*Preliminary Placement Document*
*Subject to Completion*
*Not for Circulation and Strictly Confidential*
*Serial Number: _____*

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. This Preliminary Placement Document is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

Smart solutions.
Strong relationships.

# CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

**Registered and Corporate Office**: 6th Floor, CG House, AB Road, Worli, Mumbai – 400 030, Maharashtra, India;
**Tel**: +91 22 2423 7700; **Contact Person**: Sanjay Kumar Chowdhary, Company Secretary and Compliance Officer; **E-mail**: ho.secretarial@cgglobal.com;
**Website**: www.cgglobal.com; **Corporate Identification Number**: L99999MH1937PLC002641

Our Company was originally incorporated as 'The Crompton Parkinson Works Private Limited' on April 28, 1937, as a private limited company under the Indian Companies Act, 1913 (7 of 1913) with the Registrar of Companies, Bombay. Subsequently, our Company was converted into a public limited company and consequently, a fresh certificate of incorporation was issued on December 28, 1960, by the Registrar of Companies, Maharashtra. The name of our Company was further changed from 'Crompton Parkinson (Works) Limited' to 'Crompton Greaves Limited' and subsequently a fresh certificate of incorporation was issued on August 2, 1966, by the Assistant Registrar of Companies, Bombay. Eventually, the name of our Company was changed to its present name from 'Crompton Greaves Limited' to 'CG Power and Industrial Solutions Limited' and a fresh certificate of incorporation was issued on February 27, 2017, by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). For further details, see "***General Information***" on page 289.

Issue of up to [●] equity shares of face value of ₹ 2 each of our Company (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "**Issue Price**"), aggregating up to ₹ [●] crores (the "**Issue**"). For further details, see "***Summary of the Issue***" on page 27.

**THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, (THE "COMPANIES ACT, 2013") READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED AND NO OFFER IS BEING MADE TO THE PUBLIC OR ANY OTHER CLASS OF INVESTORS.**

The Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on June 27, 2025 was ₹ 672.80 and ₹ 672.20 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE each dated June 30, 2025. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

**OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES PRESCRIBED THEREUNDER, AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.**

**YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.**

**INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION, "*RISK FACTORS*" ON PAGE 36 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE COMPANY AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THE ISSUE. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER), YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR AND / OR LEGAL ADVISOR.**

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. A copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) shall be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and shall not be registered as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document, together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined herein). For further details, see "***Issue Procedure***" on page 230. The distribution of this Preliminary Placement Document and the Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made to the public or any other class of investors. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulations S**") and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Preliminary Placement Document as "**U.S. QIBs**"), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the section "***Selling Restrictions***" beginning on page 246 for information about eligible offerees for the Issue and "***Transfer Restrictions and Purchase Representations***" beginning on page 253 for information about transfer restrictions that apply to the Equity Shares sold in the Issue. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs".

The information on the website of our Company at www.cgglobal.com or, any website directly or indirectly linked to the website of our Company or on the respective websites of the Book Running Lead Managers (as defined hereinafter) or of their respective affiliates does not form part of this Preliminary Placement Document and prospective investors should not rely on any such information contained in or available through any such websites for their investment in this Issue.

This Preliminary Placement Document is dated June 30, 2025.

**BOOK RUNNING LEAD MANAGERS**

| IIFL CAPITAL | DAM CAPITAL | HSBC |
|---|---|---|
| **IIFL CAPITAL SERVICES LIMITED** **(*formerly known as IIFL Securities Limited*)** | **DAM CAPITAL ADVISORS LIMITED** | **HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED** |

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## NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, its Subsidiaries (collectively referred to as the "**Group**") and its Associate, as applicable, and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Group and its Associate, as applicable, and the Equity Shares are true and correct in all material aspects, and are not misleading in any material respect, and the opinions and intentions expressed in this Preliminary Placement Document regarding our Group and its Associate, as applicable and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with our Company. There are no other facts in relation to our Group and its Associate, as applicable and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Unless otherwise stated, the information contained in this Preliminary Placement Document has been provided as of the date of this Preliminary Placement Document and neither our Company nor IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), DAM Capital Advisors Limited, HSBC Securities and Capital Markets (India) Private Limited (together, the "**Book Running Lead Managers**"), have any obligation to update such information to a later date. Further, the information has been provided by our Company and from other sources identified herein. The Book Running Lead Managers have made reasonable enquiries but have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with our Group and its Associate, as applicable and the Issue of the Equity Shares or their distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on any of the Book Running Lead Managers nor on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

**The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.**

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold by our Company (a) in the United States only to persons reasonably believed to be 'qualified institutional buyers' (as defined in Rule 144A under the U.S. Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, and (b) outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. For further details, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" beginning on pages 246 and 253, respectively.

Subscribers and purchasers of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements set forth in the sections "*Representations by Investors*" and "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" beginning on pages 4, 246 and 253, respectively, of this Preliminary Placement Document.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer, transfer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 246 and 253, respectively.

In making an investment decision, the prospective investors must rely on their own examination of our Group and its Associate, as applicable, and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, business, accounting or investment advice. The prospective investor should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an eligible QIB and is eligible to invest in India and in our Company under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of documents, which are qualified in their entirety by the terms and conditions of such documents.

The information on website of our Group, including the website of our Company, i.e. www.cgglobal.com, and any website directly and indirectly linked to the website of our Group or on the respective websites of the Book Running Lead Managers and of their affiliates, does not constitute or form part of this Preliminary Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

## NOTICE TO INVESTORS IN THE UNITED STATES

**THE EQUITY SHARES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRELIMINARY PLACEMENT DOCUMENT OR APPROVED OR DISAPPROVED THE EQUITY SHARES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR COMPANY AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.**

**THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE LAW OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE "QUILIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144(a) UNDER THE U.S. SECURITIES ACT AND (B) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS", AS DEFINED, AND IN RELIANCE ON, REGULATION S UNDER AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES ARE MADE. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER THE SECTIONS "SELLING RESTRICTIONS" AND "TRANSFER RESTRICTIONS AND PURCHASE REPRESENTATIONS" BEGINNING ON PAGES 246 AND 253, RESPECTIVELY.**

## NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see the sections "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" beginning on pages 246 and 253, respectively.

## REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in this Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Managers, as follows:

1. You are a "**Qualified Institutional Buyer**" as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable laws in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

2. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

3. If you are a person resident outside India and a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India, and are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and that you are investing under Schedule II of the FEMA Rules. Further, since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI under the SEBI FVCI Regulations. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

4. You will provide the information as required under the Companies Act, 2013, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable laws, for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number, occupation, nationality, category and bank account details and other such details as may be prescribed or otherwise required even after the closure of the Issue;

5. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges. Please note additional restrictions may apply if you are in the United States. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 246 and 253, respectively;

6. You are aware that this Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC or SEBI under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by SEBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has been filed and the Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

7. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

8. Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you and are not in any way acting in any fiduciary capacity;

9. All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-

looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. None of our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

10. You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Managers;

11. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 230, 246, and 253, respectively;

12. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including in particular the "***Risk Factors***" on page 36;

13. In making your investment decision, you have (i) relied on your own examination of our Company, and its Subsidiaries (collectively, the "**Group**") and its Associate, and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Group and its Associate, as applicable, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

14. Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a service provider solely engaged by you and will not rely on the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the purchase, ownership and disposal of Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either of the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

15. You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions; and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

16. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make (and you hereby make) the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

17. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations or the Companies Act, 2013), and are not a person related to the Promoters, in a manner set out in paragraph 18 below, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent the Promoters or Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

18. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on our Board of Directors, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights solely in the capacity of a lender shall not be deemed to be a person related to our Promoters);

19. You have no right to withdraw your Bid or revise your Bid downwards after the Issue Closing Date (as defined hereinafter);

20. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

21. The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter);

22. The number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

    b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

23. You are aware that in relation to the Issue, (i) in-principle approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges only after Allotment, and that there can be no assurance that such approvals will be obtained on time or at all. None of our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

24. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

25. You are aware that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers;

26. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that the Issue is subject to our Company making necessary filings with the RoC as may be required under the Companies Act, 2013;

27. You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

28. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures being made by our Company;

29. You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Company, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set

out therein, severally and not jointly, undertaken to use their best efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

30. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or any other person and neither the Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

31. Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

32. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

33. You confirm that, either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue (the "**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to our Company and this Issue that was not publicly available;

34. You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws;

35. If you are within the United States, you are a U.S. QIB, who is or are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the definition of a U.S. QIB for investment purposes only, and not with a view to, or for offer or sale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

36. If you are outside the United States, you are purchasing the Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S and in compliance with laws of all jurisdictions applicable to you;

37. You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof;

38. You are able to purchase the Equity Shares in accordance with the restrictions described in "***Selling Restrictions***" on page 246 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Selling Restrictions***" on page 246 and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

39. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "***Transfer Restrictions and Purchase Representations***" on page 253 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Transfer Restrictions and Purchase Representations***" on page 253;

40. You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated or in a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, Government of India, and Rule 6 of the FEMA Rules;

41. You are aware and understand that submission of a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers;

42. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

43. You acknowledge that our Company, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others can rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable;

44. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Group and its Associate which is not set forth in this Preliminary Placement Document; and

45. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document.

## OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended ("**SEBI FPI Regulations**"), FPIs including the affiliates of the Book Running Lead Managers, who are registered as category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such P-Notes. Such P-Notes can be issued post compliance with all applicable laws, including the KYC norms and such other conditions as specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless the conditions specified under Regulation 21 of SEBI FPI Regulations are complied with. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document or the Placement Document. Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) is not permitted to be 10.00% or above of our post-Issue paid-up Equity Share capital on a fully diluted basis. The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI investments and P-Notes position held in the underlying company. Further, the Eligible FPIs are permitted to invest in the Equity Shares of our Company, subject to the restrictions and limits on the Foreign Portfolio Investment as specified in the section "***Issue Procedure***" on page 230.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of P-Notes.

For information on the limits of foreign investment in our Company, please see "*Risk Factors – Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares"* on page 60.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of or claims on the BRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations. Also see "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 246 and 253, respectively.

## DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Company', the 'Issuer' are to CG Power and Industrial Solutions Limited and references to 'we', 'us' or 'our' are to CG Power and Industrial Solutions Limited together with its Subsidiaries, as at and during relevant fiscal / period on a consolidated basis.

### Currency and units of presentation

In this Preliminary Placement Document, all references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India, and references to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' of 'GoI' are to the Government of India, central or state, as applicable. All references herein to the 'US' or the 'U.S.' or the 'United States' or the 'U.S.A.' are to the United States of America, its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. In this Preliminary Placement Document, references to "lakh(s)" represent "100,000", "million" represents "10 lakhs" or "10,00,000", "crore(s)" represents "1,00,00,000" or "10 million" or "100 lakhs", and "billion" represents "1,00,00,00,000" or "1,000 million" or "100 crore".

### Financial data and other information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

In this Preliminary Placement Document, we have included:

(i) each of the audited consolidated financial statements of our Company as at and for Fiscals 2025, 2024 and 2023, prepared in accordance with 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 other relevant provisions of the Companies Act, 2013 ("**Audited Consolidated Financial Statements**")

The Audited Consolidated Financial Statements were audited by the statutory auditors of our Company, S R B C & CO LLP, Chartered Accountants ("**Statutory Auditors**"), on which they have issued the respective audit reports, each dated May 8, 2023, May 6, 2024 and May 6, 2025 for Fiscal 2023, 2024 and 2025, respectively.

For further information on the Audited Consolidated Financial Statements, see "***Financial Information***" on page 291.

Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals, including those from or derived from the Audited Consolidated Financial Statements have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Our Company prepares its annual financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Preliminary Placement Document for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 is derived from the respective Audited Consolidated Financial Statements.

Our Statutory Auditors have provided no assurance or services related to any prospective financial information in this Preliminary Placement Documents.

**Certain Non-GAAP Financial Measures**

In evaluating our business, we consider and use certain non-GAAP financial measures and certain other statistical information such as EBITDA before Exceptional items, EBITDA before Exceptional items Margin and PAT before Exceptional items Margin (together, "**Non-GAAP Measures**") as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as an alternative to cash flows, profit/(loss) for any year or any other measure of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or U.S. GAAP. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures have limitations as analytical tools. Further, these non-GAAP financial measures may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited and has limited usefulness. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability, or results of operation or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, U.S. GAAP or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Please see, "*Risk Factors – Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*" on page 55.

## INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and certain other industry data forecasts pertaining to our businesses contained in this Preliminary Placement Document consists of estimates based on data and reports compiled by government bodies, professional organizations, industry publications and analysts, data from other external sources and knowledge of the markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry, regulatory / government publications and websites, and more particularly described in the section titled "***Industry Overview***" on page 108.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled '*Research Report on Electrical Engineering Equipment Industry*' dated March 2025 ("**CareEdge Report**") prepared by CARE Analytics and Advisory Private Limited ("**CareEdge Research**"), which is a report exclusively commissioned and paid for by our Company and prepared by CARE Research pursuant to a mandate letter dated November 14, 2024

CareEdge Research is not related in any manner to our Company, our Promoter, our Directors or Key Managerial Personnel or members of our Senior Management, our Subsidiaries, or the Book Running Lead Managers and is available on our Company's website at www.cgglobal.com for the purpose of understanding the industry in connection with the Issue.

References to various segments in the "***Industry Overview***" section on page 108 and information derived from therein are references to industry segments and in accordance with the presentation, analysis, and categorization in the CareEdge Report.

Our segment reporting in our financial statements is based on the criteria set out in Ind AS 108, Operating Segments and we do not present such industry segments as operating segments. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

The CareEdge Report contains the following disclaimer:

"*This report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.*

*This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.*

*Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CareEdge Research is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company – CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.*

*CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report.*"

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information. Investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the CareEdge Report which is a paid report and commissioned and paid for* *by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*" on page 55. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute ‘forward-looking statements’. The prospective investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘goal’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘seek to’, ‘should’, ‘will’, ‘will continue’, ‘will pursue’, ‘would’, ‘expected to’, ‘will likely result’, ‘is likely’, ‘are likely’, ‘will achieve’ or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements and appear in a number of places throughout this Preliminary Placement Document. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are projections, predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by such forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- We derive a significant portion of our revenues from the sale of our products manufactured within our Industrial Systems business segment. Any decline in the sale of such products could have an adverse impact on our business, results of operations, financial condition and cash flows.
- Any delay, interruption or reduction in the supply of raw materials to manufacture our products or volatility in the prices of raw materials, may adversely affect our business, results of operations, financial condition and cash flows.
- We plan to set up an outsourced semiconductor assembly and test facility (“OSAT”) which is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate and affect our business, results of operations, financial condition and cash flows.
- Our expansion into the semiconductor business may expose us to new challenges and more risks, particularly due to our lack of prior experience in this business.
- Our plans to expand our production capacity in motors, transformers and switchgears is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled “***Risk Factors***”, “***Industry Overview***”, “***Our Business***” and “***Management’s Discussion and Analysis of Financial Condition and Results of Operations”*** on pages 36, 108, 186 and 80, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and our Company or the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the BRLMs will ensure that the Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

## ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. Except for Sriram Sivaram and Mammen Chally, our Non-Executive Independent Directors and, Arun Murugappan, our Non-Executive Non-Independent Director majority of our Directors, Key Managerial Personnel and members of Senior Management are resident citizens of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India vis-à-vis the civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgements under the civil liability provisions of the federal securities laws of the United States.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, respectively. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained are opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign decree rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards, even if such an award is enforceable as a decree or judgment. The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code.

Each of the United Kingdom, Republic of Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all or that conditions of such approvals would be acceptable.

## EXCHANGE RATES

Fluctuations in the exchange rate between the Indian Rupee and foreign currencies will affect the foreign currency equivalent of the Indian Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Indian Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between the Indian Rupee and the U.S. dollar (in ₹ per USD). The exchange rates are based on the reference rates released by the RBI/ FBIL. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

### 1. US dollar

On June 27, 2025, the exchange rate (the RBI reference rate) was ₹ 85.56 to USD 1.

*(₹ per US$)*

| | Period end(1) | Average(2) | High(3) | Low(4) |
|---|---|---|---|---|
| **Fiscal ended** | | | | |
| March 31, 2025 | 85.58 | 84.57 | 87.59 | 83.07 |
| March 31, 2024 | 83.37 | 82.79 | 83.40 | 81.65 |
| March 31, 2023 | 82.22 | 80.39 | 83.20 | 75.39 |
| March 31, 2022 | 75.81 | 74.51 | 76.92 | 72.48 |
| **Months ended** | | | | |
| May 31, 2025 | 85.48 | 85.19 | 85.69 | 83.86 |
| April 30, 2025 | 85.05 | 85.56 | 86.62 | 85.05 |
| March 31, 2025 | 85.58 | 86.64 | 87.38 | 85.58 |
| February 28, 2025 | 87.40 | 87.05 | 87.59 | 86.65 |
| January 31, 2025 | 86.64 | 86.27 | 86.64 | 85.71 |
| December 31, 2024 | 85.62 | 84.99 | 85.62 | 84.66 |
| November 30, 2024 | 84.50 | 84.36 | 84.50 | 84.09 |
| October 31, 2024 | 84.09 | 84.03 | 84.09 | 83.81 |
| September 30, 2024 | 83.79 | 83.81 | 83.98 | 83.49 |
| August 31, 2024 | 83.87 | 83.90 | 83.97 | 83.73 |

*(Source: www.rbi.org.in)*

*(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;*
*(2) Average of the official rate for each working day of the relevant period;*
*(3) Maximum of the official rate for each working day of the relevant period; and*
*(4) Minimum of the official rate for each working day of the relevant period.*

*Notes:*
*The RBI/ FBIL reference rates are rounded off to two decimal places.*

The exchange rates set out above were not the exchange rates used in, and may have differed at all relevant times from, the exchange rates used in the preparation of our financial statements.

## DEFINITIONS AND ABBREVIATIONS

*This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.*

*The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.*

*Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.*

*The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections titled "**Indian Taxation**", "**Industry Overview**", "**Financial Information**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Legal Proceedings and Other Information**" on pages* 262, 108, 291, 80 *and* 274, *respectively, shall have the meaning given to such terms in such sections.*

### General Terms

| Term | Description |
|---|---|
| "the Company" or "our Company" or "the Issuer" | CG Power and Industrial Solutions Limited, a public limited company incorporated under the Indian Companies Act, 1913 |
| "we", "us", or "our" | Unless the context otherwise indicates or implies, refers to our Company, together with our Subsidiaries and Associate, on a consolidated basis as at or during the relevant period / fiscal. |

### Company Related Terms

| Term | Description |
|---|---|
| "Articles" or "Articles of Association" or "AoA" | Articles of association of our Company, as amended from time to time |
| Associate | Chola Foundation |
| Audit and Risk Management Committee | Audit and risk management committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Audited Consolidated Financial Statements | Fiscal 2025 Audited Consolidated Financial Statements, Fiscal 2024 Audited Consolidated Financial Statements and Fiscal 2023 Audited Consolidated Financial Statements |
| "Board of Directors" or "Board" or "our Board" | The board of directors of our Company or any duly constituted committee thereof |
| Chairman | Chairman of the Board of Directors, namely, Vellayan Subbiah |
| "Chief Financial Officer" or "CFO" | Chief financial officer of our Company, namely, Susheel Prasad Todi |
| Company Secretary and Compliance Officer | The company secretary and compliance officer of our Company, namely, Sanjay Kumar Chowdhary |
| Corporate Social Responsibility Committee | Corporate social responsibility committee of our Company, as disclosed in ***"Board of Directors and Senior Management"*** on page 207 |
| CGSPL | CG Semi Private Limited |
| Director(s) | The directors on the Board of our Company, as disclosed in ***"Board of Directors and Senior Management"*** on page 207 |
| Equity Shares | Equity shares of our Company, having a face value of ₹ 2 each |
| ESOP 2021 | Employee Stock Option Plan, 2021 |
| Executive Director | An executive non-independent director in terms of Companies Act, 2013, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Fiscal 2025 Audited Consolidated Financial Statements | The consolidated financial statements for Fiscal 2025 of our Company and its subsidiaries are prepared in accordance with Indian Accounting Standards (Ind AS), which comprises the consolidated balance sheet as at March 31, 2025, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2025 read along with the notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information, as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. |
| Fiscal 2024 Audited Consolidated Financial Statements | The consolidated financial statements for Fiscal 2024 of our Company and its subsidiaries are prepared in accordance with Indian Accounting Standards (Ind AS), which comprises the consolidated balance sheet as at March 31, 2024, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2024 read along with the notes to the |

| Term | Description |
|---|---|
| | consolidated financial statements, including a summary of material accounting policies and other explanatory information, as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. |
| Fiscal 2023 Audited Consolidated Financial Statements | The consolidated financial statements for Fiscal 2023 of our Company and its subsidiaries are prepared in accordance with Indian Accounting Standards (Ind AS), which comprises the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2023 read along with the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. |
| Group | Collectively, our Company, and its Subsidiaries |
| Non-Executive Independent Director(s) | An independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Key Managerial Personnel | Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, which includes key managerial personnel in terms of the Companies Act, 2013, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| "Memorandum" or "Memorandum of Association" or "MoA" | Memorandum of association of our Company, as amended |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Non-Executive Director | A non-independent, non-executive Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| OSAT | Outsourced semiconductor assembly and testing |
| Promoter | The promoter of our Company, namely, Tube Investments of India Limited |
| Promoter Group | Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations |
| Registered Office and Corporate Office | The registered and corporate office of our Company located at 6th Floor, CG House, AB Road, Worli, Mumbai – 400 030, Maharashtra, India |
| "Registrar of Companies" or "RoC" | Registrar of Companies, Maharashtra at Mumbai |
| Securities Issue Committee | Securities issue committee formed by the Board for the Issue |
| Senior Management | The members of the senior management of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Shareholders | Equity shareholders of our Company, from time to time |
| Stakeholders' Relationship Committee | Stakeholders' relationship committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 207 |
| Statutory Auditors | The current statutory auditors of our Company, namely, S R B C & CO LLP, Chartered Accountants |
| Subsidiaries | As on date, Subsidiaries of our Company, being:<br><br>1. CG Adhesive Products Limited;<br>2. CG Power Equipments Limited;<br>3. CG Semi Private Limited;<br>4. G.G. Tronics India Private Limited;<br>5. Axiro Semiconductor Private Limited;<br>6. CG International Holdings Singapore Pte. Limited;<br>7. CG Sales Network Malaysia Sdn. Bhd.;<br>8. CG International B.V.;<br>9. CG Industrial Holdings Sweden AB;<br>10. CG Drives & Automation Sweden AB;<br>11. CG Drives & Automation Germany GmbH;<br>12. CG Drives & Automation Netherlands B.V.;<br>13. CG DE Sub, LLC (*formerly known as QEI, LLC*);<br>14. CG Power Americas, LLC;<br>15. PT Crompton Prima Switchgear Indonesia;<br>16. Axiro Semiconductor Inc;<br>17. Axiro Semiconductor Turkey Araştirma Ve Geliştirme Anonim Şirketi; and<br>18. Axiro Semiconductor (Shenzhen) Co. Ltd.<br><br>For the purpose of financial information, subsidiary would mean subsidiary as at and during the relevant year. |

### Issue Related Terms

| Term | Description |
|---|---|
| "Allocated" or "Allocation" | Allocation of Equity Shares, by our Company in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations |
| "Allotment" or "Allotted" or "Allot" | Allotment and issue of Equity Shares pursuant to the Issue |
| Allottees | Bidders to whom Equity Shares are issued and allotted pursuant to the Issue |
| Application Form | Serially numbered, specifically addressed bid cum application form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue |
| Application Amount | With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form |
| Bid(s) | Indication of a Bidder's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly |
| Bid Amount | With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof |
| Bidder(s) | Any Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form |
| "Book Running Lead Managers" or "BRLMs" or "Lead Manager(s)" | IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), DAM Capital Advisors Limited, HSBC Securities and Capital Markets (India) Private Limited, together with any other book running lead manager appointed by the Company |
| "CAN" or "Confirmation of Allocation Note" | Note or advice or intimation to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price |
| Closing Date | The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●] |
| Designated Date | The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees |
| Eligible FPIs | FPIs under FEMA, the SEBI FPI Regulations and any other applicable law, other than individuals, corporate bodies and family offices, that are eligible to participate in this Issue, participating through Schedule II of the FEMA Rules |
| Eligible QIBs | QIBs that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. In relation to the Issue, this term shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs.<br><br>In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S and within the United States persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act pursuant to Section 4(a)(2) of the U.S. Securities Act are eligible to participate in the Issue.<br><br>For further details, see "*Issue Procedure – Qualified Institutional Buyers*" on page 230. |
| Escrow Account | Special non-interest bearing, no-lien, current bank accounts, without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Application Amount shall be deposited by the Bidders and from which refunds, if any, shall be remitted to unsuccessful Bidders, as set out in the Application Form |
| Escrow Agent | HDFC Bank Limited |
| Escrow Agreement | Agreement dated June 30, 2025 entered into by and amongst our Company, the Escrow Agent and the Book Running Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders |
| Floor Price | Floor price of ₹ 679.08 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Shareholders accorded on December 18, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations |
| GIR | General index registration |
| Gross Proceeds | The gross proceeds of the Issue that will be available to our Company |
| Issue | Offer, issuance and Allotment of Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder |
| Issue Closing Date | [●], the date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount |
| Issue Opening Date | June 30, 2025, the date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount |
| Issue Period | Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount |

| Term | Description |
|---|---|
| Issue Price | A price per Equity Share of ₹ [●], including a premium of ₹ [●] |
| Issue Size | Aggregate size of the Issue, up to ₹ [●] crores |
| Monitoring Agency | CARE Ratings Limited |
| Monitoring Agency Agreement | Agreement dated June 30, 2025 entered into by and between our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency in accordance with regulation 173A of the SEBI ICDR Regulations, for monitoring the Net Proceeds of the Issue, after deducting fees, commissions and expenses of the Issue |
| Mutual Fund | A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Net Proceeds | The net proceeds from the Issue, after deducting fees, commissions, and expenses of the Issue (including applicable taxes) |
| Placement Agreement | Placement agreement dated June 30, 2025 by and among our Company and the Book Running Lead Managers |
| Placement Document | Placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder |
| Preliminary Placement Document | This preliminary placement document cum application form, dated June 30, 2025 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder |
| Pay-In Date | Last date specified in the Application Form for the payment of application monies by Bidders in this Issue |
| "QIB" or "Qualified Institutional Buyer" | Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| QIP | Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the applicable rules of the PAS Rules |
| Refund Amount | The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue |
| Regulation S | Regulation S under the U.S. Securities Act |
| Relevant Date | June 30, 2025which is the date of the meeting in which the Securities Issue Committee decided to open the Issue |
| Stock Exchanges | BSE Limited and National Stock Exchange of India Limited |
| Successful Bidders | The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who will be Allocated Equity Shares |
| U.S. QIBs | "qualified institutional buyers" as defined under Rule 144A of the Securities Act |
| Working Day | Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India |

**Business and Industry Related Terms**

| Term | Description |
|---|---|
| AC | Alternative Current |
| AFG | Active Front End Generator |
| BESS | Battery Energy Storage System |
| BLDC | Brushless Direct Current |
| DETC | Diesel Electrics Tower Car |
| EHV | Extra High Voltage |
| EPC | Engineering, Procurement And Construction |
| ESG | Environmental, Social And Governance |
| FC BGA | Flip-Chip Ball Grid Array |
| FC CSP | Flip-Chip Chip-Scale Package |
| FHP | Fractional Horse Power |
| FMEG | Fast Moving Electrical Goods |
| HMI | Human-Machine Interface |
| IRATPS | Automatic Train Protection Systems |
| MS-DAC | Multi Section Digital Axle Counter |
| MV | Medium Voltage |
| OEMs | Original Equipment Manufacturers |
| PCB | Pre Compressed Board |
| PLC | Programmable Logic Controller |
| QFN | Quad Flat No-Lead |
| QFP | Quad Flat Package |
| RDSS | Revamped Distribution Sector Scheme |
| RF | Radio Frequency |

| | |
|---|---|
| RMU | Ring Main Unit |
| SPIC | Self-Propelled Inspection Car |
| TCAS | Train Collision Avoidance System |
| TCMS | Train Control Monitoring System |
| WB BGA | Wire-Bond Ball Grid Array |

**Conventional and General Terms/ Abbreviations**

| Term | Description |
|---|---|
| AGM | Annual general meeting |
| AIF(s) | Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| Arbitration Act | The Arbitration and Conciliation Act, 1996 |
| AY | Assessment Year |
| BSE | BSE Limited |
| CAGR | Compound annual growth rate |
| Calendar Year | Year ending on December 31 |
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief executive officer |
| CIN | Corporate identity number |
| Civil Procedure Code | The Code of Civil Procedure, 1908 |
| Companies Act | The Companies Act, 1956 or the Companies Act, 2013, each, as applicable |
| Companies Act, 1956 | The erstwhile Companies Act, 1956, and the rules made thereunder |
| Companies Act, 2013 | The Companies Act, 2013, and the rules made thereunder |
| CrPC | The Code of Criminal Procedure, 1973 |
| CSR | Corporate social responsibility |
| Depositories Act | The Depositories Act, 1996 |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996 |
| Depository Participant or DP | A depository participant as defined under the Depositories Act |
| DIN | Director Identification Number |
| DP ID | Depository participant identification number |
| DPIIT | Department for Promotion of Industry and Internal Trade |
| EGM | Extraordinary general meeting |
| FBIL | Financial Benchmarks India Private Limited |
| FDI | Foreign direct investment |
| FDI Policy | Consolidated FDI policy issued by the DPIIT, Government of India, with effect from October 15, 2020 |
| FEMA | The Foreign Exchange Management Act, 1999, and the regulations issued thereunder |
| FEMA Rules | The Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| FII | Foreign institutional investors |
| FIR | First information report |
| “Financial Year” or “Fiscal Year(s)” or “Fiscal” | Period of 12 months ended March 31 of that particular year in respect of our Company unless otherwise stated |
| Form PAS-4 | Form PAS-4 as prescribed under the PAS Rules |
| FPI | Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations |
| FPI Operational Guidelines | SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| FVCI | Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder |
| GAAP | Generally accepted accounting principles |
| GDP | Gross domestic product |
| General Meeting | AGM or EGM |
| “Government” or “GoI” | Government of India, unless otherwise specified |
| GST | Goods and services tax |
| HUF | Hindu undivided family |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards as issued by the International Accounting Standards Board |
| “Income Tax Act” or “IT Act” | The Income Tax Act, 1961 |
| “Indian Accounting Standards” or “Ind AS” | Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended |
| “INR” or “Rupees” or “₹” or “Indian Rupees” or “Rs.” | Indian Rupees |
| IPC | Indian Penal Code, 1860 |
| IR | Indian Railways, Government of India |
| IRCON | Indian Railways Construction Organisation, Government of India |

| Term | Description |
|---|---|
| Member State | Each member state of the European Economic Area which has implemented the Prospectus Directive |
| MCA | The Ministry of Corporate Affairs, Government of India |
| MoR | Ministry of Railways, Government of India |
| NCLT | National Company Law Tribunal |
| NCLAT | National Company Law Appellate Tribunal |
| NRI | Non-resident Indian |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| PAN | Permanent account number |
| PAS Rules | The Companies (Prospectus and Allotment of Securities) Rules, 2014 |
| RBI | The Reserve Bank of India |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SAT | Securities Appellate Tribunal |
| SCR (SECC) Regulations | The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 |
| SCRA | The Securities Contracts (Regulation) Act, 1956 |
| SCRR | The Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | The Securities and Exchange Board of India Act, 1992 |
| SEBI FPI Regulations | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Insider Trading Regulations | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 |
| SEBI Listing Regulations | The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 |
| SEC | United States Securities and Exchange Commission |
| SFA | The Securities and Futures Act Chapter 289 of Singapore |
| SI-NBFC | Systemically important non-banking financial companies |
| Stock Exchanges | BSE and NSE |
| STT | Securities transaction tax |
| Supreme Court | Supreme Court of India |
| VCF | Venture capital fund |
| "U.S.$" or "U.S. dollar" or "USD" | United States Dollar, the legal currency of the United States of America |
| "USA" or "U.S." or "United States" | The United States of America, its territories and possessions, any state of the United States, and the District of Columbia. |
| U.S. Securities Act | The United States Securities Act of 1933 |
| Wilful Defaulter or Fraudulent Borrower | Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations |

## SUMMARY OF BUSINESS

We operate across two major business segments: industrial systems and power systems, catering to three critical sectors that drive the nation's growth engine: power, railways and manufacturing. Our Company, incorporated in 1937, has a legacy spanning more than 88 years. Since November 2020, we have been a subsidiary of Tube Investments of India Limited, which is part of the renowned Murugappa Group.

Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are (i) Industrial Systems; (ii) Power Systems; (iii) Semiconductor*; and (iv) others. Our two major business segments are as follows:

- *Industrial Systems*. We manufacture a wide range of motors such as low tension motors and high tension motors for various industrial applications, industrial drives and automation to enhance industrial efficiency and control, railway products such as rolling stock products including traction motors, propulsion systems, safety products such as KAVACH – Train Collision Avoidance System ("**TCAS**"), multi section digital axle counter ("**MS-DAC**") and signalling products for the efficient operation and safety of rail networks, and fast moving electrical goods such as pumps, fans and water heaters. Our segment revenue (external sales) from industrial systems have grown from ₹ 4,934.40 crores in Fiscal 2023 to ₹ 6,375.65 crores in Fiscal 2025 at a CAGR of 13.67%.

- *Power Systems*. We manufacture equipment for power transmission and distribution sectors. Our products are extra high voltage and medium voltage switchgears and transformers such as power transformers and distribution transformers, air insulated and gas insulated, indoor and outdoor switchgears. We also provide turnkey solutions for substations, power quality solutions and automation solutions. Our segment revenue (external sales) from Power Systems have grown from ₹ 2,022.05 crores in Fiscal 2023 to ₹ 3,505.94 crores in Fiscal 2025 at a CAGR of 31.68%.

**During the quarter ended March 31, 2025, the Company identified OSAT and Radio Frequency ("**RF**") business as separate operating segment as 'Semiconductors' based on criteria stated in IND AS 108.*

The table below sets forth details of our order intake and order backlog in the years indicated:

| Particulars | As at/ for the year ended March 31, 2025 | As at/ for the year ended March 31, 2024 | As at/ for the year ended March 31, 2023 |
|---|---|---|---|
| **Industrial Systems** | | | |
| Order intake (₹ in crores) [(1)] | 8,019.98 | 6,166.01 | 5,388.45 |
| Order backlog (₹ in crores) [(2)] | 4,009.36 | 2,674.32 | 2,178.75 |
| **Power Systems** | | | |
| Order intake (₹ in crores)[(1)] | 6,635.30 | 4,315.38 | 2,865.08 |
| Order backlog (₹ in crores) [(2)] | 6,618.90 | 3,731.36 | 2,278.57 |

[(1)]*Order intake is defined as orders booked during the given Fiscal.*
[(2)]*Order backlog is defined as executable order backlog to be executed as per agreed timelines with customers as at the end of the relevant Fiscals.*

We serve and maintain strong relationships with customers operating in a wide range of sectors, including cement, metal and mining, power, renewable energy, nuclear, oil and gas, railways and metros, pulp and paper, sugar and ethanol, water and wastewater management, chemicals and fertilizers, agriculture, telecom, material handling, pharmaceuticals and automotive. In the past, we have supplied our products to marquee customers such as leading cement manufacturers, public sector oil and gas companies, power grid operators, undertakings of the Indian railways and metro systems, and companies in the water and wastewater industry.

We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh; Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany. Our manufacturing plants are equipped with advanced machinery and automated systems to maximize efficiency, productivity, and quality. We are also focused on integrating digital technologies to improve operational efficiency and productivity. This includes using real-time monitoring and predictive maintenance, remote monitoring of autoclaves, end-to-end visibility of work orders, integrated design system with workflow, spend and vendor analysis, cost modelling, implementation of contract review format, contract review process and a minimally paper-dependent shop floor. We emphasize the importance of innovation and new product development to stay ahead of the competition, with our R&D activities focusing on creating indigenous and energy-efficient products. For example, we developed two new products for railway applications: V connected - 132kV, 63MVA traction power transformer to support new catenary system of 2x27kV designed for high-speed trains and reduce transmission losses; and auto transformer of 55/2x27.5kV and 16.5MVA capacity to support high speed infrastructure with reduced transmission losses.

As a part of our strategic diversification initiative, we have recently forayed into semiconductor manufacturing business. We have entered into a joint venture agreement with Renesas Electronics America Inc ("**Renesas**") and Stars Microelectronics (Thailand) Public Co. Ltd. ("**Stars Microelectronics**") to establish a subsidiary namely CG Semi Private Limited ("**CGSPL**"), to build and operate an outsourced semiconductor assembly and testing ("**OSAT**") facility in Sanand, Gujarat. The facility will manufacture a range of products, from legacy packages such as quad flat no-lead ("**QFN**") and quad flat package ("**QFP**") to advanced packages like flip-chip ball grid array ("**FC BGA**") and flip-chip chip-scale package ("**FC CSP**"), catering to industries such as automotive, consumer, industrial, and 5G. In addition, pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency ("**RF**") components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, inventories, customers, select transferring employees, contracts and other licenses. The RF components business enables us to enter into the semiconductor design business. Our Company has signed necessary assignment agreements and other related documents for completing the transfer of assets and business as envisaged under the asset purchase agreement to the entity incorporated by our Company in India i.e. Axiro Semiconductor Private Limited and its subsidiaries in USA, China and Turkey for the purpose of carrying out the RF components business.

We benefit from the experience of our board of directors, which includes our Chairman and Non-Executive Non-Independent Director, Vellayan Subbiah; our Managing Director and Chief Executive Officer, Amar Kaul and our Non-Executive Non-Independent Director, M A M Arunachalam, who has experience in industrial activities. We have oversight from the Independent Directors on our Board of Directors as well. We also benefit from our Key Managerial Personnel and Senior Management who have experience in operations, finance, business development and customer relationships.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased from Fiscal 2023 to Fiscal 2025 at a CAGR of 19.21% while our profit from continuing operations after tax (before exceptional items) increased from Fiscal 2023 to Fiscal 2025 at a CAGR of 14.31%. The following table sets forth our certain financial information for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Total income (₹ in crores) | 10,070.83 | 8,152.24 | 7,040.30 |
| Revenue from operations (₹ in crores) | 9,908.66 | 8,045.98 | 6,972.54 |
| Total expenses (₹ in crores) | 8,722.86 | 7,015.34 | 6,089.92 |
| EBITDA before Exceptional items (₹ in crores)[1] | 1,466.90 | 1,234.33 | 1,061.08 |
| EBITDA before Exceptional items margin (%)[2] | 14.57% | 15.14% | 15.07% |
| Profit from continuing operations after tax (₹ in crores) (A) | 972.98 | 871.12 | 796.33 |
| Exceptional items (net) (₹ in crores) (B) | - | 21.48 | 51.76 |
| Profit from continuing operations after tax less exceptional items (₹ in crores)<br>(C) = (A) – (B) | 972.98 | 849.64 | 744.57 |
| PAT before Exceptional items margin (%)[3] | 9.66% | 10.42% | 10.58% |
| Inventories (₹ in crores) | 1,136.71 | 750.71 | 541.18 |
| Total assets (₹ in crores) | 7,417.07 | 5,625.74 | 4,629.11 |

[1] *EBITDA before Exceptional items is calculated as profit from continuing operation after tax less exceptional items plus tax expense, finance costs and depreciation and amortisation expense.*
[2] *EBITDA before Exceptional items margin is calculated as EBITDA before Exceptional items divided by total income.*
[3] *PAT before Exceptional items margin is calculated as profit from continuing operations after tax less exceptional items divided by total income.*

## SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections titled "***Risk Factors***", "***Use of Proceeds***", "***Placement and Lock-up***", "***Issue Procedure***" and "***Description of the Equity Shares***" on pages 36, 65, 244, 230, 260, respectively.

| | |
|---|---|
| **Issuer** | CG Power and Industrial Solutions Limited |
| **Face Value** | ₹ 2 per Equity Share |
| **Issue Price** | ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) |
| **Floor Price** | ₹ 679.08 per Equity Share, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.<br><br>Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Board of Directors on October 21, 2024, and Shareholders through their special resolution passed through postal ballot dated December 18, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. |
| **Issue Size** | Issue of up to [●] Equity Shares, aggregating up to ₹ [●] crores.<br><br>A minimum of 10% of the Issue Size i.e., up to [●] Equity Shares, shall be available for Allocation to Mutual Funds only and the remaining [●] Equity Shares should be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs. |
| **Date of Board resolution authorizing the Issue** | October 21, 2024 |
| **Date of shareholders' resolution authorizing the Issue** | December 18, 2024 |
| **Eligible Investors** | Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. For further details, see "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on page 230, 246, and 253, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the BRLMs. |
| **Dividend** | See "***Description of the Equity Shares***" and "***Dividends***" on pages 260 and 79, respectively. |
| **Indian taxation** | For the statement of tax benefits available to our Company and its Shareholders under the applicable laws in India, see "***Indian Taxation***" on page 262. |
| **Equity Shares issued[(1)] and outstanding immediately prior to the Issue** | 1,529,078,884 Equity Shares<br><br>[(1)] *Our Company has issued 1,529,121,184 equity shares of face value of ₹2 each out of which our company had forfeited 8,460 equity shares of ₹10 each (i.e. 42,300 equity shares of face value ₹2 each).* |
| **Equity Shares issued and outstanding immediately after the Issue** | [●] Equity Shares |
| **Listing and trading** | Our Company has obtained in-principle approvals each dated June 30, 2025 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares issued pursuant to this Issue. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant to be issued pursuant to the Issue. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges. |
| **Issue Procedure** | This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, please refer to the section titled "***Issue Procedure***" on page 230. |
| **Lock-up** | For details in relation to lock-up, see "***Placement – Lock-up***" on pages 244 for a description of restrictions on our Company and Promoter in relation to the Equity Shares. |
| **Transferability restrictions** | The Equity Shares to be issued and allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognized stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. For details in relation to other transfer restrictions, see "***Transfer Restrictions and Purchase Representations***" on page 253. |
| **Use of proceeds** | The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table: |

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Amount (in ₹ crores)</th></tr>
<tr><td>1.</td><td>Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility</td><td>1,062.85</td></tr>
<tr><td>2.</td><td>Funding capital expenditure requirements and strategic initiatives of our Company for the following:<br>a) setting up of a power transformer plant;<br>b) development of a leasehold land;</td><td>856.98</td></tr>
<tr><td>3.</td><td>Acquisitions and inorganic growth opportunities by our Company</td><td>330.00</td></tr>
<tr><td>4.</td><td>General corporate purposes(1)</td><td>[●]</td></tr>
<tr><td></td><td>Total(2)</td><td>[●]</td></tr>
</table>
(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.<br>
(2) To be determined upon finalisation of the Issue Price.<br><br>
See “Use of Proceeds” on page 65 for additional information regarding the use of proceeds from the Issue.
</td>
</tr>
<tr><td>Risk factors</td><td>See “Risk Factors” on page 36 for a discussion of risks you should consider before investing in the Equity Shares.</td></tr>
<tr><td>Closing Date</td><td>The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about [●].</td></tr>
<tr><td>Ranking and Dividend</td><td>The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends.<br><br>The shareholders (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our shareholders may attend and vote in shareholders’ meetings in accordance with the provisions of the Companies Act, 2013. For further details, see “Dividends” and “Description of the Equity Shares” on pages 79 and 260, respectively.</td></tr>
<tr><td>Voting Rights</td><td>See “Description of the Equity Shares – Voting Rights” on page 261.</td></tr>
<tr><td>Security codes for the Equity Shares</td><td>
<table>
<tr><td>ISIN</td><td>INE067A01029</td></tr>
<tr><td>BSE Code and Symbol</td><td>500093 and CGPOWER</td></tr>
<tr><td>NSE Symbol</td><td>CGPOWER</td></tr>
</table>
</td></tr>
</table>

## SELECTED FINANCIAL INFORMATION

*The following tables set out selected financial information derived from our Audited Consolidated Financial Statements prepared in accordance with the Ind AS and Companies Act, 2013 and presented in "**Financial Information**" on page 291. The selected financial information presented below should be read in conjunction with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Information**", on pages 80 and 291, respectively, for further details. Unless stated or context requires otherwise, the financial information contained in this Preliminary Placement Document for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 is derived from the respective Audited Consolidated Financial Statements.*

## SUMMARY OF CONSOLIDATED BALANCE SHEET

*(₹ in crores)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2023 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 934.96 | 852.61 | 762.50 |
| (b) Capital work-in-progress | 355.18 | 65.87 | 27.27 |
| (c) Goodwill | 281.06 | 163.76 | 162.14 |
| (d) Other intangible assets | 263.00 | 42.53 | 45.88 |
| (e) Intangible assets under development | 30.49 | 27.91 | 11.03 |
| (f) Financial assets | | | |
| (i) Investments | 0.76 | 0.75 | 0.96 |
| (ii) Other financial assets | 18.32 | 11.64 | 13.33 |
| (g) Current tax assets | 101.22 | 115.53 | - |
| (h) Deferred tax assets (net) | 4.48 | 156.30 | 434.34 |
| (i) Other non-current assets | 102.96 | 4.91 | 7.48 |
| | **2092.43** | **1441.81** | **1464.93** |
| **Current assets** | | | |
| (a) Inventories | 1136.71 | 750.71 | 541.18 |
| (b) Financial assets | | | |
| (i) Investments | 436.78 | 587.70 | 0.01 |
| (ii) Trade receivables | 2009.20 | 1534.19 | 1297.12 |
| (iii) Cash and cash equivalents | 409.51 | 199.84 | 681.78 |
| (iv) Bank balances other than (iii) above | 849.61 | 654.57 | 32.18 |
| (v) Other financial assets | 182.52 | 136.21 | 147.48 |
| (c) Current tax assets (net) | - | - | 83.03 |
| (d) Other current assets | 227.00 | 247.53 | 199.14 |
| | **5251.33** | **4110.75** | **2981.92** |
| | | | |
| **Assets classified as held for sale and discontinued operations** | **73.31** | **73.18** | **182.26** |
| **TOTAL ASSETS** | **7417.07** | **5625.74** | **4629.11** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 305.78 | 305.47 | 305.43 |
| (b) Other equity | 3538.17 | 2711.97 | 1485.08 |
| | **3843.95** | **3017.44** | **1790.51** |
| **Non-controlling interest** | **193.68** | **1.33** | **0.93** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 0.26 | - | - |
| (ii) Lease liabilities | 26.97 | 11.91 | 12.06 |
| (iii) Other financial liabilities | 26.17 | 10.96 | 1.85 |
| (b) Provisions | 47.84 | 35.46 | 42.89 |
| (c) Deferred tax liabilities (net) | 88.23 | 0.56 | 0.83 |
| (d) Other non-current liabilities | - | - | 0.73 |
| | | | |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 0.08 | - | - |
| (ii) Lease liabilities | 13.66 | 5.53 | 4.37 |
| (iii) Trade payables | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 162.34 | 104.87 | 82.69 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1707.70 | 1379.38 | 1189.97 |
| (iv) Other financial liabilities | 460.48 | 368.65 | 334.08 |
| (b) Other current liabilities | 534.67 | 373.63 | 297.53 |
| (c) Provisions | 215.94 | 196.85 | 156.96 |
| (d) Current tax liabilities | 30.83 | 54.90 | - |
| | | | |
| **Liabilities associated with group of assets classified as held for sale and discontinued operations** | **64.27** | **64.27** | **713.71** |

*(₹ in crores)*

| Particulars | As at | | |
|---|---|---|---|
| | **March 31, 2025** | **March 31, 2024** | **March 31, 2023** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **7417.07** | **5625.74** | **4629.11** |

## SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

*(₹ in crores, unless stated otherwise)*

| Particulars | For the year ended | | |
|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2023 |
| **Income** | | | |
| Revenue from operations | 9908.66 | 8045.98 | 6972.54 |
| Other income | 162.17 | 106.26 | 67.76 |
| **Total income** | **10070.83** | **8152.24** | **7040.30** |
| | | | |
| **Expenses** | | | |
| Cost of materials consumed | 6762.31 | 5387.04 | 4585.00 |
| Purchases of stock-in-trade | 359.32 | 271.57 | 268.61 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (195.44) | (106.46) | 2.02 |
| Employee benefits expense | 612.77 | 508.14 | 421.70 |
| Finance costs | 7.09 | 2.54 | 16.20 |
| Depreciation and amortisation expense | 111.84 | 94.89 | 94.50 |
| Other expenses | 1064.97 | 857.62 | 701.89 |
| **Total expenses** | **8722.86** | **7015.34** | **6089.92** |
| **Profit before share of profit / (loss) of associate, exceptional items and tax** | **1347.97** | **1136.90** | **950.38** |
| Share of profit / (loss) of associate | - | - | - |
| **Profit before exceptional items and tax** | **1347.97** | **1136.90** | **950.38** |
| Exceptional items (net) | - | **21.48** | **51.76** |
| **Profit before tax** | **1347.97** | **1158.38** | **1002.14** |
| **Tax expense:** | | | |
| Current tax | 185.24 | 6.81 | 13.40 |
| Deferred tax (net) | 189.75 | 280.45 | 192.41 |
| | **374.99** | **287.26** | **205.81** |
| **Profit from continuing operations after tax** | **972.98** | **871.12** | **796.33** |
| **Profit from discontinued operations before tax** | - | **555.69** | **169.80** |
| Tax expense on discontinued operations | - | (0.80) | 3.16 |
| **Profit from discontinued operations after tax** | - | **556.49** | **166.64** |
| **Profit for the year** | **972.98** | **1427.61** | **962.97** |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | 974.60 | 1427.01 | 962.67 |
| Non-controlling interests | 1.62 | (0.60) | (0.30) |
| | **972.98** | **1427.61** | **962.97** |
| **Other comprehensive income:** | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | (10.94) | (12.25) | (6.93) |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | 2.98 | 2.68 | 1.38 |
| B (i) Items that will be reclassified subsequently to profit or loss | | | |
| (a) Exchange differences on translating the financial statements of foreign operations | 7.41 | 1.61 | (4.76) |
| (b) Net movement on effective portion of cash flow hedges | (4.45) | - | - |
| **Total other comprehensive income for the year** | **(5.00)** | **(7.96)** | **(10.31)** |
| **Attributable to:** | | | |
| Equity holders of the parent | (4.59) | (7.96) | (10.31) |
| Non-controlling interests | 0.41 | 0.00 | 0.00 |
| | **(5.00)** | **(7.96)** | **(10.31)** |
| **Total comprehensive income for the year** | **967.98** | **1419.65** | **952.66** |
| **Attributable to:** | | | |
| Equity holders of the parent | 970.01 | 1419.05 | 952.36 |
| Non-controlling interests | 2.03 | (0.60) | (0.30) |
| | **967.98** | **1419.65** | **952.66** |
| **Earnings per share for continuing operations** | | | |
| Basic (₹) | 6.38 | 5.70 | 5.25 |
| Diluted (₹) | 6.37 | 5.69 | 5.21 |
| (Face value of ₹ 2 each) | | | |
| **Earnings per share for discontinued operations** | | | |
| Basic (₹) | - | 3.64 | 1.10 |
| Diluted (₹) | - | 3.64 | 1.09 |
| (Face value of ₹ 2 each) | | | |
| | | | |

*(₹ in crores, unless stated otherwise)*

| Particulars | For the year ended | | |
|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2023 |
| **Earnings per share for total operations** | | | |
| Basic (₹) | 6.38 | 9.34 | 6.35 |
| Diluted (₹) | 6.37 | 9.33 | 6.30 |
| (Face value of ₹ 2 each) | | | |

## SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

*(₹ in crores)*

| Particulars | For the year ended | | |
|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2023 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax from continuing operations | 1347.97 | 1158.38 | 1002.14 |
| **Adjustments for:** | | | |
| Depreciation and amortisation expense | 111.84 | 94.89 | 94.50 |
| Allowances for doubtful receivables (net) | 2.49 | 0.25 | 11.91 |
| Bad debts written off / (reversal) (net) | (15.43) | (4.14) | (7.64) |
| (Gain) / loss arising on financial instruments designated as FVTPL | (3.88) | (5.43) | (0.01) |
| Finance costs | 7.09 | 2.54 | 16.20 |
| Interest income | (71.75) | (63.28) | (28.92) |
| Share based payment expense | 22.90 | 15.96 | - |
| Expense on employee stock options outstanding | - | - | 4.42 |
| Profit on sale of investments (net) | (36.10) | (18.59) | (1.89) |
| Unrealised exchange (gain) / loss (net) | 0.60 | 1.56 | 1.77 |
| Unrealised exchange gain / (loss) on consolidation (net) | 7.41 | 1.61 | (0.45) |
| (Profit) / loss on sale of property, plant and equipment (net) | 0.54 | (5.54) | (2.41) |
| (Profit) / loss on modification on lease | (0.38) | - | - |
| Liabilities no longer required written back | (31.28) | - | (18.86) |
| Payment towards settlement of litigation | - | (2.45) | - |
| Exceptional items (net) | - | (21.48) | (51.76) |
| | **(5.95)** | **(4.10)** | **16.86** |
| **Operating profit before working capital changes** | **1342.02** | **1154.28** | **1019.00** |
| **Adjustments for working capital changes** | **(201.16)** | **(748.46)** | **(71.41)** |
| | | | |
| Cash (used in) / from operations | 1140.86 | 405.82 | 947.59 |
| Income tax refund / (paid) (net) | (196.44) | (3.16) | (11.53) |
| Non-controlling interest in (profit) / loss | - | 0.60 | 0.30 |
| **Net cash flow (used in) / from continuing operating activities** | **944.42** | **403.26** | **936.36** |
| **Net cash flow (used in) / from discontinued operating activities** | **-** | **(6.27)** | **10.50** |
| **Net cash flow (used in) / from continuing and discontinued operating activities (A)** | **944.42** | **396.99** | **946.86** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment | 1.90 | 11.48 | 3.67 |
| Proceeds from sale of investments | 4785.03 | 1220.55 | 134.50 |
| Interest received | 68.01 | 42.36 | 28.19 |
| Investment in associate | (0.01) | - | - |
| Purchase of property, plant and equipment (including capital work-in- progress, capital advances and capital creditors) and intangible assets (including under development) | (427.32) | (234.27) | (85.46) |
| Purchase of investments | (4594.13) | (1784.00) | (92.33) |
| Bank balances other than cash and cash equivalents (net) | (194.87) | - | - |
| Consideration for acquisition of equity shares in G.G.Tronics India Private Limited from its erstwhile promoters (net of cash acquired) | (171.53) | - | - |
| Deposit in relation to bidding process for proposed acquisition | (28.68) | - | - |
| Unrealised exchange gain / (loss) on consolidation (net) | (6.48) | (1.49) | (8.45) |
| **Net cash flow (used in) / from continuing investing activities** | **(568.08)** | **(745.37)** | **(19.88)** |
| **Net cash flow (used in) / from discontinued investing activities** | **-** | **83.20** | **(0.81)** |
| **Net cash flow (used in) / from continuing and discontinued investing activities (B)** | **(568.08)** | **(662.17)** | **(20.69)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of equity shares and warrants (net of expenses) | 32.35 | 3.15 | 55.58 |
| Subscription of equity in subsidiary by non-controlling Interest | 29.93 | - | - |
| Changes in non-controlling interest | - | (0.60) | (0.30) |
| Repayment of borrowings | (15.68) | - | - |
| Repayment of long-term borrowings | - | - | (315.65) |
| Payment of lease liabilities | (11.23) | (6.57) | (8.99) |
| Dividend paid | (198.75) | (198.55) | (229.07) |
| Finance costs paid | (3.24) | (0.91) | (9.51) |
| Payment towards settlement of litigation with Asset Reconstruction Company | - | (42.00) | - |
| Payment towards corporate guarantee settlement | - | - | (100.72) |
| Payment towards purchase of non-controlling interest | - | (0.21) | (0.35) |
| **Net cash flow (used in) / from continuing financing activities** | **(166.62)** | **(245.69)** | **(609.01)** |
| **Net cash flow (used in) / from discontinued financing activities** | **-** | **(0.64)** | **(2.53)** |
| **Net cash flow (used in) / from continuing and discontinued financing activities (C)** | **(166.62)** | **(246.33)** | **(611.54)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **209.72** | **(511.51)** | **314.63** |
| | | | |
| **Cash and cash equivalents at beginning of the year** | **200.40** | **711.91** | **397.28** |
| **Cash and cash equivalents at end of the year** | **410.12** | **200.40** | **711.91** |
| | | | |
| **Cash and cash equivalents from continuing operations** | **409.51** | **199.84** | **681.78** |
| **Cash and cash equivalents from discontinued operations** | **0.61** | **0.56** | **30.13** |
| **Cash and cash equivalents from continuing and discontinued operations** | **410.12** | **200.40** | **711.91** |

# RELATED PARTY TRANSACTIONS

For details of the related party transactions of our Company during (i) Fiscal 2025; (ii) Fiscal 2024; and (iii) Fiscal 2023, as per the requirements under Ind AS 24 "Related Party Disclosures" read with Section 133 of the Companies Act, 2013, as amended and Ind AS rules 2015, as amended see "***Financial Information***" on page 291.

# RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. Potential investors should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not exhaustive and are not the only ones relevant to us or our Equity Shares, the industry in which we currently operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows financial condition and prospects. If any or a combination of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Legal Proceedings and Other Information" and "Financial Information" on pages 186, 108, 80, 274 and 291, respectively, as well as the other financial and statistical information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved, and should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.*

*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 15 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 36, 291 and 80, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*In this section, unless otherwise indicated or the context otherwise requires, a reference to "our Company" is a reference to CG Power and Industrial Solutions Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to CG Power and Industrial Solutions Limited, its subsidiaries and associate on a consolidated basis.*

*Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2025, 2024 and 2023 included herein is derived from our Audited Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see "Financial Information" on page 291.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Research Report on Electrical Engineering Equipment Industry" dated June 2025 (the "**CareEdge Report**") prepared and issued by Care Analytics and Advisory Private Limited ("**CareEdge Research**"), appointed by us on November 14, 2024 and exclusively commissioned and paid for by us to enable investors to understand the industry in which we operate in connection with this Issue. The data included herein includes excerpts from the CareEdge Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CareEdge Report and included herein with respect to any particular calendar year/ Fiscal refers to such third-party information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the CareEdge Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks." on page 55.*

***Internal Risk Factors***

**Risks relating to business and operations**

1. ***We derive a significant portion of our revenues from the sale of our products manufactured within our Industrial Systems business segment. Any decline in the sale of such products could have an adverse impact on our business, results of operations, financial condition and cash flows.***

Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are (i) Industrial Systems; (ii) Power Systems; (iii) Semiconductor; and (iv) others. Our two major business segments are Industrial Systems and Power Systems. Within our Industrial Systems segment, we manufacture a wide range of motors such as low tension motors and high tension motors for various industrial applications, industrial drives and automation to enhance industrial efficiency and control, railway products such as rolling stock products including traction motors, propulsion systems, safety products such as KAVACH – Train Collision Avoidance System ("**TCAS**"), multi section digital axle counter ("**MS-DAC**") and signalling products for the efficient operation and safety of rail networks, and fast moving electrical goods such as pumps, fans and water heaters.

The tables below set forth our revenues from the Industrial Systems and Power Systems segments for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| | | | |
| Segment Revenue – External Sales - Industrial Systems (₹ in crores) (A) | 6,375.65 | 5,428.64 | 4,934.40 |
| Revenue from operations (₹ in crores) (B) | 9,908.66 | 8,045.98 | 6,972.54 |
| Segment Revenue – External Sales - Industrial Systems as a percentage of revenue from operations (%) (C = A/B) | 64.34% | 67.47% | 70.77% |
| Segment Revenue – External Sales – Power Systems (₹ in crores) (D) | 3,505.94 | 2,595.42 | 2,022.05 |
| Segment Revenue – External Sales - Industrial Systems as a percentage of revenue from operations (%) (E = D/B) | 35.38% | 32.26% | 29.00% |

The demand for our products in the Industrial Systems and Power Systems segments is influenced by several factors, many of which are outside of our control. For example, in the Industrial Systems segment, the demand for low tension and high tension motors is driven by industrial applications and the overall health of the manufacturing sector, which may in turn significantly impair our business, results of operations, financial condition and cash flows. Similarly, the adoption of our railway products, including traction motors, propulsion systems, and safety products such as TCAS and MS-DAC, depends on investments in railway infrastructure and safety initiatives. Additionally, consumer preferences for fast-moving electrical goods such as pumps, fans, and water heaters can fluctuate based on economic conditions and technological advancements. In the Power Systems segment, the demand for our products is closely tied to the energy sector's growth, regulatory changes, and technological advancements in power generation and distribution. Any decrease in the demand for our products could adversely impact our business, results of operations, financial condition and cash flow.

In addition, manufacturing and sales of our Industrial Systems business segment products could be rendered uneconomical by regulatory or competitive changes and may also be adversely affected by other factors, including increase in taxes, inability to procure raw material supply, interruptions in production or distribution, marketing or pricing strategies of one or more of our Company's competitors, change in customer preferences or other factors.

2. ***Any delay, interruption, variation or reduction in the supply of raw materials to manufacture our products or volatility in the prices of raw materials, may adversely affect our business, results of operations, financial condition and cash flows.***

We typically enter into long-term memorandums of understanding with our suppliers to ensure continuous supply of key raw materials. We have also established multiple sourcing strategies for critical raw materials, including copper winding wires and strips, cold-rolled grain-oriented ("**CRGO**") and non-grain-oriented ("**CRNGO**") steel, bearings, various insulation materials, and transformer oil. The table below sets forth details of cost of materials consumed, expressed as a percentage of revenue from operations in the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Cost of materials consumed (₹ in crores) (A) | 6,762.31 | 5,387.04 | 4,585.00 |
| Revenue from operations (₹ in crores) (B) | 9,908.66 | 8,045.98 | 6,972.54 |
| Cost of materials consumed as a percentage of revenue from operations (C) = (A)/(B) (%) | 68.25% | 66.95% | 65.76% |

Despite our existing long-term arrangements and diversified sourcing approach, any reductions or interruptions in the supply of raw materials, and any inability on our part to find alternate sources for the procurement of such raw materials, may have an adverse effect on our ability to manufacture our products in a timely or cost-effective manner. We may also be required to replace a supplier if its products do not meet our quality standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions. While in practice we have passed the effects of increase in the cost of raw materials consumed onto our customers, our cash flows may still be adversely affected due to any gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials.

Further, we procure finished goods for our fast moving electrical goods such as pumps, fans and water heaters. Any interruptions in the supply of these goods, and our inability to find alternate sources for the procurement of such goods, may have an adverse effect on our ability to manufacture our fast moving electrical goods in a timely or cost-effective manner.

3. ***We plan to set up an outsourced semiconductor assembly and testing facility ("OSAT") which is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate and affect our business, results of operations, financial condition and cash flows.***

We have entered into a joint venture agreement with Renesas Electronics America Inc ("**Renesas Electronics**") and Stars Microelectronics (Thailand) Public Co. Ltd. ("**Stars Microelectronics**") to establish a subsidiary namely CG Semi Private

Limited ("**CGSPL**"), to build and operate an outsourced semiconductor assembly and testing ("**OSAT**") facility in Sanand, Gujarat, with a land area admeasuring approximately 115,410.38 square meters. Our Company holds 92.34% in CGSPL while Renesas Electronics and Stars Microelectronics hold 6.76% and 0.90%, respectively. The facility will manufacture a range of products, from legacy packages such as quad flat no-lead ("**QFN**") and quad flat package ("**QFP**") to advanced packages like flip-chip ball grid array ("**FC BGA**") and flip-chip chip-scale package ("**FC CSP**"), catering to industries such as automotive, consumer, industrial, and 5G. In terms of the approvals received from MeitY and Department of Science & Technology, Government of Gujarat, the total estimated cost for setting up of the OSAT facility in Sanand, Gujarat is ₹ 7,584.09 crores and CGSPL shall be eligible for a grant of government subsidy up to ₹ 3,501.00 crores under the Modified Programme for Semiconductors and Display Fab Ecosystem Scheme of the Government of India. We have already invested ₹ 637.15 crores from internal accruals as of the date of this Preliminary Placement Document and we intend to deploy ₹ 1,062.85 crores from the Net Proceeds and balance amount from government subsidies, internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost of setting up of the OSAT facility through CGSPL. For further details, see "*Use of Proceeds - Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility*" on page 66.

The construction of OSAT facility, may encounter regulatory, personnel, cost overruns and other difficulties that could potentially delay construction and result in an increase in capital expenditure. These difficulties may relate to labour shortages, accidents, construction being affected by adverse weather conditions, satisfactory and timely performance by construction contractors, issues with procurement of equipment, increase in cost of equipment or manpower, interruptions in the supply of electricity, as well as defects in design or construction of such facility, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, increase in pre-operating expenses, taxes and duties, increase in interest and finance charges, working capital margin, environment and ecology costs, and other factors beyond our control. We cannot assure you that construction of the proposed facility will be completed in a timely manner, or within our budgeted capital expenditure and other costs. We may not be able to achieve the intended economic benefits of such proposed new facility, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects.

**4. *Our expansion into the semiconductor business may expose us to new challenges and more risks, particularly due to our lack of prior experience in this business.***

We have entered into a joint venture agreement with Renesas and Stars Microelectronics to establish a subsidiary 'CGSPL', to build and operate an OSAT facility in Sanand, Gujarat. The facility will manufacture a range of products, from legacy packages such as QFN and QFP to advanced packages such as FC BGA and FC CSP, catering to industries such as automotive, consumer, industrial, and 5G. We have also established a subsidiary, Axiro Semiconductor Private Limited to build a semiconductor product platform. Pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, net inventories, customers, select transferring employees, contracts and other licenses. The RF components business enables us to enter into the semiconductor design business. For further details, see "*Our Business - Foraying into semiconductor design business and setting up an outsourced semiconductor assembly and test facility*" on page 193 and "*Use of Proceeds - Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility*" on page 66. Given that we do not have prior experience in the semi-conductor business, we cannot assure you that our proposed expansion will be successful. We may be unable to produce the range of products which we intend to manufacture at this facility, or experience delays in achieving critical operational metrics such as yield and overall equipment effectiveness, challenges in securing customers to fully utilize the facility's capacity, delays in completing facility construction or customer qualification processes, and delays in government subsidy disbursements. We may also find it more difficult to hire, train and retain qualified employees for operating in this business. We cannot assure you that our products will achieve market acceptance. We may not be able to enter into arrangements with customers for our semiconductor business on commercials reasonable terms or at all. Any failure to successfully manufacture and market our products could adversely affect our business, financial condition, cash flows and results of operations. Further, we may not be able to identify the risks involved in relation to manufacturing of such products and therefore could fail to achieve timely fulfilment of our orders and the quality requirement of our products. We may also face difficulty in understanding the demand and supply patterns, marketing segments for such products which may pose a risk in the smooth operation and working of our proposed manufacturing facility. In the event that we fail to understand the market operations and the risks related to the same, our business, financial performance and cash flows may be affected.

**5. *Our plans to expand our production capacity in motors, transformers and switchgears is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate.***

We intend to expand our production capacity in motors, transformers and switchgears to meet growing market demand and support our long-term growth. We intend to expand our (i) capacity for manufacturing low tension motors at manufacturing plants in Ahmednagar, Maharashtra and Goa from 10 lakhs per annum to 18 lakhs per annum; (ii) capacity for manufacturing of power transformers at our manufacturing plant located in Bhopal, Madhya Pradesh from 17,000 MVA to 40,000 MVA; (iii) capacity for manufacturing of distribution transformers at our manufacturing plant located at Malanpur in Gwalior, Madhya

Pradesh from 6,900 MVA to 9,900 MVA; (iv) capacity for manufacturing high tension motors at manufacturing plants in Bhopal, Madhya Pradesh from 1,008 units per annum to 1,728 units per annum; and (v) our capacity for switchgears at our manufacturing plant located in Nashik, Maharashtra. For further details, see "*Our Business – Our Strategies –Expand our production capacity in motors, transformers, and switchgears*" on page 193.

Further, in order to expand our production capacity in transformers to meet growing market demand and support our long-term growth, we intend to use ₹ 601.78 crores from the Net Proceeds towards capital expenditure in relation to setting up of a green field project in Bhopal for manufacturing of power transformer plant for a capacity of 45,000 MVA ("**Plant**"). The Plant will have the capability to manufacture and test the transformers and reactors ranging from 220 kV to 1200 kV. Our Company has made an application to obtain land allocation of 49.35 acres for the proposed greenfield project to M.P industrial Development Corporation Limited on April 30, 2025. M.P Industrial Development Corporation Limited has issued a letter of intent dated June 19, 2025 proposing to allot on lease for a period of 99 years approximately 45.13 acres of undeveloped land in Village-Jahangirpura, Tehsil-Sehore, Distt. Sehore, (M.P.), being khasra No. 240/1, 240/2, 242 & 243/1 for setting up a large scale industrial unit for manufacturing of power transformers and reactor. However, our Company may consider another land other than what is proposed to be allocated currently depending on the availability of land considering our requirement. For further details, see "*Use of Proceeds – Details of the Objects - 2. Funding capital expenditure requirements and strategic initiatives of our Company for the following: - a) setting up of a power transformer plant*" on page 67.

The expansion and construction of aforementioned manufacturing plants may encounter regulatory, personnel, cost overruns and other difficulties that could potentially delay construction and result in an increase in capital expenditure. These difficulties may be pursuant to labour shortages, accidents, construction being affected by adverse weather conditions, unsatisfactory performance by construction contractors, issues with procurement of equipment, increase in cost of equipment or manpower, as well as defects in design or construction of such proposed manufacturing plants, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, increase in pre-operating expenses, taxes and duties, increase in interest and finance charges, working capital margin, environment and ecology costs, and other factors beyond our control. We may also face interruptions in the supply of electricity and water required for our construction efforts and operations. We may also not be successful in implementing our goals due to factors beyond our control, including shift in customer preferences towards products that we are unable to manufacture, change in business and spending plans of our customers with whom we have collaborated to produce new and innovative systems and components or downturn in the global economic, financial and market conditions resulting in decline in demand for our products. We cannot assure you that construction of the proposed new manufacturing plants will be completed in a timely manner, or within our budgeted capital expenditure and other costs.

We cannot assure you that that we will be able to fully utilize the expanded and/or new manufacturing plants. Our projected requirements for infrastructure investments may also vary from actual levels if anticipated sales growth does not materialize or varies significantly from our projections. Such investments are generally long term in nature and it is possible that investments may not generate the expected returns due to changes in the marketplace. We may not be able to achieve the intended economic benefits of such proposed new manufacturing plant, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects.

6. ***We may undertake acquisitions, mergers, business transfer or strategic investments in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.***

We may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments. For example, during Fiscal 2025, we acquired 55.60% stake in G.G. Tronics India Private Limited ("**G.G. Tronics**") through a combination of purchase of equity shares from the promoters of G.G. Tronics and subscription to Compulsorily Convertible Preference Shares which were subsequently converted into equity shares, a company which is engaged in designing, manufacturing, supplying and installing of electronic safety embedded signalling systems for the railway transportation sector. One of its key products is the TCAS, also known as Automatic Train Protection Systems ("**IRATPS**") or 'KAVACH'. This acquisition aligns with our strategy to expand our railway product portfolio.

We have also entered into a joint venture agreement with Renesas Electronics and Stars Microelectronics to establish a subsidiary namely CGSPL, to build and operate an OSAT facility in Sanand, Gujarat. In addition, pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, inventories, customers, select transferring employees, contracts and other licenses. The Radio Frequency ("**RF**") components business enables us to enter into the semiconductor design business. Our Company has signed necessary assignment agreements and other related documents for completing the transfer of assets and business as envisaged under the asset purchase agreement to Axiro Semiconductor Private Limited and its subsidiaries in USA, China and Turkey for the purpose of carrying out the RF components business.

We will continue to evaluate inorganic growth opportunities to grow our market share, acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. We cannot assure you that we will be able to identify suitable entities on commercially reasonable terms acceptable to us, raise sufficient funds to finance such growth strategies or receive regulatory clearances (as applicable) in a timely manner or at all. The inability to identify suitable targets or investments and the inability to complete such transactions may adversely affect our competitiveness and growth prospects. These initiatives may necessitate incurring or assuming new debt or integration risks, and we cannot guarantee that they will contribute to our profitability.

We cannot guarantee the successful integration of any companies or assets we acquire, or can we assure that we will realize the anticipated strategic and/or operational benefits. Moreover, we may expend significant management attention trying to do so, but may not see the desired results. Additionally, there can be no assurance that we will consummate expansions, acquisitions, mergers, or alliances on acceptable terms, or at all, or that we will raise sufficient funds to finance such acquisitions, joint ventures and strategic investments. Should these arrangements be severed or disrupted in the future, it could impair our investments and adversely impact our business, financial condition, results of operations and cash flows.

7. ***We export our products to various countries. Any adverse events affecting these countries could have an adverse impact on our results from operations.***

Our company generates revenue from exports by selling our products to several countries such as Greece, United States of America, Nigeria, Nepal, Turkey, Mozambique, South Africa, Vietnam, Italy, Kenya, United Kingdom and Tanzania. These export destination countries impose varying duties on our products. We cannot assure you that the duties imposed by such countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition, results of operations and cash flows. The table below sets forth our overseas revenue from contracts with customers (geographical information as per the segment reporting under Ind AS 108), expressed as a percentage of revenue from contracts with customers for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Overseas Revenue from contracts with customers (₹ in crores) (A) | 970.15 | 968.73 | 694.47 |
| Revenue from contracts with customers (₹ in crores) (B) | 9,908.66 | 8,045.98 | 6,972.54 |
| Overseas Revenue from contracts with customers as a percentage of revenue from contracts with customers (C) = (A)/(B) (%) | 9.79% | 12.04% | 9.96% |

Additionally, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition, results of operations and cash flows. Furthermore, changes in import policies or an economic slowdown in countries to which we export our products may significantly impact our business, financial condition, results of operations and cash flows. India is also a party to, and is currently negotiating, free trade agreements with several countries. If we export our products to these countries, any revocation or alteration of those bilateral agreements may adversely affect our ability to export, and consequently, our business, financial condition, results of operations and cash flows. Furthermore, a decrease in demand in the countries where we currently supply our products, or uncertainties and other unforeseen fluctuations, changes in regulations, customs, taxes, or other barriers or restrictions that negatively impact the countries where we currently supply, could significantly harm our business, financial condition, results of operations and cash flows.

8. ***A slowdown or shutdown of our manufacturing operations or the under-utilization of our manufacturing plants could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh; Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany. For further details on our manufacturing plants, see "*Our Business – Manufacturing Plants*" on page 198. Our business is dependent upon our ability to operate our manufacturing plants at certain utilisation levels, which are subject to various operating risks, including productivity of our workforce, labour disputes, shortage of workforce, compliance with regulatory requirements and those beyond our control, such as the breakdown and failure of equipment, disruption in electric power or water resources, fire or industrial accidents and severe weather conditions and natural disasters. Any such events may cause an unplanned shutdown or temporary or sustained slowdown in our production or may require us to incur significant compliance or remediation costs, which we may not be able to completely or sufficiently or at all pass on to customers or recover through insurance in all events. If our manufacturing plants are rendered unusable as a result of natural disasters, unanticipated catastrophic events or any other reason, our business, financial condition, results of operations and cash flows may be adversely affected. Further, under-utilization of our existing manufacturing plants may arise due to various reasons such as changes in demand for our products and supply chain disruptions or our inability to procure sufficient raw materials, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to under-utilization of our manufacturing plants or may lead to an inability to comply with our customers' requirements and result in us breaching our contractual obligations and may lead to loss of any of our customers or a significant reduction in demand from such customers.

9. ***There are outstanding legal and regulatory proceedings involving our Company, our Subsidiaries, our Promoters, and Directors. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows.***

In the ordinary course of business, our Company, our Subsidiaries, our Promoters and Directors are involved in certain legal proceedings pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, continuity of our management, business, cash flows, financial condition and results of operations.

The summary of such outstanding legal and regulatory proceedings as disclosed in the "***Legal Proceeding and Other Information***" section is set out below:

| Name of Entity | Criminal proceedings | Tax proceedings | Statutory or regulatory proceedings | Material civil litigation# | Aggregate amount involved (₹ in crores)* |
|---|---|---|---|---|---|
| ***Company*** | | | | | |
| By the Company | 16 | - | - | 7 | 4,713.91** |
| Against the Company | 4 | 222 | 1 | 1 | 2,005.64 |
| ***Subsidiaries*** | | | | | |
| By the Subsidiaries | - | - | - | - | - |
| Against the Subsidiaries | - | 5 | - | - | 2.13 |
| ***Promoters*** | | | | | |
| By the Promoter | - | - | - | - | - |
| Against the Promoter | - | 17 | 17 | - | 18.28 |
| ***Directors*** | | | | | |
| By the Director | - | - | - | - | - |
| Against the Director | 4 | - | - | - | - |

*Note:*
*# Determined in accordance with the Materiality Policy.*
** To the extent ascertainable and quantifiable.*
** * There is an overlap in respect of the monetary claims made in the suits and in the Section 66 Application to the extent of ₹ 1,153.24 crores. For more information see, "Legal Proceedings and Other Information – Litigation by our Company - Material civil litigation – (ii), (iii), (iv) and (v)" on page 277 and 278.*

We cannot assure you that any of these matters will be settled in favour of our Company, Subsidiaries, Promoters, or Directors, respectively, or that no additional liability will arise out of these proceedings. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation, and such costs may be substantial and not recoverable. Our Company is involved as an unsecured creditor in an insolvency proceeding in a jurisdiction outside of India. Any adverse outcome in such proceedings, including the rejection or significant reduction of our claims, may have an adverse effect on our business, financial condition, results of operations and cash flows. The outcome of the proceedings is uncertain and may lead to delays in recovery of dues or, in the worst-case scenario, a complete loss of some or all of the amounts owed to us. For more information see, "*Legal Proceedings and Other Information – S No. 6 under Material Civil Litigation filed by our Company*" on page 279. An adverse outcome in any of these proceedings may have an adverse effect on our business, financial position, prospects, cash flows, results of operations and our reputation. For further information, see "*Legal Proceedings and Other Information*" on page 274. Furthermore, there may be certain outstanding matters, as on date or in the future, for which the aforementioned parties may not have been served with summons or relevant case documents, which may result in adverse findings against us. An adverse outcome in any of these proceedings, either individually or in aggregate, may affect our reputation, business operations, cash flows, financial condition, results of operations and prospects.

The Ministry of Corporate Affairs, by way of an order directed the Serious Fraud Investigation Office ("**SFIO**") to investigate the affairs of our Company and our 15 related / group companies under Section 212 of the Companies Act, 2013. The investigation, was initiated based on past transactions involving our erstwhile promoters and management, pertains to periods during which the Company was under their control. The information pertaining to such investigation by the SFIO was disclosed by our Company to the Stock Exchanges, in accordance with Regulation 30 of the SEBI LODR Regulations. The investigation is currently ongoing. Further, in the year 2019, SEBI took *suo moto* cognizance of certain news articles published in several newspapers (based on the disclosures made by the Company to the stock exchanges) related to suspected non-compliance by our Company and initiated an investigation against the erstwhile management of our Company ("**Erstwhile Management**"). SEBI conducted a detailed review, and the findings were subsequently corroborated through an independent audit. A final order was passed by SEBI in the year 2022 ("**Order**"), imposing a penalty on certain individuals including members of our Erstwhile

Management and debarring such individuals from accessing the securities markets and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market for such period and imposed penalties for such amounts, as specified in the Order, on account of misrepresentation of financial statements and non-compliance with related party transaction norms, thereby impacting the integrity of the securities market and interfering with the price discovery mechanism. There was no action taken against our Company. If there is any such future non-compliance, there could be reputational and financial loss to our Company.

Further, we may also be exposed to disciplinary action taken by SEBI and Stock Exchanges with respect to, among others, our failure to comply with our obligations as a listed company under applicable law. For instance, during Fiscal 2018-19, NSE and BSE imposed a penalty of ₹ 1,646,100 on our Company. Further, during Fiscal 2019-20, NSE and BSE levied penalties of ₹ 1,982,400 and ₹ 1,988,300, respectively, on our Company for non-compliance with Regulations 33 of the SEBI LODR Regulations. Our Company has clarified to the Stock Exchanges regarding due compliance with the relevant regulation and has deposited the fines with the Stock Exchanges under protest. In November 2024, our Company received a notice from the BSE and NSE for non-compliance with Regulation 29(2) and 29(3) of the SEBI Listing Regulations. Pursuant to the notice, our Company paid a fine of ₹ 10,000 each to the BSE and NSE, including GST. As of the date of this Preliminary Placement Document, our Company is compliant with Regulation 29(2) of the SEBI Listing Regulations. Further, in February 2025, BSE and NSE imposed a fine of ₹ 2,000 each for 1 day delay in submission of shareholding pattern under Clause 31 of the SEBI Listing Regulations, which has been paid by us including GST. We cannot assure you that we will not be exposed to any disciplinary action (including penalty imposed) by SEBI or Stock Exchanges in the future, which risk if it materialises, may have an adverse effect on our business, financial condition, prospects, cash flows, results of operations and our reputation.

Our Company had filed a revised return of income for the Assessment Year (AY) 2021–22, declaring a tax loss of ₹2,622.90 crore. The Income Tax Department thereafter issued a notice of assessment, seeking clarification on certain aspects of the return of income for the aforesaid period. Subsequently, the Assessing Officer ("**AO**") issued a draft assessment order, proposing an upward revision of taxable income for the Assessment Year 2021-22 to ₹1,194.54 crore. Aggrieved by the draft order, our Company filed objections before the Dispute Resolution Panel ("**DRP**") under Section 144C of the Income Tax Act, seeking relief on the proposed additions/disallowance in the draft assessment order. The DRP has recently issued directions to the AO rejecting all the objections raised by our Company. This may result in additional tax liability on our Company for the assessment year 2021-2022. The final assessment order from the AO is still pending. Upon the receipt of the final assessment order from AO, our Company shall evaluate appropriate legal remedies available under the Income Tax Act. While, we believe that the tax positions taken by our Company at the time of filing the returns are supported by jurisprudence, rulings, and legal opinions and may appeal the final assessment orders, once received, we cannot assure you that such appeal will be decided in our favour. An adverse outcome in any of these proceedings, either individually or in aggregate, may affect our cash flows and/or our financial condition. Further, we may be required to deposit a portion of the tax demand raised in such final assessment orders prior to filing of the appeal which may not be refunded until the final settlement of the matter or if we do not receive a favourable outcome before the appellate court.

**10.** ***We may require financing in the future for capital expenditure and our operations could be curtailed if we are unable to obtain the required additional capital and financing when needed.***

We continuously upgrade our existing manufacturing plants and expand our production capacity to improve cost efficiency, meet growing market demand and support our long-term growth. In particular, we are in the process of expanding our production capacity in motors, transformers and switchgears. For further details, see "*Our Business - Expand our production capacity in motors, transformers, and switchgears*" on page 193. For Fiscals 2025, 2024 and 2023, our purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors) and intangible assets (including under development) were ₹ 427.32 crores, ₹ 234.27 crores and ₹ 85.46 crores, respectively. While we have in the past funded our capital expenditure through internal accruals, we may incur debt or issue equity or debt securities or a combination of both in the future to meet our capital expenditure plans. If we are required to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

**11.** ***Our current order book may not necessarily translate into future income in its entirety or could be delayed. Some of our current orders may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could have an adverse effect on our business, financial condition, results of operations and cash flows***

The profitability of a contract in our order book and our cash flows may be affected due to, amongst others, withholding of payments by customers or mismatch between our internal cost milestones and the payment milestones under our contracts; and cancellation or termination of existing contracts or non-payment by our customers. As any of the aforesaid occurrences may adversely impact and reduce the order book position, we cannot assure you that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. In addition, our order book during a particular future period depends on continued growth of our sector and our ability to remain competitive and we cannot assure you that our order book will be consistent in the future. Furthermore, we cannot assure you that our customers will not rescind their contracts with us if there is a delay in delivery beyond the time stipulated in the contract or that we may not need to renegotiate some of our contracts in future. Our customers may refuse to renegotiate our contracts which could have an adverse effect on our business, financial condition, results of operations and cash flows.

For details of our order intake and order backlog, see "*Our Business – Overview*" on page 186.

12. ***We propose to utilize a portion of the Net Proceeds to undertake inorganic growth through strategic investments or acquisitions for which the target(s) are yet to be identified, and may not be identified, and such acquisitions may not be successfully concluded. If Net Proceeds to be utilised towards funding inorganic growth through acquisitions are insufficient for the cost of our proposed acquisitions and other strategic initiative, we may have to seek alternative forms of funding.***

We propose to utilize ₹ 330.00 crores from the Net Proceeds towards funding inorganic growth through acquisitions and strategic investments, as set forth in "*Use of Proceeds – Details of the Objects – Acquisitions and inorganic growth opportunities by our Company*" on page 69. As on the date of this Preliminary Placement Document, we have not entered into any definitive agreements towards any future acquisitions or strategic initiatives. We continuously look to create strategic value through inorganic growth to consolidate our position in the industry in which we operate. We may evaluate inorganic growth opportunities to grow our market share, acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, explore opportunities adjacent to our existing products, improve operational efficiency, and enhance our expertise and knowledge. We may consider a mix of equity and/or cash consideration to fund such inorganic growth opportunities. Further, it is also possible that we may not be able to identify suitable targets, or that if we do identify suitable targets, we may not be able to complete those transactions on terms commercially acceptable to us or at all and/or be able to complete all aspects of the acquisition process and/or receive relevant regulatory clearances (as applicable) in a timely manner or at all. The inability to identify suitable targets or investments and the inability to complete such transactions may adversely affect our competitiveness and growth prospects. Further, we will from time to time continue to seek attractive inorganic opportunities that will fit well with our strategic business objectives and growth strategies, and the amount of Net Proceeds to be used for acquisitions will be based on our management's decision. The amounts deployed towards such initiatives may not be the total value or cost of such acquisitions or investments, resulting in a shortfall in raising requisite capital from the Net Proceeds towards such acquisitions or investments. Consequently, we may be required to explore a range of options to raise requisite capital, including internal accruals or debt financing from third party lenders or institutions.

Further, we cannot assure you that such investments and acquisitions will achieve their anticipated benefits. We may not be able to integrate operations, personnel and technologies successfully or effectively manage our combined business following such acquisitions. Acquisitions, investments, and strategic partnerships typically involve uncertainties and risks, which are applicable to and would impact our ability to grow through acquisitions and/or consolidation of businesses and entities, including: accurately evaluating potential acquisition targets and identifying acquisition targets with operations complementary to our existing operations; potential ongoing financial obligations and unforeseen or hidden liabilities; possible cash flow interruption or loss of revenue as a result of transitional matters; integrating personnel from different corporate cultures while maintaining focus on providing consistent, high quality service; retaining key employees, particularly those of the acquired operations, and maintaining the key business relationships with consumers of the businesses we acquire; failure to achieve the intended objectives, benefits or revenue enhancement; the costs of integrating an acquired business with our existing business particular in relation to supporting legacy products and hosting infrastructure of the acquired business and retaining suppliers and customers of the acquired business; entering into unfamiliar markets; and diversion of resources and management attention.

Our failure to address these or other risks successfully may have an adverse effect on our financial condition, results of operations and cash flows. In addition, any such acquisition or investment may require a significant amount of capital investment, or we may incur costs in respect of any future liabilities, including in respect of any indemnity claims for such acquired or investee entities, which would decrease the amount of cash available for working capital or capital expenditures. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Any failure to achieve the anticipated benefits of any proposed investments and acquisitions or to consummate new investments and acquisitions in the future could have an adverse effect on our business.

