| Disposals / transfers | - | - | - | - | - | - | - | - |
| *Less:* translation adjustments | (18.56) | (10.76) | (36.44) | - | (2.40) | (68.16) | - | - |
| Reduction on deconsolidation of subsidiaries | - | 58.50 | 54.36 | - | - | 112.86 | - | - |
| **As at 31-03-2020 (Revised)** | **263.60** | **73.30** | **91.15** | **30.72** | **136.40** | **595.17** | **-** | **-** |
| **Net book value** | | | | | | | | |
| As at 31-03-2019 (Recasted) | 52.22 | 30.12 | 1.62 | 1.48 | 74.40 | 159.84 | 140.87 | 23.42 |
| **As at 31-03-2020 (Revised)** | **11.63** | **21.78** | **0.97** | **0.37** | **76.00** | **110.75** | **150.16** | **15.74** |

**Impairment testing of goodwill**

For the purpose of impairment testing, goodwill relating to continuing business segments has been allocated to the cash generating units (CGUs) as follows:

| CGUs /Segments | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Power Systems | - | - |
| Industrial Systems | 150.16 | 140.87 |
| **Total goodwill** | **150.16** | 140.87 |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 5. INTANGIBLE ASSETS (CONTD.)

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value in use and fair value less cost to sell. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Group's operating segment.

The Group generally uses discounted cash flow based method to determine the recoverable amount. These discounted cash flow calculations use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The discount rate calculation is derived from weighted average cost of capital (WACC) of CGU's. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use / fair value less costs to sell for impairment test purposes.

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Terminal value growth rate | NA | 2% |
| Pre tax discount rate | NA | 9.50% |

# The pre tax discount rate (WACC) used in previous year 2018-19 was 9.50%)

During the current year, the Group has not separately tested for impairment the goodwill balances, however, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for internatiional operations. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Quoted investments** | | |
| Government and trust securities (Carried at amortised cost) | 0.39 | 0.39 |
| **Total (A)** | 0.39 | 0.39 |
| **Unquoted investments** | | |
| **Investments in equity instruments** | | |
| Measured at fair value through other comprehensive income | 244.31 | 244.31 |
| *Less:* Cumulative change in fair value (impairment) | (244.31) | (244.31) |
| Carried at fair value through profit and loss | 0.01 | 0.01 |
| **Investments in debentures or bonds** | | |
| Carried at fair value through profit and loss | 0.05 | 0.05 |
| **Other non-current investments** | | |
| Carried at fair value through profit and loss | 1.28 | 1.22 |
| **Total (B)** | 1.34 | 1.28 |
| **Total (A+B)** | 1.73 | 1.67 |
| **Notes:** | | |
| **Quoted investments** | | |
| Book value | 0.39 | 0.39 |
| Market value | 0.39 | 0.39 |
| **Unquoted investments** | | |
| Book value | 1.34 | 1.28 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured** | | |
| Considered good (Refer note 31) | 4.23 | 13.35 |
| | 4.23 | 13.35 |

### 8. NON-CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Deposits | 6.52 | 6.96 |
| | 6.52 | 6.96 |

### 9. NON-CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Fixed deposits with maturity period of more than 12 months* | 33.54 | 14.61 |
| Other receivable | 18.92 | 17.29 |
| Advance to others | 3255.27 | 885.67 |
| *Less:* Impairment provision on advances to others | (3255.27) | (885.67) |
| Advance to others (net) | - | - |
| Advance to other related parties (Refer note 41) | - | 2537.84 |
| *Less:* Impairment provision on advances to other Related Parties | - | (2398.05) |
| | 52.46 | 171.69 |

* Deposits of ₹ 33.54 crores (as at 31 March, 2019 ₹ 5.06 crores) are held as margin money.

### 10. TAXATION

**Income tax recognised in consolidated statement of profit and loss:**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Consolidated statement of profit or loss:** | | |
| Current income tax (continuing opertions) | 2.64 | 32.77 |
| Current income tax (discontinued opertions) | 0.12 | 0.29 |
| Deferred tax expense / (benefit): | | |
| Relating to origination and reversal of temporary differences - continuing operations | (78.45) | (897.40) |
| Relating to origination and reversal of temporary differences - discontinued operations | - | (11.78) |
| **Income tax recognised in consolidated statement of profit or loss** | (75.69) | (876.12) |
| **Consolidated statement of other comprehensive income** | | |
| Current tax related to items recognised in other comprehensive income during the year | - | 1.21 |
| Deferred tax related to items recognised in other comprehensive income during the year | (0.11) | - |
| **Net Income tax recognised in other comprehensive income** | (0.11) | 1.21 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 10. TAXATION (Contd.)

**Reconciliation of income tax expense and the accounting profit / (loss) multiplied by applicable income tax rate:**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Loss before tax from continuing operations | (1399.91) | (3646.66) |
| Loss before tax from discontinued operations | (6.92) | (27.09) |
| **Accounting loss before income tax** | (1406.83) | (3673.75) |
| Applicable Income tax rate | 34.944% | 34.944% |
| **Computed tax expense** | (491.60) | (1283.75) |
| Income exempt from taxation | 165.16 | (86.52) |
| Expense not deductible in determining taxable profits | (346.77) | 35.15 |
| Tax impact on allowances on research and development activities | (9.08) | (7.47) |
| Deffered tax assets not recognised on account of lack of convincing evidence in respect of future taxable income | 338.52 | 179.54 |
| Deffreed tax assets recognied on provision made in previous periods | - | 142.22 |
| Impact of deferred tax created at lower rate | 239.72 | 76.57 |
| Tax impact on other comprehensive income (OCI) | - | (1.21) |
| Tax paid at lower rate | - | - |
| Other temporary differences | 28.36 | 69.35 |
| **Net income tax expense charged to consolidated statement of profit and loss** | (75.69) | (876.12) |
| Income tax attributable to continuing operations | (75.81) | (864.63) |
| Income tax attributable to discontinued operations | 0.12 | (11.49) |
| **Total** | (75.69) | (876.12) |

**Deferred tax relates to the following**

| | Balance sheet | | Recognised in statement of profit and loss | |
|---|---|---|---|---|
| | As at 31-03-2020 (Revised) | As at 31-3-2019 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
| Expenses allowable on payment basis | 19.54 | 18.90 | (6.99) | 2.77 |
| Other items giving rise to temporary differences | 43.60 | 38.10 | (15.11) | (34.03) |
| Accelerated depreciation for tax purposes | (110.51) | (189.28) | (12.61) | (4.63) |
| Fair valuation of property, plant and equipment | (199.81) | (205.87) | (6.06) | 9.49 |
| Provision and Impairment of loans and receivables | 853.66 | 860.63 | 10.61 | (709.02) |
| Minimum alternate tax | 15.55 | 15.55 | - | - |
| Unabsorbed losses and unabsorbed depreciation | 224.02 | 179.35 | (48.29) | (173.78) |
| **Deferred tax assets / (liabilities)** | 846.05 | 717.38 | | |
| **Net (income) / expense** | | | (78.45) | (909.20) |
| **Deferred tax expense:** | | | | |
| Relating to origination and reversal of temporary differences - continuing operations | | | (78.45) | |
| Relating to origination and reversal of temporary differences - discontinued operations | | | (0.11) | |
| **Total** | | | (78.56) | |

The net deferred tax assets of ₹ 867.03 crores (as at 31 March, 2019 ₹ 799.02 crores) includes deferred tax assets of ₹ 219.08 crores (as at 31 March, 2019 ₹ 174.59 crores) related to tax losses. Based on the future forecast and current economic conditions in India, there is reasonable certainty that the deferred tax assets on tax losses will be recovered on or before expiry of 8 years period.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 10. TAXATION (CONTD.)

**Reconciliation of deferred tax assets net**

| | As at 31-03- 2020 (Revised) | As at 31-3-2019 (Recasted) |
|---|---|---|
| **Opening balance** | 717.38 | (251.36) |
| Tax income / (expense) during the year recognised in profit or loss from continuing operations | 78.45 | 897.42 |
| Tax income / (expense) during the year recognised in profit or loss from discontinued operations | 0.12 | 11.78 |
| Reduction on deconsolidation of subsidiaries | 56.85 | - |
| Tax impact on account of first time adoption of Ind AS 115 | - | 52.92 |
| Translation adjustment | (6.75) | 6.62 |
| **Closing balance** | 846.05 | 717.38 |

Deferred tax assets have not been recognised in respect of losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

### 11. NON-CURRENT ASSETS-OTHERS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Capital advances | 1.10 | 1.89 |
| Others | 8.93 | 7.96 |
| | 10.03 | 9.85 |

### 12. INVENTORIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Raw materials | 175.84 | | 361.55 | |
| Add: Goods-in-transit | 3.43 | | 28.63 | |
| | | 179.27 | | 390.18 |
| Work-in-progress | | 159.07 | | 668.45 |
| Finished goods | | 40.11 | | 127.69 |
| Stock-in-trade | | 2.10 | | 2.62 |
| Stores, spares and packing materials | | 3.74 | | 3.75 |
| Loose tools | | 0.05 | | 0.11 |
| | | 384.34 | | 1192.80 |

**Note:** Mode of valutions of inventories is stated in Note 2.6

### 13. CURRENT FINANCIAL ASSETS-INVESTMENTS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Quoted investments** | | |
| **Investments in equity instruments** | | |
| Carried at fair value through profit and loss | 0.01 | 0.01 |
| | 0.01 | 0.01 |
| **Note:** | | |
| **Quoted investments** | | |
| Book value | 0.01 | 0.01 |
| Market value | 0.01 | 0.01 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 14. TRADE RECEIVABLES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured:** | | | | |
| Considered good | 522.16 | | 1695.70 | |
| Credit Impaired | 283.35 | | 189.62 | |
| | | 805.51 | | 1885.32 |
| *Less:* Allowance for Credit impaired | | 283.35 | | 189.62 |
| | | 522.16 | | 1695.70 |

**Notes:**

Refer note 41 for trade receivables from related parties.

Refer note 31 for trade receivables considered as contract balances.

### 15. CASH AND CASH EQUIVALENTS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Cash and cash equivalents :** | | | | |
| **Balances with banks:** | | | | |
| On current accounts | 164.06 | | 165.35 | |
| Fixed deposits with original maturity of less than 3 months (Refer note below) | 27.87 | | 38.49 | |
| | | 191.93 | | 203.84 |
| Cash on hand | | 0.05 | | 0.14 |
| | | 191.98 | | 203.98 |

**Note:**

Deposits of ₹ 27.87 crores (as at 31 March, 2019 ₹ 37.92 crores) are held as margin money.

### 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Other balances:** | | | | |
| **Earmarked balances with banks for:** | | | | |
| Unclaimed dividend (Refer note (a) below) | 0.47 | | 0.74 | |
| Others | 10.69 | | 20.39 | |
| | | 11.16 | | 21.13 |
| Fixed deposits with original maturity of more than 3 months upto 12 months (Refer note (b) below) | | 39.22 | | 15.65 |
| | | 50.38 | | 36.78 |

**Notes:**

(a) Earmarked balances are restricted for use. There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020 and 31 March, 2019.

(b) Deposits of ₹ 39.22 crores (as at 31st March, 2019 ₹ 15.65 crores) are held as margin money.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 17. CURRENT FINANCIAL ASSETS - LOANS

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | | | |
| **Advances recoverable in cash or in kind or for value to be received:** | | | | |
| Considered good | 0.02 | | 0.04 | |
| Considered doubtful | - | | 6.52 | |
| | 0.02 | | 6.56 | |
| *Less:* Allowance for bad and doubtful advances | - | | 6.52 | |
| (A) | | 0.02 | | 0.04 |
| **Security deposits:** | | | | |
| Considered good | 41.65 | | 30.62 | |
| Considered doubtful | 0.52 | | 0.52 | |
| | 42.17 | | 31.14 | |
| *Less:* Allowance for bad and doubtful deposits | 0.52 | | 0.52 | |
| (B) | | 41.65 | | 30.62 |
| (A)+(B) | | 41.67 | | 30.66 |

### 18. CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Derivative instruments | - | 8.70 |
| Other financials assets | 2.79 | 0.63 |
| Receivable on deconsolidation of HBE Group (Refer note 52) | 229.32 | - |
| | 232.11 | 9.33 |

### 19. OTHER CURRENT ASSETS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Advance to suppliers | 42.85 | 75.99 |
| Statutory and other receivables | 281.46 | 606.95 |
| Receivable from erstwhile directors | 0.28 | 0.28 |
| *Less:* Provision against receivable | 0.28 | - |
| | 324.31 | 683.22 |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 20. SHARE CAPITAL

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Authorised** | | |
| 2,03,80,00,000 equity shares of ₹ 2 each | 407.60 | 407.60 |
| (2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Issued** | | |
| 62,67,88,442 equity shares of ₹ 2 each | 125.35 | 125.35 |
| (62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Subscribed and paid-up** | | |
| 62,67,46,142 equity shares of ₹ 2 each | 125.35 | 125.35 |
| (62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2019) | | |
| **Forfeited shares:** | | |
| 42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) | 0.00 | 0.00 |
| (42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) as at 31 March, 2019) | | |
| | 125.35 | 125.35 |

**Notes:**

**(a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the year**

| Authorised share capital | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |
| Balance at the end of the year | 2038000000 | 407.60 | 2038000000 | 407.60 |

| Issued share capital | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 626788442 | 125.35 | 626788442 | 125.35 |
| Balance at the end of the year | 626788442 | 125.35 | 626788442 | 125.35 |

| Subscribed and paid-up | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | No of Shares | ₹ crores | No of Shares | ₹ crores |
| Balance at the beginning of the year | 626746142 | 125.35 | 626746142 | 125.35 |
| Balance at the end of the year | 626746142 | 125.35 | 626746142 | 125.35 |

The Company has not issued any equity shares during the current and in the previous year.

**(b) Terms / rights attached to equity shares**

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 20. SHARE CAPITAL (Contd.)

(c) Details of shareholders holding more than 5 % shares in the Company

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| 1 Yes Bank Limited | 12.77 | 80050000 | - | - |
| 2 L&T Finance Limited | 9.99 | 62600000 | - | - |
| 3 HDFC Trustee Company Limited - HDFC Equity Fund | 9.17 | 57451000 | 9.17 | 57451000 |
| 4 Bharti (SBM) Holdings Private Limited | 8.29 | 51969354 | 4.99 | 31275000 |
| 5 Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund | 8.16 | 51164364 | 8.93 | 55960974 |
| 6 KKR India Financial Services Private Limited | 8.10 | 50736588 | - | - |
| 7 Vistra ITCL India Limited | 0.81 | 5096248 | 21.60 | 135392496 |
| 8 Avantha Holdings Limited | - | - | 12.77 | 80050000 |

(d) Aggregate number of shares issued as GDRs

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| The Bank of New York | 0.11 | 687234 | 0.12 | 775949 |

### 21. OTHER EQUITY

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Retained earnings | (2577.51) | (1501.18) |
| Effective portion of cash flow hedge | 0.37 | 1.32 |
| Foreign currency translation reserve | 17.95 | 187.35 |
| Equity Instruments through other comprehensive income | (244.31) | (244.31) |
| Capital reserve | 671.65 | 671.65 |
| Capital reserve on consolidation | 3.58 | 144.63 |
| Capital redemption reserve | 12.95 | 12.95 |
| Securities premium | 18.30 | 18.30 |
| Statutory reserve | - | 67.05 |
| Non-controlling interest | 15.54 | 54.82 |
| | (2081.48) | (587.42) |

(a) **Dividend paid and proposed:**

No dividends have been proposed, declared or paid during the financial year 2019-20 (2018-19 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(b) **Nature and purpose of reserves:**

(i) **Retained earnings:**

Retained earnings are the profits that the Group has earned till date and includes dividends or other distributions paid to shareholders and impact on account of transition to / intial application Ind AS.

(ii) **Effective portion of cash flow hedge:**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 21. OTHER EQUITY (Contd.)

(iii) **Foreign currency translation reserve:**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(iv) **Equity instruments through other comprehensive income:**

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings.

(v) **Capital reserve:**

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

(vi) **Capital reserve on consolidation:**

Capital reserve on consolidation is on account of subsidiaries acquired.

(vii) **Capital redemption reserve:**

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(viii) **Securities premium:**

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

(ix) **Statutory reserve:**

Statutory reserve represents profits set aside as per the local statutory requirement of overseas subsidiaries, since these subsidiaries are no longer part of the Group the same has been transferred to retained earnings.

### 22. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Secured loans** | | |
| Term loans from banks / financial Institutions (Refer note (a) and (b) below) | 516.04 | 1125.49 |
| **Unsecured loans** | | |
| Term loans from banks (Refer note (c) below) | 71.00 | 316.37 |
| Finance lease obligations (Refer note (d) and (e) below) | - | 5.68 |
| | 587.04 | 1447.54 |

**Notes:**

**Security created to the extent of:**

(a) **Secured term loans from banks:**

(i) The term loan of ₹ 300.14 crores (as at 31 March, 2019 ₹ 367.66 crores) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3 August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on certain identfied plant and machinery and fixed assets (Current maturity of the said loan is ₹ 227.46 crores (as at 31 March, 2019 ₹ 151.63 crores), Refer note 28.

(ii) The term loan of ₹ 125.24 crores (as at 31 March, 2019 ₹ 139.56 crores) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crores and 13 months for ₹ 43.50 crores respectively. The loan is secured by First charge on movable and immovable property of ₹ 69.70 crores of specified location. Subservient charges on identified assets (Current maturity of the said loan is ₹ 103.12 crores (as at 31 March, 2019 ₹ 45.38 crores), Refer note 28.