13. ***Our business is working capital intensive. Any failure in arranging adequate working capital for our operations or on terms favourable to us may adversely affect our business, results of operations, cash flows and financial condition.***

We require working capital to finance the purchase of materials and the performance of manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules for our customers or increased advance payments or shorter credit period from our suppliers. Further, the actual amount of our future working capital requirements may differ from estimates as a result of, among other factors, unanticipated expenses, fluctuations in price of raw materials / components, economic conditions, growth in revenue, changes in the terms of our financing arrangements, additional market developments and new opportunities in the sector. These factors may result in increases in the amount of, our receivables, short-term borrowings and the cost of availing such working capital funding. Additionally, our inability to obtain adequate amount of working capital at such terms which are favourable to us and in a timely manner or at all may also have an adverse effect on our business, results of operations, financial condition and cash flows. Continued increases in our working capital requirements may have an adverse effect on our business, results of operations, financial condition and cash flows.

14. ***We operate in a competitive business environment. If we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline, which will adversely affect our business, financial condition, results of operations and cash flows.***

We operate in a highly competitive business environment. Increasing competition in both domestic and international markets may result in pricing pressures, decreasing profit margins, lost market share, or failure to improve our market position, any of which could substantially harm our business, financial condition, results of operations and cash flows. While we focus on developing and optimizing new and existing products, our competitors may harness better process technology, achieve improved process yields, or source raw materials at more competitive prices. Some of our competitors may be increasing their capacities and targeting the same products as us. This could hinder our ability to maintain our growth rate, leading to a decline in revenues and profitability.

Further, many of our competitors may possess significant competitive advantages, including greater brand recognition and access to financial, research and development, marketing, more efficient distribution networks, scalable and differentiated business model, better trained employees, or access to a large pool of financial and other resources. Such companies may use these advantages to offer solutions that are perceived to be as effective or more effective as ours at the same or at a lower price. They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, applications, technologies, standards, or client requirements. Our competitors may also adopt competitive strategies for various products or enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage by entering into such business combinations or alliances which may have a corresponding adverse impact on our revenues and margins. Further, our competitor base may increase with new entrants in the market and our competitors could also introduce new offerings with competitive price and performance characteristics or undertake more aggressive marketing campaigns than ours. Certain of our competitors offer, or may in the future offer, lower-priced or a broader range of offerings. Such increase in competition could adversely impact our business financial condition, results of operations and cash flows. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition, results of operations and cash flows. Also, see "*Our Business - Competition*" on page 204.

15. ***Any negative publicity relating to 'Murugappa Group' brand could adversely affect our business prospects and financial performance.***

Since November 2020, we have been a subsidiary of Tube Investments of India Limited, which is part of the renowned Murugappa Group. Our revenue, results of operation, business, cash flows and prospects are, to a certain extent, dependent on the strength of the brand 'Murugappa Group'. The Murugappa Groups' reputation may be damaged by adverse publicity, negative campaigns or movements targeting their brands, customer's dissatisfaction over their services, allegations of misconduct of negligence, accident at their facilities, or other events. Negative publicity or reputational damage can alter customer perception, potentially leading to a loss of trust and a decline in sales. Additionally, reputational issues could influence the attitude of market regulators, possibly resulting in stricter scrutiny and regulatory challenges. Any adverse publicity, even if unfounded could in the future have an adverse effect on our financial position and reputation. A tarnished brand reputation can affect our ability to secure new contracts and partnerships, thereby impacting our overall business operations. If we are unable to maintain our brand name and our reputation, or there is reputational harm to other Murugappa Group entities, our business, results of operations, financial condition and cash flows could be adversely affected. The combined effect of lost business opportunities, increased regulatory scrutiny, and diminished customer trust could adversely affect our business, results of operations, financial condition and cash flows.

16. ***We derive a portion of our revenues from the undertakings of the Indian Railways. A reduction in demand from the Indian Railways for our products or any adverse change in policy of the Ministry of Railways, Government of India could adversely affect our business, results of operations, financial condition and cash flows.***

We derive a portion of our revenue from operations from the undertakings of the Indian Railways. The table below sets forth details of revenues from the sale of our products to Indian Railways for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Revenue from the sale of products to Indian Railways (₹ in crores) | 2,097.99 | 1,232.94 | 1,144.55 |
| Revenue from the sale of products to Indian Railways as a percentage of revenue from operations (%) | 21.17% | 15.32% | 16.42% |

If the undertakings of the Indian Railways reduce their volume of business with our Company, including due to an amendment of the relevant policies to favour public sector enterprises, or a withdrawal of the programmes and policies beneficial to the private sector, our business, financial condition, results of operations, cash flows and prospects may be adversely affected. A decline in Government spending on railways and particularly spending on the products that we manufacture and supply to the undertakings of the Indian Railways or the termination of our existing orders may adversely affect our business, financial condition, results of operations and cash flows.

**17.** ***We extend credit terms to our customers and are subject to counterparty credit risk. Any deterioration in such customers' financial position and their ability to pay or our inability to extend credit in line with market practice may adversely impact business, results of operations, financial condition and cash flows.***

Due to the nature of, and the inherent risks in, the agreements and arrangements that we enter into, we are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our financial condition, results of operations and cash flows. Our operations involve extending credit, ranging typically from 45 to 90 days, to our customers in respect of our products and services. The primary collection risk of our trade receivables relates to the failure by customers to pay in a timely manner and in full. Even for those who partially pay their dues, we may not be able to collect the remaining sum in a timely manner, or at all. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. We cannot guarantee that we will be able to accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our financial condition, results of operations and cash flows could be adversely affected. The following table sets forth details of our trade receivables days, as well as our trade receivables, as at and for the years indicated:

| Particulars | As of/ for the year ended March 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Trade Receivable Days(1) | 64 | 60 | 58 |
| Trade Receivables (₹ in crores) | 2,009.20 | 1,534.19 | 1,297.12 |

(1) *Trade receivables days are calculated as gross sales including GST divided by net trade receivables.*

While we undertake periodic review of the outstanding amounts, regular follow-ups with parties for recovery of payments and strengthening collection processes, there is no assurance that we will be successful in doing so. Any significant delay in receiving payment or non-receipt of payments from our customers may adversely affect our business, results of operations, financial condition and cash flows.

**18.** ***Disruption in our relationships with dealers and channel partner network, changes in their business practices, their failure to meet payment schedules and provide timely and accurate information could adversely affect our business, operating cash flows and financial condition.***

We rely upon our network of dealers or distributors for a significant portion of our sales and distribution operations within India. We leverage our 1,292 dealers and distributors/ channel partner network as of March 31, 2025 for the sale and distribution of our products. Our channel partners help us extend our reach and provide localized support and services to our customers. We also sell our products directly to certain institutional and corporate customers for which, we may procure orders through our dealers. We typically enter into annual contracts with our dealers for the sale and distribution of our products that can be renewed at the instance of our Company. Further, our contracts with our dealers do not have built in exclusivity clauses. If our competitors offer our authorised dealers more favourable terms and/or have larger product offerings available to meet their requirements, those authorised dealers may de-emphasize or decline to distribute our products.

While we believe that our relationship with our dealers and channel partners have been satisfactory, we cannot assure you that we will be able to maintain our relationships with such dealers and channel partners in the future. Further, there can be no assurance that these dealers and channel partners will continue to maintain adequate sales capabilities, will be successful in ensuring onward sale of our products or that they will continue to provide verified and adequate information for preparing demand forecasts for our products.

**19.** ***Our contingent liabilities as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets could adversely affect our financial condition, results of operations and cash flows if they materialise.***

As at March 31, 2025, our contingent liabilities as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets were as follows:

| Particulars | Amount (As at March 31, 2025) |
|---|---|
| | (₹ in crores) |
| (a) Claims against the Group not acknowledged as debts | 3.74 |
| (b) Sales tax / VAT / goods and service tax liability that may arise in respect of matters in appeal | 3.94 |

| Particulars | Amount (As at March 31, 2025) |
|---|---|
| | (₹ in crores) |
| (c) Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | 8.78 |
| (d) Income tax liability that may arise in respect of matters in appeal | 1.45 |

Notes:

*(1) 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.*

*(2) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration / appellate proceedings.*

*(3) Sales tax / VAT / goods and service tax cases include disputes pertaining to disallowances of input tax credit and non-submission of various forms with authorities.*

*(4) 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.*

*(5) Contingent liabilities for Income tax cases pertains to disallowance of expenses, etc.*

*(6) The Company had received Assessment Order dated February 27, 2024 under 143(3) of the Income Tax Act, 1961, pertaining to financial year 2021-22. As per assessment order, tax demand payable is ₹ 188.79 crores. The Company has filed appeal before Commissioner of Income Tax (Appeals). Considering the facts, demand raised is mainly on account of disallowance of claims for settlement of Corporate guarantee and non-granting of set-off tax losses. The Company has obtained stay on tax demand by paying ₹ 4.89 crores, as per stay order issued by the Deputy Commissioner of Income tax.*

*(7) One of the subsidiary of the Group has delayed the conduct of its annual general meeting for the years ended 31 March 2022, 31 March 2021, 31 March 2020, 31 March 2019 and 31 March 2018 beyond the timelines prescribed in section 96 of the Companies Act, 2013. The said subsidiary has made compounding applications under section 441 of the Companies Act, 2013 for the aforesaid years with Registrar of Companies in respect of delays. Any fines / penalties that may be levied are not presently ascertainable but are not expected to be material to the financial statements.*

*(8) During the year ended March 31, 2025, our Company based on the direction of Bombay High Court, has filed a revised income tax returns for AY 2015-16 to AY 2020-21 based on the recasted / revised accounts for respective financial years, following which the Company has received assessment order from income tax department for certain years and made additions to the total income resulting in an aggregate tax demand of ₹248.40 crores. Our Company has filed an appeal against the assessment orders before the Commissioner of Income Tax (Appeals) which is currently pending. The same has been subsequently stayed by the income tax department.*

There can be no assurance that we will not have similar or increased levels of contingent liabilities in the current Fiscal. Our future contingent liabilities may crystallize and become actual liabilities. If a significant portion of these contingent liabilities materialises, our financial condition, results of operations and cash flows may be adversely affected.

**20. *Our failure to identify and understand evolving industry trends and preferences to develop new products to meet our customers' demands may adversely affect our business.***

Our success is largely dependent upon our ability to gauge the ever-evolving needs and technological requirements of our customers and to provide products that satisfies customer demand in a timely manner. We expect to continue to dedicate significant financial and other resources to our product development efforts in order to maintain our competitive position. Investing in product development, including developing new products and enhancing existing products, is expensive and time consuming, and we cannot assure you that such activities will result in significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits.

Changes in consumer preferences, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, we cannot assure you that we will be able to develop or secure the necessary technological knowledge that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, our business, financial condition, results of operations and cash flows may be adversely affected. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. Our failure to successfully develop and produce new products, or a failure by our customers to successfully launch new programs, could materially adversely affect our prospects, financial condition, results of operations and cash flows.

**21. *If we are unsuccessful in implementing our strategies, particularly our growth strategy, our business, financial condition, results of operations and cash flows may be adversely affected.***

The success of our business depends greatly on our ability to effectively implement our strategies, particularly our growth strategy; please refer to "*Our Business – Our Strategies*" on page 192. Even if we have successfully executed our business strategies in the past, we cannot assure you that we will be able to execute our strategies on time and within the estimated budget, or that we will achieve expected results. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls as well as technology systems. We may be unable to sustain such growth in revenues and profits or maintain a similar rate of growth in the future. If we are unable to implement our growth strategy effectively, our business, financial condition, results of operations and cash flows may be adversely affected.

**22.** ***We are dependent on third party transportation for the supply of raw materials and delivery of finished products and any disruption in their operations or a decrease in the quality of their services or disruptions of transportation network and transportation infrastructure could adversely affect our business, financial condition, results of operations and cash flows.***

Our success depends on the uninterrupted supply and transportation of raw materials required by us in the manufacturing of our finished products, that are subject to various uncertainties and risks some of which are beyond our control. We use third party transportation providers for the supply of raw materials required by us and our finished products. Disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of the third-party transportation providers to deliver our finished products to our customers in a timely manner or at all. As a result, in the event there is any disruption in the supply of our finished products, performance of our business, financial condition, results of operations and cash flows may be adversely affected. There may also be delay in delivery of raw materials, which may also affect our business, financial condition, results of operations and cash flows negatively. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers.

**23.** ***We depend on our Senior Management, Key Managerial Personnel, persons with technical expertise and other permanent employees for our business and future growth. If we are unable to recruit and retain such qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.***

Our future performance would depend on the continued service of our Senior Management, Key Managerial Personnel, persons with technical expertise, and the loss of any senior employee and the inability to find an adequate replacement may impair our relationship with key customers and our level of technical expertise, which may adversely affect our business, financial condition, results of operations. cash flows. Further, being a technology driven company with a focus and investment in our R&D capabilities, the future success of our investment in innovation and R&D will also be dependent upon the retention our employees who have the skills and know-how. For further details in relation to our Senior Management and Key Managerial Personnel, see, "*Board of Directors and Senior Management*" on page 207. Should their involvement in our business reduce, or should our relationship with these persons deteriorate for any reason in the future, our business, financial condition, results of operations, cash flows and prospects may be adversely affected. If one or more of our members of the Senior Management or Managing Director or other qualified personnel are unable or unwilling to continue their services with us we might not be able to replace them easily, in a timely manner, or at all. This in turn could have a material adverse impact on our business, results of operations, financial position and cash flows.

The continued operations and growth of our business among other factors is also dependent upon our ability to attract, train and retain qualified personnel who have the necessary and required experience and expertise, know-how and skills that are capable of helping us. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Our performance depends largely on the efforts and abilities of these employees. Set forth below are the details of the attrition rate of our permanent employees for the years indicated:

| **Particulars** | **As of/ For the Year Ended March 31,** | | |
|---|---|---|---|
| | **2025** | **2024** | **2023** |
| Number of Permanent employees | 4,150 | 3,329 | 2,968 |
| Number of Permanent Employees Exited | 509 | 416 | 335 |
| Attrition Rate of Employees* | 13.61% | 13.11% | 11.59% |

**Attrition rate is calculated as overall exits including retired employees divided by average number of employees in the relevant financial period.*

We may require a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with us. We may also be required to increase our levels of employee compensation and benefits more rapidly than in the past to remain competitive in attracting skilled personnel, or to address any breaches on parts of our respective contractors and subcontractors, where we have been the principal employers. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. The specialised skills we require in our industry are difficult and time-consuming to acquire and, as a result, are in short supply. Loss of the services of our permanent employees could adversely affect our business, financial condition and results of operations. Our inability to hire, train and retain a sufficient number of qualified personnel could impair the success of our operations. This could have an adverse effect on our business, financial condition, results of operations and cashflows.

**24.** ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency.***

We propose to utilise the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 65. The funding requirements are based on internal management estimates and current conditions which are subject to changes due to external circumstances, costs, other financial conditions or business strategies. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may place a burden on our finance plans. We may also face delays or incur additional costs due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect. Our proposed deployment of Net Proceeds has not been appraised by any bank or financial institution or any other independent agency and is based on management estimates. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, financial condition, results of operations and cash flows. We have appointed CARE Ratings Limited as the monitoring agency for monitoring the utilization of proceeds in accordance with Regulation 173A of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. Further, the application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

**25.** ***We are unable to trace certain of or corporate filings with respect to our corporate records and secretarial forms filed by us with the Registrar of Companies. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to such matters, which may adversely impact our business, financial condition, results of operations and cash flows.***

We have been unable to trace form filings pertaining to our allotments of equity shares of our Company as the relevant information was not available in the records maintained by our Company or on the online portal of the Ministry of Corporate Affairs ("**MCA Portal**") or in the physical records available at the RoC premises. Despite conducting internal searches and engaging an independent practicing company secretary, i.e., S. S. Rauthan & Associates, Company Secretaries ("**PCS**"), we have been unable to trace form filings pertaining to our allotments of Equity Shares of our Company as the relevant information was not available in the records maintained by our Company or on the online portal of the Ministry of Corporate Affairs ("MCA Portal") or in the physical records available at the RoC premises. Even some of the minutes of the board and shareholder meeting conducted by our Company in relation to the incorporation and capital build-up of our Company are not traceable..

Accordingly, we have relied upon the ROC search certificate dated June 30, 2025 prepared by the PCS for the disclosures in relation to the abovementioned allotments in this Preliminary Placement Document. While the information in relation to the corporate actions has been disclosed in "*Capital Structure*" on page 73, based on the available records including the RoC search certificate, board and shareholders resolutions and minutes of our Board, to the extent available, we may not be able to furnish any further documents evidencing such allotments or transfers. We cannot assure you that the form filings which we have not been able to locate will be available in the future or that the information gathered through other available documents is correct. Further, we cannot assure you that the filing was done, at all or in timely manner, and that we shall not be subject to penalties on this account. The amount of such penalties may not be material.

**26.** ***Our business operations are being conducted on premises leased from third parties. Our inability to continue operating from such premises, or to seek renewal or extension of such leases may have an adverse effect on our business, operations, financial condition and cash flows.***

Our business operations are primarily conducted on premises leased from third parties and we may continue to enter into such transactions in future. As on March 31, 2025, We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh, Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany. In future, there can be no assurance that we will be able to continue operating out of our existing premises or renew our leases on favourable terms, or at all. For further information, see "*Our Business – Manufacturing Plants*" beginning on page 198. We cannot assure you that we will be able to continue operating out of these premises or renew the leases on favourable terms, or at all. Any inability to renew these leases or secure alternative premises in a timely manner may adversely impact our business, operations, financial condition and cash flows.

Given that our operations are conducted primarily on premises leased from third parties, any encumbrance or adverse impact, or deficiency in, the title, ownership rights or development rights of the owners from whose premises we operate, breach of the contractual terms of any lease or leave and license agreements, or any inability to renew such agreements on acceptable terms or at all may adversely affect our business, financial condition, results of operations and cash flows. In the event of relocation, we may be required to obtain fresh regulatory licenses and approvals. Further, we cannot assure you that in the event of relocation we will be able to find suitable locations. Until we receive these, we may suffer disruptions in our operations and our business which may also adversely affect our business, financial condition, results of operations and cash flows. While we have not faced any disruptions to our operations or business due to an inability to continue operating from leased premises or to seek renewal or extension of such leases in the last three Fiscals, we cannot assure you that we will not encounter such issues in the future. Any failure to continue operating out of our existing premises or to renew our leases on favourable terms, or at all, could adversely affect our business, financial condition, results of operations and cash flows.

Further, any regulatory non-compliance by the landlords or adverse development relating to the landlords' title or ownership rights to such properties in the future may entail significant disruptions to our operations, especially if we are forced to vacate leased spaces following any such developments and expose us to reputation risks. Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate or breach of the contractual terms of any lease and license agreements may adversely affect our business, results of operations, cash flows and financial condition.

**27.** ***We may not be able to successfully develop new products and technology capabilities if we are unable to identify emerging trends, which could adversely impact our business, results of operations, cash flows and financial condition.***

The future success of our business will depend in part on our ability to respond to technological advances, customer preferences and emerging industry standards and practices in a cost effective and timely manner. While we continue to undertake product development initiatives, introduction of new designs and integration of new technologies into our products, we are subject to general risks associated with introduction of new products including the lack of market acceptance. We cannot assure you that we will be able to successfully develop new products or that such new products will receive market acceptance or address changing trends or emerging industry standards. Any rapid change in the expectations of our customers in our business on account of changes in technology or introduction of new alternate products could adversely affect our business, financial condition, results of operations and cash flows.

**28.** ***We rely on the demand for industrial system and power system products from sectors such as industrial, manufacturing, power and railway sectors. Any downturn in these sectors could have an adverse impact on our business, growth, financial condition, results of operations and cash flows.***

A significant market for our products lies in the power, manufacturing, industrial and railway sectors, wherein they are used for, among others, transmission and distribution of electricity, industrial application and for installation at railway projects. The demand from such customers is, therefore, substantially dependent on the demand and supply dynamics in these respective sectors. For instance, the demand for railway products is significantly influenced by infrastructure development, construction and investments in railway infrastructure and safety initiatives. Demand for industrial system product is driven by industrial applications and overall health of the manufacturing sector. Whereas demand for power system segment is closely tied to the energy sector's growth, regulatory changes and technological advancements in power generation and distribution. On the other hand, the demand for our products is also affected by the business performance of our customers and / or their ultimate employer in the power industry and the construction industry, which is beyond our control. Our customers' business could underperform due to a number of factors, such as changes in their business strategies, failure to develop successful marketing strategies, changes in the market demand for their services and adverse market or economic conditions in the markets in which our customers operate. If our customers experience underperformance or are under financial difficulties, they could reduce their purchases from our Company, which could have an adverse impact on our business, financial condition, results of operations, cash flows and prospects.

**29.** ***Exchange rate fluctuations may adversely affect our business, results of operations, financial condition and cash flows.***

We are exposed to foreign exchange risks because our revenue from export sales is denominated in foreign currencies, and we also import some raw materials in foreign currencies. A significant or frequent fluctuation in the exchange rate between the Indian Rupee and other currencies, may adversely affect our financial condition, results of operations and cash flows. Our ability to predict future foreign currency fluctuations is limited and due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of the Rupee. We may, therefore, be exposed to risks arising from exchange rate fluctuations and we may not be able to pass on all losses on account of foreign currency fluctuations to our clients, and as a result, suffer losses on account of foreign currency fluctuations. Similarly, the foreign exchange rate at which receivables are recorded may differ from the rate at which they are received, exposing us to risks from exchange rate fluctuations. We cannot assure you that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our financial condition, results of operations and cash flows and cause our results to fluctuate and/or decline. The exchange rate of the Indian rupee has changed substantially in recent times and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

**30.** ***If we inadvertently infringe on the intellectual property rights of others, our business, financial condition, results of operations and cash flows may be adversely affected.***

While we ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licences or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be subject to costly litigation or may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licences or design modifications can be extremely costly. Further, necessary licences may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, financial condition, results of operations and cash flows.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. We are bound by confidentiality obligations under our non-disclosure agreements with our customers to protect their intellectual property, including in relation to technical data such as product designs and drawings that may have been shared with us by our customers. An inadvertent breach or any misuse of intellectual property or proprietary data by any of our employees may expose us to expensive infringement claims and may diminish our goodwill and reputation among our customers, suppliers, lenders, investors and the public, making it difficult for us to operate our business and compete effectively.

**31. *We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include, among other things, the purchase of goods and services, sale of goods and services, purchase of fixed assets, remunerations to our Key Managerial Personnel, commission to non-executive Directors and sitting fees to non-executive Directors.

While all such transactions have been conducted on an arm's length basis, in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transaction, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future subject to compliance with the Companies Act, SEBI Listing Regulations and other statutory requirements. Any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company, and we cannot assure you that such conflicts of interest will be resolved in our favour. Furthermore, we cannot assure you that our future transactions, will be in the interest of our Company and minority shareholders or will perform as expected. For further information on our related party transactions, see "*Related Party Transactions*" on page 35.

**32. *Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our results of operations, financial condition and cash flows.***

We maintain insurance cover for our properties and assets, standard fire, stock fire, marine cargo, burglary, health, money insurance, accident, product recall liability, machinery breakdown, public liability, future service liabilities, employee compensation, group personal accident and group health insurance policies. We maintain a directors' and officers' liability insurance policy for all our Directors, trade credit policy coverage for payment default risks for export orders and general liability insurance. For further details, see "*Our Business – Insurance*" on page 204. We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our manufacturing plants or corporate offices or in the regions or areas where our manufacturing plants or corporate offices are located. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part, on time, or at all. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition, results of operations and cash flows could be adversely affected. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. While there has been no instance in the last three Fiscals where any event occurred where we experienced losses exceeding our insurance coverage, we cannot assure you that such instance will not arise in the future. Further, any damage or loss to our uninsured assets due to unforeseen events such as natural disasters, accidents, thefts, or other incidents may impact our results of operations, financial condition and cash flows and result in significant monetary losses.

**33. *Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition, results of operations and cash flows.***

We are dependent on the products we manufacture and their brand value for our business and operations which in turn, is dependent upon the quality of our products and confidence of our customers in our products. As of March 31, 2025, we had 108 registered trademarks and one granted patent. For further information, see "*Our Business – Intellectual Property*" on page 205. The use of our registered trademarks or logos or the infringement of our patents by third parties could adversely affect our reputation, which could in turn adversely affect our business, financial condition, results of operations and cash flows. The measures we take to protect our intellectual property rights may not be adequate to prevent unauthorized use of the same by third parties.

As of March 31, 2025, we have applied for the registration of 111 trademarks and 5 patents. We cannot assure you that such registration of our trademarks or patents will be granted to us in a timely manner, or at all. As a result, we may not be able to prevent infringement of our intellectual property rights until such time that such registrations are granted.

While we seek to protect our intellectual property rights, policing unauthorised use of intellectual property rights is difficult and sometimes practically infeasible, there is no assurance that the steps we have currently taken will prevent misappropriation or infringement of our intellectual property rights. Further, any intellectual property suits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. We may not achieve a favourable outcome in any such litigation. Unauthorised use of our intellectual property could damage our reputation, and any adverse legal outcomes could impair our ability to use key intellectual property, thereby affecting our business, financial condition, results of operations and cash flows. For more information see, "*Legal Proceedings and Other Information - S No. 7 under Material Civil Litigation filed by our Company and S No. 2 under Criminal litigation.*" on page 279 and 277, respectively.

**34. *We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business and operate our manufacturing plants, which could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business, such as consents to establish and operate from the state pollution control boards (where our manufacturing plants are located), registration and licenses (including factory licenses and building stability certificates) issued under the Factories Act for our manufacturing plants, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of GST, professional taxes and service taxes. While we have obtained all required approvals for our businesses, our licenses, permits and approvals impose certain terms and conditions that require us to incur significant costs and restrict certain of our business activities. We cannot assure you that our approvals, licenses, permits and registrations may not be revoked or suspended in the event of any non-compliance with any terms or conditions set forth thereof.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, in the ordinary course of our business and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavour to renew or obtain such permits, licenses and approvals as required, we cannot assure you that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

Further, we cannot assure you that the legal framework, licensing and other regulatory requirements or enforcement trends in the industries and jurisdictions in which we operate will not further change in a manner that makes it more costly or difficult to renew or obtain the statutory and regulatory permits, licenses and approvals we require to operate our business, or that we will be successful in responding to such changes. Moreover, as we grow our business, the requirements for obtaining new licenses, approvals and authorisations will also increase. If we lose or are otherwise unable to maintain any of our required licenses, registrations, permits and approvals under the applicable laws and regulations, our business operations may be adversely affected which in turn could have an adverse effect on our results of operations, financial condition and cash flows.

The construction of OSAT facility, may encounter regulatory difficulties that could potentially delay construction. For further details, see "- *We plan to set up an outsourced semiconductor assembly and test facility ("OSAT") which is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate and affect our business, results of operations, financial condition and cash flows."* on page 37.

**35. *We are subject to various safety, health and environmental laws and labour, workplace and related laws and regulations which may increase our compliance costs and as such adversely affect our business, results of operations and financial condition.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, the laws in India limit the amount of hazardous and pollutant discharge that our manufacturing plants may release into the air and water. The discharge of substances that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies and incur costs to remedy the damage caused by such discharges. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable and could adversely affect our reputation. We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Plastic waste Management Rules, 2016 and the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016, in order to establish and operate our manufacturing plants in India and are subject to inspections from the relevant authorities in order to maintain such approvals.

A suspension, cancellation or refusal to extend our approvals and registrations may require us to cease production at some or all of our manufacturing plants (or may affect other aspects of our operations), which may have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. There can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators.

Furthermore, our approvals and registrations are subject to numerous conditions such as audit requirements. Complying with, and changes in, these regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, financial condition, results of operations and cash flows.

**36. *We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to a number of stringent labour laws. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. We are also subject to international, federal, state and local laws and regulations, in all jurisdictions where we have operations, governing our relationships with our employees, including those relating to minimum wage, overtime, working conditions, hiring and firing, non-discrimination, work permits and employee benefits.

As on the date of this Preliminary Placement Document, we have labour unions in some of our manufacturing plants. Further, while we have not experienced any strikes or labour unrest at any of our manufacturing plants in last three Fiscals, we cannot assure you that we will not experience work disruptions in the future due to disputes or other problems with our work force.

Further, in order to retain flexibility and control costs, we appoint independent registered contractors who, in turn, engage on-site contract labour to perform certain operations. Although we do not engage these labourers directly, in the event of default by any independent contractor, we may be held responsible for providing statutory benefits, including wages to these labourers if the independent contractors fail to do so. Any requirement to fund their wage requirements may have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

The Government of India enacted the Code on Wages, 2019, the Occupational Safety, Health and Working Conditions Code, 2020 and the Industrial Relations Code, 2020, these codes are yet to be notified by the GoI and all the provisions of which will be brought into force on a date to be notified by the Central Government. These codes propose to subsume several existing laws and regulations in India and we cannot assure you that these codes will not impose more stringent or additional compliance requirements on us, which may increase our compliance costs. If there is any failure by us to comply with the new regime, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business, results of operations, financial condition and cash flows.

**37. *Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in foreign jurisdictions in which we operate.***

Our Company operates in multiple jurisdictions and if we are unable to comply with any applicable laws, our business, results of operations and financial condition could be adversely affected. Further, changes in domestic and foreign laws, regulations and policies, as well as changes in policies relating to foreign trade and investment, may affect our ability to operate and the manner in which we manage our business in the countries in which we operate.

**38. *Employee misconduct or failure of our internal processes or procedures could harm us by impairing our ability to attract and retain clients and subject us to significant legal liability and reputational harm.***

Our business is exposed to the risk of employee misconduct or the failure of our internal processes and procedures. For instance, misconduct by employees could involve the improper use of disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. While we strive to monitor, detect and prevent fraud or misappropriation by our employees, through various internal control measures and insurance coverage, we may be unable to adequately prevent or deter such activities in all cases. In the past, we have had instances where our employees have committed fraud and we have taken necessary action against such employees. For more information see, "*Legal Proceedings and Other Information – S No. 1, 2 and 3 under Material Civil Litigation filed by our Company.*" on page 277 and 278, respectively.

We cannot provide an assurance that no such instance of fraud or misconduct will occur in the future. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorized transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects, future financial performance and cash flows. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. The policies and procedures we put in place to ensure such activities are undertaken in a professional and responsible fashion may not be followed or be insufficient to ensure that any such failures do not take place. In the event that relevant standards are not met, we may suffer reputational damage or create client dissatisfaction.

**39.** ***Failure or disruption of our IT systems may adversely affect our business, financial condition, results of operations, cash flows and prospects. Any actual or perceived cybersecurity or privacy breach could interrupt our operations, harm our brand and adversely affect our reputation, brand, business, financial condition, results of operations and cash flows.***

We have implemented enterprise resource planning software, namely, SAP Hana – S4H (in high availability mode) which covers key areas of our operations, procurement, inventory, sales and dispatch and accounting. We have disaster recovery mechanism in place to ensure cyber resilience. Our ability to keep our business operating depends on the proper and efficient operation and functioning and upgradation of various IT systems, which are susceptible to malfunctions, disruptions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network upgrade problems). Such malfunction or disruptions could cause economic losses for which we could be held liable. A failure of our information technology systems could also cause damage our reputation which could harm our business. Any of these developments, alone or in combination, could have an adverse effect on our business, financial condition, results of operations and cash flows. Further, a large-scale IT malfunction could lead to disclosure of, and unauthorised access to, our sensitive information. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorised tampering. If such unauthorised use of our systems were to occur, data related to our products, product development and other proprietary information could be compromised.

Further, unavailability of, or failure to retain, trained employees capable of constantly servicing our IT systems may lead to inefficiency or disruption of IT systems thereby adversely affecting our ability to operate efficiently. Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, meet business objectives based on IT initiatives such as product life cycle management, manage our creditors, debtors, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

Further, we also face risks relating to compliance with applicable laws, rules and regulations relating to the collection, storage, use, sharing, disclosure, protection and security of personal information, as well as requests from regulatory and government authorities relating to such data. Many laws and regulations relating to privacy and the collection, storage, sharing, use, disclosure, and protection of certain types of data are subject to varying degrees of enforcement and new and changing interpretations by courts or regulators. For instance, we are required to comply with the Information Technology Act, 2000 ("**IT Act**") and the rules notified thereunder. The Parliament passed the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") on August 9, 2023. The DPDP Act, once notified, will replace the existing data protection provision, as contained in Section 43A of the IT Act. The DPDP Act provides for the processing of digital personal data in a manner that recognises both the rights of individuals to protect their personal data and the need to process personal data for lawful purposes and matters incidental thereto. As the relevant rules are yet to be notified, the impact on the DPDP Act on our business and operations remains uncertain.

**40.** ***Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Any failure on our part to effectively address such situations, innovate and keep up with technological advancements, could adversely affect our business, results of operations, financial condition and cash flows.***

Our business is continually changing due to technological advances. These changes result in the frequent introduction of new products. If our technologies become obsolete for various factors, our business, financial condition, results of operations and cash flows could be adversely affected. Although we strive to maintain and upgrade our technologies, facilities and machinery, the technologies, facilities and machinery we currently use may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which could adversely affect our business, results of operations, financial condition and cash flows. Any failure on our part to effectively address such situations, innovate and keep up with technological advancements, could adversely affect our business, financial condition, results of operations and cash flows.

**41.** ***One of our Subsidiary's statutory auditors have modified their report under the Companies (Auditor's Report) Order, 2020 ("CARO") in its audit reports for the year ended March 31, 2023, and our Statutory Auditors of our Group and its associate have included modifications under their reports on the 'other legal and regulatory requirements' for the years ended March 31, 2024 and March 31, 2025.***

The statutory auditors of one of our Subsidiaries (which got dissolved in Fiscal 2024) have included a CARO modification in their audit reports for the year ended March 31, 2023 and the statutory auditors of our Group and its Associate have included certain modifications under their respective audit reports on the 'other legal and regulatory requirements' for the years ended March 31, 2024 and March 31, 2025. For details of these observations, see "*Legal Proceedings - Any reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Preliminary Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks*" on page 285. Potential investors should consider these matters in evaluating our business, results of operations, financial condition, and cash flows. We cannot assure you that any such similar qualifications or modifications will not be included in the future, which could subject us to additional liabilities due to which our business, results of operations, financial condition and cash flows may be adversely affected.

**42.** ***Grants of stock options under our employee stock option plan may result in a charge to our profit and loss account and, to that extent, impact our financial condition, results of operations and cash flows.***

Our Company has an ESOP Plan 2021 for issue of employee stock options to eligible employees, which may result in issue of not more than 27,000,000 equity shares. As of the date of this Preliminary Placement Document, our Company has granted 8,038,590 stock options under the ESOP Plan 2021, of which 20,026,250 stock options are outstanding (i.e., maximum number of Equity Shares which may be issued under ESOP 2021 less total number of options granted plus options lapsed or forfeited). Grants of stock options result in a charge to our statement of profit and loss and reduce, to that extent, our reported profits or loss in future periods. Any issuance of the equity or equity-linked securities by us, including through exercise of employee stock options pursuant to the ESOP Plan 2021 or any other employee stock option scheme we may implement in the future, may dilute your shareholding in our Company which could have an adverse effect on the trading price of the Equity Shares and our ability to raise capital through an issuance of new securities.

**43.** ***Our ability to pay dividends in the future will depend on our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

The amended dividend distribution policy of our Company was approved and adopted by our Board on January 28, 2025. The dividend, if any, will depend on a number of factors, including but not limited to prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws, dividend pay-out ratios of companies in the same industry, operating cash flow of the Company for the year, loan repayment and working capital requirements, capital expenditure requirements, resources required for funding acquisitions, mergers and/or new businesses, regulatory solvency, regulatory capital adequacy, dividend receipt from subsidiaries, and any windfall, extraordinary or abnormal gains made by the Company. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to business cycles, economic environment, cost of external financing, applicable taxes including tax on dividend, industry outlook for the future, inflation rates, changes in the government policies and business disruptions due to act of god. The equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. The amounts declared as dividends in the past are not indicative of the dividend which may be declared by our Company, if any, in future. There is no guarantee that any dividends will be declared or paid in future. For details pertaining to the dividends declared and paid by our Company on the Equity Shares during Fiscal 2025, 2024 and 2023 and from April 1, 2025, till the date of this Preliminary Placement Document, see "*Dividends*" on page 79.

**44.** ***Our Promoter and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Issue and their interests may differ from those of the other shareholders.***

As of the date of this Preliminary Placement Document, our Promoter and members of our Promoter Group hold 58.05% of our total paid-up share capital prior to the Issue. For more information see, "*Capital* Structure" on page 73. After the completion of the Issue, our Promoter along with the members of Promoter Group will continue to collectively hold substantial shareholding in our Company and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditure or any other matter requiring special resolution. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. If the Promoter invests in another company in competition with us, we may lose the support provide to us by them, which could adversely affect our business, financial condition, results of operations and cash flows. The interests of the Promoter as our controlling shareholders could conflict with our interests or the interests of our other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

**45.** ***Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA before Exceptional items, EBITDA before Exceptional items Margin and PAT before Exceptional items Margin have been included in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP.

These non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these are not standardised terms, hence a direct comparison of these non-GAAP measures between companies may not be possible. Other companies may calculate these non-GAAP measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS, IFRS or US GAAP and may not be comparable to similarly titled measures presented by other companies.

**46.** ***Certain sections of this Preliminary Placement Document disclose information from the CareEdge Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***

We have availed the services of an independent third-party research agency, Care Analytics and Advisory Private Limited ("**CareEdge Research**"), appointed by our Company to prepare an industry report titled "*Research Report on Electrical Engineering Equipment Industry*" ("**CareEdge Report**") dated June 2025, for purposes of inclusion of such information in this Preliminary Placement Document to understand the industry in which we operate. Our Company, our Subsidiaries, our Promoter, our Directors and the Placement Agents are not related to CareEdge Research. This CareEdge Research Report has been commissioned by our Company exclusively in connection with the Issue for a fee. This CareEdge Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Further the commissioned report is not a recommendation to invest or divest in our Company. The data included in the section "*Industry Overview*" on page 108 includes excerpts from the CareEdge Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Preliminary Placement Document, when making their investment decisions.

**47.** ***Information relating to the installed capacity and capacity utilization of our products included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity and capacity utilisation of our products included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineers, namely, Sunil Kumar Shrivastava, Sandeep Gulabrao Kotakar and M. G. Srinivas Prakash, in the calculation of our installed capacity and capacity utilisation, as certified pursuant to a certificate each dated June 30, 2025. The information relating to the installed capacity are based on various assumptions and estimates. These assumptions and estimates include the standard capacity calculation practice in our industry and other ancillary equipment installed at our manufacturing plants. Undue reliance should therefore not be placed on our historical installed capacity and capacity utilisation for our existing manufacturing plants. For tables showing our installed capacity and capacity utilisation for our manufacturing plants, see "*Our Business – Capacity and Capacity Utilisation*" on page 199.

**48.** ***If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risk.***

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. We cannot assure you that deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls. Such instances may also adversely affect our reputation, thereby adversely impacting our business, cash flows, results of operations and financial condition.

*External Risk Factors*

49. ***Political, economic or other factors including but not limited to any changes in laws, rules and regulations and legal uncertainties that are beyond our control may have an adverse impact on our business, financial condition, results of operations and cash flows.***

The following external risks may have an adverse impact on our business, financial condition, results of operations and cash flows, should any of them materialize:

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;

- High rates of inflation may increase our employee costs and decrease demand for our products and services, which may have an adverse effect on our profitability and competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing cost of our products and services;

- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;

- a change in the trade policies, in terms of tariff and non-tariff barriers, in the countries from which we import raw materials and to which we export our products, may have an adverse effect on our profitability;

- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition;

- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India;

- the occurrence of natural or man-made disaster or epidemic or pandemic such as COVID-19 may adversely affect economic conditions in India; and

- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets, which may impact our business, financial condition, results of operations and cash flows.

50. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our results of operations, financial condition and cash flows.***

Our Company has prepared its audited consolidated financial statements for the years ended March 31, 2025, March 31, 2024 and March 31, 2023 in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards ("**Ind AS**") specified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Ind AS differs in certain important aspects from U.S. GAAP, IFRS and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, financial condition and cash flows could be substantially different. Accordingly, the degree to which the financial statements prepared in accordance with Ind AS included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Prospective investors should review the accounting policies applied in the preparation of the financial statements included in this Preliminary Placement Private Document and consult their own professional advisers for an understanding of the differences between these accounting policies and those with which they may be more familiar. Any reliance by persons not familiar with Ind AS on the financial information presented in this Preliminary Placement Document should accordingly be limited.

51. ***If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, financial condition and cash flows. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our consumers. In such case, our business, results of operations, financial condition and cash flows may be adversely affected. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

**52. *Any downgrade of India's debt rating by international rating agencies could adversely affect our business.***

Our borrowing costs and our access to the debt capital markets depend significantly on the sovereign credit ratings of India. India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to sovereign credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**53. *We are subject to anti-bribery and anti-corruption laws, violation of which may subject us to governmental inquiries and/or investigations, which if material and adverse in nature, could adversely affect our business, financial condition, results of operations and cash flows in future periods and our reputation.***

We are subject to anti-corruption and anti-bribery laws in India that prohibit improper payments or offers of improper payments to governments and their officials and political parties for the purpose of obtaining or retaining business or securing an improper advantage and require the maintenance of internal controls to prevent such payments. Although, we maintain an anti-bribery compliance program and train our employees in respect of such matters, our employees might take actions that could expose us to liability under anti-bribery laws. In certain circumstances, we may be held liable for actions taken by our third-party partners, even though they are not always subject to our control. While there have been no instances of violation of anti-bribery and anticorruption laws by us in the last three Fiscals, there can be no assurance that such instances will not occur in the future. Any violation of anti-corruption laws against us or our third-party partners could result in penalties, both financial and non-financial, that could have a material adverse effect on our business, financial condition, results of operations and cash flows in future periods and reputation.

**54. *Rights of shareholders of companies under Indian laws may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

**55. *We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure ("ASM") and Graded Surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

We may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

**56. *Financial and political instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States of America, Europe and certain emerging economies in Asia. In particular, the ongoing military conflicts between Russia and Ukraine could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability including possibility of default in the US debt market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects.

**57.** ***We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002 ("**Competition Act**") was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition ("**AAEC**") is void and attracts substantial penalties. Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. In addition, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") was notified on April 11, 2023, which amends the Competition Act and gives the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia,* modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered by us could be within the purview of the Competition Act. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct, or combination occurring outside India if such agreement, conduct, or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows, and prospects.

**58.** ***Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Lead Manager or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.***

Our Company is a company incorporated under the laws of India. A majority of our fixed assets and Directors, Key Managerial Personnel and Senior Management are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For details on recognition and enforcement of foreign judgments in India, see "*Enforcement of Civil Liabilities*" on page 17. A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

Further, a party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India.

**59.** ***The Indian tax regimes are currently undergoing substantial changes which could adversely affect our business and the trading price of the Equity Shares.***

Our business, financial condition, results of operations and cash flows could be adversely affected by any change in the extensive central and state tax regime in India as applicable to us and our business.

Any change in Indian tax laws could have an effect on our operations. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 ("**IT Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, we are required to withhold tax on such dividends distributed at the applicable rate.

The Finance Act, 2024 provides that the capital gains arising from the sale of listed equity shares held for a period exceeding 12 months and less than 12 months shall be subject to tax at the rate of 12.5% and 20%, respectively. The Finance Act also has introduced new income tax slabs, an increase in standard deduction and an increase in the deduction available in respect of private sector employer's contribution to the National Pension Scheme from 10% to 14% of the salary of the concerned employees. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

The Government of India announced the union budget for Fiscal 2026, following which the Finance Bill, 2025 ("Finance Bill") was introduced in the Lok Sabha on February 1, 2025. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the Finance Bill may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

**60.** ***Investors may be subject to Indian taxes arising out of income arising on the sale of and dividend on the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, we may be subject to payment of long term capital gains tax in India, in addition to payment of securities transaction tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Any capital gain exceeding ₹100,000, realised on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months immediately preceding the date of transfer, will be subject to long term capital gains in India, at the rate of 12.5% (plus applicable surcharge and cess). This beneficial rate is, among others, subject to payment of Securities Transaction Tax ("**STT**"). Further, any gain realised on the sale of equity shares in an Indian company held for more than 12 months, which are sold using any platform other than a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Such gains will be subject to tax at the rate of 20% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

**61.** ***Currency exchange rate fluctuations may affect the value of the Equity Shares.***

The exchange rate between the Rupee and other foreign currencies, including the U.S. Dollar, the Euro, SEK, and the Swiss Franc has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of the investment in our Company's Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Rupee trading price of our Company's Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of our Company's Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on our Company's Equity Shares, which will be paid only in Rupees.

You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, our Company's market valuation could be seriously harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our Company's financial condition, results of operations and cash flows.

**62.** ***Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Further, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries and/or departments are responsible for granting approval for foreign investment. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. Furthermore, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. For further details, see on "*Selling Restrictions*", "*Transfer Restrictions and Purchase Representations*" on page

246 and 253, respectively.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, investments where the beneficial owner of the equity shares is situated in or is a citizen of a country which shares a land border with India, can only be made through the government approval route. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction and/or purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the Foreign Exchange Management Act, 1999 Non-debt Instruments Rules. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or conditions or at all. Our ability to raise foreign capital through foreign direct investment is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and cash flows.

**63.** ***U.S. holders should consider the impact of the passive foreign investment company ("PFIC") rules in connection with an investment in our Equity Shares.***

A non-U.S. corporation will be a PFIC if either (i) 75% or more of its gross income is passive income or (ii) 50% or more of the total value of its assets is attributable to assets, including cash, that produce or are held for the production of passive income. Our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and expected composition of our Company's and the Subsidiaries income and assets, including the expected cash proceeds from this offering, our Company does not expect to be a PFIC for the current year or any future years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company's and the Subsidiaries' income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

## MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document,1,529,078,884 Equity Shares are issued[(1)], subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and NSE. The face value of the Equity Shares is ₹ 2 per Equity Share. The Equity Shares are listed and traded on BSE under the scrip code 500093 and the symbol CGPOWER and are listed and traded on NSE under the symbol CGPOWER.

(1) *Our Company has issued 1,529,121,184 equity shares of face value of ₹ 2 each out of which our company had forfeited 8,460 equity shares of ₹10 each (i.e. 42,300 equity shares of face value ₹2 each).*

On June 27, 2025, the closing price of the Equity Shares on BSE and NSE was ₹ 672.80 and ₹ 672.20 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on BSE and NSE and number of Equity Shares traded on the days on which such high and low prices were recorded for the Fiscals 2025, 2024 and 2023:

**BSE**

| Fiscal | High (₹) | Date of High | No. of Equity Shares traded on date of high | Total Turnover of Equity Shares traded on date of high (₹ in crores) | Low (₹) | Date of Low | No. of Equity Shares traded on date of low | Total Turnover of Equity Shares traded on date of low (₹ in crores) | Average price for the year (₹) | Total Volume of Equity Shares traded in the fiscals | Total Turnover of Equity Shares traded in the fiscals (₹ in crores) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal 2025 | 874.50 | October 11, 2024 | 503,679 | 43.46 | 479.80 | April 15, 2024 | 135,299 | 6.60 | 676.04 | 4,53,97,163 | 3,006.51 |
| Fiscal 2024 | 556.60 | March 27, 2024 | 462,509 | 25.28 | 287.00 | April 11, 2023 | 184,729 | 5.39 | 410.20 | 35,409,687 | 1,434.83 |
| Fiscal 2023 | 338.50 | February 14, 2023 | 102,461 | 3.44 | 157.90 | May 11, 2022 | 236,478 | 3.90 | 243.12 | 55,121,146 | 1,324.61 |

*(Source: www.bseindia.com)*

*1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
*2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
*3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

**NSE**

| Fiscal | High (₹) | Date of High | No. of Equity Shares traded on date of high | Total Turnover of Equity Shares traded on date of high (₹ in crores) | Low (₹) | Date of Low | No. of Equity Shares traded on date of low | Total Turnover of Equity Shares traded on date of low (₹ in crores) | Average price for the year (₹) | Total Volume of Equity Shares traded in the fiscals | Total Turnover of Equity Shares traded in the fiscals (₹ in crores) |
|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal 2025 | 874.7 | October 11, 2024 | 67,73,282 | 584.34 | 479.25 | April 15, 2024 | 19,40,291 | 95.08 | 676.20 | 84,13,25,728 | 56,097.25 |
| Fiscal 2024 | 556.40 | March 27, 2024 | 4,958,340 | 271.74 | 286.80 | April 11, 2023 | 1,144,355 | 33.37 | 410.33 | 605,669,709 | 25,933.82 |
| Fiscal 2023 | 338.6 | February 14, 2023 | 3,557,133 | 119.55 | 155.00 | May 10, 2022 | 2,541,077 | 41.06 | 243.17 | 617,225,121 | 15,947.43 |

*(Source: www.nseindia.com)*

*1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
*2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
*3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

B. The following tables set out the reported high, low and average of the closing prices of our Equity Shares recorded on BSE and NSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months:

**BSE**

| Month | High (₹) | Date of High | No. of Equity Shares traded on date of high | Total Turnover of Equity Shares traded on date of high (₹ in crores) | Low (₹) | Date of Low | No. of Equity Shares traded on date of low | Total Turnover of Equity Shares traded on date of low (₹ in crores) | Average price for the month (₹) | Equity Shares traded in the month | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Volume | Turnover (₹ in crores) |
| May 31, 2025 | 708.90 | May 26, 2025 | 48,496 | 3.41 | 572.25 | May 7, 2025 | 186,798 | 11.49 | 664.85 | 23,27,549 | 152.28 |
| April 30, 2025 | 661.9 | April 24, 2025 | 60,393 | 3.93 | 518.35 | April 7, 2025 | 318,031 | 17.21 | 609.62 | 20,67,063 | 123.71 |
| March31, 2025 | 670.8 | March 20, 2025 | 81,710 | 5.35 | 548.40 | March 3, 2025 | 204,932 | 11.63 | 623.45 | 22,70,166 | 141.06 |
| February 28, 2025 | 645.85 | February 1, 2025 | 107,186 | 6.64 | 536.65 | February 17, 2025 | 259,092 | 14.67 | 584.58 | 2,718,686 | 158.93 |
| January 31, 2025 | 753.60 | January 3, 2025 | 59,798 | 4.45 | 522.00 | January 28, 2025 | 965,160 | 53.62 | 621.46 | 3,859,723 | 239.87 |
| December 31, 2024 | 811.35 | December 9, 2024 | 165,316 | 13.22 | 709.70 | December 24, 2024 | 82,593 | 5.92 | 759.00 | 2,281,699 | 173.32 |
| November 30, 2024 | 770.90 | November 28, 2024 | 95,665 | 7.29 | 683.1 | November 13, 2024 | 188,071 | 13.10 | 721.93 | 2,100,359 | 153.46 |
| October 31, 2024 | 874.50 | October 11, 2024 | 503,679 | 43.46 | 698.45 | October 29, 2024 | 221,341 | 15.72 | 773.79 | 4,370,344 | 342.22 |
| September 30, 2024 | 814.35 | September 25, 2024 | 248,516 | 19.73 | 658.80 | September 9, 2024 | 151,892 | 10.11 | 722.71 | 2,866,700 | 209.10 |

*(Source: www.bseindia.com)*

*1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
*2. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
*3. In the case of a month, average price for the month represents the average of the closing prices on each day of each month*

**NSE**

| Month | High (₹) | Date of High | No. of Equity Shares traded on date of high | Total Turnover of Equity Shares traded on date of high (₹ in crores) | Low (₹) | Date of Low | No. of Equity Shares traded on date of low | Total Turnover of Equity Shares traded on date of low (₹ in crores) | Average price for the month (₹) | Equity Shares traded in the month | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Volume | Turnover (₹ in crores) |
| May 31, 2025 | 708.90 | May 26, 2025 | 14,67,009 | 102.98 | 578.00 | May 7, 2025 | 59,43,433 | 365.10 | 665.19 | 6,08,07,868 | 3,988.06 |
| April 30, 2025 | 663.15 | April 25, 2025 | 18,28,242 | 118.83 | 517.7 | April 7, 2025 | 47,29,481 | 255.52 | 609.73 | 5,18,79,177 | 3,134.17 |
| March31, 2025 | 669.80 | March 20, 2025 | 23,09,340 | 151.26 | 548.15 | March 3, 2025 | 80,35,267 | 458.40 | 623.64 | 7,39,59,993 | 4,604.47 |
| February 28, 2025 | 647.00 | February 1, 2025 | 2,701,115 | 167.40 | 537.10 | February 17, 2025 | 4,714,045 | 268.52 | 587.45 | 70,330,087 | 4,131.51 |
| January 31, 2025 | 753.70 | January 3, 2025 | 1,114,505 | 82.85 | 517.75 | January 28, 2025 | 22,929,049 | 1,275.43 | 622.34 | 109,345,201 | 6,805.00 |
| December 31, 2024 | 811.4 | December 9, 2024 | 52,09,060 | 415.88 | 709.20 | December 24, 2024 | 16,48,927 | 118.11 | 759.38 | 4,88,93,184 | 3,722.04 |
| November 30, 2024 | 771.00 | November 28, 2024 | 17,34,776 | 131.81 | 681.1 | November 13, 2024 | 19,78,434 | 137.62 | 722.00 | 4,15,05,923 | 3,022.80 |
| October 31, 2024 | 874.7 | October 11, 2024 | 67,73,282 | 584.34 | 698.25 | October 29, 2024 | 38,23,376 | 271.45 | 773.96 | 9,44,74,621 | 7,406.92 |
| September 30, 2024 | 814.40 | September 25, 2024 | 61,62,900 | 487.94 | 658.75 | September 9, 2024 | 14,78,094 | 98.34 | 722.85 | 5,93,41,502 | 4,345.54 |

*(Source: www.nseindia.com)*

*1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
*2. In the case of a month, average price for the month represents the average of the closing prices on each day of each month.*

C. The following table sets forth the market price on the Stock Exchanges on October 22, 2024, i.e., the first working day following the approval of our Board dated October 21, 2024 for the Issue:

| BSE | | | | | | NSE | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Open (₹) | High (₹) | Low (₹) | Close (₹) | Number of Equity Shares traded | Volume (₹) | Open (₹) | High (₹) | Low (₹) | Close (₹) | Number of Equity Shares traded | Volume (in ₹ crores) |
| 776.75 | 822.55 | 750.45 | 755.60 | 533,832 | 41,760,8291 | 776.10 | 822.10 | 750.65 | 755.20 | 1,19,58,818 | 9,381,386,703.25 |

*(Source: www.bseindia.com and www.nseindia.com)*

## USE OF PROCEEDS

The Gross Proceeds from the Issue will aggregate up to ₹ [●] crores ("**Gross Proceeds**"). Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions, and expenses of the Issue of approximately ₹ [●] crores, shall be approximately ₹ [●] crores ("**Net Proceeds**").

### Purpose of the Issue

Subject to compliance with applicable laws and regulations, we intend to utilise the Net Proceeds towards the following objects:

1. Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an outsourced semiconductor assembly and test ("**OSAT**") facility

2. Funding capital expenditure requirements and strategic initiative of our Company for the following::

   a) setting up of a power transformer plant;
   b) development of a leasehold land;

3. Acquisitions and inorganic growth opportunities by our Company; and

4. General corporate purposes.

   (collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake the Objects contemplated by us in this Issue.

### Requirements of Funds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

| Sr. No. | Particulars | Amount (in ₹ crores) |
|---|---|---|
| 1. | Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility | 1,062.85 |
| 2. | Funding capital expenditure requirements and strategic initiatives of our Company for the following:<br>a) setting up of a power transformer plant;<br>b) development of a leasehold land; | 856.98 |
| 3. | Acquisitions and inorganic growth opportunities by our Company | 330.00 |
| 4. | General corporate purposes(1) | [●] |
| | **Total**(2) | [●] |

(1) *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.*
(2) *To be determined upon finalisation of the Issue Price.*

In the event of a change in the final Issue size, the amounts shown in the table above against each of the Objects specified therein shall be modified basis the final Issue size in the Placement Document.

### Proposed Schedule of Implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

| Sr. No. | Particulars | Estimated amount to be funded from Net Proceeds (₹ in crores) | Estimated Timeline for utilization of Net Proceeds |
|---|---|---|---|
| 1. | Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility | 1,062.85 | By Fiscal 2029 |
| 2. | Funding capital expenditure requirements and strategic initiatives of our Company for the following:<br>a) setting up of a power transformer plant;<br>b) development of a leasehold land; | 856.98 | By Fiscal 2029 |
| 3. | Acquisitions and inorganic growth opportunities by our Company | 330.00 | By Fiscal 2029 |
| 4. | General corporate purposes(1) | [●] | [●] |
| | **Total**(2) | [●] | |

(1) *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.*
(2) *To be determined upon finalisation of the Issue Price.*

Our fund requirements, deployment of funds, estimated timeline and the intended use of the Net Proceeds as described herein are subject to receipt of necessary regulatory approvals and are based on our current business plan, management estimates, prevailing market conditions, operating plans, terms and conditions of financial instruments and/or borrowings, the growth strategies of our Company, competitive environment, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies and other commercial and technical factors, which are subject to change in the future.

Such fund requirements and deployment of funds have not been appraised by any bank or financial institution. Further, our Statutory Auditors have not provided any assurance in relation to any prospective financial information. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, delay in procuring and operationalizing assets or necessary licenses and competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws. In this regard, please see "***Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency".*" on page 47.

In the event that the estimated utilisation of the Net Proceeds in a scheduled Financial Year is not completely met, due to the reasons stated above, the same shall be utilised in the subsequent years, as may be determined by our Company in accordance with applicable laws. Further, our Company may also utilise any portion of or the entire Net Proceeds, towards the aforementioned Objects, ahead of the estimated schedule of deployment specified above. Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and / or debt arrangements or by surplus funds available in respect of the other purposes for which funds are being raised in the Issue. Further, if the actual utilization towards the objects is lower than the proposed deployment, such balance will be used for general corporate purposes, in accordance with applicable law, to the extent that the total amount to be utilized towards general corporate purposes does not exceed 25% of the Gross Proceeds.

**Details of the Objects**

**1. Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility**

To foray into semiconductor design business, we have obtained approval bearing reference no. ISM-14/2/2024-ISM_DIC dated March 8, 2024 from India Semiconductor Mission, Ministry of Electronics and Information Technology ("**MeitY**") and bearing reference no. GSEM/SCP/2024/96 dated March 13, 2024 from Department of Science & Technology, Government of Gujarat for setting up an OSAT facility for the packaging and testing of semiconductor packages including both legacy and advanced products in Sanand, Gujarat jointly with Renesas Electronics America Inc. ("**Renesas Electronics**") and Stars Microelectronics (Thailand) Public Company Limited ("**Stars Microelectronics**"). Renesas Electronics is engaged in the business of manufacture and sale of semiconductors, and Stars Microelectronics is engaged in the business of providing OSAT services and electronics manufacturing services. Accordingly, we have incorporated a subsidiary company 'CG Semi Private Limited' ("**CGSPL**") on March 8, 2024, to build and operate an OSAT facility in Sanand, Gujarat. As on the date of this Preliminary Placement Document, our Company, Renesas Electronics and Stars Microelectronics hold 92.34%, 6.76% and 0.90% of the total share capital of CGSPL on a fully-diluted basis, respectively. For risks in relation to this, please see, "Risk Factors - *We plan to set up an outsourced semiconductor assembly and test facility ("**OSAT**") which is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate and affect our business, results of operations, financial condition and cash flows"* on page 37.

We will manufacture a wide range of products, from legacy packages such as quad flat no-lead ("**QFN**"), and quad flat package ("**QFP**") to advanced packages like flip-chip chip-scale package ("**FC CSP**") and flip-chip ball grid array ("**FC BGA**"), catering to industries such as automotive, consumer, industrial, and 5G, through this OSAT facility. We expect that this will allow us to meet the anticipated demand for our products in the future, enable us to supply growing markets, and drive growth.

**Governmental approvals**

We have obtained approval from the India Semiconductor Mission, MeitY and Department of Science & Technology, Government of Gujarat in relation to setting up of the OSAT facility in Sanand, Gujarat which are valid as on date of this Preliminary Placement Document. Further, applications for building and construction related approvals for the setting up of the OSAT facility in Sanand, Gujarat shall be applied for by our Company at an appropriate stage.

**Infrastructure Facilities**

The OSAT facility is being set up at plot no. 974-978, situated in the Sanand – II engineering industrial estate at GIDC, Gujarat, 382110, admeasuring 115,410.38 square metres ("**Premises**"). The possession of the Premises has been handed over to us from March 11, 2024. The Premises have been leased by us for a period of 99 years from GIDC by way of a lease agreement dated March 11, 2024 for a consideration of ₹ 54.10 crores.

**Estimated Cost**

In terms of the approvals received from the India Semiconductor Mission, MeitY and Department of Science & Technology, Government of Gujarat, the total estimated cost for setting up of the OSAT facility in Sanand, Gujarat is ₹ 7,584.09 crores and CGSPL shall be eligible for a grant of government subsidy of up to ₹ 3,501.00 crores under the Modified Programme for Semiconductors and Display Fab Ecosystem Scheme of the Government of India. Out of the total estimated cost of ₹ 7,584.09 crores for setting up the OSAT facility, ₹ 1,841.00 crores is proposed to be infused into CGSPL by our Company, Renesas Electronics and Stars Microelectronics in proportion to their shareholding in CGSPL. The remaining cost and additional funding requirements, if any, shall be borne by CGSPL from government subsidiaries, internal accruals, external debt or such other means as permissible under the applicable laws. Accordingly, our Company is required to infuse ₹ 1,700.00 crores into CGSPL by way of equity. As on date, the Company has invested ₹637.15 crores in CGSPL as equity from internal accruals. We intend to deploy ₹ 1062.85 crores from the Net Proceeds into CGSPL.

The total estimated cost, as mentioned in the approval dated March 8, 2024, received from the India Semiconductor Mission, MeitY and Department of Science & Technology, Government of Gujarat, comprises the following:

| Sr. No. | Particulars | Total estimated cost* (in ₹ crores) |
|---|---|---|
| 1. | Land | 46.56 |
| 2. | Building | 1,243.17 |
| 3. | Utilities | 37.89 |
| 4. | Plant, machinery and equipment | 5,721.45 |
| 5. | Working capital | 366.11 |
| 6. | Interest & principal repayment | 168.91 |
| | **Total** | **7,584.09** |

***** *As stated in the approval dated March 8, 2024, from the ISM, MeitY, the costs mentioned above are indicative estimates provided at the time of sanctioning the OSAT facility. The actual expenditure may differ from these estimates and will be subject to several influencing factors such as overall economic conditions, inflation over time, currency exchange fluctuations, changes in tax regulations, and other variables.*

In the event of any variation between the estimated cost, as indicated in the table above and the actual cost incurred towards setting up of the OSAT facility, the additional cost (if any) shall be paid by CGSPL through government subsidies, internal accruals, equity and/or debt or such other means as permissible under the applicable laws. Such investments may be in the form of equity, debt or in any other manner as may be decided and will depend on various factors at the time of making the investment, including business considerations, general economic conditions and market factors, compliance with applicable regulations and tax laws with respect to mode of investment and nature of instrument (convertible or non-convertible), efficient structure evaluation based on impact on working capital and cash flows of our Company owing to the investment (including interest, tax outflows etc.) and timeline basis profitability and cash flows of the subsidiary being invested in, relevant approvals to be obtained from our Board, the Audit Committee and our Shareholders, as applicable for making the investments. The actual mode of investment has not been finalised as on the date of this Preliminary Placement Document and will be finalized at the time of utilization of the funds received from the Net Proceeds.

**2. Funding capital expenditure requirements and strategic initiatives for the following:**

**a) setting up of a power transformer plant**

Within our Power Systems business segment, our Company manufactures equipment for power transmission and distribution sectors. Our Company manufactures power transformers (more than 220 kV), distribution transformers (less than or equal to 220 kV), low power transformers, locomotive transformers, cast resin transformers, solar transformers and green transformers. Our Company operates two manufacturing plants for transformers. One is located in Malanpur, Madhya Pradesh and is dedicated to the manufacturing of distribution, small power, dry-type and locomotive transformers. The other plant is located in Bhopal, Madhya Pradesh and focusses on the manufacturing of power transformers. Our segment total revenue from Power Systems have grown from ₹ 2,022.92 crore in Fiscal 2023 to ₹ 3,509.71 crore in Fiscal 2025 at a CAGR of 31.72%. For details in relation to our business segments, please see "*Our Business*" on page 186.

In order to expand our production capacity in transformers to meet growing market demand and support, our long-term growth, our Company intends to set up a green field project for manufacturing of power transformer plant with a capacity of 45,000 MVA ("**Plant**"). The Plant will have the capability to manufacture and test the transformers and reactors ranging from 220 kV to 1200 kV. The total estimated cost, for setting up the Plant is ₹ 759.59 crores, as per the detailed project report dated June 26, 2025 by Sunil Kumar Shrivastava, an independent chartered engineer ("**Detailed Project Report**"). The total estimated cost of setting up the Plant is proposed to be incurred in two phases – in phase I, our Company proposes to utilise ₹ 601.78 crores towards including land, factory building, pre-operational cost, winding shop equipment, assembly shop equipment, testing Equipment and towards stores and dispatch, etc. and in phase II our Company proposes to utilise ₹ 157.81 crores towards plant & machinery including winding shop equipment, assembly shop equipment, testing equipment, stores and dispatch, office furniture / IT infrastructure, miscellaneous etc.

**Government Approvals**

The statutory compliances in relation to setting up of the Plant along with their description as per the Detailed Project Report, is set forth below:

| Sr. No. | Approval Process | Description | Approval Stage |
|---|---|---|---|
| 1. | Land Acquisition | Acquiring land for the project through legal processes | Initial stage |
| 2. | Environmental Clearance | Obtaining clearance from relevant authorities for environmental impact assessment and mitigation measures. | Before starting the factory building |
| 3. | Building Plan Approval | Approval of architectural and structural plans by local municipal bodies or development authorities. | Before starting the factory building |
| 4. | Fire Safety Clearance (NOC) | Ensuring compliance with fire safety regulations and obtaining clearance from the fire department. | After completion of factory |
| 5. | Electricity Connection | Obtaining electricity connection and approvals from the electricity board concerned. | During setting up the factory |
| 6. | Layout and Land Use | Compliance with zoning regulations and land use permissions from relevant authorities | Before starting the factory building |
| 7. | Labour Law Compliance | Compliance with various labour laws including minimum wages, safety standards, etc. | Before starting the factory operations |
| 8. | Consent to establish | Obtaining license for setting up industrial units from the concerned authority | Before starting the factory |
| 9. | Consent to operate | Obtaining license for operating industrial units from the concerned authority | Before sitting the factory operations |

**Land and Infrastructure Facilities**

After considering various factors, including, manpower availability, energy availability, cost, proximity to raw material, cost of land, market access and regulatory environment, our Company has identified Madhya Pradesh (near Bhopal industrial area) for setting up the Plant. The total area required for the Plant is approximately 60 acres. Our Company has submitted an application dated April 30, 2025 to M.P. Industrial Development Corporation Limited for land allocation for setting up the proposed Plant. Our Company has made an application to obtain land allocation of 49.35 acres for the proposed greenfield project to M.P industrial Development Corporation Limited on April 30, 2025. M.P Industrial Development Corporation Limited has issued a letter of intent dated June 19, 2025 proposing to allot on lease for a period of 99 years approximately 45.13 acres of undeveloped land in Village- Jahangirpura, Tehsil-Sehore, Distt. Sehore, (M.P.), being khasra No. 240/1, 240/2, 242 & 243/1 for setting up a large scale industrial unit for manufacturing of power transformers and reactors for a total payable amount of ₹ 17.58 crores, subject to certain terms and conditions including receipt of the payment within 60 days (or within 120 days with 10% p.a interest) from the date of the letter of intent. For the remaining approx. 15 acres of land required, cost has been estimated at ₹ 1.20 crores per acre aggregating to ₹ 18 crores. The total cost estimated for the 60 acres required for the project is therefore ₹ 35.58 crores. However, our Company may consider another land other than what is proposed to be allocated currently depending on the availability of land considering our requirement of 60 acres.

The major equipment required for the Plant consists of, *inter alia*, winding machines, vapour phased dryers, EOT cranes, core building platforms, oil handling system, capacitor banks, impulse generators, and air cushion pallet transporter.

**Estimated Cost**

The break-down of estimated cost in relation to setting up of the Plant as per the Detailed Project Report is set forth below:

| Sr. No. | Description | Phase I (in ₹ crores) | Phase II (in ₹ crores) | Total Cost (in ₹ crores) |
|---|---|---|---|---|
| 1. | Land | 35.08 | - | 35.08 |
| 2. | Factory building with road | 193.00 | - | 193.00 |
| 3. | Winding shop equipment | 65.92 | 12.08 | 78.00 |

| | | | | |
|---|---|---|---|---|
| 4. | Assembly shop equipment | 149.18 | 0.53 | 149.71 |
| 5. | Testing equipment | 107.75 | 63.05 | 170.80 |
| 6. | Stores and dispatch | 9.61 | 7.39 | 17.00 |
| 7. | Utilities | - | 40.00 | 40.00 |
| 8. | Office furniture / IT infrastructure / miscellaneous | - | 34.00 | 34.00 |
| 9. | Pre-operational cost | 8.00 | - | 8.00 |
| 10 | Contingency | 33.25 | 0.75 | 34.00 |
| | **Total Cost** | **601.78** | **157.81** | **759.59** |

- *Inclusive of taxes*
- *Subject to change due to cost escalation for various reasons including commodity price escalation, change in technology, change in technology and product variants and change in requirements*

The total estimated cost of setting up the Plant is ₹759.59 crores which is proposed to be incurred in two phases. We intend to deploy ₹ 601.78 crores from the Net Proceeds towards costs to be incurred as part of phase I (as indicated in the table above) and the cost to be incurred as part of phase II shall be incurred from internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost of the setting up the Plant. The actual cost incurred towards setting up the Plant may vary from the current estimated cost and may depend on a number of factors including commercial conditions, financial and market conditions, business and operational requirements of projects of the new energy ecosystem, change in technology and availability of new product/equipment/software variants and upgrades, business and strategy, competition, negotiation with vendors, variation in cost estimates on account of factors, including changes in design or configuration of the project, incremental pre-operative expenses and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for particular purpose at the discretion of our management, subject to compliance with applicable laws. In the event of any variation between the estimated cost, as indicated in the table above and the actual cost incurred towards setting up on the Plant, the additional cost (if any) shall be paid by us through internal accruals and/or debt.

**b) development of leasehold land**

Brihanmumbai Municipal Corporation ("**BMC**") has given an extension of lease on the premises in Mumbai where our Registered and Corporate Office is situated *(see description of Land below)* for a period of 30 years with effect from May 30, 2018, and considering the increased office space requirement in Mumbai, as a strategic initiative to redevelop the premises, construct new office building and increase the leasable office space, our Company has entered into a development agreement dated July 4, 2024 ("**Development Agreement**"), with Skybound Realty Private Limited, a M/s. K Raheja Corp. group company, ("**Developer**") for joint development of the said premises.

Pursuant to the Development Agreement, our Company has granted development rights to the Developer for a parcel of lease hold land admeasuring 4262.34 square metres, situated on and being a part of Plot No. 1 (e) of the land bearing Cadastral Survey No. Final Plot No. 1079 of Town Planning Scheme IV of Mahim Division and Cadastral Survey No. 1/1030 of Lower Parel Division together with the structures thereon, near Worli Sluice Road, Mumbai, Maharashtra ("**Land**") by demolishing the existing structure on the Land and thereafter constructing thereon one or more building/s along with car parking spaces, as permissible under the guidelines and as detailed in the Development Agreement. Our Company will be entitled to 50% share of the leasehold right on the building(s) developed and constructed by the Developer. The cost of construction of the said building(s) and the statutory approvals cost will be borne equally by the Developer by the Company and the Developer.

The total estimated statutory approvals cost to be borne by our Company under the Development Agreement is approximately ₹ 255.20 crores, as estimated by Girish Patil, Core Designs, an independent architect, by way of a certificate dated June 26, 2025. We intend to utilise an aggregate amount of ₹ 255.20 crores from the Net Proceeds towards the costs to be borne by our Company under the Development Agreement and the surplus amount, if any, from internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost in relation to the construction and development of our corporate office. The estimated cost may vary depending on change in applicable law and the statutory charges payable, change in the proposed building plans, change in commercial terms and any other commercial or macroeconomic factors. In the event of any variation between the estimated cost, as indicated in the table above and the actual cost incurred by our Company, the additional cost (if any) shall be paid by us through internal accruals and/or debt.

Our Company shall have the flexibility to deploy Net Proceeds according to the business requirements and based on the estimates of our management. For further details, see "*Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency"* on page 47.

**3. Acquisitions and inorganic growth opportunities by our Company**

In addition to generating organic growth opportunities, we continuously look to create strategic value through inorganic growth and have demonstrated history of integrating acquisitions with our business and consolidating our position in the power industry. We follow an opportunistic approach to acquisitions, and have a track record of integrating acquired businesses, realizing cost synergies, and consolidating our position in the market. Our ability to consolidate acquisitions has been a key strength, enabling us to continue to deliver greater value to our customers and stakeholders. We continue to selectively pursue opportunities for evaluating potential targets for strategic investments, merger, acquisitions and partnerships, that complement and enhance our service offerings, strengthen or establish our presence in our targeted markets as well as allow us to penetrate into newer markets.

For instance, we have acquired 55.60% stake in G.G. Tronics India Private Limited, which aligns with our strategy to expand our railway product portfolio and we have acquired the RF components business of Renesas Electronics and its affiliate entities in the last one year. For more details, please see, "*Our Business – Inorganically grow our business offerings*" on page 194. We propose to deploy, Net Proceeds to the extent of ₹ 330.00 crores, towards strategic investments, acquisitions and inorganic growth opportunities by our Company or through our Subsidiaries which will be based on our management's decision and may not be the total value or cost of any such investments but is expected to provide us with sufficient financial leverage to pursue such investments. For further details, see "*Risk Factors — We may undertake acquisitions, mergers, business transfer or strategic investments in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations*" on page 39.

Further, the proposed inorganic acquisitions shall be undertaken in accordance with the applicable laws, including the Companies Act, FEMA, RBI guidelines and the regulations notified thereunder, as the case maybe. The actual deployment of funds will depend on a number of factors, including the timing, nature, size and number of acquisitions undertaken, as well as general factors affecting changes to financial condition, our results of operations, and cash flows. Acquisitions and inorganic growth initiatives may be undertaken as share-based transactions or as cash transactions, or a combination thereof. At this stage, our Company cannot determine whether the form of investment will be cash, equity, debt or any other instrument or combinations thereof or any other permitted mode of indebtedness or debt funding as the Board may deem fit.

**4. General corporate purposes**

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds.

Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, repair and renovation of office premises, any additional capital expenditure, repayment/pre-payment of loans, investment in an existing subsidiary or a subsidiary yet to be incorporated, greenfield expansion, strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, meeting working capital requirements of our Company incurred in the ordinary course of business (including payment of salary to employees), and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013. The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any, in accordance with applicable law.

**Interim use of Net Proceeds**

Pending utilisation of the Net Proceeds, our Company shall invest such proceeds in a separate bank account with a scheduled commercial bank included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including in money market instruments /mutual funds and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws. Provided that, in accordance with applicable laws, we undertake to not utilize the proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

**Monitoring of Utilization of Funds**

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated June 30, 2025, as the size of our Issue exceeds ₹ 100 crores. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

The report of the Monitoring Agency shall be placed before our Audit Committee on a quarterly basis, promptly upon its receipt. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects, as stated above. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

**Other Confirmations**

Neither our Promoter nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, Key Managerial Personnel or members of Senior Management (including 'key managerial personnel' under the Companies Act) are not eligible to subscribe in the Issue.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement and the total borrowings, on a consolidated basis, as at March 31, 2025 derived from the Consolidated Financial Statements and as adjusted for the Issue. This table should be read in conjunction with "***Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 291 and 80, respectively.

*(₹ in crores, unless otherwise stated)*

| Particulars | Pre-Issue as at March 31, 2025 | As adjusted for the Issue[1] |
|---|---|---|
| **Borrowings** | | |
| Non-current borrowings | 0.26 | [●] |
| Current borrowings | 0.08 | [●] |
| **Total Borrowings (A)** | **0.34** | [●] |
| **Equity** | | |
| Equity Share Capital | 305.78 | [●] |
| Other Equity | 3538.17 | [●] |
| Non-controlling interests | 193.68 | [●] |
| **Total Equity (B)** | **4037.63** | [●] |
| **Total Capitalization (A + B)** | **4037.97** | [●] |
| **Total Borrowings/total Equity (A) / (B) (times)** | **0.00** | [●] |

*[1] The corresponding post-Issue capitalisation data for each of the amounts given in the above table is not determinable at this stage and hence the same has not been provided in the above statement.*

## CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

*(In ₹, except share data)*

| | Particulars | Aggregate value at face value (except for securities premium account) |
|---|---|---|
| **A** | **AUTHORIZED SHARE CAPITAL** | |
| | *Equity Share capital, comprising:* | |
| | 2,038,000,000 Equity Shares | 4,076,000,000 |
| | | |
| **B** | **ISSUED SHARE CAPITAL BEFORE THE ISSUE** | |
| | 1,529,121,184 Equity Shares | 3,058,242,368 |
| | | |
| **C** | **SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** | |
| | 1,529,078,884(1) | 3,058,157,768 |
| | | |
| **D** | **PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT** | |
| | Up to [●] Equity Shares(2)(3)(4) | [●] |
| | | |
| **E** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE** | |
| | Up to [●] Equity Shares(3)(4) | [●] |
| | | |
| **F** | **SECURITIES PREMIUM ACCOUNT** | |
| | Before the Issue(5) | [●] |
| | After the Issue(3)(4) | [●] |

(1) *Our Company has issued 1,529,121,184 equity shares of face value of ₹ 2 each out of which our company had forfeited 8,460 equity shares of ₹10 each (i.e. 42,300 equity shares of face value ₹2 each).*

(2) *The Issue has been authorised by the Board pursuant to a resolution dated October 21, 2024,* and *by our Shareholders pursuant to a special resolution dated December 18, 2024.*

(3) *To be determined upon finalisation of the Issue Price.*

(4) *Subject to finalisation of Allotment*

(5) *As on the date of this Preliminary Placement Document.*

### Equity Share Capital History of our Company

Our Company is unable to trace copies of prescribed forms filed by us with the Registrar of Companies, inter-alia, in respect of allotment of equity shares since incorporation until January 21, 2014. While the Company believes that these forms were duly filed, it has not been able to obtain copies of these documents, including from the registrar of companies or any statutory bodies. Pursuant to which, our Company carried out a PCS search. Therefore, the following history of Equity Share capital is based on the PCS search and the records available with the Company. For further details, see "*Risk Factors – We are unable to trace certain of or corporate filings with respect to our corporate records and secretarial forms filled by us with the Registrar of Companies. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to such matters, which may adversely impact our business, financial condition, results of operations and cash flows*" on page 48.

The history of the Equity Share capital of our Company is set forth below:

| Date of allotment | Nature of allotment | No. of Equity Shares allotted | Cumulative number of Equity Shares | Face value per Equity Share (in ₹) | Issue price per Equity Share (in ₹) | Nature of consideration |
|---|---|---|---|---|---|---|
| April 29, 1937 | Initial subscription to the Memorandum of Association | 2 | 2 | 100 | 100 | Cash |
| November 12, 1937 | Further Issue | 6,998 | 7,000 | 100 | 100 | Cash(1) |
| June 23, 1950 | Further Issue | 39,000 | 46,000 | 100 | 100 | Cash(1) |
| June 28, 1952 | Further Issue | 8,500 | 54,500 | 100 | 100 | Cash(1) |
| Between June 29, 1952 and August 30, 1962 | Further allotment (2) | 89,424 | 143,924 | 100 | 100 | N.A |

| Date of allotment | Nature of allotment | No. of Equity Shares allotted | Cumulative number of Equity Shares | Face value per Equity Share (in ₹) | Issue price per Equity Share (in ₹) | Nature of consideration |
|---|---|---|---|---|---|---|
| April 26, 1963 | Further Issue | 17,620 | 1,61,544 | 100 | 100 | Cash |
| October 30, 1965 | Further Issue | 25,000 | 1,86,544 | 100 | 100 | Cash |
| September 20, 1966 | Amalgamation | 38,456 | 2,25,000 | 100 | 100 | Other than Cash[3] |
| March 29, 1967 | Initial Public Offer | 63,700 | 288,700 | 100 | 180 | Cash |
| | Preferential allotment | 5,555 | 294,255 | 100 | 180 | Cash |
| | Preferential allotment | 5,745 | 300,000 | 100 | 180 | Cash |
| February 20, 1970 | Bonus issue | 180,000 | 480,000 | 100 | NA | Other than Cash |
| June 28, 1974 | Bonus issue | 240,000 | 720,000 | 100 | NA | Other than Cash |
| May 29, 1979 | Bonus issue | 240,000 | 960,000 | 100 | NA | Other than Cash |
| January 23, 1990 | Bonus issue | 960,000 | 1,920,000 | 100 | NA | Other than Cash |
| July 12, 1991 | Amalgamation | 264 | 1,920,264 | 100 | 100 | Other than Cash[4] |
| August 21, 1992 | Conversion of Convertible Debentures into Equity Shares | 672,000 | 2,592,264 | 100 | 475 | Cash |
| March 19, 1993 | Right issue | 1,311,216 | 3,903,480 | 100 | 800 | Cash |
| Pursuant to a resolution passed by our Board and Shareholders on November 23, 1993 and February 11, 1994, respectively, our Company sub-divided the face value of its equity shares from ₹100 each to ₹10 each. Accordingly, the issued and paid-up equity share capital of our Company was sub-divided from 3,903,480 equity shares of ₹100 each to 39,034,800 Equity Shares of ₹10 each. | | | | | | |
| September 23, 1994 | Private Placement with Foreign Institutional Investors | 3,685,000 | 42,719,800 | 10 | 210 | Cash |
| October 28, 1994 | Private Placement with Foreign Institutional Investors | 1,565,000 | 44,284,800 | 10 | 210 | Cash |
| March 25, 1996 | Amalgamation | 2,893 | 44,287,693 | 10 | 10 | Other than Cash[5] |
| March 25, 1996 | Amalgamation | 1,106,440 | 45,394,133 | 10 | 10 | Other than Cash[6] |
| July 10, 1996 | GDR's Underlying shares | 6,613,750 | 52,007,883 | 10 | 265 | Cash |
| March 29, 1997 | Amalgamation | 31,366 | 52,039,249 | 10 | 10 | Other than Cash[7] |
| February 27, 1998 | Amalgamation | 111,030 | 52,150,273 | 10 | 10 | Other than Cash[8] |
| | Amalgamation | 4,792 | 52,155,065 | 10 | 10 | Other than Cash[9] |
| March 31, 1999 | Forfeiture of Shares[10] | (8,460) | 52,146,611 | 10 | NA | NA |
| December 1, 1999 | Amalgamation | 220,045 | 52,366,656 | 10 | 10 | Other than Cash[11] |
| Pursuant to a resolution passed by our Board and Shareholders on July 18, 2006, and July 18, 2006, respectively, our Company sub-divided the face value of its equity shares from ₹10 each to ₹2 each. Accordingly, the issued and paid-up equity share capital of our Company was sub-divided from 52,366,656 equity shares of ₹10 each to 261,833,280 Equity Shares of ₹2 each. | | | | | | |
| December 18, 2006 | Bonus issue | 104,733,312 | 366,566,592 | 2 | NA | Other than Cash |
| March 10, 2010 | Bonus issue | 274,924,944 | 641,491,536 | 2 | NA | Other than Cash |
| August 12, 2013 | Extinguishment of Shares due to buy-back | (4,741,392) | 636,750,144 | 2 | NA | NA |
| September 6, 2013 | Extinguishment of Shares due to buy-back | (5,829,928) | 630,920,216 | 2 | NA | NA |
| September 26, 2013 | Extinguishment of Shares due to buy-back | (1,220,025) | 629,700,191 | 2 | NA | NA |
| November 11, 2013 | Extinguishment of Shares due to buy-back | (30,000) | 629,670,191 | 2 | NA | NA |
| December 4, 2013 | Extinguishment of Shares due to buy-back | (570,104) | 629,100,087 | 2 | NA | NA |

| Date of allotment | Nature of allotment | No. of Equity Shares allotted | Cumulative number of Equity Shares | Face value per Equity Share (in ₹) | Issue price per Equity Share (in ₹) | Nature of consideration |
|---|---|---|---|---|---|---|
| January 6, 2014 | Extinguishment of Shares due to buy-back | (504,321) | 628,595,766 | 2 | NA | NA |
| January 21, 2014 | Extinguishment of Shares due to buy-back | (1,849,624) | 626,746,142 | 2 | NA | NA |
| November 26, 2020 | Allotment on preferential basis | 642,523,365 | 1,269,269,507 | 2 | 8.56 | Cash |
| December 19, 2020 | Allotment on preferential basis | 68,728,522 | 1,337,998,029 | 2 | 14.55 | Cash |
| July 5, 2021 | Allotment on preferential basis | 13,845,000 | 1,351,843,029 | 2 | 73.10 | Other than Cash |
| February 11, 2022 | Conversion of warrants into equity shares(12) | 90,000,000 | 1,441,843,029 | 2 | 8.56 | Cash |
| May 18, 2022 | Conversion of warrants into equity shares(13) | 85,233,645 | 1,527,076,674 | 2 | 8.56 | Cash |
| December 22, 2022 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 19,760 | 1,527,096,434 | 2 | 156.20 | Cash |
| March 9, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 35,000 | 1,527,131,434 | 2 | 156.20 | Cash |
| May 12, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 67,760 | 1,527,199,194 | 2 | 156.20 | Cash |
| June 30, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 33,000 | 1,527,232,194 | 2 | 156.20 | Cash |
| August 7, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 23,900 | 1,527,256,094 | 2 | 156.20 | Cash |
| October 16, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 15,000 | 1,527,271,094 | 2 | 156.20 | Cash |
| October 21, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 7,500 | 1,527,278,594 | 2 | 156.20 | Cash |
| October 29, 2023 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 5,000 | 1,527,283,594 | 2 | 156.20 | Cash |
| February 7, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 17,000 | 1,527,300,594 | 2 | 156.20 | Cash |
| February 29, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 2,000 | 1,527,302,594 | 2 | 156.20 | Cash |
| March 4, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 30,620 | 1,527,333,214 | 2 | 156.20 | Cash |
| May 13, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 40,600 | 1,527,373,814 | 2 | 156.20 | Cash |
| June 9, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 25,000 | 1,527,398,814 | 2 | 156.20 | Cash |
| June 21, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 473,140 | 1,527,871,954 | 2 | 156.20 | Cash |
| July 3, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 10,000 | 1,527,881,954 | 2 | 156.20 | Cash |
| July 10, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 453,140 | 1,528,335,094 | 2 | 251.65 | Cash |
| July 18, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the | 5,000 | 1,528,340,094 | 2 | 156.20 | Cash |

| Date of allotment | Nature of allotment | No. of Equity Shares allotted | Cumulative number of Equity Shares | Face value per Equity Share (in ₹) | Issue price per Equity Share (in ₹) | Nature of consideration |
|---|---|---|---|---|---|---|
| | Company | | | | | |
| July 26, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 30,000 | 1,528,370,094 | 2 | 156.20 | Cash |
| August 1, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 41,000 | 1,528,411,094 | 2 | 156.20 | Cash |
| August 9, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 20,000 | 1,528,431,094 | 2 | 156.20 | Cash |
| August 17, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 38,000 | 1,528,469,094 | 2 | 156.20 | Cash |
| August 29, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 19,000 | 1,528,488,094 | 2 | 156.20 | Cash |
| November 19, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 40,000 | 1,528,528,094 | 2 | 156.20 | Cash |
| December 5, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 25,000 | 1,528,553,094 | 2 | 156.20 | Cash |
| December 23, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 11,640 | 1,528,564,734 | 2 | 156.20 | Cash |
| December 26, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 179,710 | 1,528,744,444 | 2 | 305.55 | Cash |
| December 30, 2024 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 12,500 | 1,528,756,944 | 2 | 156.20 | Cash |
| January 16, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 67,500 | 1,528,824,444 | 2 | 156.20 | Cash |
| February 10, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 45,000 | 1,528,869,444 | 2 | 454.40 | Cash |
| April 18, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 135,000 | 1,529,004,444 | 2 | 156.20 | Cash |
| May 8, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 20,740 | 1,529,025,184 | 2 | 156.20 | Cash |
| May 28, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 6,000 | 1,529,031,184 | 2 | 156.20 | Cash |
| June 6, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 6500 | 1,529,037,684 | 2 | 156.20 | Cash |
| June 13, 2025 | Allotment on exercise of option pursuant to the ESOP 2021 of the Company | 41,200 | 1,529,078,884 | 2 | 454.40 | Cash |

(1) *Partial amount was received in cash and partial amount was adjusted against loan amount.*
(2) *For the period from June 29, 1952, to August 30, 1962, the date of allotments have not been specified since record for such allotments are not available with the Company. Subsequently, prospectus dated January 27, 1967, and board meeting dated March 29, 1967, has been relied upon.*
(3) *Pursuant to order dated July 18, 1996, of Bombay High Court for approving the scheme of amalgamation.*
(4) *Pursuant to order dated May 30, 1991, from Board of Industrial and Financial Reconstruction (BIFR) for approving the scheme of amalgamation.*
(5) *Pursuant to order dated February 8, 1996, of Bombay High Court (Panji Bench) for approving the scheme of amalgamation.*
(6) *Pursuant to order dated December 16, 1995 from Board of Industrial and Financial Reconstruction (BIFR) for approving the scheme of amalgamation.*
(7) *Pursuant to order dated January 26, 1997, from Board of Industrial and Financial Reconstruction (BIFR) for approving the scheme of amalgamation.*
(8) *Pursuant to order dated August 1, 1997, form Board of Industrial and Financial Reconstruction (BIFR) for approving the scheme of amalgamation.*
(9) *Pursuant to order dated December 18, 1997, of Bombay High Court for approving the scheme of amalgamation.*

(10) *The shares allotted on March 19, 1993, at an issue price of ₹800 (₹790 premium) on rights basis, out of the total 1,311,216 allotted the money towards the last and final call was not paid and 8460 equity shares were forfeited of face value ₹10 each (equivalent to 42,300 equity shares of face value ₹2 each).*
(11) *Pursuant to order dated April 19, 1999, form Board of Industrial and Financial Reconstruction (BIFR) for approving the scheme of amalgamation. .*
(12) *The conversion has been authorised by the Board pursuant to a circular resolution dated February 11, 2022.*
(13) *The conversion has been authorised by the Board pursuant to a circular resolution dated May 18, 2022.*

**ESOP Scheme**

**The Employee Stock Option Plan, 2021 ("ESOP 2021")**

The ESOP 2021 was approved pursuant to resolution dated August 18, 2021, passed by our Board, and special resolution dated September 23, 2021 passed by the Shareholders of our Company. Under the ESOP 2021, each such option, as the case may be confers a right upon the grantee to apply for one Equity Share in accordance with the terms of the ESOP 2021.

The following table sets forth details in respect of the ESOP 2021 as on the date of this Preliminary Placement Document:

| Particulars | ESOP 2021 |
|---|---|
| Maximum number of Equity Shares which may be issued under the scheme | 27,000,000 |
| Total number of options granted | 8,038,590 |
| Options exercised | 2,002,210 |
| Options lapsed or forfeited | 1,064,840 |
| Options vested and outstanding | 716,640 |
| Total number of options outstanding (Maximum number of Equity Shares which may be issued under ESOP 2021 – Total number of Options granted + Options lapsed or forfeited) | 20,026,250 |

**Pre-Issue and post-Issue shareholding pattern**

The pre-Issue and post-Issue shareholding pattern of our Company is set forth below:

| S. No. | Category | Pre-Issue (as on June 27, 2025)# | | Post-Issue* | |
|---|---|---|---|---|---|
| | | No. of Equity Shares held | % of shareholding | No. of Equity Shares held | % of shareholding |
| **1.** | **Promoters' & Promoter Group holding^** | | | | |
| 1. | Indian | | | | |
| | Individuals / Hindu undivided family | 615,324 | 0.04 | [●] | [●] |
| | Bodies corporate including Partnership Firms and Trusts | 887,034,787 | 58.01 | [●] | [●] |
| | **Sub-total** | **887,650,111** | **58.05** | [●] | [●] |
| 2. | Foreign promoters | - | - | - | - |
| | **Sub-total (A)** | **887,650,111** | **58.05** | [●] | [●] |
| **2.** | **Non-Promoters' holding** | | | | |
| 1. | Institutional investors | 411,761,942 | 26.93 | [●] | [●] |
| | Government | 22,140 | 0.00 | [●] | [●] |
| 2. | Non-institutional investors | | | | |
| | Bodies corporate | 30,646,459 | 2.00 | [●] | [●] |
| | Directors and relatives | 63,500 | 0.00 | [●] | [●] |
| | Non-resident Indians (NRIs) | 6,442,765 | 0.42 | [●] | [●] |
| | Others | 192,491,967 | 12.59 | [●] | [●] |
| | **Sub-total (B)** | **641,428,773** | **41.95** | [●] | [●] |
| | **Grand Total (A+B)** | **1,529,078,884** | **100.00** | [●] | [●] |

# *This shareholding data is based on the beneficiary position data of our Company as of* June 27, 2025.
^ *This includes shareholding of the members of the Promoter Group.*
* ***Note***: *The post-Issue shareholding pattern shall be filled-in before filing of the Placement Document with the Stock Exchanges*.

**Other confirmations**

(i) Except as disclosed in " - ***Equity Share capital history of our Company***" on page 73, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice of the postal ballot to our Shareholders, dated December 18, 2024, for the approval of this Issue.

(iii) Except as stated above, our Company has not allotted securities on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Preliminary Placement Document.

(iv) The Promoters, the Directors, the Key Managerial Personnel and members of the Senior Management of our Company do not intend to participate in the Issue.

**Proposed Allottees in the Issue**

The name of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to this Issue, and the percentage of post-Issue share capital that may be held by them is set forth in the "***Proposed Allottees***" on page 292.

## DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board approved and adopted a formal dividend distribution policy ("**Dividend Policy**") on August 30, 2016 and further approved and amended the Dividend Policy on January 28, 2025 in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "***Description of the Equity Shares***" on page 260.

The following table details the dividends (including interim dividend, if any) declared by our Company on the Equity Shares from April 1, 2025, until the date of filing of this Preliminary Placement Document and in Fiscals 2025, 2024 and 2023 based on our Audited Consolidated Financial Statements are the following:

| Particulars | From April 1, 2025, till the date of the certificate | Financial Year 2024-25 | Financial Year 2023-24 | Financial Year 2022-23 |
|---|---|---|---|---|
| Face value per Equity Share (in Rs.) | Not Applicable | 2 | 2 | 2 |
| Total Dividend (in Rs. Crores) | - | 198.75 | 198.55 | 229.07 |
| Dividend per share (in Rs. Per Equity Share) | - | 1.3 | 1.3 | 1.5 |
| Rate of dividend (%) | - | 65 | 65 | 75 |
| Dividend Distribution Tax (%) | - | - | - | - |
| No. of Equity Shares as on record date | - | 1,52,88,69,444 | 1,52,72,83,594 | 1,52,71,31,434 |
| Dividend Distribution Tax (in Rs. Crores) | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Unpaid Dividend (Refer Note 1 below) (in Rs. Crores) | - | 0.27 | 0.16 | 0.22 |

*Note: As on the date of this certificate there are unpaid dividends pertaining to Fiscal 2011 -12 to Fiscal 2014 – 15 of ₹ 0.00 crore which has not been considered for the purpose of this Preliminary Placement Document.*

The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws, dividend pay-out ratios of companies in the same industry, operating cash flow of the Company for the year, loan repayment and working capital requirements, capital expenditure requirements, resources required for funding acquisitions, mergers and/or new businesses, regulatory solvency, regulatory capital adequacy, dividend receipt from subsidiaries, and any windfall, extraordinary or abnormal gains made by the Company.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Also see "*Risk Factors – Our ability to pay dividends in the future will depend on our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements*." on page 54.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our Audited Consolidated Financial Statements in "Financial Information" on page 291, respectively.*

*This Preliminary Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward Looking Statements" on page 15. Also see "Our Business", "Industry Overview", "Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition", "Risk Factors" and "Selected Financial Information" on pages 186, 108, 291, 80, 36 and 29, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations and cash flows.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscals 2025, 2024 and 2023 included herein is based on the Audited Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see "Financial Information" on page 291. Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Research Report on Electrical Engineering Equipment Industry" dated June 2025 (the "**CareEdge Report**") prepared and issued by Care Analytics and Advisory Private Limited ("**CareEdge Research**"), appointed by us on November 14, 2024 and exclusively commissioned and paid for by us to enable investors to understand the industry in which we operate in connection with this Issue.*

## Overview

For information in relation to our business, see "*Our Business*" on page 186.

## SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are affected by a number of important factors including:

### *Our customers, their purchasing patterns and pricing our products*

Our financial performance has largely been driven by, and a key factor to our future success will be, our ability to continue to deliver value for our customers, increase our customer base, and deepen our relationships with our existing customers. Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are (i) Industrial Systems; (ii) Power Systems; (iii) Semiconductor; and (iv) others. Our two major business segments are Industrial Systems and Power Systems. Within our Industrial Systems segment, we manufacture (i) motors; (ii) industrial drives and automation; (iii) railway products such as rolling stock products and signalling products; (iv) fast moving electrical goods, while within our Power Systems segment, we manufacture transformers and switchgears equipment to meet the needs of the power generation, transmission and distribution industry and also offer turnkey solutions for transmission and distribution through sub-station projects, and as an EPC services provider and our semiconductor segment includes OSAT and Radio Frequency.

We have served and established strong relationships with customers across a wide range of sectors. These include cement, metal and mining, power, renewable, nuclear, oil and gas, railways and metros, pulp and paper, sugar and ethanol, water and waste water management, chemical and fertilizers, agriculture, telecom, material handling, pharmaceutical, and automotive. The demand of our customers' products significantly influences our revenue from operations as our sales are directly impacted by the production and inventory levels of our customers' products. Increased sales of our customers' products tend to increase our revenue from operations, while a slow-down in the demand for our customers' products tends to lead to a lower revenue from operations. Furthermore, there is no assurance that our customers will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. Due to committed delivery schedules at a pre-agreed price as set out in the purchase orders, in the event of an unanticipated change or cancellation in orders from our customers we may incur additional costs that we are unable to pass through to our customers or be required to write off certain expenses. Any changes in the levels of inventory and activity by our customers, in turn, are likely to affect our revenues and results of operations.

### *Cost and availability of raw materials*

Our business, results of operations, financial condition and prospects are significantly impacted by the prices of raw materials purchased by us, particularly prices of copper, aluminium and steel. The cost of material consumed was ₹ 6,762.31 crores, ₹ 5,387.04 crores and ₹ 4,585.00 crores for Fiscals 2025, 2024 and 2023, which represented 68.25%, 66.95% and 65.76% of our revenue from operations, respectively. Our financial condition and results of operations are significantly impacted by the availability and costs of raw materials. Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, fuel prices and availability, power tariffs and currency exchange rates.

***Our plans to increase our production capacity of existing products and foray into the semiconductor industry***

We intend to expand our production capacity in motors, transformers and switchgears to meet growing market demand and support our long-term growth. We intend to expand our (i) capacity for manufacturing low tension motors at manufacturing plants in Ahmednagar, Maharashtra and Goa from 10 lakhs per annum to 18 lakhs per annum; (ii) capacity for manufacturing of power transformers at our manufacturing plant located in Bhopal, Madhya Pradesh from 17,000 MVA to 40,000 MVA; (iii) capacity for manufacturing of distribution transformers at our manufacturing plant located at Malanpur in Gwalior, Madhya Pradesh from 6,900 MVA to 9,900 MVA; (iv) capacity for manufacturing high tension motors at manufacturing plants in Bhopal, Madhya Pradesh from 1,008 units per annum to 1,728 units per annum; and (v) our capacity for switchgears at our manufacturing plant located in Nashik, Maharashtra. For further details, see "*Our Business – Our Strategies –Expand our production capacity in motors, transformers, and switchgears"* on page 193.

In order to expand our production capacity in transformers to meet growing market demand and support our long-term growth, we intend to use ₹ 601.78 crores from the Net Proceeds towards capital expenditure in relation setting up of a green field project in Bhopal for manufacturing of power transformer plant for a capacity of 45,000 MVA ("**Plant**"). For further details, see "*Use of Proceeds – Details of the Objects - 2. Funding capital expenditure requirements and strategic initiatives for the following: - a) setting up of a power transformer plant"* on page 67.

In addition, we have entered into a joint venture agreement with Renesas and Stars Microelectronics to establish a subsidiary, CG Semi Private Limited', to build and operate an OSAT facility in Sanand, Gujarat, with a land area admeasuring approximately 1,15,410.38 square meters. Our Company holds 92.34% in CGSPL while Renesas and Stars Microelectronics hold 6.76% and 0.90%, respectively. Renesas will provide technology for select packages (QFP, wire-bond ball grid array ("**WB BGA**"), FC BGA, and FC CSP), while Stars Microelectronics will provide technology for legacy packages (QFN, small outline package/small outline integrated circuit). Both partners will also offer training and enablement to set up, qualify, and ramp up the facility. The facility will manufacture a range of products, from legacy packages such as quad flat no-lead ("**QFN**") and quad flat package ("**QFP**") to advanced packages like flip-chip ball grid array ("**FC BGA**") and flip-chip chip-scale package ("**FC CSP**"), catering to industries such as automotive, consumer, industrial, and 5G. In terms of the approvals received from MeitY and Department of Science & Technology, Government of Gujarat, the total estimated cost for setting up of the OSAT facility in Sanand, Gujarat is ₹ 7,584.09 crores and CGSPL shall be eligible for a grant of government subsidy up to ₹ 3,501.00 crores under the Modified Programme for Semiconductors and Display Fab Ecosystem Scheme of the Government of India. We intend to deploy ₹ 1,062.85 crores from the Net Proceeds and balance amount from government subsidies, internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost of setting up of the OSAT facility through CGSPL. For further details, see "*Use of Proceeds - Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility*" on page 66.

We expect that our expansion plans will allow us to meet the anticipated increase in demand for our products in the future, enable us to supply growing markets more efficiently, and drive growth. Any delays or issues in the execution of our expansion plans, such as supply chain disruptions, labour shortages, or technical difficulties, could impact our ability to meet the projected timelines and cost estimates, thereby affecting our growth plans.

***Acquisitions***

We will continue to evaluate inorganic growth opportunities to grow our market share, acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. We may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments. For example, during Fiscal 2025, we acquired 55.60% stake in G.G. Tronics India Private Limited ("**G.G. Tronics**") through a combination of purchase of equity shares from the promoters of G.G. Tronics and by way of subscription to Compulsorily Convertible Preference Shares which were subsequently converted into equity shares, a company which is engaged in designing, manufacturing, supplying and installing of electronic safety embedded signalling systems for the railway transportation sector. One of its key products is the TCAS, also known as Automatic Train Protection Systems ("**IRATPS**") or 'KAVACH'. This acquisition aligns with our strategy to expand our railway product portfolio. We have entered into a joint venture agreement with Renesas Electronics Corporation ("**Renesas**") and Stars Microelectronics (Thailand) Public Co. Ltd. ("**Stars Microelectronics**") to establish a subsidiary namely CG Semi Private Limited, to build and operate an outsourced semiconductor assembly and testing ("**OSAT**") facility in Sanand, Gujarat. Further, pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, net inventories, customers, select transferring employees, contracts and other licenses. The RF components business enables us to enter into the semiconductor design business.

We propose to utilize ₹ 330.00 crores from the Net Proceeds towards funding inorganic growth through acquisitions and strategic investments, as set forth in "*Use of Proceeds – Details of the Objects – Acquisitions and inorganic growth opportunities by our Company*" on page 69.

Acquiring new businesses typically requires significant efforts resulting in additional expenses and requiring significant management time. For instance, (i) during the pre-acquisition stage, we typically incur significant costs for identifying suitable opportunities for deal structuring, acquisition and executing an effective due diligence process on the potential targets; and (ii) during the post-acquisition, we incur costs for integrating and operating acquired businesses including coordination of sales and marketing, and integration of employees. In addition, if we are unable to overcome the potential challenges associated with the integration process and achieve our objectives following an acquisition, the anticipated benefits and synergies of our future acquisitions may not be realized fully, or at all, or may take longer to realize than expected. Further, such businesses acquired may not be profitable. Failure to realize anticipated benefits in a timely manner or at all, could have an adverse effect on our business and results of operations.

**PRESENTATION OF FINANCIAL INFORMATION**

In this Preliminary Placement Document, we have included:

- the audited consolidated financial statements for Fiscal 2025, along with the respective schedules and notes thereto, prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards ("**Ind AS**") specified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

- the audited consolidated financial statements for Fiscal 2024, along with the respective schedules and notes thereto, prepared in accordance with accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended; and

- the audited consolidated financial statements for Fiscal 2023, along with the respective schedules and notes thereto, prepared in accordance with accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

**SUMMARY OF MATERIAL ACCOUNTING POLICIES**

Below are the material accounting policies used for the preparation of the Audited Consolidated Financial Statements for Fiscal 2025:

**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 and its Subsidiaries ("**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 and the cost of the item can be measured reliably. 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. Once it becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

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 date 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.

**Subsidiaries incorporated outside India:**

Depreciation has been provided as per useful life 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 Buildings at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

**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. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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.

Intangible assets acquired are amortised as follows:

- Computer software : Over a period of five to six years;
- Technical know-how : 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 : 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 account in the period in which it is incurred.

Development expenditures on an individual project are recognised 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
(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.

**Impairment of non-financial assets:**

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, the Group determines the recoverable amount and the 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 the 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 the 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.

**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 a 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 a 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, excluding borrowings costs. 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.

**Cash and cash equivalents:**

Cash and cash equivalents in the consolidated 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.

**Foreign currency transactions:**

**Initial recognition:**

Transactions in foreign currencies entered are initially accounted at the exchange rates prevailing on the date of the transaction.

**Measurement as at balance sheet date:**

Foreign currency monetary items that are outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

**Treatment of exchange differences:**

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the consolidated statement of profit and loss.

**Consolidation of subsidiaries incorporated outside India:**

The translation of financial statements of the foreign subsidiaries from their respective functional currencies to the presentation currency (₹) is performed for assets and liabilities using the exchange rates prevailing at the reporting date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in foreign currency translation reserves under OCI.

When a subsidiary is disposed of, in full, accumulated foreign currency translation reserves of subsidiary is transferred to the consolidated statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Any goodwill arising on acquisition / business combination of a foreign operation the reporting date.

**Revenue recognition:**

**(a) Revenue from sale of goods and services:**

Revenue from sale of goods is recognised at a 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 of transaction price that reflects the consideration to which the Group expects to be entitled for satisfaction of performance obligation i.e. exchange of goods or services. Transaction price 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 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.

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.

However, Goods and Services Tax (GST) are not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

**(b) Revenue from construction contracts:**

Performance obligations with reference to construction contracts are satisfied over a 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.

**(d) Rental income:**

Rental income arising from leases is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit and loss.

**Employee benefits:**

**I. 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, the expected cost of bonus, ex-gratia etc. 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.

**II. Post-employment benefits**

**(A) 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.

**i) Provident fund:**
The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

**ii) Superannuation:**
Contributions as a percentage of eligible employees' salary are made to Superannuation Funds administered by trustees and managed by Insurance Company. There is no liability for future Superannuation Fund benefits other than the annual contribution and such contributions are recognised as an expense in the year in which the services are rendered.

**iii) National pension scheme:**
Contributions as a percentage of eligible employees' salary are made to National pension scheme administrated by the Pension Fund Regulatory and Development Authority (PFRDA). Such contributions are recognised as an expense in the year in which the services are rendered.

**iv) Employee state insurance scheme and Labour welfare scheme:**
Contributions to Employees state insurance scheme and Labour welfare scheme are recognised as expense in the year in which the services are rendered.

**(v) Family pension**

Contribution to Family pension scheme is related to employees of subsidiaries incorporated outside India. Such contributions are recognised as an expense in the year in which the services are rendered.

**(B) Defined benefit plans:**

**(i) Gratuity:**

Gratuity is a defined benefit obligation plan operated by the Parent Company and its subsidiaries incorporated in India for its employees. 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 CG Gratuity Fund and fund of respective subsidiaries. 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 or loss subsequently.

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 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 profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

**III. 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 recognised 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.

**IV. 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 recognises any related restructuring costs whichever is earlier.

**Share based payments (Employee stock option scheme):**

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in stock options outstanding account in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**Borrowing costs:**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the 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. Capitalisation of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period in which they occur.

**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.

**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 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 leases of low-value assets). For these short-term leases and leases of low-value assets, 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. The cost of the ROU asset measured at inception 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 asset 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 – 30 to 99 years
- Buildings – 2 to 9 years
- Vehicles – 3 to 5 years
- Office equipments – 2 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.

**Earnings per share:**

Basic earnings per share are calculated by dividing the net profit / loss for the year attributable to equity shareholders of the Parent 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 / loss for the year attributable to the equity shareholders of the Parent 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.

**Income Taxes:**

Income tax expense for the period comprises of current and deferred 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 determined by using tax rates in accordance with the provisions of the Income Tax Act, 1961.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period.

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.

In respect of overseas subsidiaries, income tax is provided for based on income tax laws prevailing in the country of incorporation of the respective subsidiaries.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

 Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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.

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.

**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 Group 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 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.

**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 consolidated statement of profit and loss over the period and in proportion in which depreciation is charged. Alternatively, the grant is deducted in calculating the carrying amount of the assets. The said grant is recognised in the consolidated statement of profit and loss over the life of depreciable assets as a reduced depreciation expenses.

Revenue grants are recognised in the consolidated 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 consolidated 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.

**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.

**Business combinations and goodwill:**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated 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.

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 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 the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed twelve months from the acquisition date.

**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 consolidated 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.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**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 twelve months. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within twelve months, have been classified as non-current. For all other activities, operating cycle is twelve months.

**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.

**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 consolidated statement of profit and loss. Also the 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 amortised.

**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 that do not contain a significant financing component 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 consolidated 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 the 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 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 Group applies a simplified approach under which loss allowance is recognised based on expected lifetime ECL losses to be recognised on each reporting date. The Group uses a provision matrix that is based on its historical credit loss experience adjusted for relevant forward-looking factors. For other assets, the Group uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk since initial recognition, 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 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 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 derecognition 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 and 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 the 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 or 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 consolidated 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 the consolidated statement of profit and 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 roll over (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 presented 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.

**PRINCIPAL COMPONENTS OF REVENUE AND EXPENDITURE**

**Revenue**

Our total income comprises (i) revenue from operations, and (ii) other income.

***Revenue from Operations***

Revenue from operations comprises (i) sale of products; (ii) sale of services; (iii) construction contracts; and (iv) other operating income – scrap sales.

***Other Income***

Other income includes (i) interest income comprising of (a) deposits with banks; (b) on income tax refund; and (c) Others; (ii) profit on sale of property, plant and equipment; (iii) gain on sale of investments (net); (iv) fair value gain on financial instruments at fair value through profit and loss; (v) exchange gain (net) and other non-operating income comprising of (a) income from business service centres; and (b) miscellaneous income.

**Expenses**

Our expenses comprise (i) cost of materials consumed; (ii) purchases of stock-in-trade; (iii) changes in inventories of finished goods, work-in-progress and stock-in-trade; (iv) employee benefits expense; (v) finance costs; (vi) depreciation and amortisation expense; (vii) other expenses.

***Costs of materials consumed***

Costs of materials consumed comprises (i) opening inventories; (ii) add: addition on account of business combination; (iii) add: purchases; and (iv) less: closing inventories.

***Purcahses of stock-in-trade***

Purcahses of stock-in-trade comprises purchase of stock-in-trade.

***Changes in Inventories of finished Goods, work in progress and stock-in-trade***

Changes in inventories of finished goods, work in progress and stock-in-trade comprises (i) closing inventories comprising (a) finished goods; (b) work-in-progress; and (c) stock-in-trade; (ii) opening inventories comprises (a) finished goods; (b) work-in-progress; and (c) stock-in-trade; (iii) addition on account of business combination comprising finished goods and work-in-progress; and (iv) (increase) / decrease in inventories comprises (a) finished goods; (b) work-in-progress; and (c) stock-in-trade; and (iv) Net (increase) / decrease in inventories.

***Employee Benefits Expense***

Employee benefits expense comprises (i) salaries, wages, bonus; (ii) contribution to provident and other funds; (iii) gratuity expenses; (iv) share based payment expense; and (v) staff welfare expenses.

***Finance Costs***

Finance costs comprises (i) interest expenses; and (ii) interest on lease liabilities.

***Depreciation and Amortisation Expenses***

Depreciation and amortisation comprises (i) depreciation of property, plant and equipment; (ii) amortisation of intangible assets.

***Other Expenses***

Other expenses comprises of (i) consumption of stores and spares; (ii) power and fuel; (iii) rent; (iv) repairs to buildings; (v) repairs to machinery; (vi) repairs – others; (vii) insurance; (viii) rates and taxes; (ix) freight and forwarding; (x) packing materials; (xi) after sales services including warranties; (xii) travelling and conveyance; (xiii) sales promotion; (xiv) bank charges; (xv) sub contracting charges; (xvi) directors' sitting fees; (xvii) allowance for doubtful debts and advances; (xviii) donation to trust; (xix) legal and professional charges; (xx) miscellaneous expenses; (xxi) loss on sale of fixed assets (net).

**NON-GAAP MEASURES**

EBITDA before Exceptional items, EBITDA before Exceptional items Margin and PAT before Exceptional items Margin (together, "**Non-GAAP Measures**"), presented in this Preliminary Placement Document are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not standardized terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

See, Risk Factors - "*Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*." on page 55.

***Reconciliation from profit from continuing operations after tax to EBITDA before Exceptional items and EBITDA before Exceptional items Margin***

Earnings Before Interest Taxation Depreciation and Amortisation ("**EBITDA**") before Exceptional items is calculated as profit from continuing operations after tax less exceptional items plus tax expense, finance costs and depreciation and amortisation expense. EBITDA before Exceptional items Margin is calculated as EBITDA before Exceptional items divided by total income.

| **Particulars** | **Fiscal 2025** | **Fiscal 2024** | **Fiscal 2023** |
|---|---|---|---|
| | **(₹ in Crores, unless otherwise specified)** | | |
| Profit from continuing operations after tax (A) | 972.98 | 871.12 | 796.33 |
| Tax expense (B) | 374.99 | 287.26 | 205.81 |
| Finance costs (C) | 7.09 | 2.54 | 16.20 |
| Depreciation and amortisation expense (D) | 111.84 | 94.89 | 94.50 |
| **EBITDA (E = A + B + C + D)** | **1,466.90** | **1,255.81** | **1,112.84** |
| Exceptional items (net) (F) | - | 21.48 | 51.76 |
| **EBITDA before Exceptional items (G = E - F)** | **1,466.90** | **1,234.33** | **1,061.08** |
| Total income (H) | 10,070.83 | 8,152.24 | 7,040.30 |
| **EBITDA before Exceptional items Margin (%) (G)/(H)** | **14.57%** | **15.14%** | **15.07%** |

***Reconciliation of PAT before Exceptional items Margin***

PAT before Exceptional items Margin is calculated as profit from continuing operations after tax less exceptional items divided by total income.

| **Particulars** | **Fiscal 2025** | **Fiscal 2024** | **Fiscal 2023** |
|---|---|---|---|
| | **(₹ in Crores, unless otherwise specified)** | | |
| Profit from continuing operations after tax (A) | 972.98 | 871.12 | 796.33 |
| Exceptional items (net) (B) | - | 21.48 | 51.76 |
| **Profit from continuing operations after tax less exceptional items (C) = (A) – (B)** | **972.98** | **849.64** | **744.57** |
| Total income (D) | 10,070.83 | 8,152.24 | 7,040.30 |
| **PAT before Exceptional items Margin (%) (E) = (C/D)** | **9.66%** | **10.42%** | **10.58%** |

## RESULTS OF OPERATIONS

### FISCAL 2025 COMPARED WITH FISCAL 2024

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscals 2025 and 2024:

| **Particulars** | **Fiscal 2025** | | **Fiscal 2024** | |
|---|---|---|---|---|
| | **(₹ in crores)** | **Percentage of Total Income** | **(₹ in crores)** | **Percentage of Total Income** |
| **Income** | | | | |
| Revenue from operations | 9,908.66 | 98.39% | 8,045.98 | 98.70% |
| Other income | 162.17 | 1.61% | 106.26 | 1.30% |
| **Total income** | **10,070.83** | **100.00%** | **8,152.24** | **100.00%** |

| Particulars | Fiscal 2025 | | Fiscal 2024 | |
|---|---|---|---|---|
| | **(₹ in crores)** | **Percentage of Total Income** | **(₹ in crores)** | **Percentage of Total Income** |
| **Expenses** | | | | |
| Cost of materials consumed | 6,762.31 | 67.15% | 5,387.04 | 66.08% |
| Purchases of stock-in-trade | 359.32 | 3.57% | 271.57 | 3.33% |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (195.44) | (1.94)% | (106.46) | (1.31)% |
| Employee benefits expense | 612.77 | 6.08% | 508.14 | 6.23% |
| Finance costs | 7.09 | 0.07% | 2.54 | 0.03% |
| Depreciation and amortisation expense | 111.84 | 1.11% | 94.89 | 1.16% |
| Other expenses | 1,064.97 | 10.57% | 857.62 | 10.52% |
| **Total expenses** | **8,722.86** | **86.62%** | **7,015.34** | **86.05%** |
| **Profit before share of profit/ (loss) of associate, exceptional items and tax** | **1,347.97** | **13.38%** | **1,136.90** | **13.95%** |
| **Share of profit/ (loss) of associate** | **-** | **-** | **-** | **-** |
| **Profit before exceptional items and tax** | **1,347.97** | **13.38%** | **1,136.90** | **13.95%** |
| Exceptional items (net) | - | - | **21.48** | **0.26%** |
| **Profit before tax** | **1,347.97** | **13.38%** | **1,158.38** | **14.21%** |
| **Tax expense** | | | | |
| Current tax (A) | 185.24 | 1.84% | 6.81 | 0.08% |
| Deferred tax (net) (B) | 189.75 | 1.88% | 280.45 | 3.44% |
| **Total Tax (A) + (B)** | **374.99** | **3.72%** | **287.26** | **3.52%** |
| **Profit from continuing operations after tax** | **972.98** | **9.66%** | **871.12** | **10.69%** |
| **Profit from discontinued operations before tax** | **-** | **-** | **555.69** | **6.82%** |
| Tax expense on discontinued operations | - | - | (0.80) | (0.01)% |
| **Profit from discontinued operations after tax** | **-** | **-** | **556.49** | **6.83%** |
| **Profit for the year** | **972.98** | **9.66%** | **1,427.61** | **17.51%** |

## Total income

Total income increased by 23.53% from ₹ 8,152.24 crores in Fiscal 2024 to ₹ 10,070.83 crores in Fiscal 2025 for the reasons discussed below.

### *Revenue from Operations*

Revenue from operations increased by 23.15% from ₹ 8,045.98 crores in Fiscal 2024 to ₹ 9,908.66 crores in Fiscal 2025, primarily due to increase in sale of products from ₹ 7,818.84 crores in Fiscal 2024 to ₹ 9,590.25 crores in Fiscal 2025, increase in income from sale of services from ₹ 85.14 crores in Fiscal 2024 to ₹ 87.79 crores in Fiscal 2025, increase in income from construction contracts from ₹ 51.77 crores in Fiscal 2024 to ₹ 136.68 crores in Fiscal 2025 and increase in other operating income – scrap sales from ₹ 90.23 crores in Fiscal 2024 to ₹ 93.94 crores in Fiscal 2025.

### *Other Income*

Other income increased by 52.62% from ₹ 106.26 crores in Fiscal 2024 to ₹ 162.17 crores in Fiscal 2025, primarily due to an increase in interest income from deposits with banks from ₹ 40.95 crores in Fiscal 2024 to ₹ 57.47 crores in Fiscal 2025, increase in interest income from others from ₹ 6.73 crores in Fiscal 2024 to ₹ 13.87 crores in Fiscal 2025, increase in gain on sale of investments (net) from ₹ 18.59 crores in Fiscal 2024 to ₹ 36.10 crores in Fiscal 2025, increase in liabilities no longer required written back from nil in Fiscal 2024 to ₹ 31.28 crores in Fiscal 2025 and increase in miscellaneous income from ₹ 5.67 crores in Fiscal 2024 to ₹ 11.80 crores in Fiscal 2025. This was offset by a decrease in interest income from income tax refund from ₹ 15.60 crores in Fiscal 2024 to ₹ 0.41 crores in Fiscal 2025.

## Total Expenses

Our total expenses increased by 24.34% from ₹ 7,015.34 crores in Fiscal 2024 to ₹ 8,722.86 crores in Fiscal 2025, for the reasons discussed below.

### *Costs of materials consumed*

Costs of materials consumed increased by 25.53% from ₹ 5,387.04 crores in Fiscal 2024 to ₹ 6,762.31 crores in Fiscal 2025 on account of increase in purchases from ₹ 5,490.18 crores in Fiscal 2024 to ₹ 6,890.46 crores in Fiscal 2025.

### *Purchases of stock-in-trade*

Purchases of stock-in-trade increased by 32.31% from ₹ 271.57 crores in Fiscal 2024 to ₹ 359.32 crores in Fiscal 2025.

***Changes in inventories of finished goods, work in progress and stock-in-trade***

Changes in inventories of finished goods, work in progress and stock-in-trade was ₹ (195.44) crores in Fiscal 2025 as compared to ₹ (106.46) crores in Fiscal 2024.

***Employee Benefits Expense***

Employee benefits expense increased by 20.59% from ₹ 508.14 crores in Fiscal 2024 to ₹ 612.77 crores in Fiscal 2025, primarily due to increase in salaries, wages and bonus from ₹ 405.21 crores in Fiscal 2024 to ₹ 486.32 crores in Fiscal 2025 and increase in share based payment expense from ₹ 15.96 crores in Fiscal 2024 to ₹ 22.90 crores in Fiscal 2025, increase in staff welfare expense from ₹ 36.44 crores in Fiscal 2024 to ₹ 44.70 crores in Fiscal 2025 and increase in contribution to provident and other funds from ₹ 46.43 crores in Fiscal 2024 to ₹ 52.42 crores in Fiscal 2025.

***Finance Costs***

Finance costs have increased from ₹ 2.54 crores in Fiscal 2024 to ₹ 7.09 crores in Fiscal 2025 primarily due to an increase in interest expenses from ₹ 1.36 crores in Fiscal 2024 to ₹ 5.40 crores in Fiscal 2025.

***Depreciation and Amortisation Expense***

Depreciation and amortisation expense increased by 17.86% from ₹ 94.89 crores in Fiscal 2024 to ₹ 111.84 crores in Fiscal 2025 primarily due to increase in depreciation of property, plant and equipment from ₹ 71.18 crores in Fiscal 2024 to ₹ 83.36 crores in Fiscal 2025.

***Other Expenses***

Other expenses have increased by 24.18% from ₹ 857.62 crores in Fiscal 2024 to ₹ 1,064.97 crores in Fiscal 2025 primarily due to increase in sub contracting charges from ₹ 144.94 crores in Fiscal 2024 to ₹ 185.71 crores in Fiscal 2025, increase in after sales services including warranties from ₹ 62.90 crores in Fiscal 2024 to ₹ 86.64 crores in Fiscal 2025, increase in freight and forwarding from ₹ 136.03 crores in Fiscal 2024 to ₹ 148.92 crores in Fiscal 2025, increase in legal and professional charges from ₹ 66.10 crores in Fiscal 2024 to ₹ 124.70 crores in Fiscal 2025, increase in miscellaneous expenses from ₹ 156.98 crores in Fiscal 2024 to ₹ 204.66 crores in Fiscal 2025 and increase in travelling and conveyance expenses from ₹ 17.42 crores in Fiscal 2024 to ₹ 29.32 crores in Fiscal 2025.

**Exceptional Items (net)**

Exceptional items (net) in Fiscal 2024 was ₹ 21.48 crores compared to nil in Fiscal 2025. Our exceptional items (net) in Fiscal 2024 primarily consisted of net gain (net of transaction costs and taxes) on sale of net assets in wholly owned step down foreign subsidiary of ₹ 65.39 crores, reversal/ (provision) towards other litigations of ₹ (42.00) crores and compensation to employees pursuant to voluntary retirement scheme of ₹ (2.45) crores.

**Profit before Tax**

For the reasons discussed above, our profit before tax was ₹ 1,347.97 crores in Fiscal 2025 compared to ₹ 1,158.38 crores in Fiscal 2024.

**Tax Expense**

Current tax increased from ₹ 6.81 crores in Fiscal 2024 to ₹ 185.24 crores in Fiscal 2025. Deferred tax (net) decreased by 32.34% from ₹ 280.45 crores in Fiscal 2024 to ₹ 189.75 crores in Fiscal 2025.

**Profit from discontinued operations before tax**

Our profit from discontinued operations before tax decreased from ₹ 555.69 crores in Fiscal 2024 to nil in Fiscal 2025.

**Profit for the Year**

For the various reasons discussed above, we recorded a profit for the year of ₹ 972.98 crores in Fiscal 2025 as compared with ₹ 1,427.61 crores in Fiscal 2024.

**FISCAL 2024 COMPARED WITH FISCAL 2023**

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscals 2024 and 2023:

| **Particulars** | **Fiscal 2024** | | **Fiscal 2023** | |
|---|---|---|---|---|
| | **(₹ in crores)** | **Percentage of Total Income** | **(₹ in crores)** | **Percentage of Total Income** |
| **Income** | | | | |
| Revenue from operations | 8,045.98 | 98.70% | 6,972.54 | 99.04% |
| Other income | 106.26 | 1.30% | 67.76 | 0.96% |
| **Total income** | **8,152.24** | **100.00%** | **7,040.30** | **100.00%** |
| **Expenses** | | | | |
| Cost of materials consumed | 5,387.04 | 66.08% | 4,585.00 | 65.13% |
| Purchases of stock-in-trade | 271.57 | 3.33% | 268.61 | 3.82% |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (106.46) | (1.31)% | 2.02 | 0.03% |
| Employee benefits expense | 508.14 | 6.23% | 421.70 | 5.99% |
| Finance costs | 2.54 | 0.03% | 16.20 | 0.23% |
| Depreciation and amortisation expense | 94.89 | 1.16% | 94.50 | 1.34% |
| Other expenses | 857.62 | 10.52% | 701.89 | 9.97% |
| **Total expenses** | **7,015.34** | **86.05%** | **6,089.92** | **86.50%** |
| **Profit before exceptional items and tax** | **1,136.90** | **13.95%** | **950.38** | **13.50%** |
| Exceptional items (net) | **21.48** | **0.26%** | **51.76** | **0.74%** |
| **Profit before tax** | **1,158.38** | **14.21%** | **1,002.14** | **14.23%** |
| **Tax expense** | | | | |
| Current tax (A) | 6.81 | 0.08% | 13.40 | 0.19% |
| Deferred tax (net) (B) | 280.45 | 3.44% | 192.41 | 2.73% |
| **Total Tax (A) + (B)** | **287.26** | **3.52%** | **205.81** | **2.92%** |
| **Profit from continuing operations after tax** | **871.12** | **10.69%** | **796.33** | **11.31%** |
| **Profit from discontinued operations before tax** | **555.69** | **6.82%** | **169.80** | **2.41%** |
| Tax expense on discontinued operations | (0.80) | (0.01)% | 3.16 | 0.04% |
| **Profit from discontinued operations after tax** | **556.49** | **6.83%** | **166.64** | **2.37%** |
| **Profit for the year** | **1427.61** | **17.51%** | **962.97** | **13.68%** |

## Total income

Total income increased by 15.79% from ₹ 7,040.30 crores in Fiscal 2023 to ₹ 8,152.24 crores in Fiscal 2024 for the reasons discussed below.

***Revenue from Operations***

Revenue from operations increased by 15.40% from ₹ 6,972.54 crores in Fiscal 2023 to ₹ 8,045.98 crores in Fiscal 2024, primarily due to increase in sale of products from ₹ 6,824.91 crores in Fiscal 2023 to ₹ 7,818.84 crores in Fiscal 2024, increase in income from sale of services from ₹ 34.97 crores in Fiscal 2023 to ₹ 85.14 crores in Fiscal 2024, increase in income from construction contracts from ₹ 34.72 crores in Fiscal 2023 to ₹ 51.77 crores in Fiscal 2024 and increase in other operating income – scrap sales from ₹ 77.94 crores in Fiscal 2023 to ₹ 90.23 crores in Fiscal 2024.

***Other Income***

Other income increased by 56.82% from ₹ 67.76 crores in Fiscal 2023 to ₹ 106.26 crores in Fiscal 2024, primarily due to an increase in interest income from deposits with banks from ₹ 24.26 crores in Fiscal 2023 to ₹ 40.95 crores in Fiscal 2024, increase in interest income from income tax refund from nil in Fiscal 2023 to ₹ 15.60 crores in Fiscal 2024, increase in interest income from others from ₹ 4.66 crores in Fiscal 2023 to ₹ 6.73 crores in Fiscal 2024, increase in gain on sale of investments (net) from ₹ 1.90 crores in Fiscal 2023 to ₹ 18.59 crores in Fiscal 2024 and profit on sale of property, plant and equipment from ₹ 2.41 crores in Fiscal 2023 to ₹ 5.54 crores in Fiscal 2024. This was offset by decrease in miscellaneous income from ₹ 29.04 crores in Fiscal 2023 to ₹ 5.67 crores in Fiscal 2024.

## Total Expenses

Our total expenses increased by 15.20% from ₹ 6,089.92 crores in Fiscal 2023 to ₹ 7,015.34 crores in Fiscal 2024, for the reasons discussed below.

***Costs of materials consumed***

Costs of materials consumed increased by 17.49% from ₹ 4,585.00 crores in Fiscal 2023 to ₹ 5,387.04 crores in Fiscal 2024 on account of increase in purchases from ₹ 4,635.52 crores in Fiscal 2023 to ₹ 5,490.18 crores in Fiscal 2024.

***Purchases of stock-in-trade***

Purchases of stock-in-trade increased by 1.10% from ₹ 268.61 crores in Fiscal 2023 to ₹ 271.57 crores in Fiscal 2024.

***Changes in inventories of finished goods, work in progress and stock-in-trade***

Changes in inventories of finished goods, work in progress and stock-in-trade was ₹ (106.46) crores in Fiscal 2024 as compared to ₹ 2.02 crores in Fiscal 2023.

***Employee Benefits Expense***

Employee benefits expense increased by 20.50% from ₹ 421.70 crores in Fiscal 2023 to ₹ 508.14 crores in Fiscal 2024, primarily due to increase in salaries, wages and bonus from ₹ 343.99 crores in Fiscal 2023 to ₹ 405.21 crores in Fiscal 2024 and increase in share based payment expense from ₹ 4.42 crores in Fiscal 2023 to ₹ 15.96 crores in Fiscal 2024, increase in staff welfare expense from ₹ 29.45 crores in Fiscal 2023 to ₹ 36.44 crores in Fiscal 2024 and increase in contribution to provident and other funds from ₹ 43.84 crores in Fiscal 2023 to ₹ 46.43 crores in Fiscal 2024.

***Finance Costs***

Finance costs have decreased by 84.32% from ₹ 16.20 crores in Fiscal 2023 to ₹ 2.54 crores in Fiscal 2024 due to repayment of term loan which resulted in decrease in interest expense from ₹ 15.08 crores in Fiscal 2023 to ₹ 1.36 crores in Fiscal 2024.

***Depreciation and Amortisation Expenses***

Depreciation and amortisation increased by 0.41% from ₹ 94.50 crores in Fiscal 2023 to ₹ 94.89 crores in Fiscal 2024 primarily due to increase in amortisation of intangible assets from ₹ 20.72 crores in Fiscal 2023 to ₹ 23.71 crores in Fiscal 2024. This was offset by decrease in depreciation of property, plant and equipment from ₹ 73.78 crores in Fiscal 2023 to ₹ 71.18 crores in Fiscal 2024.

***Other Expenses***

Other expenses have increased by 22.19% from ₹ 701.89 crores in Fiscal 2023 to ₹ 857.62 crores in Fiscal 2024 primarily due to increase in subcontracting charges of ₹ 119.80 crores in Fiscal 2023 to ₹ 144.94 crores in Fiscal 2024, increase in rent from ₹ 11.78 crores in Fiscal 2023 to ₹ 17.28 crores in Fiscal 2024, increase in freight and forwarding from ₹ 122.07 crores in Fiscal 2023 to ₹136.03 crores in Fiscal 2024, increase in after sales services including warranties from ₹ 49.87 crores in Fiscal 2023 to ₹ 62.90 crores in Fiscal 2024, increase in sales promotion from ₹ 7.87 crores in Fiscal 2023 to ₹ 14.71 crores in Fiscal 2024, and increase in miscellaneous expenses from ₹ 113.74 crores in Fiscal 2023 to ₹ 156.98 crores in Fiscal 2024.

**Exceptional Items (net)**

Exceptional items (net) in Fiscal 2023 was ₹ 51.76 crores compared to ₹ 21.48 crores in Fiscal 2024. Our exceptional items (net) in Fiscal 2023 consisted of Reversal / (provision) related to claims under dispute / litigation of ₹ 31.77 crores, Reversal of excess provision towards settlement of corporate guarantee obligation including net foreign exchange gain / (loss) of ₹ 24.30 crores and Foreign currency translation reserve transferred to statement of profit or loss on deconsolidation of subsidiaries of ₹ (4.31) crores. Further, our exceptional items (net) in Fiscal 2024 primarily consisted of net gain (net of transaction costs and taxes) on sale of net assets in wholly owned step down foreign subsidiary of ₹ 65.39 crores, reversal/ (provision) towards other litigations of ₹ (42.00) crores and compensation to employees pursuant to voluntary retirement scheme of ₹ (2.45) crores.

**Profit before Tax**

For the reasons discussed above, our profit before tax was ₹ 1,158.38 crores in Fiscal 2024 compared to ₹ 1,002.14 crores in Fiscal 2023.

**Tax Expense**

Current tax decreased by 49.18% from ₹ 13.40 crores in Fiscal 2023 to ₹ 6.81 crores in Fiscal 2024. Deferred tax (net) increased from ₹ 192.41 crores in Fiscal 2023 to ₹ 280.45 crores in Fiscal 2024.

**Profit from discontinued operations before tax**

Our profit from discontinued operations before tax increased from ₹ 169.80 crores in Fiscal 2023 to ₹ 555.69 crores in Fiscal 2024.

**Profit for the Year**

For the various reasons discussed above, we recorded a profit for the year of ₹ 1,427.61 crores in Fiscal 2024 as compared with ₹ 962.97 crores in Fiscal 2023.

## LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through internal accruals from our operations and debt financing. From time to time, we may obtain loan facilities to finance our short term working capital requirements.

## CASH FLOWS

The following table sets forth certain information relating to our cash flows in the years indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| | (₹ in crores) | | |
| Net cash flow (used in ) / from continuing operating activities | 944.42 | 403.26 | 936.36 |
| Net cash flow (used in) / from discontinued operating activities | - | (6.27) | 10.50 |
| Net cash flow (used in) / from continuing and discontinued operating activities [A] | 944.42 | 396.99 | 946.86 |
| Net cash flow (used in)/ from continuing investing activities | (568.08) | (745.37) | (19.88) |
| Net cash flow (used in)/ from discontinued investing activities | - | 83.20 | (0.81) |
| Net cash flow (used in) / from continuing and discontinued investing activities [B] | (568.08) | (662.17) | (20.69) |
| Net cash flow (used in) / from continuing financing activities | (166.62) | (245.69) | (609.01) |
| Net cash flow (used in) / from discontinued financing activities | - | (0.64) | (2.53) |
| Net cash flow (used in) / from continuing and discontinued financing activities [C] | (166.62) | (246.33) | (611.54) |
| Net increase / (decrease) in cash and cash equivalents [A+B+C] | 209.72 | (511.51) | 314.63 |
| Cash and cash equivalents at beginning of the year | 200.40 | 711.91 | 397.28 |
| Cash and cash equivalents at end of the year | 410.12 | 200.40 | 711.91 |

### Operating Activities

***Fiscal 2025***

Net cash flow (used in)/ from continuing operating activities was ₹ 944.42 crores in Fiscal 2025. Our profit before tax from continuing operations for Fiscal 2025 was ₹ 1,347.97 crores. Primary adjustments consisted of depreciation and amortisation expense of ₹ 111.84 crores, interest income of ₹ (71.75) crores, share based payment expense of ₹ 22.90 crores, profit on sale of investments (net) of ₹ (36.10) crores, liabilities no longer required written back of ₹ (31.28) crores and bad debts written off/(reversal) (net) of ₹ (15.43) crores.

Our operating profit before working capital changes was ₹ 1,342.02 crores. Primary adjustments consisted of increase in trade receivables of ₹ (437.62) crores, increase in inventories of ₹ (325.30) crores, increase in other current financial liabilities and current liabilities of ₹ 183.49 crores and increase in trade payables of ₹ 346.85 crores.

***Fiscal 2024***

Net cash flow (used in)/ from continuing operating activities was ₹ 403.26 crores in Fiscal 2024. Our profit before tax from continuing operations for Fiscal 2024 was ₹ 1158.38 crores. Primary adjustments consisted of depreciation and amortisation expense of ₹ 94.89 crores, interest income of ₹ (63.28) crores, profit on sale of investments (net) of ₹ (18.59) crores, share based payment expense of ₹ 15.96 crores and exceptional items (net) of ₹ (21.48) crores.

Our operating profit before working capital changes was ₹ 1,154.28 crores. Primary adjustments consisted of increase in trade receivables of ₹ (239.23) crores, decrease in other non-current financial assets of ₹ 1.69 crores, increase in other current financial assets and current assets of ₹ (24.81) crores, increase in bank balance other than cash and cash equivalents of ₹ (631.40) crores, increase in inventories of ₹ (209.53) crores, increase in trade payables of ₹ 228.21 crores, increase in other current financial liabilities and current liabilities of ₹ 90.85 crores and increase in non-current and current provisions of ₹ 26.65 crores.

***Fiscal 2023***

Net cash flow (used in)/ from continuing operating activities was ₹ 936.36 crores in Fiscal 2023. Our profit before tax from continuing operations for Fiscal 2023 was ₹ 1,002.14 crores. Primary adjustments consisted of depreciation and amortisation expense of ₹ 94.50 crores, allowance for doubtful receivables (net) of ₹ 11.91 crores, interest income of ₹ (28.92) crores, finance costs of ₹ 16.20 crores, liabilities no longer required written back of ₹ (18.86) crores and exceptional items (net) of ₹ (51.76) crores.

Our operating profit before working capital changes was ₹ 1,019.00 crores. Primary adjustments consisted of increase in trade and other receivables of ₹ (278.17) crores, increase in inventories of ₹ (48.62) crores, increase in trade and other payables of ₹ 243.35 crores and increase in provisions of ₹ 12.03 crores.

**Investing Activities**

***Fiscal 2025***

Net cash (used in)/ from continuing investing activities was ₹ (568.08) crores in Fiscal 2025, primarily on account of purchase of investments of ₹ (4,594.13) crores, interest received of ₹ 68.01 crores, bank balances other than cash and cash equivalents (net) of ₹ (194.87) crores, consideration for acquisition of equity shares in G.G.Tronics India Private Limited from its erstwhile promoters (net of cash acquired) of ₹ (171.53) crores and purchase of property plant and equipment (including capital work-in-progress, capital advances and capital creditors) and intangible assets (including under development) of ₹ (427.32) crores. It was offset by proceeds from sale of investments of ₹ 4,785.03 crores.

***Fiscal 2024***

Net cash (used in)/ from continuing investing activities was ₹ (745.37) crores in Fiscal 2024, primarily on account of purchase of property, plant and equipment (including capital work-in-progress and capital advances) and intangible assets of ₹ (234.27) crores and purchase of investments of ₹ (1784.00) crores. It was offset by proceeds from sale of property, plant and equipment ₹ 11.48 crores, proceeds from sale of investments of ₹ 1220.55 crores and interest received of ₹ 42.36 crores.

***Fiscal 2023***

Net cash (used in)/ from continuing investing activities was ₹ (19.88) crores in Fiscal 2023, primarily on account of purchase of property, plant and equipment (including capital work-in-progress and capital advances) and intangible assets (including under development) of ₹ (85.46) crores, purchase of investments of ₹ (92.33) crores and unrealised exchange gain/(loss) on consolidation (net) of ₹ (8.45) crores. It was partially offset by proceeds from sale of investments of ₹ 134.50 crores and interest received of ₹ 28.19 crores.

**Financing Activities**

***Fiscal 2025***

Net cash (used in)/ from continuing financing activities was ₹ (166.62) crores in Fiscal 2025, primarily on account of dividend paid of ₹ (198.75) crores and repayment of borrowings of ₹ (15.68) crores. This was offset by proceeds from issue of equity shares of ₹ 32.35 crores and proceeds from subscription of equity in subsidiary by non-controlling interest of ₹ 29.93 crores.

***Fiscal 2024***

Net cash (used in)/ from continuing financing activities was ₹ (245.69) crores in Fiscal 2024, primarily on account of dividend paid of ₹ (198.55) crores and payment towards settlement of litigation with asset reconstruction company of ₹ (42.00) crores. This was offset by proceeds from issue of equity shares and warrants of ₹ 3.15 crores.

***Fiscal 2023***

Net cash (used in)/ from continuing financing activities was ₹ (609.01) crores in Fiscal 2023, primarily on account of repayment of long-term borrowings of ₹ (315.65) crores, dividend paid of ₹ (229.07) crores, payment towards corporate guarantee settlement of ₹ (100.72) crores, finance cost paid of ₹ (9.51) crores and payment of lease liabilities of ₹ (8.99) crores. This was offset by proceeds from issue of equity shares and warrants of ₹ 55.58 crores.

**INDEBTEDNESS**

As of March 31, 2025, our current borrowings was ₹ 0.08 crores and non-current borrowings was ₹ 0.26 crores.

**MATURITY PROFILE OF OUR FINANCIAL LIABILITIES**

The table below provides details regarding the contractual maturities of financial liabilities as of March 31, 2025 based on contractual undiscounted payments:

| Particulars | As of March 31, 2025 (₹ in crores) | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | Over 5 years | Total |
| Non-current - Borrowings | - | 0.26 | - | 0.26 |
| Current - Borrowings | 0.08 | - | - | 0.08 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 25.73 | 0.44 | 26.17 |
| Trade payables | 1,870.04 | - | - | 1,870.04 |
| Other financial liabilities | 460.36 | - | - | 460.36 |
| Lease liabilities | 15.89 | 27.33 | 4.88 | 48.10 |

## CONTINGENT LIABILITIES

As at March 31, 2025, our contingent liabilities as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets were as follows:

| Particulars | March 31, 2025 (Amount in ₹ crores) |
|---|---|
| (a) Claims against the Group not acknowledged as debts | 3.74 |
| (b) Sales tax / VAT / goods and service tax liability that may arise in respect of matters in appeal | 3.94 |
| (c) Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | 8.78 |
| (d) Income tax liability that may arise in respect of matters in appeal | 1.45 |

(1) *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.*

(2) *It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration / appellate proceedings.*

(3) *Sales tax / VAT / goods and service tax cases include disputes pertaining to disallowances of input tax credit and non-submission of various forms with authorities.*

(4) *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.*

(5) *Contingent liabilities for Income tax cases pertains to disallowance of expenses, etc.*

(6) *The Company had received Assessment Order dated February 27, 2024 under 143(3) of the Income Tax Act, 1961, pertaining to financial year 2021-22. As per assessment order, tax demand payable is ₹ 188.79 crores. The Company has filed appeal before Commissioner of Income Tax (Appeals). Considering the facts, demand raised is mainly on account of disallowance of claims for settlement of Corporate guarantee and non-granting of set-off tax losses. The Company has obtained stay on tax demand by paying ₹ 4.89 crores, as per stay order issued by the Deputy Commissioner of Income tax.*

(7) *One of the subsidiary of the Group has delayed the conduct of its annual general meeting for the years ended 31 March 2022, 31 March 2021, 31 March 2020, 31 March 2019 and 31 March 2018 beyond the timelines prescribed in section 96 of the Companies Act, 2013. The said subsidiary has made compounding applications under section 441 of the Companies Act, 2013 for the aforesaid years with Registrar of Companies in respect of delays. Any fines / penalties that may be levied are not presently ascertainable but are not expected to be material to the financial statements.*

(8) *During the year ended March 31, 2025, our Company based on the direction of Bombay High Court, has filed a revised income tax returns for AY 2015-16 to AY 2020-21 based on the recasted / revised accounts for respective financial years, following which the Company has received assessment order from income tax department for certain years and made additions to the total income resulting in an aggregate tax demand of ₹248.40 crores. Our Company has filed an appeal against the assessment orders before the Commissioner of Income Tax (Appeals) which is currently pending. The same has been subsequently stayed by the income tax department.*

## CAPITAL & OTHER COMMITMENTS

The following table sets forth capital and other commitments as at March 31, 2025:

| Particulars | As at March 31, 2025 (₹ in crores) |
|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 631.47 |

## OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements. Further, we have off balance sheet item of performance and other bank guarantees of ₹ 731.82 crores as of March 31, 2025. These are primarily issued to ensure the fulfilment of obligations related to the performance of products or services under a contract.

**CAPITAL EXPENDITURES**

For Fiscals 2025, 2024 and 2023, our purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors) and intangible assets (including under development) were ₹ 427.32 crores, ₹ 234.27 crores and ₹ 85.46 crores, respectively.

**RELATED PARTY TRANSACTIONS**

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Related Party Transactions*" on page 35.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in our accounting policies in Fiscals 2025, 2024 and 2023.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our Group'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 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 risk such as: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include foreign currency receivables, payables, and borrowings and derivative financial instruments.

**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.

**Foreign Currency Risk**

Our Group's functional currency is Indian Rupee. Our 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.

**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. Our 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, 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 given, other financial assets and 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.

**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. Our 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.

## TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED

Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are as under:

(a) Power Systems: Transformer, Switchgear and Turnkey Projects

(b) Industrial Systems: Electric Motors, Alternators, Drives, Traction Electronics, Traction Motors, SCADA and Fast Moving Electrical Goods

(c) Semiconductors: Outsourced Semiconductor Assembly and Test (OSAT) facility and Radio Frequency; and

(d) Others: Adhesive tapes and labels

Set forth below are details of our segment revenues – external sales in the years indicated:

| **Particulars** | **Fiscal 2025** | **Fiscal 2024** | **Fiscal 2023** |
|---|---|---|---|
| | **(₹ in crores)** | | |
| Power Systems | 3,505.94 | 2,595.42 | 2,022.05 |
| Industrial Systems | 6,375.65 | 5,428.64 | 4,934.40 |
| Semiconductors | - | - | - |
| Others | 27.07 | 21.92 | 16.09 |

**During the quarter ended March 31, 2025, the Company identified OSAT and Radio Frequency ("RF") business as separate operating segment as 'Semiconductors' based on criteria stated in IND AS 108.*

## NEW PRODUCTS OR BUSINESS SEGMENTS

Except as described in this Preliminary Placement Document, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

## UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

There have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

## KNOWN TRENDS OR UNCERTAINTIES

Other than as described in this Preliminary Placement Document, particularly in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 36 and 80, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

## FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 36, 186 and 80, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

## SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

See, "*Risk Factors - We derive a portion of our revenues from the undertakings of the Indian Railways. A reduction in demand from the Indian Railways for our products or any adverse change in policy of the Ministry of Railways, Government of India could adversely affect our business, results of operations, financial condition and cash flows.*" on page 44. Further, we do not have a material dependence on a single or a few suppliers.

## SEASONALITY OF BUSINESS

Our business is not seasonal in nature.

## COMPETITIVE CONDITIONS

We operate in a competitive environment. See, "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 186, 108 and 36, respectively.

## SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2025 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed below, no circumstances have arisen since March 31, 2025, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

During Fiscal 2025, our Company, together with our Subsidiaries (collectively referred to as the "**Group**"), entered into a definitive agreement dated October 4, 2024, with Renesas Electronics America Inc. and other affiliated entities of Renesas Electronics Corporation for the acquisition of the radio frequency components business through one or more Group subsidiaries. The Group has secured approval from the Committee on Foreign Investment in the United States as well as other necessary regulatory and statutory approvals for the said acquisition. Subsequent to the year end, the Group has acquired radio frequency components business from Renesas Electronics America Inc. and other affiliate entities of Renesas Electronics Corporation for consideration of about USD 36 million subject to closing adjustments and Escrow amount. In accordance with Ind AS 103, the identifiable assets acquired and liabilities assumed are required to be recognized at their fair values as of the acquisition date, i.e., April 3, 2025. However, as of the date of this Preliminary Placement Document, the purchase price allocation (PPA) process remains ongoing. The Group expects to complete the PPA within the measurement period as permitted under Ind AS 103.

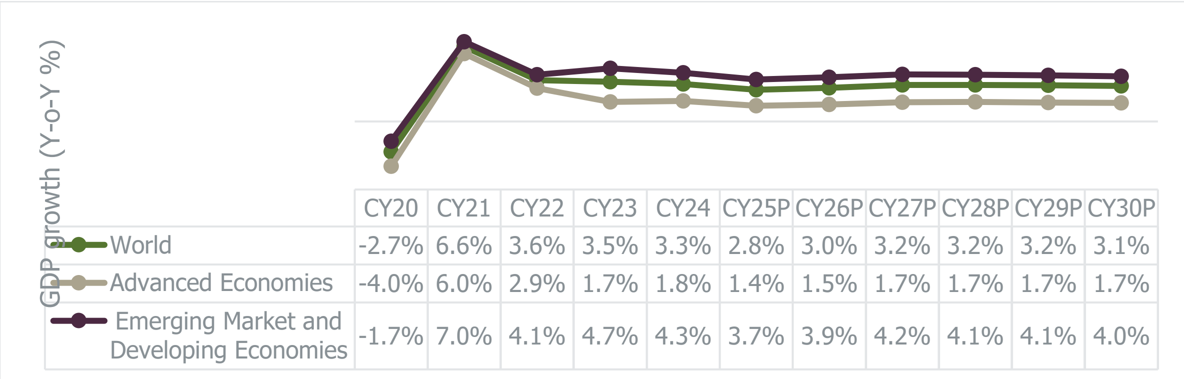
## INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Research Report on Electrical Engineering Equipment Industry" dated June 2025 (the "**CareEdge Report**") prepared and issued by Care Analytics and Advisory Private Limited ("**CareEdge Research**"), appointed by pursuant to engagement letter dated November 14, 2024 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with this Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CareEdge Report and included herein with respect to any particular calendar year/Fiscal refers to such information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the CareEdge Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks" on page 55. References to various segments in the CareEdge Report and information derived from therein are references to industry segments and in accordance with the presentation, analysis, and categorisation in the CareEdge Report.*
*Our segment reporting in our financial statements is based on the criteria set out in Ind AS 108, Operating Segments and we do not present such industry segments as operating segments.*

### Global Economy

Global growth, which reached 3.5% in CY23, stabilized at 3.3% for CY24 and projected to decrease at 2.8% for CY25. Global trade is expected to be disrupted by new US tariffs and countermeasures from trading partners, leading to historically high tariff rates and negatively impacting economic growth projections. The global landscape is expected to change as countries rethink their priorities and policies in response to these new developments. Central banks priority will be to adjust policies, while smart fiscal planning and reforms are key to handling debt and reducing global inequalities.

**Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)**




*Source: IMF – World Economic Outlook, April 2025; Notes: P-Projection, E-Estimated*

**GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)**

| | Real GDP (Y-o-Y change in %) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | CY20 | CY21 | CY22 | CY23 | CY24 | CY25P | CY26P | CY27P | CY28P | CY29P | CY30P |
| India | -5.8 | 9.7 | 7.6 | 9.2 | 6.5 | 6.2 | 6.3 | 6.5 | 6.5 | 6.5 | 6.5 |
| China | 2.3 | 8.6 | 3.1 | 5.4 | 5.0 | 4.0 | 4.0 | 4.2 | 4.1 | 3.7 | 3.4 |
| Indonesia | -2.1 | 3.7 | 5.3 | 5.0 | 5.0 | 4.7 | 4.7 | 4.9 | 5.0 | 5.1 | 5.1 |
| Saudi Arabia | -3.6 | 5.1 | 7.5 | -0.8 | 1.3 | 3.0 | 3.7 | 3.6 | 3.2 | 3.2 | 3.3 |
| Brazil | -3.3 | 4.8 | 3.0 | 3.2 | 3.4 | 2.0 | 2.0 | 2.2 | 2.3 | 2.4 | 2.5 |
| Euro Area | -6.0 | 6.3 | 3.5 | 0.4 | 0.9 | 0.8 | 1.2 | 1.3 | 1.3 | 1.2 | 1.1 |
| United States | -2.2 | 6.1 | 2.5 | 2.9 | 2.8 | 1.8 | 1.7 | 2.0 | 2.1 | 2.1 | 2.1 |

*Source: IMF- World Economic Outlook Database (April 2025)*

*Note: P- Projections, E-Estimate; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.*

**Advanced Economies Group**

Advanced economies, growth is now projected to decline from an estimated 1.8% in CY24 to 1.4% in CY25 and 1.5% in CY26, with the CY25 forecast revised down by 0.5 percentage points compared to the January 2025 WEO Update.

The **United States** growth is projected to ease to 1.8% in CY25, lower than the January 2025 forecast by 1 percent point. The revision reflects factors such as policy uncertainty, ongoing trade dynamics, and a slower pace of consumption demand. In CY26, growth is expected to remain moderate at 1.7%, influenced by trade measures and steady private consumption.

The **Euro Area's** growth is anticipated to ease slightly to 0.8% in CY25 due to the uncertainties in the trade tariffs and with a modest recovery in CY26 to 1.2% which is supported by consumption demand.

**Emerging Market and Developing Economies Group**

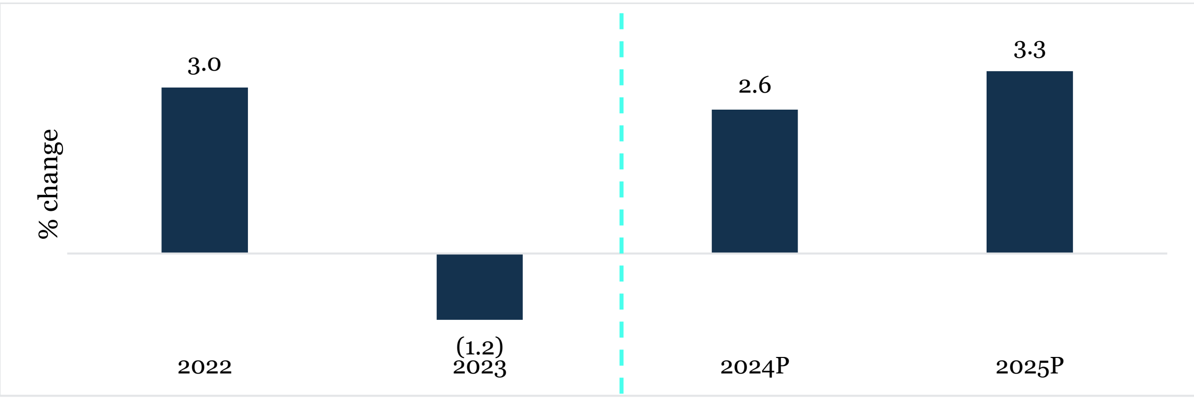
Emerging market and developing economies are forecasted to drop to 3.7% in CY25 and 3.9% in CY26, followed by an estimation of 4.3% for CY24. The economic forecast for emerging and developing Asia is expected to decline to 4.5% in CY25 and 4.6% in CY26. China's GDP growth for CY25 has been revised down to 4.0% from 4.6%, reflecting the impact of newly implemented tariffs, which offset the stronger momentum from late CY24 and planned fiscal expansion. The 2026 forecast is also lowered to 4.0% from 4.5%, due to ongoing trade policy uncertainty and the continued effect of tariffs. In contrast, India's growth remains stable, with anticipated rates of 6.2% in CY25 and 6.3% in CY26. This growth is mainly supported by private consumption.

The Indonesian economy is expected to register growth of 4.7% in CY25 and CY26, an important concern for Indonesia is the trade fragmentation. Saudi Arabia’s growth in CY25 is predicted to have the growth rate to 3.0% on account of the extension of oil production cuts taking place in the country. Going forward, GDP is expected to grow at 3.7% in CY26. On the other hand, Brazil's growth is projected to be 2.0% in CY25 and CY26 due to the anticipated tightening of the labour market and ongoing restrictive monetary policy, growth is expected to slow down.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27-CY28. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP projected to be at USD 4.2 trillion for CY25 and is projected to reach USD 5.1 trillion by CY27 and USD 6.8 trillion by CY30. India’s expected GDP growth rate for coming years is almost double compared to the world economy. The Indian economy shows resilience amid global inflation, supported by a stable financial sector, strong service exports, and robust investment driven by government spending and high-income consumer consumption, positioning it for better growth than other economies.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at a range of 6.2%-6.5% in the period of CY25-CY30, outshining China’s growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7.9% share in the global economy, with China on the top followed by the United States.

**World Trade Volumes**

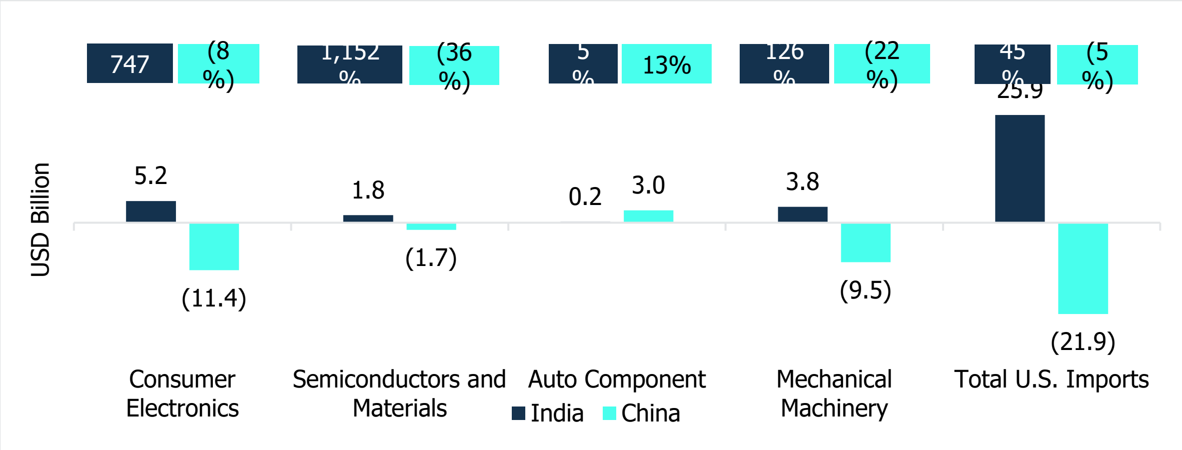



Source: World trade organization

In 2023, World merchandise trade volume experienced a decline of -1.2% led by weak import demand in real terms in most regions, especially in Europe but also in North America and Asia. The main exceptions were the Middle East and the Commonwealth of Independent States (CIS) region, where imports surged. World merchandise trade volume is expected to grow in line with GDP. The merchandise trade volumes (annual % change) expected to grow 2.6% in 2024 and 3.3% in 2025.

**US imports from India witness rapid growth**

**Changes in US Imports from 2019 to 2023**




*Source: US Census Bureau*

*Note: Figures in box indicate percentage change in US imports from 2019 to 2023*

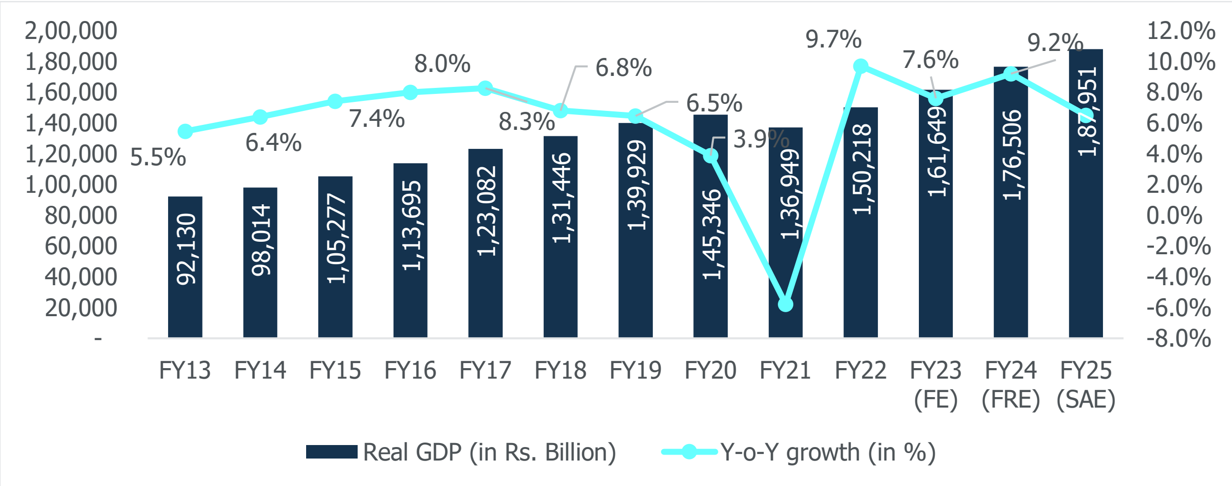
The above data indicates that US imports across strategic categories from China have decreased on a value basis, while they have increased imports across category from India. India gaining global export share at a sector level, there has been rapid growth in exports of Indian semiconductors and consumer electronics, mechanical machinery components to the US.

**Indian Economic Outlook**

**GDP Growth and Outlook**

**Resilience to External Shocks remains Critical for Near-Term Outlook**

**Trend in Real Indian GDP growth rate**




*Note: FRE – First Revised Estimates, FE – Final Estimate, SAE-Second Advance Estimate, PE – Provisional Estimate; Source: MOSPI*

India's real GDP grew by 9.2% in FY24 (Rs. 176,506 billion) which is the highest in the previous 12 years (excluding FY22 being 9.7% on account of end of pandemic) and is estimated to grow by 6.5% in FY25 (Rs. 187,951 billion), driven by double digit growth particularly in the Manufacturing sector, Construction sector and Financial, Real Estate & Professional Services. In FY25, GDP grew 6.5% Y-o-Y, with private consumption increasing by 7.6% and government spending increasing by 3.8% Y-o-Y.

**GDP Growth Outlook**

**FY26 GDP Outlook:** Real GDP growth is projected at 6.5%, driven by strong rural demand, improving employment, and robust business activity. The agriculture sector's bright prospects, healthy reservoir levels, and robust crop production support this growth. Manufacturing is reviving, and services remain resilient, despite global uncertainties. Investment activity is gaining traction, supported by healthy balance sheets and easing financial conditions. However, risks from geopolitical tensions, global market volatility, and geo-economic fragmentation persist

Persistent geopolitical tensions, volatility in international financial markets and geo-economic fragmentation do pose risk to this outlook. Based on these considerations, the RBI, in its April 2025 monetary policy, has projected real GDP growth at 6.5% y-o-y for FY26.

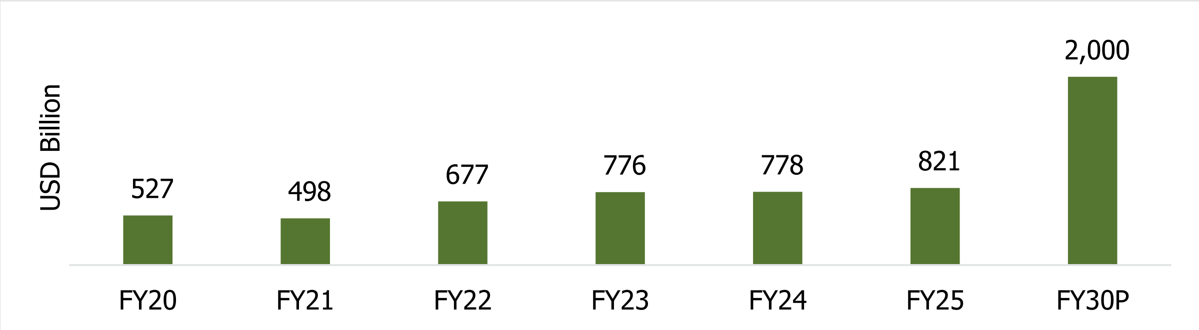
**RBI's GDP Growth Outlook (Y-o-Y %)**

| FY26P (complete year) | Q1FY26P | Q2FY26P | Q3FY26P | Q4FY26P |
|---|---|---|---|---|
| 6.5% | 6.5% | 6.7% | 6.6% | 6.3% |

*Note: P-Projected; Source: Reserve Bank of India*

**Trend in India's Exports**

**India's exports projected to reach USD 2 trillion by 2030**




Source: PIB, CareEdge Research

India's export trends have evolved significantly over recent years, reflecting changes in global trade dynamics, domestic policy initiatives, and sectoral competitiveness. Between FY20 and FY24, India's exports demonstrated a consistent upward trajectory, with a notable recovery in FY22 following the disruptions caused by the COVID-19 pandemic. Trade agreements and policy reforms have bolstered India's export competitiveness. Initiatives like the Production-Linked Incentive (PLI) schemes have aimed to enhance manufacturing capabilities in sectors like electronics, textiles, and automotive. Additionally, the "Make in India" campaign attracts foreign investments and strengthen India's position in global supply chains. India's export scenario is projected to grow at upward trajectory reaching USD 2 trillion, of which product exports from India to constitute ~50% of total exports by 2030.

**Mapping the industrial activity in India: Analysis of changes in Index of Industrial Production (IIP)**

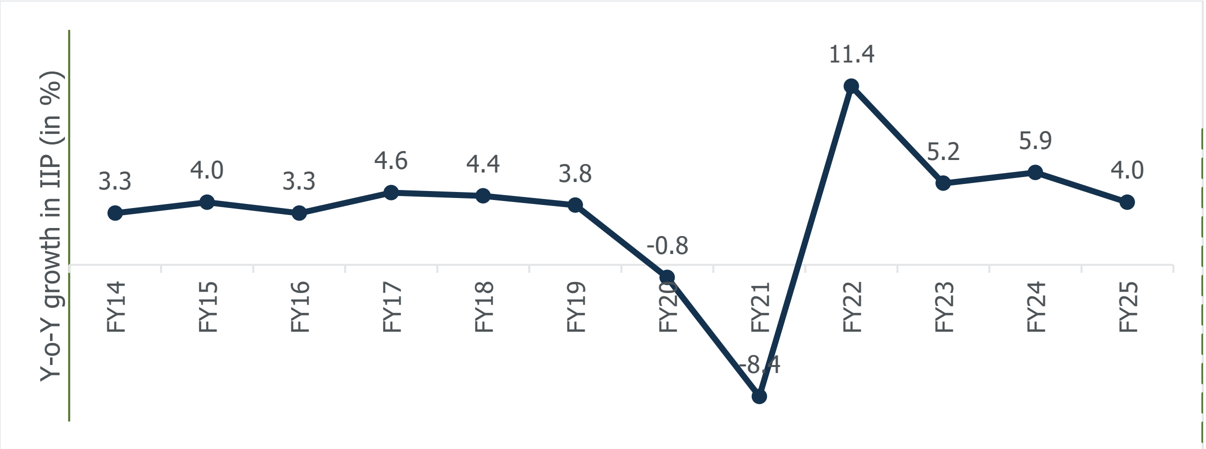
**Improved Core and Capital Goods Sectors helped IIP Growth Momentum**

The Quick Estimates of the Index of Industrial Production (IIP) for March 2025 show a 3.0% growth, up from 2.9% in February 2025. The y-o-y growth for March 2025 was 4.0% down from 5.9% in March 2024 ,the overall growth in the industry was moderate but subdued primarily due to deceleration in consumer non-durables, infrastructure industries, intermediate goods, capital and primary goods.

In March 2025, the industrial growth saw a rise due to Manufacturing (3.0%), and Electricity (6.3%) while witnessing a decline in the mining sector(0.4%). Among the industry group of basic metals, items of flat products of alloy steel, pipes and tubes of steel and bars and rods of mild steel experienced significant growth. Use-based indices had a slowed growth in Primary Goods, Capital Goods, and Intermediate Goods.

Manufacturing growth was driven by basic metals (6.9%), motor vehicles and semi-trailers (10.3%) and electrical equipment (15.7%). While government spending and private investment support growth, declining consumer non-durables and improving rural demand highlight the need for sustained consumption and investment.

**Y-o-Y growth in IIP (in %)**



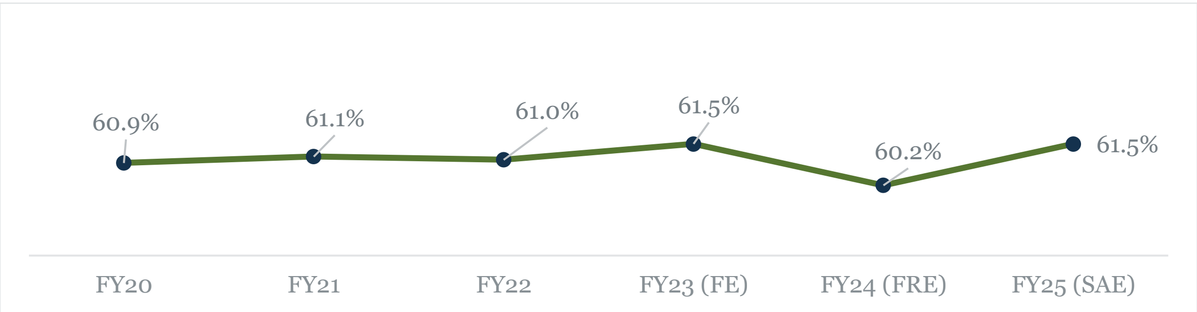

Source: MOSPI

**Growth Trend in Consumption Demand**

Private Final Consumption Expenditure is the largest component in Gross Domestic Product of the country. It has held a share of above 60% since the past five years. Within the last five years, it reached the highest share of 61.5% in FY23, it slight decrease in FY24 is 60.2% and increased in FY25 is 61.5%.

Between FY20 and FY25, PFCE as a share of GDP fluctuated due to the impact of the pandemic and an uneven recovery. The decline was driven by reduced household spending amid job losses and uncertainty during the pandemic. While consumption gradually picked up in FY23, the recovery was uneven, with demand concentrated among higher-income groups. In FY25, PFCE showed signs of improvement but remained affected by subdued income growth and shifting consumption patterns.

**Private Consumption (as % of GDP) (at current prices)**



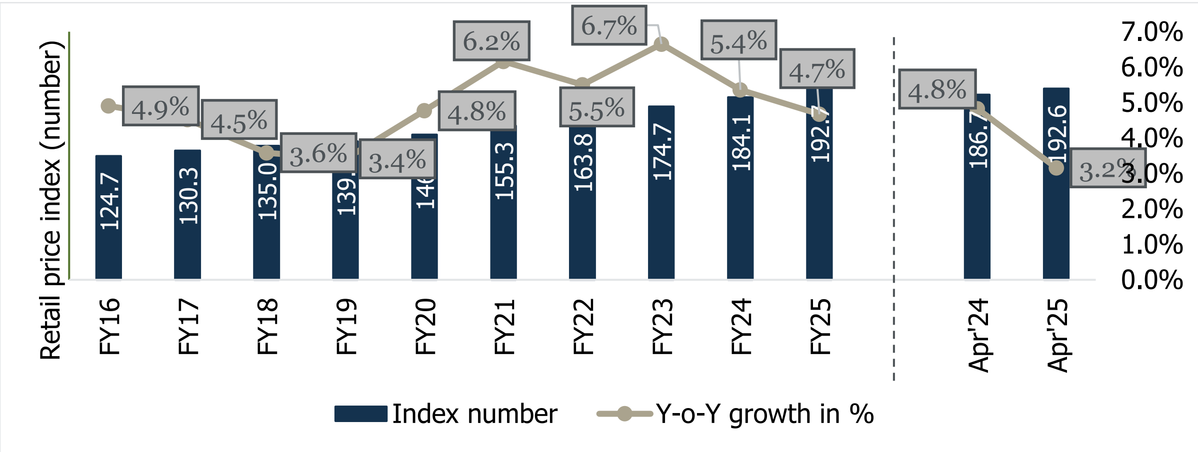

Source: MOSPI

Note: FRE – First Revised Estimates, FE – Final Estimate, SAE-Second Advance Estimate

**Inflation scenario & interest rate movement**

The CPI (general) and food inflation in April 2025 over April 2024 (3.2%, provisional) witnessed lowest Y-o-Y inflation since July 2019. The moderation was driven by decline of price inflation in Vegetables, Pulses, Fruits, Meat and fish, Personal care and effects and Cereals.

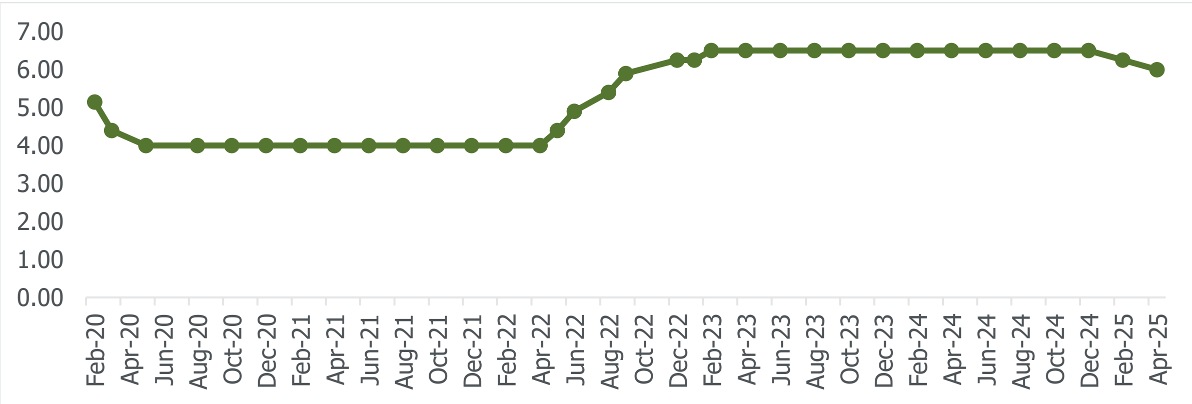
**Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)**




Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in April 2025, RBI projected inflation at 4.0% for FY26 with inflation during Q1FY26 at 3.6%, Q2FY26 at 3.9% and Q3FY26 at 3.8% and Q4FY26 4.4%.
Considering the current inflation situation, RBI has cut the repo rate to 6.00% in the April 2025 meeting of the Monetary Policy Committee.

**RBI historical Repo Rate**




Source: RBI

Further, the central bank changed its stance to be accommodative. With a decline in food inflation, the headline inflation moderated during January-February 2025.

The economic growth outlook for India is expected to remain resilient, but it will require careful monitoring due to depreciation of the Indian rupee in recent months. Additionally, certain key sectors may face headwinds amid hiked tariffs from the US.

The RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. The domestic growth and inflation curve require the policies to be supportive with the volatile trade conditions.