(iii) The term loan of ₹ 279.59 crores (as at 31 March, 2019 ₹ 305.00 crores) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24 July, 2017, in 36 equal monthly instalments after a moratorium of 2 years from the date of first disbursement. The loan is secured by second charge on identfied plant and machinery and immovable fixed assets. (Current maturity of the said loan is ₹ 152.50 crores (as at 31 March, 2019 ₹ 76.25 crores), Refer note 28.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 22. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS (Contd.)

(iv) The term loans of ₹ 0.44 crores (as at 31 March, 2019 ₹ 0.65 crores) are repayable in 6-48 equal monthly instalments and are secured by hypothecation of vehicles. (Current maturity of the said loans is ₹ 0.15 crores (as at 31 March, 2019 ₹ 0.27 crores), Refer note 28.

(v) The term loan of ₹ 245.82 crores (as at 31 March, 2019 ₹ 259.59 crores) at an interest rate of 3 Months LIBOR+450 bps. The loan is repayable in 16 equal quarterly instalments starting from January 2019 and is secured by way of exclusive charge on all inventory and receivables situated at specified location. The loan is supported by Corporate Guarantee of CG International B.V. (Current maturity of the said loan is ₹ 245.82 crores (as at 31 March, 2019 ₹ 69.15 crores), Refer note 28.

(vi) The term loan of ₹ 31.96 crores (as at 31 March, 2019 ₹ 63.21 crores) is repayable on 25 September, 2020. The loan is secured by land, factory, machineries, inventories and receivables situated at specified location. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited upto 51% of loan liability. (Current maturity of the said loan is ₹ 31.96 crores (as at 31 March, 2019 ₹ 26.90 crores), Refer note 28.

(vii) The term loan of ₹ 233.86 crores (as at 31 March, 2019 ₹ 219.40 crores) is secured by way of fixed and floating charge on all assets situated at specified location. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. Repayment of the loan will commence from December 2022 and will be repayable in 4 equal annual instalments.

**(b) Secured term loan from financial institutions:**

The term loan of ₹ 170.00 crores (as at 31 March, 2019 ₹ 175.00 crores). The Facility (together with all interests, liquidated damages, fees, costs, charges, expenses and other monies and all other amounts stipulated and payable by the borrower to the lender) (whether expended by the Lender itself or not) shall be secured by (a) Exclusive charge on certain identfied movable and immovable fixed assets of the Co-borrowers, both current and future (b) Demand Promissory Note.

Nature of Repayment: (a) Door-to-door tenor of 5 years, Principles moratorium for 12 months from the date of disbursement (b) 20% of total repayment will be paid in second & third year of loan in 8 quarterly installments and the balance 80% will be paid in forth & fifth year of the loan in 8 equal quarterly installments.

Rate of Interest: The Borrower shall, until the Facility amount is fully paid off, pay to the Lender, interest at the rate, equivalent to the Benchmark Rate ( BR) + Spread. BR + Spread = Applicable Interest Rate % per annum.

Interest rate will be fixed till the moratorium period and then will linked to Benchmark Rate 1 year Bank MCLR Rate. The spread shall be defined on the date of first disbursement in a manner such that the applicable interest rate works out to 12.50% per annum payable monthly.

The spread shall remain fixed for 1 year from the date of first disbursement. Thereafter, the spread shall be reset annually and in case the increased spread is not acceptable, the Borrower shall have the right to prepay the facility in full within a period of 30 days from such Reset date, with a prior written notice of not less than 15 days. However, such increased rate shall be payable till the date of repayment. (Current maturity pertaining to the said term loan is ₹ 110.00 crores (as at 31 March, 2019 ₹ 35.00 crores), Refer note 28).

**(c) Unsecured term loans from banks:**

(i) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11 July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity of the said loan is ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores), Refer note 28

(ii) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16 May, 2017, in 15 structured monthly instalments with first starting after 9 months from the date of disbursement. (Current maturity of the said loan is ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores), Refer note 28.

(iii) An assignment cum put agreement was entered by certain CIPs on behalf of the Company without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ('SICL') - a related party, and a bank in September 2018 ('SICL Assignment') under which the Royalty payable by Company to AHL was assigned over to the bank. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March, 2019 in escrow account of SICL, the deposit will be refunded by the Company. On 20 March, 2019, the Company did not pay any royalty to this escrow on 20 March, 2019 as an amount of ₹ 78.25 crores was already paid in advance to AHL by the Company against Royalty to AHL. The bank issued a communication to the Company of its intent to exercise the put option as per the aforementioned assignment and has asked the Company to discharge the liability outstanding of ₹ 71.00 crores. After considering all relevant facts and internal assessment, the Company had recorded a liability towards a Bank amounting to ₹ 72.20 crores (including interest amount to ₹ 1.20 crores) and a corresponding receivable from SICL in the recasted consolidated financial statements for the year ended 31 March, 2019.

(iv) The term loan of ₹ 213.24 crores (as at 31 March, 2019 ₹ 339.85 crores) at an interest rate of Euribor+2.25%. During the year, the entire amount is treated as repayable on demand. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. (Current maturity of the said loan is ₹ 213.24 crores (as at 31 March, 2019 ₹ 95.68 crores), Refer note 28.

(v) The term loan of ₹ 18.47 crores (as at 31 March, 2019 ₹ Nil) with interest at the rate ranging from 8.05% to 8.60% per annum. (Current maturity of the said loan is ₹ 18.47 (as at 31 March, 2019 ₹ Nil).

**(d)** Finance lease obligations are repayable in equated monthly installments.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 22. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS (Contd.)

**(e) Finance lease:**

The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | Minimum payments | Present value of payments | Minimum payments | Present value of payments |
| Within one year | - | - | 1.55 | 0.99 |
| After one year but not more than five years | - | - | 5.68 | 4.69 |
| More than five years | - | - | - | - |
| **Total minimum lease payments** | - | - | 7.23 | 5.68 |
| *Less:* amounts representing finance charges | - | - | 1.55 | - |
| **Present value of minimum lease payments** | - | - | 5.68 | 5.68 |

### 23. NON-CURRENT OTHER FINANCIAL LIABILITIES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Lease liabilities (Refer note 48) | 15.88 | - |
| Deposits payable | 5.95 | 5.69 |
| | 21.83 | 5.69 |

### 24. NON-CURRENT PROVISIONS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Provision for employee benefits | 21.48 | 63.62 |
| Other provisions (Refer note 30) | 12.10 | 20.60 |
| | 33.58 | 84.22 |

### 25. OTHER NON-CURRENT LIABILITIES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Others | 1.10 | - |
| | 1.10 | - |

### 26. CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Secured loans** | | |
| Banks{Refer note (i), (ii) and (iii) below} | 397.88 | 603.39 |
| **Unsecured loans** | | |
| Banks | 525.38 | 627.71 |
| Supplier finance facility | - | 2.01 |
| Others | - | 49.79 |
| **From Other Company {Refer note (iv) below}** | 320.00 | 320.00 |
| *Less:* Offsetting off advance receivable | 176.11 | 176.11 |
| | 143.89 | 143.89 |
| | 1067.15 | 1426.79 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 26. CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

Notes:

(i) Working capital demand loans of ₹ 1.34 crores (as at 31 March, 2019 ₹ Nil) from bank is secured by hypothecation of stocks and book debts and is further secured by mortgage by deposit of title deeds in respect of its immovable properties, both present and future consisting of land, factory building structures, erections, godowns and furniture and fixtures situated at specified location.

(ii) Working capital demand loans of ₹ 370.59 crores (as at 31 March, 2019 ₹ 566.63 crores) is secured by First charge by hypothecation on entire current assets both present and future of the borrower, namely, stock of raw materials, goods in progress, semi finished and finished goods, stores and spares not relating to plant and machinery (consumables stores and spares), bills receivables and book debts including proceeds thereof on realisation and other movables which are in the nature of current assets of the borrower.

(iii) Working capital demand loan of ₹ 25.95 crores (as at 31 March, 2019 ₹ 36.76 crores) is secured by exclusive charge on fixed assets, intangibles and entire current assets (except bank account) present and future of the borrower at specified location. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited and 100% pledge of equity shares of CG Industrial Holdings Sweden AB and CG Drives and Audtomation Sweden AB.

(iv) The Group had received the amount from Blue Garden Estate Private Limited ('BGEPL') as an initial advance consideration towards the transactions which were not approved by the then Board of Directors in relation to Assignment / Sale of Land along with Factory Building at Nashik and Kanjurmarg, Mumbai of the Company.

Advance receivable from BGEPL had been offset against liability from BGEPL in recasted books of accounts of the Group.

Borrowings pertaining to discontinued operations are included under the head 'Liabilities associated with group of assets classified as held for sale and discontinued operations' (Refer note 45).

**Defaults in payment of loans and interest:**

The Group has made certain defaults in repayment of dues to banks, financial institutions and other lenders.

Following are the details of continuing defaults as at 31 March, 2020:

| | As at 31-03-2020 (Revised) | Period of default |
|---|---|---|
| Secured current borrowings | 49.00 | less than 1 year |
| Unsecured current borrowings | 506.82 | less than 1 year |
| Current maturities long-term loans from banks / financial institutions | 420.34 | less than 1 year |
| Current borrowings - others | 27.32 | less than 1 year |
| Interest accured on borrowings | 95.04 | less than 1 year |

### 27. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Acceptances | 7.06 | 135.17 |
| Due to others | 1294.60 | 2174.98 |
| | 1301.66 | 2310.15 |

Note:

Refer note 41 for trade payables to related parties.





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 28. CURRENT-OTHER FINANCIAL LIABILITIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Current maturities of long- term loans from banks / financial institution (Refer note 22) | | 1102.72 | | 539.62 |
| Interest free sales tax deferral loans from State Government | | 0.12 | | 0.12 |
| Lease liabilities (Refer note 48) | | 9.99 | | - |
| Interest accrued on borrowings | | 138.29 | | 15.67 |
| **Investor Education and Protection Fund:** | | | | |
| Unclaimed dividend (Refer note (a) below) | | 0.46 | | 0.72 |
| Due to directors (Refer note 41) | | - | | 3.29 |
| Financial guarantee obligations | | - | | 0.28 |
| Liability on deconsolidation of HBE Group (Refer note 52) | | 570.47 | | - |
| **Other payables:** | | | | |
| Due to erstwhile shareholders | - | | 0.05 | |
| Security deposits | 8.93 | | 8.40 | |
| Due to employees | 40.67 | | 125.69 | |
| Others | 187.50 | | 180.37 | |
| | | 237.10 | | 314.51 |
| | | 2059.15 | | 874.21 |

Notes :

(a) There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020, and 31 March, 2019.

(b) Refer note 26 on disclosure on defaults in payments of loans and interest.

### 29. OTHER CURRENT LIABILITIES

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| Advances from customers | | 278.54 | | 504.67 |
| Due to customers (Refer note 31) | | 14.35 | | 81.23 |
| **Other payables:** | | | | |
| Statutory Liabilities | 52.50 | | 68.09 | |
| Advance from others (Refer note below) | 566.70 | | 566.70 | |
| Others | 61.50 | | 89.38 | |
| | | 680.70 | | 724.17 |
| | | 973.59 | | 1,310.07 |

Note:

The Group had received certain advances from unrelated parties aggregating to ₹ 566.70 crore (as at 31 March, 2019 ₹ 566.70 crore). The Group has recognised these advances as current liability and will continue to do so until fulfilment/ extinguishment of aforesaid liability.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 30. SHORT-TERM PROVISIONS

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Provision for employee benefits | 3.94 | 3.15 |
| Other provisions (Refer note below) | 140.21 | 209.68 |
| Provision for net asset of subsidiaries (Refer note 50) | 354.02 | - |
| | 498.17 | 212.83 |

(1) **Movement in other provisions:**

| Nature of provisions | Provision for Warranties 2019-20 (Revised) | Provision for Tax related litigation 2019-20 (Revised) | Liquidated damages 2019-20 (Revised) | Other litigation claims 2019-20 (Revised) | Environmental obligations 2019-20 (Revised) | Onerous contracts 2019-20 (Revised) | Total 2019-20 (Revised) |
|---|---|---|---|---|---|---|---|
| Carrying amount at the beginning of the year | 88.12 | 18.19 | 69.03 | 27.13 | 17.83 | 9.98 | 230.28 |
| Additional provision made during the year | 16.01 | 13.59 | 14.24 | 26.02 | - | - | 69.86 |
| Amounts used during the year | 3.71 | - | 8.28 | - | - | 2.96 | 14.95 |
| Unused amounts reversed during the year | 18.62 | 2.14 | - | 0.33 | - | - | 21.09 |
| Reduction on deconsolidation of subsidiaries | 18.25 | - | 58.58 | 17.50 | 18.44 | 4.31 | 117.08 |
| Translation adjustment | 0.85 | - | 2.94 | 0.58 | 0.61 | 0.31 | 5.29 |
| Carrying amount at the end of the year | 64.40 | 29.64 | 19.35 | 35.90 | - | 3.02 | 152.31 |
| Non-current | 12.10 | - | - | - | - | - | 12.10 |
| Current | 52.30 | 29.64 | 19.35 | 35.90 | - | 3.02 | 140.21 |
| **Total** | 64.40 | 29.64 | 19.35 | 35.90 | - | 3.02 | 152.31 |

(2) **Nature of provisions:**

(a) Product warranties: The Group gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for tax related litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the Act / Rules.

(c) Provision for liquidated damages has been made on contracts for which delivery dates are exceeded and computed in reasonable and prudent manner.

(d) Provision for litigation related obligations represents estimated liabilities that are expected to materialise in respect of matters under litigation.

(e) Provision for environmental obligations represents liabilities towards the costs expected to be incurred to treat contaminated soil / effluents at its manufacturing locations, wherever required by local law.

(f) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

### 31. REVENUE FROM OPERATIONS

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| Sale of products | 4672.85 | | 7605.86 | |
| Sale of services | 87.51 | | 83.24 | |
| Construction contracts | 290.96 | 5051.32 | 208.68 | 7897.78 |
| Other operating income - scrap sales | | 58.56 | | 100.13 |
| | | 5109.88 | | 7997.91 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 31. REVENUE FROM OPERATIONS (Contd.)

**Revenue from contracts with customers**

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 5164.37 | 8004.45 |
| *Less:* Adjustments | | |
| Discounts | 29.68 | 42.03 |
| Others (includes liquidated damages, price variations, etc.) | 24.81 | (35.49) |
| **Revenue recognised as per revised consolidated statement of profit and loss** | 5109.88 | 7997.91 |

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 67.32 | 8.65 |
| Performance obligations satisfied in previous periods | - | 5.71 |

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Power Systems Business | 2735.58 | 4608.55 |
| Industrial Sytems Business | 2361.34 | 3372.30 |
| Others | 12.96 | 17.06 |
| **Total** | 5109.88 | 7997.91 |

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Contract balances** | | |
| Trade receivables | | |
| Non-current | 4.23 | 13.35 |
| Current | 522.16 | 1695.70 |
| Contract assets | 0.64 | 219.07 |
| Contract liabilities | | |
| Advance from customers | 278.54 | 504.67 |
| Due to customers | 14.35 | 81.23 |

**Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and is transferred to trade receivables on completion of milestones and its related invoicing.

**Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligation.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 32. OTHER INCOME

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Interest income from:** | | |
| Deposits with banks | 0.02 | 10.22 |
| Others | 7.75 | 13.63 |
| Fair value gain on financial instruments at fair value through profit or loss | 0.06 | - |
| **Other non-operating income:** | | |
| Income from business service centers (Refer Note 48) | 9.43 | 5.69 |
| Government grant | 1.11 | 1.77 |
| Miscellaneous income | 29.86 | 11.19 |
| | 48.23 | 42.50 |

### 33. COST OF MATERIALS CONSUMED

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Opening inventories | 390.18 | 335.32 |
| Add: Purchases | 2858.13 | 5129.95 |
| *Less:* Closing inventories | 179.27 | 390.18 |
| | 3069.04 | 5075.09 |

### 34. PURCHASES OF STOCK-IN-TRADE

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Purchases of stock-in-trade | 60.92 | 34.79 |
| | 60.92 | 34.79 |

### 35. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| **Closing inventories:** | | | | |
| Finished goods | 40.11 | | 127.69 | |
| Work-in-progress | 159.07 | | 668.45 | |
| Stock-in-trade | 2.10 | | 2.62 | |
| | 201.28 | | 798.76 | |
| **Opening inventories:** | | | | |
| Finished goods | 127.69 | | 67.48 | |
| Work-in-progress | 668.45 | | 818.44 | |
| Stock-in-trade | 2.62 | | 0.60 | |
| | 798.76 | | 886.52 | |
| | | 597.48 | | 87.76 |
| *Less:* Reduction on deconsolidation of subsidiaries | | (399.33) | | - |
| **Net (increase) / decrease in inventories** | | 198.15 | | 87.76 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 36. EMPLOYEE BENEFITS EXPENSE

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Salaries, wages and bonus | 711.29 | 858.17 |
| Contribution to provident and other funds (Refer note 43) | 101.75 | 129.93 |
| Post retirement medical benefits | - | 0.95 |
| Staff welfare expenses | 54.09 | 74.29 |
| | 867.13 | 1063.34 |

### 37. FINANCE COSTS

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Interest expenses | 320.67 | 383.17 |
| Interest on lease liabilities (Refer note 48) | 3.38 | - |
| | 324.05 | 383.17 |

### 38. DEPRECIATION AND AMORTISATION EXPENSE

| | 2019-20 (Revised) | 2018-19 (Recased) |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 4)* | 141.91 | 137.69 |
| Amortisation of Intangible assets (Refer note 5)# | 69.57 | 76.86 |
| | 211.48 | 214.55 |

**Notes:**

* Depreciation for the current year includes depreciation of ROU assets of ₹ 20.57 crores.