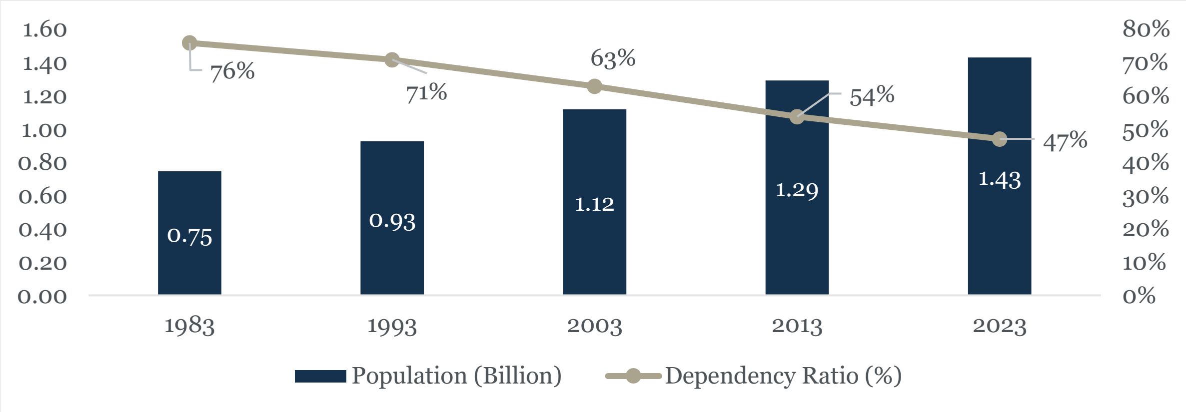
**Key growth/demographic drivers for economic growth**

- **Population growth and Urbanization**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India's population in 2022 surpassed 1.42 billion slightly higher than China's population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1983, which has reduced to 47% in 2023. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

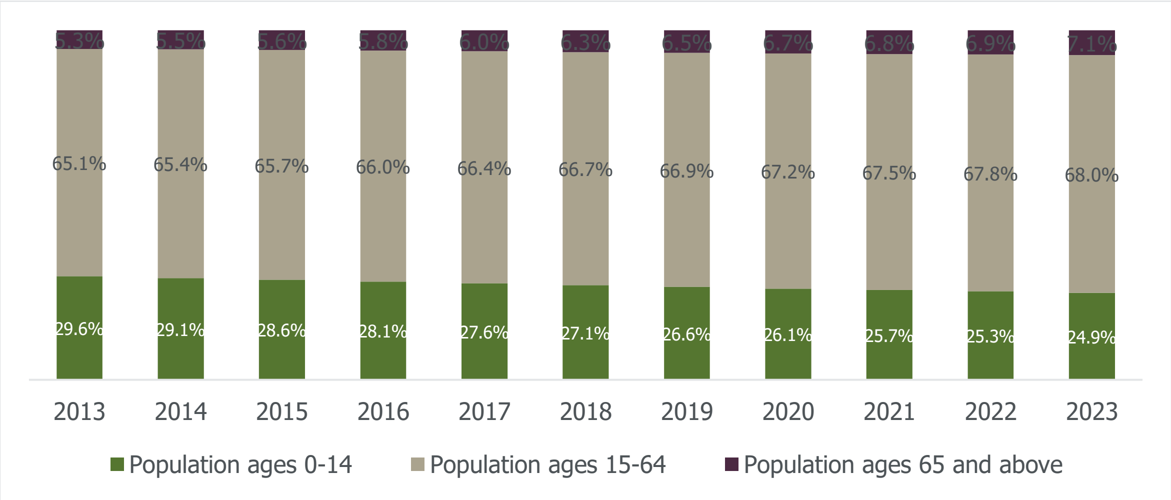
**Trend of India Population vis-à-vis dependency ratio**




Source: World Bank Database

With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

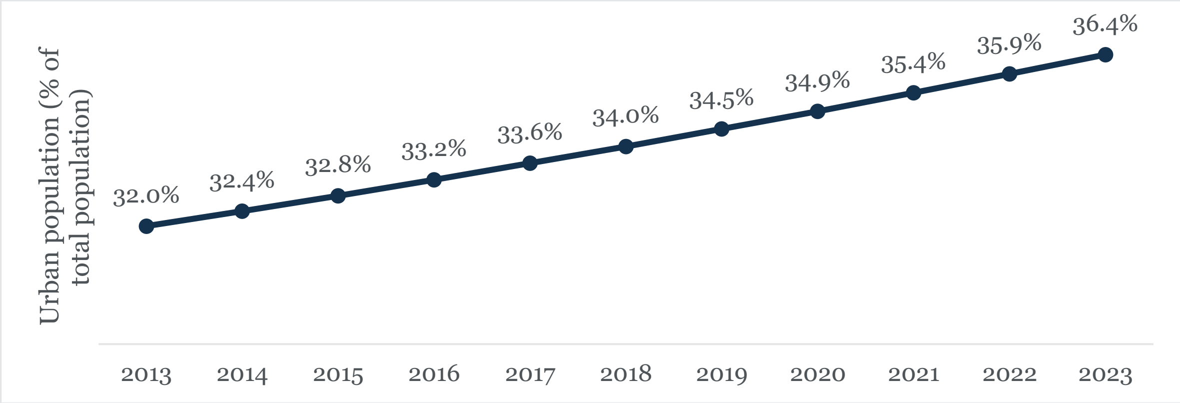
**Age-Wise Break Up of Indian population**




Source: World Bank Database

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in 2013 to 519.5 million (36.4% of total population) in the year 2023.

**Urbanization Trend in India**



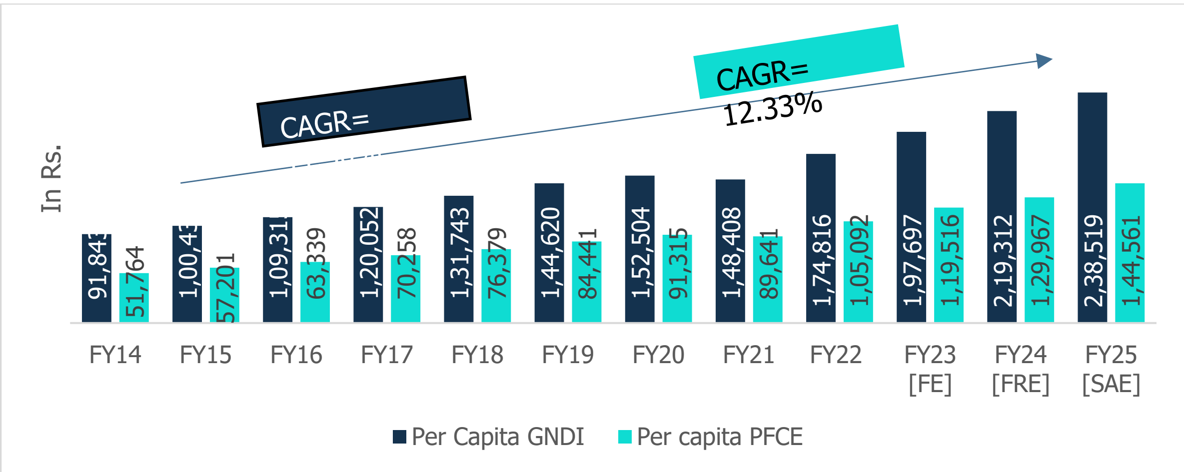

Source: World Bank Database

- **Increasing Disposable Income and Consumer Spending**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY25, per capita GNDI at current prices registered a CAGR of 11.30%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY14 to FY25 at a CAGR of 12.33%.

**Trend of Per Capita GNDI and Per Capita PFCE (Current Price)**




Note: FRE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

- **Aatmanirbharta – Budgetary allocation to Defence sector**

The allocation is aimed to promote 'Aatmanirbharta' in defence technology & manufacturing and equipping the Armed Forces with modern weapons/platforms along with creation of job opportunities for the youth. In absolute terms, budgetary allocation under capital head to the Defence Forces for FY26 is Rs 1.80 trillion, which is 12.9% higher than the actual expenditure of FY24 and 3.4% more than the Revised Allocation of FY25.

- **Viksit Bharat vision @2047**

The Viksit Bharat Vision 2047 envisions India as a developed country with a high per capita income and advanced social, cultural, technological, and institutional features by the 100th anniversary of its independence. India aims to become a $30 trillion economy with a per capita income of $18,000 by 2047. This ambitious vision emphasizes inclusive development, sustainable progress, and effective governance.

### Gross Value Added (GVA)

India's recovery is led by the industrial and services sectors. In FY25, the agriculture sector is expected to grow by 4.6%, upward trend from 2.7% in FY24. The industrial sector is expected to plummet to 5.6%, due to weak industrial activities. The services sector grew 7.3%, supported by public administration, defence & other services. Growth in FY25 improved in agriculture (4.0%) and there was a slowdown in the services (7.1%) as compared to FY24.

**Sectoral Growth (Y-o-Y % Growth) - at Constant Prices**

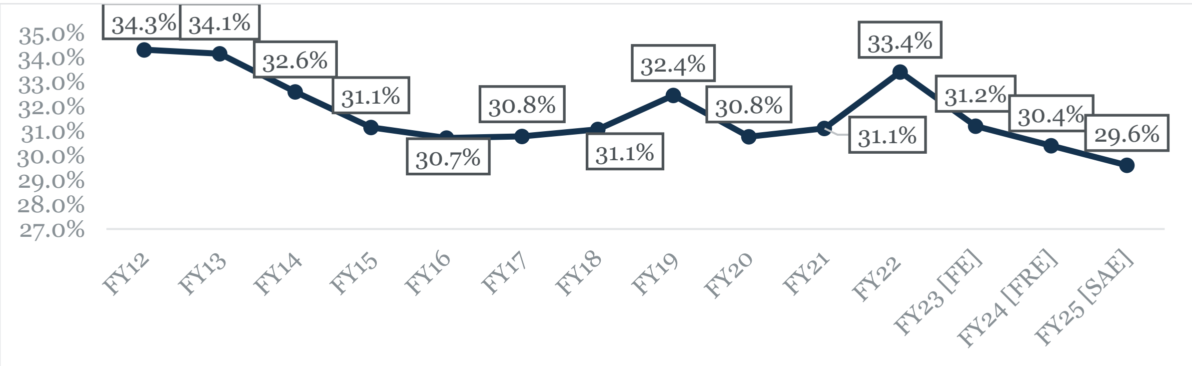
| At constant Prices | FY19 | FY20 | FY21 | FY22 | FY23 (FE) | FY24 (FRE) | FY25 (SAE) |
|---|---|---|---|---|---|---|---|
| **Agriculture, Forestry & Fishing** | **2.1** | **6.2** | **4.1** | **3.5** | **5.1** | **2.7** | **4.6** |
| **Industry** | **5.3** | **-1.4** | **-0.9** | **11.6** | **2.0** | **10.8** | **5.6** |
| Mining & Quarrying | -0.9 | -3.0 | -8.6 | 7.1 | 2.8 | 3.2 | 2.8 |
| Manufacturing | 5.4 | -3.0 | 2.9 | 11.1 | -3.0 | 12.3 | 4.3 |
| Electricity, Gas, Water Supply & Other Utility Services | 7.9 | 2.3 | -4.3 | 9.9 | 11.5 | 8.6 | 6.0 |
| Construction | 6.5 | 1.6 | -5.7 | 14.8 | 10.0 | 10.4 | 8.6 |
| **Services** | **7.2** | **6.4** | **-8.2** | **8.8** | **11.3** | **9.0** | **7.3** |
| Trade, Hotels, Transport, Communication & Broadcasting | 7.2 | 6.0 | -19.7 | 13.8 | 14.4 | 7.5 | 6.4 |
| Financial, Real Estate & Professional Services | 7.0 | 6.8 | 2.1 | 4.7 | 10.7 | 10.3 | 7.2 |
| Public Administration, Defence and Other Services | 7.5 | 6.6 | -7.6 | 9.7 | 8.2 | 8.8 | 8.8 |
| **GVA at Basic Price** | **5.8** | **3.9** | **-4.2** | **8.8** | **7.4** | **8.6** | **6.4** |

Note: FRE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

### Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF) is a measure of net increase in physical assets. In FY23, the ratio of investment (GFCF) to GDP remained flat, as compared to FY22 which was at 33.4%. The growth stabilized at 30.4% in FY24 before falling to 29.6 % in FY25. The moderation reflects cautious capital spending by both government and private corporations, which has persistently lagged overall GDP growth.

**Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices)**




Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

Apart from these the GOI has introduced Bharatmala and Sagarmala projects in 2017. Bharatmala is a flagship highway development program. The project is part of a larger initiative to enhance road infrastructure across the country. It aims to optimize the efficiency of freight and passenger movement by developing and expanding the national highway network. It focuses on improving connectivity, reducing travel time, and promoting economic growth. The project is expected to reduce logistics costs, improve transportation efficiency, and boost economic development by providing better connectivity between key economic areas. 34,800 km of National Highway length was planned for development under Phase- I of the programme. The projects under this scheme is majorly funded by the Central Government and resource mobilisation by the Ministry of Road Transport & Highways.

Whereas the Sagarmala Programme is a comprehensive initiative aimed at transforming India's maritime sector and harnessing the potential of its coastline. It was launched to promote port-led development and unlock the economic benefits of the maritime industry. Sagarmala focuses on modernizing existing ports, building new ports, and improving connectivity between ports and the hinterland. The project aims to enhance efficiency in cargo and passenger movement through coastal and inland water transport. This project further seeks to reduce logistics costs, create employment opportunities, attract investments, and stimulate economic development in coastal regions. Moreover, it aims to make maritime logistics more efficient and environmentally sustainable. Under Sagarmala Programme, there are 839 projects worth investment of ~Rs. 5.8 trillion for implementation. Out of which, 241 projects worth ~Rs. 1.22 trillion have been completed as on February, 2024.

**National Logistics Policy (NLP)**

The National Logistics Policy 2022 was launched in September 2022 with the aim to develop technologically enabled, integrated, cost efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated growth.

The key objectives are-

- To promote inter-modality and multi- modality by integrating processes, digital systems and policies.
- To promote and ensure optimal utilization of logistics infrastructure across the country through synergy.
- To standardize physical assets, processes, taxonomy and quality service standards across the logistic sector.
- To promote adoption of information technology, upgraded infrastructure, automations, green logistics etc. to facilitate integration with global value chain.
- To reduce fragmentation in the sector and promote mainstream logistics in higher education, upskilling of current work force.
- To promote inclusivity by addressing needs of logics supply and encourage public- private participation.

Targets of NLP-

- To reduce cost of logistics in India to be comparable to global benchmarks by 2030
- To improve the Logistics Performance Index ranking - endeavour is to be among top 25 countries by 2030
- To create data driven decision support mechanism for an efficient logistics ecosystem.

Comprehensive Logistics Action Plan (CLAP)

To achieve the targets of NLP, a comprehensive logistics action plan was launched covering the eight action areas-

- Integrated Digital Logistics Systems
- Standardization of Physical Assets and Benchmarking of Service Quality Standards
- Logistics Human Resource Development and Capacity Building
- State engagement
- EXIM Logistics
- Services Improvement Framework

- Sectoral Plans for Efficient Logistics (SPEL)
- Facilitation of Development of Logistics Parks.

**Trends in Commodities**

**Copper**

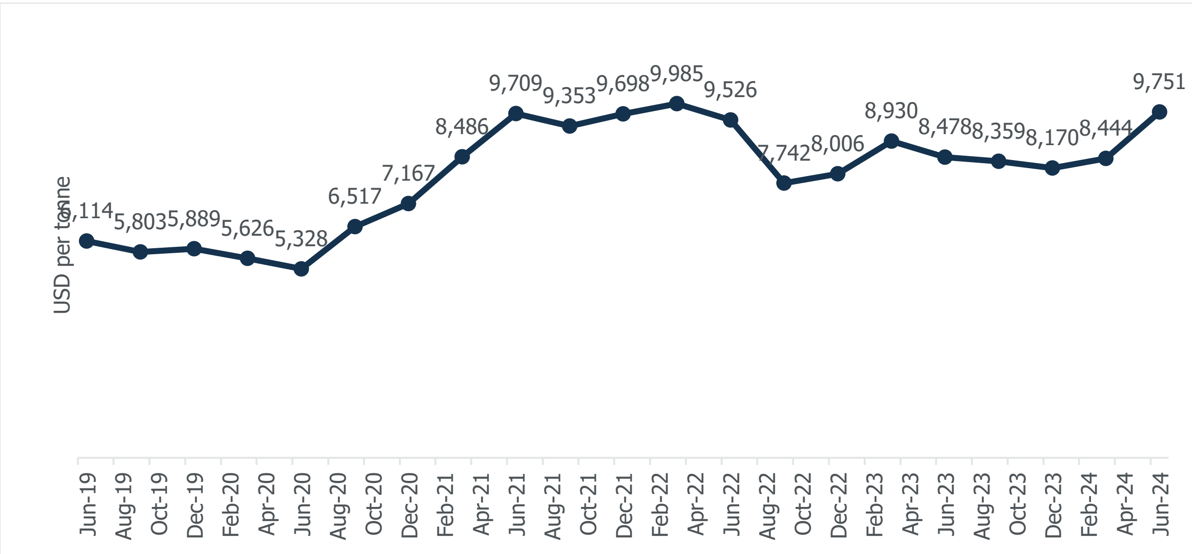
**Price Trend in Refined Copper**

The average price of copper increased by 40.9% y-o-y in FY22 rising to USD 9,686 per tonne from the average of USD 6,875 per tonne in FY21. Whereas copper prices peaked in March 2022 at USD 9,985 per tonne, an increase of 17.7% over the previous year. This surge in prices was mainly due to tight supplies from major producers like Chile and Peru, low global inventories amid reviving economic activities after the easing of restrictions, and a shift toward electric vehicle usage.

During FY23, the prices witnessed a downward trend from July 2022 and reached USD 7,742 per tonne in September 2022. However, they began to rise in the later months of the fiscal and reached an average of USD 8,930 per tonne by the end of March 2023. The copper prices averaged USD 8,551 per tonne in FY23, a decline of 11.7% over the previous year. This decline was mainly on account of weak global demand from countries such as China, the US, and European nations. Moreover, copper prices have further declined in June 2023 and stood at USD 8,478 per tonne and remained range-bound till March 2024.

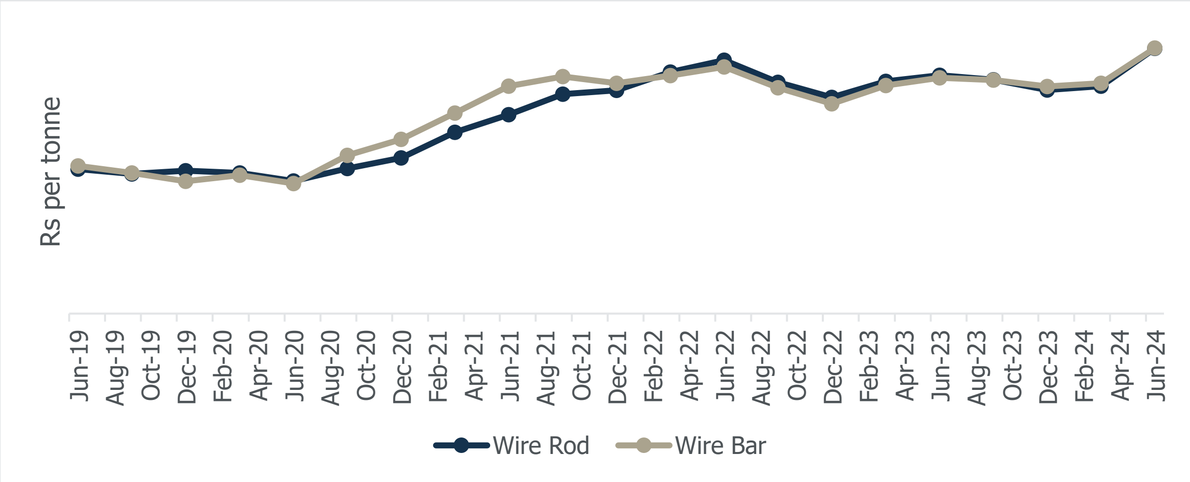
As of March 2024, the price of copper rose observed a de-growth of 5.4% on a y-o-y. Overall, the averaged prices of copper during FY24 were recorded at USD 8,363 per tonne and observed a decline of 2.2% as compared to FY23 prices. Further, the industry witnessed a surge in copper prices due to global supply disruptions in copper mines mainly in Chile and Panama. Additionally, the increasing demand for copper in renewables, power, and electric vehicles led to a price hike, which peaked at USD 9,751 per tonne in June 2024, an increase of 15% y-o-y. The rise in prices was also influenced by the ban on Russian metals, including copper, by the UK and US.

**Copper Cathode Price Trend**




Source: CMIE

**Copper Wire Rod & Bar Price Trend**




Source: CMIE

**Steel**

**Trend in Domestic Steel Prices**

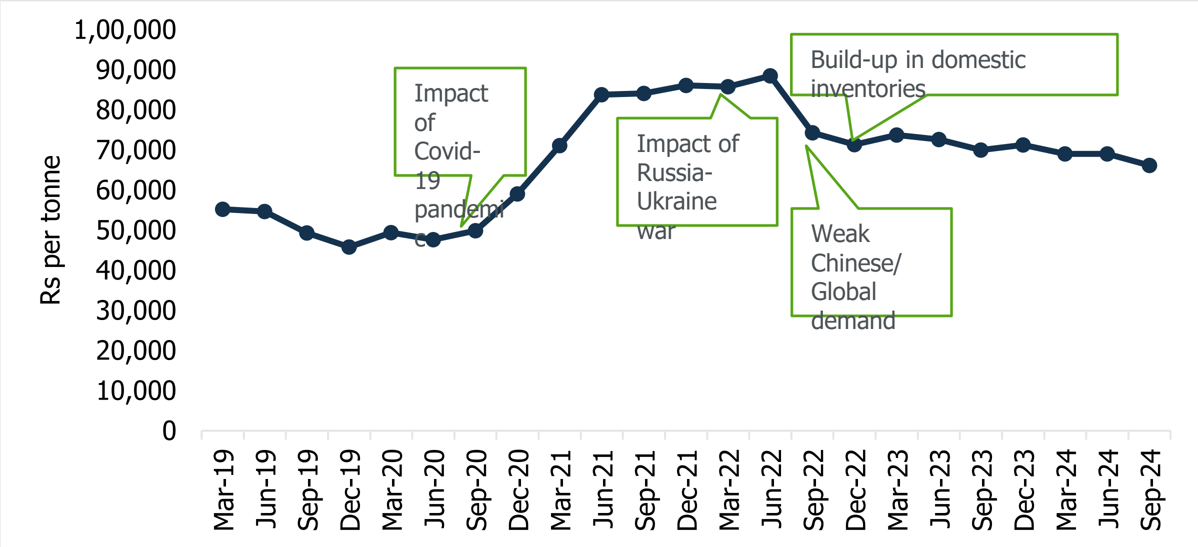
Domestic steel prices have followed global prices directionally. However, they started declining as the economy was hit by the pandemic. During FY21, the average domestic finished steel prices peaked at Rs 71,157 per tonne as of March 2021. Since then, the prices increased throughout FY22 on account of a revival in domestic demand as economic activities began to pick up after the easing of restrictions and lockdowns.

During FY22, prices were impacted by the geopolitical tension between Russia and Ukraine and stood at Rs. 85,820 per tonne as of March 2022. The geopolitical crisis continued and the prices were further pushed to Rs. 88,498 per tonne in the June 2022 quarter. The escalation in prices was also due to increased coking coal and iron ore prices globally. However, after a sharp rise, the prices declined by around 16% in the quarter ending September 2022 compared to the previous quarter.

Furthermore, the prices fell to Rs 71,326 per tonne in December 2022. This decline was caused by the imposition of export duty on a range of finished steel products from the period May 2022 to November 2022, leading to lower exports and increased domestic inventories. In addition, the softening of iron ore and coking coal prices affected the steel prices in the domestic market.

Moreover, the prices observed a downward trend from the quarter ended March 2023 and fell to Rs. 70,001 per tonne as of September 2023, a decline of around 5% as compared to March 2023 and 6% on a y-o-y. Prices increased marginally in the quarter ended December 2023 to Rs. 71,320 per tonne, falling again to Rs. 69,051 per tonne in March 2024. It decreased further by 4.18% in the quarter ended September 2024 to Rs. 66,195 per tonne. The decline in prices post peak in June 2022 (Rs. 88,498 per tonne) have been on account of weak global demand, fall in international steel prices, rise in cheap imports, and pressure on export volumes.

**Domestic Average Finished Steel Prices**




Source: CMIE

**Aluminium**

**Price Trend in Primary Aluminium**

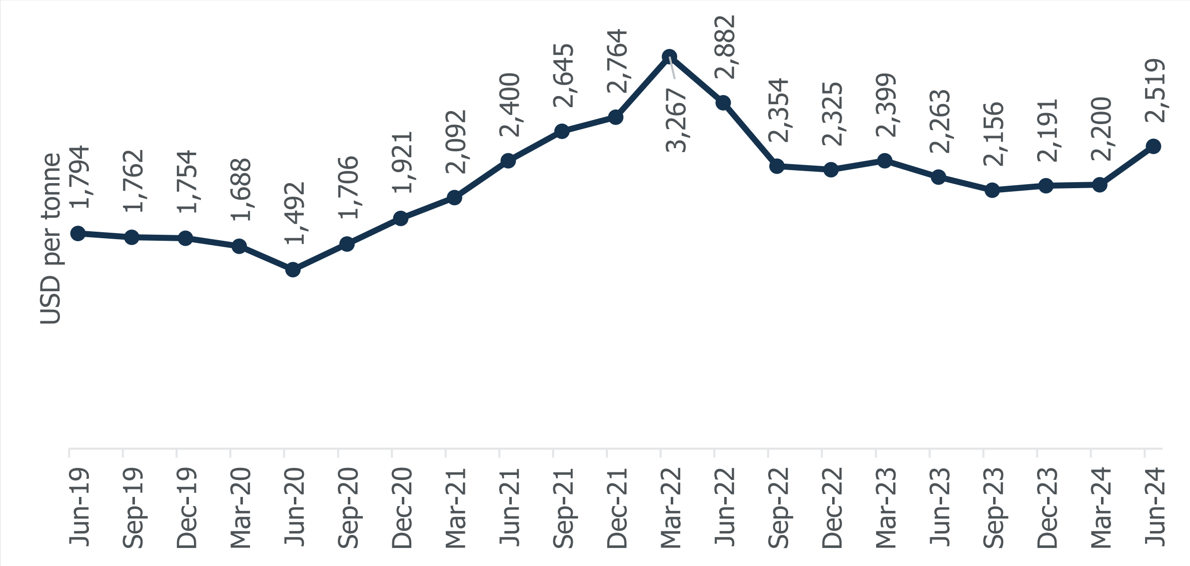
After a challenging two-year period in FY20 and FY21, the average aluminium price jumped by 54% y-o-y in FY22 to USD 2,769 per tonne. Aluminium prices peaked at USD 3,267 per tonne in the quarter of March 2022, a growth of 56% compared to the same period in the previous year, due to geopolitical tensions, i.e., the Russia-Ukraine war since Russia has the third-largest capacity of aluminium.

Further, during FY23, the prices witnessed a downward trend from April 2022 and fell to USD 2,325 per tonne in the quarter ended December 2022, a dip of around 29% as compared to the quarter ended March 2022 and 16% y-o-y. The declining prices are due to the inventory build-up in China as aluminium demand was low due to COVID-19-related lockdowns and restrictions. Furthermore, high interest rates by the US Federal Reserve have also weakened the commodity demand due to high foreign exchange costs. As a result, the prices of aluminium declined on the London Metal Exchange (LME).

Moreover, in FY23 aluminium prices averaged at USD 2,490 per tonne, a fall of 10% over the previous year. Despite the upliftment of restrictions in the Chinese economy, the prices continued to decline as the recovery in China remained sluggish. The prices further tailed off to USD 2,156 per tonne during the quarter ended September 2023. However, the aluminium prices marginally improved towards the end of FY24 and rose to USD 2,200 per tonne during the quarter ended March 2024, but fell by around 8% on a y-o-y, and hovered around pre-COVID levels.

Thereafter, the prices began to rise due to the new sanctions announced by UK & US on Russian metals including aluminium which restricted the acquisition of Russian metal produced on or after 13th April 2024. As a result, LME announced a ban on these metals, leading to a rise in prices. As of quarter ended June 2024, the primary aluminium prices increased by 14.5% on a q-o-q and 11.3% on a y-o-y.

**International Primary Aluminium Price Trend**




Source: CMIE

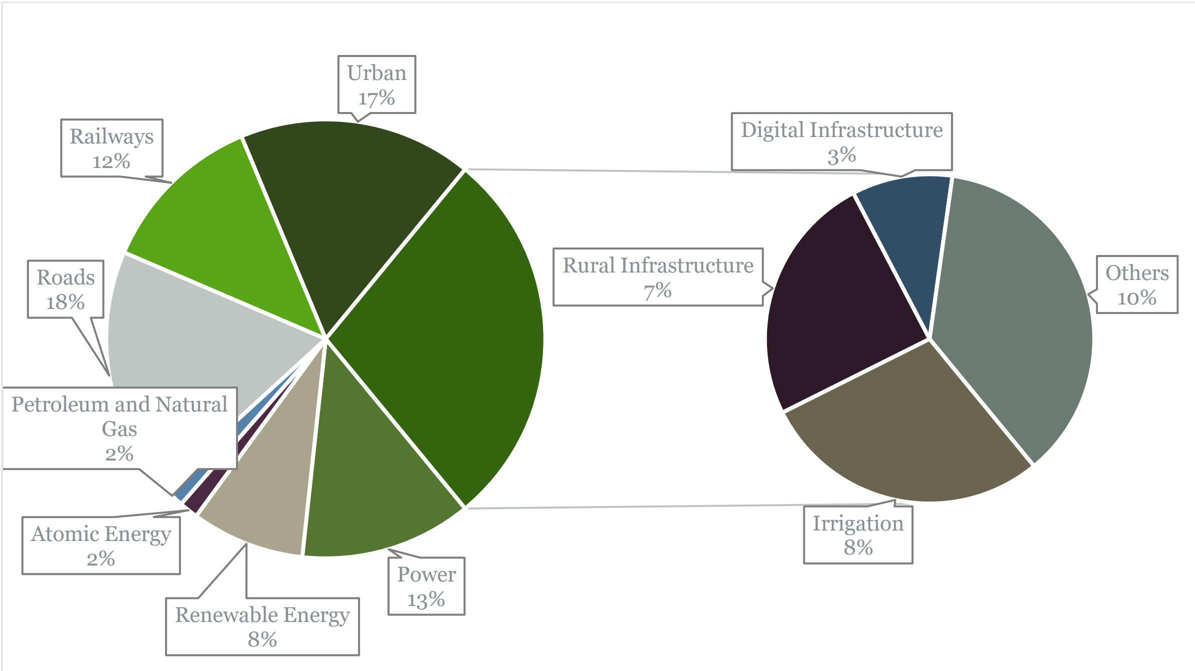
**Outlook on investments in infrastructure (Power, Railways, etc)**

**National Infrastructure Pipeline**

NIP was launched in December 2019 with a focus on infrastructure development to enable the country to achieve its target of USD 5 trillion economy by FY25 and USD 10 trillion by FY30. Infrastructure to play a major role with 3% contribution to the GDP by FY25 (Rs 11.21 lakh crore) and is expected to remain same or increase its share by FY30 (Rs 25.00 lakh crore).

A taskforce was created to set up the pipeline. In the final report submitted by the task force in April 2020, the pipeline covers multiple sectors, such as urban infrastructure, renewable and conventional energy, roads and railways that constitute nearly 71% of the projected total capex of Rs 11.21 lakh crore. It also includes investments in other sectors such as rural infrastructure, ports, airports among others. The proposed investments will be implemented by both the government and the private sector.

**National Infrastructure Pipeline Sectoral Split (%)**




Source: NITI Aayog's report on National Infrastructure Pipeline

During FY20–25, sectors-wise breakup of NIP investment is with energy contributing the highest at Rs 26,900 billion around 24% of the total plan followed by roads Rs. 20,338 billion at 18%, urban Rs. 19,193 billion at 17%, and railways with an investment of Rs. 13,676 billion, which contributes 12% amount to ~71% of the projected infrastructure investments in India.

**Sector Wise Breakup is provided in the Below Table:**

**National Infrastructure Pipeline Sectoral Split (Rs. Billion)**

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | No Phasing | Total |
|---|---|---|---|---|---|---|---|---|
| **Power** | 1,641.4 | 2,255.5 | 2,217.3 | 2,234.9 | 2,252.4 | 2,110.0 | 1,392.8 | 14,104.3 |
| **Renewable Energy** | 305.0 | 1,510.0 | 1,440.0 | 1,700.0 | 2,170.0 | 2,170.0 | - | 9,295.0 |
| **Atomic Energy** | 116.4 | 214.6 | 283.2 | 331.2 | 326.7 | 282.8 | - | 1,555.0 |
| **Petroleum and Natural Gas** | 273.3 | 435.1 | 483.1 | 415.2 | 228.6 | 105.4 | 5.0 | 1,945.7 |
| **Total Energy** | **2,336.1** | **3,353.6** | **4,423.7** | **4,681.3** | **4,977.7** | **4,668.2** | **1,397.8** | **26,900.0** |
| **Roads** | 3,325.6 | 3,832.8 | 3,569.7 | 2,527.8 | 2,407.6 | 3,326.6 | 1,348.2 | 20,338.2 |
| **Railways** | 1,333.9 | 2,624.7 | 3,088.0 | 2,738.3 | 2,212.1 | 1,678.7 | - | 13,675.6 |
| **Ports** | 133.6 | 181.0 | 206.5 | 158.6 | 77.2 | 10,0.02 | 355.0 | 1,211.9 |
| **Airport** | 186.7 | 216.7 | 248.2 | 213.3 | 253.9 | 51.4 | 264.4 | 1,434.5 |
| **Urban** | 2,981.7 | 4,622.1 | 4,041.3 | 2,348.6 | 2,171.6 | 1,598.6 | 1,428.7 | 19,192.7 |
| **Irrigation** | 1,144.6 | 2,006.2 | 175,6.69 | 1,373.6 | 1,152.8 | 704.7 | 806.1 | 8,944.7 |
| **Rural Infrastructure** | 1,403.1 | 1,768.0 | 2,108.1 | 1,118.8 | 1,070.6 | 270.5 | | 7,739.2 |
| **Digital Infrastructure** | 783.6 | 618.5 | 545.4 | 387.2 | 381.2 | 380.5 | - | 3,096.3 |
| **Agriculture and Food Processing Infrastructure** | 260.4 | 263.7 | 261.0 | 243.9 | 236.5 | 231.2 | 190.7 | 1,687.3 |
| **Social Infrastructure** | 594.7 | 806.9 | 935.0 | 651.0 | 565.8 | 243.9 | 334.3 | 4,131.6 |
| **Industrial Infrastructure** | 174.1 | 406.8 | 425.6 | 335.3 | 227.3 | 105.2 | 1,393.1 | 3,067.3 |
| **Total** | **13,635.3** | **19,504.0** | **18,960.6** | **13,803.3** | **12,782.4** | **11,059.0** | **12,217.3** | **1,11,419.4** |

Source: NITI Aayog's report on National Infrastructure Pipeline

**Concluding Remarks**

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 7% GDP growth in CY24 (FY25 according to the fiscal year), compared to the global projection of 3.2%. Key drivers include strong domestic demand, government capital expenditure, moderating inflation, and improving business confidence.

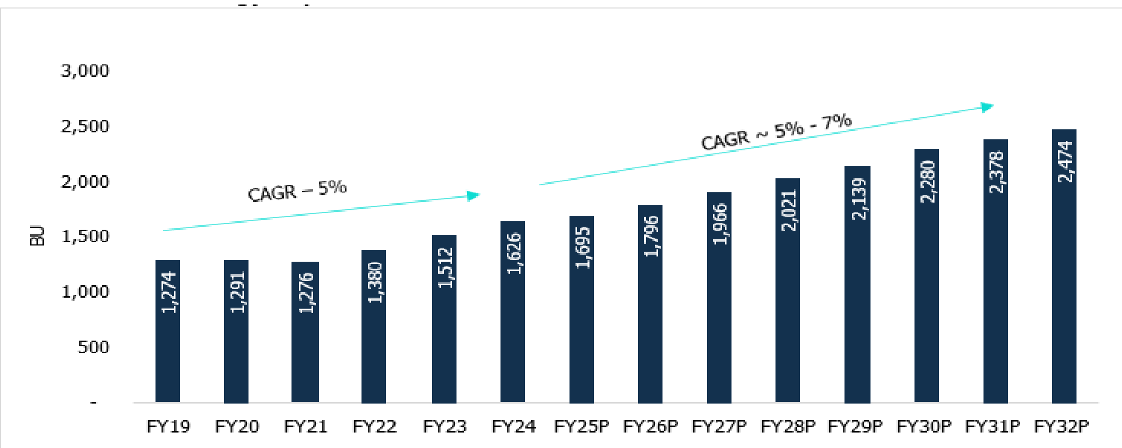
Public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.21 lakh crores for FY26. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

**Electrical Engineering Equipment in Indian Power Industry**

**Overview and growth in Power Sector in India**

The power sector in India has undergone significant transformation in recent years, driven by government initiatives aimed at enhancing efficiency, sustainability, and accessibility. With a mix of conventional and renewable energy sources, India has made considerable strides toward achieving its energy security goals. The push for renewable energy, particularly solar and wind, has positioned the country as a leader in global clean energy efforts. However, challenges remain, including outdated infrastructure, financial viability of state-owned utilities, and regional disparities in power access. The implementation of smart grid technologies and reforms in tariff structures are crucial for addressing these issues. Overall, while the power sector shows promise, continued investment and policy support are essential to ensure a reliable and sustainable energy future for all.

**All India Energy Requirement**



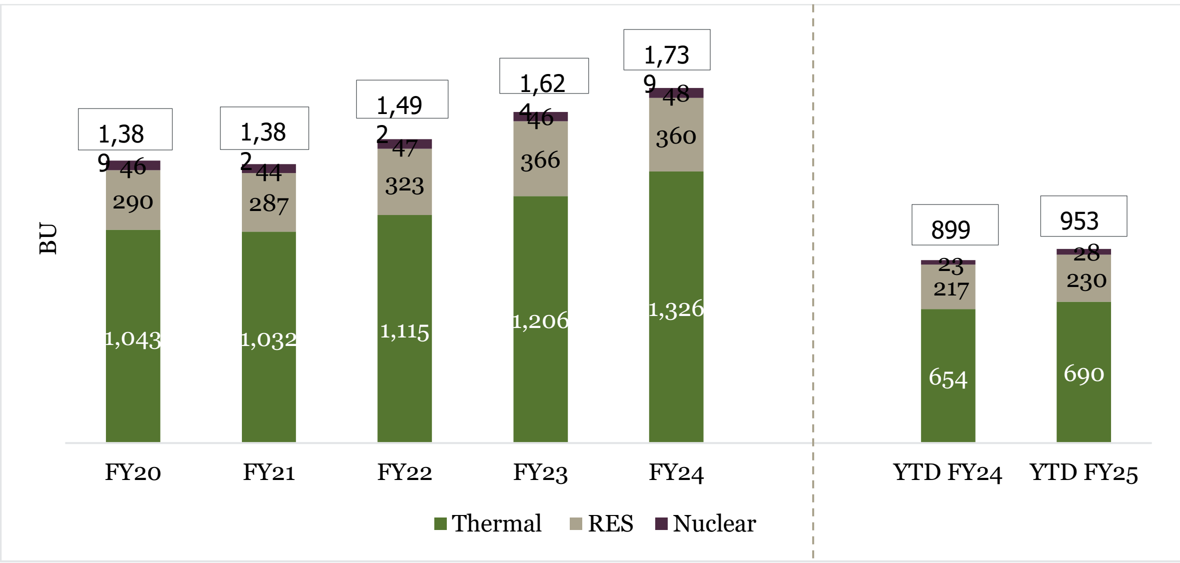

Source: National Electricity Plan (NEP) March 2023, CareEdge Research; P indicates Projected

According to the National Electricity Plan Vol 1, all India peak electricity demand is projected at 296 GW and energy requirement is projected at 1,966 BU for FY27. The power demand is further expected to rise with the growing population and increased economic activities. India's energy needs are expected to increase by 2-2.5 times by 2047 to meet the growing economy. For FY32, the peak electricity demand is projected at 388 GW and energy requirement at 2,473 BU.

**Power Generation in India**

The country's overall generation (which includes power from grid-connected renewable sources) has grown from 953 BU during YTDFY24 to 899 BU during YTDFY25. Power generation from conventional sources increased by 6% y-o-y in YTDFY25 and contributed over 72% to the total electricity consumed in India. The following is the performance of category-wise generation: -

**Category Wise Generation (BU)**




Source: CEA
Note: RES consists of small hydro power, wind power, bio-power and solar power; YTD- September 2024

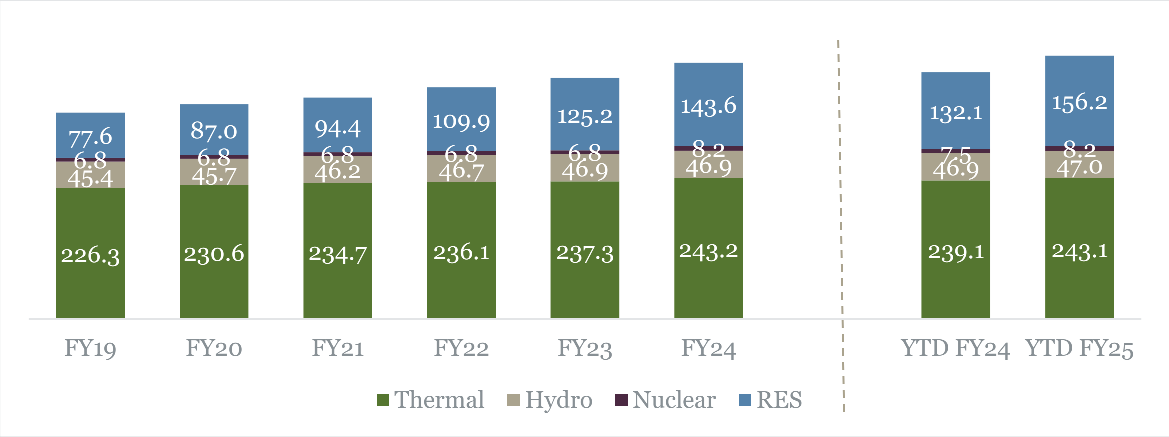
**Trend in Capacity Addition**

India is the world's third-largest producer and second-largest user of energy. Its installed power capacity grew from 356 GW in FY19 to 453 GW in FY24.

Conventional sources including coal, lignite, gas, diesel and nuclear based power plants currently account for 53% of installed capacity, while power generated from Renewable Energy Sources (RES)accounts for 34%. With government initiatives and ambitious targets as of October 2024, RES is expected to match conventional sources in the long term. Under updated Nationally

Determined Contributions (NDC), India aims to reduce GDP emissions intensity by 45% from 2005 levels and achieve 50% of installed capacity from non-fossil fuel sources by 2030.

**Installed Capacity (GW)**

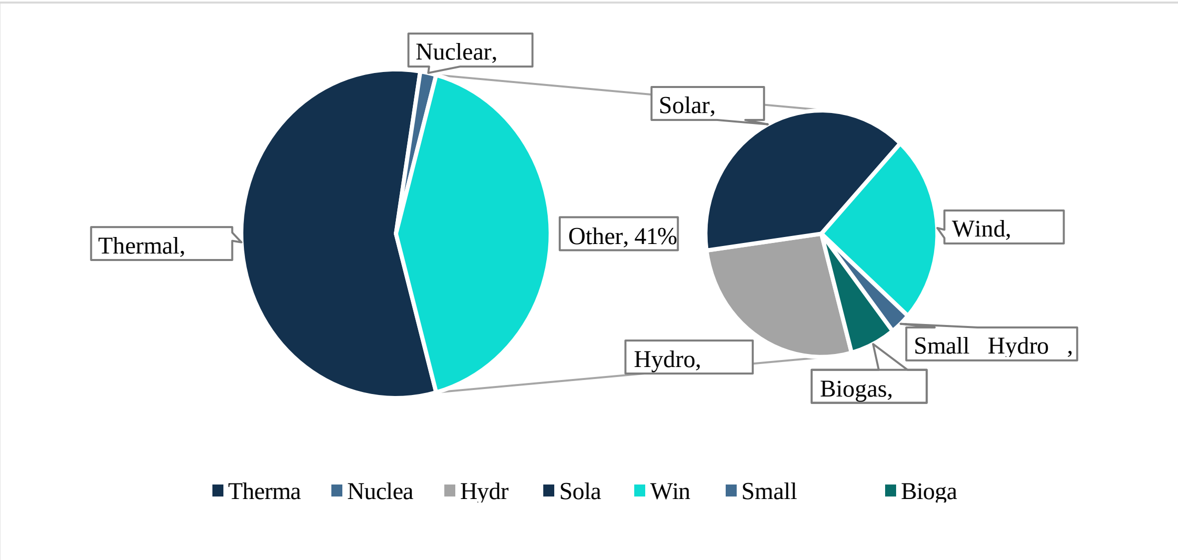



Source: CEA

Note: RES consists of small hydro power, wind power, bio-power and solar power; YTD- October 2024

Conventional sources currently account for 59% of installed capacity, while RES including hydro, currently accounts for 41%. Within RES, solar accounts for the largest share of 16% followed by hydro at 11% and wind at 10%. To further boost solar power capacity the Union Minister for New & Renewable Energy and Power introduced Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) which targets to achieve solar power capacity addition of 34.8 GW by 31st March 2026 with total central financial support of Rs. 344.22 billion.

**Mode-Wise Total Installed Capacity**




Source: CEA, CareEdge Research

**Electrical Engineering Equipment in Indian Power: Market size**

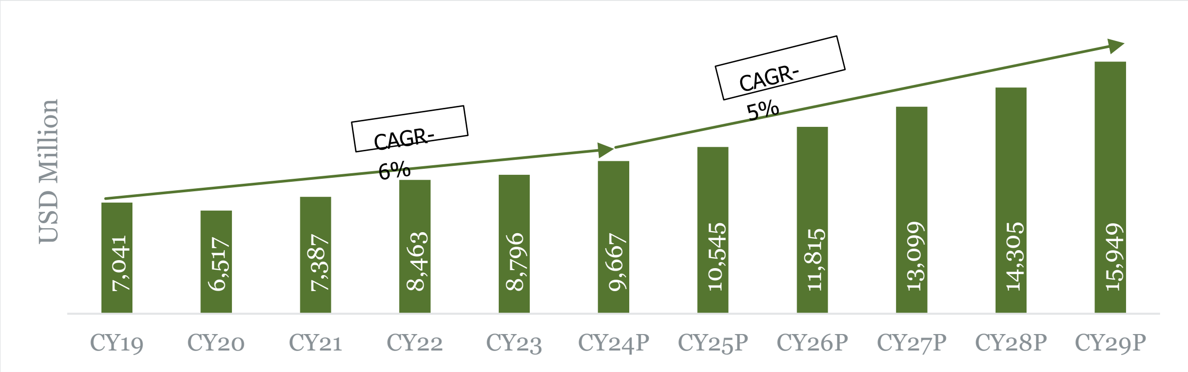
Electrical Power equipment sector is among the most critical components of infrastructure and is crucial for the economic growth and welfare of nations (Electricity for All). India is the third largest electricity producer in the world, 2nd largest coal producer in the world and the 3rd largest number of nuclear reactors being installed in the world and is fast becoming the largest source of energy producer through renewable sources, i.e., solar and wind. With this, India is the world’s third-largest energy consuming country, and thanks to its rising incomes and improving standards of living. Energy use has doubled since 2000, with 80% of demand still being met by coal, oil, and solid biomass.

Electrical Equipment Industry caters to the needs of the energy sector and other industrial sectors. Major equipment like boilers, turbo generators, turbines, transformers, switchgears, relays, and related accessories are manufactured by this Sector.

The performance of this industry is linked to the power capacity addition program of the country. Therefore, the market trend is driven by the India's power sector requirement.

The industry is a good mix of Public, Private and multinational OEMs resulting in a powerful base for the manufacture of Heavy Electrical equipment in the country. Manufacturers of Heavy Electrical equipment have augmented their installed capacity to meet future power capacity addition targets, by fulfilling domestic and export demand.

**Electrical Engineering Equipment in Indian Power: Market size**




Source: Maia Research, CareEdge Research

**Circuit Breakers**

A circuit breaker is a manual or automatic switching device used to control and protect electrical power systems. It consists of fixed and moving contacts. Circuit breakers detect faults such as overloads or short circuits, interrupt the current, utilise arc-quenching methods, and restore electricity flow. Circuit breakers are widely used in residential, commercial, and industrial settings. In residential settings, they protect electrical systems by interrupting circuits during overloads or faults, ensuring safety and preventing damage to appliances. In commercial and industrial environments, circuit breakers safeguard complex electrical systems and heavy machinery from potential hazards, minimizing downtime and maintenance costs. They also play a vital role in power distribution networks, enabling safe isolation of electrical systems for maintenance or emergencies. Furthermore, advanced circuit breakers with intelligent monitoring capabilities are integral to modern smart grids, ensuring efficient energy management and enhanced reliability in electrical supply systems.

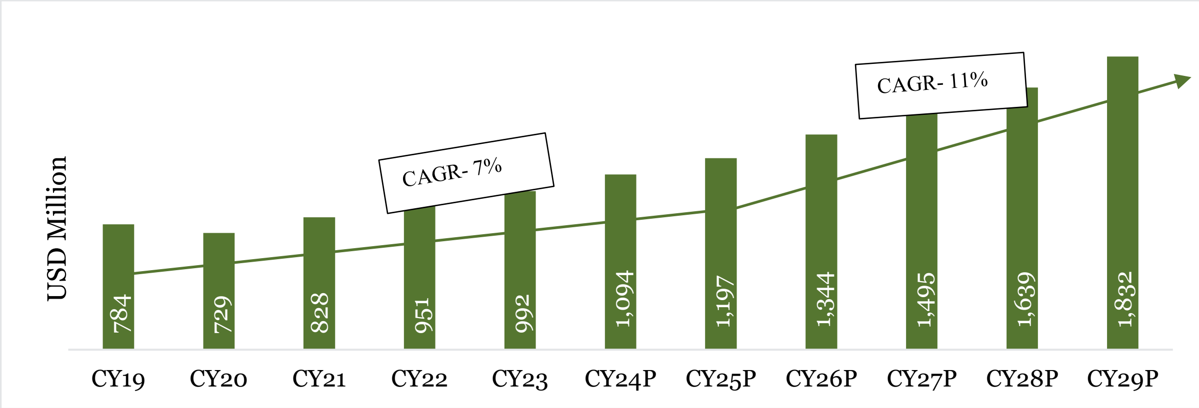
**MV, HV & EHV Circuit Breakers**

The circuit breakers are divided into the following-

| Feature | Medium Voltage (MV) | High Voltage (HV) | Extra High Voltage (EHV) |
|---|---|---|---|
| **Voltage Range** | 1,000 volts to 35,000 volts | 35,000 to 2,30,000 volts | Above 2,30,000 volts |
| **Application** | Industries and distribution networks | Regional power distribution | Long Distance Transmission |
| **Breaking Capacity** | 10 KA to 40 KA | Up to 50 KA or more | Up to 100 KA or more |
| **Design** | Air or gas insulated, more compact | Gas-insulated or vacuum | Gas-insulated, large-scale |
| **Fault Current Handling** | Moderate fault currents | Higher fault currents | Very high fault currents |
| **Construction Type** | Typically simpler, air or vacuum | Vacuum, SF6, or oil-insulated | Large, SF6 gas-insulated |

The Medium Voltage, High Voltage and Extra High Voltage market grew at a CAGR of 7% from CY19 to CY24 and is expected to reach USD 1,832 Million from CY24 to CY29.

**Market Size of MV, HV & EHV Circuit Breakers**



Source: Maia Research, CareEdge Research

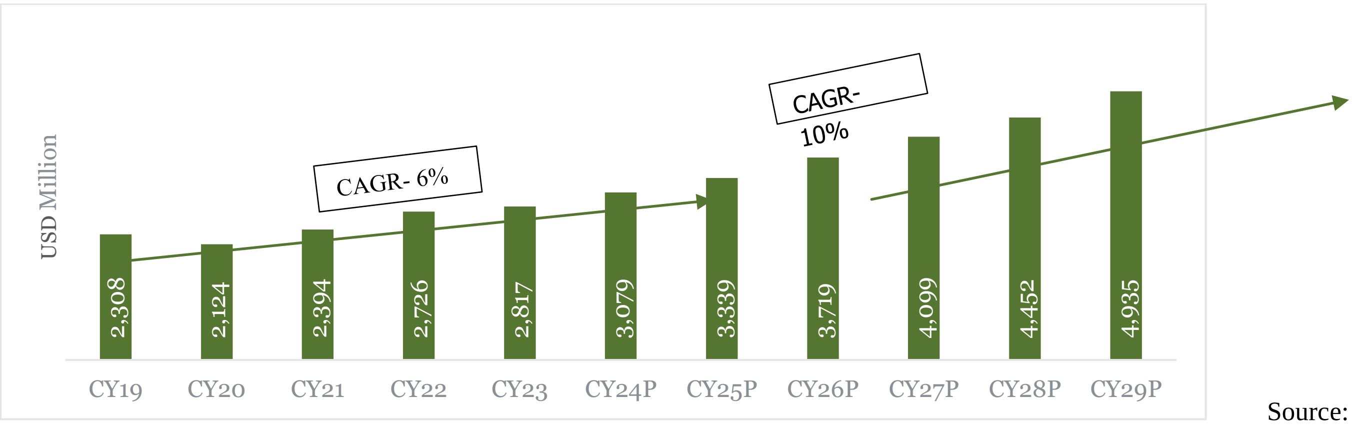
**MV, HV & EHV Switchgear Market in India**

Switchgear comprises circuit breakers, switch-fuse units, isolators, relays, HRC fuses, contactors, and switches used to manage electrical systems. Types include low, medium, and high-voltage, gas-insulated, and air-insulated switchgear. It reduces system damage by blocking power flow to faulty equipment.

The Indian switchgear market is growing rapidly due to industrialisation, urbanisation, and rising electricity demand. Key trends include increased adoption of smart grids and automation in power distribution, integration of renewable energy sources like solar and wind, and a focus on eco-friendly, energy-efficient products. Government initiatives like "Make in India" and infrastructure development are boosting domestic production and innovation. Digital monitoring systems for predictive maintenance and enhanced reliability are also gaining traction.

The market grew at a 6% CAGR from CY19-CY24P and is projected to grow at 10% CAGR from CY24-CY29P, reaching USD 4,935 million.

**Market Size of MV, HV & EHV Switch Gear**



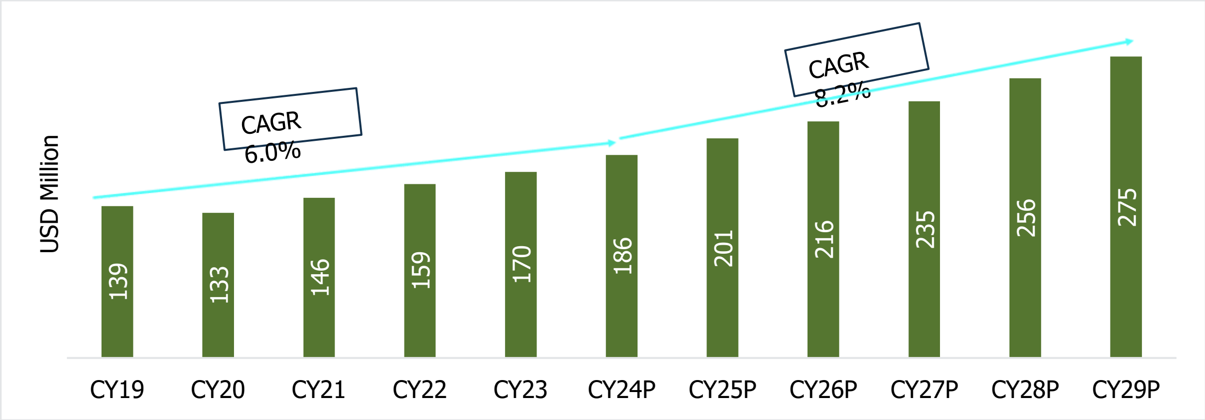
Source: Maia Research, CareEdge Research

**Surge Arresters**

Surge arresters protect electrical systems from voltage surges caused by lightning, switching, or faults by diverting excess energy to the ground. Using Metal-Oxide Varistors (MOVs) as their core component, they limit overvoltage to safe levels, ensuring the safety of transformers, circuit breakers, and other infrastructure.

Widely used in power grids, industrial systems, and renewable energy, surge arresters enhance equipment lifespan, reduce downtime, and lower maintenance costs. Growing renewable energy adoption and advancements in materials like silicon carbide are driving their demand in modern energy systems.

**Market Size of India's Surge Arresters**

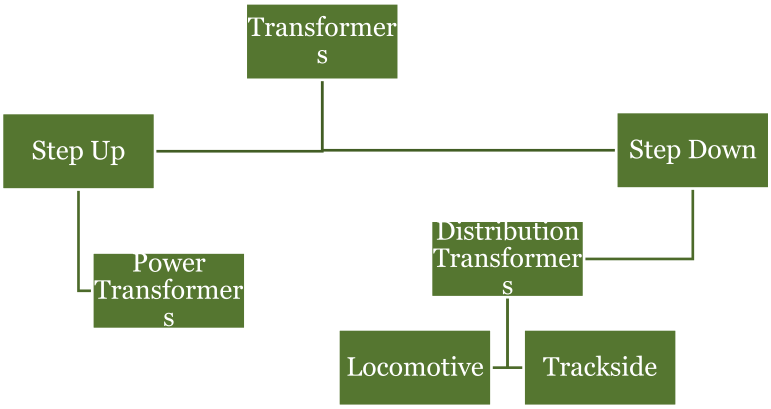


Source: Maia Research, CareEdge Research

India's surge arresters' market has shown consistent growth, increasing from USD 139 million in CY19 to USD 186 million in CY24P, growing at a CAGR of 6.0%. This growth can be attributed to rising investments in power infrastructure, the expansion of renewable energy projects, and an increasing focus on grid reliability. By CY29 the market size of surge arresters is projected to cross USD 275 Million, growing at a CAGR of 8.2% between CY24P to CY29P. This growth is likely to be supported by the adoption of smart grid technologies, increasing urbanization, and expanding renewable energy installations. The uptick in demand for reliable power systems, coupled with innovations in surge arrester materials such as silicon carbide, will further support this upward trajectory.

**Overview of Transformers**

A transformer is a pivotal electrical device in modern power systems, utilizing the principle of electromagnetic induction to modify alternating current (AC) systems. By adjusting voltage and current levels while maintaining the same frequency, it facilitates the transfer of electrical energy efficiently across different segments of the grid. Transformers are designed to step up or step-down voltage as needed, ensuring optimal energy transmission over vast distances. The role of the transformer in the power system is especially important because it enables economical, reliable, and safe generation, transmission and distribution of electricity at appropriate voltage levels.
By enabling high-voltage transmission, they minimize energy losses, which translates into significant cost savings and environmental benefits. Moreover, transformers contribute to system reliability by maintaining voltage stability and enabling the integration of renewable energy sources, such as wind and solar power, into the grid. Their ability to isolate different sections of the power system enhances operational safety, protecting both equipment and personnel from electrical faults. As power grids become more complex and demand for electricity grows, transformers remain at the core of energy infrastructure, facilitating seamless energy generation, transmission, and distribution while meeting the evolving needs of a modern, electrified world.



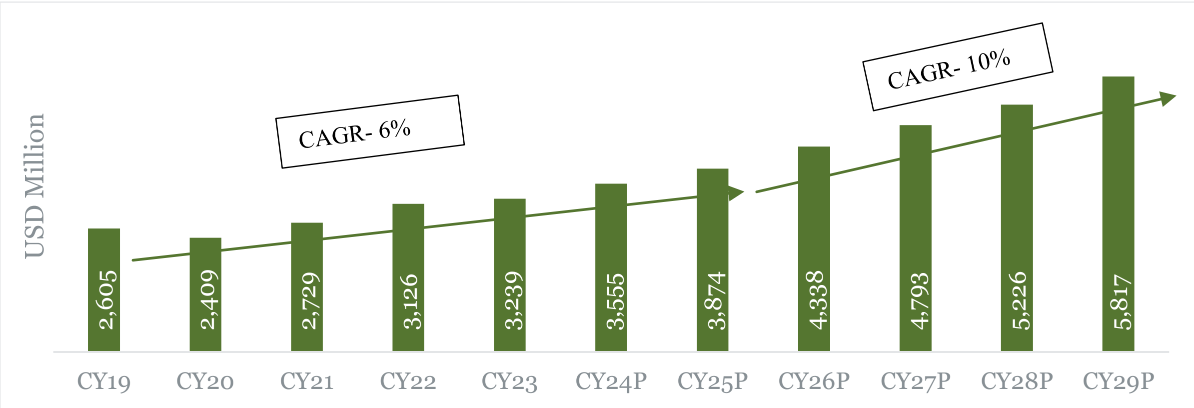

**Distribution & Power Transformers**

The transformer can be divided into Power Transformer and Distribution Transformer-

| | Power Transformer | Distribution Transformer |
|---|---|---|
| **Definition** | Stepping up the voltage for efficient transmission | Stepping down the voltage in order to be consumed |
| **Specs** | Higher Voltages and commonly rated above 200 MVA | Middle to lower voltage ranges, and commonly rated below 200 MVA |
| **Efficiency** | Operating at maximum efficiency (100%) | Around 60 -70% |
| **Size** | Larger and heavier | Smaller compared to power transformer |
| **Losses** | More constant, optimal losses at full load operation | Fluctuating, optimal losses when operating around 75% of full load |

The distribution and power transformer market in India grew at a CAGR of 6% from CY19 to CY24 and is expected to grow at a CAGR of 10% from CY24 to CY29 to reach USD 5,817 Million**.**

**Market Size of Distribution & Power Transformers**




Source: Maia Research, CareEdge Research

**Locomotive & Trackside Transformers**

The Locomotive & Trackside transformer is used for stepping down the voltage level required for motors used in railway engines and in railway networks. They are also used to provide single phase supplies for the train overhead systems. Locomotive and Trackside Transformers are specialized electrical transformers used in railway systems to supply power to locomotives and railway infrastructure.

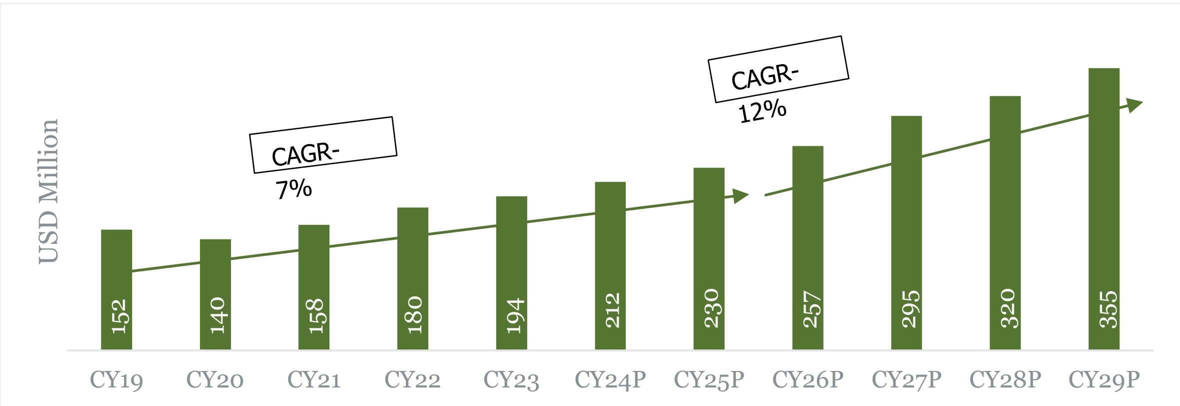
**Locomotive Transformers:**

- These transformers are installed on locomotives to convert high-voltage electrical power from overhead catenary systems or third rails into lower voltage levels suitable for driving the train's motors and auxiliary systems.
- They are typically designed to handle high power and provide voltage regulation for various train functions, including traction, lighting, air conditioning, and onboard electronics.
- Locomotive transformers are robust and built to operate under varying environmental conditions, as they need to ensure consistent power delivery during operation, regardless of location or weather.

**Trackside Transformers:**

- These transformers are located along the railway tracks and are part of the railway's electrical infrastructure. They convert high-voltage power from the grid to lower voltage levels for use in signalling systems, station equipment, and other trackside operations.
- Trackside transformers play a crucial role in ensuring the safety, communication, and operational efficiency of the railway network by supplying power to signalling lights, communication systems, and other control mechanisms essential for smooth train operations.
- They are designed to be durable and resistant to environmental factors, as they are often exposed to harsh weather conditions.
- Both types of transformers are crucial for ensuring the reliable and efficient operation of railways, contributing to the safe and effective functioning of the entire rail transport system.

**Market Size of Locomotive & Trackside Transformers**




Source: Maia Research, CareEdge Research

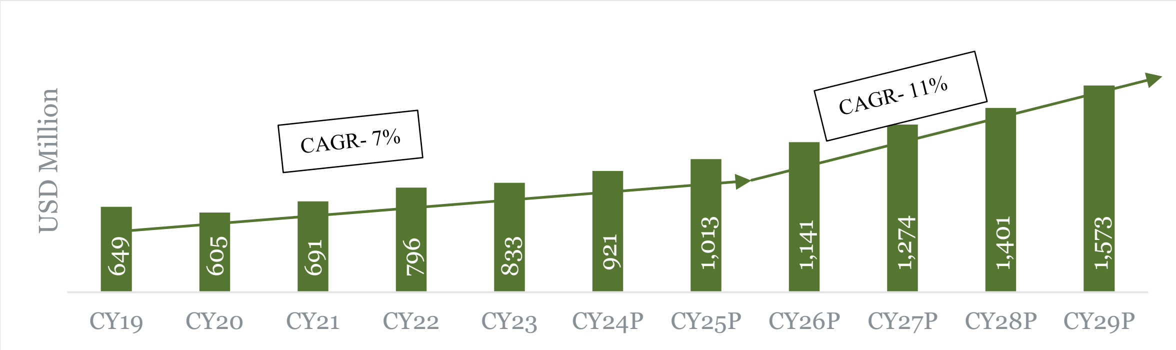
**Reactors**

A line reactor is a coil installed in series within a power system to minimise inrush current, voltage spikes, and notching effects. It may have taps to adjust voltage for changing motor load conditions. Common types include dry-type, which dissipates heat through air circulation and is used in low-voltage applications, and oil-immersed reactors.

India's line reactor market is growing due to rising power demand and the need for efficient transmission systems. Reactors limits short-circuit currents, reduce voltage fluctuations, and mitigate harmonic distortion in grids. Increased investments in power infrastructure, urbanisation, and renewable energy integration are driving this demand. Government initiatives, energy efficiency goals, and expanding power projects further support growth. Manufacturers are advancing reactor technology to deliver efficient, durable, and cost-effective solutions for India's evolving energy needs fuelling.

The reactor market in India grew at a CAGR of 7% from CY19 to CY24 and is expected to grow at a CAGR of 11% from CY24 to CY29 to reach USD 1,573 Million**.**

**Market Size of Reactors**




Source: Maia Research, CareEdge Research

**Key Growth factors and Challenges of the Electrical Engineering Equipment**

**Growth Drivers:**

**Rapid Industrialization and Urbanization:** The global trend of industrialization and urbanization has significantly increased the demand for electrical engineering equipment. As industries expand, there is a higher need for power generation, distribution, and control systems. Urbanization further accelerates this demand, as cities require sophisticated infrastructure to power homes, businesses, transportation systems, and public services. This rapid development fosters the need for robust electrical equipment that can support large-scale energy consumption, automation, and efficient power management.

**Shift to Renewable Energy**: The growing emphasis on sustainability and environmental protection has led to a major shift towards renewable energy sources like solar, wind, and hydroelectric power. Electrical engineering equipment is essential for integrating renewable energy into the existing power grid. This includes transformers, inverters, energy storage systems, and smart grid technologies, which are needed to convert, store, and distribute clean energy. As governments and industries continue to invest in clean energy solutions, the demand for specialized electrical equipment is expected to grow substantially.

**Technological Advancements:** Technological innovations have played a crucial role in the growth of the electrical engineering equipment market. The introduction of smart grids, automation, and the Internet of Things (IoT) has enhanced the efficiency and reliability of electrical systems. These technologies enable real-time monitoring, control, and optimization of energy usage, reducing waste and improving system resilience. Additionally, the rise of electric vehicles (EVs) and the associated charging infrastructure requires advanced electrical equipment to ensure smooth operation and integration with power grids.

**Government Initiatives:** Governments worldwide are increasingly prioritizing infrastructure development, energy efficiency, and sustainability. Policies and incentives that promote the use of clean energy, energy-efficient buildings, and electric vehicles have spurred investments in electrical engineering equipment. For example, government-backed programs to upgrade power grids, enhance distribution networks, and promote green technologies have created a favourable environment for the electrical equipment sector. Additionally, public-private partnerships in large-scale infrastructure projects also contribute to market growth.

**Adoption of Electric Vehicles (EVs):** The growing adoption of electric vehicles (EVs) is another significant driver for the electrical engineering equipment market. As EVs become more mainstream, the need for charging infrastructure, including fast chargers, grid connections, and power distribution systems, has risen sharply. Electrical equipment that supports these requirements, including transformers, power electronics, and charging stations, is crucial for the widespread adoption of electric vehicles. This shift towards cleaner transportation also encourages the development of advanced electrical systems for efficient charging and integration with the grid.

**Environmental Concerns and Sustainability:** Growing environmental awareness and the need for sustainable practices have significantly impacted on the electrical engineering equipment market. With a global focus on reducing carbon emissions and minimizing environmental impact, industries and governments are pushing for energy-efficient technologies and cleaner power solutions. Electrical engineering equipment that supports these goals, such as energy-saving transformers, efficient motors, and eco-friendly power management systems, is increasingly in demand. This trend toward sustainability is helping shape the future of the electrical equipment market, as innovations in energy conservation continue to evolve.

**Challenges:**

**Counterparty Risk in Payment and Signing of PPAs**

The financial health of DISCOMs remains a key challenge for India's power sector. As the main customers for power producers, their weak financial situation leads to frequent delays in payments. DISCOMs have struggled with rising debt, poor collection efficiency, high AT&C losses, and an increasing ACS-ARR gap. While some improvements have been made, such as reducing AT&C losses from 27% in FY15 to 15.41% in 2023, the ACS-ARR gap has grown from Rs. 0.15 to Rs. 0.45 per unit in the last year.

Government measures, including late payment surcharges and fiscal reforms in the 2023-24 Union Budget, aim to help DISCOMs clear their dues, with expectations of full repayment by 2026. Outstanding dues have dropped from Rs. 140 billion in July 2022 to Rs. 49 billion in January 2024 after the introduction of a new payment plan.

**Growing Preference for Renewable Power:**

India's shift toward renewable energy is reshaping the power sector. With Government targeting renewable capacity of 500GW by 2030, current capacity of 200+ GW as of October 2024, renewable sources like solar and wind are becoming more competitive due to falling costs and advancements in energy storage. Despite this, thermal power remains crucial in the short term, but long-term trends indicate renewables will gradually replace coal-based plants, supporting India's sustainability goals and reducing environmental pollution.

**Financial challenges for new coal-based projects**

Funding for new coal-based power projects in India is facing constraints. As global financial institutions increasingly adhere to environmental, social, and governance (ESG) standards, they are less willing to invest in coal. Rising coal costs and logistical challenges also impact the economics of coal plants. Additionally, pressure from climate agreements like the Paris Agreement complicates financing for new coal projects. India’s focus on renewable energy, backed by government incentives, is creating more attractive investment opportunities in cleaner energy sources, aligning with the country's long-term environmental and economic goals.

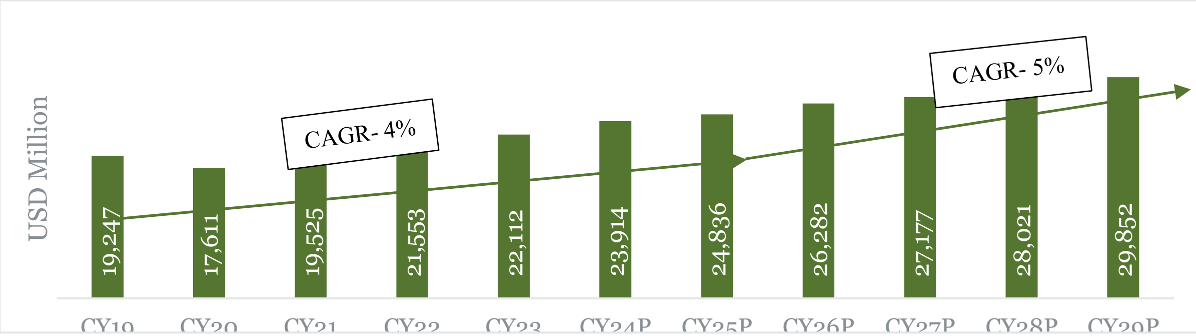
**Market Size of the Electrical Equipment in Power sector and outlook - by region**

**North America**

The electrical equipment market in the power sector in North America is experiencing robust growth, driven by key factors such as the transition to renewable energy, aging infrastructure, and the need for grid modernization. With the increasing adoption of renewable energy sources like solar, wind, and hydro, there is a growing demand for advanced electrical equipment, including transformers, inverters, and energy storage solutions, to efficiently integrate these energy sources into the grid. Additionally, the push for grid modernization is leading to significant investments in smart grid technologies, automation, and real-time monitoring systems, all of which require specialized electrical equipment to improve the reliability, efficiency, and resilience of power distribution. Government policies and regulations promoting energy efficiency, sustainability, and clean energy are further driving market growth.

The Electrical Equipment Market in North America grew at a CAGR of 4% from CY19 to CY24 and is expected to grow at a CAGR of 5% from CY24 to CY29 to reach USD 29,852 Million.

**Market Size of Electrical Equipment in Power sector in North America**



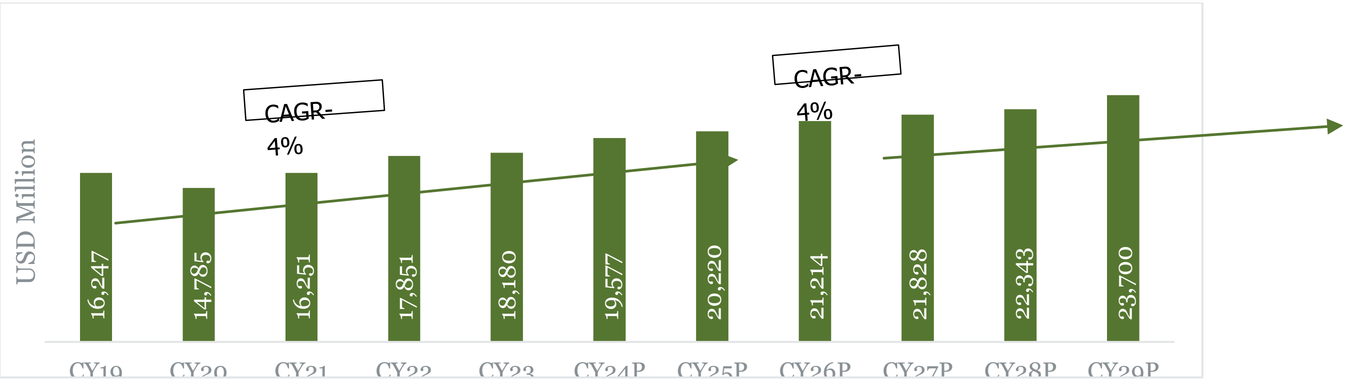

Source: Maia Research, CareEdge Research

**Europe**

The electrical equipment market in the power sector in Europe is experiencing dynamic growth, driven by several key trends centred around sustainability, digitalization, and grid modernization. One of the most significant trends is the shift toward renewable energy sources such as wind, solar, and biomass, in line with the European Union's Green Deal and ambitious climate goals. This transition is fuelling the demand for advanced electrical equipment, including power converters, inverters, transformers, and energy storage systems, to integrate and stabilize renewable energy into the grid. Additionally, Europe is witnessing widespread investments in smart grids and digitalization, with utilities focusing on automation, real-time monitoring, and advanced metering infrastructure to optimize energy distribution and improve system efficiency. The need for energy efficiency and decarbonization is also driving the adoption of high-performance electrical equipment that can support these goals. As Europe continues to prioritize sustainability, innovation, and energy security, the electrical equipment market in the power sector is expected to see continued growth, with significant advancements in technology and infrastructure upgrades.

The Electrical Equipment Market in Europe grew at a CAGR of 4% from CY19 to CY24 and is expected to grow at a CAGR of 4% from CY24 to CY29 to reach USD 23,700 Million**.**

**Market Size of Electrical Equipment in Power sector in Europe**



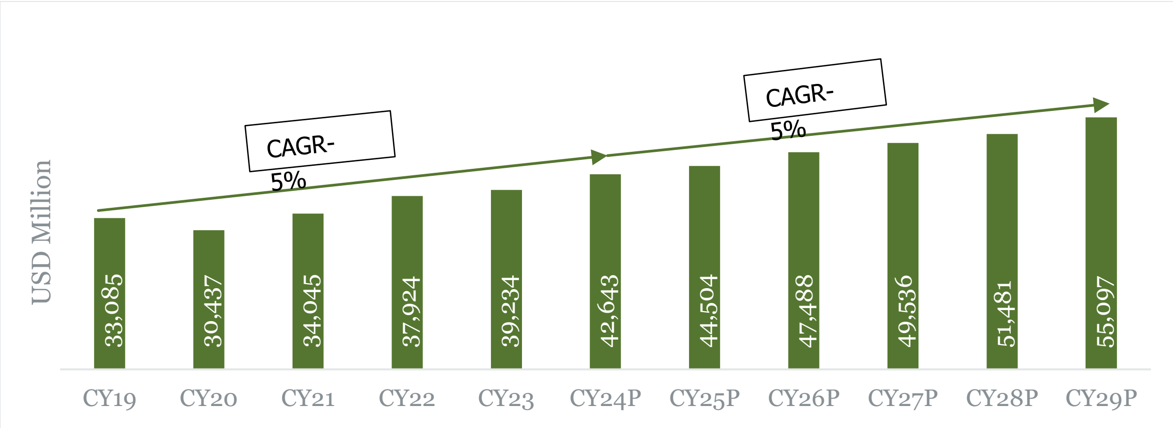

Source: Maia Research, CareEdge Research

**Asia**

The electrical equipment market in the power sector in Asia is experiencing rapid growth, driven by a combination of urbanization, industrialization, and the increasing demand for clean energy solutions. As one of the fastest-growing regions in the world, Asia is witnessing a surge in infrastructure development, which is significantly boosting the demand for electrical equipment, particularly in countries like China, India, Japan, and Southeast Asia. A key trend is the increasing shift towards renewable energy, with countries focusing on expanding their solar, wind, and hydroelectric power capacity. This transition is driving the need for advanced equipment such as inverters, transformers, and energy storage systems to integrate renewable energy sources efficiently into the grid. Moreover, the rise of smart grids and the adoption of digital technologies for energy management are transforming power distribution, enhancing efficiency, reliability, and sustainability. The growing demand for electric vehicles (EVs) and the expansion of EV charging infrastructure are also contributing to the market's growth, requiring new electrical systems to support the transition to electric mobility. Additionally, government initiatives aimed at improving energy efficiency and reducing carbon emissions are creating a favourable environment for the growth of the electrical equipment market. As Asia continues to prioritize renewable energy, smart grid technologies, and sustainability, the demand for electrical equipment in the power sector is expected to remain strong, with ongoing innovations and investments shaping the market's future.

The Electrical Equipment Market in Asia grew at a CAGR of 5% from CY19 to CY24 and is expected to grow at a CAGR of 5% from CY24 to CY29 to reach USD 55,097 Million**.**

**Market Size of Electrical Equipment in Power sector in Asia**



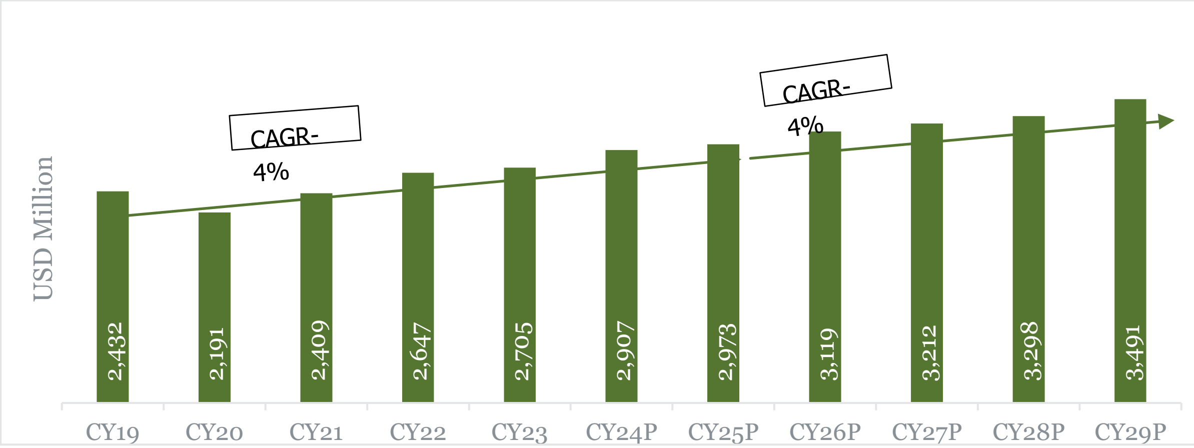

Source: Maia Research, CareEdge Research

**Middle East & Africa**

The electrical equipment market in the power sector across the Middle East and Africa (MEA) is experiencing dynamic growth, driven by a combination of energy diversification, urbanization, and the increasing push towards sustainability. In the Middle East, countries are prioritizing renewable energy, particularly solar and wind power, as part of their Vision 2030 plans and other sustainability goals. This shift is fuelling the demand for advanced electrical equipment, such as solar inverters, transformers, and energy storage systems, to support the integration of renewable energy into the grid. In Africa, efforts to expand electricity access are increasingly complemented by integrating renewable energy to address power shortages and reduce reliance on fossil fuels. Both Africa and the Middle East are investing in grid modernisation, adopting smart grid technologies to enhance efficiency, reliability, and management. Rapid industrialisation, urban growth, and the expansion of electric vehicle infrastructure in select countries are driving demand for robust power distribution systems. Government policies promoting energy efficiency and renewable energy adoption further shape the market. As these regions diversify energy sources and upgrade electrical infrastructure, the power sector is poised for substantial growth, supported by technological advancements, policy initiatives, and investments in sustainable energy solutions.

The Electrical Equipment Market in Middle East & Africa grew at a CAGR of 4% from CY19 to CY24 and is expected to grow at a CAGR of 4% from CY24 to CY29 to reach USD 3,491 Million**.**

**Market Size of Electrical Equipment in Power sector in Asia**

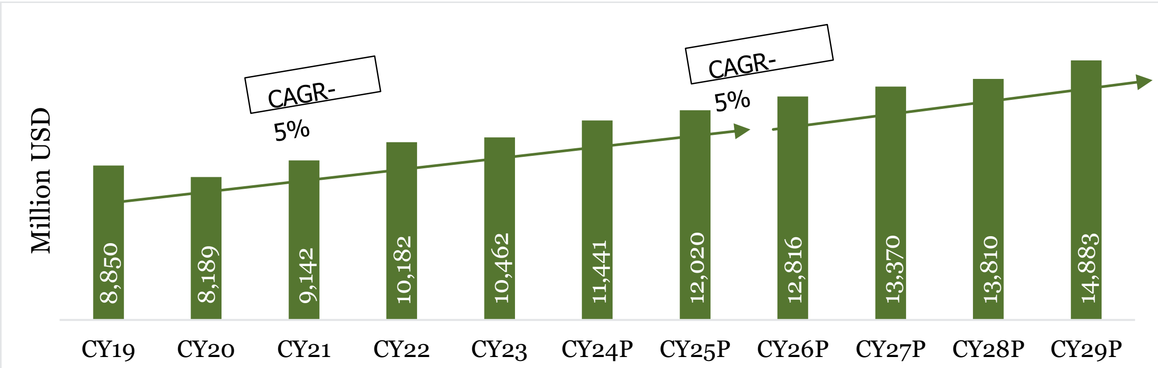



Source: Maia Research, CareEdge Research

**Rest of World**

The Electrical Equipment Market in ROW grew at a CAGR of 5% from CY19 to CY24 and is expected to grow at a CAGR of 5% from CY24 to CY29 to reach USD 14,883 Million**.**

**Market Size of Electrical Equipment in Power sector in ROW**



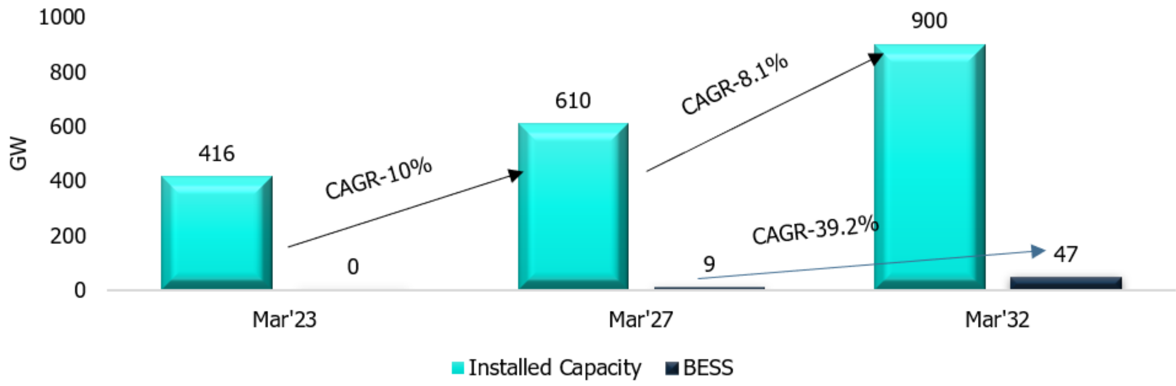

Source: Maia Research, CareEdge Research

**Outlook of Capacity Additions**

India's power sector is undergoing rapid transformation, driven by growing demand and a shift in the energy mix. To ensure reliable electricity for all, investments focus on expanding capacity and transitioning to clean energy. The government aims to achieve 500 GW of renewable capacity by 2030, with non-fossil fuels contributing approximately 50% of installed capacity.

According to the National Electricity Plan (Vol-1, March 2023), installed capacity is projected to grow from 416 GW in March 2023 to 610 GW by March 2027, at a CAGR of 10%. Battery Energy Storage Systems (BESS) are expected to reach 9 GW by 2027 and 47 GW by 2032, with total capacity anticipated to rise to 900 GW by 2032, growing at a CAGR of 8.1%.