# Includes currrent year ₹ 0.19 crores and previous year ₹ 0.80 crores on account of impairment.

### 39. OTHER EXPENSES

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Consumption of stores and spares | 28.52 | 44.16 |
| Power and fuel | 55.37 | 75.61 |
| Rent | 21.61 | 59.54 |
| Repairs to buildings | 5.97 | 12.45 |
| Repairs to machinery | 24.00 | 39.50 |
| Repairs to others | 16.34 | 19.49 |
| Insurance | 18.23 | 23.20 |
| Rates and taxes | 34.43 | 28.41 |
| Freight and forwarding | 132.45 | 216.29 |
| Packing materials | 39.89 | 63.19 |
| After sales services including warranties | 17.42 | 7.94 |
| Travelling and conveyance | 28.43 | 44.28 |
| Sales promotion | 4.67 | 46.39 |
| Bank charges | 41.38 | 49.19 |
| Sub contracting charges | 118.56 | 251.44 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 39. OTHER EXPENSES

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Directors' sitting fees | 1.97 | 0.87 |
| Allowance for doubtful debts and advances | 56.13 | 73.16 |
| Legal and professional charges | 51.16 | 104.13 |
| Foreign exchange loss | 72.53 | 97.12 |
| Miscellaneous expenses | 149.16 | 259.74 |
| | 918.22 | 1516.10 |

### 40. CONTINGENT LIABILITIES AND COMMITMENTS

| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|
| A. | **Contingent liabilities:** (to the extent not provided for) | | |
| (a) | Claims against the Group not acknowledged as debts | 5.29 | 5.36 |
| (b) | Sales tax / VAT liability that may arise in respect of matters in appeal | 15.31 | 16.41 |
| (c) | Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | 14.32 | 15.29 |
| (d) | Income tax liability that may arise in respect of matters in appeal. | 1.90 | 4.34 |
| B. | **Financial guarantees:** | | |
| | Issue of post- dated cheques to a Bank against loan given to related party (Refer note below (vi) | - | 210.00 |
| | Issue of post-dated cheques to a Bank against loan given to other promoter affiliate company (AHL affiliate) (Refer note below (vii)) | 210.00 | - |
| C. | **Commitments:** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 4.36 | 10.17 |

Notes:

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at A (a) to (d) above, pending resolution of the arbitration / appellate proceedings.

(ii) Sales tax / VAT / Entry tax cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts, refund of excise duty on export of transformers, interest payment on provisional assessment cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses etc.

(v) The Group has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating ₹ 69.08 crores which are not a part of contingent liability. As part of its working capital monitoring process, the Group has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.

(vi) A Letter of Comfort allegedly was issued by certain identified personnel ('CIP') on behlaf of the Company to bank allegedly to discharge a related party`s loan obligations, the Loan amount oustanding as at 31 March, 2019 is ₹ 391.88 crores. The post-dated cheque was issued against the comfort letter.

(vii) The Group had received notice of demand under Income Tax Act for ₹ 606.30 crores for financial year 2016-17, and the Hon'ble Bombay High Court has granted the interim stay against the notice of demand until admission of appeal before the High Court. The Group, also received a notice from National Faceless Assessment Center requiring it to file its submission in respect of the appeal filed before Commissioner of Income Tax (Appeals), and the Group has filed the submissions, as directed. Considering the facts and underlying documents with respect to the demand raised under section 68 of the Income Tax Act, 1961, the management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels.

(viii) From time to time, the Group is involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Group.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES

(a) Details of the Group's subsidiaries and associate at the end of the reporting period considered in the preparation of the consolidated financial statements are as follows:

(i) **Subsidiaries:**

| Sr. No. | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | India | 100.00 | 100.00 |
| 2 | CG-PPI Adhesive Products Limited | India | 81.42 | 81.42 |
| 3 | CG Power Equipments Limited | India | 100.00 | 100.00 |
| 4 | CG International Holdings Singapore Pte. Limited | Singapore | 100.00 | 100.00 |
| 5 | CG Sales Networks Malaysia Sdn Bhd (formerly known as "Crompton Greaves Sales Network Malaysia Sdn.Bhd.") | Malaysia | 100.00 | 100.00 |
| 6 | CG International B.V. | The Netherlands | 100.00 | 100.00 |
| 7 | CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)* | Belgium | - | 100.00 |
| 8 | CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)* | Belgium | - | 100.00 |
| 9 | CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020)* | Ireland | - | 100.00 |
| 10 | PT. CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020)* | Indonesia | - | 95.00 |
| 11 | CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020)* | France | - | 99.70 |
| 12 | CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020)* | Saudi Arabia | - | 51.00 |
| 13 | CG Electric Systems Hungary Zrt. | Hungary | 100.00 | 100.00 |
| 14 | CG Power Solutions UK Limited | United Kingdom | 100.00 | 100.00 |
| 15 | CG Power Systems Canada Inc. | Canada | 100.00 | 100.00 |
| 16 | CG- Ganz Generator and Motor Limited Liability Company (formerly known as "CG Holdings Hungary Kft.") | Hungary | 100.00 | 100.00 |
| 17 | CG Service Systems France SAS | France | 100.00 | 100.00 |
| 18 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 19 | CG Drives and Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 20 | CG Drives and Automations Germany GmbH | Germany | 100.00 | 100.00 |
| 21 | CG Drives and Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 22 | CG Middle East FZE | UAE | 100.00 | 100.00 |
| 23 | CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. April 01, 2019) | USA | - | 100.00 |
| 24 | QEI, LLC | USA | 100.00 | 100.00 |
| 25 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 26 | CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. April 01, 2019) | USA | - | 100.00 |
| 27 | PT Crompton Prima Switchgear Indonesia (Subsidiary w.e.f. FY 2018-19) | Indonesia | 51.00 | 51.00 |
| 28 | CG Power and Industrial Solutions Limited Middle East FZCO (incorporated on October 15, 2018) | UAE | 100.00 | 100.00 |

* During the current year, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') are declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020 and the Court has appointed Receivers. Based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Limited and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia and CG Sales Networks France SA (collectively 'HBE Group') w.e.f. the date of bankruptcy. As stated in note 52, the Group has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries w.e.f. 1 January, 2020 (assumed date) and consequently these entities ceased to be treated as subsidiaries and as related parties w.e.f. 1 January, 2020.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(ii) Associate:

| Sr. No. | Name of the Related Party | Country of Incorporation | % Equity Interest As at 31-03-2020 (Revised) | % Equity Interest As at 31-03- 2019 (Recasted) |
|---|---|---|---|---|
| 1 | CG International BV TR. & Cont. Pvt. Co. LLC. (Liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC") | Sharjah | - | 49.00 |

Note:

In the case of PT Crompton Prima Switchgear Indonesia, the financial statements as at 31 December, 2019 have been considered. Material adjustments required for any significant events or transactions for the three months upto 31 March, 2020 have been considered.

(iii) Key Management Personnel:

| | | |
|---|---|---|
| 1 | Sudhir Mathur | - Whole Time - Executive Director (w.e.f. 10 May, 2019) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 09 May, 2019) |
| 2 | Ashish Kumar Guha | - Non- Executive Independent Director, and Chairman (Appointed as Chairman w.e.f. 25 September, 2019) |
| 3 | Narayan K. Seshadri | - Non- Executive Independent Director |
| 4 | Ramni Nirula | - Non- Executive Independent Director |
| 5 | Jitender Balakrishnan | - Non- Executive Independent Director |
| 6 | Pradeep Mathur | - Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019) |
| 7 | Dr. Aditi Raja | - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020) |
| 8 | Dr. Rathin Roy | - Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020) |
| 9 | Alen Ferns | - Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020) |
| 10 | Gautam Thapar | - Non- Executive Director, Chairman and Promoter Director (ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be director w.e.f. 9 October, 2019) |
| 11 | K. N. Neelkant | - Executive Director, CEO & Managing Director (Resigned w.e.f.30 September , 2019) |
| 12 | V. R. Venkatesh | - Chief Financial Officer (ceased w.e.f. 30 August, 2019) |
| 13 | Omkar Goswami | - Non- Executive Director (Resigned w.e.f. 14 December , 2019) |
| 14 | Valentin Von Massow | - Non- Executive Independent Director (ceased w.e.f. 5 August, 2019) |
| 15 | Shikha Kapadia | - Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019) |
| 16 | Nimesh S Shah | - Company Secretary and Compliance Officer (Appointed w.e.f 01 January 2020 and Resigned w.e.f. 31 January, 2020) |

(iv) Other Related Parties in which directors are interested:

| | | |
|---|---|---|
| 1 | Ballarpur Industries Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 2 | BILT Graphic Paper Products Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 3 | Avantha Holdings Limited ('AHL')# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 4 | Avantha Realty Limited # | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 5 | Jhabua Power Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 6 | Solaris Industrial Chemicals Limited# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 7 | Avantha Power & Infrastructure Ltd# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 8 | Avantha International Assets BV# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 9 | Ballarpur International Holdings BV# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 10 | Mirabelle Trading PTE Ltd.# | (Ceased to be a related party w.e.f. 9 October, 2019) |
| 11 | CERG Advisory Private Limited# | (Ceased to be a related party w.e.f. 14 December, 2019) |

# Ceased to be a related party upon resignation of Mr Gautam Thapar w.e.f. 9 October, 2019



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

41. RELATED PARTY DISCLOSURES (Contd.)

(v) Post Employment Benefit Entity

1 CG Provident Fund

2 CG Gratuity Fund

(b) The following transactions were carried out with the related parties: Refer note 1 below)

| Sr. No. | Nature of transaction / relationship | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| 1 | Sales of goods and services | | |
| | Other Related Parties | | |
| | BILT Graphic Paper Products Limited | - | 0.01 |
| | Jhabua Power Limited | 0.02 | 0.39 |
| | Total | 0.02 | 0.40 |
| 2 | Interest income | | |
| | Other Related Party | | |
| | Avantha International Assets BV | - | 0.22 |
| | Total | - | 0.22 |
| 3 | Payment to Key Managerial Personnel | | |
| | Salaries, commission and perquisites ** | 6.79 | 7.13 |
| | Total | 6.79 | 7.13 |
| 4 | Rent paid | | |
| | Other Related Parties | | |
| | Avantha Realty Limited | - | 1.87 |
| | Jhabua Power Limited | - | 0.55 |
| | Total | - | 2.42 |
| 5 | Amounts written off | | |
| | Other Related Party | | |
| | BILT Graphic Paper Products Limited | - | 2.80 |
| | Total | - | 2.80 |
| 6 | Other expenses | | |
| | Other Related Parties | | |
| | Avantha Holdings Limited | - | 38.06 |
| | Jhabua Power Limited | - | 0.19 |
| | CERG Advisory Private Limited | 0.06 | - |
| | Total | 0.06 | 38.25 |
| 7 | Loans and advances given during the year | | |
| | Other Related Parties## | | |
| | Avantha Holdings Limited | 2.00 | 278.15 |
| | Avantha Realty Limited | - | 0.42 |
| | Solaris Industrial Chemicals Limited | - | 98.20 |
| | Avantha International Assets BV | - | 339.93 |
| | Ballarpur International Holdings BV | - | 3.11 |
| | Mirabelle Trading PTE Ltd. | - | 34.36 |
| | Total | 2.00 | 754.17 |
| 8 | Loans and advances repaid during the year | | |
| | Other Related Parties | | |
| | Avantha Holdings Limited | - | 402.11 |
| | Total | - | 402.11 |

** Remuneration does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties (Refer note 1 below):

| Sr. No. | Nature of transaction / relationship | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| 1 | **Trade payable** | | |
| | **Other Related Parties** | | |
| | Mirabelle Trading PTE Ltd | - | 6.30 |
| | Jhabua Power Limited | - | 1.01 |
| | | - | 7.31 |
| | Non-current | - | - |
| | Current | - | 7.31 |
| | Total | - | 7.31 |
| 2 | **Trade receivable** | | |
| | **Other Related Parties** | | |
| | Ballarpur Industries Limited | - | 0.08 |
| | BILT Graphic Paper Products Limited | - | 0.47 |
| | Jhabua Power Limited | - | 1.31 |
| | | - | 1.86 |
| | Non-current | - | - |
| | Current | - | 1.86 |
| | Total | - | 1.86 |
| 3 | **Loans and advances receivable** | | |
| | **Other Related Parties (net)##** | | |
| | Avantha Holdings Limited | - | 992.13 |
| | Avantha Realty Limited | - | 10.65 |
| | Avantha Power & Infrastructure Ltd | - | 15.00 |
| | Ballarpur Industries Limited | - | 68.50 |
| | Ballarpur Graphics Paper Product Limited | - | 552.33 |
| | Solaris Industrial Chemicals Limited | - | 378.20 |
| | Ballarpur International Holdings BV | - | 85.37 |
| | Avantha International Assets BV | - | 342.33 |
| | Mirabelle Trading PTE Ltd. | - | 93.33 |
| | | - | 2537.84 |
| | Non-current | - | 2537.84 |
| | Current | - | - |
| | Total | - | 2537.84 |
| 4 | **Due to Key Management Personnel** | | |
| | K. N. Neelkant | - | 3.29 |
| | | - | 3.29 |
| | Non-current | - | - |
| | Current | - | 3.29 |
| | Total | - | 3.29 |
| 5 | **Guarantees outstanding (utilised)** | | |
| | **Other Related Party** | | |
| | Avantha Holdings Limited## | - | 391.88 |
| | Total | - | 391.88 |

## These transactions and balances are subject to regulatory investigation.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 41. RELATED PARTY DISCLOSURES (Contd.)

(d) Compensation of key management personnel of the Group

| Nature of transaction | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Short-term employee benefits | 6.54 | 6.93 |
| Post-employment pension | 0.25 | 0.20 |
| **Total compensation paid to key management personnel** | 6.79 | 7.13 |

Notes:

1 Other related parties in which directors are interested (serial no. 1 to 10 in a(iv) above) have ceased to be related parties w.e.f. 9 October, 2019 and are considered as promoter affiliate companies in the revised consolidated financial statements for the current year ended 31 March, 2020. Above related party disclosure does not include transactions with these entities after the date these entities ceased to be related parties of the Group. Similarly the amount due to / from related parties does not include balances with these parties as at 31 March, 2020.

2 The sales to and purchases from Related Parties are made on terms equivalent to those that prevail in arm's length transactions.

3 The Group makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Group contributed ₹ 12.95 crores (Previous year ₹ 12.15 crores).

4 The Group maintains gratuity trust for the purpose of administering the gratuity payment to its employees (CG Gratuity Fund). During the year, the Group contributed ₹ Nil (Previous year ₹ 7.68 crores).

### 42. DISCLOSURE OF INTEREST IN OTHER ENTITIES

(a) Material non-controling interest for continuing operations

| | Principal place of business / Country of incorporation | Proportion of interest held by Non-controlling entities as at | |
|---|---|---|---|
| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
| | | % | % |
| CG-PPI Adhesive Products Limited | India | 18.58 | 18.58 |
| PT Crompton Prima Switchgear Indonesia# | Indonesia# | 49.00 | 49.00 |
| PT. CG Power Systems Indonesia (upto 31 December, 2019) (Refer note 52) | Indonesia | - | 5.00 |

The proportion of voting rights held by non controlling interest does not differ from the proportion of ownership interest.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 42. DISCLOSURE OF INTEREST IN OTHER ENTITIES (Contd.)

Summarised statement of profit and loss:

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia # | | PT. CG Power Systems Indonesia | |
|---|---|---|---|---|---|---|
| | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
| Revenue | 15.32 | 23.07 | 32.12 | 9.26 | 422.19 | 854.05 |
| Other Income | 0.47 | 0.79 | 0.01 | - | 21.87 | 23.65 |
| Cost of materials consumed | (9.00) | (13.40) | (33.26) | (8.95) | (276.04) | (569.23) |
| Other expenses | (7.75) | (7.35) | (13.00) | (17.66) | (165.72) | (212.35) |
| Finance costs | (0.06) | (0.01) | (2.81) | (1.63) | (1.78) | (1.20) |
| Pre-tax profit / (loss) from continuing operations | (1.02) | 3.10 | (16.94) | (18.98) | 0.52 | 94.92 |
| Income tax expense / (credit) | (0.19) | 0.81 | (4.23) | (2.88) | (0.65) | 18.91 |
| Post-tax profit / (loss) from continuing operations (A) | (0.83) | 2.29 | (12.71) | (16.10) | 1.17 | 76.01 |
| Other comprehensive income (B) | (0.17) | 0.02 | - | - | - | 4.40 |
| **Total comprehensive income ( A+B ) = C** | (1.00) | 2.31 | (12.71) | (16.10) | 1.17 | 80.41 |
| Attributable to non-controlling interest | (0.19) | 0.43 | (6.23) | (7.89) | 0.06 | 4.02 |
| Dividend paid to non-controlling interest | 0.09 | 0.09 | - | - | - | 1.09 |

Summarised balance sheet :

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia # | | PT. CG Power Systems Indonesia | |
|---|---|---|---|---|---|---|
| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
| Current assets | 18.63 | 19.52 | 28.11 | 22.97 | - | 1026.42 |
| Non-current assets | 4.61 | 4.81 | 132.62 | 125.43 | - | 89.93 |
| Current liabilities | (5.34) | (4.80) | (88.85) | (47.33) | - | (291.79) |
| Non-current liabilities | (0.25) | (0.31) | (60.93) | (84.05) | - | - |
| **Total equity** | 17.65 | 19.22 | 10.95 | 17.02 | - | 824.56 |
| **Attributable to:** | | | | | | |
| Equity holders of parent | 14.37 | 15.65 | 5.58 | 8.68 | - | 783.33 |
| Non-controlling interest | 3.28 | 3.57 | 5.37 | 8.34 | - | 41.23 |

Summarised cash flow information:

| | CG-PPI Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia # | | PT. CG Power Systems Indonesia | |
|---|---|---|---|---|---|---|
| | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
| Cash flows from: | | | | | | |
| Operating activities | (1.34) | (0.03) | 7.41 | (19.52) | 43.41 | 20.72 |
| Investing activities | (4.30) | (0.37) | (2.90) | (8.38) | (1.40) | (42.82) |
| Financing activities | 0.72 | (0.57) | (7.43) | 31.64 | (34.01) | 7.95 |
| Net increase / (decrease) in cash and cash equivalents | (4.92) | (0.97) | (2.92) | 3.74 | 8.00 | (14.15) |

# From previous year onward, earstwhile Joint venture of the Group, PT Crompton Prima Switchgear Indonesia ("CPSI"), has been treated as subsidiary of the Group on account of the control exercised by the Group from the effective date. The Group has 51.00% of share holding in equity share capital of CPSI. The principal place of business is Indonesia.



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. DISCLOSURE OF INTEREST IN OTHER ENTITIES (Contd.)

(b) Investment In Associates

(i) General information

The Group had 49.00% of share holding in equity share capital of CG International Bv Tr. & Cont. Pvt. Co. LLC (earlier known as Pauwels Middle East Trading & Contracting Pvt. Co. LLC). Its principal place of business is United Arab Emirates. This associate entity has been liquidated w.e.f. 18 June, 2019.

(ii) Summarised financial information of the associates

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Current assets | - | - |
| Non-current assets | - | - |
| Current liabilities | - | 0.01 |
| Non-current liabilities | - | - |
| Equity | - | (0.01) |
| Group's share of net assets | - | (0.01) |
| **Carrying amount of interest in associates** | - | - |

The above amount of equity includes accumulated losses of the associates of ₹ Nil (31 March, 2019: ₹ 0.24 crores) on which the Group has recognised its share to the extent of cost of its investments.

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Revenue | - | - |
| Pre-tax profit / (loss) | - | (0.02) |
| Income tax expense | - | - |
| Post-tax profit / (loss) | - | (0.02) |
| Other comprehensive income | - | 0.26 |
| Total comprehensive income / (loss) | - | 0.24 |
| Group's share of total comprehensive income / (loss) recognised in the statement of profit and loss | - | - |
| Dividends received from associates | - | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43 EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 88.79 crores (Previous year ₹ 107.06 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

| Benefits (Contribution to): | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Provident fund | 13.10 | 12.29 |
| Superannuation fund | 4.71 | 4.89 |
| Employee state insurance scheme | 0.28 | 0.43 |
| Labour welfare scheme | 0.01 | 0.02 |
| National pension scheme | 1.00 | 0.29 |
| Family pension | 69.69 | 89.14 |
| **Total** | 88.79 | 107.06 |

(b) **Defined benefit plans:**

**Gratuity:**

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Group makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the defining the investment strategy.

**Post-retirement medical benefit:**

During the financial year 2019-20, management has reviewed and decided to discontinue the policy of Post-retirement medical benefit. Consequently the accumulated provision of ₹ 10.83 crores has been reversed and recognised as an exceptional item in statement of profit and loss.

The following tables summarise the components of net benefit expenses recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans:

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Non-funded) | 2018-19 (Recasted) (Non-funded) |
| **I** | **Change in present value of defined benefit obligation during the year:** | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 49.04 | 63.91 | 10.83 | 10.68 |
| 2 | Interest cost | 3.78 | 5.04 | - | 0.83 |
| 3 | Current service cost | 2.91 | 3.85 | - | 0.12 |
| 4 | Past service cost (Refer Note 50) | - | (17.16) | - | - |
| 5 | Benefits paid directly by the employer | - | (0.32) | - | (0.47) |
| 6 | Benefits paid | (16.88) | (6.87) | - | - |
| 7 | Actuarial changes arising from changes in financial assumptions | 2.35 | 0.41 | - | (0.25) |
| 8 | Actuarial changes arising from changes in experience adjustments | 1.57 | 0.18 | - | (0.08) |
| 9 | Reversal due to change in policy (Refer Note 50) | - | - | (10.83) | - |
| 10 | Present value of defined benefit obligation at the end of the year | 42.77 | 49.04 | - | 10.83 |



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43 EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Non-funded) | 2018-19 (Recasted) (Non-funded) |
| **II** | **Change in fair value of plan assets during the year:** | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 58.33 | 56.23 | NA | NA |
| 2 | Interest income | 4.49 | 4.43 | NA | NA |
| 3 | Contributions paid by the employer | (8.99) | 7.70 | NA | NA |
| 4 | Benefits paid from the fund | (16.88) | (6.87) | NA | NA |
| 5 | Return on plan assets excluding interest income | 3.56 | (3.16) | NA | NA |
| 6 | Fair value of plan assets at the end of the year | 40.51 | 58.33 | NA | NA |
| **III** | **Net asset / (liability) recognised in the balance sheet:** | | | | |
| 1 | Present value of defined benefit obligation at the end of the year | (42.77) | (49.04) | - | (10.83) |
| 2 | Fair value of plan assets at the end of the year | 40.51 | 58.33 | - | - |
| 3 | Amount recognised in the balance sheet | (2.26) | 9.29 | - | (10.83) |
| 4 | Net (liability)/ asset- Current | (2.26) | 9.29 | - | (0.46) |
| | Net (liability)/ asset- Non-current | - | - | - | (10.37) |
| **IV** | **Expenses recognised in the statement of profit and loss for the year:** | | | | |
| 1 | Current service cost | 2.91 | 3.85 | - | 0.12 |
| 2 | Interest cost on benefit obligation (net) | (0.68) | 0.63 | - | 0.83 |
| 3 | Curtailment (Refer Note 50) | - | (17.18) | - | - |
| 4 | Expected return on plan assets | - | - | - | - |
| 5 | Total expenses included in employee benefits expense | 2.23 | (12.70) | - | 0.95 |
| **V** | **Recognised in other comprehensive income for the year:** | | | | |
| 1 | Actuarial changes arising from changes in financial assumptions | 2.35 | 0.41 | NA | (0.25) |
| 2 | Actuarial changes arising from changes in experience adjustments | 1.57 | 0.18 | NA | (0.08) |
| 3 | Return on plan assets excluding interest income | (3.56) | 3.16 | NA | NA |
| 4 | Recognised in other comprehensive income | 0.36 | 3.75 | NA | (0.33) |
| **VI** | **Maturity profile of defined benefit obligation:** | | | | |
| 1 | Within the next 12 months (next annual reporting period) | 4.92 | 7.99 | NA | 0.50 |
| 2 | Between 2 and 5 years | 15.87 | 19.79 | NA | 2.29 |
| 3 | Between 6 and 10 years | 18.96 | 21.17 | NA | 3.72 |
| **VII** | **Quantitative sensitivity analysis for significant assumption is as below:** | | | | |
| **1** | **Increase/(decrease) in present value of defined benefits obligation at the end of the year** | | | | |
| | (i) One percentage point increase in discount rate | (2.62) | (2.63) | NA | (1.37) |
| | (ii) One percentage point decrease in discount rate | 2.98 | 2.97 | NA | 1.74 |
| | (i) One percentage point increase in rate of salary increase | 3.04 | 3.05 | NA | NA |
| | (ii) One percentage point decrease in rate of salary increase | (2.72) | (2.74) | NA | NA |
| | (i) One percentage point increase in employee turnover rate | 0.70 | 0.91 | NA | NA |
| | (ii) One percentage point decrease in employee turnover rate | (0.78) | (1.02) | NA | NA |
| | (i) One percentage point increase in medical inflation rate | NA | NA | NA | 1.76 |
| | (ii) One percentage point decrease in medical inflation rate | NA | NA | NA | (1.39) |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43 EMPLOYEE BENEFITS (Contd.)

| | | Gratuity | | Post Retirement Medical Benefits | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Non-funded) | 2018-19 (Recasted) (Non-funded) |
| 2 | **Sensitivity Analysis Method:** Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | | | |
| VIII | **The major categories of plan assets as a percentage of total plan asset:** | | | | |
| | Insurer managed funds | 100% | 100% | NA | NA |
| IX | **Weighted average duration of the defined benefit obligation (in years):** | 8 | 7 | NA | 30 |
| X | **Actuarial assumptions:** | | | | |
| 1 | Discount rate | 6.83%%-7.00% p.a. | 7.72%-8.00% p.a. | NA | 7.76% p.a. |
| 2 | Salary escalation | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | 6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year | NA | NA |
| 3 | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | NA | Indian Assured Lives Mortality (2006-08) Ultimate |
| 4 | Mortality post retirement rate | NA | NA | NA | Indian Assured Lives Mortality (2006-08) |
| 5 | Rate of employee turnover | 4.00% p.a. | 4.00% p.a. | 4.00% p.a. | 4.00% p.a. |
| 6 | Medical premium inflation rate | NA | NA | NA | 2.00 % p.a. |

| | 2019-20 (Revised) | 2018-19 (Recasted) | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | 4.77 | - | NA | NA |

**Notes :**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

**Pension obligation**

The Group operates post retirement pension plan for its eligible employees, a defined benefit retirement plan with assets held in a separately administered funds. The scheme provides retirement benefits on the basis of members' final salary.



₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 43 EMPLOYEE BENEFITS (Contd.)

The Group also provides other post-employment termination benefits, which is separation pay. The separation pay benefit is paid to employees in the case of voluntary resignation, subject to a minimum number of years of service. This benefit has been accounted for using the same methodology as for the defined benefit pension plan.

The following tables summarise the components of net benefit expenses recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans:

| | | Pension | | Pension | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Non-funded) | 2018-19 (Revised) (Non-funded) |
| **I** | **The movement in the present value of defined benefit obligation:** | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 307.74 | 306.26 | 4.04 | 3.33 |
| 2 | Current service cost | 10.77 | 18.33 | - | 1.33 |
| 3 | Interest cost | - | 8.63 | - | 0.24 |
| 4 | Benefits paid directly by employer | (5.69) | (0.08) | - | - |
| 5 | Benefits paid from the fund | - | (26.05) | - | (0.69) |
| 6 | Actuarial (gain) / losses | - | | | |
| | - experience adjustments | - | 17.49 | - | (0.18) |
| | - financial assumptions | - | (7.02) | - | (0.00) |
| 7 | Past service cost / (gain) | - | (2.26) | - | (0.05) |
| 8 | Settlement payment | - | (0.35) | - | - |
| 9 | Employee contributions | - | 1.39 | - | - |
| 10 | Translation difference | 14.15 | (8.60) | (0.18) | 0.06 |
| 11 | Present value of defined benefit obligation at the end of the year | 326.97 | 307.74 | 3.86 | 4.04 |
| 12 | Deduction on account of deconsolidation | (326.97) | - | - | - |
| 13 | Closing Balance | - | - | - | - |
| **II** | **The movement in fair value of plan assets:** | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 282.52 | 291.03 | NA | NA |
| 2 | Interest income | - | 6.12 | NA | NA |
| 3 | Return on plan assets excluding interest income | - | 0.96 | NA | NA |
| 4 | Due to termination benefit - Remeasurement | - | (2.26) | NA | NA |
| 5 | Employer contributions | - | 21.13 | NA | NA |
| 6 | Benefit paid | - | (26.05) | NA | NA |
| 7 | Translation difference | 12.37 | (8.41) | NA | NA |
| 8 | Fair value of plan assets at the end of the year | 294.89 | 282.52 | NA | NA |
| 9 | Deduction on account of deconsolidation | (294.89) | - | - | - |
| 10 | Closing Balance | - | - | - | - |

₹ crores

**NOTES** ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 43 EMPLOYEE BENEFITS (Contd.)

| | | Pension | | Pension | |
|---|---|---|---|---|---|
| | | 2019-20 (Revised) (Funded) | 2018-19 (Recasted) (Funded) | 2019-20 (Revised) (Non-funded) | 2018-19 (Revised) (Non-funded) |
| **III** | **Net (asset) / liability recognised in the balance sheet:** | | | | |
| 1 | Present value of defined benefit obligation at the end of the year | (326.97) | (307.74) | (3.85) | (4.04) |
| 2 | Fair value of plan assets at the end of the year | 294.89 | 282.52 | - | - |
| 3 | Net pension (liability) / asset | (32.08) | (25.22) | (3.85) | (4.04) |
| 4 | Deduction on account of deconsolidation | 31.98 | - | 3.85 | - |
| 5 | Net pension (liability) / asset recognised in the balance sheet | (0.10) | (25.22) | - | (4.04) |
| **IV** | **Expenses recognised in the statement of profit and loss for the year:** | | | | |
| 1 | Current service cost | 10.77 | 18.33 | - | 1.33 |
| 2 | Interest cost on benefit obligation (Net) | - | 1.36 | - | 0.24 |
| 3 | Past service cost | - | (2.26) | - | (0.05) |
| 4 | Settlement and curtailment cost | - | (0.35) | - | - |
| 5 | Actuarial (gain) / losses | - | - | - | (0.18) |
| 6 | Total expenses included in employee benefits expense | 10.77 | 17.08 | - | 1.34 |
| **V** | **Recognised in other comprehensive income for the year:** | | | - | |
| 1 | Actuarial changes arising from changes in financial assumptions | - | 5.17 | - | - |
| 2 | Actuarial changes arising from changes in experience adjustments | - | 5.47 | - | (0.18) |
| 3 | Return on plan assets excluding interest income | - | 2.45 | - | - |
| 4 | Recognised in other comprehensive income | - | 13.09 | - | (0.18) |

| | | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|---|
| **VI** | **The major categories of plan assets as a percentage of total plan assets:** | | |
| | Insurer managed funds | NA | 100.00% |
| | **Total** | NA | 100.00% |
| **VII** | **Actuarial assumptions:** | | |
| 1 | Discount rate | NA | 8.35% p.a. |
| 2 | Future salary and pension increases | NA | 7.50% p.a. |

**(c) Provident fund**

The Group makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Group's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Group making interest shortfall a defined benefit plan. Accordingly, the Group has obtained actuary valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Plan assets at Year end, at fair value | 298.63 | 337.45 |
| Present value of defined obligation at Year end | 266.31 | 304.36 |

Assumptions used in determining the present value of obligation

₹ crores

**NOTES** ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 43 EMPLOYEE BENEFITS (Contd.)

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Rate of discounting | 6.83% p.a. | 7.72% p.a. |
| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Attrition rate | 4.00% p.a. | 4.00% p.a. |
| Guaranteed rate of interest | 8.50% p.a. | 8.65% p.a. |
| Whilst in service withdrawal | 5.00% p.a. | 5.00% p.a. |

## 44 SEGMENT REPORTING

**The Group has the following reportable segments:**

Power Systems : Transformer, Switchgear, Automation and Turnkey Projects
Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

**Identification of Segments:**

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

**Segment revenue and results:**

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

**Segment assets and liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

**Inter segment transfer:**

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Group level.

₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 44 SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended 31 March, 2020 is as follows (Revised):

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure / Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 2735.58 | 2361.34 | 12.96 | - | - | 5109.88 |
| Add: Inter segment sales | 0.26 | 0.02 | - | - | (0.28) | - |
| **Total revenue** | 2735.84 | 2361.36 | 12.96 | - | (0.28) | 5109.88 |
| Segment results | (265.56) | 246.33 | (3.69) | - | | (22.92) |
| *Less:* Finance costs | | | | | | 324.05 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | | 143.91 |
| **Loss after finance cost but before exceptional items and tax** | | | | | | (490.88) |
| Exceptional items (net) | | | | | | (909.03) |
| Tax expense (credit) | | | | | | (75.81) |
| **Loss from continuing operations after tax** | | | | | | (1324.10) |
| **Loss from discontinued operations after tax** | | | | | | (7.04) |
| **Loss for the year** | | | | | | (1331.14) |
| **Other Information;** | | | | | | |
| Segment assets | 1782.52 | 975.78 | 12.75 | 309.44 | 1571.70 | 4652.19 |
| Segment liabilities | 2476.70 | 1101.82 | 4.26 | 29.55 | 2995.99 | 6608.32 |
| Capital expenditure# | 19.92 | 27.36 | 0.14 | - | 4.42 | 51.84 |
| Depreciation and amortisation# | 135.68 | 59.14 | 0.59 | - | 16.07 | 211.48 |
| Impairment of tangible and intangible assets# | 38.27 | - | - | - | - | 38.27 |
| Non-cash expenses other than depreciation and amortisation# | 51.68 | 8.96 | 0.10 | - | 1.99 | 62.73 |



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 44 SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended March 31, 2019 is as follows (Recasted):

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure / Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 4608.55 | 3372.30 | 17.06 | - | - | 7997.91 |
| Add: Inter segment sales | 1.78 | 0.87 | - | - | (2.65) | - |
| **Total revenue** | 4610.33 | 3373.17 | 17.06 | - | (2.65) | 7997.91 |
| Segment results | (151.92) | 374.74 | (3.32) | - | | 219.50 |
| *Less:* Finance costs | | | | | | 383.17 |
| *Less:* Other unallocable expenditure net of unallocable income | | | | | | 170.72 |
| **Loss after finance cost but before exceptional items and tax** | | | | | | (334.39) |
| Exceptional items (net) | | | | | | (3,312.27) |
| Tax expense (credit) | | | | | | (864.63) |
| **Loss from continuing operations after tax** | | | | | | (2,782.03) |
| **Loss from discontinued operations after tax** | | | | | | (15.60) |
| **Loss for the year** | | | | | | (2797.63) |
| **Other Information;** | | | | | | |
| Segment assets | 4018.03 | 1461.53 | 19.24 | 321.45 | 1675.47 | 7495.72 |
| Segment liabilities | 3181.21 | 950.66 | 4.33 | 47.53 | 3774.06 | 7957.79 |
| Capital expenditure# | 95.12 | 33.45 | 0.91 | - | 5.89 | 135.37 |
| Depreciation and amortisation# | 144.79 | 57.61 | 0.54 | - | 11.62 | 214.56 |
| Impairment of intangible assets under development# | 14.15 | - | - | - | - | 14.15 |
| Non-cash expenses other than depreciation and amortisation# | 51.35 | 2.13 | 0.12 | - | 11.06 | 64.66 |

# The disclosure pertains to continuing business segments.

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments.