**Aggregate Installed Capacity Outlook**




*Source: National Electricity Plan (NEP) March 2023, CareEdge Research*

**Sector wise and fuel wise break up of Additional Capacity Requirement (MW)**

| | Under Construction (FY22 to FY27) | Additional Capacity Requirement (FY22 to FY27) | Total Capacity Addition (FY22 to FY27) | Under Construction (FY27 to FY32) | Additional Capacity Requirement (FY27 to FY32) | Total Capacity Addition (FY27 to FY32) |
|---|---|---|---|---|---|---|
| **Renewable** | | | | | | |
| Hydro | 10,462 | 0 | 10,462 | 1,032 | 8,700 | 9,732 |
| PSP | 2,700 | 0 | 2,700 | 80 | 19,160 | 19,240 |
| Solar | 92,580 | 38,990 | 131,570 | 0 | 17,900 | 17,900 |
| Wind | 25,000 | 7,537 | 32,537 | 0 | 49,000 | 49,000 |
| Biomass | 2,318 | 0 | 2,318 | 2,500 | 0 | 2,500 |
| Small Hydro | 352 | 0 | 352 | 250 | 0 | 250 |
| **Conventional** | | | | | | |
| Nuclear | 6,300 | 0 | 6,300 | 2,400 | 4,200 | 6,600 |
| Coal & Lignite | 25,580 | 0 | 25,580 | 1,320 | 24,160 | 25,480 |
| **Total** | 165,292 | 46,527 | 211,819 | 7,582 | 284,220 | 291,802 |
| BESS | 0 | 8,680 | 8,680 | 0 | 38,564 | 38,564 |

*Source: National Electricity Plan (NEP) March 2023, CareEdge Research*

*Note: 1. As per MNRE, 117.58 MW of solar and wind capacity was planner for 31.03.22, out of which 10.87 GW has been added during 2022-23 till 31.12.22*

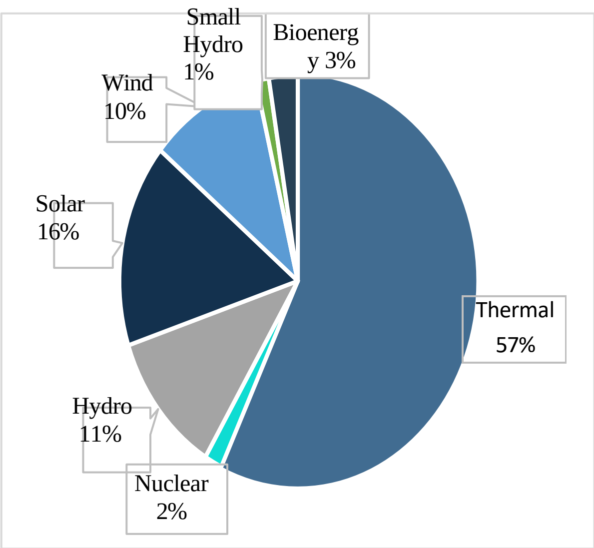
*2. Nuclear Projects of 8,700 MW are under construction of which 6,300 MW are considered to be commissioned during 2022 -27 and 2,400 MW are considered to be commissioned during 2027-32. Additionally, nuclear projects totalling to 7,000 MW are in principle approval stage of which 4,200 MW capacity is likely to yield benefit during the year 2027-32.*

*3. In the table, 'Under Construction' refers to the tenders already been awarded and 'Additional Capacity Requirement' refers to the potential capacity for which tenders will be floated in future.*

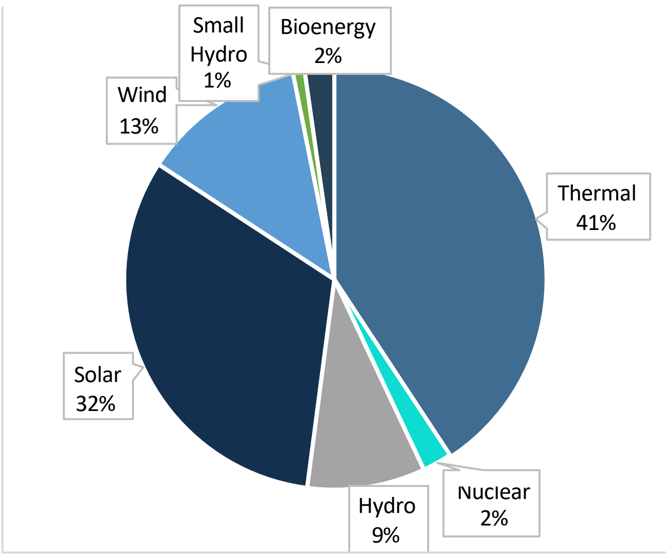
At the end of FY23, the conventional generation capacity accounted for 59% of the total installed capacity while renewable energy accounted for the balance 41%. By FY27, it is expected that the contribution of conventional generation will decline to 43%.

**Break-up of the total installed capacity - FY23 vs FY27**

FY23




FY27P




Source: National Electricity Plan (NEP) March 2023, CEA, CareEdge Research,

**Power Transmission Sector in India**

The transmission network in India operates at different voltages to cater to diverse needs in the industry. The different voltage levels include Extra High Voltage (EHV), high voltage, medium voltage, and low voltage.
The following table shows the distribution of the voltage lines:

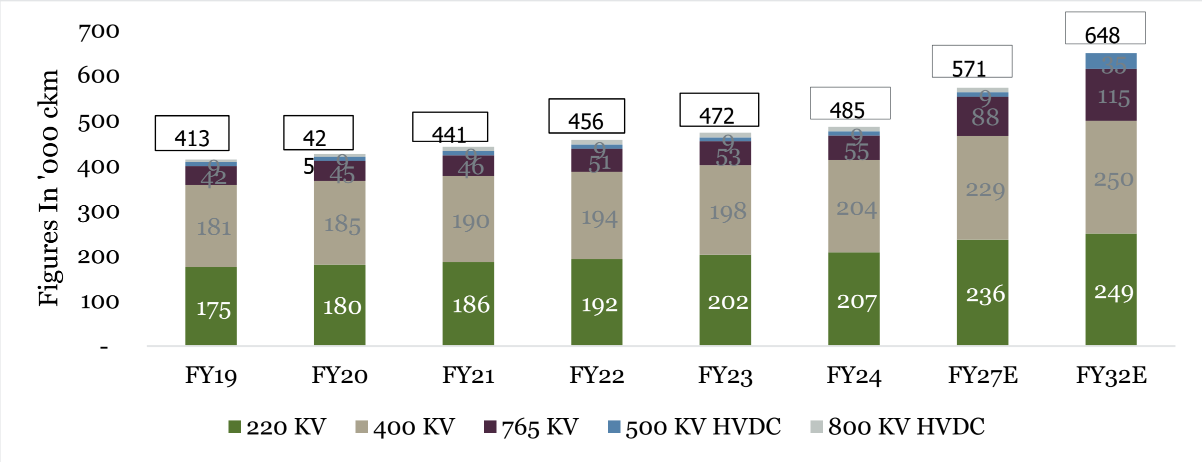
**Distribution of Voltage Lines**

| | |
|---|---|
| **Extra High Voltage** | 765 kV, 400 kV and 220 kV |
| **High Voltage** | 132 kV and 66 kV |
| **Medium Voltage** | 33 kV, 11 kV, 6.6 kV and 3.3 kV |
| **Low Voltage** | 1.1kV, 220 kV and below |

Further, India's power transmission system has expanded at a significant pace driven by growing demand, the government's focus on providing electricity in rural areas, and the need for connecting the generation stations including integration of RE sources from the RE-rich states. In addition, with the implementation of two Central Sector Schemes namely, the Northeastern Regional Power System Improvement Project (NERPSIP) and Comprehensive Scheme of Transmission & Distribution System in Arunachal Pradesh & Sikkim, the transmission and distribution infrastructure of North Eastern states are being strengthened.

Moreover, the transmission line network grew at a CAGR of approximately 3% to 4,85,544 CKm as of March 2024 from 4,13,407 CKm as of March 2019. During FY24, 14,203 CKm of transmission lines were added to the total network. The transmission line network stood at 4,87,587 CKm as of July 2024. Whereas the transformation line capacity is at 12,65,700 MVA as of July 2024. Transmission lines include Overall Intra and Inter transmission lines. In FY24 India saw a line addition of ~13,000 ckm of lines where ~6,000 ckm of lines was added in 400 kV segment followed by ~5,000 ckm of lines in 220 kV. By FY27 ~19,000 ckm of lines are expected to be added in 220 kV from FY24 where overall line additions will be ~86,000 ckm lines. It is expected to reach a total addition of 1,63,000 ckm lines till FY32 where 400kV will have a maximum share of line additions. By FY32, the transmission line network is expected to reach 6,48,190 ckm.

**Transmission Line Network (220 kV & Above)**




Source: Central Electricity Authority,NEP, CareEdge Research

**Inter State Transmission Lines**

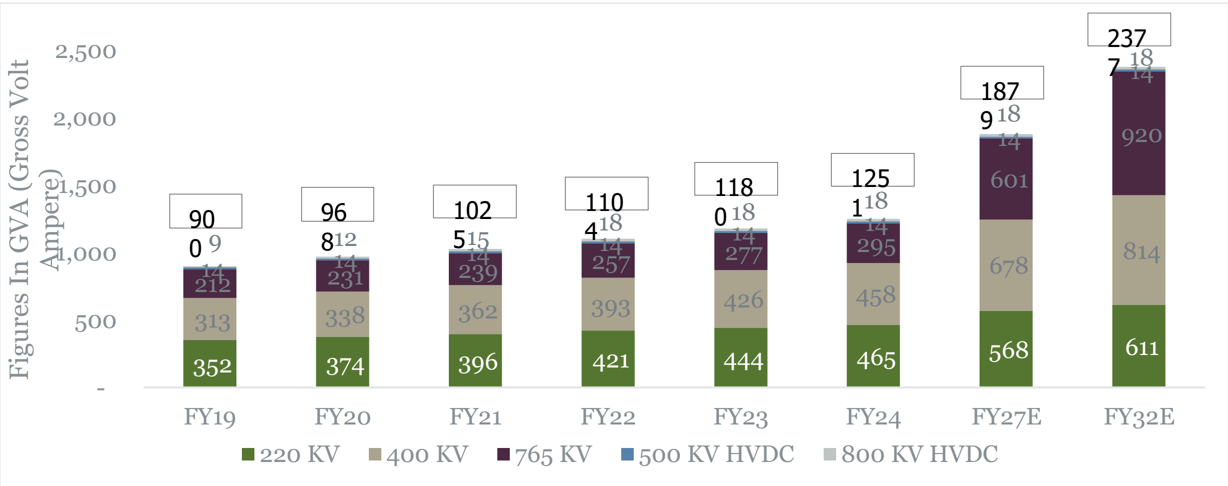
| Transmission Lines ISTS in '000 ckm | At the end of 2017 | At the end of 2022 | At the end of 2027 | At the end of 2032 |
|---|---|---|---|---|
| | 158.9 | 200.0 | 251.2 | 294.5 |

Source: NEP, CareEdge Research

**Details on Transformation capacity growth**

The transformation (Substation) capacity (in MW) for various voltage levels in India's electricity transmission network from FY19 to FY32E, including 220 kV, 400 kV, 765 kV, and HVDC systems (500 kV and 800 kV). The 220 kV, 400 kV, and 765 kV capacities show steady growth to meet rising electricity demand and support renewable energy integration, with projections reaching 611 MW, 814 MW, and 920 MW, respectively, by FY32E. HVDC systems, critical for long-distance transmission, maintain stable or slow growth, with 500 kV HVDC at 14 MW and 800 kV HVDC gradually increasing to 18 MW. Overall, the transformation capacity is expected to grow significantly, especially in higher voltage categories, to support India's energy goals. Transformation capacity include Overall Intra and Inter transmission capacity.

**Transformation (Substation) Capacity (220 kV & Above)**




Source: Central Electricity Authority, NEP, CareEdge Research

**Inter- State Transformation Capacity (Substation)**

| Transformation Capacity (MVA) ISTS | At the end of 2017 | At the end of 2022 | At the end of 2027 | At the end of 2032 |
|---|---|---|---|---|
| | 284.2 | 461.0 | 933.2 | 1,281.4 |

Source: NEP, CareEdge Research

India aims to achieve 500 GW of renewable energy capacity by 2030. As of July 2024, there are 54 transmission projects constructed, and 53 projects are under construction. These include various projects of transmission systems associated with renewable projects and conventional projects in Rajasthan, Karnataka, Maharashtra, etc. These projects are being executed by PGCIL along with private players like Sterlite Power Transmission Limited, Adani Transmission Limited, ReNew Transmission Ventures Private Limited, etc.

Furthermore, the substation line network grew at a CAGR of approximately 7% to 1.25 million MVA as of March 2024 from 0.8 million MVA as of March 2019.

**Overview of Distribution Sector in India**

The distribution sector is expected to continue to remain the weakest link in the power sector value chain. While the government has taken various initiatives in the past to improve the sector, most of the discoms in India continue to be under financial distress. Though, there has been some improvement in the performance of the discoms in the recent years, the financial distress is expected to remain in the short run.

Government of India launched the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiency and financial sustainability by providing result-linked financial assistance to DISCOMs to strengthen supply infrastructure based on meeting prequalifying criteria and achieving basic minimum operational efficiency benchmarks. RDSS has an outlay of ~INR 3.04 lakh Cr. over 5 years i.e., FY 2021-22 to FY 2025-26. The outlay includes an estimated Government Budgetary Support (GBS) of ~INR 0.98 lakh Cr.

The main objectives of RDSS are:

• Reduction of AT&C losses to pan-India levels of 12-15% by FY 2024-25.
• Reduction of ACS-ARR gap to zero by FY 2024-25.
• Improvement in the quality, reliability, and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

The liquidity package announced by the government for the discoms would provide relief to the sector in the near term. However, for sustained improvement in the distribution sector the effective implementation of various measures such privatization of discoms, installation of smart prepaid meters, DBT for the subsidy are vital. Further, the reforms based and results linked RDSS scheme announced in June 2021, reflects the strong focus of government to improve the sector which augurs well for the sector in the long-term. However, the success of this scheme depends on the pace & effectiveness of implementation and efforts taken by the utilities to undertake the operational improvements.

The following is the planned distribution infrastructure planned till FY30 to cater to the demand in the country-

**Summary of Distribution Infrastructure Planned**

| Description | Unit | FY22 | FY30 | % increase |
|---|---|---|---|---|
| Substation Count (66/33/22 kV) | Nos | 39,965 | 52,157 | 31% |
| Substation Capacity (66/33/22 kV) | MVA | 4,82,810 | 6,24,332 | 29% |
| Feeders (66/33/22kV) Count | No | 36,804 | 54,639 | 48% |
| Feeders (66/33/22kV) Length | CKM | 5,89,304 | 7,77,994 | 32% |
| Feeders (11kV) Nos | Nos | 230979 | 323899 | 40% |
| Feeders (11kV) Length | CKM | 49,35,279 | 59,03,782 | 20% |
| Distribution Transformer (DT) count | Nos | 1,46,74,261 | 1,93,32,115 | 32% |
| Distribution Transformer (DT) | MVA | 6,89,192 | 9,27,656 | 35% |
| LT Feeders (1-Ph & 3 Ph) | CKM | 79,45,758 | 9774634 | 23% |
| Capacitor Bank | MVAR | 59,255 | 1,05,209 | 78% |
| Consumers (in Crores) | Nos | 33 | 52 | 58% |

Source: CEA

Apart from this, the deployment of smart grid technologies, such as advanced metering infrastructure (AMI), distribution automation, and demand response systems, is expected to enhance the efficiency, reliability, and resilience of electricity distribution networks in India. Smart grid initiatives are likely to improve energy management, reduce losses, and empower consumers with real-time information and control over their energy consumption. Government Regulations and Policies

**Government Regulations and Policies**

Below are some significant government regulations and policies:

**1. Electricity Act, 2003**

The Electricity Act of 2003 reformed India’s power sector, impacting electrical engineering equipment. It promotes industry liberalisation, competition, and reliable power supply. The Act regulates power generation, transmission, and distribution, sets technical standards for electrical equipment, and encourages modern, efficient technologies. It also prioritises consumer protection, ensuring the quality and safety of electrical equipment.

**2. Bureau of Indian Standards (BIS)**

The Bureau of Indian Standards (BIS) regulates electrical equipment in the power industry. Through its Electrical Installations Sectional Committee (ETD 20), BIS sets standards for the design, installation, and maintenance of electrical systems, focusing on safety and best practices. BIS ensures that electrical products, such as transformers, circuit breakers, and cables, meet safety, quality, and performance benchmarks. BIS certification enhances equipment credibility and protects consumers from substandard products.

**3. National Electrical Code (NEC) of India**

The National Electrical Code (NEC) of India sets standards for installing electrical systems in buildings and industries, ensuring safety, energy efficiency, and compliance with national standards. It guides manufacturers to design safe, reliable products suited to Indian conditions. Power industry equipment must comply with these codes to meet safety standards and ensure effectiveness.

**4. Power Grid Corporation of India Limited (PGCIL) Standards**

Power Grid Corporation of India Limited (PGCIL), as India's national grid operator, sets standards for electrical equipment in transmission systems. These standards ensure reliability and efficiency in transmitting electricity over long distances. They cover the design, procurement, and operation of high-voltage equipment, including transformers, circuit breakers, and substations, with mandatory testing to ensure compliance.

**5. Energy Conservation Building Code (ECBC)**

The Energy Conservation Building Code (ECBC) establishes energy efficiency standards for electrical systems in buildings and industries. It mandates efficient use of lighting, HVAC systems, and appliances, promoting energy conservation and renewable energy use to enhance the power sector's sustainability.

**6. Renewable Energy Policies**

India’s renewable energy targets influence equipment for solar, wind, and other sources. Policies like the National Action Plan on Climate Change (NAPCC) and state initiatives support integrating renewable energy into the grid. They encourage high-efficiency power generation equipment, energy storage, and smart grid technologies for seamless integration.

**7. Make in India and Atmanirbhar Bharat Initiatives**

The Make in India and Atmanirbhar Bharat initiatives promote domestic manufacturing of electrical equipment such as transformers and cables, reducing import dependence. These policies focus on boosting local production, fostering innovation, and attracting foreign investment, creating a competitive and sustainable supply chain for high-quality electrical equipment. Furthermore, to reduce the import dependence and boost domestic production the Government has increased import duties, import restrictions, trade barriers to help local players.

**Outlook by major industries including Emerging business**

**Renewables**

The growing demand for power in India presents significant opportunities, particularly in solar energy, wind power.

The Indian power sector is witnessing a major transformation in terms of demand growth and energy mix. Investments are being made to raise the installed capacity and clean energy transition to ensure that everyone has access to reliable power and sufficient electricity. Also, the government plans to establish a renewable capacity of 500 GW by 2030 and increase the share of non-fossil fuel-based installed capacity to around 50%.

According to the *National Electricity Plan Vol-1* (March 2023), installed capacity is projected to grow from 416 GW in March 2023 to 610 GW by March 2027, at a CAGR of 10%. Battery Energy Storage Systems (BESS) are expected to reach 9 GW of installed capacity by 2027. By March 2032, generation capacity is anticipated to hit 900 GW, growing at a CAGR of 8.1%, while BESS capacity is projected to expand to 47 GW.

Solar Power (Grid) saw a surge from Rs. 4,280 Crores in FY2022-23 Actuals to Rs. 10,000 Crores by budgeted estimates in FY2024-25. Rooftop Solarization scheme for 1 crore households will be enabled to obtain up to 300 units of free electricity per month.

**Power Generation Investments split as per type during 2023-2027 (Rs. Billion)**

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total |
|---|---|---|---|---|---|
| **Hydro** | 167 | 149 | 103 | 96 | **514** |
| **PSP** | 25 | 47 | 154 | 282 | **508** |
| **Wind** | 415 | 548 | 556 | 531 | **2,051** |
| **Offshore Wind** | - | - | - | - | **-** |
| **SHP** | 4 | 34 | 4 | 4 | **15** |
| **Biomass** | 49 | 51 | 52 | 54 | **206** |
| **Solar** | 1,118 | 1,467 | 1,571 | 1,720 | **5,876** |
| **BESS** | - | - | - | 566 | **566** |
| | **2,699** | **2,840** | **2,873** | **3,906** | **7,153** |

**Power Generation Investments split as per type during 2027-2032 (Rs. Billion)**

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | Total |
|---|---|---|---|---|---|---|
| **Hydro** | 299 | 333 | 316 | 240 | 109 | **1,298** |
| **PSP** | 297 | 251 | 154 | 50 | - | **752** |
| **Wind** | 613 | 744 | 742 | 838 | 371 | **3,309** |
| **Offshore Wind** | - | - | 45 | 137 | 92 | **274** |
| **SHP** | 4 | 4 | 4 | 3 | 1 | **17** |
| **Biomass** | 55 | 57 | 59 | 42 | 18 | **231** |
| **Solar** | 1,821 | 1,863 | 1,915 | 1,972 | 397 | **7,968** |
| **BESS** | 1450 | 840 | 225 | 82 | 329 | **2,926** |
| | **5,324** | **4,700** | **3,938** | **3,651** | **1,451** | **14,485** |

**Source: National Electric Plan 2022-32**

The total investment in renewable power generation for 2027–2032 is estimated at Rs.14.48 trillion. This figure excludes preparatory actions for projects likely to be commissioned after 31 March 2032.

**BESS**

Energy storage systems collect energy from sources such as solar arrays and electric grid, storing it in rechargeable batteries for later use. A battery energy storage system (BESS) comprises various hardware and software components.

The table outlines annual renewable energy storage targets from 2022-23 to 2029-30. The Ministry of Power’s Energy Storage Obligations for 2029-30 estimate utility-scale storage requirements. The 19th Electric Power Survey (CEA 2022) provides India’s peak energy demand (GWh) for this period, which is used to calculate the obligated stored energy (GWh) and corresponding battery requirements.

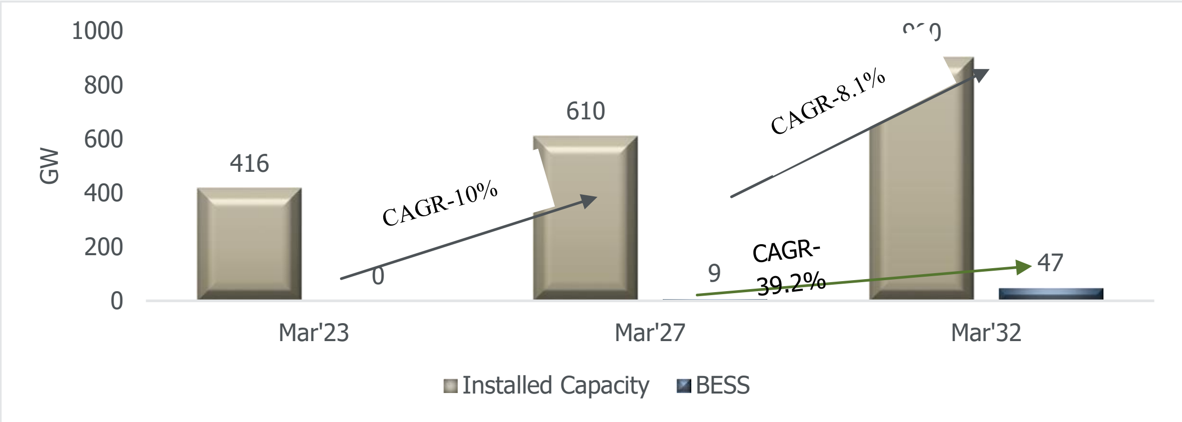
**Projections for utility-scale energy storage requirement**

| Year | India’s projected peak demand (BU) | Energy Storage Obligation (%) | Energy from storage (GWh) | Battery Requirement (GWh) |
|---|---|---|---|---|
| 2023-24 | 1,600 | 1.0% | 16,002 | 57 |
| 2024-25 | 1,695 | 1.5% | 25,420 | 91 |
| 2025-26 | 1,796 | 2.0% | 35,933 | 129 |
| 2026-27 | 1,908 | 2.5% | 47,696 | 171 |
| 2027-28 | 2,021 | 3.0% | 60,632 | 217 |
| 2028-29 | 2,139 | 3.5% | 74,869 | 268 |
| 2029-30 | 2,280 | 4.0% | 91,187 | 327 |

Source: CEEW Study based on CEA 2022 and MoP 2022

*Assumptions for battery capacity: 1 cycle/day with 85% roundtrip efficiency and 90% depth of discharge.

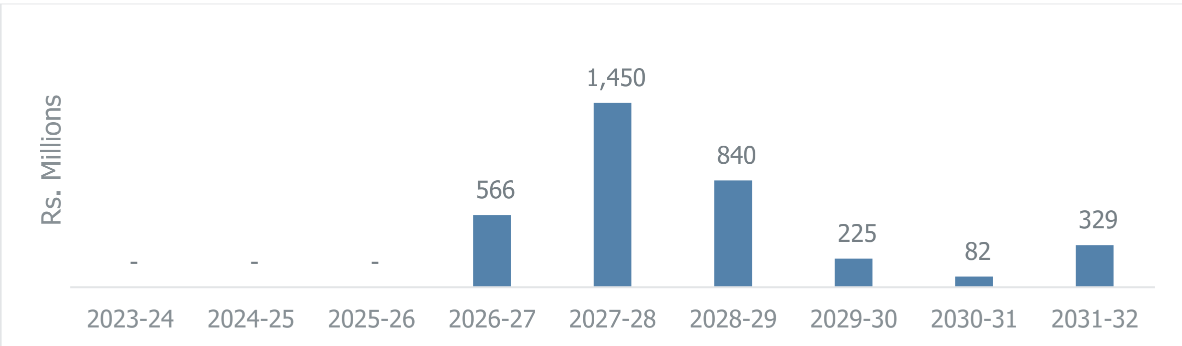
**Aggregate Installed Capacity Outlook**




Source: National Electricity Plan (NEP) March 2023, CareEdge Research

The cumulative energy storage demand from grid applications is projected to reach327 GWh by 2030. India can unlock significant economic value through a robust local battery manufacturing industry and a supportive supply chain. NITI Aayog estimates the battery sector market size at around Rs. 163.8 billion in FY22 (*Exchange Rate 1 USD= Rs. 81.9 as on 25th July 2023*).Under an accelerated scenario, the market for stationary and mobile batteries could exceed Rs. 491.4 billion by 2026 and Rs.1,228.15 billion by 2030.An investment of Rs.3,493 million is required between FY24–32 to meet the projected battery storage demand. Year-wise investment details are provided below

**Fund requirement for BESS**




Source: National Electricity Plan Vol-1 (March 2023), CareEdge Research

To meet the demand for battery with domestic supply, India will require rapid buildout of battery manufacturing. To increase the development for advanced cell batteries, policy push and demand-supply incentives is required. The PLI scheme promises to put India in strong global position and realize its full value from its technology.

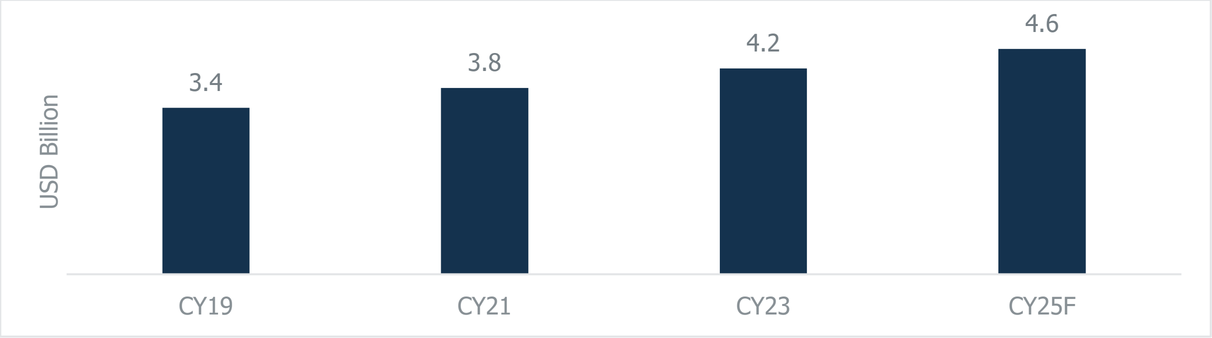
**Data centre**

India is transitioning towards a developed market economy, with technology expected to play a pivotal role in this evolution. The digital transformation is accelerating economic growth and leading to substantial data generation. This wave of digitization, driven by the expansion of e-commerce, fintech platforms, online streaming, and gaming services, is anticipated to increase the number of internet users and boost internet penetration (internet users as a % of population) from approximately 63% in FY23 (refers to the period April 1 to March 31) to 87% by FY29. Adoption of technologies such as 5G, IoT, and Artificial Intelligence are also expected to significantly augment demand for data and in turn Data centre. Collectively, these demand factors are projected to triple data consumption in India.

The first commercial Data centre was set up in India in the year 2000 with the industry growing at a snail's pace, reaching a mere 122 MW by 2010 i.e. average addition of 12 MW per year. Thereafter the capacity witnessed swift addition with growth of almost 3x till 2020 i.e. average addition of 32 MW per year. While the dot com boom, broadband policy, advent of 2G and 3G contributed to this surge, the major boom came with the launch of new telecommunication company; JIO with widespread network at a cheaper cost, as well as introduction of Unified Payment Interface (UPI) in the country in the year 2016.

The investments in data centres in India is estimated to reach USD 5 billion by 2025, indicating a CAGR of 5% between 2019-2025, which is 2x faster than the global average. Data centre capacity in India is expected to grow over the near term led by increased digitalisation, internet penetration and government initiatives. With respect to development as well as operating expenses, India enjoys a significant cost advantage over developed nations.

**Trend in Indian Data Centre Market Investment (USD Billion)**

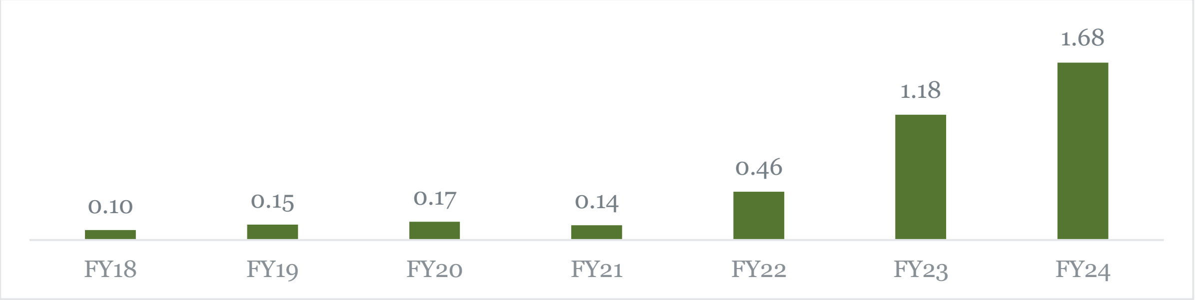



Source: NASSCOM, CareEdge Research

**EV**

- The growth of EV segment in India has shown consistent growth. Domestic sales of ICE vehicles declined in the recent years due to slowdown in economy & consumption demand in FY20, impact of Covid-19 and economic degrowth in FY21. Additional factors such as weak rural demand, rising vehicle prices, semiconductor shortages, and higher fuel costs further affected sales in FY22. However, domestic automobile sales rebounded with 20% growth in FY23 and an additional 12.5% in FY24. This recovery was driven by strong urban demand, increased replacement purchases, rising utility vehicle sales in the passenger segment, the vehicle scrappage policy, and higher infrastructure spending.

**EV sales (in million units)**

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- Source: Center for Energy Finance, CareEdge Research
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Overall, the penetration of EVs has increased to 7% of the total vehicle sales in FY24. This can be compared to the ambitious targets set by Government of India at 30% EV penetration by 2030. In FY24, the EV sales have witnessed massive growth of 41.7% in y-o-y units sold, driven by favourable government's policies for EVs supporting reduction in upfront cost and expansion of charging infrastructure, rising fuel prices, and shifting consumer preferences**.**

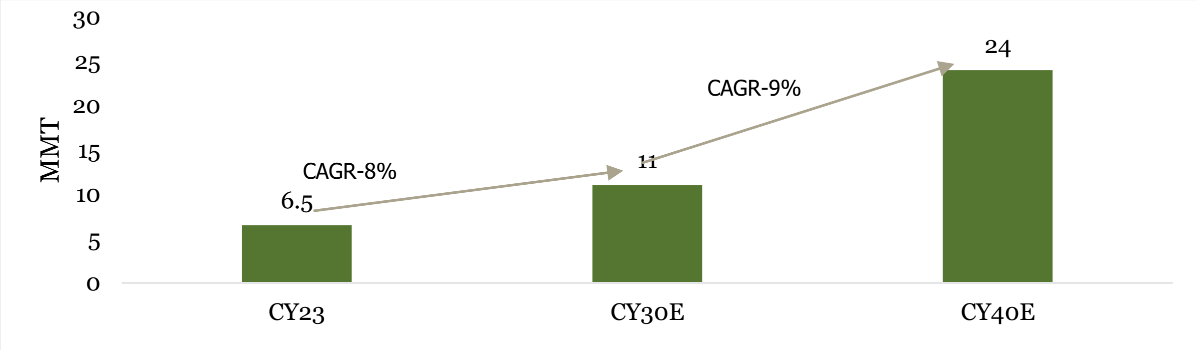
In the Union Budget 2023-24, the government allocated INR 35,000 crore to support energy transition, energy security, and net-zero goals, aiding the EV industry's efforts to address climate change. India aims for 100% e-mobility in smart cities by 2030, creating a significant market for EVs. The Smart City Mission, an urban renewal initiative to develop 100 citizen-friendly and sustainable cities, integrates EVs as part of smart transportation. EVs are vital for improving quality of life and reducing environmental footprints. The government has provided robust support in recent years to enhance EV penetration in India. As per the economic survey 2023, EV market is expected to grow to one crore units annual sales by 2030.

**Green Hydrogen**

Global hydrogen demand, driven by its role in transitioning to a low-carbon economy, exceeded 95 million metric tons per year in 2023, according to IEA. It further states that major consumers include industries such as oil refining, ammonia fertiliser production, and methanol manufacturing. Demand is projected to grow to 150 million metric tons by 2030.

In India, the demand for hydrogen is evolving with investments in infrastructure, research, and development for production, storage, and distribution. Current domestic hydrogen demand is 6.5 MTPA, primarily consumed by refineries (3.1 MTPA) and ammonia production (2.1 MTPA), concentrated in the western region. This growth is set to reshape India's energy landscape, supporting a sustainable future fuelling. Under the National Green Hydrogen Mission, the union cabinet has approved an outlay of Rs. 197.44 billion and a target of producing 5 million metric tonnes (MMT) per annum of Green Hydrogen in country by 2030.

**Demand for Hydrogen in India**




Source: MNRE

**Electrical Engineering Equipment Industry in Railway Sector**

**Overview of Electrical Engineering Equipment in Railway Sector**

Electrical engineering equipment in the railway sector plays a vital role in supporting non-propulsion functions that contribute to both operational efficiency and passenger comfort. Electrical engineering equipment in the railway sector includes various components that contribute to the generation, distribution, and use of electrical power for train operations, signalling, and communication. These components are designed to ensure the reliable supply of power, enable precise control of train movements, and maintain communication across the network. The integration of advanced electrical engineering equipment enhances the overall performance, safety, and sustainability of the railway sector.

Furthermore, modern railways are increasingly incorporating air-conditioning systems, passenger information systems, and electrical control systems that enhance the overall quality of service. These advanced electrical engineering solutions improve the passenger experience, making travel more comfortable, secure, and connected. By integrating reliable and energy-efficient technologies, the railway sector continues to evolve, ensuring that both operational demands and passenger needs are met effectively, while also promoting sustainable growth and technological innovation in the industry.

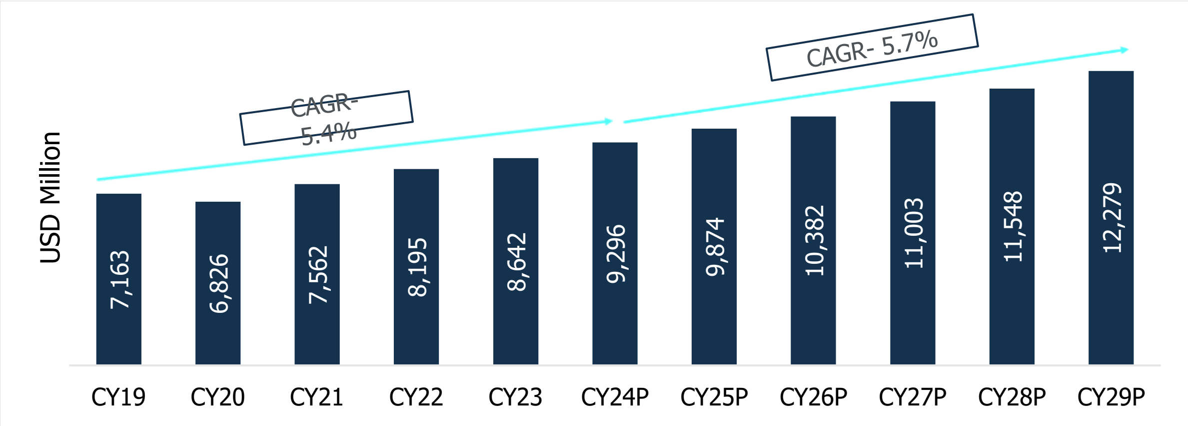
Following are the core systems that are fundamental to the functioning of modern rail networks.

| System | Description |
|---|---|
| **Propulsion System** | The propulsion system comprises advanced equipment, including motors, inverters, and converters, which are designed to transform electrical energy into mechanical motion. These systems are characterized by high efficiency, robust durability, and precise control over train speed and acceleration, enabling optimal performance. |
| **Traction Power System** | The traction power system is an engineered network designed to deliver a continuous supply of electricity to electrified rail networks. For railways operating with alternating current (AC) at a frequency lower than the national grid, dedicated traction systems are strategically installed along the railway to meet specific operational requirements. |
| **Signalling Power System** | The signalling power system is responsible for supplying electrical energy to railway signalling and communication devices. This ensures precise train control, enhances operational safety, and facilitates efficient real-time operations across the rail network. |

| | |
|---|---|
| **Other Systems** | Other essential systems include auxiliary power systems, lighting, and ventilation, which are pivotal for non-propulsion functions. These systems play a critical role in ensuring passenger comfort, operational safety, and seamless railway operations. |

**Global Electrical Equipment in Railway Sector (2019 to 2029)**

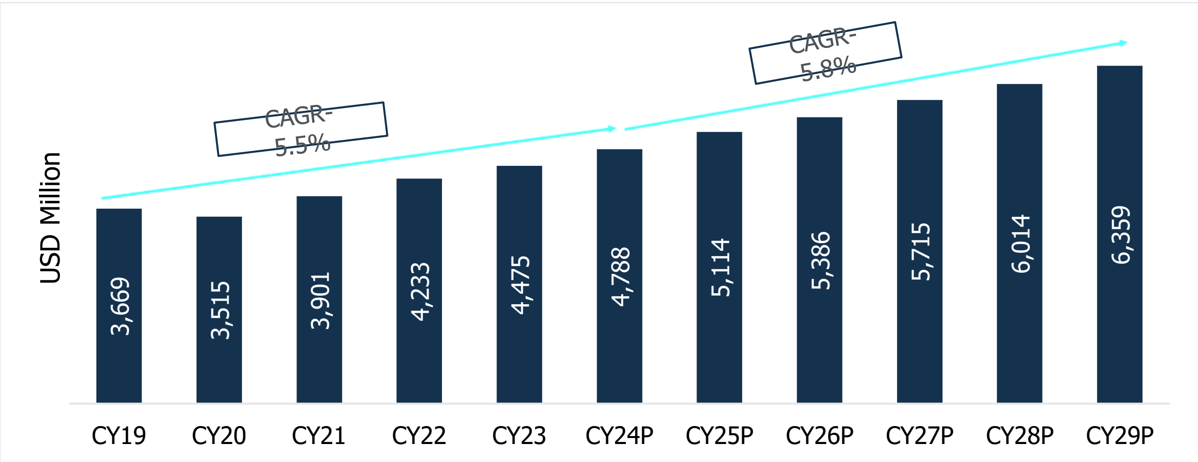
**Global Value of Propulsion System**



Source: Maia Research

The propulsion systems accounts for a largest share at 48.3% of global value of electrical propulsion systems. Between CY19-CY24P, value of propulsion has experienced steady growth at a CAGR of 5.4%. with value increasing from USD 7,163 million in CY19 to USD 9,296 million in CY24P. The global value of propulsion system is projected to grow at a CAGR of 5.7% between CY24P-CY29P and reach USD 12,279 million by CY29P. This growth is likely to be supported advancements in technology, the growing adoption of electric and hybrid vehicles, and stricter regulatory norms promoting efficient and sustainable solutions.

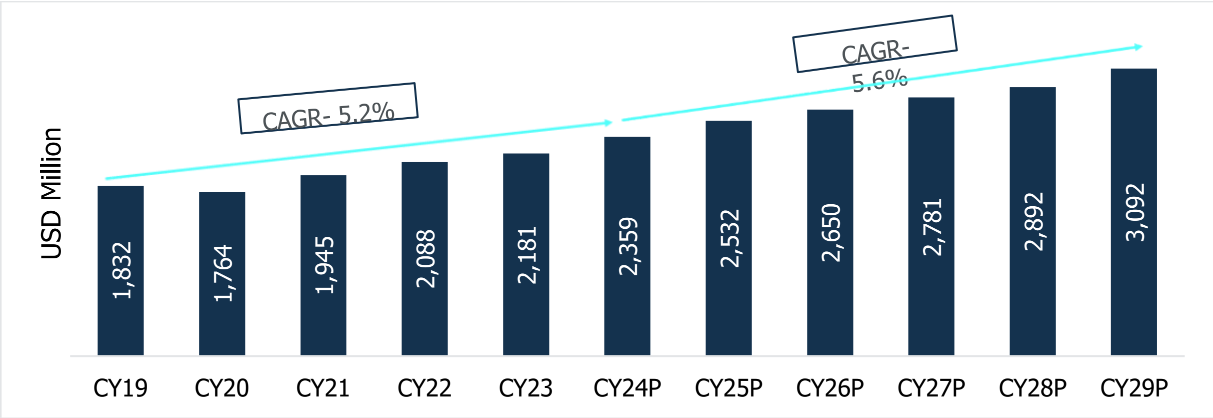
**Global Value of Traction System**



Source: Maia Research

The traction systems accounts for a second largest share at ~25% of global value of electrical traction systems. Between CY19 and CY24P, the global value of traction systems has grown at a CAGR of 5.5%, increasing from USD 3,669 million in CY19 to USD 4,488 million in CY24P. The global value of traction systems is projected to grow at a CAGR of 5.8% between CY24P-CY29P, reaching USD 6,359 million by CY29P. This growth is likely driven by increasing electrification trends across various sectors, advancements in traction technologies, and a growing focus on energy-efficient systems.

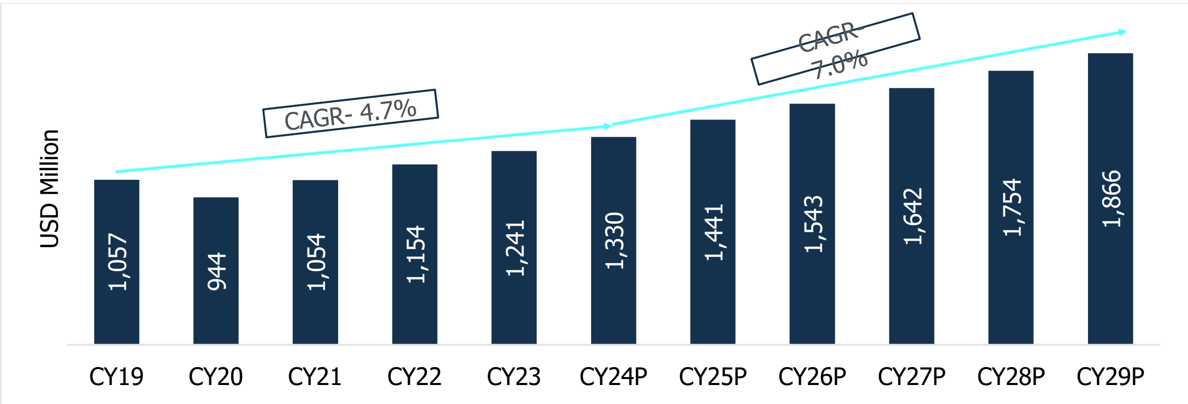
**Global Value of Signalling System**




Source: Maia Research

Between CY19 and CY24, the global value of signalling systems has grown at a CAGR of 5.2%, increasing from USD 1,832 million in CY19 to USD 2,359 million in CY24P. This growth can be attributed to expansion of metro rail projects, modernization of existing railway infrastructure, and stringent safety regulations aimed at minimizing accidents and operational disruptions. The global value of signalling systems is projected to grow at a CAGR of 5.6% between CY24P-CY29P, reaching USD 3,092 million by CY29P. The growth in global value of signalling systems is likely to be supported by investments in digital signalling solutions, such as Communications-Based Train Control (CBTC) and European Train Control Systems (ETCS), which improve system capacity and operational efficiency. Additionally, the push towards green and sustainable transport solutions, coupled with government initiatives to upgrade public transportation systems, is expected to fuel further demand.

**Market Size of Electrical Engineering Equipment in the Indian Railway and outlook (2019 to 2029)**




Source: Maia Research

The market size of electrical engineering equipment in the Indian railway has experienced steady growth at a CAGR of 4.7% between CY19-CY24P, with value increasing from USD 7,163 million in CY19 to USD 9,296 million in CY24P. The market size of electrical engineering equipment in the Indian railway is projected to grow at a CAGR of 7% between CY24P-CY29P and reach USD 18,66 million by CY29P.

**Overview of Signalling in Indian Railway**

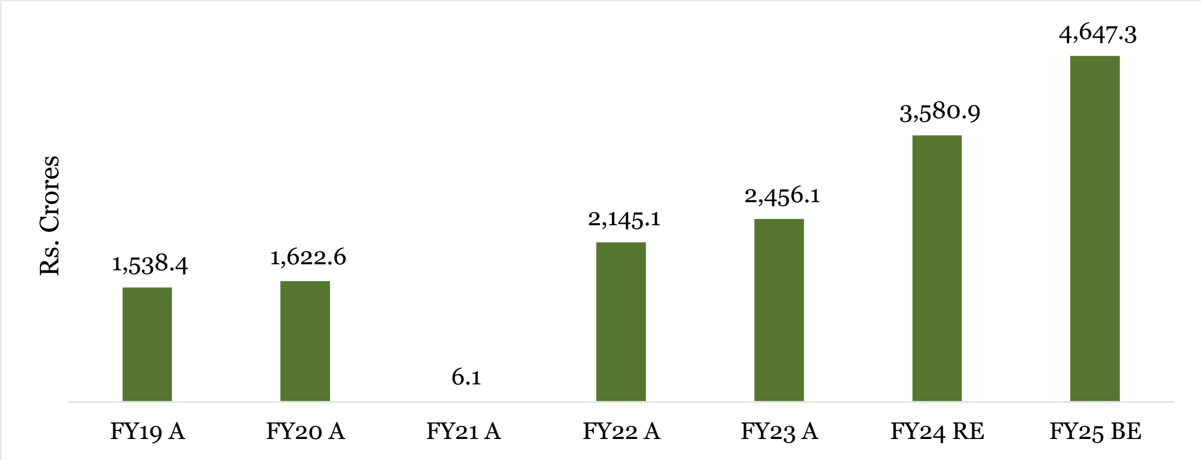
Signalling is a part of the railway system that ensures the safety and efficiency in movement of trains across the vast and complex network of rail tracks. India has one of the largest rail networks in the world, it employs advanced signalling techniques to maintain smooth traffic flow, coordinate train schedules, and improve safety. Signalling systems are crucial for managing train operations, preventing accidents, and optimizing the utilization of the railway infrastructure.

The implementation and maintenance of signalling systems are complex tasks, requiring continuous upgrades, skilled personnel, and rigorous safety protocols. Effective signalling is the backbone of Indian Railways' operations, allowing the system to manage high volumes of traffic while minimizing risks and delays.

The signalling system encompasses a variety of tools and methods, including manual and automatic signals, track circuits, interlocking systems, and modern digital technologies. These systems work in together to communicate valuable information to train operators and station masters, such as train speed limits, track occupancy, and route status. The safety of railway travellers depends heavily on the precision and reliability of these signalling systems.

**Budgetary Outlay towards Signalling in Indian Railways**

**Budget Outlay - Signalling & Telecom**

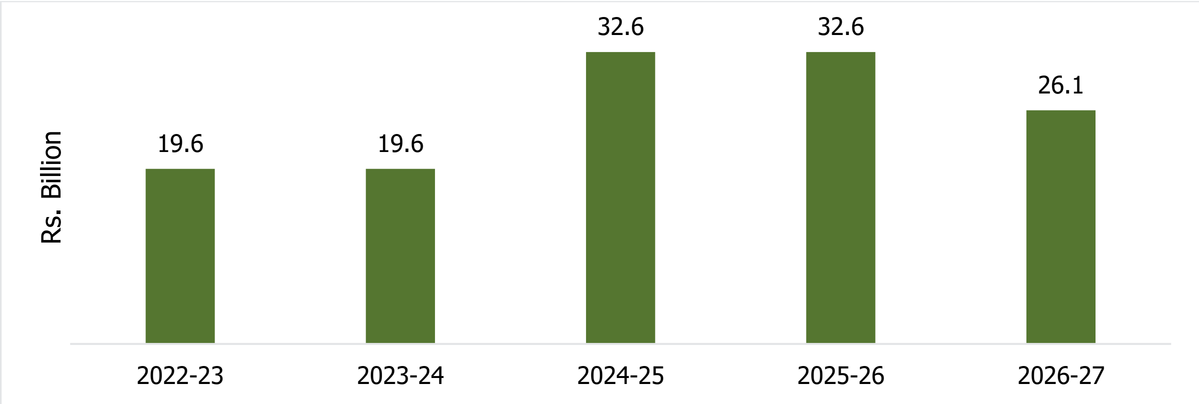



Source: Union Budget

Note: A indicates Actuals, RE indicates revised estimates, BE indicates Budgetary Estimates
The budgetary expenditure towards Railway-Signalling & Telecom has grown at a CAGR of 20.2% between FY19-FY25 BE, with budgetary estimates of around Rs. 4,647.3 crores. This growth can be attributed towards Government push towards increasing electrification, addition of new trains, safety related activities, etc. Budgetary expenditure towards Signalling & Telecom accounts for ~1.8% of budgetary expenditure towards railways.

**Projected Capex in Automatic Signalling**

**Projected Capex in Automatic Signalling under Mission 3000 MT**

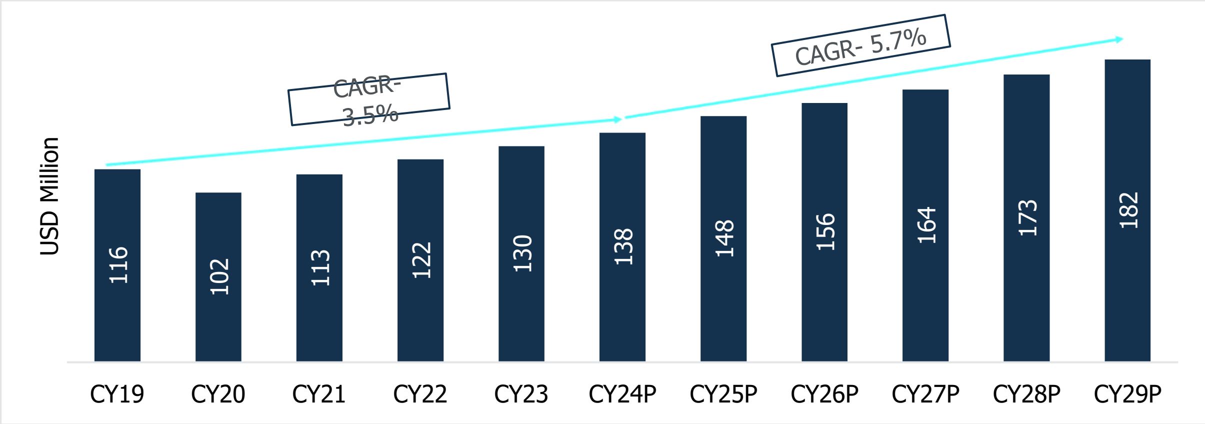



Source: Ministry of Railways, Report of the Committee on Mission 3000 million tonnes (MT)

The projected capex in automatic signalling under the Mission 3000 MT is expected to peak at Rs. 32.6 billion in FY25. This capex allocation indicates Government's push towards increasing transition towards automatic signalling.

**Trend in Signalling in Indian Railways**

**Signalling in Indian Railways**




Source: Maia Research

Signalling in Indian Railways has experienced CAGR of 3.5% between CY19-CY24P, reaching USD 138 Million in CY24P. This growth can be attributed to increasing investments in signalling infrastructure, driven by increasing rail traffic, Governments thrust towards safety concerns, and technology upgrades. The market size for signalling in Indian railways is projected to reach USD 182 Million by CY29P, indicating a CAGR of 5.7% between CY24P-CY29P. This anticipated growth is primarily attributed to large-scale modernization initiatives such as the adoption of advanced signalling systems, including Automatic Train Control (ATC), centralized traffic control, and real-time monitoring systems. The Government focus on improving safety, operational efficiency, and passenger experience, coupled with the drive for digitalization and smart rail solutions, further supports this growth trajectory.

**Overview of Propulsion System in Indian Railways**

The propulsion system is a fundamental component that ensures the efficient and reliable movement of trains. It encompasses the equipment and technology responsible for generating and transmitting power to drive trains, forming the backbone of railway operations. Indian Railways employs a mix of propulsion technologies, including diesel-electric, electric, and hybrid systems, with a strategic focus on transitioning towards more sustainable and efficient solutions.

Electric propulsion systems are predominant in Indian Railways, with a sizeable portion of the network electrified to meet the growing demand for faster, cost-effective, and environmentally friendly transportation. These systems utilize electric traction motors powered by overhead lines through pantographs, supported by advanced control systems for enhanced efficiency and safety. With over 80% of freight and passenger traffic already carried on electrified routes, the network's electrification initiatives aim to achieve a fully electrified railway system by 2030, in alignment with India’s sustainability and decarbonization goals.

Diesel-electric propulsion is used as a backup during power outages in non-electrified sections. These systems combine internal combustion engines with electric generators to drive traction motors, offering flexibility in operations. The introduction of dual-mode locomotives, capable of operating on both diesel and electric power, is a strategic step towards enhancing operational efficiency during the transition period.

Indian Railways is exploring propulsion technologies, such as hydrogen fuel cells and battery-electric systems, to reduce carbon emissions and dependency on fossil fuels. Pilot projects, such as hydrogen-powered trains, demonstrate the commitment to adopting cleaner and more sustainable technologies. Additionally, modern locomotives equipped with regenerative braking systems are being deployed to recover energy during braking, further contributing to energy efficiency.

**Uses of Propulsion System in various Wagons and coached across Indian Railways**

• Propulsion systems are employed in various types of rolling stock, including passenger coaches, freight wagons, and specialised coaches, each requiring tailored propulsion mechanisms suited to their specific functions. The propulsion system in freight wagons is crucial for the efficient movement of goods across Indian Railways.

• Freight trains, powered by electric or diesel-electric locomotives, transport bulk commodities such as coal and agricultural products throughout the country. Diesel-electric locomotives generate electricity to power traction motors, while electrification enhances the efficiency of electric locomotives, resulting in lower fuel consumption and reduced emissions.

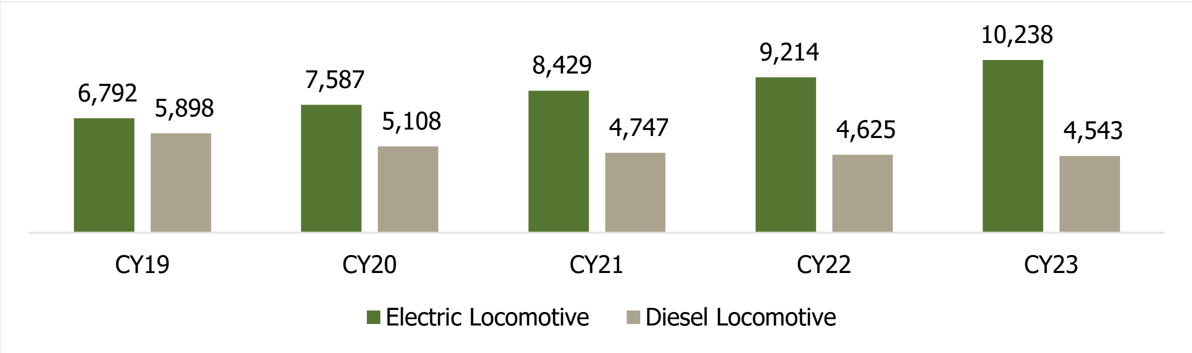
• With ongoing electrification, Indian Railways is transitioning towards more sustainable electric propulsion, improving operational efficiency and reducing costs. Specialised wagons for hazardous cargo depend on robust propulsion systems to ensure safety and stability during transport. Indian Railways employs both electric and diesel-powered propulsion systems in its passenger coaches.

• Electric locomotives, powered by overhead electrification, enable efficient, high-speed travel, as demonstrated by services like the Vande Bharat Express. These systems offer better acceleration, reduced fuel costs, and lower maintenance.

• On non-electrified routes, diesel-electric multiple units (DEMU) or diesel locomotives are used, providing flexibility in remote areas. For luxury and specialised coaches, advanced electric or hybrid propulsion systems ensure smooth, efficient, and comfortable travel, focusing on both performance and passenger experience.

**Trend in Electric and Diesel Locomotives investments**

**Trend in number of Electric and Diesel Locomotive (CY19-CY23)**

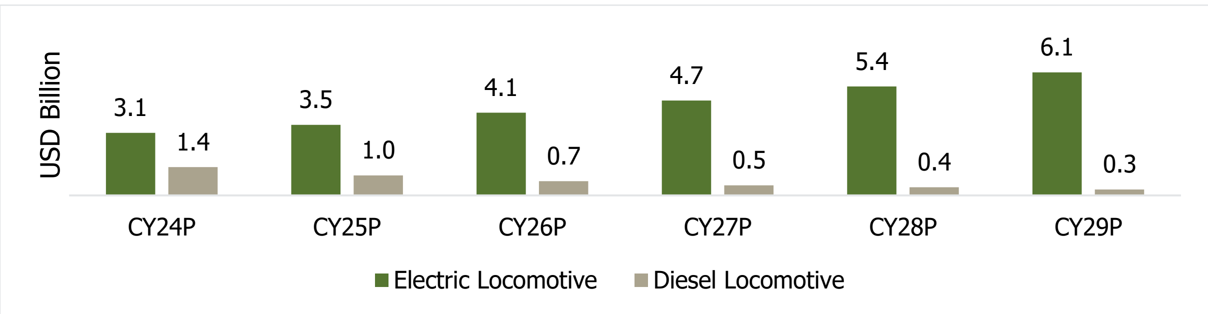



Source: Maia Research

The locomotives used in Indian Railways has exhibited a clear trend of transitioning from diesel to electric locomotives between CY19 and CY23. The number of electric locomotives increased from 6,792 in CY19 to 10,238 in CY23, reflecting a strong CAGR of 10.8% between CY19-CY23. This steady growth reflects India's ambitious plans to achieve full railway electrification, reduce carbon emissions, and enhance operational efficiency. Investments in electrification projects and advancements in technology have facilitated the rapid adoption of electric locomotives, resulting in consistent year-on-year growth.

On the other hand, diesel locomotives witnessed a decline from 5,898 in CY19 to 4,543 in CY23, reflecting a negative CAGR of 6.4% between CY19-CY23. This decline highlights the ongoing efforts to phase out diesel locomotives in favor of greener, more sustainable alternatives. The reduction aligns with the Indian Railways' target of achieving a net-zero carbon footprint and reducing reliance on fossil fuels. The focus on electric locomotives has been further supported by cost savings in energy consumption and the drive for environmental sustainability.

**Trends in India’s Locomotive Investments (CY24-CY29)**

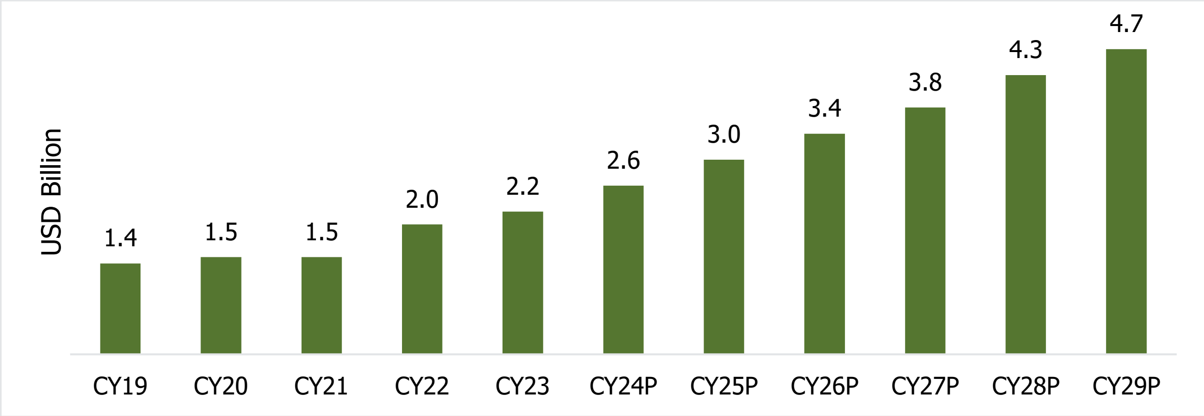



Source: Maia Research

The locomotive investment trend indicates India’s strategic shift towards electrification and sustainability. Investments in electric locomotives are projected to grow at a robust CAGR of 14.5% between CY24P-CY29P, reaching USD 6.1 billion by CY29P, driven by the government’s focus on modernizing infrastructure, reducing costs, and achieving net-zero carbon emissions. Conversely, investments in diesel locomotives are projected to decline at a negative CAGR of 27.3% between CY24P-CY29P, reaching USD 0.3 billion in CY29P. This shift reflects the economic and environmental benefits of electric traction, including energy efficiency, cost advantages, and reduced reliance on fossil fuels.

**Trend in High-Speed Trains Investments (2019-2029)**

**India's Investments in High-Speed Trains**

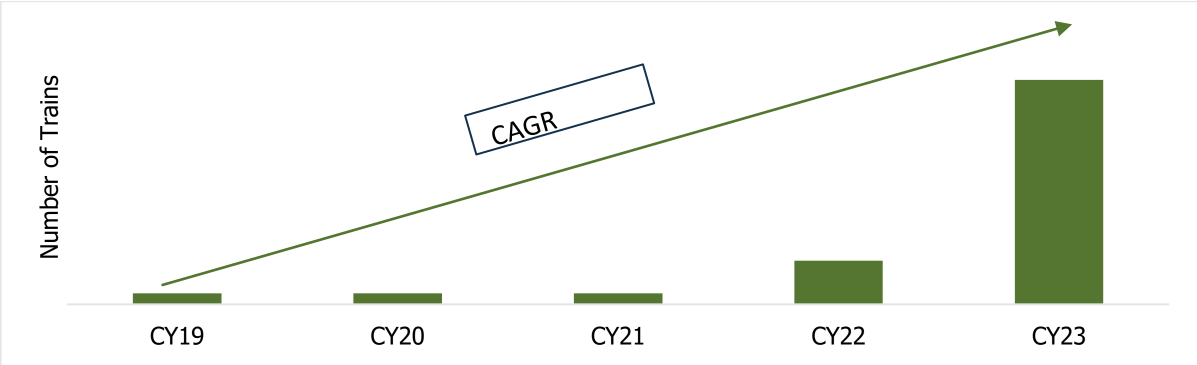



Source: Maia Research

The growth in India's investment in high-speed trains trends reflect the country's focus on developing a robust high-speed rail infrastructure. Investments have witnessed significant increase at a CAGR of ~12% reaching USD 2.2 billion in CY23. India's investments in high-speed trains are projected to rise further to USD 4.7 billion by CY29P, reflecting a strong CAGR of 12.6% during CY24P-CY29P. This growth highlights India's commitment to modernizing its rail network, improving passenger mobility, and supporting economic development through large-scale infrastructure projects such as bullet train corridors and network expansions.

**Trend in Vande Bharat Trains**

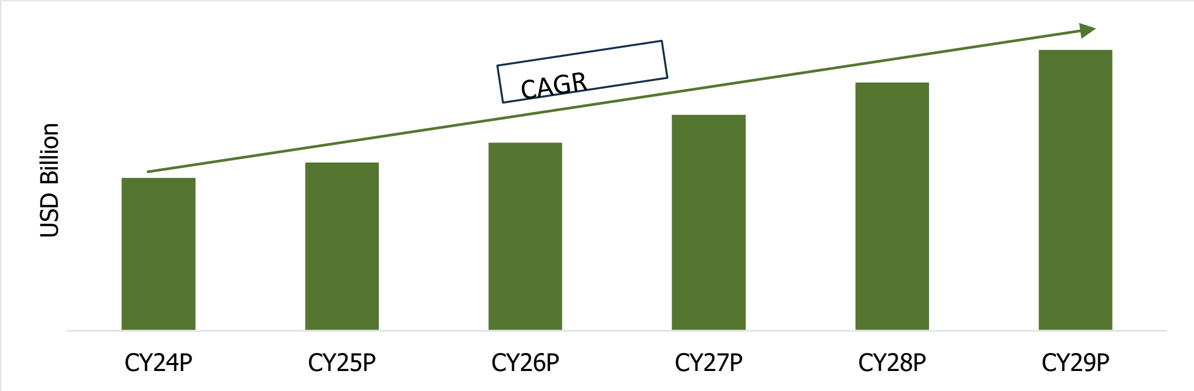
**Number of Vande Bharat Trains (CY19-CY23)**




Source: Maia Research

The number of Vande Bharat Trains in India grew significantly from 2 trains in CY19 to 41 trains in CY23, reflecting a robust CAGR of 112.8%. After remaining constant at 2 units from CY19 to CY21, the deployment surged to 8 trains in CY22 and further to 41 trains in CY23. This sharp growth highlights India's focus on modernizing rail infrastructure, enhancing passenger experience, and promoting indigenous manufacturing under the "Make in India" initiative. Under this intitative Ministry of Railways will locally procure >50% content for most products and >75% electrics for Vande Bharat trains. The Indian Railway also plans to roll-out tilting trains, a technology that will enable trains to manoeuvre curves at high speeds. Approximately 100 Vande Bharat trains will be equipped with this technology.

**India's Investments in Vande Bharat Trains**




Source: Maia Research

India's investments towards vande bharat trains are projected to grow at a CAGR of 12.8% between CY24P and CY29P. The investments are projected to reach USD 11.2 billion in CY29P. This steady increase highlights the government's commitment to expanding the Vande Bharat network to modernize rail infrastructure, enhance passenger comfort, and reduce travel time.

Furthermore, Indian railways is converting its fleet of diesel locomotives into electric locomotives as majority of their route has been electrified, this will help in reducing fossil fuel consumption. It will also complement its vision of becoming a net-zero carbon emitter by 2030. Introduction of smart locomotives with AI and machine learning (ML) based propulsion systems will help in optimising locomotives performance and reducing maintenance cost. AI and ML help monitor the health of equipment through sensors or cameras. Instead of manual inspections, digital tracking of faults will lead to timely repair or replacement. The investments underscore India's focus on indigenous manufacturing, technological advancement, and energy-efficient transportation solutions, aligning with its long-term vision for sustainable and high-speed rail connectivity.

**Government Regulations and Policies**

The Indian government is transforming Indian Railways into a world-class network, as detailed in the Union Budget 2024-25. With a record capital expenditure of Rs. 2,622 billion and a Gross Budgetary Support of Rs. 2,522 billion, the railways are seeing significant improvements.

Achievements include a peak freight loading of 1,588 million tonnes in FY 2023-24, a rise in track laying to 14.54 kilometres per day, and the electrification of 41,655 Route Kilometres. The budget also supports industrial development through infrastructure at key locations.

Safety has improved significantly, with a decrease in train accidents from 1,711 (2004-14) to 678 (2014-24), supported by initiatives like the Rashtriya Rail Sanraksha Kosh and advanced safety systems like Kavach that aims to be implemented within the next 5 years across 44,000 km of track. Modernization includes new locomotives, updated track structures, and enhanced passenger trains. Land development efforts aim to optimize asset use and support infrastructure expansion.

**Projects under the planning, under execution and nascent stage**

| Year | Project Name | Total kms |
|---|---|---|
| CY24 | Eastern Freight Corridor Project | 1,835 |
| CY24 | Western Freight Corridor Project | 1,655 |
| CY24 | Pune-Miraj-Londa DL Railway Line Project | 467 |
| CY24 | Guntakal-Guntur DL Railway Line Project | 401 |
| CY24 | Indore-Manmad Railway Line Project | 368 |
| CY25 | Bahraich-Khalilabad BG Railway Line Project | 240 |
| CY25 | Budni-Indore Railway Line Project | 206 |
| CY25 | Dahod-Indore BG Railway Line Project | 201 |
| CY25 | Dholpur-Jhansi 4th Railway Line Project | 322 |
| CY25 | Gadag-Wadi Railway Line Project | 252 |
| CY26 | Ahmednagar-Beed-Parli Vaijnath Railway Line Project | 261 |
| CY26 | East Coast Corridor Project | 1,114 |

| Year | Project Name | Total kms |
|---|---|---|
| CY26 | Jhansi-Khairar-Manickpur Railway Line Project | 425 |
| CY26 | Khurda Road-Bolangir SL Railway Line | 301 |
| CY26 | Kolhapur-Dharwad Railway Line Project | 221 |
| CY27 | Bangalore Metro Rail Project [Phase-II] | 74 |
| CY27 | Bengaluru Suburban Rail Project | 148 |
| CY27 | Dholpur-Sirmuttra GC Railway Line Project | 145 |
| CY27 | Dhule-Nardana Railway Line Project | 51 |
| CY27 | East West Dedicated Freight Corridor Project | 1,868 |
| CY28 | Hubli-Ankola SL Railway Line | 167 |
| CY28 | Hyderabad Elevated Metro Project [Phase-II] | 115 |
| CY28 | Koderma Detour End-New Kastha 3rd & 4th Railway Line Project | 47 |
| CY28 | Namma Metro Corridor (Sarjapur-Hebbal) Project [Phase-3] | 37 |
| CY28 | Rishikesh-Karanprayag-Sonprayag Railway Line Project | 125 |
| CY28 | Srinivasapura-Madanapalli Railway Line Project | 75 |

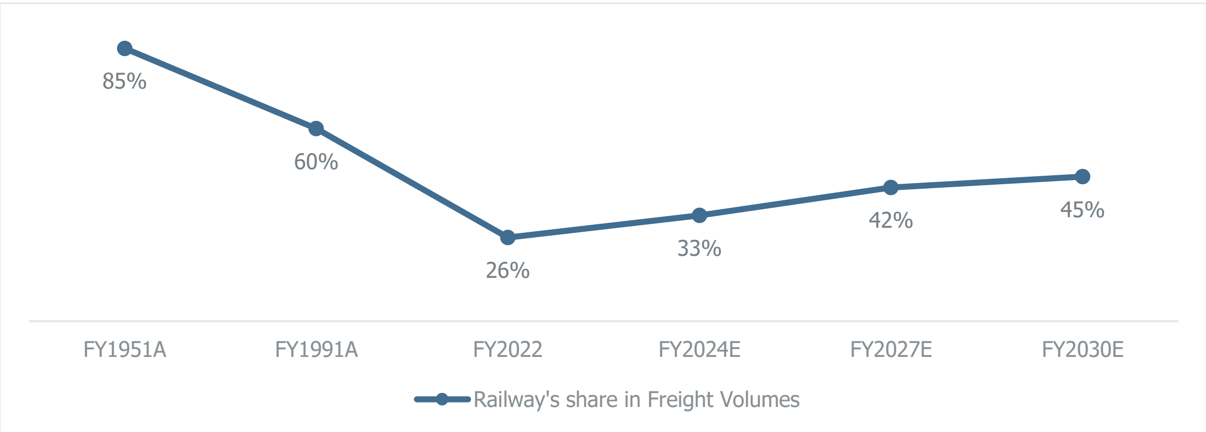
Source: Projects Today
Note: Top 5 projects from each CY are considered in this table.

**Overview of key government schemes**

**National Rail Plan**

Indian Railways has prepared a National Rail Plan (NRP) for India – 2030 which envisages creation of a 'future ready' railway system by 2030. NRP aims to increase modal share of the Indian Railways in freight to 45% by 2030 from the current 26% by augmenting the freight volumes from 1,418 million tonnes in FY22 to 3,600 million tonnes by FY31, implying a CAGR of 11%. The objective of the Plan is to create capacity ahead of demand, which in turn would also cater to future growth in demand up to 2050.

**Modal share of Railways in Freight Transport**




Source: Ministry of Railways, National Rail Plan
Following are the key objectives of National Railway Plan:

- Formulate strategies based on both operational capacities and commercial policy initiatives to increase modal share of the Railways in freight to 45% by 2030
- Reduce transit time of freight substantially by increasing average speed of freight trains to 50Kmph
- As part of the National Rail Plan, Vision 2024 has been launched for accelerated implementation of certain critical projects by 2024 such as 100% electrification, multi-tracking of congested routes, upgradation of speed to 160 kmph on Delhi-Howrah and Delhi-Mumbai routes, upgradation of speed to 130kmph on all other Golden Quadrilateral-Golden Diagonal (GQ/GD) routes and elimination of all Level Crossings on all GQ/GD route.
- Identify new Dedicated Freight Corridors.
- Identify new High-Speed Rail Corridors.
- Assess rolling stock requirement for passenger traffic as well as wagon requirement for freight.

- Assess Locomotive requirement to meet twin objectives of 100% electrification (Green Energy) and increasing freight modal share.
- Assess the total investment in capital that would be required along with a periodical break up
- Sustained involvement of the Private Sector in areas like operations and ownership of rolling stock, development of freight and passenger terminals, development/operations of track infrastructure etc

Under the NRP, enablement of Logistics Service Provider (LSTs) and provision of end to end services has been considered as an enabler for rail modal share in India. It has been suggested that the Indian Railways develop a policy to needs to reach out to end shippers in a more efficient manner and establish an institutional mechanism wherein it can partner with LSPs to leverage their superior market access and create end-to-end logistics products for prospective customers. LSPs can consolidate freight and provide single point of coordination as well as add on services to such customers. LSPs can also issue suitable documentation (negotiable instruments) and requisition rakes for mixed cargo needs, apart from providing first/last mile services through other service providers.

**PM Gati Shakti – National Master Plan for Multi Modal Connectivity**

PM Gati Shakti - National Master Plan for Multi-modal Connectivity is a digital platform to bring ministries including railways and roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects. The multi-modal connectivity will provide integrated and seamless connectivity for movement of people, goods and services from one mode of transport to another. It will facilitate the last mile connectivity of infrastructure and also reduce travel time for people. The estimated outlay under the program is INR 100 trillion and it aims to reduce logistics cost and enhance export competitiveness of the country.

Indian Railways have set up a separate directorate within the Railway Board to prioritize projects under the PM Gati Shakti scheme. Further, to boost investments from industry in development of additional terminals for handling rail cargos, a new 'Gati Shakti Multi-modal Cargo Terminal (GCT)' policy has been framed. All new as well as under-construction/under-approval cargo terminals shall be covered under this policy. The policy seeks to promote proliferation of new cargo terminals and improve existing Cargo Terminals through investments from industry to accelerate the growth in Railways' cargo traffic. Union Budget FY22-23 has announced the target to set up 100 GCTs within the next three financial years and 15 GCTs have been commissioned till date.

**New Projects sanctioned under PM Gati Shakti**

| Sr. No | Name of Section for doubling stretch | Length in (kms.) | Estimates cost (INR Million) | State |
|---|---|---|---|---|
| 1 | Ajmer-Chanderiya | 178.28 | 18,132.8 | Rajasthan |
| 2 | Jaipur-Sawai Madhopur | 131.27 | 12,685.7 | Rajasthan |
| 3 | Luni-Samdari-Bhildi | 271.97 | 35,309.2 | Gujarat & Rajasthan |
| 4 | Agthori-Kamakhya with new Rail cum Road Bridge | 7.062 | 16,503.7 | Assam |
| 5 | Lumding-Furkating | 140 | 23,338.4 | Assam & Nagaland |
| 6 | Motumari-Vishnupuram and | 88.81 | 17,462 | Telangana & Andhra Pradesh |
| | Rail over Rail at Motumari | 10.87 | | |

Source: PIB

**National Infrastructure Pipeline**

The National Industrial Corridor Development Programme began with the Delhi-Mumbai Industrial Corridor (DMIC) launch.The Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) Limited was established on 7th January 2008 as a Special Purpose Vehicle (SPV) under the administrative control of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry. Its primary mission was to oversee project development activities and coordinate the implementation of various initiatives under the DMIC.

In December 2016, the scope of the DMIC Trust was broadened, leading to its reconstitution as the National Industrial Corridor Development and Implementation Trust (NICDIT). As a result, in Feb-20, DMICDC Ltd. was renamed the National Industrial Corridor Development Corporation (NICDC) Limited. This change marked a significant milestone in India's flagship 'National

Industrial Corridor Programme,' with NICDC entrusted to spearhead the development of multiple industrial corridor projects across the country.

NICDC's mandate includes project development activities for a wide range of initiatives, including investment regions, industrial areas, economic zones, industrial nodes, townships, integrated manufacturing clusters, and standalone or early-stage projects. It also provides vital support to various State Governments in these endeavours.
Eleven corridors form the National Infrastructure Pipeline. And in Aug-24, Cabinet Committee on Economic Affairs' approved 12 new project proposals under the National Industrial Corridor Development Programme (NICDP) involving an estimated investment of Rs. 28,602 crore. The initiative aims to create a strong network of industrial nodes and cities, driving economic growth and enhancing the country's global competitiveness. These 12 industrial areas, strategically located across 10 states and planned along six major corridors, will be pivotal in advancing India's manufacturing capabilities and economic expansion.

**Dedicated Freight Corridor (DFC)**

Dedicated Freight Corridor is broad-gauge high-capacity railway corridor under construction by the Indian Railways that is exclusively meant for the transportation of goods and commodities. If was conceptualized in around CY05 with an aim to increase share of railways in total domestic freight transportation and Dedicated Freight Corridor Corporation of India (DFCCIL) was set up to undertake planning & development, mobilization of financial resources, construction, operation & maintenance, and business development of the dedicated freight corridors. The main objectives of DFCCIL are as below:

- Decongest the existing Indian Railway network.
- Increase the average speed of goods trains from existing 25 to 70 kmph.
- Run Heavy Haul trains (higher axle load of 25/32.5 Tonne) & overall load of 13,000 Tonne.
- Facilitate the running of longer (1.5km) and double stack container trains.
- Connect the existing ports and industrial areas for faster movement of goods.
- Energy efficient and environment friendly rail transport system as per global standards.
- Increase the rail share for DFC from existing 30% to 45%.
- Reduce the logistic cost of transportation

Key features of the DFCs include double speeds, higher load carrying capacity, and double stacking capability.

**Railway Infrastructure – Key Segments**

| Design Feature | Indian Railway | DFC |
|---|---|---|
| Height | 4.265m | 5.1m/7.1 m |
| Width | 3,200 mm | 3,600 mm |
| Train Length | 700 m | 700m/1500m |
| Train Load | 5,400 tonnes | 12,000 tonnes |
| Axel Load | 22.9 tonnes | 25 tonnes track structure; Bridges and formation designed for 32.5 tonnes |
| Average Speed | 25 kmph | >65 kmph |
| Traction | Electrical (25 Kv) | Electrical (2*25kv) |
| Signaling | Absolute/automatic with 1 Km spacing | Automatic with 2 Km spacing in automatic territory |

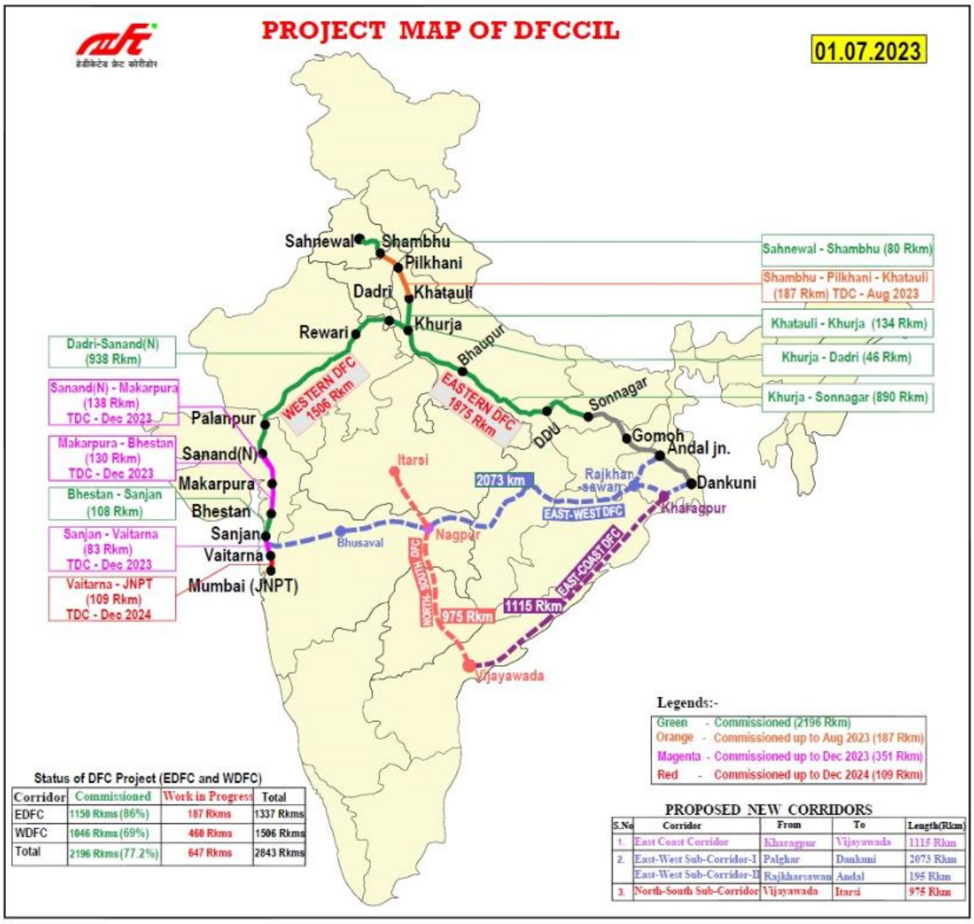
Source: Dedicated Freight Corridor Corporation of India

DFCs are proposed to use state-of-the art technology including the below:

- Heavy and long-Haul train operation of 25 Axle ton with having provision of 32.5 Ton axle load for the First time in India.
- Double stack containers in Western DFC
- Double line electric (2 X 25 KV) track to undertake higher haulage at higher speeds
- Automated New Track Construction (NTC) machine which can lay track at the speed of 1.5 km per day.
- Automated Wiring train for Overhead Equipment Work (OHE) capable of wiring up to 3 km per shift.
- Train Protection and Warning System (TPWS) for safe and efficient operation
- Elimination of road level crossing
- Developing Multi Modal Logistic Hubs and integration with Delhi-Mumbai Industrial Corridor & Amritsar-Kolkata Industrial corridor.

There are currently 2 DFCs in India - the Western and Eastern freight corridors spanning 3,360 Km. The Western DFC connects Dadri in Uttar Pradesh to Jawaharlal Nehru Port (JNPT) in Mumbai, and Eastern DFC connects Ludhiana in Punjab to Dankuni in West Bengal. Out of 2,843 Km (except Sonnagar- Dankuni section) approximately 2,120 km of lines have already been commissioned under the DFC as on August 2023. Further three corridors – the East Coast Corridor, East-West Corridor, and North-South Corridor are under planning covering 434 railway projects of around 40,900 km amounting to investment of Rs.11.16 trillion.

**Dedicated Freight Corridor in India**




Source: Invest India

**Traffic Flows on Eastern Corridor (MTPA)**

| Eastern | CY20 | CY21 | CY22 | CY23 | CY24 |
|---|---|---|---|---|---|
| Container | 7.2 | 7.8 | 8.5 | 9.2 | 10.0 |
| Coal | 110.5 | 114.9 | 119.5 | 124.3 | 128.3 |
| Cement | 10.8 | 11.7 | 12.6 | 13.6 | 14.6 |
| Steel | 13.7 | 14.8 | 15.9 | 17.2 | 18.5 |
| MISC | 22.6 | 23.3 | 24.0 | 24.7 | 25.4 |

Source: Dedicated Freight Corridor Corporation of India

**Traffic Flows on Western Corridor (MTPA)**

| Western | CY20 | CY21 | CY22 | CY23 | CY24 |
|---|---|---|---|---|---|
| Container | 54.3 | 59.2 | 64.6 | 70.5 | 76.4 |
| Coal | 23.3 | 24.2 | 25.2 | 26.2 | 27.0 |
| Cement | 7.3 | 7.9 | 8.5 | 9.2 | 9.9 |
| Steel | 1.9 | 2.0 | 2.2 | 2.3 | 2.5 |
| MISC | 7.0 | 7.2 | 7.4 | 7.7 | 7.9 |

Source: DFCCIL Annual Report 2022-23

**Amrit Bharat**

The Amrit Bharat Station Scheme was launched in Mar'23 for development of railway stations on Indian Railways. The scheme was proposed to improve the station building, multimodal integration, amenities for Divyangjans, provision of ballast less tracks, improvement of station access, improvements of waiting halls, toilets, lifts/escalators, cleanliness, kiosks, Wi-Fi and schemes like 'One Station One Product', landscaping etc. Also, the upgraded stations is expected to have only ballast less tracks.

Currently, 1,309 railway stations have been identified for development. Budgetary funds are being used for the scheme, however some of the stations are developed under Public Private Partnership Model. Work on redevelopment of 553 railway stations is already in progress. These stations, spread across 27 States and Union Territories, will be redeveloped at a cost of over INR 190 Billion These stations will act as 'City Centres' integrating both sides of the city.

**No. of stations to be redeveloped across states**

| Sr.No | State | Station Count |
|---|---|---|
| 1 | Andhra Pradesh | 72 |
| 2 | Arunachal Pradesh | 1 |
| 3 | Assam | 50 |
| 4 | Bihar | 92 |
| 5 | Chhattisgarh | 32 |
| 6 | Delhi | 13 |
| 7 | Goa | 3 |
| 8 | Gujarat | 87 |
| 9 | Haryana | 34 |
| 10 | Himachal Pradesh | 4 |
| 11 | Jharkhand | 57 |
| 12 | Karnataka | 56 |
| 13 | Kerala | 35 |
| 14 | Madhya Pradesh | 80 |
| 15 | Maharashtra | 126 |
| 16 | Manipur | 1 |
| 17 | Meghalaya | 1 |
| 18 | Mizoram | 1 |
| 19 | Nagaland | 1 |
| 20 | Odisha | 57 |
| 21 | Punjab | 30 |
| 22 | Rajasthan | 83 |
| 23 | Sikkim | 1 |
| 24 | Tamil Nadu | 75 |
| 25 | Telangana | 40 |
| 26 | Tripura | 4 |
| 27 | UT of Chandigarh | 1 |

| Sr.No | State | Station Count |
|---|---|---|
| 28 | UT of Jammu & Kashmir | 4 |
| 29 | UT of Puducherry | 3 |
| 30 | Uttar Pradesh | 156 |
| 31 | Uttarakhand | 11 |
| 32 | West Bengal | 98 |
| | Total Stations | 1309 |

Source: PIB

**High Speed Projects**

To reduce the transit time, 12 high speed rail corridors with train speeds exceeding 250 km/hour have been proposed by the government, spanning approximately 7,200 Km. The 508 Km Mumbai-Ahmedabad corridor has been taken up for construction at an expected capital expenditure of INR 1.1 Trillion and is expected to be fully operational by CY27. The maximum operation speed of train will be 320 km/hr and distance between Mumbai-Ahmedabad (508 km) will be covered in 2 hours and 7 minutes.

**Proposed High Speed Rail Corridors in India (FY24)**


Source: Invest India

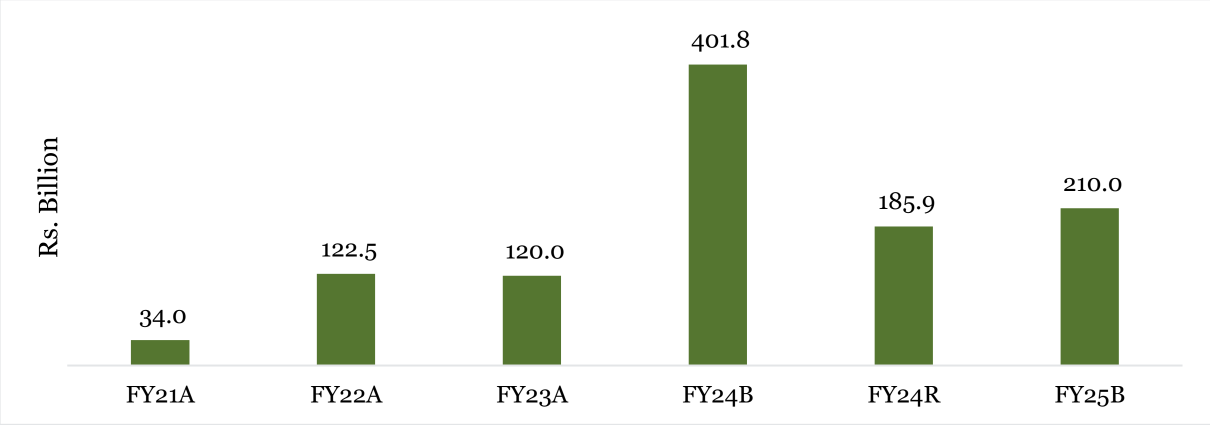
**Proposed Expenditure under NRP (Rs. Trillion)**

| Head | FY21-26 | FY26-31 | FY31-41 | FY41-51 | Total |
|---|---|---|---|---|---|
| High Speed Rail Corridors | - | 5.1 | 2.9 | 7 | 15 |

Source: National Rail Plan

The budget for National High Speed Rail Corporation Limited is Rs. 210 billion for the year FY25 and have seen the highest allocation in FY24 budgeted but has been reduced in revision because of the delays in the sanction of the projects.