**Geographical Information:**

| | 2019-20 (Revised) | | | 2018-19 (Recasted) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue from contracts with customers | 2643.48 | 2466.40 | 5109.88 | 4596.13 | 3401.78 | 7997.91 |

**Note:**

During the year ended 31st March, 2020 and 31st March, 2019 revenues from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

| | As at 31-03-2020 (Revised) | | | As at 31-03-2020 (Revised) | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Non-current assets | 907.71 | 623.15 | 1530.86 | 969.38 | 1,106.47 | 2075.85 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) **Following subsidiaries/ business units are considered as discontinued operations as at 31 March, 2020:**

(i) Power Distribution Franchise business

(ii) CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019)

(iii) CG Power Systems Canada Inc.

(iv) CG Power Equipments Limited

(v) CG Sales Networks France SA (upto 31 December, 2019) (Refer note 52)

(iv) CG Power Solutions Saudi Arabia Limited (upto 31 December, 2019) (Refer note 52).

(b) **Power Distribution Franchise with Maharashtra State Electricity Distribution Company Limited**

On 1 June, 2011, the Group had entered into Power Distribution Franchise Agreement ('DFA') with Maharashtra State Electricity Distribution Group Limited ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India. As per the terms of the arrangements, the Group had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large. MSEDCL should supply / sale electricity to the Group at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Group should distribute and supply the electricity at the tariff determined by the regulatory authorities.

MSEDCL had given right to the Group to use its distribution assets which would always belong to MSEDCL. During the tenure of the arrangement, if the Group incurred any capital expenditure, the same should vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Group for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Group had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

The arrangement was assessed as a public-to-private service concession under Ind AS 115. The Group had a contractual right to receive the residual value of the capital expenditure done under the arrangement and accordingly, will recognise financial asset. Further, the Group had right to charge the consumers for the services and therefore, there was an intangible asset. Consequent to the certain unresolved disputes arising out of the DFA of the Group with MSEDCL, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee from the Group with effect from 12 August, 2015. Accordingly, the Group has classified Power Distribution Segment as discontinued operations.

In respect of discontinued power distribution franchise business, the Group and MSEDCL have entered into final settlement on 16 February, 2018. Considering the non-recoverability of balance dues of ₹ 34.21 crores (As at 31 March, 2019), the Group has provided for ₹ 33.72 crores (previous year). During the current financial year the Group has received an amount of ₹ 0.49 crores from the outstanding balance.

(c) **Transformer Division - Kanjurmarg**

The Group had entered into a definitive agreement with a Buyer for sale of its remaining portion of land at Kanjurmarg. Consequently, the Board had approved the closure of the Kanjurmarg operations for completion of sale of land. The plant and machineries of Transformer Division (T1) were shifted to other manufacturing facilities. Accordingly, in the previous year ended 31 March, 2019, carrying value of land and building amounting to ₹ 279.94 crores has been classified as 'Asset held for sale' in accordance with "IND AS 105 Non-current Assets Held for Sale and Discontinued Operations" and had recognised a provision for restructuring cost towards closure/shifting of the said manufacturing facility at Kanjurmarg ₹ 95.39 crores in accordance with "IND AS 37 Provisions, Contingent Liabilities and Contingent Assets". During the current year, based on additional update, the Group has actualised and reversed exceptional provision of ₹ 31.29 crores related to expected restructuring cost.

The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Group. The Group is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. During the current year, the Group has recognised a provision towards delay in completing contractual obligation towards completion of land sale aggregating to ₹ 53.23 crores. The Group continues to engage with the Buyer and shall negotiate settlement of aforesaid provision.

The restructuring provision, reversal thereof and provision towards delay in completing contractual obligation towards completion of land sale forms part of the exceptional items in the financial statements (Refer note 50).

(d) **Others**

The Group continues to identify prospective buyer(s) for its Indian subsidiary namely CG Power Equipments Limited (formerly known as "Crompton Greaves Consumer Products Limited"). Hence the business will continue to be reflected as discontinued operations and disclosed as 'Others' segment separately.





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

**Statement of profit and loss of the discontinued operations is as under :**

| | 2019-20 (Revised) | | | | 2018-19 (Recasted) | | | |
|---|---|---|---|---|---|---|---|---|
| | Transmission and Distribution | Power Distribution | Others | Total | Transmission and Distribution | Power Distribution | Others | Total |
| Revenue from operations | - | - | - | - | - | - | - | - |
| Expenses (net of other income) | 6.92 | - | - | 6.92 | (6.65) | 33.73 | 0.01 | 27.09 |
| Profit / (loss) before tax | (6.92) | - | - | (6.92) | 6.65 | (33.73) | (0.01) | (27.09) |
| Tax income / (expense) | (0.12) | - | - | (0.12) | (0.29) | 11.78 | - | 11.49 |
| Profit / (loss) after tax | (7.04) | - | - | (7.04) | 6.36 | (21.95) | (0.01) | (15.60) |

**The major classes of assets and liabilities of the discontinued operation are as under:**

| | As at 31-03-2020 (Revised) | | | As at 31-03-2019 (Recasted) | | |
|---|---|---|---|---|---|---|
| Assets | Transmission and Distribution | Power Distribution | Others | Transmission and Distribution | Power Distribution | Others |
| Land and buildings | 281.63 | - | - | 283.17 | - | - |
| Trade receivables | - | - | - | 9.92 | 0.49 | - |
| Cash and cash equivalents | 0.02 | - | 0.03 | 1.74 | - | 0.03 |
| Bank balances other than above | 1.21 | - | - | - | - | - |
| Deferred tax assets(net) | 23.19 | - | - | 21.76 | - | - |
| Current financial assets- loans | - | - | - | 0.07 | - | - |
| Other current assets | 3.36 | - | - | 4.28 | - | - |
| **Assets classified as held for sale (A)** | 309.41 | - | 0.03 | 320.94 | 0.49 | 0.03 |
| **Liabilities** | | | | | | |
| Deferred tax liabilities (net) | 23.19 | - | - | 21.76 | - | - |
| Current financial liabilities – borrowings | - | - | | 7.17 | - | - |
| Trade payables | - | - | - | 9.52 | - | - |
| Other current financial liabilities | 5.68 | - | - | 6.96 | - | - |
| Other current liabilities | 0.00 | - | - | 0.15 | - | - |
| Provisions | 0.68 | - | | 1.97 | - | - |
| **Liabilities directly associated with assets classified as held for sale (B)** | 29.55 | - | - | 47.53 | - | - |
| **Net assets directly associated with disposal group (A-B)** | 279.86 | - | 0.03 | 273.41 | 0.49 | 0.03 |

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

| Cash Flows | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Operating | (12.80) | 37.62 |
| Investing | - | - |
| Financing | - | - |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 46. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values:**

1 The Group has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others (except financial guarantee fees receivable and derivative instruments), current financial liabilities - borrowings, trade payables and other financial liabilities (except derivative instruments and current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Group has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2 The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.

3 The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

4 Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

**The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:**

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

| | Note No. | Carrying amount As at 31-03-2020 (Revised) | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.52 | - | 6.52 | - |
| Non-current financial assets others (Refer note (a) below) | 9 | 52.46 | - | 52.46 | - |
| **Total** | | 59.37 | 0.39 | 58.98 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Non-current investments | 6 | 1.34 | - | 1.34 | - |
| Current investments | 13 | 0.01 | 0.01 | - | - |
| **Total** | | 1.35 | 0.01 | 1.34 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long-term loans from bank (Refer note (b) below) | 22 | 587.04 | - | 516.04 | - |
| Non- current other financial liabilities | 23 | 21.83 | - | 5.95 | 15.88 |
| Current maturities of long term borrowings | 28 | 1102.72 | - | 1102.72 | - |
| **Total** | | 1711.59 | - | 1624.71 | 15.88 |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 46. FAIR VALUE MEASUREMENTS (Contd.)

| | Note No. | Carrying amount As at 31-03-2019 (Recasted) | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Non-current investments | 6 | 0.39 | 0.39 | - | - |
| Non-current financial assets loans | 8 | 6.96 | - | 6.96 | - |
| Non-current financial assets others (Refer note (a) below) | 9 | 171.69 | - | 14.61 | - |
| **Total** | | 179.04 | 0.39 | 21.57 | - |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Derivative instruments | 18 | 8.70 | - | 8.70 | - |
| Non-current investments | 6 | 1.28 | - | 1.28 | - |
| Current investments | 13 | 0.01 | 0.01 | - | - |
| **Total** | | 9.99 | 0.01 | 9.98 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long-term loans from bank (Refer note (b) below) | 22 | 1441.86 | - | 1369.66 | - |
| Finance lease obligation | 22 | 5.68 | | 5.68 | |
| Other financial liabilities (non current) | 23 | 5.69 | - | 5.69 | - |
| Current maturities of long term borrowings | 28 | 539.62 | - | 539.62 | - |
| **Total** | | 1992.85 | - | 1920.65 | - |

During the reporting period ending 31 March, 2020 and 31 March, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

**Notes:**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| a) The carrying amount includes below (other than those categorised in the fair value hierarchy above): | | |
| Advance to other related parties | - | 139.79 |
| **Total** | - | 139.79 |

The Group has estimated the timing of recovery of outstanding balances stated above from such companies and accordingly, has classified the balances as non-current. The Group plans to initiate the recovery proceedings for these receivables based on consultation with independent legal counsel. Hence the fair value of these advances is not ascertainable.

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| b) The closing balances includes below (other than those categorised in the fair value hierarchy above): | | |
| Term loans from bank | 71.00 | 72.20 |
| **Total** | 71.00 | 72.20 |

The facts disclosed or disclosure made or provisions made as above for certain liabilities as at respective year end are subject to admission of liability by the Company and the Group's right under law and / or contract and / or equity to contest the same, as necessary.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks namely credit risk, interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group generally has managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

#### Exposure to interest risk

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Floating rate borrowings | 2938.79 | 3599.97 |

#### Interest rate sensitivity

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| 25 bp increase - Decrease in profit | (7.35) | (9.00) |
| 25 bp decrease - Increase in profit | 7.35 | 9.00 |

#### Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in overseas markets and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

#### Unhedge foreign currency exposure as at 31 March, 2020 (Revised)

| | USD | Euro | GBP | IDR | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 142.87 | 119.17 | 0.74 | - | (25.15) | 237.63 |
| Loans and other receivables | 128.95 | 3.92 | - | - | 379.76 | 512.63 |
| Bank balances in current accounts and term deposit accounts | (82.08) | 128.82 | 17.41 | - | 55.64 | 119.79 |
| Trade payables | (102.77) | (123.32) | (3.76) | (2.92) | (72.65) | (305.42) |
| Commission Payable | (25.91) | (2.43) | - | - | (0.12) | (28.46) |
| Long-term borrowings | (245.82) | (363.58) | - | - | (127.30) | (736.70) |
| Short term borrowings | (286.46) | (1,398.12) | - | - | (39.73) | (1,724.31) |
| Other short term financial liabilities | (9.62) | (386.87) | (0.17) | (4.19) | (34.14) | (434.99) |
| Lease Finance Obligation | - | (8.61) | - | - | (2.70) | (11.31) |





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### Unhedge foreign currency exposure as at 31 March, 2019 (Recasted)

| | USD | Euro | GBP | IDR | Others | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 223.14 | 155.66 | 25.70 | 280.38 | 50.37 | 735.25 |
| Loans and other receivables | 73.20 | 154.28 | - | - | 144.86 | 372.34 |
| Bank balances in current accounts and term deposit accounts | (100.24) | 146.90 | 20.57 | 7.78 | 56.98 | 131.99 |
| Trade payables | 2.62 | 522.70 | 6.72 | 116.61 | 27.97 | 676.62 |
| Commission Payable | (19.76) | (1.45) | - | - | - | (21.21) |
| Long-term borrowings | - | 291.58 | - | - | (31.21) | 260.37 |
| Short-term borrowings | (418.61) | 1,375.16 | - | - | 49.84 | 1006.39 |
| Other short-term financial liabilities | 26.82 | 65.03 | 321.80 | (8.15) | 113.65 | 519.15 |
| Forward contracts for receivable | 1.76 | - | - | - | - | 1.76 |
| Forward contracts for loan | - | 3.13 | - | - | - | 3.13 |

#### Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax:

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | 1.27 | (1.27) | (2.48) | 2.48 |
| Euro | 23.65 | (23.65) | 28.33 | (28.33) |
| GBP | 0.20 | (0.20) | 3.75 | (3.75) |
| IDR | - | - | 3.97 | (3.97) |
| Others | 4.71 | (4.71) | 4.41 | (4.41) |
| **Increase / (decrease) in profit or loss** | 29.83 | (29.83) | 37.98 | (37.98) |

1 % increase or decrease in foreign exchange rates will have the following impact on equity:

| | 2019-20 (Revised) | | 2018-19 (Recasted) | |
|---|---|---|---|---|
| | 1 % Increase | 1 % decrease | 1 % Increase | 1 % decrease |
| USD | 3.68 | (3.68) | 1.81 | (1.81) |
| Euro | 23.71 | (23.71) | 28.00 | (28.00) |
| GBP | 0.20 | (0.20) | 3.75 | (3.75) |
| IDR | - | - | 3.97 | (3.97) |
| Others | 1.09 | (1.09) | 2.28 | (2.28) |
| **Increase / (decrease) in equity** | 28.68 | (28.68) | 39.81 | (39.81) |

#### Credit risk

Credit risk refers to the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project.

₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Where the loans or receivables are impaired, the Group continues to engage in enforcement activity to attempt to recover the receivable due. The Group is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees and derivative financial instruments.

In respect of financial guarantees provided by the Group to banks and financial institutions, the maximum exposure which the Group is exposed to is the maximum amount which the Group would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

**Exposure to credit risk**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in Government or trust securities | 0.39 | 0.39 |
| Investments in Debentures or bonds | 0.05 | 0.05 |
| Other non-current investments | 1.29 | 1.23 |
| Non-current financial assets - loans | 6.52 | 6.96 |
| Non-current financial assets - loans - others (Refer note below) | 52.46 | 171.69 |
| Cash and cash equivalents and other bank balances | 242.36 | 240.76 |
| Current financial assets - loans | 41.67 | 30.66 |
| Current financial assets - others | 232.11 | 9.33 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| Trade receivables | 809.74 | 1898.67 |

**Note:**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying balances includes below: | | |
| Advance to other related parties | - | 139.79 |
| **Total** | - | 139.79 |

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) current as well as non-current has been considered from the date the invoice falls due.

| | |
|---|---|
| **As at 31-03-2020 (Revised)** | |
| Up to 3 months | 277.77 |
| 3 to 6 months | 62.53 |
| More than 6 months | 469.44 |
| | 809.74 |
| **As at 31-03-2019 (Revised)** | |
| Up to 3 months | 1231.22 |
| 3 to 6 months | 138.63 |
| More than 6 months | 528.82 |
| | 1898.67 |



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The following table summarizes the change in the loss allowances measured using life time expected credit loss model:

| | |
|---|---|
| **As at 01-04-2018 (Recasted)** | 118.54 |
| Provided during the year | 99.97 |
| Amounts written off | (17.82) |
| Reversals of provision | (10.80) |
| Translation adjustments | (0.27) |
| **As at 31-03-2019 (Recasted)** | 189.62 |
| Provided during the year | 138.00 |
| Amounts written off | (1.55) |
| Reversals of provision | (8.34) |
| Reduction on deconsolidation of subsidiaries | (35.18) |
| Translation adjustments | 0.80 |
| **As at 31-03-2020 (Revised)** | 283.35 |

No significant changes in estimation techniques or assumptions were made during the reporting period. Also refer note 53 for mitigating factors explained on the going concern assumptions.

**Liquidity risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity profile of financial liabilities:**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| As at 31 March, 2020 (Revised) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 5.95 | - | 5.95 |
| Current maturities of long term borrowings | 1102.72 | - | - | 1102.72 |
| Long-term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores) | - | 546.04 | 46.77 | 592.81 |
| Short-term borrowings | 1067.15 | - | - | 1067.15 |
| Trade payables | 1301.66 | - | - | 1301.66 |
| Other financial liablities | 946.32 | - | - | 946.32 |
| Lease liabilities | 11.79 | 16.74 | 3.67 | 32.20 |

| As at 31 March, 2019 (Recasted) | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | 5.69 | - | - | 5.69 |
| Current maturities of long term borrowings | 539.62 | - | - | 539.62 |
| Long-term borrowings (excluding unamortised upfront fees of ₹ 16.26 crores) | - | 1326.00 | 132.12 | 1458.12 |
| Short-term borrowings | 1426.79 | - | - | 1426.79 |
| Trade Payables | 2310.15 | - | - | 2310.15 |
| Other financial liablities | 334.47 | - | - | 334.47 |
| Finance lease obligation | - | 5.68 | - | 5.68 |

₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Note:

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying amount of financial liabilities includes: | | |
| Term loans from bank | 71.00 | 72.20 |
| Term loan from others | 320.00 | 320.00 |
| **Total** | 391.00 | 392.20 |

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Group and the Group reserves all its rights under law and / or contract and/or in equity to contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

Also refer note 53 for mitigating factors explained on the going concern assumptions

**Collateral:**

The Group has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfill certain collateral requirements for the banking facilities extended to the Group. There is obligation to return the securities to the Group once these banking facilities are surrendered. (Refer note 22 and 26).

**Capital management:**

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Group monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

**Gearing ratio:**

The gearing ratio at the end of the reporting period was as follows:

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| Total debt (Refer note below) | 2933.14 | 3590.18 |
| Equity | (1,956.13) | (462.07) |
| **Total debt and equity** | 977.01 | 3128.11 |
| **Gearing ratio** | 300.22% | 114.77% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2020 and 31 March, 2019.

**Note**

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| The carrying amount includes below: | | |
| Term loans from bank | 71.00 | 72.20 |
| Term loan from others | 320.00 | 320.00 |
| **Total** | 391.00 | 392.20 |

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Group and the Group reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.





₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

**Hedging activities and derivatives**

| | As at 31-03-2020 (Revised) | | As at 31-03-2019 (Recasted) | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Fair value of foreign currency forward contracts designated as hedging instruments | - | - | - | 0.04 |

The fair value of derivative liabilities have been determined using rates quoted by the Group's bankers at the reporting date which are calculated by reference to the market interest rates and foreign exchange rates.

The Group entered into forward exchange and commodity contracts to manage its exposure to the variability of cash flows, primarily related to future sales and purchases of inventories denominated in foreign currencies over the next 12 months.

As at 31 March, 2020, the net gain on derivatives of ₹ Nil (as at 31 March, 2019: net gain of ₹ 5.46 crores) earned from changes in the fair value of forward foreign exchange and commodity contracts that are highly effective, has been recognised in hedging reserve.

The Group expects that substantially all of this amount will be credited into the profit or loss within 12 months from the reporting date.

48 LEASES

(i) **Group as a lessee:**

The Group has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended 31 March, 2019 have not been restated. Under the modified retrospective method, the Group has recognised ₹ 54.83 crores as right-of-use ('ROU') asset as at 1 April, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial periods to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on loss after tax and earnings per share for the year ended 31 March, 2020 on adoption of Ind AS 116.

**Movement in carrying value of right of use assets for the year ended 31 March, 2020**

| | Leasehold land | Buildings | Plant and machinery | Furniture and fittings | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Adoption of Ind AS 116 Leases as at 01-04-2019 (Revised)** | 0.59 | 27.05 | 2.29 | 0.32 | 0.13 | 24.45 | 54.83 |
| Leasehold land tranferred as at 1-04-2019 | 71.25 | - | - | - | - | - | 71.25 |
| Addition | - | 1.50 | - | - | - | 7.09 | 8.59 |
| *Less:* Depreciation | 1.45 | 8.31 | 0.65 | 0.07 | 0.06 | 10.03 | 20.57 |
| Translation Adjustment | - | 0.37 | 0.13 | - | - | 0.81 | 1.31 |
| *Less:* Reduction on account fo deconsolidation of subsidiaries | - | 3.40 | 1.77 | - | - | 15.70 | 20.87 |
| **Closing net carrying balance as at 31-03-2020 (Revised)** | 70.39 | 17.21 | - | 0.25 | 0.07 | 6.62 | 94.54 |

**Movement in lease liabilities during the year ended 31 March, 2020**

| | |
|---|---|
| **Adoption of Ind AS 116 Leases as at 01-04-2019** | 54.83 |
| Add: Addition | 8.59 |
| Add: Accretion of interest | 3.38 |
| *Less:* Payment | 20.98 |
| Translation Adjustment | 1.29 |
| *Less:* Reduction on account fo deconsolidation of subsidiaries | 21.24 |
| **Closing balance (As at 31-03-2020) (Revised)** | 25.87 |

**Breakup of current and non-current lease liabilities as at 31 March, 2020 (Revised)**

| | |
|---|---|
| Current Lease Liabilities | 9.99 |
| Non-current Lease liabilities | 15.88 |
| **Total** | 25.87 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 48 LEASES (Contd.)

Amounts recognised in the consolidated Statement of profit or loss

| | 2019-20 (Revised) |
|---|---|
| **Other Expenses** | |
| Short-term lease rent expense | 10.54 |
| Low value asset lease rent expense | 9.01 |
| Variable lease rent expense | 1.64 |
| **Finance Cost** | |
| Interest in lease liabilities | 3.38 |
| **Depreciation and amortisation expense** | |
| Depreciation of ROU lease assets | 20.57 |

Amounts recognised in the consolidated statement of cash flows

| | 2019-20 (Revised) |
|---|---|
| Total cash outflow for leases | 12.72 |

Contractual maturities of lease liabilities as at 31 March, 2020 (Revised) on an undiscounted basis

| | 2019-20 (Revised) |
|---|---|
| Less than 1 year | 11.79 |
| 1 - 5 years | 16.74 |
| More than 5 years | 3.67 |
| **Total** | 32.20 |

(ii) Group as a lessor

Amounts recognised in the consolidated statement of profit or loss

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| **Other Income** | | |
| Non-operating lease income | 9.43 | 5.69 |

Undiscounted future lease payments to be received

| | As at 31-03-2020 (Revised) | As at 31-03-2019 (Recasted) |
|---|---|---|
| **Maturity analysis** | | |
| Less than 1 Year | 8.64 | 7.49 |
| 1 to 5 years | 2.61 | 9.41 |
| More than 5 years | - | - |
| **Total** | 11.25 | 16.90 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 49 EARNINGS PER SHARE

| | | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|---|
| Face value of equity share | ₹ | 2.00 | 2.00 |
| Equity shares outstanding | Nos. | 626746142 | 626746142 |
| Loss for the year (continuing operations) | ₹ crores | (1,316.61) | (2,778.41) |
| Earnings per share (for continuing operations) | ₹ | (21.01) | (44.33) |
| Loss for the year (discontinued operations) | ₹ crores | (7.04) | (15.60) |
| Earnings per share (for discontinued operations) | ₹ | (0.11) | (0.25) |
| Loss for the year (total operations) | ₹ crores | (1323.65) | (2,794.01) |
| Earnings per share (for continuing operations and discontinued operations) | ₹ | (21.12) | (44.58) |

### 50 EXCEPTIONAL ITEMS

| | 2019-20 (Revised) | 2018-19 (Recasted) |
|---|---|---|
| Provision against litigation (For trade receivable and claims) (Refer note (a) below) | (22.48) | (35.45) |
| Curtailment of gratuity liability | - | 17.16 |
| Provision for impairment of tangible and intangible assets (Refer note (b) below) | (34.33) | (14.15) |
| Retrenchment cost - overseas subsidiary | - | (14.02) |
| Short fall of provident fund liability (Refer note (c) below) | (0.78) | (24.83) |
| Provision for delay in completing contractual obligation pertaining to land sale and expected restructuring cost (Refer note 45) | (21.94) | (95.39) |
| Provision for expected cost towards closure of factory (Refer note (b) below) | (23.26) | - |
| Provision for doubtful advances (Refer note (d) below) | (153.64) | (3145.59) |
| Provision for impairment of investment (Refer note (d) below) | - | - |
| Reserves transferred to Statement of Profit and loss on deconsolidation of subsidiaries: (Refer note 52 below) | | |
| - Foreign currency translation reserve | 181.41 | - |
| - Hedge reserve | 0.83 | - |
| Provision of net assets of subsidiaries (Refer note (e) below) | (468.28) | - |
| Liability on deconsolidation of HBE Group (Refer note 52) | (341.15) | - |
| Professional and consultancy fees due to ongoing investigations and debt resolution plan(Refer note (f) below) | (36.24) | - |
| Post retirement medical benefit provision reversal (Refer note 43(b)) | 10.83 | - |
| **Total** | (909.03) | (3312.27) |

**Notes:**

(a) One of the customers of the Group had raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory and consequently, had invoked arbitration proceedings. During the current year, the Customer agreed to settle the dispute and the arbitration proceeding was finally terminated. Under the settlement agreement, the Group was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer failing which the settlement agreement provided for payment of USD 2.9 million by the Group to the customer. In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and the Group does not have control over the transformer. Considering these facts, during the current year, the Group has recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds.

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 50. EXCEPTIONAL ITEMS

(b) During the current year, Group's overseas subsidiary:
- CG Electric Systems Hungary Zrt (ESHU) has accounted for impairment of ₹ 8.95 crores towards tangible assets and a provision towards expected cost of closure of factory amounting to ₹ 23.26 crores in view of continuing business losses.

- QEI LLC (QEI) has accounted for impairment of ₹ 25.38 crores towards intangible assets.

(c) During the year, the Group has recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.

(d) During the current year, the Group has recognised provision for certain outstanding amount due from third parties / unrelated parties aggregating to ₹ 153.64 crores.

(e) During the current year, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for certain international operations (other than HBE and its subsidiaries) aggregating to ₹ 354.02 crores. The Group has also accounted loss on deconsolidation of HBE and its subsidiaries ₹ 114.26 crores (Refer note 52).

(f) During the year, the Group has incurred professional and consultancy charges of ₹ 36.24 crores towards ongoing investigations in relation to matters disclosed in these consolidated financial statements and the debt resolution process initiatives.

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | As at 1-04-2019 (Revised) | Cash Inflows / (Outflows) | Foreign exchange movement impact | Changes in fair values | Reduction on deconsolidation of subsidiaries | Effect of reclassification | Finance cost charged during the year | Others | As at 31-03-2020 (Revised) |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Term loans from banks | 1125.49 | (22.50) | 18.49 | - | - | (615.93) | 10.49 | - | 516.04 |
| **Unsecured loans** | | | | | | | | | |
| Term loans from banks | 316.37 | (25.64) | 13.18 | - | - | (231.71) | - | (1.20) | 71.00 |
| Finance lease obligations | 5.68 | - | - | - | - | - | - | (5.68) | - |
| **Current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Banks | 603.38 | 54.07 | 31.68 | - | (325.16) | 33.91 | - | - | 397.88 |
| **Unsecured loans** | | | | | | | | | |
| Banks | 627.71 | (114.20) | - | - | - | 15.90 | - | (4.03) | 525.38 |
| Supplier finance fecility | 2.01 | (2.01) | - | - | - | - | - | - | - |
| Other | 49.79 | - | - | - | - | (49.79) | - | - | - |
| From other Company | 320.00 | - | - | - | - | - | - | - | 320.00 |
| **Current - other financial liabilities:** | | | | | | | | | |
| Current maturity long term borrowings | 539.62 | (286.75) | 2.23 | - | - | 847.62 | - | | 1102.72 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 15.67 | (190.94) | - | - | - | - | 313.56 | - | 138.29 |
| **Non controlling interest** | 54.82 | - | - | 0.19 | (39.47) | - | - | - | 15.54 |
| **Total** | 3660.66 | (587.97) | 65.58 | 0.19 | (364.63) | - | 324.05 | (10.91) | 3086.97 |

**Note: The above disclosure does not include the cashflow movement for lease obligations.(Refer Note 48)**





₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

| | As at 01-04-2018 (Recasted) | Cash Inflows / (Outflows) | Foreign exchange movement impact | Changes in fair values | Recognition of borrowing on classification of joint venture to subsidiary | Effect of reclassification | Finance cost charged during the year | As at 31-03-2019 (Recasted) |
|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| Term loans from banks | 1450.06 | (65.23) | - | - | 36.31 | (308.26) | 12.61 | 1125.49 |
| **Unsecured loans** | | | | | | | | |
| Term loans from banks | 36.85 | 316.37 | - | - | - | (39.36) | 2.51 | 316.37 |
| Finance lease obligations | 7.52 | (1.84) | - | - | - | - | - | 5.68 |
| **Non-current other financial liabilities** | | | | | | | | |
| Term loans from others | 390.00 | (70.00) | - | - | - | - | - | 320.00 |
| **Current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| From financial institutions | 20.20 | (20.20) | - | - | - | - | - | - |
| Working capital demand loan from banks | 665.16 | (38.15) | (23.63) | - | - | - | - | 603.38 |
| **Unsecured loans** | | | | | | | | |
| Banks | 467.84 | 159.87 | - | - | - | - | - | 627.71 |
| Supplier finance facility | 89.71 | (87.70) | - | - | - | - | - | 2.01 |
| Other | - | 49.79 | - | - | - | - | - | 49.79 |
| **Current - other financial liabilities:** | | | | | | | | |
| Current maturity long term borrowings | 302.98 | (137.88) | - | - | 26.90 | 347.62 | - | 539.62 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | 0.12 |
| Current maturities of finance lease obligations | 0.71 | (0.71) | - | - | - | - | - | - |
| Interest accrued but not due on borrowings | 8.09 | (360.47) | - | - | - | - | 368.05 | 15.67 |
| **Non controlling interest** | 38.72 | (10.81) | - | 26.91 | - | - | - | 54.82 |
| **Total** | 3477.96 | (266.96) | (23.63) | 26.91 | 63.21 | - | 383.17 | 3660.66 |

₹ crores

## NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 52. DECONSOLIDATION

During the year, the Group has deconsolidated the accounts of its subsidiaries CG Holdings Belgium NV (HBE) and CG Power Systems Belgium NV (PSBE), and also of the step down subsidiaries of PSBE, CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia, CG Sales Networks France SA and CG Power Solutions Saudi Arabia Ltd (collectively 'HBE Group'), consequent to the HBE and PSBE being declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 03 February, 2020, which then appointed Receivers upon application filed by the public prosecutor. Based on the legal advice obtained, the Group believes that it no longer retains control over the operations of the above-mentioned subsidiaries with effect from the date of bankruptcy. The Group's legal counsels in Belgium have further advised that bankruptcy date could be advanced to a date six months prior to 03 February, 2020 based on such determination by the Court. However, the Group has not received any communication in this regard. In view of the above, the Group has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries with effect from 01 January, 2020 (assumed date) considering the financial information available with the Group as at 31 December, 2019 due to reasons stated below. The Board of Directors of the Company –

i. does not have access to the books of accounts of HBE Group effective from date of declaration of bankruptcy
ii. has the available financial information till the period ended 31 December, 2019
iii. has not been able to obtain the information for period from 01 January, 2020 till the date of bankruptcy in respect of the above subsidiaries in spite of its requests sent to the Receivers

(Gain) / loss recognised on deconsolidation of HBE Group is as follows:

| | 2019-20 (Revised) |
|---|---|
| Net asset of HBE Group on date of deconsolidation | 114.26 |
| Provision towards net amount payable to HBE group (Refer below details) | 341.15 |
| **Loss on deconsolidation*** | 455.41 |
| *Less:* Reserves transferred to Statement of Profit and loss on deconsolidation: | |
| - Foreign currency translation reserve | (181.41) |
| - Hedge reserve | (0.83) |
| **Net loss recognised under Exceptional Items** | 273.17 |

* Excludes loss on discontinued operations for an amount of ₹ 5.68 crores.

| Name of the Group company | Receivables | Payables | Receivable/ (Payable)(net) |
|---|---|---|---|
| CG Power and Industrial Solutions Limited | 46.32 | - | 46.32 |
| CG Drives and Automations Germany GmbH | 2.40 | 0.08 | 2.32 |
| CG Electric Systems Hungary Zrt. | 47.01 | 53.43 | (6.42) |
| CG International B.V. | 81.45 | 87.03 | (5.58) |
| CG Middle East FZE | 1.66 | 166.92 | (165.26) |
| CG Power Solutions UK Limited | 19.95 | 16.87 | 3.08 |
| CG Service Systems France SAS | 1.07 | 3.79 | (2.72) |
| CG Power Americas, LLC | 27.04 | 168.06 | (141.02) |
| CG Sales Networks Malaysia Sdn Bhd | 2.42 | - | 2.42 |
| CG International Holdings Singapore Pte. Limited | - | 66.62 | (66.62) |
| PT Crompton Prima Switchgear Indonesia | - | 7.67 | (7.67) |
| **Total** | 229.32 | 570.47 | (341.15) |

Further, the Group has not considered provision for corporate guarantees extended in relation to operations of HBE Group aggregating EURO 77.59 million (equivalent to ₹ 642.29 crores), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees.

As per the update available with the Group, bankruptcy proceedings are yet to be concluded by the Receivers. The Group shall account for final settlement of bankruptcy proceedings, upon conclusion by the Receivers.



₹ crores

NOTES ACCOMPANYING THE REVISED CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**53.** The Group has incurred a net loss before exceptional item of ₹ 490.88 crores during the year ended 31 March, 2020 and had also incurred losses during the previous year ended 31 March, 2019. As at 31 March, 2020, the Group`s current liability exceeds its current assets by ₹ 4030.09 crores subject to classification of bank borrowings depending on conclusion of debt resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on ICA gets extended. Due to these factors, the going concern basis of preparation of these revised consolidated financial statements could be materially affected as at 31 March, 2020.