**Budget for National High Speed Rail Corporation Limited**




Source: Union Budget

**Semi- High-Speed Projects**

The Government of India has taken various initiative under 'Make in India' campaign like Semi- High-Speed train, Vande Bharat Express etc. India has embarked on several semi-high-speed rail projects to enhance the speed, efficiency, and connectivity of its railway network. These projects aim to upgrade existing rail lines to support speeds of up to 160-200 km/h, significantly reducing travel times between major cities and boosting economic growth.

**Key Semi-High-Speed Rail Projects**

- **Gatimaan Express:** Launched in April 2016, Gatimaan Express is India's first semi-high-speed train. It has reduced the travel time between Delhi and Agra significantly.
- **Delhi-Meerut RRTS (Regional Rapid Transit System):** This project aims to provide a high-speed commuter service, significantly reducing the travel time between Delhi and Meerut. The corridor is expected to be operational in phases, with the full route completion projected by 2025
- **Mumbai-Ahmedabad Corridor:** In addition to the high-speed rail project, there are plans to introduce semi-high-speed trains to improve connectivity and provide a faster alternative to existing services.
- **Delhi-Varanasi Corridor:** Aimed at reducing the travel time between these two significant cities, this project will enhance regional connectivity and boost tourism and economic activities.

**Other Schemes-**

**NCRTC:** NCRTC is a joint venture company of the Government of India and the State governments of Delhi, Haryana, Rajasthan and Uttar Pradesh to implement Regional Rapid Transit System project across the NCR to promote better urban development and connectivity and access.

**Vande Bharat Express:** Vande Bharat Express are indigenously manufactured semi-high speed, electrical multiple unit trains operated by the Indian Railway. The Vande Bharat Express is equipped with multiple cutting-edge amenities, such as bio-vacuum toilets, Wi-Fi, completely automated doors, etc. and are 180 kmph capable air-conditioned chair car services. The railway currently operates seven Vande Bharat Express trains on Delhi-Varanasi, Delhi-Katra, Mumbai Central-Gandhinagar, Delhi-Amb Andaura, Chennai-Mysuru, Nagpur-Bilaspur and Howrah-New Jalpaiguri routes. In Union budget FY22-23, it was announced that 400 Vande Bharat Express will be introduced over the next 3 years.

**Kisan Rail Trains:** Indian Railways commenced the Kisan Rail train services since August 2022 to transport perishables and Agri-product, including milk, meat and fish. These trains provide multi-commodity and multi-consignor/consignee services. They run in a time-tabled manner and have stoppages at all major stations. As of December 2022, a total of 2,359 trips of Kisan Rail trains have been operated on 167 routes and approximately 7.9 lakh tonnes of consignments have been transported. Kisan Rail service has ensured access to bigger and new markets for the farm produce, with quick transportation, zero wastage, 50% freight subsidy.

**Automobile Freight Train Operator (ATFO):** To increase its share in the vehicle transportation segment, Indian Railway introduced the ATFO policy where-in the automobile manufacturers and logistics providers are permitted to operate their wagons on the Indian Railway network. Few incentives have been provided to the automobile manufacturers including rebate on base freight rates etc.

**Private Freight Terminal (PFT):** Indian Railways has permitted establishment of PFTs on railway land adjacent to stations with a view to increase public-private-partnership (PPP) investments. The main motive behind this is to divert traffic from road to rail and attain increased rail freight volumes by offering integrated, efficient and cost effective logistic and warehousing solutions. Currently there are eight operational private freight terminals and 14 terminals are under construction along the DFCs.

**Liberalized Wagon Investment Scheme (LWIS):** LWIS was introduced to allow private players to own their own wagons as per their own cargo requirements. This initiative was taken to mitigate the shortage of rail wagon with the Indian Railways and to permit private players to maintain specialized wagons for specific products. Based on industry feedback, LWIS amendment was brought in FY19 which permitted the investors to load third party cargo in their rakes in empty directions.

**Key growth factors and challenges of the equipment in the Railway sector**

**Growth Drivers:**

**Government's Electrification Programs and 'Make in India' Initiative**

The Indian government has prioritized the electrification of its railway network to enhance efficiency and reduce environmental impact. Under the Mission Electrification program, Indian Railways aims to achieve 100% electrification of broad-gauge routes by the target year. This initiative has significantly increased the demand for electrical equipment such as traction motors, power supply systems, and transformers. significant driver of demand for electrical components and systems in Indian Railways. Furthermore, the government's emphasis on domestic production has reduced reliance on imports, promoting the development and innovation of electrical engineering equipment within the country.

**Focus on Energy Efficiency and Sustainability**

The push for energy-efficient and environmentally sustainable transportation solutions is increasing investments in advanced electrical equipment like traction motors, transformers, and power converters.

**Expansion of Railway Infrastructure & Adoption of Digital Technologies**

Projects like Dedicated Freight Corridors (DFC) and high-speed rail networks are boosting the demand for robust and efficient electrical systems to enhance freight and passenger capacities. Furthermore, the integration of smart grids, IoT-enabled systems, and other digital technologies has modernized railway infrastructure, driving the demand for advanced electrical equipment.

**Urbanisation**

India's growing population necessitates a robust and efficient railway system to meet the increasing demand for transportation. Urbanisation results in increased demand for rolling stock in railways. As rapid urbanization requires improved railway services to support the mobility needs of expanding urban populations. By enhancing the capacity, efficiency, and safety of the railway network, India can ensure a robust transport system that meets the demands of the future while supporting the nation's overall progress.

**Challenges:**

**Scale of Operations**

Electrical systems in railways consume a substantial amount of energy, leading to high operational costs. Transitioning to energy-efficient technologies and renewable energy sources remains a challenge due to large scale of operations and associated costs.

**Maintenance Challenges**

The extensive railway network requires regular maintenance of electrical equipment, such as traction systems, signalling systems, and overhead wires. Limited skilled manpower and inadequate modern diagnostic tools make it difficult to identify and rectify issues promptly.

**Safety Concerns**

Ensuring safety is a critical concern, particularly for electrical systems involved in train operations. Short circuits, electrical fires, and power failures can create safety issues passengers and staff, highlighting the need for robust safety protocols and equipment.

**Electrical Engineering Equipment Industry in Industrial Sector**

**Market Size of Electrical Engineering Equipment in the Industrial sector**

Electrical engineering devices are essential in the industrial sector, enhancing automation, efficiency, and energy management in multiple industries. This encompasses a broad variety of elements including motors, drives, transformers, switchgears, and control systems, all of which facilitate seamless functioning in manufacturing, power generation, and utilities. The Indian market for these solutions is experiencing substantial growth driven by industrial expansion, infrastructure improvements, and an emphasis on energy efficiency and sustainability.

Electrical engineering equipment is integral to improving energy efficiency and promoting sustainability in industrial operations. High-performance technologies, including energy-efficient motors, variable frequency drives, and smart grid systems, play a key role in optimizing energy usage and minimizing waste. The adoption of renewable energy systems and waste heat recovery technologies further supports decarbonization goals. IoT-enabled devices and advanced monitoring systems enhance energy management and enable predictive maintenance for streamlined operations. Although high upfront costs and retrofitting challenges persist, investing in modern and sustainable equipment allows industries to significantly reduce energy consumption, lower emissions, and achieve long-term economic and environmental advantages.

**The Urgency of High- Efficiency Motors**

India is experiencing a marked transition toward higher energy efficiency in industrial motors. The industry is progressively moving away from low-efficiency IE1 and IE2 motors in favour of the more energy-efficient IE3 standard. Furthermore, there is a growing interest in adopting advanced technologies, such as IE4 and IE5 motors, driven by stringent government regulations focused on energy conservation and emission reductions. Policy measures, including the prohibition of low-efficiency motors, are compelling manufacturers and end-users to adopt IE3 as the baseline standard, thereby aligning with the country's sustainability and energy efficiency objectives.

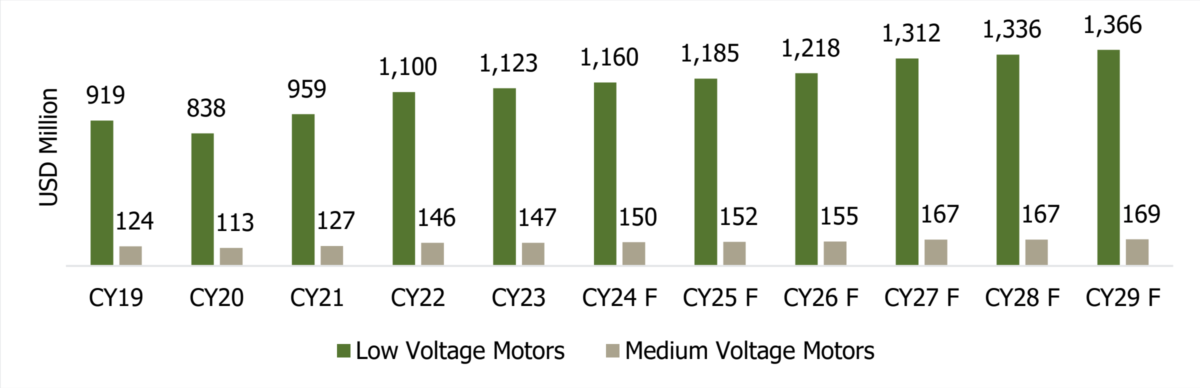
The implementation of IE3 motors as the minimum efficiency standard has been propelled by government policies, phasing out the less efficient IE1 and IE2 motors. Initiatives by the Bureau of Energy Efficiency (BEE) focus on promoting energy conservation and reducing emissions, ensuring widespread compliance with IE3 standards. Additionally, financial incentives and awareness programs are motivating businesses to adopt energy-efficient solutions.

The adoption of advanced IE4 and IE5 motors is also gaining momentum, offering improved energy savings, lower operational costs, and compliance with global efficiency standards. Industries such as automotive, manufacturing, and infrastructure are increasingly integrating these technologies to strengthen their sustainability efforts and meet ESG commitments. Technological advancements in motor design and increased domestic manufacturing capabilities are accelerating this shift, fostering a competitive market for high-efficiency motors and reducing reliance on imports. This trend underscores India's commitment to energy efficiency and its broader goals of industrial decarbonization.

**LV & MV Motors (AC and DC)**

The market for low voltage (LV) and medium voltage (MV) motors within the Indian industrial sector has shown strong growth and is expected to keep expanding considerably from CY24 to CY29. This expansion is fuelled by swift industrialization, urban development, and the rising implementation of energy efficient motor technologies in numerous sectors including manufacturing, automotive, and construction.

**Market Size of Low Voltage and Medium Voltage of Electrical Engineering Equipment**



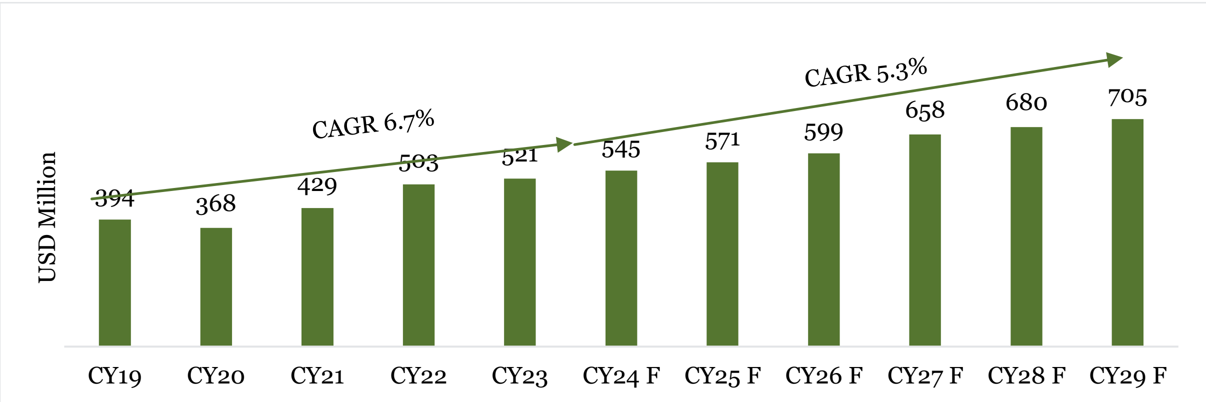

Source: Maia Research, CareEdge Research

The low- voltage motor category, crucial for use in compact industrial machinery and production processes, commands a significant portion of the market. By CY29, the total low-voltage electric motor market in India is expected to reach substantial revenues, with CAGR of about 3.3% from CY24 to CY29. Medium-voltage motors, employed in applications such as pumps, compressors, and conveyor systems, are also witnessing consistent growth, backed by rising investments in infrastructure and energy initiatives.

**LV & MV Alternators**

The industrial sector's market for low and medium voltage alternators has displayed consistent growth and is expected to maintain this increasing trajectory moving ahead. Important factors consist of heightened industrialization, the upgrading of industrial plants, and the growing implementation of automation in diverse fields such as manufacturing, mining, and oil & gas. The worldwide market for alternators, encompassing low and medium voltage segments, is expected to expand at a compound annual growth rate (CAGR) of around 5.3% from CY24 to CY29.

**Market Size of Low and Medium Alternators of Electrical Engineering Equipment**

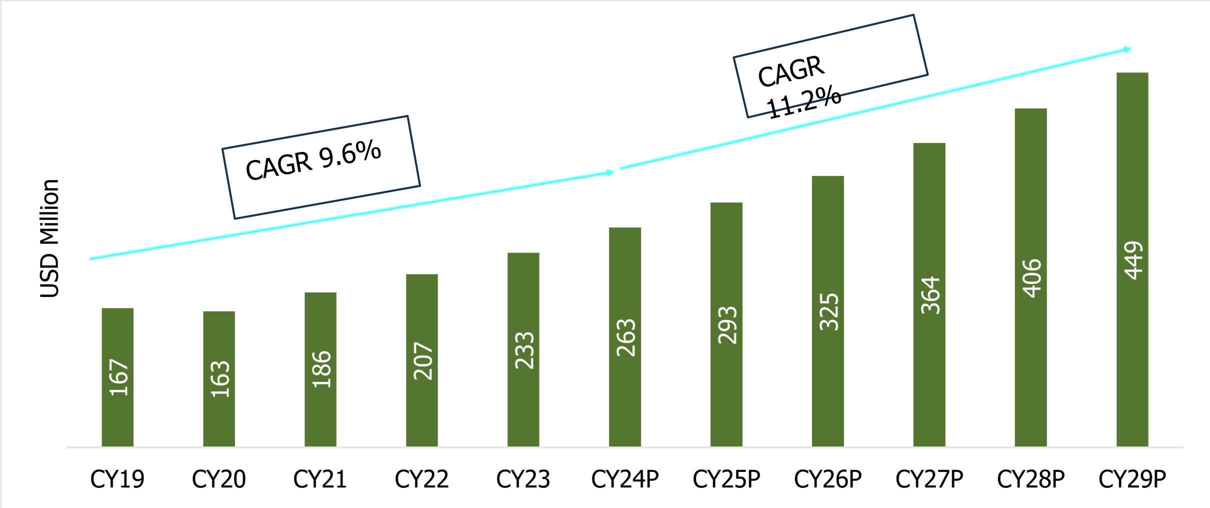



Source: Maia Research, CareEdge Research

The integrated market for low and medium voltage alternators in India is projected to surpass USD 700 million by CY29, as the nation makes significant investments in automation, renewable energy, and intelligent manufacturing systems.

**High Voltage Motors Market**

**Market Size of High Voltage Motors Market of Electrical Engineering Equipment**



Source: Maia Research, CareEdge Research

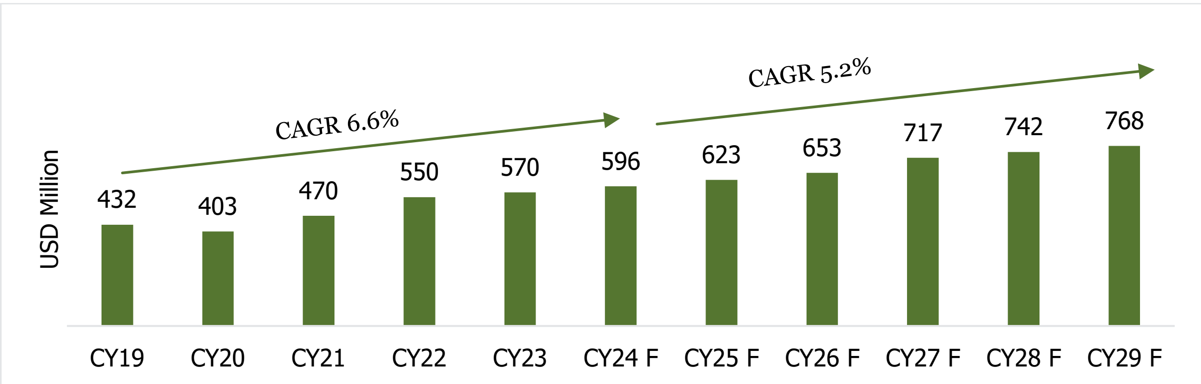
The Indian high-voltage motors market has experienced consistent growth since CY19, driven by industrialization, urban expansion, and infrastructure advancements. Demand from sectors like manufacturing, power generation, and construction, along with initiatives such as "Make in India" and smart city projects, has significantly contributed to this growth. The Indian market is expected to grow at a CAGR of 11% from CY24 to CY29.

Furthermore, the increasing adoption of electric vehicles (EVs) in India is accelerating the demand for high-voltage motors. With the Indian electric motor market projected to reach USD 449 million by 2029, the shift toward electrification and modernization across industries will fuel the market's expansion.

**Drives (LV & MV)**

In electrical engineering machinery, drives indicate systems that manage the speed, torque, and direction of electric motors. These are essential elements in automation and industrial operations, allowing accurate control of motor functions to enhance energy efficiency and performance. Low-voltage drives, commonly employed in manufacturing, HVAC systems, and smaller industrial uses, are experiencing considerable growth because of their affordability and flexibility. Medium-voltage drives, conversely, serve industries including oil and gas, mining, and heavy manufacturing that necessitate greater power capabilities.

**Market Size of Drives of Electrical Engineering Equipment**



Source: Maia Research, CareEdge Research

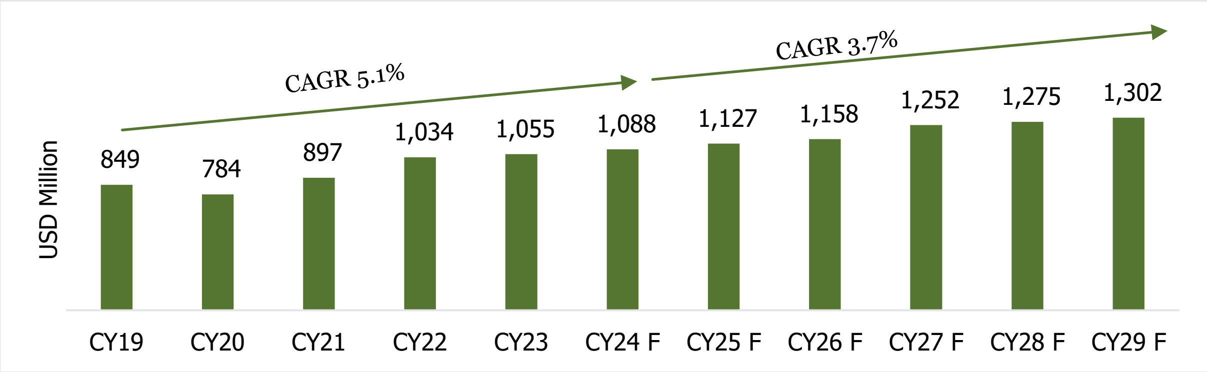
In CY23, the value of the market for these drives in India stood at USD 570 million and is expected to expand at a compound annual growth rate (CAGR) of 5.2% from CY24 to CY29. By CY29, the market is anticipated to surpass USD 768 million in size.

**Pumps**

Pumps in electrical engineering play a crucial role in moving fluids across sectors such as water resources and energy production. Utilizing electric motors along with variable frequency drives (VFDs) and automation increases efficiency and control. These advancements are crucial for enhancing pump efficiency and lowering energy expenses in industrial settings. In

CY23, the pumps industry held a worth of around USD 1,055 million, and it is expected to attain USD 1,302 million by CY29, exhibiting a compound annual growth rate (CAGR) of 4% from CY24 to CY29.

**Market Size of Pumps of Electrical Engineering Equipment**




Source: Maia Research, CareEdge Research

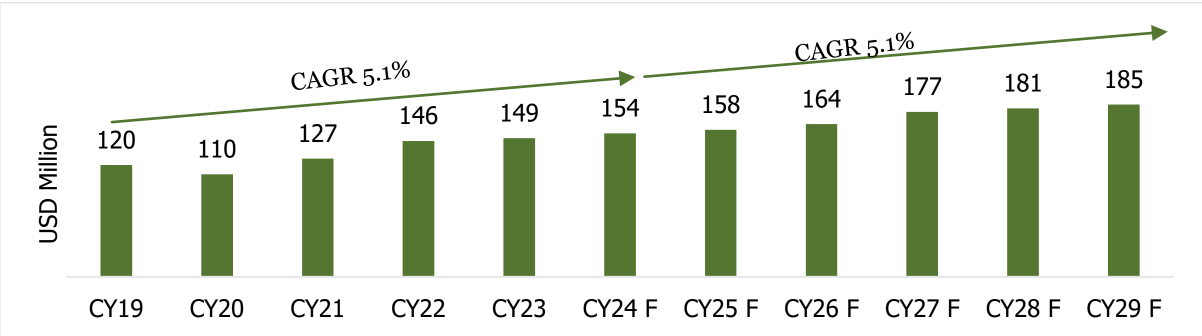
The main factors fuelling this growth are industrial expansion, rising demand for water and wastewater management, along with infrastructure development. Moreover, innovations in pump efficiency and automation are influencing the market, as industries pursue increasingly energy-efficient and sustainable options.

Key trends shaping the industry include a focus on energy-efficient pumps to lower operational costs and support sustainability efforts. Additionally, the rise of smart, IoT-enabled pumps for real-time monitoring and improved performance is gaining traction. There is also a growing demand for eco-friendly solutions for water conservation and pumps tailored to specific industries like chemicals and petrochemicals.

**Water Heater**

Water heaters are essential parts of electrical engineering systems, utilized for heating water in residential and industrial settings. These appliances transform electrical energy into heat for heating water, and they are available in different varieties, such as storage water heaters (tank-type), instantaneous water heaters, and heat pump water heaters. The construction of water heaters emphasizes efficiency, safety, and longevity, utilizing technologies such as thermostats and pressure relief valves to guarantee peak performances.

**Market Size of Water Heaters of Electrical Engineering Equipment**



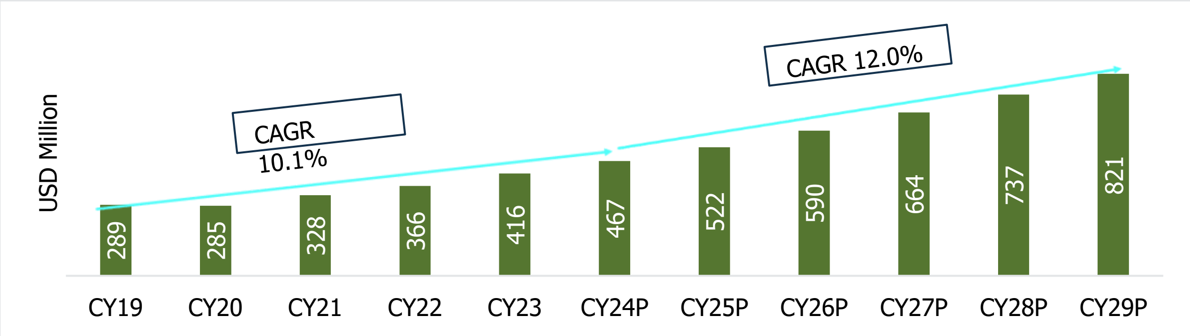

Source: Maia Research, CareEdge Research

In India, the water heater market is expanding quickly, fuelled by urban growth, higher disposable incomes, and a rising need for dependable hot water options in homes and businesses. The Indian water heater market was estimated at approximately USD 149 million in CY23, expecting a growth rate of 5% CAGR from CY24 to CY29. Significant trends involve an increasing inclination towards energy-efficient models, including solar water heaters and heat pump water heaters, driven by heightened environmental awareness and energy expenses.

**FHP Motors**

The Indian fractional horsepower (FHP) motors market is anticipated to witness significant growth from CY24 to CY30, driven by the increasing adoption of industrial automation, rising demand for energy-efficient household appliances, and advancements in medical equipment technology. FHP motors, typically rated below one horsepower, play a critical role in applications such as automotive systems, HVAC units, and various industrial machinery. The expansion of the manufacturing sector and the acceleration of industrial activities in India are key contributors to this upward trajectory.

**Market Size of FHP Motors of Electrical Engineering Equipment**



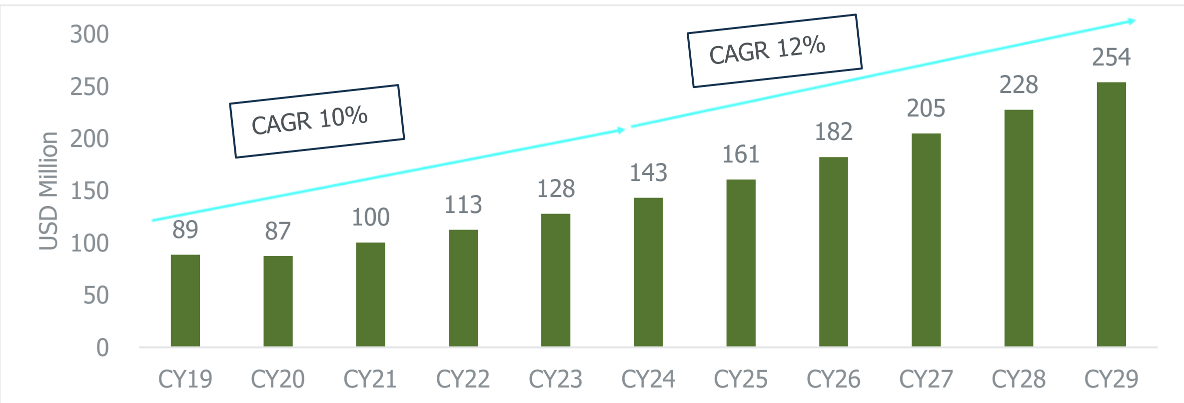

Source: Maia Research, CareEdge Research

Furthermore, the market is supported by a growing emphasis on energy efficiency and the integration of automation technologies across industries. The proliferation of electric vehicles and advancements in robotics further amplify the demand for FHP motors. The market is projected to exhibit a steady compound annual growth rate (CAGR) over the forecast period, reflecting broader trends in industrialization and the adoption of advanced technologies in India. This growth underscores the strategic importance of FHP motors in driving efficiency and innovation across critical sectors.

**Stamping Market**

The Indian stamping market for electrical engineering equipment is experiencing significant growth, driven by increasing demand for energy-efficient technologies and the expansion of key sectors such as automotive, renewable energy, and industrial manufacturing. The transition toward high-efficiency motors and transformers, including IE3 and higher standards, has created a heightened need for high-precision electrical steel stampings that reduce energy losses and improve equipment performance. Government initiatives promoting energy conservation, coupled with localization policies, are further propelling the adoption of advanced stamping solutions to meet industry standards and regulatory compliance.

**Market Size of Stampings Market of Electrical Engineering Equipment**



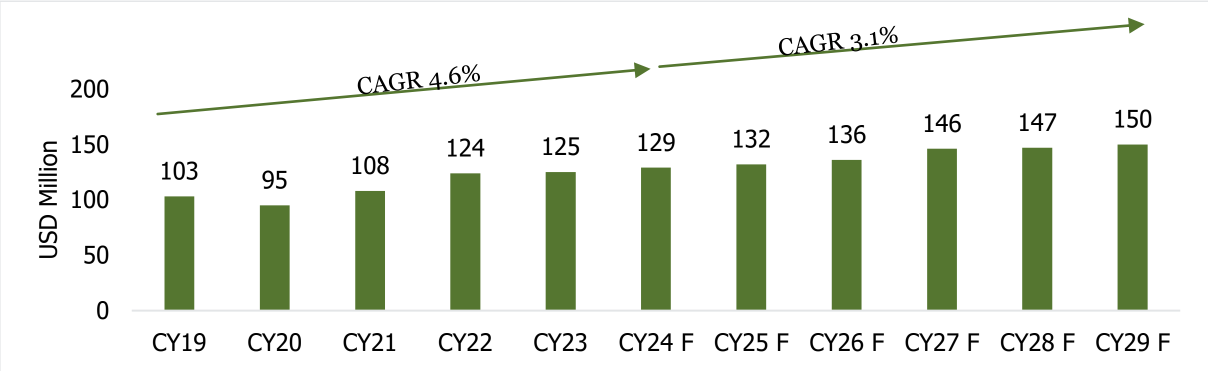

Source: Maia Research, CareEdge Research

The rapid expansion of India's electric vehicle (EV) sector is a key catalyst for the growth of the stamping industry. Increased production of EVs has led to a sharp rise in demand for motor and generator stampings, which are essential components of EV drivetrains. Government policies supporting EV manufacturing and encouraging localization are strengthening domestic stamping production. Furthermore, advancements in technology, such as automation and computer-aided design (CAD), are improving the precision, scalability, and efficiency of stamping processes, solidifying India's position as a critical player in the global supply chain for electrical engineering components.

**Fans**

The market for electrical engineering equipment related to fans in India is projected to see considerable expansion in the years ahead. It is anticipated that by CY29, the electric fan market revenue will surpass USD 150 million. The need is mainly fuelled by necessity in both city and countryside settings, with ceiling fans, table fans, and pedestal fans being the most frequent varieties. Moreover, the growing consumer inclination towards energy-efficient, high-end, and decorative fans is influencing the market dynamics. Producers are concentrating on enhancing design and functionality to meet these changing requirements.

**Market Size of Fans of Electrical Engineering Equipment**




Source: Maia Research, CareEdge Research

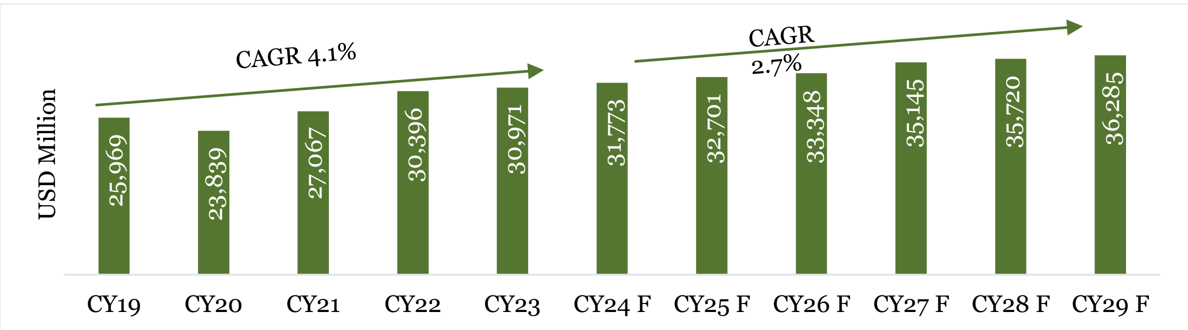
Geographically, South India is projected to dominate the market; however, West India is also expected to experience considerable growth, driven by growing consumer buying power and higher electricity access. Key trends in the industry include a focus on energy-efficient fans that reduce power consumption, along with the rise of smart fans integrated with IoT and remote-control features for enhanced user convenience. Additionally, there is growing demand for fans with modern, aesthetic designs, as well as eco-friendly and noise-reducing models, reflecting a shift toward sustainability and customized consumer preferences.

**Region- Wise Market Size of Electrical Equipment in Industrial Sector**

**North America**

North American industrial sector's market for electrical engineering equipment is marked by consistent growth, propelled by the increasing use of automation, energy-saving systems, and the incorporation of renewable energy. In CY23, the estimated market size stood at USD 30,971 million, and forecasts show steady growth until CY29. This trend is bolstered by strong investments in areas like power generation, manufacturing, and oil and gas, as well as efforts to modernize infrastructure to improve grid reliability and efficiency.

**North America's Market Size of Electrical Engineering Equipment in Industrial Sector**



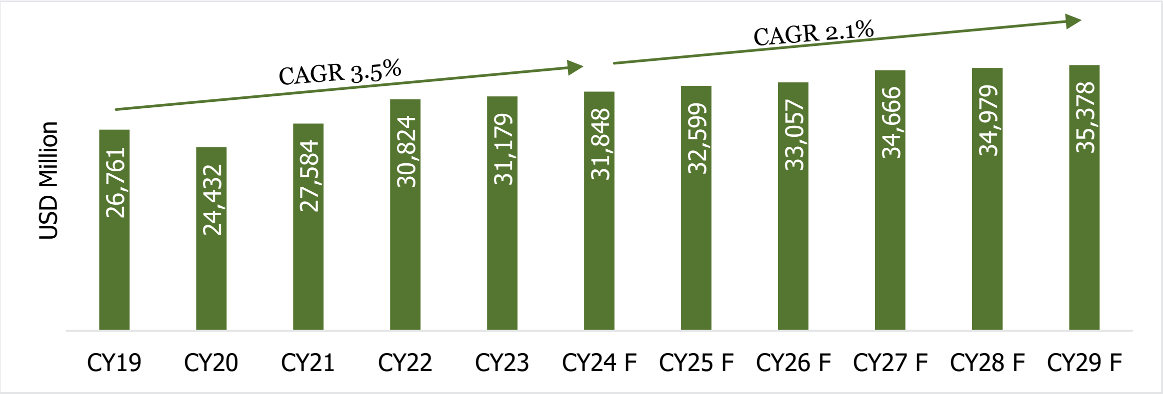

Source: Maia Research, CareEdge Research

Major demand factors consist of the transition to sustainable energy systems, the adoption of smart technologies, and govern mental support for energy efficiency. Nonetheless, the industry encounters obstacles such as strict environmental regulations, expensive advanced technologies, and complicated supply chains for essential components.

**Europe**

The European market for electrical equipment in the industrial sector is consistently expanding, driven by heightened investments in renewable energy, improvements in automation, and the growing implementation of smart grid technologies. This market is expected to attain around USD 35,378 million by CY29, with a compound annual growth rate (CAGR) of 2% starting in CY24. Crucial sectors like motors, drives, and control systems are gaining traction because of the focus on industrial automation and energy efficiency.

**Europe's Market Size of Electrical Engineering Equipment in Industrial Sector**



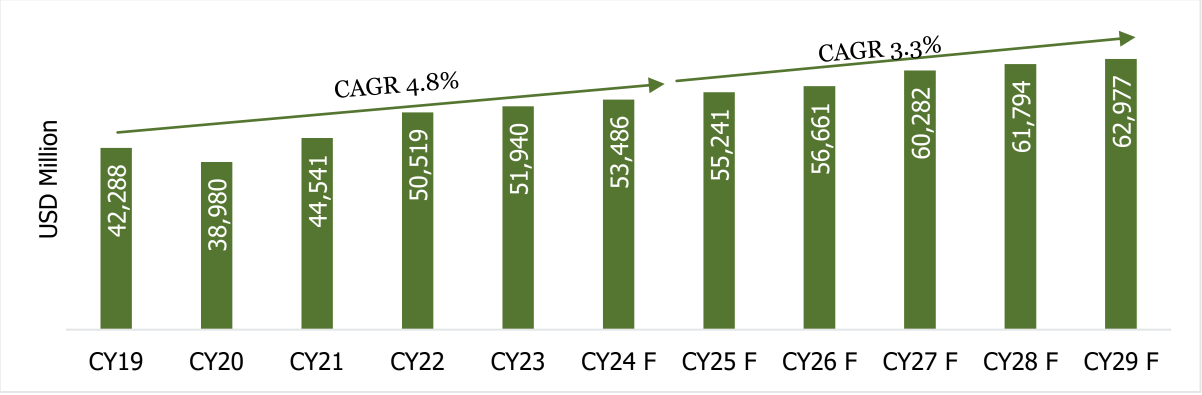

Source: Maia Research, CareEdge Research

Germany and the United Kingdom are key markets, encouraging advancements in electrification and the integration of renewable energy. The transition to sustainable and energy-efficient systems, along with governmental incentives for renewable energy, fosters this expansion.

**Asia**

The electrical equipment market in the industrial sector of the Asia-Pacific region is experiencing notable expansion, driven by swift industrial development, urban growth, and a heightened emphasis on energy efficiency. The market, estimated to be around USD 51,940 million in CY23, is forecasted to expand at a CAGR of 3.3% until CY29. Primary factors consist of the extensive implementation of renewable energy sources, like solar and wind, along with the incorporation of smart grid technologies. Nations such as China, India, and Japan are at the forefront of this growth through extensive infrastructure developments, smart city projects, and capital in industrial automation.

**Asia's Market Size of Electrical Engineering Equipment in Industrial Sector**



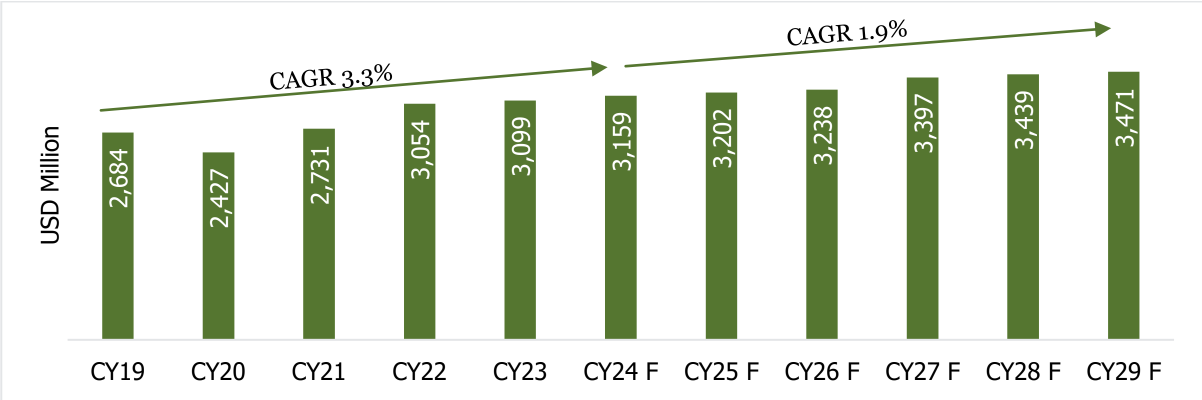

Source: Maia Research, CareEdge Research

Nonetheless, the market confronts obstacles like elevated expenses for advanced technologies, fluctuations in raw material prices, and challenges related to regulatory compliance. Regardless of these factors, the implementation of electric vehicle (EV) infrastructure and governmental support for renewable energy is generating opportunities for additional growth. Rising trends in modular and scalable systems along with IoT-enabled devices are transforming operational efficiencies, positioning the Asia-Pacific region as a key hub for innovation in the electrical equipment sector

**Middle East**

The expansion of the electrical equipment market in the Middle East's industrial sector is driven by developments in infrastructure, increased urbanization, and the embrace of renewable energy technologies. It is anticipated that the market will grow at a compound annual growth rate (CAGR) of 1.9% from CY24 to CY29.

**Middle East's Market Size of Electrical Engineering Equipment in Industrial Sector**




Source: Maia Research, CareEdge Research

Middle East's growth will be driven by major investments in smart city projects and renewable energy efforts, especially in countries such as Saudi Arabia and the UAE. Government policies that promote energy efficiency and sustainability will further aid the advancement of the sector.

**Overview of Industrial Sector in India with focus on-**

**Water & Wastewater**

Being world's most populous country, India has a challenge of serving 18% of the world population with 4% of the world's freshwater resources. Currently, India stores less than one-tenth of the annual rainfall and is designated to be a water stressed nation. Disproportionate use of water for agricultural use, excessive ground water pumping and deficient monsoon in the last couple of years make the demand-supply balance more critical. India is facing water crisis with around 50% population experiencing high-to-extreme water shortage, as per NITI Aayog.

The average water available per capita annually depends on the region's hydro-meteorological and geological factors. The per capita water availability in the country is reducing due to increasing population. The annual per-capita water availability is less than 1,700 cubic meters and is expected to fall to 1,367 cubic meters by 2031 according to "Reassessment of Water Availability in India using Space Inputs (2019)." As per a report by Dynamic Ground Water Resource Assessment 2022, out of 7,089 assessment units which includes blocks, talukas, mandals, watersheds, firkas in the country, 1,006 units have been categorized as 'Over-exploited'.

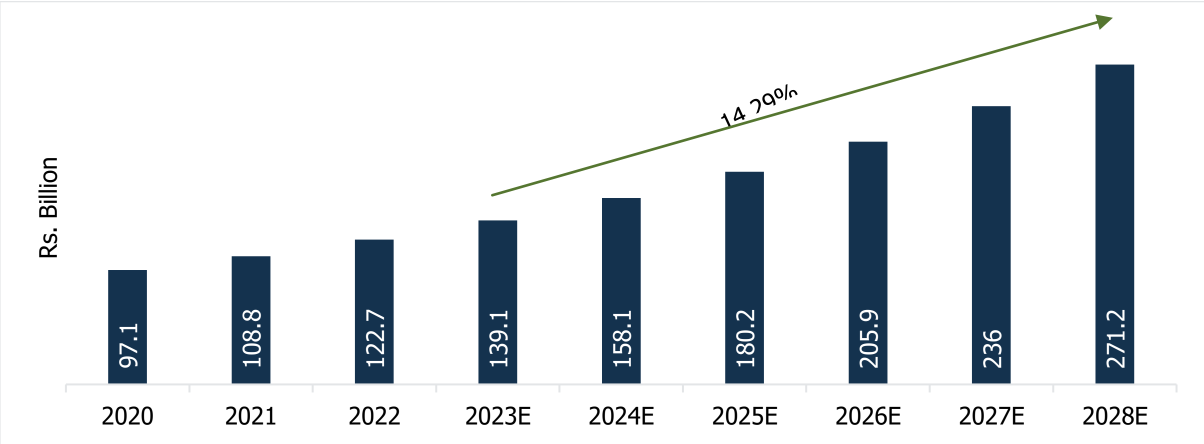
It is expected that by 2050, about 1,450 km3 of water will be required out of which approx. 75% will be used in agriculture, ~7% for drinking water, ~4% in industries, ~9% for energy generation. However, because of growing urbanization, the need for drinking water will take precedence from the rural water requirements. Many of the cities are situated by the bank of rivers from where the fresh water is consumed by the population and the wastewater is disposed back into the river, thus causing contamination of the water source and irrigation water. This has raised serious challenges for urban wastewater management, planning and treatment.

India's water and wastewater management market is experiencing significant growth due to increasing environmental challenges and the rising demand for freshwater. In 2022, the market was valued at INR 122.65 billion and is expected to reach INR 271.19 billion by 2028, expanding at a CAGR of 14.29% during 2023–2028. This growth is driven by the need to address pollution in rivers caused by untreated domestic sewage, industrial effluents, and insufficient treatment infrastructure. The escalating demand for freshwater, prompted by urbanization and industrialization, has led to continuous investments in water treatment technologies. Municipalities and industries are allocating substantial resources to improve water and wastewater management systems, creating significant opportunities for advanced water treatment equipment.

Additionally, GOI's Jal Jeevan Mission (JJM), aimed at providing rural households with functional tap water connections is significantly boosting the demand for High Tension (HT) motors. These motors power essential infrastructure like water pumps, treatment plants, and distribution systems, ensuring reliable water supply across vast regions. The mission's large-scale implementation and focus on efficiency have driven demand for advanced, energy-efficient HT motors, positioning the segment for steady growth.

Similarly, the National River Linking Project (NRLP) is a has aided the demand for HT motors. This initiative, which transfers water across basins to address scarcity, relies heavily on HT motors for pumping water over long distances and elevations. The scale of these projects necessitates high-capacity, reliable motors, further spurring market growth. Together, JJM and NRLP are creating robust opportunities for HT motor manufacturers, supported by strong policy and funding frameworks.

**Market Size**




Source- EMIS, CareEdge Research

**HVAC**

India's high voltage alternating current (HVAC) transmission industry is growing swiftly to address increasing energy demand and incorporate renewable energy, with ultra-high voltage systems central to this expansion. Government programs such as the National Infrastructure Pipeline (NIP) and "Power for All," along with investments from the private sector, are propelling improvements in grid capacity, efficiency, and hybrid transmission technologies.

Despite obstacles such as land acquisition and environmental approvals, the sector is advancing by embracing smart grid technologies and AI-driven monitoring systems. With strong policy backing and growing renewable integration, HVAC transmission is poised to be crucial in India's energy shift and economic growth.

**Steel**

Domestic crude steel production has grown at a compound annual growth rate (CAGR) of 7.2% over the past five years, rising from 109 MT in FY20 to 144 MT in FY24. Crude steel capacity is expected to reach 300 MT by 2030-31 from 35 MT in 2023-24. Large steel manufacturers reported capacity utilisation in the range of 80% to 90% in FY23, with most players announcing plans to expand crude steel capacities. Additionally, improvements in the financial health of steel companies will ensure that the industry remains comfortably leveraged to undertake capital expenditure for further capacity additions. The *National Steel Policy 2017* aims to achieve a production capacity of 300 MT, up from the current level of 161.3 MT in FY23, to meet the expected steel demand of 230 MT by FY31. During the first half of FY25 (April 2024–September 2024), crude steel production increased by 3.7% on a year-on-year basis.

India's steel consumption is expected to witness healthy growth of approximately 8% year-on-year in FY25. Steel consumption in India recorded double-digit growth for the third consecutive year in FY24. This growth is primarily driven by increased activity in the construction sector, alongside sustained momentum in the real estate and automobile sectors.

Furthermore, the expansion and development of airports under the *Ude Desh ka Aam Naagrik* (UDAN) scheme aim to enhance regional air connectivity. Concurrently, ongoing developments in metro systems are promoting urban transformation and improving railway infrastructure. These factors are driving the demand for steel.
On the global front, steel prices are likely to experience a slight increase in the near term due to rising raw material costs; however, they are expected to remain range bound. Similarly, domestic prices are anticipated to align with global trends.

**Power**

The Indian power sector is witnessing a major transformation in terms of demand growth and energy mix. Investments are being made to raise the installed capacity and clean energy transition to ensure that everyone has access to reliable power and sufficient electricity. Also, the government plans to establish a renewable capacity of 500 GW by 2030 and increase the share of non-fossil fuel-based installed capacity to around 50%.

As per the National Electricity Plan Vol-1 released in March 2023, the installed capacity is expected to grow from 416 GW in March 2023 to around 610 GW by March 2027, projecting a CAGR of around 10%. In addition, the Battery Energy Storage System (BESS) is expected to gain traction and reach 9 GW of installed capacity. The generation capacity is expected to reach 900 GW by March 2032, growing at a CAGR of 8.1% from March 2027, while the BESS capacity is expected to reach 47 GW.

Moreover, Solar Power (Grid) saw a surge from Rs. 4,280 Crores in FY2022-23 Actuals to Rs. 10,000 Crores by budgeted estimates in FY2024-25. Rooftop Solarization scheme for 1 crore households will be enabled to obtain up to 300 units of free electricity per month.

**Power Generation Investments split as per type during 2023-2027 (Rs. Billion)**

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total |
|---|---|---|---|---|---|
| **Hydro** | 167 | 149 | 103 | 96 | **514** |
| **PSP** | 25 | 47 | 154 | 282 | **508** |
| **Wind** | 415 | 548 | 556 | 531 | **2,051** |
| **Offshore Wind** | - | - | - | - | **-** |
| **SHP** | 4 | 34 | 4 | 4 | **15** |
| **Biomass** | 49 | 51 | 52 | 54 | **206** |
| **Solar** | 1,118 | 1,467 | 1,571 | 1,720 | **5,876** |
| **BESS** | - | - | - | 566 | **566** |
| | **2,699** | **2,840** | **2,873** | **3,906** | **7,153** |

**Power Generation Investments split as per type during 2027-2032 (Rs. Billion)**

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | Total |
|---|---|---|---|---|---|---|
| **Hydro** | 299 | 333 | 316 | 240 | 109 | **1,298** |
| **PSP** | 297 | 251 | 154 | 50 | - | **752** |
| **Wind** | 613 | 744 | 742 | 838 | 371 | **3,309** |
| **Offshore Wind** | - | - | 45 | 137 | 92 | **274** |
| **SHP** | 4 | 4 | 4 | 3 | 1 | **17** |
| **Biomass** | 55 | 57 | 59 | 42 | 18 | **231** |
| **Solar** | 1,821 | 1,863 | 1,915 | 1,972 | 397 | **7,968** |
| **BESS** | 1450 | 840 | 225 | 82 | 329 | **2,926** |
| | **5,324** | **4,700** | **3,938** | **3,651** | **1,451** | **14,485** |

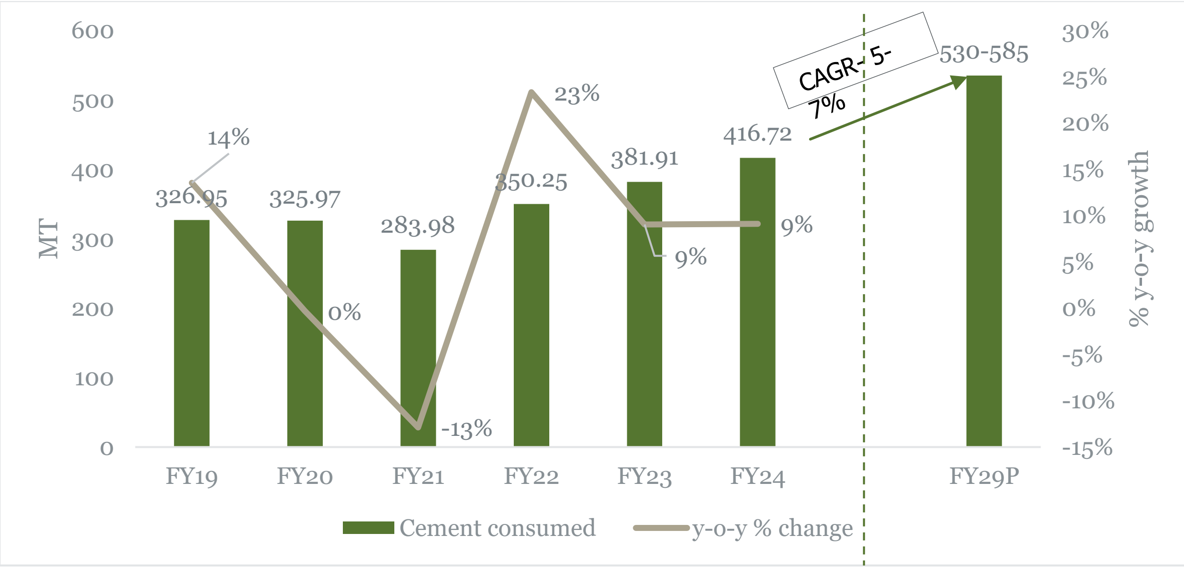
**Source: National Electric Plan 2022-32**

Based on the above, the total renewable power generation investment for the period 2027-2032 has been estimated to be Rs. 14.48 Trillion. This investment does not include advance action for the projects which may get commissioned after 31.03.2032.

**Cement**

The cement industry is a core industrial sector in India. For a developing economy such as India, cement as a commodity holds significant value. This is attributed to the immense infrastructure requirements of a growing and urbanizing country and its contributions by way of direct and indirect employment.
Also, the Government of India (GoI) has time and again emphasized its focus on infrastructure development with the announcement of several schemes, such as Housing for All and National Infrastructure Pipeline (NIP). The cement industry is indicative of the overall growth in the economy. Gypsum and cement products attracted Foreign Direct Investment (FDI) inflows summing up to USD 6.12 billion from April 2000 to March 2024.
The cement demand is expected to grow at 5-7% over FY24-29 to reach 530-585 MT driven by a growing government push for infrastructure development especially in the rural segment, urban housing growth, and public infrastructure developments like metros, NHAI, smart cities, etc., in different regions of India.

**Domestic Cement Consumption Outlook**




Source: CMIE, CareEdge Research
Note- P- projected

The central government is expected to continue its infrastructure focus in FY25. The announced Capex of Rs. 11,11,111 crores for FY25 (Budget Estimate) are almost three times the capital expenditure in FY20, and is focused towards the development of highways, internal road connectivity, and railways.

Similarly, the government has increased the allocation to the PM Awas Yojana, with budgetary allocation higher by 66% for FY24, which will further support strong cement demand. The private CapEx is also expected to pick up in the coming years with the support of rising domestic demand and policies like the PLI scheme outlay of Rs. 1.97 trillion announced by the government for 14 manufacturing sectors. Government aims to increase manufacturing's GDP share to 25% by 2025 from 17% 2023.

Moreover, increased spending on infrastructure & real estate and low per capita consumption of cement augur well for India's cement industry. Accordingly, the domestic cement volumes are expected to witness steady growth in the medium term with Central and Eastern regions witnessing higher traction. Subsequently, the long-term outlook of the cement industry is expected to be driven by infrastructure impetus provided by the government as evidenced by continuously increasing budgetary allocation. Several schemes have been announced to aid the development and improvement of public infrastructure. These encompass roads, highways, metros and railways, airports, ports, logistics infrastructure, etc. Alongside initiatives like PM Gati Shakti, National Infrastructure Pipeline (NIP), Urban Rejuvenation Mission: AMRUT, and Smart Cities Mission. In addition, schemes such as Pradhan Mantri Awas Yojana (PMAY), particularly aimed at affordable housing, are likely to drive the low-cost housing segment.

The outlook for investments in India's cement industry appears positive, primarily due to factors such as government infrastructure investments, urbanization, and population growth. Initiatives like "Housing for All" and "Smart Cities" launched by the Indian government are expected to boost cement demand in the coming years. Furthermore, the emphasis on sustainable construction and green building materials is likely to shape the industry's trajectory, leading to the adoption of eco-friendly cement production practices.

**Automotive Industry**

The Indian automobile market consists of four primary segments: two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles. Among these, two-wheelers and passenger vehicles dominate the market. In FY24, two-wheelers accounted for approximately 75% of total automobiles sold, while passenger vehicles contributed 18%. Commercial vehicles saw a slight decline in market share, dropping from 5% to 4%, while three-wheelers increased their share from 2% to 3%. The rise in three-wheelers is largely driven by government incentives for electric models, boosting their adoption.

The automobile industry is experiencing a major shift driven by the adoption of Internet of Things (IoT) technologies, which are enhancing vehicles with connectivity features and advanced smart functionalities such as remote diagnostics and personalized user interfaces. Consumer priorities have evolved from traditional engine performance to a growing emphasis on convenience and intelligent features. Innovations like ADAS (Advanced Driver Assistance Systems), sunroofs, and integrated connectivity are becoming increasingly significant, reflecting the changing expectations of modern buyers and redefining the competitive landscape of the sector.

Domestic automobile sales volume is projected to grow by 12-15% in FY25, following strong double-digit growth in FY24 and FY23. Looking ahead, the industry is expected to expand at a CAGR of 5%-7% between 2024 and 2028. The above-average monsoon this year is anticipated to further boost the sector by positively influencing rural demand, which plays a critical role in driving overall sales, especially for two-wheelers and entry-level passenger vehicles. This growth trajectory underscores the sustained recovery and expansion of the Indian automobile market post pandemic.

**Textile Industry**

India is a leading player in the global textile industry, leveraging its diverse production capabilities across a wide range of fibers and yarns. These include natural fibers like cotton, jute, silk, and wool, alongside synthetic fibers such as polyester, viscose, nylon, and acrylic. The country's significant economic growth has notably influenced household spending patterns. Over the past decade, household expenditures have more than doubled, with a marked increase in spending on discretionary items like clothing and footwear. Meanwhile, the share of household budgets allocated to food has declined in both rural areas (from 53.0% in FY2012 to 46.4% in FY2023) and urban areas (from 42.6% in FY2012 to 39.2% in FY2023). India’s textile industry is expected to grow to USD 350 billion by 2030, and USD 600 billion in exports by 2047. India's textile industry is growing rapidly, driven by its diverse production capabilities, rising domestic demand, and increasing export opportunities as global markets shift away from China. Government initiatives like the PLI scheme and mega textile parks are enhancing competitiveness and attracting investments.

Challenges such as high raw material costs and competition from countries like Bangladesh persist, but trends in sustainability, technical textiles, and innovation are reshaping the sector. With strong policy support and a focus on eco-friendly and high-performance materials, India is poised to solidify its position as a global textile leader.

**Pharmaceuticals Industry**

The Indian pharmaceutical industry (IPI) is ranked 3rd globally by volume and 14th by value. The lower market share in terms of value is primarily due to the IPT’s focus on generic medicines (accounting for about 70% of the industry’s revenues) which command lower prices. The Indian Pharmaceutical industry has reached around USD 54 billion in FY24 and by 2030 it is expected to reach USD 130 billlion, as per Economic Survey.

Growth in the domestic pharma market is expected to be driven by increased penetration of health insurance, improved access to healthcare facilities, rising prevalence of chronic diseases, and rising per capita income. Export growth is likely to be propelled by greater generic penetration in the regulated markets on the back of enhanced focus on the niche and complex product segments, patent expiries, medicine patent pool announcing licensing agreements with pharmaceutical companies, and growing demand from semi-regulated pharma markets. In the long term, growth in the export market will be sustained by emerging markets such as Russia, Brazil, and South Africa.

The outlook of the Indian Pharma Industry remains stable, driven by both domestic and international markets. going ahead. Rising demand for medicines and pharmaceuticals is expected to be underpinned by a global ageing population, the increasing prevalence of chronic diseases, and greater healthcare awareness. Improving access to healthcare facilities, coupled with rising per capita income, will further support domestic market demand. Additionally, industry exports grew by 9.8% in FY24. The recent sharp depreciation of the Indian rupee against the US dollar is also benefiting the pharmaceutical industry, as exports remain a major contributor to the sector's growth.

**Chemical and Petrochemicals**

- India is expected to contribute 10% of the incremental growth of global petrochemical demand. Plastics, detergents, medical equipment, and tyres are likely to account for more than a third of the growth in oil demand by 2030. Other connected industries like textiles, automotive, and construction with highly expected growth are also expected support the demand for petrochemicals soon. Besides, 100% foreign direct investment through the automatic route bodes well for the sector. India, a net importer of petrochemicals, will accelerate its investments in the sector to raise domestic production to meet rising demand over the next 3-5 years as its industrial and commercial sectors expand. In the short to medium term, this situation is probably going to persist, which will put pressure on the pet-chem players' profitability.
-
- At the same time, despite stable domestic demand, operating margins could be affected by the lower prices and oversupply of petrochemical capacity in China, the US, and the Middle East. Additionally, weak demand in other international markets suggests that Indian producers may face challenges related to foreign dumping.
-

The petrochemical segments of all the companies have experienced profitability pressures over the last few quarters. This indicates that, although domestic demand in Indian is expected to remain healthy, the global weakness in demand and oversupply situation will keep the petrochemicals spreads under check for the Indian players as well in the medium term.

The recent budget addresses investment plans for the chemical and petrochemical industries and how they may affect Indian crude and product net trade. Changing customs duty (for additional goods for use in petroleum exploration operations) to Nil will support export competitiveness, lower input costs, increase value addition, rectify the inverted tariff structure, and support domestic manufacturing.

Domestic demand for petrochemicals in India is projected to remain healthy in 2024. However, price expectations are subdued as the market seeks to strike a balance amidst new production capacities entering the Asian market, shifting trade flows, weak global demand, and volatile upstream prices.

**Renewables**

India's renewable energy sector is experiencing rapid growth, with ambitious goals to achieve 500 GW of non-fossil fuel energy capacity by 2030. Government policies, like Ujjwala Yojana and National Solar Mission, coupled with a push for solar, wind, and green hydrogen, are driving investments. This sector is expected to become a key driver of economic growth, with increasing interest from both domestic and international investors.

**Telecom**

India’s telecom industry is expanding, fuelled by increased smartphone penetration, internet adoption, and digitalization efforts. The government's Digital India initiative and 5G rollout will drive growth in data consumption, e-commerce, and digital services. The telecom sector is also witnessing consolidation, with large players focusing on infrastructure development and technological upgrades to maintain competitiveness.

**Agriculture**

India's agricultural sector is poised for growth driven by government initiatives such as the Pradhan Mantri Krishi Sinchayee Yojana and PM Kisan. Increasing demand for food, coupled with technological advancements in precision farming and sustainable practices, is fueling sector expansion. The adoption of smart agriculture, drones, and irrigation systems, as well as a focus on export growth, is set to strengthen the agricultural economy.

**Oil & Gas**

Natural Gas industry in India is expected to witness substantial growth over the next decade. Driven by increasing usage across various end-user customer segments, the Government of India has come up with multiple reforms as they target to raise the share of Natural Gas in the primary energy mix to 15% by 2030 from around 6.5% currently (in 2022-23). This is a CAGR of around 6.4% projected for the period 2021-2030.

Covid-19 global pandemic has impacted both the production and the consumption of Natural Gas. Now, with the return of normalcy, industries have opened up and the production and the consumption have almost reached to the pre- Covid levels.

Major demand for natural gas is expected to come from- fertilizer sector, increase in CNG consumption, expansion of CGD network to around 295 geographical areas post Round 11A and Round 12 of CGD bidding and industries using blast furnaces such as steel, oil refineries, long-haul transport, and heating and cooling requirement. Natural gas has seen an increasing usage in transportation and households as adoption of CNG and PNG gains traction. Further, improved pace of economic development and government's impetus for non-fossil fuel will drive the natural gas demand in coming years.

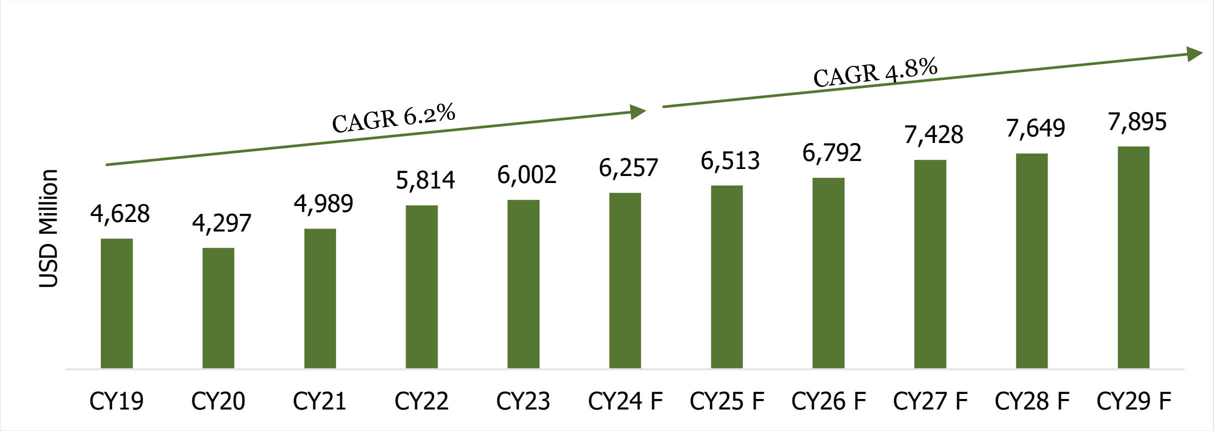
There is Government's thrust to enhance the supply and consumption of natural gas as there is a growing concern towards environment and climate change. This has received significant impetus from the Government's commitment towards clean energy under COP 28 as well. The pipeline network is expected to expand to around 34,135 Kms over the medium to long term, that would connect all major demand and supply centres in the country. As per Ministry of Petroleum & Natural Gas (MoPNG, Government of India), as on June 30, 2023- 23,478 kms of natural gas pipelines are operational and 12,037 km of Natural Gas pipeline (including sub-transmission pipeline & tie in connectivity pipeline) are under various stages of construction.

There is Government's thrust to enhance the supply and consumption of natural gas as there is a growing concern towards environment and climate change. This has received significant impetus from the Government's commitment towards clean energy under COP 27 and COP 28 as well. The demand revival will also be supported by the ease in natural gas prices. Furthermore, to solidify India's position as one of the largest refiners globally, with current refining capacity of over 254 MMTPA. By 2030, the Government aims to elevate India's refining capacity to 450 MMTPA.

**Trend in market Size of Electrical Engineering Equipment in Industrial Sector**

The market for electrical engineering equipment in India's industrial sector has shown robust growth since CY19 and is expected to maintain this momentum until CY29. The market size was estimated at approximately USD 6,002 million in CY23 and is projected to reach USD 7,895 billion by CY29, propelled by substantial investments in power generation, transmission, and renewable energy facilities. Government programs such as 'Make in India' and 'Atmanirbhar Bharat' have boosted the sector's potential by promoting local manufacturing, lessening reliance on imports, and encouraging technological advancements.

**Market Size of Electrical Engineering Equipment in Industrial Sector**




Source: Maia Research, CareEdge Research

The emphasis on energy efficiency and sustainability across various industries has further supported market growth. Energy-saving technologies and eco-friendly methods have paved the way for innovation and sustainable development. However, challenges such as reliance on imports, especially from China, and constrained domestic abilities in advanced manufacturing persist in affecting the industry. Government initiatives aimed at fostering technological advancements and capacity expansion are addressing these challenges, enhancing the sector's competitiveness on a global scale.

The market is expected to grow at a compound annual growth rate (CAGR) of 4.8% from CY24 to CY29, propelled by infrastructure enhancements, renewable energy adoption, and progress in industrial automation. Due to its increasing market size and rising influence, India is set to emerge as a major contender in the worldwide electrical engineering equipment market.

**Key growth Factors and Challenges of the Electrical Equipment in the Industrial Sector**

**Growth Drivers-**

**Industrial Expansion:** Industrial expansion is fueled by urbanization, rising demand for goods, technological advancements, and government investments in infrastructure and renewable energy. These factors drive the need for advanced electrical equipment to support manufacturing, energy production, and infrastructure growth.

**Government Programs:** Initiatives such as Make in India and Smart Cities promote infrastructure growth and attract investments in electrical engineering technologies.

**Automation & Industry 4.0:** The drive for automation and digitalization heightens the demand for energy-efficient, intelligent systems and interconnected devices. The push for automation and industries increases the demand for energy-efficient, interconnected devices like smart sensors, PLCs, VFDs, and advanced switchgear. These systems optimize operations, data exchange, and energy usage in industrial processes.

**Sustainability Emphasis:** Increasing focus on energy efficiency, the integration of renewable energy, and eco-friendly technologies drives industries to implement advanced electrical engineering solutions.

**Cost Efficiency:** The necessity to enhance energy usage and lower operational expenses fuels the demand for solutions like Variable Frequency Drives (VFDs) and high-efficiency transformers.

**Challenges-**

**Significant Capital Expenditure:** The upfront costs associated with implementing advanced technology, especially for small and medium-sized businesses, can pose a considerable obstacle.

**Skilled Labor Deficit:** An absence of qualified experts in automation, maintenance, and control systems limits the complete capabilities of cutting-edge technologies.

**Regulatory Compliance:** The ever-changing sustainability and energy efficiency standards can pose difficulties for companies in staying aligned with the requirements.

**Import Dependence:** Relying on foreign high-tech parts may lead to interruptions in the supply chain and hold-ups in production.

**Semiconductor Industry**

**Overview**

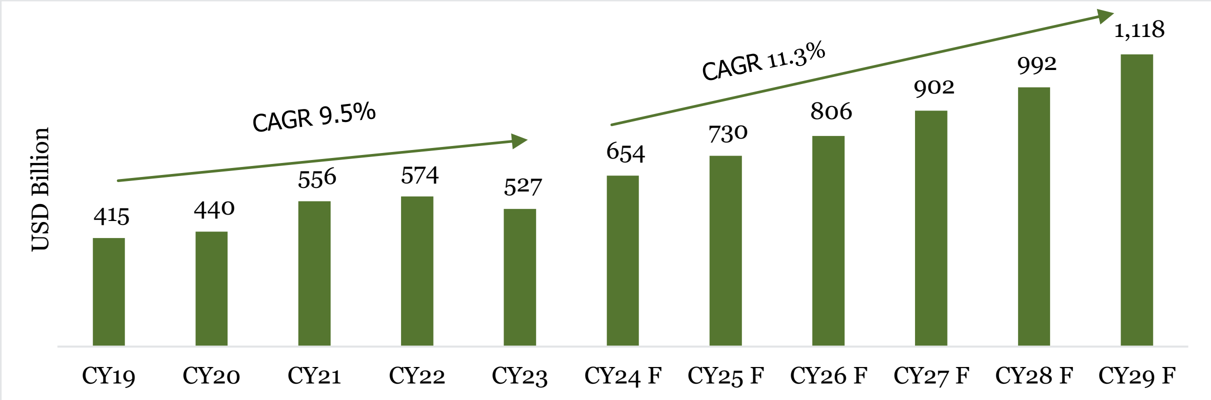
India’s semiconductor industry is on a rapid growth trajectory, with the market projected to expand from USD 33 billion in CY23 to USD 92 billion by CY29. Central to this progress is the development of a semiconductor manufacturing unit in Morigaon, Assam, led by Tata Semiconductor Assembly and Test Pvt Ltd (TSAT). Representing an investment of Rs. 27,000 crores, this facility is expected to produce 48 million semiconductor chips per day using advanced packaging technologies such as flip chip and Integrated System in Package (ISIP). Slated for completion by mid-2025, it will support vital sectors, including automotive, electric vehicles, telecommunications, and consumer electronics, while aligning with India’s vision of establishing a self-sufficient semiconductor ecosystem.

Further, the Indian government has introduced strategic measures to bolster domestic semiconductor manufacturing. The recent “India Semiconductor Mission (ISM)” focuses on developing a sustainable semiconductor and display ecosystem to reduce import dependency and position India as a global leader in electronics manufacturing and design. These efforts underscore India's commitment to achieving technological self-reliance while capitalizing on the growing demand for semiconductors across diverse industries.

**Trend in Market Size of Global Semiconductor Industry and Outlook**

The global semiconductor industry has demonstrated significant growth from CY19 to CY23, driven primarily by the increasing demand for consumer electronics, automotive technologies, and advancements in artificial intelligence (AI), 5G, and the Internet of Things (IoT). In CY23, the market was valued at approximately USD 527 billion. Despite challenges such as supply chain disruptions and economic uncertainties, the industry experienced a strong recovery post-2020, with accelerated demand for semiconductors across key sectors including personal electronics, cloud computing, and electric vehicles.

**Market Size of Global Semiconductor Industry**




Source: Maia Research, CareEdge Research

The semiconductor market is projected to grow at a compound annual growth rate (CAGR) of 11% from CY24 to CY29, reaching an estimated value of USD 1,118 billion by CY29. This growth is expected to be driven by factors such as the global rollout of 5G networks, the proliferation of AI-driven applications, advancements in autonomous vehicles, and the rapid expansion of IoT devices. Moreover, regional initiatives, particularly in the U.S., Europe, and Asia, focused on achieving semiconductor self-sufficiency are likely to spur substantial investments in domestic manufacturing capabilities and technological innovation.

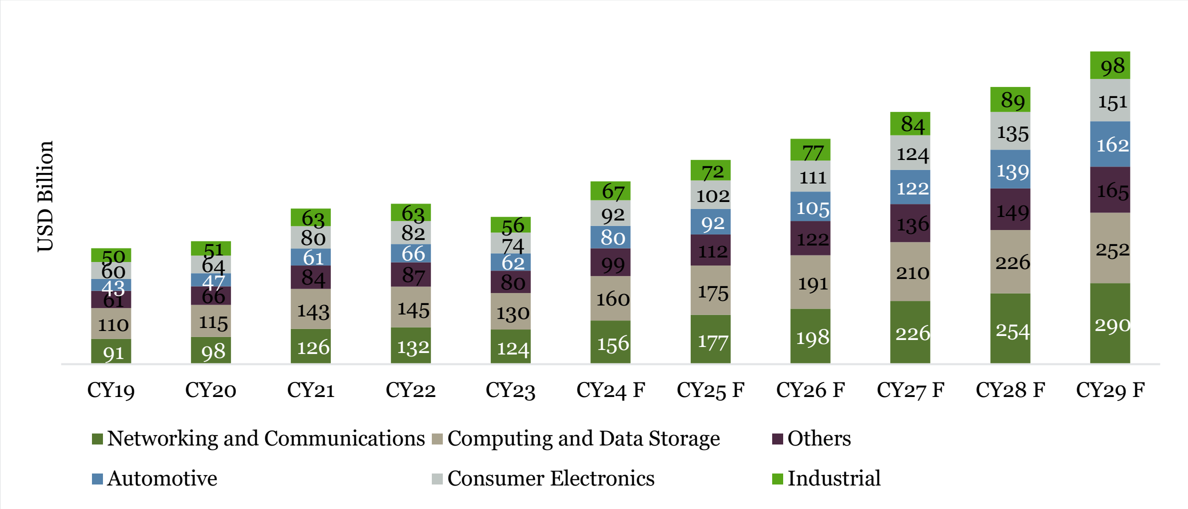
As the industry evolves, there will be a continued emphasis on the development of smaller, more powerful chips, requiring ongoing investments in research and development, advanced manufacturing processes, and talent acquisition. These trends will significantly influence the trajectory of the semiconductor market over the next decade.

**Trend in Market Size by Application**

The global semiconductor market is poised for significant growth across key application industries, particularly in Networking and Communications, Consumer Electronics, and Automotive sectors. Key drivers of this expansion include the rollout of 5G technology, the rise of electric vehicles, advancements in artificial intelligence (AI), and the ongoing digital transformation in industrial and computing sectors. As these industries evolve, semiconductors will play a critical role in enabling the next generation of technologies, creating opportunities for sustained market growth across diverse sectors through 2029 and beyond.

The Computing and Data Storage industry ranked first in the global application segment with a market share of 25% in CY23. It is anticipated to experience consistent growth through CY29, fuelled by the rising reliance on cloud computing, big data analytics, and high-performance computing (HPC) technologies. As global data volumes expand, the demand for advanced processors, memory chips, and storage solutions will increase to support faster and more efficient systems. Progress in artificial intelligence (AI), machine learning, and cloud technologies will further drive the need for powerful semiconductor solutions capable of handling complex computations and large-scale data processing. Industries such as healthcare, finance, and technology will continue to rely on high-performance computing, propelling the sector’s growth and driving innovation in semiconductor products.

**Market Size of Global Semiconductor Industry by Application**



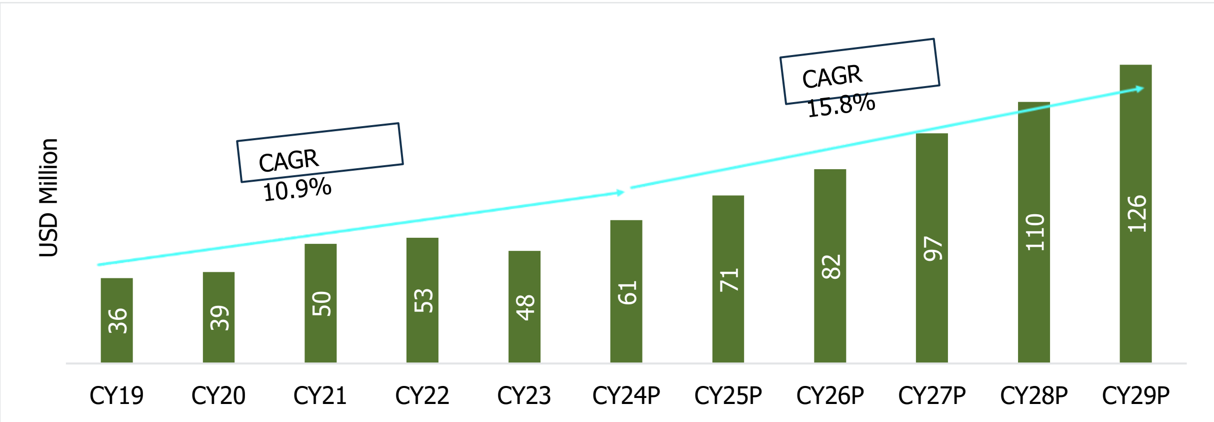

Source: Maia Research, CareEdge Research

Further, the Networking and Communications sector, having market size of USD 124 billion in CY23 is expected to reach USD 290 billion by CY29. This will be driven by the global rollout of 5G networks and the increasing demand for high-performance semiconductor solutions to support faster, more reliable communication systems. As data traffic continues to rise, the need for advanced networking equipment and communication devices will further accelerate semiconductor demand in this sector.

**Global OSAT Market**

The global Outsourced Semiconductor Assembly and Test (OSAT) market has experienced robust growth from CY19 to CY29, driven by advancements in semiconductor technologies and increasing demand across industries such as consumer electronics, automotive, and telecommunications. The market, valued at approximately USD 36 million in CY19, is expected to reach USD 71 million by CY25. By CY29, the market is projected to expand to USD 126 million, reflecting a continued upward trajectory with a CAGR of 16% (from CY24 to CY29). Key growth drivers include the need for advanced packaging solutions, the rise of consumer electronics, the growing demand from the automotive sector, and the expansion of 5G and IoT technologies.

**Global OSAT Market**



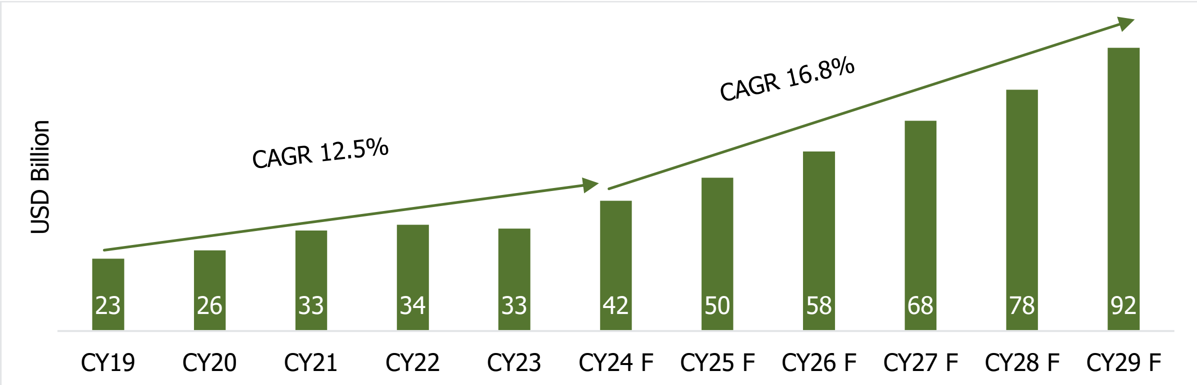

Source: Maia Research, CareEdge Research

The Asia-Pacific region plays a crucial role in the OSAT market, with countries like China, Taiwan, and South Korea leading in semiconductor manufacturing infrastructure and workforce. Technological innovations such as System-in-Package (SiP) and 3D packaging are further propelling the growth of the market, particularly in response to the miniaturization of electronic devices. As industries continue to evolve and rely more heavily on sophisticated semiconductors, the OSAT market is expected to remain a key component of the global semiconductor supply chain, with strong growth prospects in the coming years.

**Trend in Market Size of Indian Semiconductor Industry and Outlook**

The Indian semiconductor industry is poised for substantial growth from CY24 to CY29, with a projected compound annual growth rate (CAGR) of approximately 17% during this period. The market size is expected to reach USD 92 billion by CY29, up from USD 33 billion in CY23. This growth is driven by factors such as the rising demand for consumer electronics, the expansion of the automotive sector, and the increasing reliance on cloud computing and artificial intelligence (AI). Additionally, the government's strategic push to boost domestic semiconductor manufacturing through initiatives like the India Semiconductor Mission (ISM) is set to play a significant role in shaping the industry's growth.

**Market Size of Indian Semiconductor Industry**




Source: Maia Research, CareEdge Research

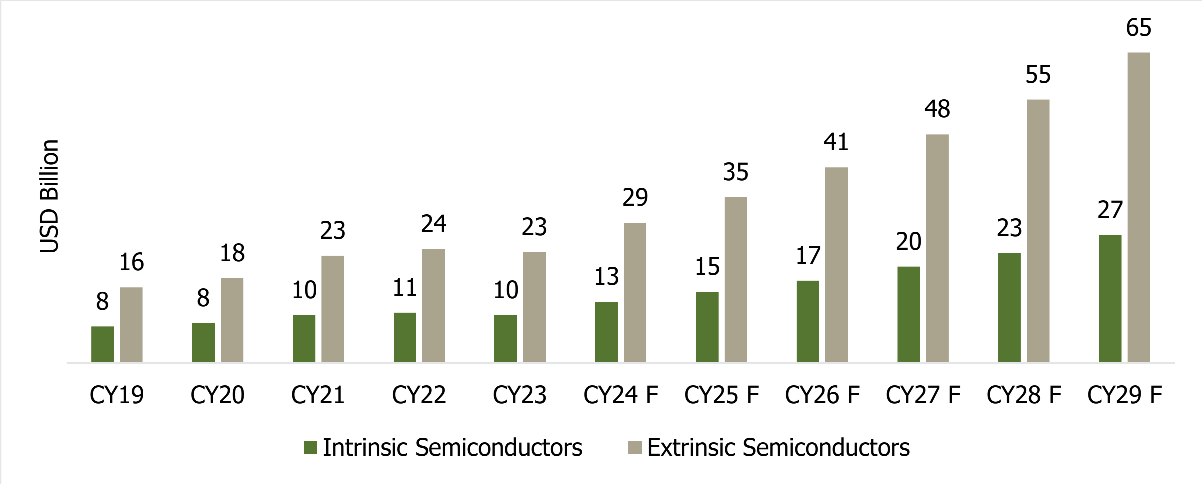
The consumer electronics and automotive sectors are set to be the primary drivers of semiconductor demand in India. The widespread adoption of 5G technology, the growth of mobile devices, and the rising use of connected and smart devices will continue to fuel semiconductor consumption. The automotive industry, particularly in relation to electric vehicles (EVs) and autonomous driving technologies, will significantly contribute to the rising demand for semiconductor components. Furthermore, the industrial sector's shift toward smart manufacturing and automation will offer additional growth opportunities for the semiconductor market.

India's semiconductor industry will be further supported by initiatives like the Production-Linked Incentive (PLI) scheme, which aims to encourage local semiconductor production and reduce reliance on imports. With ongoing investments from both domestic and international companies and a focus on developing a skilled workforce, India's semiconductor market is set to strengthen its position in the global semiconductor value chain. By 2029, India is expected to become a key player in the global semiconductor industry, with sustained innovation and growing demand across various sectors.

**Trend in Market Size by Type**

The Indian semiconductor market, which includes- intrinsic semiconductors and extrinsic semiconductor, is expected to experience significant growth by CY29. The intrinsic semiconductor's market size is expected to grow at a CAGR of 16% while extrinsic semiconductor market size is bound to grow at a CAGR of 17% from CY24 to CY29.

**Market Size of Indian Semiconductor Industry by Type**




Source: Maia Research, CareEdge Research

- **Intrinsic Semiconductors:** Mainly utilized in specialized applications such as sensors and optical devices, this segment represents a smaller portion of the market, with steady but limited growth due to its niche focus.
- **Extrinsic Semiconductors:** Representing most of the market, these semiconductors are widely used in integrated circuits, memory chips, and power devices. Their growth is fuelled by rising demand in sectors like 5G technology, automotive electronics, and IoT, supported by initiatives like "Make in India" and the semiconductor PLI (Production-Linked Incentive) scheme.

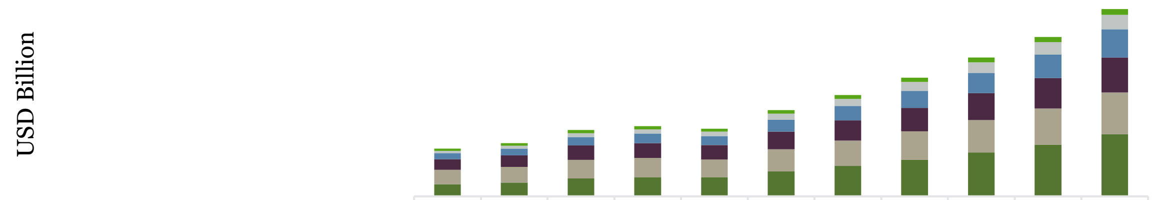
While intrinsic semiconductors contribute to foundational research, extrinsic semiconductors dominate India's semiconductor industry, driving its rapid expansion across various technological sectors.

**Trend in Market Size by Application**

The Indian semiconductor market is poised for remarkable growth, with its size projected to increase from approximately USD 33 billion in CY23 to USD 92 billion by CY29. Among the various industries, Networking and Communication are expected to hold the largest share (33% CY29), driven by the rapid deployment of 5G networks, advancements in wireless technologies, and the expansion of communication infrastructure. This sector's dominance underscores the pivotal role semiconductors play in enabling next-generation connectivity.

Following this, Consumer Electronics emerges as another major contributor, fuelled by the growing adoption of devices such as smartphones, smart TVs, and wearables, supported by rising disposable incomes and increasing digital penetration across the country. Consumer electronics market size stood at USD 9 billion in CY23 and is projected to touch USD 20 billion by CY29.

**Market Size of Indian Semiconductor Industry by Application**




| | CY19 | CY20 | CY21 | CY22 | CY23 | CY24 F | CY25 F | CY26 F | CY27 F | CY28 F | CY29 F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 1 | 1 | 1 | 2 | 1 | 2 | 2 | 2 | 2 | 3 | 3 |
| Others | 1 | 1 | 2 | 2 | 2 | 3 | 4 | 4 | 5 | 6 | 7 |
| Computing and Data Storage | 3 | 3 | 4 | 5 | 4 | 6 | 7 | 8 | 10 | 12 | 14 |
| Automotive | 5 | 6 | 7 | 7 | 7 | 9 | 10 | 12 | 13 | 15 | 17 |
| Consumer Electronics | 7 | 8 | 9 | 9 | 9 | 11 | 12 | 14 | 16 | 18 | 20 |
| Networking and Communications | 6 | 7 | 9 | 9 | 9 | 12 | 15 | 18 | 22 | 25 | 31 |

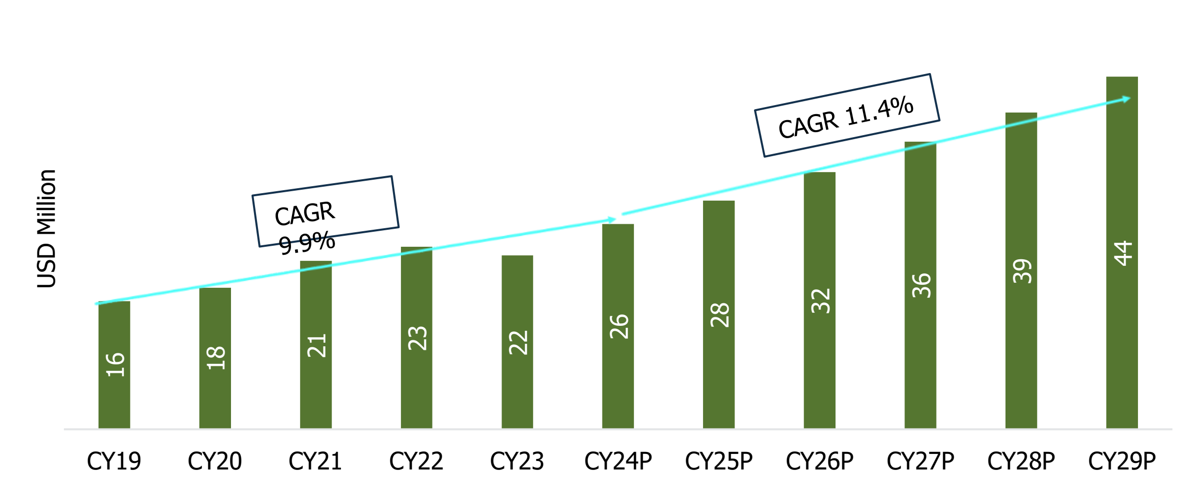
Source: Maia Research, CareEdge Research

Other key drivers of growth include the Automotive sector, propelled by the increasing adoption of electric vehicles (EVs) and advancements in autonomous driving technology. The Computing and Data Storage segment is witnessing significant momentum due to the growing reliance on cloud computing, artificial intelligence, and high-performance computing. Additionally, Industrial Applications are expanding with the integration of automation, robotics, and IoT technologies in manufacturing processes. Collectively, these sectors, supported by government-backed initiatives such as the Production Linked Incentive (PLI) scheme and the Semiconductor Mission, are expected to significantly contribute to the Indian semiconductor market, which is projected to reach USD 92 billion by 2029.