However, following mitigating factors and business updates for the year supports the going concern assumption for preparation of these revised consolidated financial statements:

- The Group has been currently in active discussions with lenders for a resolution plan for the debts of the Group, after the execution of the ICA, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Group and its lenders are in discussion with potential investors for infusion of capital in the Group.
- The Group has an unexecuted business order book of over ₹ 3086.00 crores as on date of issuance of Original consolidated financial statements.

**54.** Globally, including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Group's operations in India and overseas were impacted in the month of March 2020 and subsequent to that, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India and other regions across the world. The lockdown also affected the Group's customers and vendors, resulting in declined sales, ordering and manufacturing activities. Subsequent to easing of lockdown and upon receipt of requisite approvals, the Group has commenced limited operations at all its plants from 29 April, 2020 and is gradually ramping up production, sales and allied activities, in India and overseas.

In view of the uncertainties regarding the extent and duration of current COVID situation, the Group is not able to predict the future impact on the business operations. However, even before this pandemic situation, the Group because of the various reasons discussed in notes above has been facing financial stress and is working on various options to avail the required financial support. The Group believes post requisite financial restructuring, there will be no significant impact on the recoverability of its financial and non-financial assets, subject to the past events and possible impact thereof, as discussed above.

### 55. RECENT ACCOUNTING PRONOUNCEMENTS (STANDARDS ISSUED BUT NOT EFFECTIVE)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. Till the date of issue of financial statements, there is no such notification which would have been applicable from 01 April, 2020

**56.** The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

**57.** Amounts shown as ₹ 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

For and on behalf of the Board

As per our report attached
**For CNK & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

**Natarajan Srinivasan**
Managing Director
(DIN: 00123338)

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Himanshu Kishnadwala**
Partner
Membership No. 037391
Mumbai: 31 December, 2021

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai: 31 December, 2021

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH 2020

| Name of the entity in the Group | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount ₹ crores | As % of consolidated profit or loss | Amount ₹ crores | As % of consolidated other comprehensive income | Amount ₹ crores | As % of consolidated total comprehensive income | Amount ₹ crores |
| **Parent :** | | | | | | | | |
| CG Power and Industrial Solutions Limited | (16.19) | (316.69) | (111.17) | (1479.83) | (0.69) | (0.08) | (112.16) | (1479.91) |
| **Indian Subsidiaries :** | | | | | | | | |
| CG PPI Adhesive Products Limited | 0.90 | 17.66 | (0.06) | (0.82) | (1.47) | (0.17) | (0.08) | (0.99) |
| CG Power Solutions Limited | (95.59) | (1869.94) | (2.52) | (33.59) | - | - | (2.55) | (33.59) |
| CG Power Equipments Limited | 0.00 | 0.02 | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| **Foreign Subsidiaries :** | | | | | | | | |
| CG International B.V. | (66.15) | (1293.98) | (91.55) | (1218.69) | - | - | (92.36) | (1218.69) |
| CG Holdings Belgium N.V. | - | - | (2.78) | (37.07) | - | - | (2.81) | (37.07) |
| CG Power Systems Belgium N.V. | - | - | (8.89) | (118.30) | - | - | (8.97) | (118.30) |
| CG Power Systems Ireland Limited | - | - | 2.03 | 27.03 | - | - | 2.05 | 27.03 |
| PT CG Power Systems Indonesia | - | - | 0.09 | 1.17 | - | - | 0.09 | 1.17 |
| CG Sales Networks France SA | - | - | 0.00 | 0.03 | - | - | 0.00 | 0.03 |
| CG Power Solutions Saudi Arabia Limited | - | - | - | - | - | - | - | - |
| CG Power Systems Canada Inc. | 0.16 | 3.19 | (0.01) | (0.07) | - | - | (0.01) | (0.07) |
| CG-Ganz Generator and Motor LLC | 2.98 | 58.25 | 0.02 | 0.25 | - | - | 0.02 | 0.25 |
| CG Electric Systems Hungary Zrt. | (0.77) | (15.05) | (6.51) | (86.67) | - | - | (6.57) | (86.67) |
| CG Service Systems France SAS | 0.11 | 2.22 | (0.07) | (0.99) | - | - | (0.08) | (0.99) |
| CG Power Americas, LLC | (9.70) | (189.69) | (0.77) | (10.20) | - | - | (0.77) | (10.20) |
| CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | - | - | - | - | - | - | - | - |
| CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019) | - | - | - | - | - | - | - | - |
| QEI, LLC | 3.45 | 67.53 | 0.76 | 10.10 | - | - | 0.77 | 10.10 |
| CG Power Solutions UK Limited | (0.74) | (14.45) | (0.40) | (5.34) | - | - | (0.40) | (5.34) |
| CG Industrial Holdings Sweden AB | 5.15 | 100.70 | (0.04) | (0.53) | - | - | (0.04) | (0.53) |
| CG Drives and Automation Sweden AB | 10.18 | 199.07 | 0.28 | 3.69 | - | - | 0.28 | 3.69 |
| CG Drives and Automation Netherlands B.V. | 1.37 | 26.74 | 0.13 | 1.74 | - | - | 0.13 | 1.74 |
| CG Drives and Automation Germany GmbH | 0.67 | 13.05 | (0.02) | (0.30) | - | - | (0.02) | (0.30) |
| CG Middle East FZE | (38.59) | (754.81) | (13.94) | (185.56) | - | - | (14.06) | (185.56) |
| CG International Holdings Singapore Pte. Limited | (18.35) | (358.97) | (16.81) | (223.73) | (216.41) | (25.19) | (18.86) | (248.92) |
| Crompton Greaves Sales Network Malaysia sdn.bhd. (formerly known as Crompton Greaves Sales Network Malaysia Sdn.Bhd.) | 0.33 | 6.44 | (0.05) | (0.60) | - | - | (0.05) | (0.60) |
| PT Crompton Prima Switchgear Indonesia | 0.56 | 10.95 | (0.95) | (12.71) | - | - | (0.96) | (12.71) |
| CG Power and Industrial Solutions Limited Middle East FZCO | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 120.22 | 2,351.63 | 153.23 | 2039.86 | 318.57 | 37.08 | 157.41 | 2076.94 |
| **Total** | (100.00) | (1956.13) | (100.00) | (1331.14) | 100.00 | 11.64 | (100.00) | (1319.50) |

# Additional Info

# Products & Services

POWER SYSTEMS

### TRANSFORMERS & REACTORS

- Auto Transformers (up to 1200kV)
- Generator Transformers (up to 800kV)
- Power Transformers (up to 800kV)
- Distribution Transformers
- Energy Efficient Transformers (BIS Level, IS:1180)
- Dry Type Transformers (Cast Resin)
- BIO Transformers (Filled with Natural/ Synthetic Ester Oil)
- Locomotive Transformers
- Solar Inverter Application Transformers
- Converter Application Transformers
- Traction Transformers
- Furnace Transformers
- Earthing Transformers
- Isolation Transformers
- Coupling Transformers for STATCOM
- Rectifier Transformers
- Shunt Reactors (upto 800kV)
- Series Reactors (upto 800kV)
- Variable Shunt Reactors (upto 420kV)
- Phase Shifting Transformers

### SWITCHGEAR

- Current Transformers upto 800kV (with Porcelain and Composite Insulators)
- Capacitive Voltage Transformer upto 1200kV (with Porcelain and Composite Insulators)
- Inductive Voltage Transformers up to 420Kv
- Dry type Primary Voltage Transformer 25kV
- Condenser Bushings upto 800kV
- Coupling/Grading Capacitors up to 420kV
- Indoor & Outdoor Vacuum Circuit Breakers up to 40.5kV
- Indoor GIS up to 36kV
- Indoor and Outdoor Ring Main Units upto 36kV
- Gas Circuit Breakers upto 800kV
- Lightning Arresters upto 1200kV along with allied accessories (Porcelain Arresters up to 420 kV & Polymer Arresters up to 1200 kV)
- Disconnectors upto 245kV
- Vacuum Interrupters upto 72.5kV
- LV & MV Vacuum Contactors up to 36kV
- Forward / Reverse Vacuum Contactor Panels up to 36kV
- Automatic Indoor and Outdoor Vacuum Capacitor Switches Up to 36kV
- Numerical Protection Relays
- Control and Relay Panels
- Substation Automation
- Gas Insulated Switchgear (GIS) 66–145–245kV
- Dead Tank Circuit Breaker (DTB) 72.5kV
- MV Electrical soft starters upto 12kV/100KW–20MW
- Automatic Circuit Reclosers up to 38kV
- Gas Insulated Sectionalizer/Load Break Switch up to 38kV
- Vacuum Load Break Switch Up to 36kV
- HT Automatic Power Factor Correction Systems up to 36kV
- Fixed Capacitor Bank up to 36kV
- Static VAR Compensator (STATCOM) up to 440V, 500KVAr

### ENGINEERING PROJECTS

**Projects on turnkey basis from concept to commissioning:**

- Turnkey Air Insulated Substation upto 765kV
- Turnkey Gas Insulated Substation upto 400kV
- Engineered Packages
- Construction Packages for own EHV Equipments

### CG POWER SYSTEM SERVICE

- Installation and commissioning
- Onsite Services and Inspection
- Repairs, Upgrading and Retrofitting
- Condition monitoring and diagnosis
- Power Quality Audits
- Service Contracts
- Supply of Spare Parts
- Training

### AUTOMATION SOLUTIONS

QEI (formerly CG Automation Solutions) is the oldest and most experienced U.S. Based supplier of SCADA systems for Electric, Transit and Water/Wastewater Utilities. QEI LLC is a full-service company, with the engineering, manufacturing, training, and service personnel to support each customer's Supervisory Control & Data Acquisition (SCADA) and Advanced Distribution Automation System (ADMS) requirements from inception to completion.

- Offering Includes:
- SCADA, DMS and ADMS
- Distribution Automation
- Substation Automation
- Traction Power Automation
- Tie Breaker Automation
- Emergency Trip Systems
- Technical Support (Service Agreements, Help Desk, Training, etc.)
- Onsite Support (Start-up, Commissioning, Training, etc.)

INDUSTRIAL SYSTEMS

### MV MOTORS & GENERATORS

- MV & LV Induction Motor including safe area and all type of hazardous area machines upto 12MW, Polarity upto 24 poles, Voltage up to 13.2kV and in frame Size 315 to 1250 (both horizontal and vertical frame), Squirrel Cage and Slip Ring Induction motors in enclosure type TEFC, CACA, CACW, SPDP & TETV.
- Synchronous Generators from upto 25MVA in frame size up to 1250, upto13.2kV in enclosures type CACA, CACW & SPDP.
- Industrial duty DC machines upto 2000kW, in frame size upto 630, Voltage upto 800V, in enclosures type CACA, CACW & SPDP.

### LT MOTORS

- AC Motors, Frame 63 to 500 (0.18kW to 630kW)
- TEFC Motors available in Squirrel cage & Slipring constructions, suitable for Safe Area & Hazardous Area
- AC Motors Apex Series, Frame 80 to 450LX (0.75 to 630kW) IE 2 Efficiency and Frame 80 to 355LX (0.75 to 315KW) IE 3 Efficiency
- AC Motor NEMA Range 143 to 504 (0.75 to 150KW) EPACT & OWP and AC Motor NEMA Range 143 to 405 (0.75 to 75KW) Premium
- AC Motor Kibosh Series, Frame 80 to 200L (0.37kW to 30kW)

- Laminated Yoke DC Motors Frame 100 to 400 (2.2kW to 550kW)
- Solid Yoke DC motors Frame 180 to 315 (1.1KW to 75KW)
- Mill duty motors DC motors Frame 802 to 816 (7.5KW to 200KW)
- Alternators Brushless Series Frame 132 to 450 (5kVA to 2250kVA)
- Alternator Ustad Series: Slipring Alternators from 5kVA to 82.5kVA

### FHP MOTORS

- NEMA B42, B48 Frame: 30 to 370W, 2/4/6/8 Pole Sheet Metal Body Motors
- M50 Frame (NEMA B56/143T/184): 187 to 2250W, 2/4/6/8 Pole Sheet Metal Body Motors
- 100S Frame: 1100 to 2250W, 4/6 Pole Sheet Metal Body Motors
- IEC 80–160 - Cast Iron Frame : 370 to 5500W, 4 Pole Single Phase Motors
- IEC 63–112 - Aluminium Frame 187 to 2250W, 2/4 Pole Single Phase Motors
- Flame Proof Enclosure: 370 to 750W, 4 Pole Motors
- Customized frames: 20 to 1500W, 2/4/6/8 Pole Motors for Appliance/ Equipment's
- BLDC (Brushless DC) Motors – 40, 100 & 160 Watts – 500 RPM

### COMMERCIAL PRODUCT RANGE

- Domestic Exhaust Fans: 9 Inches and 12 Inches
- Cooler Kits: 16, 17, 18 Inches & 20 Inches
- Cooler Pumps: 20W & 40W for 5 feet and 8 feet height coolers
- Heavy Duty Exhaust Fans: 12 inches to 36 inches

**DOL Starters**

- Single Phase Mini Starters Recommended Motor output: 0.75kw to 2.20Kw, Relay range: 4 – 20 Amps
- Single Phase DOL Starters Recommended motor output: 0.75Kw to 3.70Kw, Relay range: 6-32 Amps
- Three Phase DOL Starters Recommended motor output: 0.75Kw to 15kw, Relay range: 1.5–32 Amp

**Domestic Pumps**

- Slow speed self priming pumps: 0.5 and 1.0HP
- Open Well Submersible Pump: 0.5 HP to 2.0HP
- High Speed Self Priming Pumps: 0.5, 1.0 and 1.5HP
- High Speed Super Suction Pumps: 0.5 and 1.0HP
- Bore well Submersible Pumps: 3 Inches & 4 Inches
- Shallow well Jet Pumps: 0.5 and 1.0HP
- Centrifugal Mono Block Pumps: 0.5 to 2.0 HP
- Self Priming Pressure Booster Pumps: 0.5 to 1.0 HP
- Horizontal Multistage Pressure Booster Pump : 0.75 to 1.5 HP
- Sewage Submersible Pump : 0.5 to 3.0 HP

### INDUSTRIAL DRIVES AND AUTOMATION (INDIA)

- LV Drives Systems upto 3MW, Voltage upto 690VAC
- DC Drives System upto 5400kW, Voltage upto 1000VDC
- Offering automation product PLC & HMI (New Product)
- CG is into solution business for Sector wise application specific solutions & projects, including Inverter Duty Transformer, Variable Frequency Drives, Switchgear Panels and Rotating Machines as complete package

### INDUSTRIAL DRIVES AND AUTOMATION (SWEDEN)

- LV Drives Systems upto 3MW, Voltage upto 690VAC
- LV Softstarters upto 1.6MW, upto 690V
- Active front end Drive (AFE) -55kW to 1MW voltage upto 690Volt
- Shaft Power Monitors
- Rotating Heat Exchanger Drives with Switched Reluctance Motors
- CG is into solution business for Sector wise application specific solutions & projects

## RAILWAY BUSINESS

### TRACTION MACHINES & SYSTEM DIVISION

- AC Traction Motors (Electric Loco, Diesel Loco, EMU/MEMU and DEMU
- DC Traction Motors (Electric Loco, Diesel Loco, DEMU, DETC and SPIC
- Traction Alternators (Diesel Electric Loco, DEMU, DETC and SPIC)
- Electrics for Diesel Electrics tower Car, Self-propelled inspection car & diesel Electric Multiple Units.

### RAIL TRANSPORTATION TRACTION ELECTRONICS DIVISION

- Power and Auxiliary Convertors
- IGBT Based Composite Converter / Hotel load Converter
- Propulsion System for EMU / MEMU
- Train Control and Management System (TCMS)
- Vehicle Control Unit and Control Panels for Locomotives

### RAILWAY SIGNALLING DIVISION

**Signalling Products**

- Q Type Signalling Relays
- Electric Point Machines
- DC Series Motor for Electric Point Machines
- DC Series Motors IP67/ & 400 V ACI
- Secondary drive for Electric Point Machines

**Coach Applications Products**

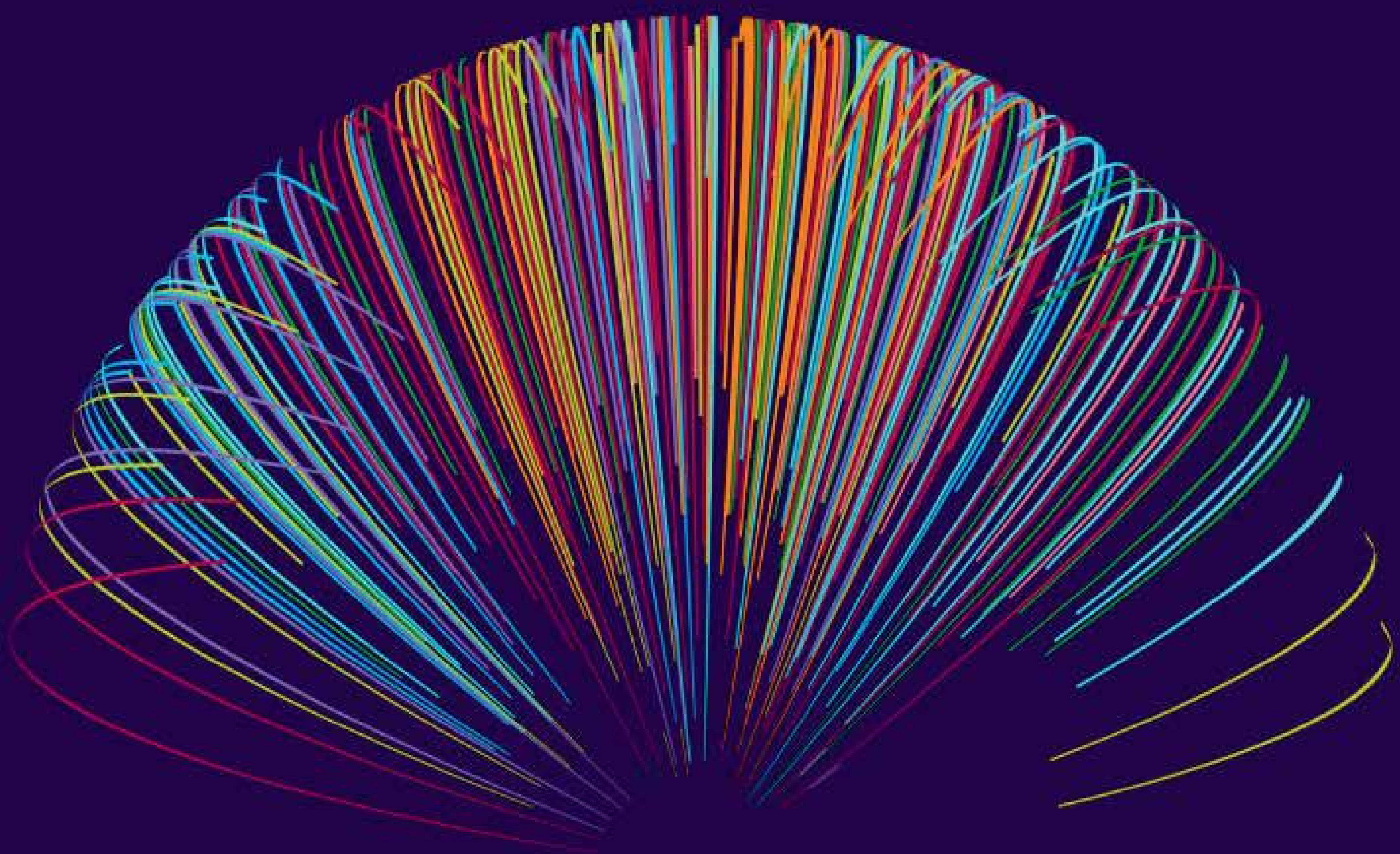
- BLDC Carriage Fans
- Universal Carriage Fan

**Control Panels for Loco and Coaches**

- Switch Board Panels for Locomotive – SB1, SB2, HB1, HB2, Cubicle F
- Filter Cubical Panels for Locomotive
- EDTS 355 for coaches
- Switch Board Cabinet (SBG) for LHB EOG/HOG TYPE AC COACHES (under development)

### STAMPING AND LAMINATION

- Lamination of 0.5 mm, 0.65 mm thick, from 65 mm (2.6 inches) to 1300 mm (51 inches) diameter in CRNGO and CRCA material in all grades & coatings for guaranteed watt loss & permeability as per customer requirement
- Auto stacked stators and stacked & skew rotors, High speed up to 425 mm diameter with additional features like air gap cutting
- Notching operation up to 1300 mm (51 inches) diameter by single point notching



# Establishments

## REGISTERED OFFICE

CG House, 6th Floor, Dr Annie Besant Road
Worli, Mumbai 400 030, Maharashtra, India
Tel +91 (0)22 2423 7777, 2423 7764, 2423 7765
Fax +91 (0)22 2423 7733

## POWER SYSTEMS

**TRANSFORMER DIVISION**
Plot No. T1-T5 MPAKVN Industrial Area,
District Bhind, Malanpur 477 116
Madhya Pradesh, India
Tel +91 (0)7539 826 900 1751
Email anand.bhanpurkar@cgglobal.com

Plot No. 29, 31 & 32
New Industrial Area No.1
AKVN, District Raisen,
Mandideep 462 046, Madhya Pradesh, India
Tel +91 (0)7480 408200, 408201
Email anirban.saha@cgglobal.com

**SWITCHGEAR DIVISION**
A-3, M.I.D.C., Ambad,
Nashik 422 010, Maharashtra, India
Tel +91 (0)253 230 1401
Email mangesh.sonak@cgglobal.com

**S6 & POWER QUALITY**
**Vacuum Interrupters &**
**Instrument Transformer Division**
D2 & D1/2, MIDC, Waluj
Aurangabad 431 136, Maharashtra, India
Tel +91 (0) 240 255 8000
Fax +91 (0)240 255 4697
Email delip.wakode@cgglobal.com

**ENGINEERING PROJECTS DIVISION**
16th Floor, Tower A, Building No 5, DLF Cyber City, Sector 25-A DLF Phase III, Gurgaon 122 002
Haryana, India
Tel +91 (0)124 462 7700
Fax +91 (0)124 462 7777
Email sanjay.sahni@cgglobal.com

## INDUSTRIAL SYSTEMS

**TRACTION MACHINES & SYSTEM DIVISION**
D5 Industrial Area, MPAKVN
Mandideep 462 046, Madhya Pradesh, India
Tel +91 (0)7480 400 0102, 400 103, 400 181/2
Email dinesh.nimje@cgglobal.com

**LARGE INDUSTRIAL MACHINES**
Plot No. 9, MPAKVN, Phase 2
New Industrial Area, Mandideep 462 046
Madhya Pradesh, India
Tel +91 (0)7480 427 107, 427 102, 427 110
Email tejas.mehta@cgglobal.com

**LT MOTORS (UNIT I)**
Plot No. A-6/2, MIDC Industrial Area,
Ahmednagar 414 111. Maharashtra, India
Tel +91 (0)241 662 6102, 277 7500
Email gautam.suvarnpathaki@cgglobal.com

**LT MOTORS (UNIT II)**
B-108/109, MIDC Industrial Area,
Ahmednagar 414 111, Maharashtra, India
Tel +91 (0)241 662 4121
Email vinay.joshi@cgglobal.com

**LT MOTORS (UNIT III)**
S/14-15, Colvale Industrial Estate,
Colvale, Bardez 403 513, Goa, India
Tel +91 (0)832 240 4001
Email harish.savaikar@cgglobal.com

**COMMERCIAL MOTORS**
Plot No. 196-198,
Kundaim Industrial Estate,
Ponda 403 115, Goa, India
Tel +91 (0)832 398 3205
Email pradip.arote@cgglobal.com

**COMMERCIAL PRODUCTS**
Plot No. 196-198,
Kundaim Industrial Estate,
Ponda 403 115, Goa, India
Tel +91 (0)832 398 3228
Email anand.anurag@cgglobal.com

**DRIVES & AUTOMATION**
Plot No. 9, MPAKVN, Phase 2
New Industrial Area, Mandideep 462046
Madhya Pradesh, India
Tel +91 (0)7480 426 400, 426 403
Email ashish.raval@cgglobal.com

**RAIL TRANSPORTATION & TRACTION ELECTRONICS**
Plot No 9, MPAKVN Phase II,
New Industrial Area
Mandideep 462 046
Madhya Pradesh, India
Tel +91 (0)7480 426 400, 426 401/402
Email ranjan.singh@cgglobal.com

**RAILWAY SIGNALLING DIVISION**
11 B, Industrial Area No. 1
Pithampur 454 775, District Dhar
Madhya Pradesh, India
Tel +91 (0)7292 410 121, 410 107
Email: sunil.kelkar@cgglobal.com

**STAMPINGS DIVISION**
B-110, B-111/B, B-112/2
MIDC Industrial Area,
Ahmednagar 414 111,
Maharashtra, India
Tel +91 (0)241 661 0512/31
Email avin.patil@cgglobal.com

## Branch & Marketing Offices

### NORTHERN REGION

**REGIONAL HEAD OFFICE: NOIDA**
4th Floor, Discovery Tower
Plot No. A17, Sector 62, Noida
Uttar Pradesh 201 309, India
Tel +91 (0)120 686 1900, 686 1901
Fax +91 (0)120 686 1902
Email ritesh.tandon@cgglobal.com

**JAIPUR**
Shanti Sadan
Church Road, PO BOX 173
Jaipur 302 001, Rajasthan, India
Tel +91 (0) 141 2365371
Email deepak.raghav@cgglobal.com

**JALANDHAR**
SCO No. 18, 3rd Floor, Puda Complex
Near Dainik Bhaskar, Ladowali Road,
Jalandhar 144 001, Punjab, India
Tel +91 965 412 5341
Email vivek.sharma@cgglobal.com

**LUCKNOW**
Saran Chambers II, 3rd floor
5 Park Road, Lucknow 226 001
Uttar Pradesh, India
Email rajinderjit.singh@cgglobal.com

**RAIL TRANSPORTATION SYSTEMS**
4th Floor, Discovery Tower
Plot No. A17, Sector 62, Noida
Uttar Pradesh 201 309, India
Tel +91 (0)120 686 1900, 686 1901
Fax +91 (0)120 686 1902
Email salil.kumar@cgglobal.com

### EASTERN REGION

**REGIONAL HEAD OFFICE: KOLKATA**
7th Floor, Block B,
50 Chowringhee Road
Kolkata 700 071
West Bengal, India
Tel +91 (0)33 2282 9681/85
Email ajoy.prasad@cgglobal.com

**BHUBANESHWAR**
Janpath Tower, 4th floor, Ashok Nagar
Unit II, Bhubaneshwar 751 009
Orissa, India
Email siladitya.khuntia@cgglobal.com

**PATNA**
501, 5th Floor,
Luvkush Tower, Exhibition Road
Patna 800 001
Bihar, India
Email bishwabasu.baral@cgglobal.com

**GUWAHATI**
C/o Bhawani Marketing,
Sima Plaza, 3rd Floor
Ulubari Chariali
Guwahati 781007
Assam, India
Email saroj.sharma@cgglobal.com

### WESTERN REGION

**REGIONAL HEAD OFFICE: MUMBAI**
Western Region
CG House, 8th Floor
Dr. Annie Besant Road, Worli
Mumbai 400 030
Maharashtra, India
Tel +91 (0)22 24238989
Email gajanan.wandhare@cgglobal.com

**AHMEDABAD**
909-916, Sakar II, Near Ellis Bridge
Ahmedabad 380 006,
Gujarat, India
Tel +91 (0)79-2658 7481
Email rajesh.gupta@cgglobal.com

**BARODA**
(SATELLITE OFFICE)
10-A, Vrundavan Colony
Near Harinagar Water Tank
Gotri Road, Baroda 390 007
Gujarat, India
Tel +91 (0)265 233 2460, 233 4447
Email jitendra.rawat@cgglobal.com

**INDORE**
108-110 Apollo Trade centre,
Geeta Bhavan, Square Road
A B Road, Indore-452 001
Madhya Pradesh, India
Email ravindra.aundhkar@cgglobal.com

**PUNE**
Second Floor, Argade Heights,
CTS No. 1303, Shivajinagar,
J M Road, Above Fabindia,
Pune-411 005, Maharashtra, India
Email rohan.prabhu@cgglobal.com

**NAGPUR**
2nd Floor, Sai Nivas, Plot No. U16/A,
Ujjawal Co-operative Housing Society,
Opposite to Sri Nagar MSEB office,
Ring Road, Narendra Nagar,
Nagpur-440 015, Maharashtra, India
Email suyog.deshpande@cgglobal.com

**RAIPUR**
A 207, Crystal Arcade
Near Lodhi Para Square, Shankar Nagar Road
Raipur 492 007, Chhattisgarh, India
Email suyog.deshpande@cgglobal.com

### SOUTHERN REGION

**REGIONAL HEAD OFFICE: CHENNAI**
Crompton House-3, Dr MGR Salai
(Kodambakkam High Road)
Nungambakkam, Chennai 600 034
Tamil Nadu, India
Tel +91 (0)44 4224 7502
Email mujahid.shaikh@cgglobal.com

**COIMBATORE**
1st Floor, No.- 42, D. P. F Street,
Pappanaicken Palayam
Coimbatore- 641037, Tamil Nadu
Email srinivasan.s@cgglobal.com

**BANGALORE**
J P Square, 3rd Floor
No:17, 3rd Cross, 5th Main
Chamrajpet, Bangalore 560 018
Karnataka, India
Tel +91 (0) 80 4664 2828
Email shaffi.syed@cgglobal.com

**SECUNDERABAD**
Minerva Complex, 4th floor
94 Sarojni Devi Road
Secunderabad-500 003
Hyderabad, India
Tel +91 (0)40 4000 2345
Email prashant.reddy@cgglobal.com

## Service Centres

### NORTHERN REGION

**NOIDA**
4th Floor, Discovery Tower Plot No. A17, Sector 62, Noida Uttar Pradesh 201 309, India
Tel +91 (0)120 686 1900, 686 1901
Fax +91 (0)120 686 1902
Email: harsh.sharma@cgglobal.com / charu.pathak@cgglobal.com

**JAIPUR**
Shanti Sadan Church Road,
PO Box 173 Jaipur 302 001
Rajasthan, India
Tel +91 (0) 41 2365371
Email deepak.raghav@cgglobal.com
abhimanyu.guhe@cgglobal.com

**JALANDHAR**
SCO No. 18, 3rd Floor, Puda Complex
Near Dainik Bhaskar, Ladowali Road,
Jalandhar 144 001, Punjab, India
Tel +91 911 513 6474/964 634 4665
Email vivek.sharma@cgglobal.com
ankit.sharma@cgglobal.com

**LUCKNOW**
Saran Chambers II, 3rd Floor
5 Park Road, Lucknow 226 001
Uttar Pradesh, India
Tel +91 958 451 8778
Email vikas.singh@cgglobal.com
charu.pathak@cgglobal.com

### WESTERN REGION

**MUMBAI**
Western Region
CG House, 8th Floor
Dr. Annie Besant Road, Worli
Mumbai 400 030, Maharashtra, India
Email amul.chhajed@cgglobal.com
prashant.anpan@cgglobal.com

**AHMEDABAD**
909-916, Sakar II, Near Ellis Bridge
Ahmedabad 380 006, Gujarat, India
Tel +91 (0)79-2658 7481
Email vipul.mistry@cgglobal.com

**INDORE**
108-110, Apollo Trade centre
Geeta Bhavan, Square Road, A B Road
Indore-452 001, Madhya Pradesh, India
Email ravindra.aundhkar@cgglobal.com

**PUNE**
Second Floor, Argade Heights,
CTS No. 1303, Shivajinagar,
J M Road, Above Fabindia,
Pune-411 005, Maharashtra, India
Email rohan.prabhu@cgglobal.com
vivekanand.awaje@cgglobal.com

**NAGPUR**
2nd Floor, Sai Nivas, Plot No. U16/A,
Ujjawal Co-operative Housing Society,
Opposite to Sri Nagar MSEB office,
Ring Road, Narendra Nagar,
Nagpur-440 015, Maharashtra, India
Email suyog.deshpande@cgglobal.com
rohit.talwalkar@cgglobal.com

**RAIPUR**
A 207, Crystal Arcade, Near Lodhi Para Square
Shankar Nagar Road, Raipur 492 007
Chhattisgarh, India
Tel +91 (0)771 401 9201, 401 9202
Email suyog.deshpande@cgglobal.com
rohit.talwalkar@cgglobal.com

### SOUTHERN REGION

**CHENNAI**
Crompton House-3,
Dr MGR Salai (Kodambakkam High Road)
Nungambakkam,
Chennai 600 034, Tamil Nadu, India
Tel +91 (0)44 4224 7500, 4224 7597
Email prakash.j@cgglobal.com

**BANGALORE**
J P Square, 3rd Floor
No:17, 3rd Cross, 5th Main
Chamrajpet, Bangalore 560 018
Karnataka, India
Tel +91 (0) 80 4664 2820
Email srinivasulu.murthy@cgglobal.com

**SECUNDERABAD**
Minerva Complex, 4th Floor
94 Sarojni Devi Road
Secunderabad-500 003
Hyderabad, India
Tel +91 (0)40 4000 2342
Email aravind.kammari@cgglobal.com

## Region EMEA

### CORPORATE & REGISTERED OFFICES

**CG DRIVES & AUTOMATION SWEDEN AB**
Mörsaregatan 12
Box 222 25
SE-250 24 Helsingborg, Sweden
Tel +46 42 16 99 00
Fax +46 42 16 99 49
CG INTERNATIONAL BV
Polakkers 5, 5531NX Bladel,
The Netherlands

### BUSINESS UNITS

**CG DRIVES & AUTOMATION NETHERLANDS BV**
Polakkers 5, 5531 NX BLADEL
Postbus 132, 5530 AC BLADEL
The Netherlands
Tel +31 (0)497 389 222
Fax +31 (0)497 386 275

**CG DRIVES & AUTOMATION GERMANY GMBH**
Gießerweg 3, D-38855 Wernigerode
Germany
Tel +49 (0)3943 92050
Fax +49 (0)3943 92055

## Region Americas

### BUSINESS UNITS

**QEI, LLC**
45 Fadem Road
Springfield, NJ 07081, USA
Tel +1 908 379 7400

### SERVICES

**QEI, LLC**
45 Fadem Road
Springfield, NJ 07081, USA
Tel +1 908 379 7400
QEI, LLC

The five lights

# The Spirit of the Murugappa Group

These **five lights** guide us
as we navigate through professional
and personal decisions.