**Semi-Conductor Design Market**

India's semiconductor design sector is witnessing rapid growth, fuelled by rising demand for electronic devices, technological advancements, and significant investments from domestic and global players. As of CY23, the Indian semiconductor market was valued at approximately USD 22 million and is projected to reach USD 44 million by CY29, growing at a compound annual growth rate (CAGR) of around 11%.

**India's Semiconductor Design Market**




Source: Maia Research, CareEdge Research

The semiconductor design market is propelled by technological innovations, rising demand for consumer electronics, and the integration of AI, 5G, and autonomous vehicles. The expansion of data centres, cloud computing, and the automotive industry further boosts the need for advanced chips. Additionally, significant investments and government support, especially in emerging markets, are driving the market's growth. These factors collectively ensure the continued expansion of the semiconductor design sector.

**Demand Drivers and Challenges**

**Demand Drivers**

- **Rising demand for semiconductors fuelled by consumer electronics-** Semiconductors power all electronic devices, from smartphones to home appliances. Rising demand for consumer electronics, driven by lifestyle shifts, higher incomes, and government initiatives, is fuelling semiconductor growth. Government efforts to reduce imports and increased corporate and government spending further boost demand.
- With a target of USD 300 billion in electronics production by FY26, India anticipates semiconductor demand of USD 90–100 billion, led by mobile manufacturing. Innovations in AI, IoT, 5G, and autonomous vehicles further boost opportunities, with AI-powered devices driving the next wave of growth.
- **Government support and skill development in semiconductors-** India's semiconductor policy promotes fabrication units and a robust domestic supply chain, with USD 10 billion allocated under the India Semiconductor Mission (ISM). Key incentives are 50% capital support from central government and 20%-25% state support. The Production-Linked Incentive (PLI) scheme provides 4-6% incentives for local manufacturing, while efforts to develop a RISC-V ecosystem support fabless chipmakers.
- Initiatives like Chips to Start-up (C2S) aim to train 85,000 professionals through collaborations with IITs and the Semiconductor Research Corporation, fostering innovation and building a skilled workforce to position India as a global semiconductor leader. India is set to become a competitive hub for skilled talent supported by favorable wage structures and a large pool of skilled engineering professionals.
- **Local Design and Production-** India's growing ecosystem of fabless semiconductor companies, coupled with favourable policies like the PLI scheme, is enhancing domestic manufacturing. These efforts aim to strengthen the supply chain and reduce import dependency.
- **Healthcare Technology Advancements-**The increasing adoption of advanced medical devices, wearable health monitors, and telemedicine platforms is boosting semiconductor demand for imaging, diagnostics, and patient monitoring systems.

**Challenges-**

**Increased technical complexity and costs-**The semiconductor industry grapples with rising production costs due to complex chip designs, high R&D investments, expensive equipment, yield maintenance challenges, and a complicated supply chain. A skilled labour shortage further intensifies these issues, increasing the cost and resource demands of advanced manufacturing.

**Talent shortage and skills gap-** The semiconductor industry is facing a projected talent shortage, with an estimated 70,000 unfilled positions by 2030, particularly in engineering, technician, and computer science roles, according to the Semiconductor Industry Association (SIA). The demand for specialised skills in artificial intelligence, machine learning, and chip design is growing as technological advancements continue. The entry of new industry players, including technology firms and the automotive sector, has intensified competition for a limited pool of skilled workers, worsening the talent shortage.

**Government Regulations and Initiatives**

Government has taken various steps to encourage domestic manufacturing of semiconductors in the country-

- The Indian government initiated the **Semicon India Programme** with a total allocation of Rs.760 billion, aimed at fostering a comprehensive semiconductor and display manufacturing ecosystem. This initiative underscores India's commitment to reducing import dependency and enhancing its position in the global semiconductor value chain by providing targeted financial support across various segments of the industry.

The programme includes four key schemes:

**Modified Scheme for Semiconductor Fabs**: Offers fiscal support covering 50% of the project cost to establish Silicon CMOS-based semiconductor fabrication units.

**Modified Scheme for Display Fabs**: Provides similar support, covering 50% of the project cost for display fabrication facilities in India.

**Modified Scheme for Compound Semiconductors and ATMP Facilities**: Extends 50% fiscal assistance on capital expenditure for facilities producing compound semiconductors, silicon photonics, sensors (including MEMS), discrete semiconductors, and semiconductor ATMP/OSAT units.

**Design Linked Incentive (DLI) Scheme**: Promotes domestic chip design by offering up to 50% of eligible expenditure for product design (capped at ₹15 crore per application) and deployment-linked incentives of 6%-4% of net sales turnover for five years (capped at ₹30 crore).

Additionally, the government has sanctioned the modernisation of the **Semi-Conductor Laboratory in Mohali** as a brownfield fab to address capacity constraints and support strategic needs. This comprehensive policy framework is expected to catalyse India's semiconductor manufacturing ambitions, drive technological advancements, and position India as a competitive player in the global semiconductor ecosystem.

- Further, Government has been implementing following programs focused on development of electronics manufacturing and components ecosystem:

The SPECS scheme introduced in April, 2020 and operational until March,2024, offers a 25% financial incentive on capital expenditure for manufacturing electronic components, e-waste recycling, micro/nano-electronics, and solar photovoltaic components, among others. By June 2024, the scheme has facilitated incremental investments of Rs. 8,803.14 crore, resulting in production valued at Rs. 18,083.55 crore.

The PLI scheme, launched in April 2020, incentivizes companies with 3%- 6% of incremental sales (over the base year) for manufacturing mobile phones and specified electronic components in India. As of 30.06.2024, incremental investments under this scheme totalled Rs. 83.9 billion, generating production worth ~Rs. 5.15 trillion.

- The **India Semiconductor Mission (ISM)** has been established under the Digital India Corporation with administrative and financial autonomy. It aims to drive strategies for semiconductor manufacturing and design, led by global experts to ensure efficient implementation of related schemes.

Below four schemes have been introduced under the programme:

1. Setting up of Semiconductor Fabs in India
2. Scheme for setting up of Display Fabs in India
3. Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India.
4. Design Linked Incentive (DLI) Scheme

**Threats and Challenges to the company and its products**

**High competition:** The company operates in a highly competitive industry with challenges in terms of maintaining consistent quality, improving operational efficiency, and managing its cost structures. CG Power faces competition from both local and multinational companies, including Siemens, Schneider Electric, ABB, and others. Many of these competitors have significant financial resources, broader product portfolios, and stronger R&D capabilities.

**Increased need for innovation:** The electrical equipment and power solutions sector is rapidly evolving, with increasing demand for smarter, more energy-efficient, and sustainable solutions. Failing to keep pace with technological changes (e.g., smart grids, IoT integration) could lead to product obsolescence. There is a significant requirement for heavy investments in R&D to ensure that CG Power's products are aligned with the future trends of digitization, automation, and energy efficiency. A failure to innovate could harm the brand's reputation and its ability to meet the needs of evolving markets.

**Fluctuations in raw material prices:** The cost of raw materials such as copper, steel, and aluminium, which are critical in manufacturing electrical equipment, can fluctuate due to global supply chain disruptions, inflation, and geopolitical factors, this can impact profitability of CG Power. Rising raw material costs can directly affect manufacturing expenses, profit margins.

**Economic Slowdowns:** Economic recessions or slowdowns especially in non-essential sectors can result in reduced demand for electrical products. Government budget cuts or a reduction in infrastructure spending could also impact CG Power's revenues.

**Stringent Regulations:** Strict environmental regulations, energy efficiency standards, and safety norms in the power and industrial sectors could lead to increase compliance costs, rise in investments towards updating its products and processes of CG power.

**Peer Review**

**Peer Profile**

| Company Name | About the Company |
|---|---|
| **CG Power and Industrial Solutions Limited (CG Power)** | Founded in India in 1937, CG Power is one of the leading players in capital goods industry with a long operating track record. CG Power has been consistently among India's leading pioneer in managing and application electrical energy. It is part of Murugappa group, CG Power has two segments – power systems and industrial systems. The power systems segment manufactures electrical products such as transformers, switchgears and circuit breakers, which find application in power transmission. The industrial systems segment manufactures high and low-tension rotating machines (motors and alternators), stampings, as well as railway transportation and signalling products. The company has diversified into high growth sectors like semiconductors with CG SEMI OSAT Facility - Biggest greenfield project by any Murugappa Group company and has also acquired RF component business that designs semiconductors. In FY24, CG Power and Industry Solutions limited accounted for around 38% market share in low-tension motors and around 15% market share in switch gears. |
| **Siemens Limited** | Incorporated in 1957, Siemens Limited is a technology company focused on industry, infrastructure, transport as well as transmission and generation of electrical power. The company works on creating resource-efficient factories, resilient supply chains, smart buildings, and grids. Siemens Limited is the flagship listed company of Siemens AG in India. The company has categorised its businesses under the Smart Infrastructure, Energy, Digital Industries and Mobility businesses. |
| **ABB India Limited** | ABB India among India's leading global technology and automation company and has been operational for more than seven decades. It has plants in Bengaluru in Karnataka, Faridabad in Haryana, Nashik in Maharashtra and Vadodara in Gujarat. The company operates in four business areas: Electrification (EL), Motion (MO), Process Automation (PA) and Robotics and Discrete Automation (RA). The Electrification (EL) business offers a wide-ranging portfolio of products, digital solutions and services, from substation to socket, enabling safe, smart and sustainable electrification; Motion (MO) business is the largest supplier of drives and motors; Process Automation (PA) business offers a broad range of solutions for process and hybrid industries, including industry-specific integrated automation, electrification and digital solutions, control technologies, software and advanced services, as well as measurement & analytics, and marine offerings; while Robotics & Discrete Automation (RA) business provides value-added solutions in robotics, machine and factory automation. |
| **Hitachi Energy India Limited (Power India)** | Hitachi Energy India Limited incorporated in February 2019, following the demerger of ABB India's power grid business unit, the company provides product, system, software, and service solutions across the entire power value chain. The portfolio includes an extensive range of high-voltage products, transformers, grid automation products, and power quality products and systems. |
| **Bharat Heavy Electricals Limited (BHEL)** | BHEL incorporated in 1964, operates in the design, engineering, manufacture, construction and testing of variety products and services for power plants, transmission systems, transportation works, renewable energy units, oil and gas facilities, and defence services. It has 16 manufacturing facilities and two repair units. |
| **Schneider Electric Infrastructure Limited (SEIL)** | Incorporated in 1995, Schneider Electric Infrastructure Limited (SEIL) provides a comprehensive portfolio of grid to plug solutions through energy management products and solutions for utilities, infrastructure, building and residential projects, and industries. Its portfolio includes industry automation solutions, building automation and security installation systems, power monitoring and control systems, and other electrical equipment, including a wide range of low and medium voltage products. |

**Key Financials players**

**Key financials for FY23 (Rs. Millions)**

| Particulars | CG Power | Siemens | ABB India | Power India | BHEL | SEIL |
|---|---|---|---|---|---|---|
| **Revenue from Operation** | **69,725.40** | **1,95,538.00** | **85,675.30** | **44,685.10** | **2,33,649.40** | **17,771.90** |
| Other Income | 677.60 | 4,962.00 | 1,794.70 | 151.40 | 4,886.30 | 122.00 |
| **Total Income** | **70,403.00** | **2,00,500.00** | **87,470.00** | **44,836.50** | **2,38,535.70** | **17,893.90** |
| EBITDA before exceptional items | 10,610.80 | 29,833.00 | 18,198.60 | 2,510.70 | 14,973.80 | 1,952.10 |
| EBITDA before exceptional items margin (%) | 15.07% | 14.88% | 20.81% | 5.60% | 6.28% | 10.91% |
| PAT before exceptional items | 7,445.70 | 19,619.00 | 13,648.70 | 939.00 | 6,541.20 | 1,236.30 |
| PAT before exceptional items margin (%) | 10.58% | 9.79% | 15.60% | 2.09% | 2.74% | 6.91% |
| Return on Equity (%) | 41.56% | 14.98% | 27.63% | 7.73% | 2.68% | 81.83% |
| Return on Capital Employed (%) | 52.25% | 19.41% | 34.52% | 13.52% | 3.70% | 30.21% |

Source: Company disclosures

**Key financials for FY24 (Rs. Millions)**

| Particulars | CG Power | Siemens | ABB India | Power India | BHEL | SEIL |
|---|---|---|---|---|---|---|
| **Revenue from Operation** | **80,459.80** | **1,60,817.00** | **1,04,465.20** | **52,374.90** | **2,38,927.80** | **22,066.80** |
| Other Income | 1,062.60 | 8,771.00 | 3,016.90 | 92.90 | 5,462.70 | 93.00 |
| **Total Income** | **81,522.40** | **1,69,588.00** | **1,07,482.10** | **52,467.80** | **2,44,390.50** | **22,159.80** |
| EBITDA before exceptional items | 12,343.30 | 29,973.00 | 17,914.70 | 3,582.60 | 12,228.50 | 3,009.30 |
| EBITDA before exceptional items margin (%) | 15.14% | 17.67% | 16.67% | 6.83% | 5.00% | 13.58% |
| PAT before exceptional items | 8,496.40 | 20,204.00 | 12,481.80 | 1,637.80 | 2,822.20 | 1,720.30 |
| PAT before exceptional items margin (%) | 10.42% | 11.91% | 11.61% | 3.12% | 1.15% | 7.76% |
| Return on Equity (%) | 28.15% | 13.15% | 21.00% | 12.04% | 1.15% | 58.08% |
| Return on Capital Employed (%) | 37.02% | 16.62% | 27.92% | 18.94% | 2.89% | 33.32% |

Source: Company disclosures

**Key financials for FY25 (Rs. Millions)**

| Particulars | CG Power | Siemens | ABB India | Power India | BHEL | SEIL |
|---|---|---|---|---|---|---|
| **Revenue from Operation** | **99,086.60** | **78,462.00** | **1,21,883.10** | **63,849.30** | **2,83,394.80** | **26,367.10** |
| Other Income | 1,621.70 | 3,238.00 | 3,534.00 | 571.70 | 4,653.10 | 245.70 |
| **Total Income** | **1,00,708.30** | **81,700.00** | **1,25,417.10** | **64,421.00** | **2,88,047.90** | **26,612.80** |
| EBITDA before exceptional items | 14,669.00 | 11,922.00 | 26,586.30 | 6,529.80 | 17,658.90 | 4,249.90 |
| EBITDA before exceptional items margin (%) | 14.57% | 14.59% | 21.20% | 10.14% | 6.13% | 15.97% |
| PAT before exceptional items | 9,729.80 | 7,800.00 | 18,746.10 | 3,839.80 | 5,339.00 | 2,678.90 |
| PAT before exceptional items margin (%) | 9.66% | 9.55% | 14.95% | 5.96% | 1.85% | 10.07% |
| Return on Equity (%) | 24.10% | 6.32% | 26.49% | 9.11% | 2.16% | 47.68% |
| Return on Capital Employed (%) | 32.06% | 8.10% | 35.54% | 13.08% | 3.75% | 35.47% |

Source: Company disclosures

Note: Financial year for ABB India Limited is from January to December - for FY25 (Jan'24-Dec'24), Financial year for Siemens Limited is from September to August, so data for Siemens Limited are for H1FY25 (Sept'24-March'25).

**List of Formulae**

| Parameter | Formula |
| --- | --- |
| Revenue | Revenue from Operations |
| EBITDA before exceptional items | Profit before tax + Depreciation + Finance Cost - Exceptional items |
| EBITDA before exceptional items margin | EBITDA before exceptional items/ Total Income |
| PAT before exceptional items | Profit from continuing operations after tax less exceptional items |
| PAT before exceptional items margin | PAT before exceptional items/ Total Income |
| Return on Equity (ROE) | PAT before exceptional items/ Total Equity |
| Return on Capital Employed (ROCE) | EBIT before exceptional items/ (Total Assets - Total Current Liabilities) |

# OUR BUSINESS

*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 15 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 36, 291 and 80, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2025, 2024 and 2023 included herein is derived from our Audited Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see "Financial Information" on page 291.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Research Report on Electrical Engineering Equipment Industry" dated June 2025 (the "**CareEdge Report**") prepared and issued by Care Analytics and Advisory Private Limited ("**CareEdge Research**"), appointed by us on November 14, 2024 and exclusively commissioned and paid for by us to enable investors to understand the industry in which we operate in connection with this Issue. The data included herein includes excerpts from the CareEdge Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner.*

## Overview

We operate across two major business segments: industrial systems and power systems, catering to three critical sectors that drive the nation's growth engine: power, railways and manufacturing. Our Company, incorporated in 1937, has a legacy spanning more than 88 years. Since November 2020, we have been a subsidiary of Tube Investments of India Limited, which is part of the renowned Murugappa Group.

Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are (i) Industrial Systems; (ii) Power Systems; (iii) Semiconductor*; and (iv) others. Our two major business segments are as follows:

- *Industrial Systems*. We manufacture a wide range of motors such as low tension motors and high tension motors for various industrial applications, industrial drives and automation to enhance industrial efficiency and control, railway products such as rolling stock products including traction motors, propulsion systems, safety products such as KAVACH – Train Collision Avoidance System ("**TCAS**"), multi section digital axle counter ("**MS-DAC**") and signalling products for the efficient operation and safety of rail networks, and fast moving electrical goods such as pumps, fans and water heaters. Our segment revenue (external sales) from industrial systems have grown from ₹ 4,934.40 crores in Fiscal 2023 to ₹ 6,375.65 crores in Fiscal 2025 at a CAGR of 13.67%.

- *Power Systems*. We manufacture equipment for power transmission and distribution sectors. Our products are extra high voltage and medium voltage switchgears and transformers such as power transformers and distribution transformers, air insulated and gas insulated, indoor and outdoor switchgears. We also provide turnkey solutions for substations, power quality solutions and automation solutions. Our segment revenue (external sales) from Power Systems have grown from ₹ 2,022.05 crores in Fiscal 2023 to ₹ 3,505.94 crores in Fiscal 2025 at a CAGR of 31.68%.

**During the quarter ended March 31, 2025, the Company identified OSAT and Radio Frequency ("**RF**") business as separate operating segment as 'Semiconductors' based on criteria stated in IND AS 108.*

The table below sets forth details of our order intake and order backlog in the years indicated:

| Particulars | As at/ for the year ended March 31, 2025 | As at/ for the year ended March 31, 2024 | As at/ for the year ended March 31, 2023 |
|---|---|---|---|
| **Industrial Systems** | | | |
| Order intake (₹ in crores) (1) | 8,019.98 | 6,166.01 | 5,388.45 |
| Order backlog (₹ in crores) (2) | 4,009.36 | 2,674.32 | 2,178.75 |
| **Power Systems** | | | |
| Order intake (₹ in crores)(1) | 6,635.30 | 4,315.38 | 2,865.08 |
| Order backlog (₹ in crores) (2) | 6,618.90 | 3,731.36 | 2,278.57 |

(1)*Order intake is defined as orders booked during the given Fiscal.*

[2] *Order backlog is defined as executable order backlog to be executed as per agreed timelines with customers as at the end of the relevant Fiscals.*

We serve and maintain strong relationships with customers operating in a wide range of sectors, including cement, metal and mining, power, renewable energy, nuclear, oil and gas, railways and metros, pulp and paper, sugar and ethanol, water and wastewater management, chemicals and fertilizers, agriculture, telecom, material handling, pharmaceuticals and automotive. In the past, we have supplied our products to marquee customers such as leading cement manufacturers, public sector oil and gas companies, power grid operators, undertakings of the Indian railways and metro systems, and companies in the water and wastewater industry.

We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh; Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany. Our manufacturing plants are equipped with advanced machinery and automated systems to maximize efficiency, productivity, and quality. We are also focused on integrating digital technologies to improve operational efficiency and productivity. This includes using real-time monitoring and predictive maintenance, remote monitoring of autoclaves, end-to-end visibility of work orders, integrated design system with workflow, spend and vendor analysis, cost modelling, implementation of contract review format, contract review process and a minimally paper-dependent shop floor. We emphasize the importance of innovation and new product development to stay ahead of the competition, with our R&D activities focusing on creating indigenous and energy-efficient products. For example, we developed two new products for railway applications: V connected - 132kV, 63MVA traction power transformer to support new catenary system of 2x27kV designed for high-speed trains and reduce transmission losses; and auto transformer of 55/2x27.5kV and 16.5MVA capacity to support high speed infrastructure with reduced transmission losses.

As a part of our strategic diversification initiative, we have recently forayed into semiconductor manufacturing business. We have entered into a joint venture agreement with Renesas Electronics America Inc ("**Renesas**") and Stars Microelectronics (Thailand) Public Co. Ltd. ("**Stars Microelectronics**") to establish a subsidiary namely CG Semi Private Limited ("**CGSPL**"), to build and operate an outsourced semiconductor assembly and testing ("**OSAT**") facility in Sanand, Gujarat. The facility will manufacture a range of products, from legacy packages such as quad flat no-lead ("**QFN**") and quad flat package ("**QFP**") to advanced packages like flip-chip ball grid array ("**FC BGA**") and flip-chip chip-scale package ("**FC CSP**"), catering to industries such as automotive, consumer, industrial, and 5G. In addition, pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency ("**RF**") components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, inventories, customers, select transferring employees, contracts and other licenses. The RF components business enables us to enter into the semiconductor design business. Our Company has signed necessary assignment agreements and other related documents for completing the transfer of assets and business as envisaged under the asset purchase agreement to the entity incorporated by our Company in India i.e. Axiro Semiconductor Private Limited and its subsidiaries in USA, China and Turkey for the purpose of carrying out the RF components business.

We benefit from the experience of our board of directors, which includes our Chairman and Non-Executive Non-Independent Director, Vellayan Subbiah; our Managing Director and Chief Executive Officer, Amar Kaul and our Non-Executive Non-Independent Director, M A M Arunachalam, who has experience in industrial activities. We have oversight from the Independent Directors on our Board of Directors as well. We also benefit from our Key Managerial Personnel and Senior Management who have experience in operations, finance, business development and customer relationships.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased from Fiscal 2023 to Fiscal 2025 at a CAGR of 19.21% while our profit from continuing operations after tax (before exceptional items) increased from Fiscal 2023 to Fiscal 2025 at a CAGR of 14.31%. The following table sets forth our certain financial information for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Total income (₹ in crores) | 10,070.83 | 8,152.24 | 7,040.30 |
| Revenue from operations (₹ in crores) | 9,908.66 | 8,045.98 | 6,972.54 |
| Total expenses (₹ in crores) | 8,722.86 | 7,015.34 | 6,089.92 |
| EBITDA before Exceptional items (₹ in crores)[1] | 1,466.90 | 1,234.33 | 1,061.08 |
| EBITDA before Exceptional items margin (%)[2] | 14.57% | 15.14% | 15.07% |
| Profit from continuing operations after tax (₹ in crores) (A) | 972.98 | 871.12 | 796.33 |
| Exceptional items (net) (₹ in crores) (B) | - | 21.48 | 51.76 |
| Profit from continuing operations after tax less exceptional items (₹ in crores)<br>(C) = (A) – (B) | 972.98 | 849.64 | 744.57 |
| PAT before Exceptional items margin (%)[3] | 9.66% | 10.42% | 10.58% |
| Inventories (₹ in crores) | 1,136.71 | 750.71 | 541.18 |
| Total assets (₹ in crores) | 7,417.07 | 5,625.74 | 4,629.11 |

(1) *EBITDA before Exceptional items is calculated as profit from continuing operation after tax less exceptional items plus tax expense, finance costs and depreciation and amortisation expense.*
(2) *EBITDA before Exceptional items margin is calculated as EBITDA before Exceptional items divided by total income.*
(3) *PAT before Exceptional items margin is calculated as profit from continuing operations after tax less exceptional items divided by total income.*

**Our Strengths**

***Diversified business segments well positioned to capitalise on strong industry tailwinds***

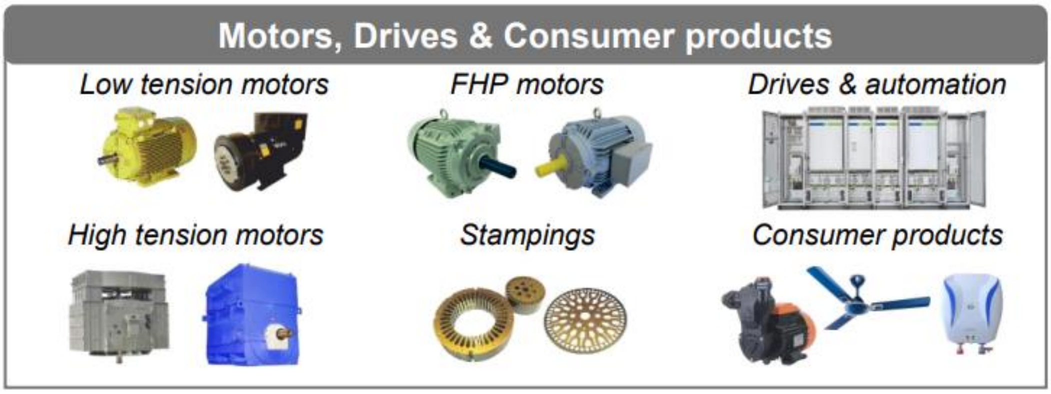
We are a diversified engineering company. Our reportable segments based on the criteria set out in Ind AS 108 "Operating Segments" are (i) Industrial Systems; (ii) Power Systems; (iii) Semiconductor; and (iv) others. Our two major business segments are as follows:

(a) *Industrial Systems*. We manufacture (i) motors; (ii) industrial drives and automation; (iii) railway products such as rolling stock products and signalling products; (iv) fast moving electrical goods.

(i) *Motors*. We manufacture a range of low tension motors, high tension motors, fractional horse power ("**FHP**") motors, and stampings. We are amongst the market leaders in low tension motors with a market share of 38% in Fiscal 2024 (*Source: CareEdge Report*).

(ii) *Drives and automation*. We manufacture a wide range of drives and automation products to enhance industrial efficiency and control. Our products include alternative current ("**AC**") drives, DC low voltage drives, and medium voltage drives, which are used to regulate motor speed and torque for optimized performance; and soft starters and shaft power monitors to ensure smooth operation and protect equipment.

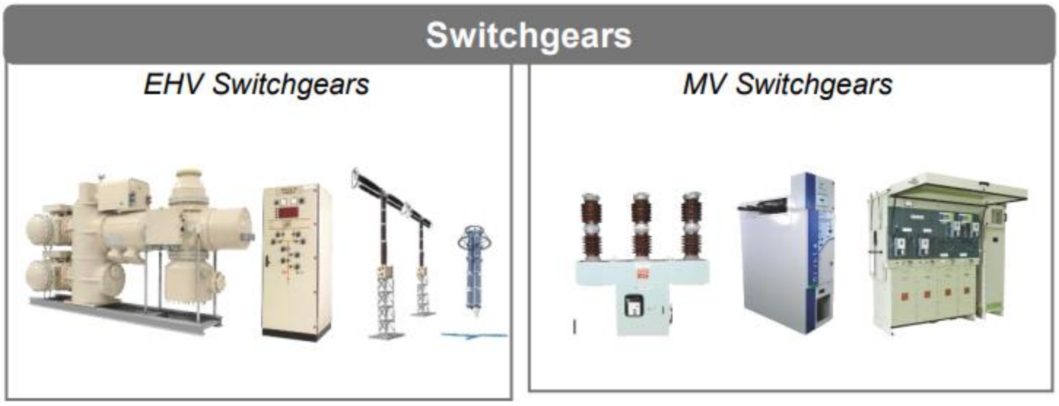
(iii) *Fast moving electrical goods ("**FMEG**")*. We forayed into the FMEG market with the introduction of pumps and exhaust fans. Subsequently, we have expanded our product portfolio by introducing ceiling, table, pedestal, and wall fans as well as instant and storage water heaters.



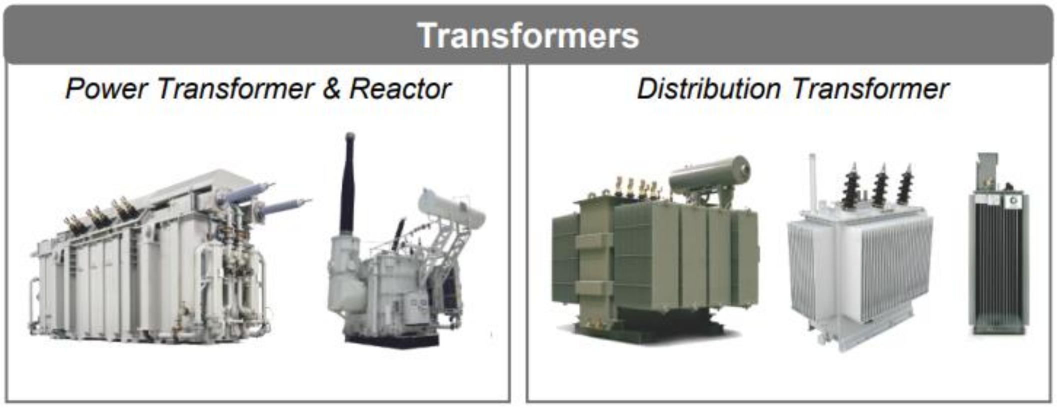

(iv) *Railway products*. We manufacture rolling stock products and signalling products. Our rolling stock products include propulsion systems for diesel and electric locomotives, traction motors, traction converters, auxiliary converters, train control monitoring system ("**TCMS**"), battery chargers as well as electrics for multiple-unit trains while our signalling products include relays, TCAS and MS-DAC.

(b) *Power Systems*: We manufacture transformers and switchgears equipment to meet the needs of the power generation, transmission and distribution industry. We also offer turnkey solutions for transmission and distribution through sub-station projects, and as an engineering, procurement and construction ("**EPC**") services provider.

(i) *Switchgear*. We manufacture extra high voltage and medium voltage switchgear products such as SF6 circuit breakers (72kV to 420 kV), surge arrestors (3.3kV to 800 kV), condenser bushings (oil impregnated) and current transformers (33 kV to 800 kV). We also manufacture medium voltage switchgears such as indoor air insulated switchgears, outdoor breakers and gas insulated switchgears. Further, we have received approval from Indian railways to supply 40 kV lightning arrestors for "Vande Bharat" locomotives.




(ii) *Transformers*. We manufacture power transformers (more than 220 kV), distribution transformers (less than or equal to 220 kV), low power transformers, locomotive transformers, cast resin transformers, solar transformers and green transformers.




The table below sets forth certain financial information of our two major business segments (i.e., Industrial Systems and Power Systems,) in the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| **Industrial Systems** | | | |
| Order intake (₹ in crores)(1) | 8,019.98 | 6,166.01 | 5,388.45 |
| Order backlog (₹ in crores) (2) | 4,009.36 | 2,674.32 | 2,178.75 |
| Segment EBITDA (₹ in crores) | 805.85 | 840.86 | 838.51 |
| Segment EBITDA Margin (%) | 12.64% | 15.49% | 16.99% |
| | | | |
| Segment – Revenue (External Sales) (₹ in crores) (A) (4) | 6,375.65 | 5,428.64 | 4,934.40 |
| Segment Results (₹ in crores) (B) (4) | 742.52 | 789.74 | 787.08 |
| Segment results as a percentage of Segment – Revenue (External Sales) (C) = (B)/(A) (%) | 11.65% | 14.55% | 15.95% |
| Segment assets (₹ in crores) (4) | 2,987.72 | 1,856.05 | 1,539.54 |
| Segment liabilities (₹ in crores) (4) | 1,381.37 | 989.99 | 869.46 |
| Capital expenditure (₹ in crores) (3) (4) | 89.16 | 137.52 | 52.61 |
| **Power Systems** | | | |
| Order intake (₹ in crores) (1) | 6,635.30 | 4,315.38 | 2,865.08 |

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| | | | |
| Order backlog (₹ in crores) (2) | 6,618.90 | 3,731.36 | 2,278.57 |
| Segment EBITDA (₹ in crores) | 705.91 | 443.54 | 259.52 |
| Segment EBITDA Margin (%) | 20.13% | 17.09% | 12.83% |
| | | | |
| Segment – Revenue (External Sales) (₹ in crores) (D) (4) | 3,505.94 | 2,595.42 | 2,022.05 |
| Segment Results (₹ in crores) (E) (4) | 668.30 | 409.99 | 224.80 |
| Segment results as a percentage of Segment – Revenue (External Sales) (F) = (E)/(D) (%) | 19.06% | 15.80% | 11.12% |
| Segment assets (₹ in crores)(4) | 2,008.91 | 1,521.27 | 1,356.90 |
| Segment liabilities (₹ in crores)(4) | 1,329.10 | 1,087.51 | 1,064.17 |
| Capital expenditure (₹ in crores)(3) (4) | 168.60 | 61.05 | 26.59 |

(1) *Order intake is defined as orders booked during the given Fiscal.*
(2) *Order backlog is defined as executable order backlog to be executed as per agreed timelines with customers as at the end of the relevant Fiscal.*
(3) *The disclosure pertains to continuing business segments in the respective year.*
(4) *This is as per Ind AS 108 "Operating Segments".*

*Industry growth opportunities*

As per the CareEdge Report, the power sector is poised for significant growth, with energy needs projected to increase by 2 to 2.5 times by 2047 to meet the growing economy. The transmission network is set to expand from around 485,000 circuit kilometres ("**ckm**") in 2024 to around 648,000 ckm by 2032. Under the National Green Hydrogen Mission, the union cabinet has approved an outlay of ₹ 19,744 crores and a target of producing 5 million metric tonnes per annum of Green Hydrogen in country by 2030. The Government of India has also announced the Revamped Distribution Sector Scheme ("**RDSS**") with a total outlay of over ₹ 300,000 crores over five years, and is targeting a renewable energy capacity of 500 gigawatts (GW) by 2030. (*Source: CareEdge Report*)

In the railways sector, the National Rail Plan aims to increase the modal share of railways in freight transportation to 45% by 2030. (*Source: CareEdge Report*) The plan includes the development of new dedicated freight and high-speed rail corridors. The plan also covers 40,900 kilometres and involves an investment of ₹1,116,000 crores for 434 railway projects identified under three economic corridors. (*Source: CareEdge Report*) Further, within the next five years, the Kavach safety system will be implemented across 44,000 kilometres of track. Furthermore, railways are set to locally procure over 50% of content for most products and over 75% for Vande Bharat trains. (*Source: CareEdge Report*) Additionally, urbanization is resulting in increased demand for rolling stock, further driving growth in the railways sector. (*Source: CareEdge Report*)

The manufacturing sector is also experiencing favourable conditions, with the government aiming to increase its GDP contribution from 17% to 25%. The India pharmaceutical market is expected to reach USD 130 billion by 2030, and the textile industry is projected to grow to USD 350 billion by 2030, with exports reaching USD 600 billion by 2047. (*Source: CareEdge Report*) The crude steel capacity is expected to expand from 35 million tonnes in 2024 to 300 million tonnes by 2031. Additionally, the defense budget for capital acquisition has been increased to ₹ 1.72 trillion for Fiscal 2025, representing a 9.4% increase. (*Source: CareEdge Report*)

Other sectors are also benefiting from positive trends. The oil refining capacity is set to increase from the current 254 million metric tonnes per annum ("**MMTPA**") to 450 MMTPA by 2030. (*Source: CareEdge Report*) The Jal Jeevan Mission and the National River Linking Project are expected to drive growth in the high tension motor segment. (*Source: CareEdge Report*)

Given our strong market position, diverse product portfolio, product development and manufacturing capabilities, we believe that we are well-positioned to capitalise on these growth opportunities across various sectors.

***Diverse customer base across various end-user sectors***

We have served and established strong relationships with customers across a wide range of sectors. These include cement, metal and mining, power, renewable, nuclear, oil and gas, railways and metros, pulp and paper, sugar and ethanol, water and waste water management, chemical and fertilizers, agriculture, telecom, material handling, pharmaceutical, and automotive. We supply our products to a diverse range of customers, including dealers, system integrators, original equipment manufacturers ("**OEMs**"), electricity utilities, EPCs, Railways and metros. In the past, we have supplied our products to marquee customers such as leading cement manufacturers, public sector oil and gas companies, power grid companies, Indian railways and metros as well as companies in the water and wastewater industry. Our ability to establish and maintain long-term relationships with several customers demonstrates our commitment to provide quality products at competitive pricing that meet their requirements.

Further, as of March 31, 2025, we had 544 authorized service centers, which are important in maintaining these robust relationships by providing timely and efficient after-sales support and maintenance services.

In addition to our direct customers, we also work with a network of channel partners, primarily for our motor business. As of March 31, 2025, we had 1,292 dealers and distributors/channel partners. Our channel partners help us extend our reach and provide localized support and services to our customers.

***Advanced manufacturing plants across our product portfolio coupled with in-house research and development capabilities***

We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh; Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany.

(i) *Motors.* We operate two manufacturing plants for low tension motors, located in Ahmednagar, Maharashtra, and Goa. We have a manufacturing plant in Bhopal, Madhya Pradesh, dedicated to high tension motors, and another plant in Goa for fractional horsepower motors. We also have two stamping units, located in Ahmednagar, Maharashtra, and Goa.

(ii) *Drives and automation*. We operate a manufacturing plant in Bhopal, Madhya Pradesh and two international manufacturing plants situated in Sweden and Germany. These plants are CE (Conformité Européenne) certified, demonstrating compliance with European Union safety, health, and environmental protection standards. These facilities are also UL (Underwriters Laboratories) certified, ensuring adherence to safety standards recognized in North America.

(iii) *Railway products*. We operate two manufacturing plants in Bhopal, Madhya Pradesh. One plant is dedicated to the manufacturing of traction motors and electrics for diesel electric tower cars and self-propelled inspection cars used in railway applications. The other plant is dedicated to the manufacturing of traction electronics and propulsion systems for electric locomotives and electrical multiple units. In addition, we have one manufacturing plant in Pithampur, Madhya Pradesh, which is dedicated to the manufacturing of signalling systems such as relays and point machines. Further, our Subsidiary G.G. Tronics India Private Limited, based in Bengaluru (Karnataka), manufactures digital axle counters and has recently started manufacturing TCAS – KAVACH. It has received an order from Chittaranjan Locomotive Works, Government of India, valued between ₹ 500 to 600 crores for locomotive TCAS in November, 2024.

(iv) *Transformers*. We operate two manufacturing plants. One is located in Malanpur, Madhya Pradesh and is dedicated to the manufacturing of distribution, small power, dry-type and locomotive transformers. The other plant is located in Bhopal, Madhya Pradesh and focusses on the manufacturing of power transformers.

(v) *Switchgears*. We operate two manufacturing plants, one located in Nashik, Maharashtra, and the other in Aurangabad, Maharashtra. Both of these manufacturing plants are dedicated to the manufacturing of MV and EHV switchgears.

We also operate transformer and switchgear testing facilities which are accredited by the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**"). Our manufacturing capabilities enable us to deliver customized solutions tailored to meet the specific requirements of our customers, reinforcing our commitment to customer satisfaction. Our manufacturing plants are equipped with advanced machinery and automated systems to maximize efficiency, productivity, and quality. We are dedicated to integrating digital technologies to enhance operational efficiency and productivity. Our initiatives include implementing IoT for real-time equipment monitoring and predictive maintenance, which helps us reduce downtime and enhance asset utilization. We have invested in automation and robotics to streamline manufacturing processes, ensuring precision and consistency in production. Additionally, we leverage advanced data analytics and artificial intelligence to improve decision-making and optimize supply chain management. Cloud computing is also utilized to enhance data storage and accessibility, facilitating seamless collaboration across our manufacturing plants.

We prioritize innovation and the development of new products to maintain our competitive edge. Our R&D efforts are dedicated to creating indigenous and energy-efficient solutions. For example, we developed two major new products for railway applications: V connected - 132kV, 63MVA traction power transformer to support new catenary system of 2x25kV designed for high-speed trains and reduce transmission losses; and auto transformer of 55/2x27, 5kV, 16.5MVA capacity to feed double catenary system to support high speed infrastructure with reduced transmission losses. Both these products were declared developed after conducting the short circuit testing at Central Power Research Institute ("**CPRI**") Bengaluru and Bhopal. We have also developed two products i.e., 170kV 40kA SF6 gas circuit breaker with polymeric insulator and 800 kV porcelain surge arrester and the same are in the testing phase. Further, in Fiscal 2024, we have expanded our range of energy-efficient motors to include IE5 Ultra-premium Efficiency Synchronous Reluctance Motors, launched Axelera TM Process Performance LV motor, introduced Power Conversion Systems tailored for the battery energy storage ("**BESS**") market, introduced a range of apex series pumps including the CG XMB centrifugal mono block pumps up to 20 HP and developed 16.5 MVA trackside auto transformers for Indian railways. We also launched solar monobloc and solar V4 and V6 SS submersible pumps.

We have designed and developed a composite converter, integrating a 6000 HP traction converter and a hotel load converter. Our R&D team has also upgraded the 6000 HP locomotive with a 9000 HP locomotive propulsion system, including a traction motor. We are also IRIS certified and have recently obtained AAR certification for the US markets. In our efforts to diversify beyond Indian railways, we are exploring opportunities in African and the US markets. As part of this initiative, we have supplied more than 300 traction motors.

***Strong parentage of Murugappa group and experienced senior management***

We benefit from strong parentage as a subsidiary of Tube Investments of India Limited ("**TIIL**"), which is part of the renowned Murugappa group. The Murugappa group boasts a legacy spanning more than 124 years. The Murugappa group's extensive experience in managing engineering companies provides us with strategic and operational advantages.

We also benefit from the experience of our board of directors, which includes our Chairman and Non-Executive Non Independent Director, Vellayan Subbiah, our Managing Director and Chief Executive Officer, Amar Kaul, our Non-Executive Non-Independent Director, M A M Arunachalam, our Non-Executive Independent Director, Palamadai Sundararajan Jayakumar, our Non-Executive Independent Director, Sriram Sivaram, our Non-Executive Independent Director, Vijayalakshmi Rajaram Iyer and our Non-Executive Independent Director, Mammen Chally. We also benefit from our Key Managerial Personnel and Senior Management who have experience in operations, finance, business development and customer relationships. For further details on our Board of Directors and Senior Management, see "*Board of Directors and Senior Management*" on page 207.

***Track record of financial performance***

We have an established track record of consistent revenue growth and profitability. The following table sets forth certain financial information for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Order intake (₹ in crores) [(1)] | 14,684.45 | 10,511.67 | 8,283.07 |
| Order backlog (₹ in crores) [(2)] | 10,630.93 | 6,411.48 | 4,457.64 |
| Total income (₹ in crores) | 10,070.83 | 8,152.24 | 7,040.30 |
| Revenue from operations (₹ in crores) | 9,908.66 | 8,045.98 | 6,972.54 |
| Total expenses (₹ in crores) | 8,722.86 | 7,015.34 | 6,089.92 |
| EBITDA before Exceptional items (₹ in crores)[(3)] | 1,466.90 | 1,234.33 | 1,061.08 |
| EBITDA before Exceptional items margin (%)[(4)] | 14.57% | 15.14% | 15.07% |
| Profit from continuing operations after tax (₹ in crores) (A) | 972.98 | 871.12 | 796.33 |
| Exceptional items (net) (₹ in crores) (B) | - | 21.48 | 51.76 |
| Profit from continuing operations after tax less exceptional items (₹ in crores) (C) = (A) – (B) | 972.98 | 849.64 | 744.57 |
| PAT before Exceptional items Margin (%)[(5)] | 9.66% | 10.42% | 10.58% |
| Inventories (₹ in crores) | 1,136.71 | 750.71 | 541.18 |
| Total assets (₹ in crores) | 7,417.07 | 5,625.74 | 4,629.11 |

[(1)] *Order intake is defined as orders booked during the given Fiscals.*
[(2)] *Order backlog is defined as executable order backlog to be executed as per agreed timelines with customers as at the end of the relevant Fiscal.*
[(3)] *EBITDA before Exceptional items is calculated as profit from continuing operation after tax less exceptional items plus tax expense, finance costs and depreciation and amortisation expense.*
[(4)] *EBITDA before Exceptional items margin is calculated as EBITDA before Exceptional items divided by total income.*
[(5)] *PAT before Exceptional items Margin is calculated as profit from continuing operations after tax less exceptional items divided by total income.*

## Our Strategies

***Foraying into semiconductor design business and setting up an outsourced semiconductor assembly and testing facility***

The global semiconductor industry has demonstrated significant growth from 2019 to 2023, driven primarily by the increasing demand for consumer electronics, automotive technologies, and advancements in artificial intelligence, 5G, and the Internet of Things. (*Source: CareEdge Report*) In 2023, the market was valued at approximately USD 527 billion (*Source: CareEdge Report*). The semiconductor market is projected to grow at a CAGR of 11% from 2024 to 2029, reaching an estimated value of USD 1,118 billion by 2029 (*Source: CareEdge Report*). Further, the Indian semiconductor market, which includes - intrinsic semiconductors (mainly utilized in specialized applications such as sensors and optical devices) and extrinsic semiconductor (representing most of the market, these semiconductors are widely used in integrated circuits, memory chips, and power devices), is expected to experience significant growth by 2029 (*Source: CareEdge Report*). The intrinsic semiconductor's market size is expected to grow at a CAGR of 16% while extrinsic semiconductor market size is bound to grow at a CAGR of 17% from 2024 to 2029. (*Source: CareEdge Report*)

We have undertaken several initiatives to foray into the semiconductor industry. We have entered into a joint venture agreement with Renesas and Stars Microelectronics to establish a subsidiary 'CG Semi Private Limited', to build and operate an OSAT facility in Sanand, Gujarat, with a land area admeasuring approximately 1,15,410.38 square meters. Our Company holds 92.34% in CGSPL while Renesas and Stars Microelectronics hold 6.76% and 0.90%, respectively. Renesas will provide technology for select packages (QFP, wire-bond ball grid array ("**WB BGA**"), FC BGA, and FC CSP), while Stars Microelectronics will provide technology for legacy packages (QFN, small outline package/small outline integrated circuit). Both partners will also offer training and enablement to set up, qualify, and ramp up the facility. The facility will manufacture a range of products, from legacy packages such as QFN and QFP to advanced packages such as FC BGA and FC CSP. The facility is expected to have the capacity to ramp up production to 1.5 crore units per day.

In terms of the approvals received from MeitY and Department of Science & Technology, Government of Gujarat, the total estimated cost for setting up of the OSAT facility in Sanand, Gujarat is ₹ 7,584.09 crores and CGSPL shall be eligible for a grant of government subsidy up to ₹ 3,501.00 crores under the Modified Programme for Semiconductors and Display Fab Ecosystem Scheme of the Government of India, along with incentives at the rate of 40% of the capital expenditure incentives for the OSAT project approved by MeitY, Government of India. We intend to deploy ₹ 1,062.85 crores from the Net Proceeds and balance amount from government subsidies, internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost of setting up of the OSAT facility through CGSPL. For further details, see "*Use of Proceeds - Investment in our Subsidiary, CG Semi Private Limited, for funding capital expenditure requirements in relation to setting up an OSAT facility on page 66.*

Further, we have established a subsidiary, Axiro Semiconductor Private Limited to build a semiconductor product platform. Pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, net inventories, customers, select transferring employees, contracts and other licenses. The RF components business enables us to enter into the semiconductor design business. Our Company has signed necessary assignment agreements and other related documents for completing the transfer of assets and business as envisaged under the asset purchase agreement to Axiro Semiconductor Private Limited and its subsidiaries in USA, China and Turkey for the purpose of carrying out the RF components business.

***Expand our production capacity in motors, transformers, and switchgears***

We intend to expand our production capacity in motors, transformers and switchgears to meet growing market demand and support our long-term growth. The table sets forth below provides details of our ongoing expansions:

| S. No. | Proposed expansion | Proposed capital expenditure (₹ in crores) | Expected date of completion |
|---|---|---|---|
| 1. | Expansion of our capacity for manufacturing low tension motors at manufacturing plants in Ahmednagar, Maharashtra and Goa from 10 lakhs units per annum to 18 lakhs units per annum | 327.00 | June 30, 2026 |
| 2. | Expansion of our capacity for manufacturing power transformers at our manufacturing plant located in Bhopal, Madhya Pradesh from 17,000 MVA to 40,000 MVA | 131.00 | July 31, 2025 |
| 3. | Expansion of our capacity for manufacturing distribution transformers at our manufacturing plant located at Malanpur in Gwalior, Madhya Pradesh from 6,900 MVA to 9,900 MVA | 40.00 | July 31, 2025 |
| 4. | Expansion of our capacity for manufacturing high tension motors at manufacturing plants in Bhopal, Madhya Pradesh from 1,008 units per annum to 1,728 units per annum | 35.00 | July 31, 2025 |
| 5. | Expansion of our capacity for switchgears at our manufacturing plant located in Nashik, Maharashtra<br><br>(a) MV – Switchgear factor expansion: RMU and GIS factory and 11kV/33kV AIS Indoor Panel – from 7,553 units to 11,384 units<br><br>(c) RIP expansion – up to 5,964 units<br><br>(d) 800kV expansion – 240kV to 800kV<br><br>(e) EHV GIS – 168 units to 780 units | 155.50 | December 2026 |
| **Total** | | **688.50** | |

Further, in order to expand our production capacity in transformers to meet growing market demand and support our long-term growth, we intend to use ₹ 601.78 crores from the Net Proceeds towards capital expenditure in relation to setting up of a green field project in Bhopal for manufacturing of power transformer plant for a capacity of 45,000 MVA ("**Plant**"). The Plant will have the capability to manufacture and test the transformers and reactors ranging from 220 kV to 1200 kV. For further details, see "*Use of Proceeds – Details of the Objects - 2. Funding capital expenditure requirements and strategic initiatives for the following: - a) setting up of a power transformer plant"* on page 67.

Further, our Company has entered into a development agreement dated July 4, 2024 ("**Development Agreement**"), with Skybound Realty Private Limited ("**Developer**") with respect to a parcel of lease hold land admeasuring 4,262.34 square metres, situated on and being a part of Plot No. 1 (e) of the land bearing Cadastral Survey No. Final Plot No. 1079 of Town Planning Scheme IV of Mahim Division and Cadastral Survey No. 1/1030 of Lower Parel Division together with the structures thereon, near Worli Sluice Road, Mumbai, Maharashtra ("**Land**"). Our Company has granted development rights to the Developer in respect of the Land for the purpose of demolishing the existing structure on the land and thereafter constructing thereon one or more building/s along with car parking spaces, as permissible under the guidelines and as detailed in the Development Agreement. Our Company will be entitled to 50% share of the leasehold right on the building(s) developed and constructed by the Developer. We intend to utilise an aggregate amount of ₹ 255.20 crores from the Net Proceeds towards the costs to be borne by our Company under the Development Agreement and the surplus amount, if any, from internal accruals, equity or debt or such other means as permissible under the applicable laws, to fund the cost in relation to the construction and development of our corporate office. For further details, see "*Use of Proceeds – Details of the Objects - 2. Funding capital expenditure requirements and strategic initiatives for the following: - b) development of leasehold*" on page 69.

***Capitalise on increasing demand from international markets to grow exports***

We intend to leverage the increasing demand from international markets to enhance our exports. This will enable us to diversify our revenue base and expand our geographical footprint. We believe that as we expand our exports to international markets, we will be able to take advantage of the increased margins associated with these markets and improve our profitability. According to the CareEdge Report, India's export scenario is projected to grow at upward trajectory reaching USD 2 trillion, of which product exports from India to constitute approximately 50% of total exports by 2030. India is gaining a larger share of global exports. This shift is evidenced by the increase in US imports from India between 2019 and 2023 in sectors such as consumer electronics, semiconductors, auto components, and mechanical machinery, highlighting India's growing competitiveness in these markets.

The table below sets forth our overseas revenue from contracts with customers (geographical information as per the segment reporting under Ind AS 108 "Operating Segments"), expressed as a percentage of revenue from contracts with customers for the years indicated:

| Particulars | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|---|---|---|
| Overseas Revenue from contracts with customers (₹ in crores) (A) | 970.15 | 968.73 | 694.47 |
| Revenue from contracts with customers (₹ in crores) (B) | 9,908.66 | 8,045.98 | 6,972.54 |
| Overseas Revenue from contracts with customers as a percentage of revenue from contracts with customers (C) = (A)/(B) (%) | 9.79% | 12.04% | 9.96% |

***Inorganically grow our business offerings***

We will continue to evaluate inorganic growth opportunities to grow our market share, acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. We may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments. For example, pursuant to the definitive agreement i.e., asset purchase agreement dated October 4, 2024, we completed the acquisition of the radio frequency components business of Renesas Electronics America Inc. and its affiliate entities on April 3, 2025. This acquisition includes equipment, intellectual properties, inventories, select transferring employees, and other licenses. The RF components business enables us to enter into the semiconductor design business. Further, during Fiscal 2025, we acquired 55.60% stake in G.G. Tronics India Private Limited ("**G.G. Tronics**") through a combination of purchase of equity shares from the promoters of G.G. Tronics and by way of subscription to Compulsorily Convertible Preference Shares which were subsequently converted into equity shares, a company which is engaged in designing, manufacturing, supplying and installing of electronic safety embedded signalling systems for the railway transportation sector. One of its key products is the TCAS, also known as Automatic Train Protection Systems ("**IRATPS**") or 'KAVACH'. This acquisition aligns with our strategy to expand our railway product portfolio. We intend to maintain a disciplined approach while evaluating inorganic growth opportunities and consider various selection criteria such as skills of the management team, operation scale, technological capability, product portfolio, customer base and end market exposures.

We propose to utilize ₹ 330.00 crores from the Net Proceeds towards funding inorganic growth through acquisitions and strategic investments, as set forth in "*Use of Proceeds – Details of the Objects – Acquisitions and inorganic growth opportunities by our Company*" on page 69.

***Increasing our share in customer spending and focus on growing our fast moving electrical goods ("FMEG") products***

We offer a diverse range of products across our two major business segments. We are committed to leveraging our strong relationships with existing customers to enhance our share of their spending across our product offerings. Our approach is centred on expanding our presence within our customers' purchasing portfolios by offering a variety of products that cater to their diverse needs. By doing so, we intend to become their go-to supplier for multiple product categories, thereby increasing our wallet share. This approach will strengthen our relationships with customers.

Further, we entered the FMEG products with the introduction of pumps and exhaust fans. Subsequently, we expanded our product portfolio to include ceiling, table, pedestal, and wall fans, as well as instant and storage water heaters. In Fiscal 2024, we introduced our new range of Apex Series Pumps, including the CG XMB centrifugal mono block pumps up to 20 HP. We also introduced new brushless direct current ("**BLDC**") fans with remote control and star-rated fans in the induction category, along with new varieties of instant and storage water heaters.

***Continue to focus on research and development and product innovation***

We emphasize on the importance of innovation and new product development to stay ahead of competition. In Fiscal 2024, we have expanded our range of energy-efficient motors to include IE5 Ultra-premium Efficiency Synchronous Reluctance Motors, launched Axelera TM Process Performance LV motors (0.37 kW to 1000 kW), introduced Power Conversion Systems tailored for the batter energy storage ("**BESS**") market, introduced a range of apex series pumps including the CG XMB centrifugal mono block pumps up to 20 HP and developed 16.5 MVA trackside auto transformers for Indian railways, V connected - 132kV 63MVA traction power transformer to support system of 2x25kV designed for high-speed trains and reduce transmission losses. We also launched solar monobloc and solar V4 and V6 SS submersible pumps. We are committed to fostering close collaboration between our research and development team and our sales and marketing team to ensure our products and solutions meet our customers' requirements. We intend to expand our research and development capabilities by establishing a centre of excellence and strengthening our research and development team. Through our research and development capabilities, we intend to develop and enhance our product portfolio to increase our revenues and improve our product margins.

***Continue to reduce operating costs and improve operational efficiencies***

We intend to continue enhancing our operational efficiencies and lower our fixed and operating costs to improve our profitability and strengthen our competitive position. In the past, we implemented cost saving initiatives such as lead time reduction, diversity in sourcing, waste elimination and design and process optimization. We intend to focus on advanced automation and digitalization to streamline our manufacturing processes and enhance productivity. We aim to reduce energy consumption and enhance sustainability by upgrading to energy-efficient machinery and incorporating renewable energy sources. We also intend to improve our supply chain management using advanced analytics to improve demand forecasting and inventory management. We will expand our lean manufacturing practices and continuous improvement programs to eliminate waste and improve process efficiency. We may also explore the strategic relocation of certain manufacturing operations currently based outside India to take advantage of lower labour costs.

## Our Business Operations

*Major Events in our Company's History*

| Year | Particulars |
|---|---|
| 1937 | Established as Crompton Parkinson Works Limited |
| 2011 | Acquired Emotron in Europe to enter drives and automation |
| 2013 | Set up a 1600kV ultra high voltage test and research centre in Nashik |
| 2015 | Demerger of consumer electricals (B2C) business from Crompton Greaves Limited and sold to private equity investors. |
| 2019 | Re-entered consumer electricals business post expiry of non-compete period |
| 2020 | Company became a subsidiary of Tube Investments of India Limited, which is part of the renowned Murugappa Group |
| 2023 | Became net debt-free after turnaround of business operations |
| 2024 | - Market capitalization crossed ₹ 1 lakh crore<br>- Entered into a joint venture agreement to build and operate an OSAT facility<br>- Acquired majority stake in GG Tronics to enter TCAS (KAVACH) market |
| 2025 | Acquired the RF components business of Renesas Electronics and its affiliate entities |

## Our Products

Below are the key products under our business segments; (i) industrial system and (ii) power system:

***(i) Industrial Systems***

We manufacture (i) motors; (ii) industrial drives and automation products; (iii) railway products such as rolling stock products and signalling products; (iv) fast moving electrical goods.

- Our product portfolio for motors consists of low tension motors including IE2, IE3, and IE4 efficiency motors, fractional horse power motors/ single phase motors, hazardous area application motors (LV and HV), large industrial machines (HT motors) and stampings/ laminations.

**IE5 Motor**

**IE4 Motor**

**MV Motor**

**FHP Motor**

- Our product portfolio for drives and automation consists of industrial AC drives (LV & MV), active front end drives ("**AFE**"), soft starters, DC-DC convertor and Active Front End generator ("**AFG**"), industrial panels, test benches, shaft power monitor, solar drives and Programmable Logic Controller ("**PLC**") and Human-Machine Interface ("**HMI**").

**VFX/FDU Drive**

- Our FMEG product portfolio consists of pumps, exhaust fans, ceiling fans, table fans, pedestal fans, and wall fans and instant and storage water heaters. Further, we launched SmartSENSE, a cordless, float-free automatic water pump controller, eliminating the need for manual wiring and float switches. It uses advanced sensing technology to independently monitor water levels at both the source (inlet) and the overhead tank.


**Water Heaters**

**Pumps**

**Fans**

- Our rolling stock and signaling product portfolio consists of products such as AC traction motors, DC traction motors, traction alternators, complete electrics, IGBT based traction and auxiliary converters, IGBT based composite converter / hotel load converter, vehicle control unit and control panels, propulsion system and electrics, auxiliary converters, TCMS, propulsion system, Q-Type signalling relays, electric point machines, DC series motor, DC series motors IP67, back drive, and IE5 ultra-premium efficiency synchronous reluctance motors. Our new products for railway applications are: V connected - 132kV, 63MVA traction power transformer to support new catenary system of 2x25kV designed for high-speed trains and reduce transmission losses and auto transformer of 55/2x27, 5kV, 16.5MVA capacity to feed double catenary system to support high speed infrastructure with reduced transmission losses. Both these products were declared developed after conducting the short circuit testing at CPRI Bengaluru and Bhopal.

**AC Traction Motor for Electric Locomotives**

**Train Control and Monitoring System**

**Traction Alternator for Diesel Locomotives**

**Metal to Carbon Signalling Relays for Railways**

***(ii) Power Systems***

We manufacture transformers and switchgears equipment to meet the needs of the power generation, transmission and distribution industry.

- Transformers product portfolio consists of products such as power transformers and fixed and variable shunt reactors, low power and distribution transformers, locomotive transformers, solar transformers for inventor duty, green transformers and dry type transformers.

**Power Transformer supplied for Bhopal Metro Project**

- Switchgears product portfolio consists of extra high voltage ("**EHV**") switchgears such as SF6 circuit breakers (live and dead tank), gas insulated switchgears, oil filled current transformers, inductive voltage transformers, capacitive voltage transformers, surge arresters, off load disconnectors, and condenser bushings. We also offer medium voltage ("**MV**") switchgears such as AIS (Indoor & Outdoor), MV GIS, ring main units, vacuum interrupters, compact substations, numerical protection relays, auto-reclosers, vacuum contactors, lightning arresters, and isolators.


**GIS Supplied for Underground Substation (Agra Metro Project)**

**Manufacturing Plants**

We operate 18 manufacturing plants located in various cities in India such as Gwalior, Bhopal and Indore in the state of Madhya Pradesh; Nashik, Aurangabad and Ahmednagar in the state of Maharashtra, Kundaim in the state of Goa, Bangalore in the state of Karnataka, and internationally in Sweden and Germany. The table below sets forth the details of our manufacturing plants:

| S. No. | Location of the Manufacturing plant | Product Manufactured | Operated by | Land Owned/Leased |
|---|---|---|---|---|
| 1. | Ahmednagar, Maharashtra | LT Motors<br>Alternators<br>DC Machines | CG Power and Industrial Solutions Limited | Leased |
| 2. | Ahmednagar, Maharashtra | LT AC Motors | CG Power and Industrial Solutions Limited | Leased |
| 3. | Colvale, Goa | LT Motors | CG Power and Industrial Solutions Limited | Leased |
| 4. | Karaswada Mapusa, Goa | LT Motors | CG Power and Industrial Solutions Limited | Leased |
| 5. | Ponda, Goa | Commercial Motors | CG Power and Industrial Solutions Limited | Leased |
| 6. | Mandideep, Madhya Pradesh | MV/HT Motors and Generators | CG Power and Industrial Solutions Limited | Leased |
| 7. | Ahmednagar, Maharashtra | Stamping | CG Power and Industrial Solutions Limited | Leased |
| 8. | Kundaim<br>North Goa | Stamping | CG Power and Industrial Solutions Limited | Leased |
| 9. | Malanpur, Madhya Pradesh | Distribution Transformer, Low Power Transformer, Cast Resin Transformer, Loco Transformers, Solar Transformers, Green Transformers, Traction Transformers | CG Power and Industrial Solutions Limited | Leased |
| 10. | Mandideep, Madhya Pradesh | Power Transformers, Generator Transformers, Shunt Reactors, Locomotive and Trackside Transformers, Statcom Application Transformers | CG Power and Industrial Solutions Limited | Leased |
| 11. | Nashik, Maharashtra | Medium Voltage switchgear, Gas Circuit Breakers, Gas Insulated Switchgear and Instrument Transformer | CG Power and Industrial Solutions Limited | Leased |
| 12. | Aurangabad, Maharashtra | Vacuum Interrupters, Instrument Transformer and Power Quality Solutions. | CG Power and Industrial Solutions Limited | Leased |
| 13. | Mandideep, Madhya Pradesh | AC & DC Traction Motor and Diesel Electric Tower Car | CG Power and Industrial Solutions Limited | Leased |
| 14. | Mandideep, Madhya Pradesh | Railway Propulsion System, VCN TCU | CG Power and Industrial Solutions Limited | Leased |
| 15. | Pithampur, Madhya Pradesh | Control Panels for Indian Railway (Loco, Coach and Train set); Signalling Relays for Indian Railway; Electric Point Machine for Indian Railway; BLDC Fan for Indian Railway and Industrial Application | CG Power and Industrial Solutions Limited | Leased |
| 16. | Heisingborg, Sweden | Standard AC drives Products Power range 0.55-4000Kw, Soft starters, Shaft power monitors, Cabinet Engineering installation, commissioning, maintenance and service. | CG Drives & Automation, Sweden AB | Leased |
| 17. | Wernigerode, Germany | Manufacturing of Cabinet / Panel | CG Drives & Automation Germany GmbH, Germany | Leased |
| 18. | Peenya Industrial Area<br>Bengaluru, Karnataka | Single Section Digital Axle Counter, High Availability Digital Axle Counter, Multi section digital Axle counter and Train Collision Avoidance System TCAS | G. G. Tronics<br>India Private Limited | Owned |

***Capacity and Capacity Utilisation***

The information relating to the installed capacity, available capacity, actual production and capacity utilisation included below and elsewhere in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account in the calculation of our capacity and the same has been certified by independent chartered engineers, namely Sunil Kumar Shrivastava, Sandeep Gulabrao Kotakar and M. G. Srinivas Prakash. See "*Risk Factors – Information relating to the installed capacity and capacity utilization of our products included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.*" on page 55.

*(Reminder of this page has been intentionally left blank.)*

The following tables set forth certain information relating to the installed capacity, available capacity, actual production and capacity utilization for the years indicated:

| Particulars | As of/ For the year ended | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2025 | | | | March 31, 2024 | | | | March 31, 2023 | | | |
| | Installed capacity | Available capacity | Actual production | Capacity utilization | Installed capacity | Available capacity | Actual production | Capacity utilization | Installed capacity | Available capacity | Actual production | Capacity utilization |
| **Transformer Business[1]** | | | | | | | | | | | | |
| Distribution Transformer (in MVA) | 6,772 | 6,531 | 5,881 | 90.00% | 5,760 | 5,593 | 4,732 | 85.00% | 5,760 | 5,557 | 3,853 | 69.00% |
| Power Transformer (in MVA) | 19,500 | 19,500 | 19,475 | 99.80% | 14,701 | 14,701 | 14,841 | 101.00% | 18,000 | 12,000 | 8,855 | 74.00% |
| **Switchgear Business[2]** | | | | | | | | | | | | |
| S1 - Instrument Transformer | 3,860 | 3,860 | 3,766 | 97.56% | 3,283 | 3,283 | 2,758 | 84.00% | 3,265 | 3,265 | 2,739 | 84.00% |
| S2 - Medium Voltage Switchgear | 7,872 | 7,872 | 7,745 | 98.38% | 7,019 | 7,019 | 6,864 | 98.00% | 6,890 | 6,890 | 6,359 | 92.00% |
| S3 - GAS Circuit Breakers | 6,807 | 6,807 | 5,264 | 77.33% | 6,312 | 6,312 | 4,011 | 64.00% | 6,312 | 6,312 | 3,595 | 57.00% |
| GIS - HV Gas Insulated Switchgear | 195 | 195 | 179 | 91.79% | 189 | 189 | 144 | 76.00% | 132 | 132 | 118 | 89.00% |
| S4 - Surge Arrestor | 14,660 | 14,660 | 13,309 | 90.78% | 13,446 | 13,446 | 12,022 | 89.00% | 12,916 | 12,916 | 11,682 | 90.00% |
| S6 - Vacuum Interrupters | 1,56,360 | 1,56,360 | 1,32,339 | 84.63% | 1,56,360 | 1,56,360 | 1,21,354 | 78.00% | 1,56,360 | 1,56,360 | 96,005 | 61.00% |
| **Total Switchgears** | **1,89,754** | **1,89,754** | **1,62,602** | **85.69%** | **1,86,609** | **1,86,609** | **1,47,153** | **79.00%** | **1,85,875** | **1,85,875** | **1,20,498** | **65.00%** |
| **Railway Business[3]** | | | | | | | | | | | | |
| TMS Division (Nos Motors) | 2,800 | 2,800 | 2,707 | 96.70% | 2,400 | 2,400 | 1,945 | 81.00% | 2,000 | 2,000 | 1,697 | 84.80% |
| RTTE (Nos) | 1,238.60 | 1,238.60 | 1,633 | 132.00% | 839.33 | 839.33 | 944.50 | 112.53% | 807.24 | 807.24 | 701.69 | 86.90% |
| RSD (Nos) | 3,73,067 | 3,73,067 | 3,98,547 | 82.70% | 3,88,600 | 3,88,600 | 285,625 | 73.00% | 388,600 | 388,600 | 352,840 | 91.00% |
| **ICE Drives[4]** | | | | | | | | | | | | |
| ICE Drives (number of pieces) | 21,944 | NA | 18,009 | 82.00% | 28,772 | NA | 23,510 | 82.00% | 28,716 | NA | 26,383 | 92.00% |
| **Motors[5]** | | | | | | | | | | | | |
| LTM | 12,49,615 | 12,49,615 | 10,29,703 | 82.40% | 10,23,173 | 10,23,173 | 7,89,967 | 77.21% | 10,13,457 | 10,13,457 | 7,22,714 | 71.31% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Commercial Motors (Goa) | 6,35,985 | 6,35,985 | 4,90,517 | 77.13% | 5,85,135 | 5,85,135 | 4,29,798 | 73.45% | 5,36,568 | 5,36,568 | 3,91,728 | 73.01% |
| Large Motor & Generator (Bhopal) | 1,002 | 1,002 | 1,212 | 120.96% | 1,002 | 1,002 | 1,126 | 112.38% | 1,002 | 1,002 | 988 | 98.60% |
| M6 Stamping (Ahmednagar) (MT) | 17,400 | 17,400 | 16,807 | 96.59% | 17,400 | 17,400 | 16,599 | 95.40% | 17,200 | 17,200 | 1,3725 | 79.79% |
| M6 Stamping (Goa) (MT) | 3,600 | 3,600 | 4,195 | 116.53% | 3,600 | 3,600 | 4,111 | 114.19% | NA | NA | NA | NA |
| **Manufacturing plant operated by G.G. Tronics Private Limited[6]** | | | | | | | | | | | | |
| HASSDAC | 900 | 337 | 298 | 88.40% | NA | NA | NA | NA | NA | NA | NA | NA |
| SSDAC | 900 | 337 | 119 | 35.31% | NA | NA | NA | NA | NA | NA | NA | NA |
| MSDAC | 9,000 | 3375 | 4522 | 133.98% | NA | NA | NA | NA | NA | NA | NA | NA |
| Loco TCAS | 810 | 304 | 110 | 36.18% | NA | NA | NA | NA | NA | NA | NA | NA |

*[1]As certified by Er Sunil Kumar Shrivastava, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*
*(1)Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity has been calculated based on the average of daily available capacity for the relevant Fiscal. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the industry in which we operate and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include 303 working days in a year, 3 shifts per day operating, 7.16 hours per shift.*
*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

*[2] As certified by Er Sunil Kumar Shrivastava, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*
*(1)Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity has been calculated based on the average of daily available capacity for the relevant Fiscal. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the industry in which we operate and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include working days in a year, shifts per day operating, hours per shift are as below:*

| Particulars | Working days in a year | Shifts per day operating | Hours per Shift |
|---|---|---|---|
| S1 - Instrument Transformer | 360 | 3 | 8.00 |
| S2 - Medium Voltage Switchgear | 300 | 2 | 8.00 |
| S3 - GAS Circuit Breakers | 300 | 3 | 8.00 |
| GIS - HV Gas Insulated Switchgear | 300 | 2 | 8.00 |
| S4 - Surge Arrestor | 300 | 3 | 8.00 |
| S6 - Vacuum Interrupters | 304 | 3 | 8.00 |

*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

*[3] As certified by Er Sunil Kumar Shrivastava, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*

*(1) Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity is same as Installed capacity for the relevant Fiscal. Assumptions and estimates taken into account for measuring installed capacities include 303 working days in a year, 3 shifts per day operating, 7.16 hours per shift.*
*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

[4] *As certified by Er Sunil Kumar Shrivastava, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*
*(1) Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity is same as Installed capacity for the relevant Fiscal. Assumptions and estimates taken into account for measuring installed capacities include one shift per day*
*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

[5] *As certified by Sandeep Gulabrao Kotakar, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*
*(1) Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity is same as Installed capacity for the relevant Fiscal. Assumptions and estimates taken into account for measuring installed capacities are as follows:*

| **Particulars** | **Working days in a year** | **Shifts per day operating** | **Hours per Shift** |
|---|---|---|---|
| LTM: Unit 1 | 303 | 3 | 7.16 |
| LTM: Unit 2 | 303 | 3 | 7.5 |
| LTM: Unit 3 | 303 | 3 | 7.5 |
| Commercial Motors | 303 | 3 | 7.5 |
| Large Motor & Generator | 303 | 3 | 7.16 |
| Stamping-1 | 303 | 3 | 7.16 |
| Stamping-2 | 303 | 3 | 7.16 |

*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

[6] *As certified by M. G. Srinivas Prakash, independent chartered engineer, by certificate dated June 30, 2025.*
*Note:*
*(1) Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the available capacity is same as Installed capacity for the relevant Fiscal. Assumptions and estimates taken into account for measuring installed capacities include 288 working days in a year, 1 shift per day operating, 8.5 hours per shift.*
*(2) Actual production represents quantum of production in the relevant Fiscal.*
*(3) Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the available capacity for the relevant Fiscal.*

***Raw Materials and Components***

Raw materials used for the manufacturing activities of our Company include steel, copper, cold rolled non-grain oriented electrical steel sheet in coil ("**CRNGO**"), aluminium, castings, oil, insulation and pre compressed board ("**PCB**"). In Fiscal 2025, 2024 and 2023, our cost of materials consumed was ₹ 6,762.31 crores, ₹ 5,387.04 crores and ₹ 4,585.00 crores, representing 68.25%, 66.95% and 65.76%, of our total revenue from operations, respectively.

***Quality Control***

The quality of our products and customer satisfaction are of significant importance to our business. We have implemented quality control processes throughout the manufacturing operations to ensure that products meet safety and quality standards.

***Awards and Accreditations***

We have received several awards and accreditations, including the following:

| S. No | Award |
|---|---|
| 1 | Our distribution transformers team secured 2nd position in a competition organised by CII, 2024 |
| 2 | Our railway signaling division wins at the 13th edition of CII KAIZEN Competition, 2024 |
| 3 | Dainik Bhaskar Industry Excellence Award, 2024 |
| 4 | Certification from the American Association of Railroads in 2024 |
| 5 | LT motors unit in Ahmednagar was certified by CII with GreenCo Silver Certification in 2024 |
| 6 | LT motors unit in Ahmednagar and commercial motors division in Goa were certified as free from single-use plastics in 2024 |
| 7 | 'Best Electrical Products Display' Award at the 3rd Dahej Industrial Expo 2023, GIDC, Gujarat |

***Competition***

We operate in a competitive environment where we face competition from several entities. Our competitors are Siemens Limited, ABB India Limited, Hitachi Energy India Limited (Power India), Bharat Heavy Electricals Limited, Schneider Electric Infrastructure Limited. *(Source: CareEdge Report)*. See, "*Risk Factors – We operate in a competitive business environment. If we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline, which will adversely affect our business, financial condition, results of operations and cash flows.*" on page 44.

***Insurance***

Our Company maintains insurance policies which are renewable every year. We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including fire, marine cargo open cover policy to cover various risks during the transit of goods oversea, group personal accident insurance policy for our employees and contract workers, and insurance policies covering directors' and officers' liability. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. We typically maintain industrial all risks policy and standard fire and special perils policy for our offices and manufacturing plants. In addition, we have a trade credit policy to cover any payment default risk in terms of export orders and commercial general liability insurance. Our insurance policies are subject to customary exclusions and deductibles. See, "*Risk Factors – Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our results of operations, financial condition and cash flows.*" on page 50.

***Environmental, Social and Governance***

We place emphasis on our environmental, social and governance ("**ESG**") initiatives. We are focused on climate action, product stewardship and maintaining a responsible supply chain. Our key initiatives include the installation of rooftop solar panels at our Ahmednagar stamping unit, sapling plantations across various locations on the occasion of 'World Environment Day', and an afforestation drive in an area of 5,400 square meter to develop an 'Urban Forest' and a 'Butterfly Garden'. As of March 31, 2025, we have achieved a 7.58% reduction in emissions intensity, over 33% green cover at all facilities, and a 12.31% reduction in energy consumption intensity as compared to Fiscal 2024 along with 11.56% share of renewable energy consumption out of total energy consumption.

We are also focussed on the social element, with key areas including human capital development, customer relationship management, human rights and community relations. For example, we had constructed seven residential quarters for the staff nursing college at Kanchipuram, a middle school at Thirumalapuram, and a Bone Marrow Transplant Isolation ward at St. Jude India Child Care Centre in Chennai. We provided infrastructure support to Zilla Parishad/ Municipal Schools in Ahmednagar and new computer lab, science lab, library and other infrastructure at Global Vision School in Ambad, Nashik. We also provided infrastructure support to Sai Aashraya Trust for their Sai Aashraya Super Specialty Hospital constructed in Vemagal, Kolar District, Karnataka. We contributed to The Earth Saviours Foundation ("**TESF**"), an NGO based out of Gurgaon, Haryana for their shelter homes in Bandhwari village and Mandawar village in Gurgaon for abandoned senior citizens and mentally disabled individuals. We had partnered with The Energy and Resources Institute ("**TERI**") for integrated rural development of communities for social development in and around Mandideep in Madhya Pradesh. In Fiscal 2025, 10.85% of our new recruits were female.

We are focused on corporate governance, responsible investment practices, and innovation management. We have published our '*Business Responsibility Sustainability Report (BRSR)*' for Fiscal 2024 and Fiscal 2025 in the Annual Report. We have carried out projects on the Net Zero roadmap, climate risk assessment, value chain partner assessment, and ESG rating participation on platforms such as 'CDP' and 'S&P Global'. Our second ESG report (Fiscal 2024) was prepared with reference to Global Reporting Initiative (GRI) standards - 2021.

***Employees***

As at March 31, 2025, we had 4,150 permanent employees. We also appoint independent contractors to engage on-site contract labourers for certain of our operations in India.

***Intellectual Property***

As of March 31, 2025, we had 108 registered trademarks and one granted patent. As of March 31, 2025, we have applied for the registration of 111 trademarks and 5 patents. Also, see "*Risk Factors – Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and results of operation.*" on page 50.

# ORGANIZATIONAL STRUCTURE

## Corporate History

Our Company was originally incorporated as 'The Crompton Parkinson Works Private Limited' on April 28, 1937, as a private limited company under the Indian Companies Act, 1913 (7 of 1913) with the Registrar of Companies, Bombay. Subsequently, our Company was converted into a public limited company and consequently, a fresh certificate of incorporation was issued on December 28, 1960, by the Registrar of Companies, Maharashtra. The name of our Company was further changed from 'Crompton Parkinson (Works) Limited' to 'Crompton Greaves Limited' and subsequently a fresh certificate of incorporation was issued on August 2, 1966, by the Assistant Registrar of Companies, Bombay. Eventually, the name of our Company was changed to its present name from 'Crompton Greaves Limited' to 'CG Power and Industrial Solutions Limited' and a fresh certificate of incorporation was issued on February 27, 2017, by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Pursuant to a Board resolution dated November 12, 1937, our registered office was shifted from Mercantile Bank Building 54, Esplanade Road Bombay to Haines Road, Bombay. Subsequently, it was shifted to 1 Forbes Street, Bombay 1 as per the Board resolution dated July 28, 1966. According to a Board resolution dated February 13, 1970, our Registered Office was relocated to Kanjur, Bhandup, Bombay 400 078 with effect from February 18, 1970. Post that, it was shifted to 1 DR VB Gandhi Marg, Mumbai 400 001 with effect from March 17, 1980, by way of a Board resolution dated January 4, 1980. Finally, as per Board resolution dated December 21, 2000, it was shifted to its current address at Dr. Annie Besant Road, Worli, Mumbai – 400 030.

The CIN of our Company is L99999MH1937PLC002641. Our Registered and Corporate Office is located at 6th floor, CG House, Dr. Annie Besant Road, Worli, Mumbai – 400 030, Maharashtra, India.

## Organizational Structure

As of the date of this Preliminary Placement Document, our Company has 18 Subsidiaries and one Associate. Our Company does not have any joint ventures. For further details, see "***Definitions and Abbreviations***" on page 19, respectively.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In alignment with the SEBI Listing Regulations, all the statutory and the significant and material information is placed before the Board in order to enable it to take and implement strategic decisions for the utmost benefit of the organisation as well as the stakeholders.

In accordance with the Articles, our Company shall not have less than four Directors and not more than fifteen Directors. As on the date of this Preliminary Placement Document present, our Company has seven Directors on its Board, comprising of two Non-Executive Non-Independent Directors, four Non-Executive Independent Directors and a Managing Director.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

| Name, Term, Address, Occupation, Nationality and DIN | Age (in years) | Designation |
|---|---|---|
| **Vellayan Subbiah**<br><br>**Term:** Appointed with effect from November 26, 2020, liable to retire by rotation<br><br>**Address:** Old No 7, New No 12, Valliammai Aachi Road, Kotturpuram, Chennai, Tamil Nadu, India, 600085.<br><br>**Occupation:** Industrialist<br><br>**Nationality**: Indian<br><br>**DIN:** 01138759 | 55 | Chairman and Non-Executive Non-Independent Director |
| **Amar Kaul**<br><br>**Term:** Appointed for a term of 5 years with effect from July 25, 2024<br><br>**Address:** Flat No.1610 A, Beverly Park-2, DLF Phase -2, Gurgaon, Sikanderpur, Ghodsi (68), Gurgaon, Haryana, India 122002<br><br>**Occupation:** Professional Service<br><br>**Nationality**: Indian<br><br>**DIN:** 07574081 | 55 | Managing Director and Chief Executive Officer |
| **M A M Arunachalam**<br><br>**Term:** Appointed with effect from November 26, 2020, liable to retire by rotation<br><br>**Address:** New No.9, (Old No.4), Chittaranjan Road, Teynampet, Chennai, Tamil Nadu, India 600018.<br><br>**Occupation:** Industrialist<br><br>**Nationality**: British<br><br>**DIN:** 00202958 | 58 | Non-Executive Non-Independent Director |
| **Vijayalakshmi Rajaram Iyer***<br><br>**Term:** Appointed for a term of 3 years with effect from September 24, 2022 | 70 | Non-Executive Independent Director |

| Name, Term, Address, Occupation, Nationality and DIN | Age (in years) | Designation |
|---|---|---|
| **Address:** Flat No.1402, Barberry Towers, Nahar Amrut Shakti, Gate No.7, Chandivali, Powai, Mumbai, Maharashtra, India 400072<br><br>**Occupation:** Professional<br><br>**Nationality**: Indian<br><br>**DIN:** 05242960 | | |
| **Palamadai Sundararajan Jayakumar**** <br><br>**Term:** Appointed for a term of 5 years with effect from November 26, 2020<br><br>**Address:** Raheja Viveria, 803B, B wing, Sane Guruji Marg, Byculla West, Mumbai, Maharashtra, India 400011<br><br>**Occupation:** Entrepreneur<br><br>**Nationality**: Indian<br><br>**DIN:** 01173236 | 63 | Non-Executive Independent Director |
| **Sriram Sivaram**<br><br>**Term:** Appointed for a term of 5 years with effect from June 11, 2021<br><br>**Address:** No.3, Parthsarathy Garden, Kastruri Ranga Road, Alwarpet, Chennai, Tamil Nadu, India 600018<br><br>**Occupation:** Joint Managing Director, M/s. Madras Engineering Industries Private Limited.<br><br>**Nationality**: United States<br><br>**DIN:** 01070444 | 57 | Non-Executive Independent Director |
| **Mammen Chally**<br><br>**Term:** Appointed for a term of 5 years with effect from January 28, 2025<br><br>**Address:** 18975 Collins Ave Unit 2504, Fl 33160, NA, Sunny Isles Beach, Na- 33160, Florida, United States<br><br>**Occupation:** Business<br><br>**Nationality:** United States<br><br>**DIN:** 10908528 | 57 | Non-Executive Independent Director |

** Re-appointed for a term of five consecutive years with effect from September 25, 2025, pursuant to the board resolution dated May 6, 2025, subject to the approval of the shareholders.*

*** Re-appointed for a term of five consecutive years with effect from November 26, 2025, pursuant to the board resolution dated May 6, 2025, subject to the approval of the shareholders.*

### Brief Biographies of the Directors

**Vellayan Subbiah**, aged 55 years, is the of Chairman and Non-Executive Non-Independent Director of our Company.

**Amar Kaul**, aged 55 years, is the Managing Director and Chief Executive Officer of our Company.

**M A M Arunachalam**, aged 58 years, is the Non-Executive Non-Independent Director of our Company.

**Vijayalakshmi Rajaram Iyer**, aged 70 years, is the Non-Executive Independent Director of our Company.

**Palamadai Sundararajan Jayakumar**, aged 63 years, is the Non-Executive Independent Director of our Company.

**Sriram Sivaram**, aged 57 years, is the Non-Executive Independent Director of our Company.

**Mammen Chally**, aged 57 years, is the Non-Executive Independent Director of our Company.

**Relationship with other Directors**

None of our Directors of our Company are related to each other:

**Borrowing powers of our Board**

Our Board has resolved by way of resolution dated October 21, 2024 and our shareholders have approved, by way of a special resolution dated December 14, 2019, that our Board is authorised to borrow from, *inter alia*, any bank, NBFCs, financial institutions or any other body corporate any fund-based, non-fund based, working capital facilities, term loan facilities or any other financial facilities from time to time, as may be deemed appropriate by our Board, an aggregate amount not exceeding ₹ 3,995 crores, or the aggregate of the paid up capital, its free reserves and securities premium of our Company, whichever is higher, subject to the shareholders' approval for an aggregate borrowing limit of up to ₹ 5,000 crores.

**Interest of the Directors**

All our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or committee thereof, to the extent of other remuneration and reimbursement of expenses, if any, payable to them, as well as the sitting fees and commission if any, payable to them for attending meetings of our Board and/or committees thereof as approved by our Board and Shareholder, by our Company under our Articles of Association and respective appointment letters. The Executive Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. Our Directors may also be interested to the extent of Equity Shares held by them or stock options granted to them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. Our Directors may also be regarded as interested to the extent the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc. Additionally, our Directors, namely Amar Kaul, Vijayalakshmi Rajaram Iyer, Vellayan Subbiah and MAM Arunachalam, may be deemed to be interested to the extent of their directorships on the board of directors of our Promoter or our Subsidiaries.

Except as provided in "***Related Party Transactions***" on page 35, there have been no related party transactions between the Company and any of the Directors during the three Fiscals immediately preceding the date of this Preliminary Placement Document. For further details on the related party transactions mentioned above, see "***Related Party Transactions***" on page 35. Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

None of our Directors are party to any bonus or profit-sharing plan of the Company.

**Shareholding of Directors**

The following table sets forth the shareholding of the Directors in our Company as on the date of this Preliminary Placement Document:

| Name | Number of Equity Shares | Percent of the issued and paid-up Equity Share capital (in %) |
|---|---|---|
| M A M Arunachalam | 2,20,920 | 0.01 |
| Mammen Chally | 500 | 0.00 |
| **Total** | 2,21,420 | 0.01 |

**Remuneration to the Executive Directors**

The following table sets forth the details of remuneration paid by our Company to Amar Kaul, the Managing Director and Chief

Executive Officer of our Company for the Fiscals 2025, 2024 and 2023:

*(in ₹ crores)*

| S. No. | Name of Director | Remuneration for the Fiscal 2025 | Remuneration for the Fiscal 2024 | Remuneration for the Fiscal 2023 |
|---|---|---|---|---|
| 1. | Amar Kaul* | 4.17 | NA | NA |

***Appointed on July 25, 2024, thus, no remuneration payable for Fiscal 2023 and 2024**

**Remuneration to Non-Executive Non-Independent Directors**

Each Non-Executive Non-Independent Director is entitled to receive sitting fees of ₹ 50,000 per meeting for attending each meeting of our Board and the Audit Committee and ₹ 30,000 per meeting for attending other committee meetings of our Board.

The following table sets forth the details of remuneration (including commission) paid by our Company to the Non-Executive Non-Independent Directors of our Company for the Fiscals 2025, 2024 and 2023:

*(in ₹ crores)*

| S. No. | Name of Director | Remuneration for the Fiscal 2025 | Remuneration for the Fiscal 2024 | Remuneration for the Fiscal 2023 |
|---|---|---|---|---|
| 1. | Vellayan Subbiah | 0.23* | 0.22 | 0.17 |
| 2. | M A M Arunachalam | 1.06** | 0.20 | 0.13 |

** This includes commission payable of ₹ 1,500,000 for the Fiscal 2025 as approved by the Board of Directors of our Company on May 6, 2025.*
*** This includes commission payable of ₹ 10,000,000 for the Fiscal 2025 as approved by the Board of Directors of our Company on May 6, 2025 and subject to the approval of our shareholders.*

**Remuneration to Non-Executive Independent Directors**

Each Non-Executive Independent Director is entitled to receive sitting fees of ₹ 50,000 per meeting for attending each meeting of our Board and the Audit Committee and ₹ 30,000 per meeting for attending other committee meetings of our Board.

The following table sets forth the compensation paid by our Company to the Non-Executive Independent Directors of our Company for the Fiscals 2025, 2024 and 2023:

*(in ₹ crores)*

| S. No. | Name of Director | Remuneration (including commission and sitting fees) | | |
|---|---|---|---|---|
| | | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
| 1. | Palamadai Sundararajan Jayakumar | 0.22** | 0.21 | 0.16 |
| 2. | Sriram Sivaram | 0.20** | 0.19 | 0.13 |
| 3. | Vijayalakshmi Rajaram Iyer | 0.22** | 0.18 | 0.07 |
| 4. | Mammen Chally* | 0.04# | NA | NA |

**Appointed on January 28, 2025, thus, no remuneration payable for Fiscal 2023 and 2024*
***This includes commission payable of ₹ 1,500,000 for the Fiscal 2025 as approved by the Board of Directors on May 6, 2025.*
*# This includes commission payable of ₹ 258,904 for the Fiscal 2025 as approved by the Board of Directors on May 6, 2025.*

Except as disclosed above, Amar Kaul, our Managing Director and Chief Executive Officer has received perquisites during the financial year ended March 31, 2025. Further the remuneration details mentioned above in respect of our Non-Executive Independent Directors and Non-Executive Non-Independent Directors includes sitting fees received and commission received and to be received by them during the financial years March 31, 2025, March 31, 2024, and March 31, 2023, as applicable.

### Key Managerial Personnel and Senior Management

In addition to Amar Kaul, our Managing Director and Chief Executive Officer, whose details are set-out in "- *Brief Biographies of the Directors*" on page 208 the details of our Key Managerial Personnel are given below:

**Susheel Prasad Todi** is the Chief Financial Officer of our Company. He has been designated as the Chief Financial Officer of our Company with effect from February 5, 2021.

**Sanjay Kumar Chowdhary** is the Company Secretary and Compliance officer of our Company. He has been designated as the Company Secretary and Compliance Officer of our Company with effect from May 9, 2023.

### Members of the Senior Management

In addition to Susheel Prasad Todi, our Chief Financial Officer and Sanjay Kumar Chowdhary, our Company Secretary and Compliance Officer, the details of our other members of Senior Management in terms of the SEBI ICDR Regulations, as on the date of this Preliminary Placement Document, are set out below:

| S. No. | Name | Designation |
|---|---|---|
| **Members of the Senior Management** | | |
| 1. | Sriram Rangarajan | Executive Vice President – Consumer Electrical and SBU Head |
| 2. | Ajay Jain | Vice President- Head Transformers Business |
| 3. | Chidambaram Balakrishnan | Vice President – Head Railways Business |
| 4. | Virendra Nandedkar | Vice President – CGX Operations and Commercial Excellence |
| 5. | Deven Jani | Vice President – Strategic Sourcing |
| 6. | Mehernosh N Mehta | Vice President – Human Resources and Corporate Communications |
| 7. | Gaurav Makhija | Vice President – Switchgear and EPD |
| 8. | Jatinder Kaul | Executive Vice President – Motors Business (India Sub-Continent) |

### Shareholding of Key Managerial Personnel and Senior Management

Except as disclosed below, none of our Key Managerial Personnel or member of the Senior Management hold Equity Shares in our Company as on the date of this Preliminary Placement Document.

| Sr. No. | Name of the Key Managerial Personnel / member of the Senior Management | Number of Equity Shares | Percentage (%) shareholding |
|---|---|---|---|
| 1. | Susheel Prasad Todi | 5,000 | 0.00 |
| 2. | Sriram Rangarajan | 4,500 | 0.00 |
| 3. | Deven Jani | 85 | 0.00 |
| 4. | Gaurav Makhija | 744 | 0.00 |

### Relationship

None of our Key Managerial Personnel and member of the Senior Management are related to each other or to the Directors.

### Interest of Key Managerial Personnel and members of the Senior Management

The Key Managerial Personnel, other than the Directors of our Company, and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. Our Key Managerial Personnel, other than the Directors of our Company, and members of the Senior Management may also be regarded as interested to the extent of Equity Shares or employee stock options under ESOP 2021 held by them in our Company. Our Key Managerial Personnel and members of the Senior Management may also be interested to the extent of Equity Shares held by them and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. Our Key

Managerial Personnel and members of the Senior Management may also be regarded as interested to the extent of the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc., if any. For details of interests of Directors, see "– ***Interest of the Directors***" on page 209.

Except as provided in "***Related Party Transactions***" on page 35, there have been no related party transactions between the Company and any of the Key Managerial Personnel or members of the Senior Management during the three Fiscals immediately preceding the date of this Preliminary Placement Document.

**Corporate Governance**

Our Board presently consists of seven Directors. In compliance with the requirements of the SEBI Listing Regulations, our Board consists of four Independent Directors (including one-woman independent Director).

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company's executive management provides our Board detailed reports on its performance periodically.

**Committees of our Board of Directors**

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee and (v) Risk Management Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

| S. No. | Committee | Name and Designation of Members |
|---|---|---|
| 1. | Audit Committee | Palamadai Sundararajan Jayakumar (Chairman)<br>Vijayalakshmi Rajaram Iyer (Member)<br>Vellayan Subbiah (Member) |
| 2. | Nomination and Remuneration Committee | Palamadai Sundararajan Jayakumar (Chairman)<br>Vellayan Subbiah (Member)<br>Vijayalakshmi Rajaram Iyer (Member)<br>Mammen Chally (Member) |
| 3. | Stakeholders' Relationship Committee | MAM Arunachalam (Chairman)<br>Sriram Sivaram (Member)<br>Amar Kaul (Member) |
| 4. | Corporate Social Responsibility Committee | MAM Arunachalam (Chairman)<br>Vijayalakshmi Rajaram Iyer (Member)<br>Amar Kaul (Member) |
| 5. | Risk Management Committee | Sriram Sivaram (Chairman)<br>MAM Arunachalam (Member)<br>Amar Kaul (Member) |

**Other Confirmations**

All Key Managerial Personnel and members of the Senior Management are permanent employees of our Company.

None of the Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company has any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have ever been identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the RBI.

As on the date of this Preliminary Placement Document, neither our Company, nor any of our Directors or Promoters have are 'fraudulent borrowers' as declared by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016, and SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI. Further, none of the Promoters and Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company intends to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

**Policy on disclosures and internal procedure for prevention of insider trading**

SEBI Insider Trading Regulations apply to our Company and its employees and require our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of practices and procedures for fair disclosure of unpublished price sensitive information ("**Code**") in accordance with the SEBI Insider Trading Regulations.

**Related Party Transactions**

For details in relation to the related party transactions entered into by our Company during the last three Financial Years, immediately preceding the year of circulation of this Preliminary Placement Document, see "***Related Party Transactions***" on page 35.

**Employee stock option schemes**

For details with respect the employee stock option scheme of our Company, see "***Capital Structure – ESOP Scheme***" on page 77.

## SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on March 31, 2025, is set forth below.

### Summary statement showing the shareholding pattern of the Company

| Category | Category of shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VI) As a % of (A+B+C2) | No. of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form | Sub-categorization of shares | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | Shareholding (No. of shares) under | | |
| | | | | | | No of Voting Rights | Total as a % of (A+B+C) | No.(a) | As a % of total Shares held(b) | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
| (A) | Promoters & Promoter Group* | 19 | 88,76,50,111 | 88,76,50,111 | 58.06 | 88,76,50,111 | 58.15 | 17,52,33,645 | 19.74 | 88,76,50,111 | - | - | - |
| (B) | Public | 4,94,897 | 64,12,19,333 | 64,12,19,333 | 41.94 | 63,88,45,289 | 41.85 | 0.00 | 0.00 | 63,92,43,998 | - | - | - |
| (C) | Non Promoter-Non Public | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | - | - | - |
| (C1) | Shares underlying DRs | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | - | - | - |
| (C2) | Shares held by Employee Trusts | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | - | - | - |
| | **Total** | 4,94,916 | 1,52,88,69,444 | 1,52,88,69,444 | 100 | 1,52,64,95,400 | 100 | 17,52,33,645 | 11.46 | 1,52,68,94,109 | - | - | - |

### Statement showing shareholding pattern of our Promoters and Promoter Group

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| **A1) Indian** | | | | | | | | | | |
| **Individuals/Hindu undivided Family** | | 13 | 6,15,324 | 6,15,324 | 0.04 | 6,15,324 | 0.04 | 0 | 0 | 6,15,324 |
| M V Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Subbiah (In the capacity as Kartha of HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Seetha Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Valli Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M Vellachi | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Umayal R | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| S Vellayan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A Vellayan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A Vellayan (In the capacity as Kartha of HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Lalitha Vellayan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Valli Annamali | Promoter Group | 1 | 1000 | 1000 | 0.00 | 1000 | 0.00 | 0 | 0 | 1000 |
| V Narayanan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| V Vasantha | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| V Arunachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A V Nagalakshmi | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| A Venkatachalam (in capacity as Kartha of HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Meyyammai Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Arun Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V AR Meenakshi | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Murugappan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Murugappan (In the capacity as Kartha of M M Muthiah HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Murugappan (In the capacity as Kartha of M M Murugappan HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Meenakshi Murugappan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Seethalakshmi | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Solachi Ramanathan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Lakshmi Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M A Alagappan | Promoter Group | 1 | 1,65,000 | 1,65,000 | 0.01 | 1,65,000 | 0.01 | 0 | 0 | 1,65,000 |
| M A Alagappan (In the capacity as Kartha of M A Alagappan HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Arun Alagappan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A Keertika Unnamali | Promoter Group | 1 | 889 | 889 | 0.00 | 889 | 0.00 | 0 | 0 | 889 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Pranav Alagappan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M A M Arunachalam | Promoter Group | 1 | 2,20,920 | 2,20,920 | 0.01 | 2,20,920 | 0.01 | 0 | 0 | 2,20,920 |
| M A M Arunachalam (in the capacity as Kartha of HUF) | Promoter Group | 1 | 87,300 | 87,300 | 0.01 | 87,300 | 0.01 | 0 | 0 | 87,300 |
| Sigapi Arunachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| A M Meyyammai | Promoter Group | 1 | 8,980 | 8,980 | 0.00 | 8,980 | 0.00 | 0 | 0 | 8,980 |
| Lakshmi Chockalingam | Promoter Group | 1 | 44,900 | 44,900 | 0.00 | 44,900 | 0.00 | 0 | 0 | 44,900 |
| Dhruv M Arunachalam | Promoter Group | 1 | 1,480 | 1,480 | 0.00 | 1,480 | 0.00 | 0 | 0 | 1,480 |
| M M Muthiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Sivagami Natesan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Kanika Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Karthik Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Kabir Subbiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Anannya Lalitha Arunachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Muthiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Niranthara Alamelu Jawahar | Promoter Group | 1 | 15 | 15 | 0.00 | 15 | 0.00 | 0 | 0 | 15 |
| M V Subramanian | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M A Alagappan (in capacity as Kartha of AMM Arunachalam HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| A A Alagammai | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Lakshmi Ramaswamy | Promoter Group | 1 | 7,490 | 7,490 | 0.00 | 7,490 | 0.00 | 0 | 0 | 7,490 |
| Valli Alagappan | Promoter Group | 1 | 500 | 500 | 0.00 | 500 | 0.00 | 0 | 0 | 500 |
| Vedhika Meyyammai Arunachalam | Promoter Group | 1 | 74,350 | 74,350 | 0.00 | 74,350 | 0.00 | 0 | 0 | 74,350 |
| Uma Ramanathan | Promoter Group | 1 | 2,500 | 2,500 | 0.00 | 2,500 | 0.00 | 0 | 0 | 2,500 |
| Bollamapally Rishika Reddy | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Ahana Laitha Narayanan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Krishna Murugappan Muthiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M M Venkatachalam (as Kartha of HUF) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Nila Lakshmi Muthiah | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Dev Subramanian | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Arjun Vellayan Arunachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Madhav Veerapan | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Adhi Venkatachalam | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| **Any Other (specify)** | | 6 | 88,70,34,787 | 88,70,34,787 | 58.02 | 88,70,34,787 | 58.11 | 17,52,33,645 | 19.75 | 88,70,34,787 |
| Tube Investments of India Limited | Promoter | 1 | 88,64,85,532 | 88,64,85,532 | 57.98 | 88,64,85,532 | 58.07 | 17,52,33,645 | 19.77 | 88,64,85,532 |
| Ambadi Investments Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Ambadi Enterprises Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Carborundum Universal Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Murugappa Educational and Medical Foundation | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M A Alagappan Holdings Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| A M M Vellayan Sons P Ltd | Promoter Group | 1 | 1,785 | 1,785 | 0.00 | 1,785 | 0.00 | 0.00 | 0.00 | 1,785 |
| M. M. Muthiah sons Private Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M. M. Muthiah Research Foundation | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M A Murugappan Holdings LLP (Formerly, M A Murugappan Holdings Private Limited) | Promoter Group | 1 | 3,69,530 | 3,69,530 | 0.02 | 3,69,530 | 0.02 | 0.00 | 0.00 | 3,69,530 |
| AR Lakshmi Achi Trust | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| E. I. D. Parry (India) Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Parry America Inc | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Parry Infrastructure Company Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Coromandel International Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Alimtec S.A. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Chemicals Limited (formerly Parry Chemicals Limited) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CFL Mauritius Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Australia Pty Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel America SA | Promoter | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| (Formerly, Sabero Organics America SA) | Group | | | | | | | | | |
| Sabero Argentina SA | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Crop Protection Philippines Inc (Formerly, Sabero Organics Philippines Asia Inc.) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Agronegocios De Mexico S.A. DE C.V. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Brasil Ltda (Limited Liability Company) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Yanmar Coromandel Agrisolutions Pvt. Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Tunisian Indian Fertilizer S.A., Tunisia | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Foskor (Pty) Limited, South Africa | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| US Nutraceuticals LLC | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Parry Sugars Refinery India Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Algavista Greentech Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| La Bella Botanics LLC | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Dare Ventures Limited (Formerly, Dare Investments Limited) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| New Ambadi Estates Pvt. Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Parry Enterprises India Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Parry Agro Industries Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Murugappa Management Services Private Limited (Formerly Murugappa Management Services Limited) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Parry Murray Ltd. UK | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Financiere C 10 | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Sedis, SAS | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Sedis Company Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Sedis GmbH | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Great Cycles (Private) Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Creative Cycles (Private) Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Shanthi Gears Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Cholamandalam Securities Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Cholamandalam Leasing Ltd. (Formerly Cholamandalam Home Finance Ltd.) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Chola Insurance Distribution Services Pvt. Ltd. (Formerly Chola Insurance Services Pvt. Ltd.) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Chola Business Services Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Cholamandalam Investment and Finance Co. Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Kartik Investments Trust Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Cholamandalam MS General Insurance Company Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Cholamandalam MS Risk Services Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Chola People and Marketing Services Pvt Ltd. (Formerly, Chola People Services Pvt Ltd.) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Cholamandalam Financial holdings Limited(Formerly, TI Financial Holdings Limited &TII) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI America Inc. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Net Access (India) limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Southern Energy Development Corporation Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Sterling Abrasives Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI (Australia) Pty Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI Middle East FZE | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI International Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Volszhsky Abrasives Works | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Foskor Zirconia Pty Limited, South Africa | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI Abrasives and Ceramics Company Ltd, China | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI Europe s.r.o | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Wendt (India) Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Murugappa Morgan Thermal Ceramics Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CIRIA India Ltd. | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel International (Nigeria) Ltd | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Parry International DMCC | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Mali Sasq, West Africa | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Pluss Advanced Technologies Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Pluss Advanced Technologies B.V., Netherlands | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI AWUKO Abrasives GmbH (Formerly CUMI GmbH, Germany ) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Rhodius Abrasives GmbH (Formerly CUMI Abrasives GmbH, Germany) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| TI Clean Mobility Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| PAYSWIFF Technologies Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Payswiff PTE Limited, Singapore | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Murugappa Water Technology and Solutions Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Kan and More Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| RHODIUS Nederland B.V | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| RHODIUS S.A.R.L., France | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| RHODIUS Korea INC., South | Promoter | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| Korea | Group | | | | | | | | | |
| RHODIUS SOUTH AMERICA Ltda, Brazil | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| IPLTech Electric Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Moshine Electronics Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| TI Medical Private Limited (Lotus Surgicals Private Limited) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| 3xper Innoventure Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Mavco Investments Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| TIVOLT Electric Vehicles Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Jayem Automotives Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Technology Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Insurance and Multi Services Limited (Formerly Coromandel Solutions Limited) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Phase Lifestyle Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Coromandel Engineering Company Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| 3xper Innoventure Labs Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| UW Design LLP | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Boat Club Ventures LLP | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| TICMPL Technology | Promoter | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| (Shenzhen) Co. Limited | Group | | | | | | | | | |
| Silicon Carbide products LLC | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| CUMI USA Inc | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| KCALTech System India Private Limited | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Chola Foundation | Promoter Group | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| **Partnership Firms** | | 1 | 5,100 | 5,100 | 0.00 | 5,100 | 0.00 | 0.00 | 0.00 | 5,100 |
| Kadamane Estates Company | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Yelnoorkhan Group Estates | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Murugappa & Sons (M.V.Subbiah, M A A and M M M hold shares on behalf of the Firm) | Promoter Group | 1 | 5,100 | 5,100 | 0.00 | 5,100 | 0.00 | 0.00 | 0.00 | 5,100 |
| **Trusts** | | **2** | **1,72,840** | **1,72,840** | **0.01** | **1,72,840** | **0.01** | **0.00** | **0.00** | **1,72,840** |
| Lakshmi Ramaswamy Family Trust (A A AI & Lakshmi Ramaswamy holds on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Muthiah Family Trust (M M Venkatachalam & M V Muthiah holds shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Veerappan Family Trust (M M M & Meenkashi M holds shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Muthiah Family Trust (M M Murugappan & M M Muthiah holds shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Subramanian Family Trust | Promoter | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| (M M V & M V S holds shares on behalf of the Trust) | Group | | | | | | | | | |
| M M Murugappan Family Trust (M M M and M M hold shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Meenakshi Murugappan Family Trust (M M M and Meenakshi M hold shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Lakshmi Venkatachalam Family Trust (M M V and Lakshmi V hold shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Shambho Trust (M V Subbiah and S Vellayan hold shares) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Saraswathi Trust (M V Subbiah, S V and M V Seetha S hold shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| AMM Foundation | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| V S Bhairavi Trust (M V Subbiah & Vellayan Subbiah holds shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| K S Shambhavi Trust (M V Subbiah & S Vellayan holds shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M M Venkatachalam Family Trust (M M V and Lakshmi V hold shares on behalf of the Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| M V Seetha Subbiah Benefit Trust (M V Subbiah & Subbiah Vellayan holds shares) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| Valli Subbiah Benefit Trust | Promoter | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| Category of shareholder | Shareholder Type | Nos. of shareholders | No. of fully paid up equity shares held | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | Number of Locked in shares | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No.(a) | As a % of total Shares held(b) | Class eg: X | Total | |
| (Subbiah Vellayan and M V Subbiah holds shares) | Group | | | | | | | | | |
| Arun Alagappan (A Alagappan & AA Alagammai holds on behalf of M A Alagappan Grand Children Trust) | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| MAM Arunachalam (MAM A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | Promoter Group | 1 | 1,25,090 | 1,25,090 | 0.01 | 1,25,090 | 0.01 | 0 | 0 | 1,25,090 |
| Sigappi Arunachalam Sigappi Arun,MAM Arunachalam & AMMeyyammaiholdsshares-Murug.Arun.ChildrenTrust | Promoter Group | 1 | 47,750 | 47,750 | 0.00 | 47,750 | 0.00 | 0 | 0 | 47,750 |
| **Sub Total A1** | | 19 | 88,76,50,111 | 88,76,50,111 | 58.06 | 88,76,50,111 | 58.15 | 17,52,33,645 | 19.74 | 88,76,50,111 |
| **A2) Foreign** | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M M VEERAPPAN | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| M VALLIAMMAI | Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| **A=A1+A2** | | 19 | 88,76,50,111 | 88,76,50,111 | 58.06 | 88,76,50,111 | 58.15 | 17,52,33,645 | 19.74 | 88,76,50,111 |

**Statement showing shareholding pattern of the public Shareholders**

| Category and Name of the Shareholders | No. of shareholder | No. of fully paid up equity shares held | Total no. shares held | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | No. of equity shares held in dematerialized form (Not Applicable) | Sub-categorization of shares (XV) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Shareholding (No. of shares) under | | |
| | | | | | | | | Subcategory (i) | Subcategory (ii) | Subcategory (iii) |
| **B1) Institutions** | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | - | - | - |
| **B2) Institutions (Domestic)** | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | - | - | - |
| **Mutual Funds** | 35 | 13,25,52,769 | 13,25,52,769 | 8.67 | 13,25,52,769 | 8.68 | 13,25,49,319 | - | - | - |
| Axis Elss Tax Saver Fund | 1 | 2,02,85,109 | 2,02,85,109 | 1.33 | 2,02,85,109 | 1.33 | 2,02,85,109 | - | - | - |
| Motilal Oswal Flexi Cap Fund | 1 | 2,54,76,684 | 2,54,76,684 | 1.67 | 2,54,76,684 | 1.67 | 2,54,76,684 | - | - | - |

| Category and Name of the Shareholders | No. of shareholder | No. of fully paid up equity shares held | Total no. shares held | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | No. of equity shares held in dematerialized form (Not Applicable) | Sub-categorization of shares (XV) Shareholding (No. of shares) under | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Subcategory (i) | Subcategory (ii) | Subcategory (iii) |
| **Alternate Investment Funds** | 37 | 1,82,53,164 | 1,82,53,164 | 1.19 | 1,82,53,164 | 1.20 | 1,82,53,164 | - | - | - |
| **Banks** | 8 | 21,970 | 21,970 | 0.00 | 21,970 | 0.00 | 18,830 | - | - | - |
| **Provident Funds/ Pension Funds** | 1 | 2,48,16,759 | 2,48,16,759 | 1.62 | 2,48,16,759 | 1.63 | 2,48,16,759 | - | - | - |
| NPS Trust – A/C SBI Pension Fund Scheme– State Govt | 1 | 2,48,16,759 | 2,48,16,759 | 1.62 | 2,48,16,759 | 1.63 | 2,48,16,759 | - | - | - |
| **NBFCs registered with RBI** | 10 | 1,85,734 | 1,85,734 | 0.01 | 1,85,734 | 0.01 | 1,85,734 | - | - | - |
| **Any Other (Institutions (Domestic))** | 20 | 3,18,78,682 | 3,18,78,682 | 2.09 | 3,18,78,682 | 2.09 | 3,18,78,682 | - | - | - |
| Qualified Institutional Buyers | 20 | 3,18,78,682 | 3,18,78,682 | 2.09 | 3,18,78,682 | 2.09 | 3,18,78,682 | - | - | - |
| **Sub Total B1** | 111 | 20,77,09,078 | 20,77,09,078 | 13.59 | 20,77,09,078 | 13.61 | 20,77,02,488 | - | - | - |
| **B3) Institutions (Foreign)** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | - | - |
| **Foreign Portfolio Investors Category I** | 582 | 18,95,27,428 | 18,95,27,428 | 12.40 | 18,95,27,428 | 12.42 | 18,95,27,428 | - | - | - |
| **Foreign Portfolio Investors Category II** | 30 | 86,92,859 | 86,92,859 | 0.57 | 86,92,859 | 0.57 | 86,92,859 | - | - | - |
| **Any Other (Institutions (Foreign))** | 12 | 65,524 | 65,524 | 0.00 | 65,524 | 0.00 | 18,375 | - | - | - |
| **Any Other** | 1 | 18,375 | 18,375 | 0.00 | 18,375 | 0.00 | 18,375 | - | - | - |
| FII | 11 | 47,149 | 47,149 | 0.00 | 47,149 | 0.00 | 0 | - | - | - |
| **Sub Total B2** | 624 | 19,82,85,811 | 19,82,85,811 | 12.97 | 19,82,85,811 | 12.99 | 19,82,38,662 | - | - | - |
| **B4) Central Government/ State Government(s)/ President of India** | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 | - | - | - |
| **Central Government / President of India** | 2 | 1,986 | 1,986 | 0.00 | 1,986 | 0.00 | 1,986 | - | - | - |
| **Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter** | 1 | 22,000 | 22,000 | 0.00 | 22,000 | 0.00 | 22,000 | - | - | - |
| **Sub Total B3** | 3 | 23,986 | 23,986 | 0.00 | 23,986 | 0.00 | 23,986 | - | - | - |
| **B5) Non-Institutions** | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 | - | - | - |
| **Key Managerial Personnel** | 1 | 39,140 | 39,140 | 0.00 | 39,140 | 0.00 | 39,140 | - | - | - |
| **Investor Education and Protection Fund (IEPF)** | 1 | 23,74,044 | 23,74,044 | 0.16 | 0 | 0.00 | 23,74,044 | - | - | - |
| **Resident Individuals holding nominal share capital up to** | 4,82,309 | 13,04,10,915 | 13,04,10,915 | 8.53 | 13,04,10,915 | 8.54 | 12,85,30,350 | - | - | - |

| Category and Name of the Shareholders | No. of shareholder | No. of fully paid up equity shares held | Total no. shares held | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | No. of equity shares held in dematerialized form (Not Applicable) | Sub-categorization of shares (XV) Shareholding (No. of shares) under | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Subcategory (i) | Subcategory (ii) | Subcategory (iii) |
| **Rs. 2 lakhs** | | | | | | | | | | |
| **Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs** | 180 | 6,31,29,691 | 6,31,29,691 | 4.13 | 6,31,29,691 | 4.14 | 6,31,29,691 | - | - | - |
| **Non Resident Indians (NRIs)** | 9,888 | 65,76,367 | 65,76,367 | 0.43 | 65,76,367 | 0.43 | 65,43,119 | - | - | - |
| **Foreign Nationals** | 1 | 808 | 808 | 0.00 | 808 | 0.00 | 808 | - | - | - |
| **Bodies Corporate** | 1748 | 3,25,57,227 | 3,25,57,227 | 2.13 | 3,25,57,227 | 2.13 | 3,25,49,444 | - | - | - |
| **Any Other (specify)** | 31 | 1,12,266 | 1,12,266 | 0.01 | 1,12,266 | 0.01 | 1,12,266 | - | - | - |
| Immediate Relative of Independent Director | 1 | 63,000 | 63,000 | 0.00 | 63,000 | 0.00 | 63,000 | - | - | - |
| Clearing Members | 7 | 12,515 | 12,515 | 0.00 | 12,515 | 0.00 | 12,515 | - | - | - |
| Trusts | 23 | 36,751 | 36,751 | 0.00 | 36,751 | 0.00 | 36,751 | - | - | - |
| **Sub Total B4** | 4,94,159 | 23,52,00,458 | 23,52,00,458 | 15.38 | 23,28,26,414 | 15.25 | 23,32,78,862 | - | - | - |
| **B=B1+B2+B3+B4** | 4,94,897 | 64,12,19,333 | 64,12,19,333 | 41.94 | 63,88,45,289 | 41.85 | 63,92,43,998 | - | - | - |

### Statement showing shareholding pattern of non-Promoter - non-public Shareholders

| Category & Name of the Shareholders (I) | No. of shareholder (III) | No. of fully paid up equity shares held (IV) | Total no. shares held (VII = IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII) | Number of equity shares held in dematerialized form (XIV) (Not Applicable) |
|---|---|---|---|---|---|
| C1) Custodian/DR Holder | 0 | 0 | 0 | 0.00 | 0 |
| C2) Employee Benefit Trust | 0 | 0 | 0 | 0.00 | 0 |

## ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the Bid, payment of Application Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders are required to confirm and are deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "**Selling Restrictions**" and "**Transfer Restrictions and Purchase Representations**" on pages* 246 *and* 253*, respectively*.

*Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations and other applicable laws.*

### Qualified Institutions Placement

**THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.**

This Preliminary Placement Document and the Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act and other applicable provisions, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 through the mechanism of a QIP wherein a listed company in India may issue Equity Shares to Eligible QIBs, provided that certain conditions are met by such Company. Some of the conditions are set out below:

- the Shareholders have passed a special resolution through postal ballot approving the Issue. Such special resolution *inter alia* specifies (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of the Issue, the contribution made by the Promoter or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on a recognized stock exchange in India having nation-wide trading terminals, for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to pass the above-mentioned special resolution except for Equity Shares allotted during the preceding one year from the date of this Preliminary Placement Document. For details, see *"**Capital Structure**"* on page 73;

- In accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be done in dematerialized form only to the allottees;

- invitation to apply in the Issue must be made through a private placement offer cum application (i.e., this Preliminary Placement Document) and an Application Form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company earlier or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- our Directors and Promoters are not Fugitive Economic Offenders;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application (i.e., this Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- our Company acknowledges the offerings of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- our Company, our Directors or Promoters have never been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI; and

- our Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016.

At least 10% of the Equity Shares issued pursuant to this Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Bidders were required to make certain representations, warranties and undertakings in order to participate in the Issue. Bidders are deemed to have represented to us and the BRLMs in order to participate in the Issue that either they (i) are U.S. QIBs purchasing the Equity Shares pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made. For details, see sections entitled '*Representations by Investors*', '*Selling Restrictions*' and '*Transfer Restrictions and Purchase Representations*' beginning on pages 4, 246 and 253, respectively of this Preliminary Placement Document.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Securities Issue Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the special resolution of the Shareholders passed through postal ballot on December 18, 2024, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being December 18, 2024 and within 60 days from the date of receipt of Application Amount from the Successful Bidders, failing which our Company shall refund the Application Amount in accordance with applicable laws. For details of refund of Application Amount, see "***– Pricing and Allocation****" and "****– Designated Date and Allotment of Equity Shares***" on pages 240 and 241, respectively.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary

Placement Document and the Placement Document that shall contain all material information required under applicable laws including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and
- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "***– Bid Process – Application Form***" on page 237.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

Our Company has filed a draft of this Preliminary Placement Document with each of the Stock Exchanges and has received the in-principle approvals of the Stock Exchanges, each dated June 30, 2025 under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to this Issue on the Stock Exchanges. We will file a copy of the Placement Document with the Stock Exchanges. We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules

**Allotments made to VCFs, and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.**

**The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 246 and 253, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs".**

**The Equity Shares issued pursuant to the Issue have not been and will not be registered, listed, or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Issue Procedure**

1. On and from the Issue Opening Date, our Company in consultation with the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the

RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the BRLMs, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount transferred to the escrow account specified in the Application Form and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable laws in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable laws. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to indicate the following in the Application Form:

   - Full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

   - Equity Shares held by the Bidders in our Company prior to the Issue;

   - details of the depository account to which the Equity Shares should be credited;

   - a representation that it is either (i) a U.S. QIB purchasing the Equity Shares pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made and is not an affiliate of our Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form;

   - Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form.

5. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or

withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "**–** ***Refunds***" on page 241.

6. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision in the Issue Price before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or after the Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price and number of the Equity Shares to be issued pursuant to the Issue and Allocation to the Successful Bidders. Upon such determination, the Book Running Lead Managers, on behalf of our Company, will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of this Preliminary Placement Document and Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and will be in consultation with the Book Running Lead Managers**.

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

10. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

11. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution by the Board or its Committee approving the Allotment and prior to crediting the Equity Shares allotted pursuant to this Issue, into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to the Successful Bidders. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted (as set out in the Application Form).

**Qualified Institutional Buyers**

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs who can participate in the Issue as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions (which are resident in India);
- mutual funds registered with SEBI;
- pension funds with minimum corpus of ₹ 25 crores registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹ 25 crores;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI;
- foreign venture capital investors registered with SEBI; and
- subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

**Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. FVCIs are not permitted to participate in this Issue.**

Please note that participation by non-residents in this Issue is restricted to participation by Eligible FPIs under Schedule II of the FEMA Rules, subject to the limits prescribed under the SEBI FPI Regulations and the FEMA Rules. Further, AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations and the FEMA Rules, the issue of Equity Shares to a single FPI including its investor group (which means the multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control, shall be treated as part of the same investor group) must be below 10% of our post-Issue Equity Share capital and the total holding of all FPIs, collectively, shall be below 24% of the paid-up equity share capital of our Company. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI (including its investor group) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

As per the FPI Operational Guidelines, these investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed Central Depository Services Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the Issue and sale of the Equity Shares in certain jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 246 and 253, respectively.

**Restriction on Allotment**

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company, and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

**Our Company and the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.**

**A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.**

***Note:*** *Affiliates or associates of the Book Running Lead Managers who are QIBs, may participate in the Issue in compliance with applicable laws.*

**Bid Process**

***Application Form***

Bidders shall only use the serially numbered Application Forms (which are specifically addressed to them) supplied by our Company and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, a Bidder will be deemed to have made the representations, warranties, acknowledgements and undertakings given or made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 1, 4, 246 and 253, respectively, including as follows:

1. The Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Bidder confirms that it is not a Promoters and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

4. The Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI having a valid and existing registration with SEBI under the applicable laws in India, and is eligible to invest in India under applicable law, including the FEMA Rules and the restrictions stated under this section, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

6. The Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. The Bidder confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB or as specified in this Preliminary Placement Document;

8. The Bidder confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Bidder acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs;

11. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

12. The Eligible QIB is either (i) a U.S. QIB purchasing the Equity Shares pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made and is not an affiliate of our Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

13. The Bidder acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

14. The Bidder confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; and

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up equity capital of our Company on a fully diluted basis. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations read with the FEMA Rules, along with the restrictions specified above in this section.

You are eligible to invest and hold the Equity Shares of our Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and the FDI Policy, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. You confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

**ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER (AS THE CASE MAYBE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.**

**IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.**

**IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY OR STOCK EXCHANGES IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.**

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

***Submission of Application Form***

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as the case maybe). The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

| Name of the Book Running Lead Manager | Address | Contact Person | Email | Contact number |
|---|---|---|---|---|
| IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*) | 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, Maharashtra, India | Dhruv Bhavsar/Pawan Kumar Jain | cgpower.qip@iiflcap.com | +91 22 4646 4728 |
| DAM Capital Advisors Limited | Altimus 2202, Level 22, Pandurang Budhkar Marg, Worli, Mumbai 400018, Maharashtra, India | Arpi Chheda / Shital Shah | cgpower.qip@damcapital.in | +91 22 4202 2500 |
| HSBC Securities and Capital Markets (India) Private Limited | 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra, India | Harsh Thakkar / Harshit Tayal | cgpowerqip@hsbc.co.in | +91 22 6864 1289 |

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

**Bank Account for Payment of Application Amount**

Our Company has opened the "CG Power and Industrial Solutions Ltd - QIP Escrow A/c" ("**Escrow Account**") with HDFC Bank Limited, our Escrow Agent, in terms of the arrangement among our Company, the Book Running Lead Managers and IndusInd Bank Limited as the Escrow Agent. Bidders will be required to deposit the entire Application Amount payable for the

Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws. Bidders can make payment of the Application Amount only through electronic transfer of funds from their own bank account.

**Note: Payments are to be made only through electronic fund transfer from the Bidder's own bank account.**

**Note: Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be rejected.**

Pending Allotment, our Company undertakes to utilise the amount deposited in "CG Power and Industrial Solutions Ltd - QIP Escrow A/c" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "***– Refunds***" on page 241.

**Pricing and Allocation**

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchange(s) during the two weeks preceding the Relevant Date. However, a discount of not more than 5% of the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations, as approved by our Shareholders pursuant to special resolution passed through postal ballot dated December 18, 2024, may be offered by our Company in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Securities Issue Committee of our Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

***Build-up of the book***

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

***Method of Allocation***

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

**THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.**

**CAN**

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them the, Issue Price and the Application Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board, or a duly authorised committee thereof, will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

**Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.**

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "***Representations by Investors***" on page 4 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

***Designated Date and Allotment of Equity Shares***

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, our Company will apply for the final trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees, belonging in the same group or under common control in the Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company will be disclosed in the Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

**Refunds**

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted (as set out in the Application Form). The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN in the manner set out in the refund intimation which will be dispatched to the Bidder.

In the event we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% p.a. from the expiry of the 60$^{th}$ day.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final listing and trading approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us

**Release of Funds to our Company**

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

**Other Instructions**

***Permanent Account Number or PAN***

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. However, this requirement may not apply to certain Bidders who are exempted from the requirement of obtaining a PAN under the IT Act. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

***Bank account details***

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

***Right to Reject Applications***

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see "– ***Refunds***" on page 241.

***Equity Shares in dematerialised form with NSDL or CDSL***

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

## PLACEMENT AND LOCK-UP

### Placement Agreement

The Book Running Lead Managers have entered into the Placement Agreement dated June 30, 2025 with our Company, pursuant to which the Book Running Lead Managers have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the BRLMs, and it is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares post the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, and (b) outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 246 and 253, respectively. This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers (or their affiliates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "***Offshore Derivative Instruments***" on page 9.

From time to time, the Book Running Lead Managers, and their affiliates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, Subsidiaries, group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which compensation has been paid or will be paid to the Book Running Lead Managers and their affiliates.

### Company Lock-up

Our Company undertakes that it will not for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of our Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit

Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. However, the foregoing restriction shall not be applicable to the (i) the issuance of the Equity Shares pursuant to the Issue; (ii) issuance of Equity Shares pursuant to any employee stock option scheme of the Company in force as of the date of the Placement Agreement, in accordance with Applicable Law; and (iii) any transaction required by law or an order of a court of law or a statutory authority.

**Promoter Lock-up**

Our Company acknowledges that our Promoter has undertaken that it will not for a period of 60 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. It is clarified that the lock-in restriction above shall not apply to any inter-se transfer of Equity Shares among Promoter and Promoter Group, in compliance with applicable law and the lock-in restriction above shall continue to be applicable to such transferred Equity Shares in the hands of such transferee Promoter/Promoter Group.

## SELLING RESTRICTIONS

*The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.*

*This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act, 2013.*

### General

No action has been taken or will be taken by our Company or the BRLMs that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "***Transfer Restrictions and Purchase Representations***", "***Notice to Investors***" and "***Representations by Investors***" on page 253, 1 and 4 respectively.

### Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

### Australia

This Preliminary Placement Document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a prospectus or disclosure document under the Australian Corporations Act. This Preliminary Placement Document has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it with ASIC. No offer will be made under this Preliminary Placement Document to any person to whom disclosure is required to be made under Chapter 6D of the Australian Corporations Act. Any offer in Australia of the Equity Shares under this Preliminary Placement Document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act which permit the offer of the Equity Shares without disclosure under Part 6D.2 of the Australian Corporations Act.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to the Company that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to any person in Australia except in circumstances where disclosure to such person is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

**Bahrain**

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Preliminary Placement Document and the Equity Shares that shall be offered pursuant to this Preliminary Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Preliminary Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Preliminary Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Preliminary Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

**Cayman Islands**

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Preliminary Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

**Dubai International Financial Centre**

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

**European Economic Area**

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Book Running Lead Manager of such fact in writing and has received the consent of the Book Running Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

**Hong Kong**

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

**Japan**

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). The Preliminary Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in the Preliminary Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

**Republic of Korea**

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

**Kuwait**

This Preliminary Placement Document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

**Malaysia**

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Preliminary Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

**Mauritius**

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

**Qatar (excluding the Qatar Financial Centre)**

This Preliminary Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Book Running Lead Manager are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Book Running Lead Manager are, by distributing this Preliminary Placement Document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

**Qatar and Qatar Financial Centre**

Nothing in this Preliminary Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar

Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Preliminary Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Preliminary Placement Document is strictly private and confidential. This Preliminary Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this Preliminary Placement Document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

**Saudi Arabia**

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

**Singapore**

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

**Singapore SFA Product Classification**: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Sultanate of Oman**

The information contained in this Preliminary Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Preliminary Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Preliminary Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Preliminary Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Preliminary Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Preliminary Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

**Switzerland**

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Preliminary Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

**United Arab Emirates (excluding the Dubai International Financial Centre)**

This Preliminary Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this Preliminary Placement Document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth**

**Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

**United Kingdom**

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document or any of its contents. The Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

**United States of America**

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 246 and 253, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs".

**Other Jurisdictions**

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

## TRANSFER RESTRICTIONS AND PURCHASE REPRESENTATIONS

*Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of Equity Shares.*

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the floor of the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any offer, resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "***Selling Restrictions***" on page 246.

### U.S. TRANSFER RESTRICTIONS

### U.S. Offer Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States, by accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Book Running Lead Managers as follows:

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A), (B) are aware that the sale of the Equity Shares to you is being made in reliance upon the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act and (C) are acquiring such Equity Shares for its own account or for the account of a "qualified institutional buyer" (as defined in Rule 144A);

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, (ii) in an "offshore transaction" as defined in and in reliance upon Regulation S, (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made;

- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any directed selling efforts;

- The Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Preliminary Placement Document, as it may be supplemented;

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions;

- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company's request;

- You have been provided access to this Preliminary Placement Document which you have read in its entirety; and

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Book Running Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions will not be recognized by us.

**Global Offer Purchaser Representations and Transfer Restrictions**

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of my Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Book Running Lead Managers and their respective affiliates shall have any responsibility in this regard;

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States of America (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Preliminary Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Book Running Lead Managers, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

## THE SECURITIES MARKET OF INDIA

*The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.*

### The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

### Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

### BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

### NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

### Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, 2013 the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by SEBI and the Stock Exchanges. The SCRA and the SCRR empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.
Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended, govern the voluntary and compulsory delisting of equity shares from the stock exchanges. Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

**Minimum Level of Public Shareholding**

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such commencement or fall, respectively, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

**Index-Based Market-Wide Circuit Breaker System**

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.
The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

**Internet-based Securities Trading and Services**

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

**Trading Hours**

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

**Trading Procedure**

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation fully automated BSE on-line trading platform (“**BOLT+**”) through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.
NSE has introduced a fully automated trading system called National Exchange for Automated Trading (“**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

**Settlement**

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday.

**SEBI Listing Regulations**

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

**SEBI Takeover Regulations**

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

**SEBI Insider Trading Regulations**

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").
The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for Promoters, members of the Promoter group, designated person and director in case value of trade exceed monetary threshold of ₹10 lakh or such other value as may be specified over a calendar quarter, within two trading days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that, the board of directors or head(s) of the listed entities shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.
Further, the board of directors or head(s) of the listed entities are required to maintain a structured digital database containing, *inter alia*, the nature of UPSI, the names of such persons who have shared the UPSI and the names of persons with whom such UPSI is shared under the SEBI Insider Trading Regulations.

**Depositories**

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

**Derivatives (Futures and Options)**

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

## DESCRIPTION OF THE EQUITY SHARES

*The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares. Capitalised terms used and not defined herein, shall have the same meaning as ascribed to such words in the Memorandum and Articles of Association.*

### Share Capital

The authorised share capital of the Company is ₹ 4,076,000,000 comprising of 2,038,000,000 Equity Shares. As on the date of this Preliminary Placement Document, the issued, subscribed and paid-up capital of the Company is ₹ 3,058,157,768 comprising of 1,529,078,884 Equity Shares. For further details please see "***Capital Structure***" on page 73. The Equity Shares are listed on BSE and NSE.

### Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act provides that shares of the same class of a company must receive equal dividend treatment.

These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorize the Board to pay to the members such interim dividends of such amount on such class of shares and at such time as it may think fit. Under the Companies Act dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant AGM, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

No dividend shall be payable except out of the profits of the year or past profits of the Company, or otherwise than in accordance with the provisions of the Act and no dividend shall carry interest as against the Company.

### Bonus Shares

In addition to permitting dividends to be paid as described above, the Companies Act permits the Board, subject to the approval of the Shareholders of our Company, to distribute to the Shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the Shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares shall not be issued in lieu of dividend. Further, listed companies are also required to follow the SEBI ICDR Regulations for issuance of bonus shares.

### Pre-Emptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. Under the Companies Act, in the event of an issuance of securities, subject to the limitations set forth above, our Company must first offer the new Equity Shares to the holders of Equity Shares at the date of offer. The offer shall be made by notice specifying the number of Equity Shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer, required to be made by notice, shall include a statement that the right exercisable by the Shareholders to renounce the Equity Shares offered in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, in the event a special resolution to that effect is passed by our Shareholders in a general meeting. In addition, our Company will also be required to comply with the SEBI ICDR Regulations.

**Issuance of Preference Shares**

Subject to Section 55 of the Companies Act, any new shares may be issued as preference shares or convertible preference shares which are liable to be redeemed in any manner permissible under the Companies Act.

**General meetings of shareholders**

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. Our Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board may convene an EGM when necessary or at the request of Shareholders in accordance with the Companies Act. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the Shareholders. Shorter notice is permitted if consent is received from 95% of the Shareholders entitled to vote at such meeting. As per the provisions of the Companies Act and the Articles of Association, all general meetings other than Annual General Meetings shall be called EGM. The Board may, whenever it thinks fit, call an Extraordinary General Meeting. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Five Shareholders or such other number of Shareholders as required under the Companies Act or applicable laws personally present shall constitute quorum for a general meeting. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

**Voting rights**

A shareholder has one vote for each equity share and voting may be on a poll or through electronic means or postal ballot. In case of show of hands, every member present in person shall have one vote.

Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act read with the rules issued thereunder. Proxy shall not be entitled to vote on voting by show of hands. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

**Transfer and transmission of shares**

Equity Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to STT (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019.

Pursuant to the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

The Equity Shares shall be freely transferable, subject to applicable laws.

**Winding up**

Our Articles of Association provide that on winding up, the liquidator may, with the sanction of a special resolution and any other sanction required under the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company and vest the whole or any part of the assets of the Company in trustees upon such trust for the benefit of the contributories if considered necessary

## INDIAN TAXATION

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

The Board of Directors
CG Power and Industrial Solutions Limited
CG House, 6th Floor, Dr Annie Besant Road,
Worli, Mumbai 400 030,
Maharashtra, India

Dear Sirs/ Madam,

**Statement of Possible Tax Benefits available to CG Power and Industrial Solutions Limited and its shareholders under the Indian Income-tax laws**

1. We hereby confirm that the enclosed Annexure, prepared by CG Power and Industrial Solutions Limited ("the Company" or "CG Power") provides possible tax benefits available to the Company and to shareholders of the Company under Income tax Act, 1961 (the "**Act**") as amended by Finance Act, 2025, the Income tax rules, 1962 ('the Rules'), applicable for the Financial Year 2025-26 relevant to the Assessment year 2026-27, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and/or its shareholders to derive tax benefits is dependent upon their fulfilling the conditions which based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of face value of Rs. 2 each by the Company in a Qualified Institutions Placement in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "Offering"). We are neither suggesting nor advising the investors to invest in the Offering relying on this Statement.

3. We do not express any opinion or provide any assurance as to whether:

   (i) the Company or its shareholders will continue to obtain these benefits in future;
   (ii) the conditions prescribed for availing the benefits have been/would be met with; and
   (iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

5. This Statement is issued solely for inclusion in the Preliminary Placement Document (the "PPD") and the Placement Document (the "PD") in connection with the Offering, to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited and the Securities and Exchange Board of India, and is not to be used, referred to or distributed for any other purpose. We have no responsibility to update this Statement for events and circumstances occurring after the date of this Statement.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Aniruddh Sankaran**
Partner
Membership Number: 211107
UDIN: 25211107BMMKYS4967
Place of Signature: Mumbai
Date: June 30, 2025

## ANNEXURE

## THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO CG POWER AND INDUSTRIAL SOLUTIONS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the Company and its Shareholders under the Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

You should consult your own tax advisors concerning the Indian tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.

**TAXABILITY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')**

### I. POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

**1. Lower corporate tax rate under Section 115BAA of the Act**

Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. F.Y. 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% increased by surcharge of 10% and cess of 4%), provided such domestic companies do not avail specified exemptions/incentives, the same being as follows:

(i) Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone);

(ii) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation);

(iii) Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund);

(iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research);

(v) Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project);

(vi) Deduction under section 35CCD (Expenditure on skill development)

(vii) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M;

(viii) No set off of any loss carried forward or depreciation from any earlier assessment years is permissible, if such loss or depreciation is attributable to any of the deductions referred from clause i to vii above; and

(ix) No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A is permissible, if such loss or depreciation is attributable to any of the deductions referred from clause i to vii above.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under section 115JB of the Act. The CBDT had further issued Circular 29/2019 dated October 2, 2019 clarifying that since the MAT provisions under section 115JB of the Act itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA of the Act, MAT credit would not be available.

Further, the circular also clarifies that the brought forward losses attributable to additional depreciation and MAT credit of earlier years will not be eligible to be set off against income under Section 115BAA of the Act.

As per Section 115BAA(5) of the Act, the Company is required to file Form 10-IC with the department by declaring its option to avail the concessional tax rate by due date of filing return of income under Section 139(1) of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other financial year.

The Company has opted to pay tax under section 115BAA of the Act from the Assessment year 2021-22 onwards.

**2. <u>Benefits while computing total taxable income.</u>**

**(i) Deduction in respect of Research and Development under section 35 of the Act**

The Company has its research and development centres at Nashik, Ahmednagar, Mandideep and Aurangabad which are also recognized by the Department of Scientific and Industrial Research (DSIR) and Ministry of Science & Technology.

As per Section 35(1)(i) of the Act, 100% deduction is allowed in respect of revenue expenditure on scientific research for the R&D unit in the year which the expense is incurred. Further, as per Section 35(1)(iv) of the Act, the capital expenditure incurred in the said unit (except the cost of land) towards scientific research would be eligible for 100% deduction to the company in the year of incurring the same, subject to compliances as prescribed under the Income Tax Act and related Rules made for the same.

**(ii) Deduction against/with respect to income by way of dividends**

As per amendment vide Finance Act, 2020 with effect from April 1, 2020, dividend income is taxable in the hands of shareholders/unitholders at the applicable rates and the domestic company or specified company or mutual funds is not required to pay dividend distribution tax. Further, by virtue of Section 56(2)(i) of the Act, the dividend income is taxable in hands of shareholders/unitholders under the head ‘income from other sources.

Further, as per Section 57(i) of the Act, any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising such dividend is allowed as deduction from such dividend income. Further, as per Section 57(iii) of the Act, any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning such income is allowed as deduction from such dividend income.

Further, as per proviso to Section 57, a deduction to the extent of 20% of dividend income is available on account of interest expense.

Further, the Finance Act, 2020 has inserted Section 80M to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date (the explanation to Section 80M of the Act defines the term due date as one month prior to filing return of income under Section 139(1) of the Act) for such year. The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act.

## II. <u>POSSIBLE TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY</u>

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of conditions specified in the Act:

1. <u>For residential shareholders</u>

(i) Taxability of dividend income from shares of the Company

- Dividend income earned on shares of the Company will be taxable in the hands of shareholders as ‘income from other sources’ at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

- Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before one month before the due date of filing return of income for such year.

(ii) Taxability of gain/loss arising from sale of share of the Company

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 12.5% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,25,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be taxed at the rate of 12.5% (plus applicable surcharge and cess).

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 20% (plus applicable surcharge and cess if any).

In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long term capital gains arising on transfer of the shares of the company shall be exempt from capital gains under section 54F, if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

2. <u>For non-resident shareholders being Foreign Portfolio Investors ('FPIs')/Foreign Institutional Investors ('FIIs')</u>

(i) <u>Taxability of dividend income from shares of the company</u>

Dividend income earned on the shares of the Company will be taxable in the hands of the shareholders as 'income under other sources' at tax rate applicable to such shareholder.

(ii) Taxability of gain/loss arising from sale of shares of the Company

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD of the Act provides for rate of 12.5% (applicable for transfers after July 23, 2024) (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,25,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares.

Under section 115AD(1)(ii) of the Act, income by way of short-term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 20% (applicable for transfers after July 23, 2024) (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

(iii) Other aspects

Pursuant to CBDT press release dated September 24, 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the FII/FPI or the provisions of the Act, to the extent they are more beneficial to the FII/FPI.

3. For non-resident shareholders, other than FPIs/ FIIs

(i) Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act.

(ii) Taxability of gain/loss arising from sale of shares of the Company

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 12.5% (applicable for transfers after July 23, 2024) (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,25,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

Separately, section 55(2)(ac) of the Act provides that cost of acquisition of the specified capital asset (referred to in the aforesaid section 112A of the Act) acquired prior to February 1, 2018, shall be higher of –

(a) Cost of acquisition of asset; and
(b) Lower of –

- the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
- the full value of consideration received or accruing as a result of the transfer of the capital asset.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be at 12.5% (applicable for transfers after July 23, 2024) (plus applicable surcharge and cess if any).

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 20% (applicable for transfers after July 23, 2024) (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

(iii) Other aspects

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

As per Explanation 4 to section 115JB(2) of the Act, the provisions of section 115JB of the Act shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act, 1956 or section 380 of the Companies Act, 2013.

4. For shareholders who are Mutual Funds

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

5. For shareholders who are Venture Capital Companies/Funds

Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before May 21, 2012 or as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein.

As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

6. For shareholders who are Investment Funds

Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration is granted under and is regulated under SEBI (Alternative Investment Funds Regulations), 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head ‘profits and gains of business and profession’, shall be exempt from tax under 10(23FBA).

As per Section 115UB of the Act, any income derived by a person from his investment in an Investment Fund covered under section 10(23FBA) of the Act, other than that proportion which is of the same nature as ‘profits and gains of business and profession’, would be taxable in the hands of the person making such investment in the same manner as if it were the income accruing or arising to or received by such person had the investments made by the Investment Fund been made directly by him.

Notes:

1. The income-tax rates specified in this note are as applicable for the financial year 2025-26, and are exclusive of surcharge and education cess, if any.

2. The above Annexure sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. The above Annexure covers only certain relevant direct tax law benefits. This Annexure also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

4. The above Annexure of possible tax benefits is as per the current direct tax laws relevant for the A.Y. 2026-27. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. We do not assume responsibility to update the views consequent to such changes.

For **CG Power and Industrial Solutions Limited**

Authorised Signatory

Date: June 30, 2025

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

### Certain India Income Tax Considerations

There may be certain material Indian tax consequences to a U.S. holder (as defined below) of ownership of Equity Shares which are based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Preliminary Placement Document. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Equity Shares. For information on Indian taxation, refer to the section "*Indian Taxation*" on page 262 of this Preliminary Placement Document.

### Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain material U.S. federal income tax consequences to a U.S. holder (as defined below) for purchasing, owning and disposing of Equity Shares acquired pursuant to this Issue. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person's decision to acquire Equity Shares.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.**

The discussion applies to you only if you acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") . This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- a broker;
- a dealer in securities, commodities or non-U.S. currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or other financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- an investor who is a U.S. expatriate, former U.S. citizen or former long term resident of the United States;
- a controlled foreign corporation;
- a passive foreign investment company;
- a mutual fund;
- an individual retirement or other tax-deferred account;
- a holder liable for alternative minimum tax;
- a holder that actually, indirectly or constructively owns 10% or more of (i) the total combined voting power of all classes of the Company voting stock or (ii) the total value of all classes of the Company stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes;
- a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or
- a U.S. holder (as defined below) whose functional currency is not the U.S. Dollar.

This section is based on the Code, existing and proposed U.S. Department of the Treasury regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company ("PFIC") rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion.

This discussion is not binding on the U.S. Internal Revenue Service ("IRS") or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS or a court will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

For U.S. federal income tax purposes, you are a "U.S. holder" if you are a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and you are:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

***Taxation of Dividends***

Subject to the PFIC rules described below under "PFIC Considerations", if you are a U.S. holder you generally must include in your gross income as a dividend the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by our Company out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend as ordinary income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares. Notwithstanding the foregoing, our Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

Subject to the PFIC rules described below, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of certain U.S. treaties or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its own tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be "passive category income", which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. holder's particular circumstances. You should consult your own tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

***Taxation of Sale, Exchange or Other Taxable Disposition of Equity Shares***

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares in a taxable disposition, you generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at preferential rates (currently at a maximum rate of 20%). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

***Medicare Tax***

Certain U.S. holders who are individuals, estates or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income", which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

***PFIC Considerations***

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a PFIC. A non-U.S. corporation will be treated as a PFIC for any taxable year in which either: (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of its gross assets during the taxable year (generally based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Cash is generally a passive asset. However, under recently proposed U.S. Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. Further, goodwill is generally treated as an active asset to the extent attributable to activities that produce or are intended to produce active income. In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based on the current and projected composition of our income and assets, including the expected cash proceeds from this offering, and the valuation of our assets, including goodwill, we do not expect to become, a PFIC in the current taxable year or the foreseeable future for U.S. federal income tax purposes. However, no assurance can be given that our Company will not be considered a PFIC in the current or any future taxable years. Our Company's possible status as a PFIC must be determined for each year and cannot be determined until the end of each taxable year. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Company's control, including the amount and nature of our Company's income and assets, as well as on the market valuation of our Company's assets, including goodwill, and Equity Shares, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that our Company is not a PFIC and will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status. If our Company was currently or were to become a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

If we are a PFIC for any fiscal year during which a U.S. holder holds our Equity Shares, we generally will continue to be treated as a PFIC with respect to that U.S. holder for all succeeding fiscal years during which the U.S. Holder holds our Equity Shares, unless we cease to meet the threshold requirements for PFIC status and that U.S. holder makes a qualifying "deemed sale" election with respect to the Equity Shares. If such an election is made, the U.S. holder will be deemed to have sold the Equity Shares it holds at their fair market value on the last day of the last fiscal year in which we qualified as a PFIC, and any gain from such deemed sale will be subject to the consequences described below. After the deemed sale election, the Equity Shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. holder holds our Equity Shares, the U.S. holder may be subject to adverse tax consequences. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of our Equity Shares by the U.S. holder would be allocated ratably over the U.S. holder's holding period for such Equity Shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year. Further, to the extent that any distribution received by a U.S. holder on our Equity Shares exceeds 125% of the average of the annual distributions on such Equity Shares received during the preceding three years or the U.S. holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner described immediately above with respect to gain on disposition.

If we are a PFIC for any fiscal year during which any of our non-U.S. subsidiaries is also a PFIC, a U.S. Holder of our Equity Shares during such year will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. U.S. holders should consult their tax advisers regarding the tax consequences if the PFIC rules apply to any of our subsidiaries. Alternatively, if we are a PFIC and if our Equity Shares are "regularly traded" on a "qualified exchange", a U.S. holder may be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment described above. Our Equity Shares would be treated as ”regularly traded” in any calendar year in which more than a de minimis quantity of the Equity Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFIC that we may own, a U.S. holder that makes a mark-to-market election with respect to us may continue to be subject to the PFIC rules with respect to any indirect investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. If a U.S. holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the Equity Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Equity Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the Equity Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our Equity Shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our Equity Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. holders are urged to consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Alternatively, a U.S. holder of stock in a PFIC may make a so-called ”Qualified Electing Fund” election to avoid the PFIC rules regarding distributions and gain described above. The PFIC taxation regime would not apply to a U.S. holder who makes a QEF election for all taxable years that such U.S. Holder has held our Equity Shares while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. holder who has made a valid and effective QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. Our Company does not intend to provide to U.S. holders the information required to make a valid QEF election and our Company currently makes no undertaking to provide such information. Accordingly, it is currently anticipated that a U.S. holder will not be able to avoid the special tax rules described above by making the QEF election.

In addition, if we are a PFIC or, with respect to particular U.S. holders, are treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns our Equity Shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us, generally with the U.S. holder's federal income tax return for that year. If we are a PFIC for a given taxable year, you should consult your tax advisor concerning your annual filing requirements.

**The U.S. federal income tax rules relating to PFICs are complex. U.S. holders are urged to consult their own tax advisers with respect to the ownership and disposition of our Equity Shares, the consequences if we are or become a PFIC, any elections available with respect to our Equity Shares, and the IRS information reporting obligations with respect to the ownership and disposition of our Equity Shares.**

***Information with Respect to Foreign Financial Assets***

In addition, certain U.S. holders may be subject to certain reporting obligations with respect to Equity Shares if the aggregate value of these and certain other “specified foreign financial assets” exceeds $50,000. If required, this disclosure is made by filing Form 8938 with the IRS. Significant penalties can apply if U.S. holders are required to make this disclosure and fail to do so. In addition, a U.S. holder should consider the possible obligation for online filing of a FinCEN Report 114—Foreign Bank and Financial Accounts Report as a result of holding Equity Shares. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Equity Shares.

***Information Reporting and Backup Withholding***

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an exemption from backup withholding) or to report dividends required to be shown on the U.S. holder’s U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

***The foregoing does not purport to be a complete analysis of the potential tax considerations relating to this Issue, and is not tax advice. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, non-U.S. tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations***

## LEGAL PROCEEDINGS AND OTHER INFORMATION

*Our Company and our Subsidiaries are involved in certain legal proceedings from time to time, which are primarily in the nature of civil suits, arbitrations, criminal complaints, tax disputes and regulatory proceedings before various authorities. These legal proceedings may have been initiated by us or by other parties against us and are pending at different levels of adjudication before various courts, tribunals, and appellate tribunals in various jurisdictions. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.*

*As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's "Policy for Determination of Materiality for Disclosure of Information/Events to Stock Exchanges" framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted and last revised by the Board pursuant to its resolution dated October 29, 2015, July 27, 2023 and March 18, 2025, respectively ("**Materiality Policy**"). Additionally, solely for the purpose of the Issue, this section includes such legal proceedings which have been considered material by our Company, including, inter alia, (i) outstanding criminal litigation (including matters at FIR stage where no/some cognizance has been taken by the court or judicial authority) filed against our Company, Subsidiaries, Directors and Promoters (together, referred to as "**Relevant Parties**"; (ii) outstanding actions initiated (including all penalties and show cause notices received) by statutory or regulatory authorities (including SEBI, RBI, Stock Exchanges or such similar authorities) against the Relevant Parties; (iii) outstanding civil litigation / taxation proceedings / arbitration proceedings involving (which includes cases filed by and against) the Relevant Parties where the amount involved exceeds approximately ₹56.06 crores (the "**Materiality Threshold**"), being 5% of the average of absolute value of profit or loss after tax, based on the last three Audited Consolidated Statement of our Company, in accordance with the materiality policy framed under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (iv) outstanding direct and indirect tax claims (including show cause notices) involving the Relevant Parties, disclosed in a consolidated manner; (v) any inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of the Issue involving our Company and our Subsidiaries and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the Issue for our Company and our Subsidiaries during such period; (vi) any acts of material frauds committed against our Company in the last three years, and if so, action taken by our Company in that regard; (vii) any significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; (viii) any default by our Company including the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; (d) loan from any bank or financial institution and interest thereon; or (e) any default in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder: (ix) any litigation or legal action pending or taken by any ministry or department of the government or a regulatory authority against the Promoters of our Company during the last three years immediately preceding the year of the Issue and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any; (x) any reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Preliminary Placement Document / the Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks; and (xi) any other outstanding litigation involving our Company on a consolidated basis, our Subsidiaries, Directors, Promoters where the amount involved is not quantifiable or is below the Materiality Threshold, which in view of our Company, could have a material adverse effect on the business or operations, prospects, or reputation may be considered material by our Company for the purposes of disclosure in this PPD.*

*Pre-litigation notices received by the Relevant Parties from third parties shall (excluding those notices issued by statutory or governmental or regulatory or taxation authorities or notices threatening criminal action) not, unless otherwise decided by the Board of Directors of our Company, be considered as material litigation until such time that the Relevant Parties, as the case may be, are impleaded as a defendant in litigation proceedings before any judicial or arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.*

*Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section, and disclosure pertaining to each matter.*

For more information see, "*Risk Factors – There are outstanding legal and regulatory proceedings involving our Company, our Subsidiaries, our Promoters, and Directors. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows*." *on page 41.*

### I. Litigation involving our Company

### 1. *Litigation against our Company*

### *a. Criminal litigation*

(i) Senior Inspector of Legal Metrology Department, Lucknow ("**Complainant**"), filed a criminal complaint ("**Complaint**") against our Company before the Magistrate Court at Lucknow ("**Court**") for alleged violation of sections 11 and 28 of the Legal Metrology Act, 2009 by way of an advertisement for "6 borewell submersible". Our Company has filed an appeal before the Court seeking to dismiss the Complaint, clarifying the matter pertains to a different entity and not our Company. The matter is currently pending.

(ii) The State Bank of India ("**Complainant**") filed an FIR against our Company and our erstwhile promoters, directors, and key managerial personnel before the Central Bureau of Investigation ("**CBI**") under section 154 of Cr.P.C., alleging, *inter alia* cheating, criminal conspiracy, criminal misconduct, and forgery, under sections 120B, 409, 420, 467 and 471 of the Indian Penal Code, 1860, in relation to the alleged diversion of public funds during the period from 2015 to 2019, resulting in financial losses to consortium of banks led by the Complainant. The CBI is yet to file its charge sheet. The matter is currently pending.

(iii) The Directorate of Enforcement ("**ED**") initiated an investigation under the Prevention of Money Laundering Act, 2002 ("**PMLA**"), pursuant to an FIR filed by the State Bank of India against our Company, and our erstwhile promoters, directors and key managerial personnel before the CBI, alleging, *inter alia* cheating, criminal conspiracy, criminal misconduct, and forgery under sections amongst others 120B, 409, 420, 467 and 471 of the Indian Penal Code, 1860, in connection with the alleged diversion of public funds during the period from 2015 to 2019, resulting in financial losses to consortium of banks led by the Complainant ("**Financial Loss**"). Subsequently, the ED, by of an order ("**Order**"), issued freezing directive on a bank account opened by our Company to collect funds from a beneficiary linked to the alleged Financial Loss. Our Company has extended its full cooperation to the ED, and has also filed an affidavit in response to the Order, and *inter alia* submitted that, pursuant to the master implementation cum compromise settlement agreement dated November 20, 2020 ("**Settlement Agreement**") entered into between our Company and the consortium of banks led by SBI ("**Consortium**"), the Consortium had agreed to delink our Company from its erstwhile promoters in all respects, consequently there being no grounds to initiate a criminal prosecution against our Company under its current management and promoter. The matter is currently pending.

(iv) Rakesh Kumar Navrang ("**Complainant**") filed a complaint against our Company and others ("**Defendants**") before the Court of Chief Judicial Magistrate at Patna (the "**Court**"), *inter alia* alleging cheating, fraud and fabrication under section sections 120 (3), 420, 467, 468, 469 and 471 of the Indian Penal Code, resulting in financial losses to the Complainant. The Complainant has alleged that an agent of our Company fraudulently and dishonestly attempted to encash a cheque purportedly signed by the Complainant. The Complainant has sought such reliefs as deemed appropriate by the Court. The matter is currently pending.

***b. Actions initiated by statutory or regulatory authorities***

(i) The Securities and Exchange Board of India ("**SEBI**") imposed a penalty of ₹ 0.05 crores ("**Penalty**") on our Company pursuant to order issued by its adjudicating officer under section 23E of the Securities Contracts (Regulation) Act, 1956 ("**SCRA**"). SEBI *inter alia* alleged, our Company failed to make timely disclosures regarding defaults in the repayment of principal and interest on loans availed from banks / financial institutions, in violation of section 21 of SCRA, clause 2(i) of the listing agreement, regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") and the applicable provisions of the loan default circular. Our Company filed an appeal before the Securities Appellate Tribunal, Mumbai ("**Tribunal**") challenging the order passed by the SEBI adjudicating officer. The Tribunal, by way of its order, allowed the appeal and set aside the Penalty. SEBI has filed an appeal before the Supreme Court under section 15Z of the SEBI Act, 1992, challenging the order of the Tribunal. The matter is currently pending.

***c. Material civil litigation***

(i) Induslnd Bank filed an application ("**Application**") against our Company , Avantha Realty Limited, Avantha Holdings Limited and two others (collectively the "**Defendants**"), before the Debt Recovery Tribunal, Delhi ("**Tribunal**") under section 19 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 inter alia seeking to (i) recover ₹ 115.94 crores along with interest thereon at 10.75% per annum compounded monthly with effect from January 1, 2021 from Avantha Realty Limited and Avantha Holdings Limited; and (ii) direct our Company to make payments regarding the arrears of the rent for the property leased by our Company from Avantha Realty Limited along with further directions to keep paying the rent till our Company is in possession of such leased property, as an interim relief. Subsequently, our Company filed a response before the Tribunal inter alia seeking dismissal of the Petition with respect to our Company as it is no longer the lessee of such land and terminated the lease deed by way of a letter. The matter is currently pending.

***d. Material tax litigation***

(i) Our Company filed a revised return of income for the assessment year 2022-23, following which the case was selected for assessment by the assessment unit, income tax department, for specific aspects. Subsequently, an intimation under section 144(1) of the Income Tax Act, 1961 ("**IT Act**") was issued, followed by a show cause notice. Subsequently, the assessment unit passed a final assessment order making certain additions to the total income, pursuant to which a demand of ₹188.79 crores was determined. Our Company has filed an appeal ("**Appeal**") against the assessment order before the Commissioner of Income Tax (Appeals). Further, the High Court of Judicature at Bombay ("**High Court**") has stayed the proceedings in relation to the assessment order until the final outcome order for the assessment year 2021-2022 has been passed. Further, the High Court by way of its order dated December 4, 2024 stayed the tax demand. The matter is currently pending.

(ii) Our Company made disclosures to the Stock Exchanges regarding its financial statements for the fiscals 2014-15 to 2018-19, citing inter alia discrepancies and irregularities in reflecting its actual financial position. In furtherance of this, the Ministry of Corporate Affairs ("**MCA**") initiated an investigation under section 130 of the Companies Act, 2013 and filed a petition before the National Company Law Tribunal, Mumbai ("**NCLT**") seeking permission to recast the accounts of our Company ("**Petition**"). Pursuant to directions issued by the NCLT, our Company proceeded to recast and re-audit its accounts for the Fiscals 2014-15 to 2018-19 and also voluntarily revised its accounts for the Fiscals 2019-20 and 2020-21. The revised accounts were thereafter taken on record by the NCLT. Subsequently, our Company filed an application with the Central Board of Direct Taxes ("**CBDT**"). The CBDT, however seeking approval to revise its income tax returns for the financial years 2014-15 to 2019-20, rejected the application vide its order dated February 29, 2024 ("Order"). Our Company filed a writ petition before the High Court of Judicature at Bombay ("**High Court**"), challenging the Order. By its order dated April 30, 2024, the High Court permitted our Company to file revised returns for the aforementioned financial years and directed the Income Tax Department to assess the same. Pursuant to the High Court's directions, revised returns were filed and the Income Tax Department issued assessment orders for certain assessment years as detailed below:

i) Our Company filed a revised return of income for the assessment year 2016-17, following which our Company received an assessment notice from the income tax department, for specific aspects. Subsequently, a questionnaire under section 143(2) of the Income Tax Act, 1961 ("**IT Act**") was issued to our Company, followed by a show cause notice. Subsequently, the Income tax officer passed a final assessment order making certain additions to the total income, pursuant to which a demand of ₹88.92 crores was determined. Our Company has filed an appeal ("**Appeal**") against the assessment order before the Commissioner of Income Tax (Appeals). Subsequently, the Assistant Commissioner of Income Tax, vide order dated April 9, 2025, has stayed the tax demand. The matter is currently pending.

ii) Our Company filed a revised return of income for the assessment year 2017-18, following which our Company received an assessment notice from the income tax department, for specific aspects. Subsequently, a questionnaire under section 143(2) of the Income Tax Act, 1961 ("IT Act") was issued to our Company, followed by a show cause notice. Subsequently, the Income tax officer passed a final assessment order making certain additions to the total income, pursuant to which a demand of ₹59.70 crores was determined. Our Company has filed an appeal ("Appeal") against the assessment order before the Commissioner of Income Tax (Appeals). Subsequently, the Assistant Commissioner of Income Tax, vide order dated April 9, 2025, has stayed the tax demand. The matter is currently pending.

iii) Our Company filed a revised return of income for the assessment year 2019-20, following which our Company received an assessment notice from the income tax department, for specific aspects. Subsequently, a questionnaire under section 143(2) of the Income Tax Act, 1961 ("IT Act") was issued to our Company, followed by a show cause notice. Subsequently, the Income tax officer passed a final assessment order making certain additions to the total income, pursuant to which a demand of ₹70.33 crores was determined. Our Company has filed an appeal ("Appeal") against the assessment order before the Commissioner of Income Tax (Appeals). Subsequently, the Assistant Commissioner of Income Tax, vide order dated April 9, 2025, has stayed the tax demand. The matter is currently pending.

(iii) Our Company had filed a revised return of income for the assessment year 2021–22, declaring a tax loss of ₹2,622.90 crores. The Income Tax Department thereafter issued a notice of assessment, seeking clarification on certain aspects of the return of income for the aforesaid period. Subsequently, the Assessing Officer ("**AO**") issued a draft assessment order, proposing an upward revision of taxable income to ₹1,194.54 crore. Aggrieved by the draft order, our Company has filed objections before the Dispute Resolution Panel ("**DRP**") under Section 144C of the Income Tax Act, seeking relief on the proposed additions/ disallowance in the draft assessment order. The DRP has recently issued directions to the AO rejecting all the objections raised by our Company. This may result in additional tax liability on our Company for the assessment year 2021-2022. The final assessment order from the AO is still pending. Upon the receipt of the final assessment order from AO, our Company shall evaluate appropriate legal remedies available under the Income

Tax Act. However, our Company believes that the tax positions taken by our Company at the time of filing the returns are supported by jurisprudence, rulings, and legal opinions.

**2.** ***Litigation by our Company***

***a.*** ***Criminal litigation***

(i) There are 15 cases filed by our Company pending before various fora for alleged violation of section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts due to our Company for which cheques were issued in favor of our Company by our clients/debtors which have been dishonored. The total preliminary value involved in all these matters is ₹ 4.25 crores. The matters are currently pending.

(ii) Our Company ("**Complainant**") filed an FIR ("**Complaint**") against Suramya Saurabh Nevatia, Shailesh Dinakar Jadhav, and four previous employees of our Company ("**Defendants**") at Satlapur Police Station, Raisen District, Madhya Pradesh, alleging copyright infringement, under sections 379, 406, 408 read with section 120B of the Indian Penal Code, 1860 sections 43 and 66B of the Information Technology Act, 2000 and sections 63-B and 69 of the Copyright Act, 1957. Subsequently, the Defendants have filed an application, respectively, before the High Court of Madhya Pradesh, Principal seat at Jabalpur ("**High Court**"), pursuant to section 482 of the Code of Criminal Procedure, 1973 ("**CRPC**") to quash the Complaint. The matter is currently pending.

***b.*** ***Material civil litigation***

(i) Our Company ("**Plaintiff**") filed a commercial suit ("**Suit**") against Avantha Holdings Limited ("**Defendant**"), Gautam Thapar, V.R. Venkatesh, Bhuthalingam Hariharan and Madhav Acharya (collectively the "**Defendants**") before the High Court of Judicature at Bombay ("**High Court**") under section 7 of the Commercial Courts Act, 2015 *inter alia* seeking a judgement, directing the Defendants to jointly and severally pay to the plaintiff, as sum of ₹ 727.07 crores, together with interest there on calculated at the rate of 18% p.a. from the date of filing the Suit till the date of payment or at such other rate as the High Court may deem fit and proper, alleging, *inter alia* abuse of senior position in the Plaintiff and the Defendant by Gautam Thapar, V.R. Venkatesh, Bhuthalingam Hariharan and Madhav Acharya for unauthorized transfer of monies in the form of royalty fees with respect to the brand usage agreement entered into between the Plaintiff and Defendant for usage of the Avantha brand by the Plaintiff ("**Agreement**") or payments for purchase of property from the Defendant by the Plaintiff, without any justification or rationale and for making payments to various third parties for services which were never availed resulting in wrongful benefit of the Defendant and its group entities. The Plaintiff further requested the High Court to pass a judgement directing the Defendants to pay a sum of ₹ 689.00 crores jointly and severally as and by way of damages to the Plaintiff, along with interest there on calculated at the rate of 18% p.a. from the date of filing the Suit till the date of payment or at such other rate as the High Court may deem fit and proper. The Plaintiff subsequently filed an interim application before the High Court seeking to (i) direct the Defendants and their family members to disclose on oath the immovable and movable properties belonging to them; (ii) restraint the Defendants from transferring, selling, mortgaging, or creating third party rights with respect to such property disclosed by them and (iii) direct the Defendants to furnish a security for ₹ 1,416.07 crores in favor of the Plaintiff. Subsequently, the Defendant filed a written statement and counter claim ("**Counter Claim**"), against the Plaintiff before the High Court, *inter alia* seeking to dismiss the Suit and seeking a decree against the Plaintiff for payment of ₹ 546.52 crores, payable by the Plaintiff to the Defendant under the Agreement and ₹ 217.86 crores being the interest thereon, along with damages worth ₹ 500.00 crores due to loss of goodwill of the Avantha brand and a permanent injunction restraining the Plaintiff from using the Avantha brand in any manner. Further, the other Defendants have filed written statements before the High Court seeking to dismiss the Suit. The Plaintiff has also filed a written statement and an additional written statement to the Counter Claim seeking to dismiss the Counter Claim. The matter is currently pending.

(ii) Our Company ( "**Plaintiff**") filed a commercial suit ("**Suit**") for and on behalf of our then wholly owned subsidiary CG Power Solutions Limited ("**CGPSOL**") (collectively the "**Plaintiffs**") against BILT Graphic Papers Product Limited ("**Defendant**"), Avantha Holdings Limited, Gautam Thapar, Bhuthalingam Hariharan, Madhav Acharya and V.R. Venkatesh (collectively the "**Defendants**") before the High Court of Judicature at Bombay ("**High Court**") under section 7 of the Commercial Courts Act, 2015 *inter alia* seeking a decree directing the Defendants to jointly and severally pay to CGPSOL: (i) a sum of ₹ 252.33 crores towards the loss caused to CGPSOL due to the unauthorized/illegal liquidation of its mutual funds holdings due to abuse of power by the Plaintiffs, together with interest therein calculated at the rate of 18% p.a. from December 5, 2017 till March 12, 2020 i.e. total interest of ₹ 103.20 crores aggregating to ₹ 355.53 crores with further interest of 18% p.a. or at such other rate as the High Court may deem fit and proper, on a sum of ₹ 252.33 crores from the date of filing the Suit till the date of payment; and (ii) a sum of ₹ 300.00 crores towards the loss of CGPSOL due to unauthorized/illegal liquification of its fixed deposits by the Plaintiffs to reduce the liabilities of Avantha Holdings Limited towards various third parties and financial institutions, together with interest at the rate of 18% p.a. from April 24, 2017, till March 12, 2020 for a sum of ₹ 155.70 crores aggregating to 455.70 crores with further interest of 18% p.a. on sum of ₹ 300.00 crores from the date of filing the Suit till the date of payment. Further, the Plaintiffs filed an interim application ("**Interim Application**") before the

High Court *inter alia* seeking to (i) direct the Defendants and their family members to disclose on oath the immovable and movable properties belonging to them; (ii) restraint the Defendants from transferring, selling, mortgaging, or creating third party rights with respect to such property disclosed by them; and (iii) direct the Defendants to furnish a security for ₹ 811.23 crores in favor of the Plaintiffs. Subsequently the Defendants have filed written statements before the High Court *inter alia* seeking to dismiss the Suit. The Defendants have also filed replies ("**Response**") to the Interim Application before the High Court. Subsequently, the Plaintiffs have filed rejoinders to the Response before the High Court. The matter is currently pending.

(iii) Our Company ( "**Plaintiff**") filed a commercial suit ("**Suit**") for and on behalf of our then wholly owned subsidiary CGPSOL (collectively the "**Plaintiffs**") against Solaris Industrial Chemicals Limited ("**Defendant**"), Avantha Holdings Limited, Gautam Thapar, V.R. Venkatesh, Bhuthalingam Hariharan and Madhav Acharya (collectively the "**Defendants**") before the High Court of Judicature at Bombay ("**High Court**") under section 7 of the Commercial Courts Act, 2015 seeking a judgement directing the Defendants to jointly and severally pay to the Plaintiffs: (i) a sum of ₹ 160.00 crores towards the loss caused to CGPSOL due to the unauthorized/illegal transfer of its monies by the Plaintiffs without there being any agreement or contract in place to such effect, together with interest there on calculated at the rate of 18% p.a. from October 27, 2017 till March 12, 2020 i.e. the total interest of ₹ 68.40 crores aggregating to ₹228.40 crores with further interest of 18% p.a. or at such other rate as the High Court may deem fit and proper, from the date of filing the Suit till the date of payment; (ii) a sum of ₹ 100.00 crores towards the loss caused to CGPSOL due to the unauthorized/illegal transfer of its monies caused due to abuse of power by the Plaintiff, together with interest calculated thereon at the rate of 18% p.a. from October 31, 2017 till March 12, 2020 i.e. the total interest of ₹ 42.65 crores aggregating to ₹142.65 crores with further interest of 18% p.a. or at such other rate as the High Court may deem fit and proper, from the date of filing the Suit till the date of payment; and (iii) a sum of ₹ 20.00 crores towards the loss caused to CGPSOL due to the unauthorized/illegal transfer of its monies by the Plaintiffs to reduce the liabilities of Avantha Holdings Limited towards various third parties and financial institutions, together with interest calculated thereon at the rate of 18% p.a. from November 27, 2017 till March 12, 2020 i.e. total interest of ₹ 8.25 crores with further interest of 18% p.a. or at such other rate as the High Court may deem fit and proper, from the date of filing of the Suit till the date of payment. Subsequently the Plaintiffs filed an interim application ("**Interim Application**") before the High Court *inter alia* seeking to (i) direct the Defendants and their family members to disclose on oath the immovable and movable properties belonging to them; (ii) restraint the Defendants from transferring, selling, mortgaging, or creating third party rights with respect to such property disclosed by them; and (iii) direct the Defendants to furnish a security for ₹ 399.30 crores in favor of the Plaintiffs. Subsequently, the Defendants have filed written statements *inter alia* seeking dismissal of the Suit. The Defendants have also filed replies ("**Response**") to the Interim Application before the High Court. The Plaintiffs have filed rejoinders to the Response before the High Court. The matter is currently pending.

(iv) Our Company ("**Plaintiff**") filed a commercial suit ("**Suit**") for and on behalf of our then wholly owned subsidiary CGPSOL (collectively the "**Plaintiffs**") against the Avantha Holdings Limited ("**Defendant**"), Gautam Thapar, V.R. Venkatesh, Bhuthalingam Hariharan and Madhav Acharya (collectively the "**Defendants**") before the High Court of Judicature at Bombay ("High Court") under Section 7 of the Commercial Courts Act, 2015 seeking *inter alia* a judgement directing the Defendants to jointly and severally pay to the Plaintiffs: (i) a sum of ₹ 320.91 crores due to unauthorized loans given to the Defendant and unauthorized utilization of the asset of CGPSOL, together with interest thereon calculated at the rate of 18% p.a. from the date the monies were transferred / siphoned off from CGPSOL till June 23, 2020 i.e. ₹ 178.02 crores aggregating to ₹ 498.93 crores with further interest at the rate of 18% p.a. or at such other rate as the High Court may deem fit and proper, from the date of filing of the Suit till the date of payment. The Plaintiffs inter alia allege that the Defendants abused their power and influence in the Plaintiffs and misappropriated and siphoned off the monies to the Defendant in order to reduce its liabilities towards third parties. Further, the Plaintiffs filed an interim application ("**Interim Application**") before the High Court *inter alia* seeking to (i) direct the Defendants and their family members to disclose on oath the immovable and movable properties belonging to them; (ii) restraint the Defendants from transferring, selling, mortgaging, or creating third party rights with respect to such property disclosed by them; and (iii) direct the Defendants to furnish a security for ₹ 498.93 crores in favor of the Plaintiffs. Subsequently, the Defendants have filed written statements *inter alia* seeking dismissal of the Suit. The Defendants have also filed replies ("**Response**") to the Interim Application before the High Court. The Plaintiffs have filed rejoinders to the Response before the High Court. The matter is currently pending.

(v) Our Company's erstwhile management had extended loans aggregating up to ₹ 1,199.50 crores to CG Power Solutions Limited ("**Respondent**"), our then wholly owned subsidiary. Pursuant to default on such loans, our Company ("**Petitioner**") filed an application ("**Application**") against the Respondent before the National Company Law Tribunal, at Mumbai Bench ("**Tribunal**") under section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 seeking to initiate corporate insolvency process against the Respondent. The Tribunal by way of its order initiated corporate insolvency resolution process against the Respondent. Subsequently, the resolution professional ("**RP**") filed a petition before the Tribunal under section 54 of the IBC inter alia seeking to (i) allow the dissolution of Respondent; (ii) allow the Petitioner to pursue the application filed by the RP against the Respondent under section 66 of the IBC ("**Section 66 Application**") seeking to direct the Respondent to make contribution of ₹ 1,407.03 crores on account of fraudulent and wrongful trading carried out by the Respondent; and (iii) any recovery made through the Section 66 Application be distributed among the two financial creditors including the Petitioner. The Tribunal by way of its order ("**Order**"), approved the petition filed by the RP. The matter is currently pending. Please note that our Company has also filed three commercial suits for and on behalf of the Respondent before the High Court of Judicature at Bombay ("**High Court**") against our erstwhile promoter group / management and certain other parties, for recovery of monies fraudulently and illegally siphoned off from the Respondent by way of unauthorized transactions. The principal amount (excluding interest) claimed in these three suits aggregates to ₹ 1,153.24 crores. These proceedings are currently pending. The fraudulent transactions undertaken by our erstwhile promoter group / management which form the basis / subject matter of these recovery suits are also a part of the subject matter of the Section 66 Application pending before the Tribunal. Hence, there is an overlap in respect of the monetary claims made in the suits and in the Section 66 Application to the extent of ₹ 1,153.24 crores. For more information see, " *– Litigation by our Company – Material Civil Litigation – (ii) ,(iii) and (iv)*" on page 277 and 278.

(vi) Isolux Engineering S.A. ("**Isolux**") filed an application before the commercial court of Madrid ("**Court**") seeking to initiate an insolvency proceeding against itself. Our Company supplied transformers, reactors and spare parts to Isolux under a supply agreement. Pursuant to default of payments by Isolux under such supply agreement, our Company filed an application before the Court to recover such payments. The Court by way of its order classified our Company as an unsecured creditor for the entire claim amount, aggregating up to 9,010,907 (USD). The matter is currently pending.

(vii) Our Company ("**Plaintiff**") filed a suit ("**Suit**") against Hind Rectifiers Limited, Deepak Kumar Yadav and others (collectively the "**Defendants**") before the High Court of Judicature at Bombay ("**High Court**"), alleging *inter alia* infringement of copyrights and trademarks registered in the name of the Plaintiff and *inter alia* seeking an order refraining the Defendants from using or causing the impugned intellectual property to be used and claiming ₹ 100.00 crores from the Defendants for damages suffered by our Company due to such infringement of copyrights and trademarks. Subsequently, our Company has filed an interim application ("**Interim Application**") before the Court *inter alia* seeking injunctive relief to prevent further harm. The Defendants have also filed replies to the Suit and Interim Application *inter alia* seeking their dismissal. The matter is currently pending.

**II. Litigation involving our Subsidiaries**

***1. Litigation against our Subsidiaries***

***a. Criminal litigation***

Nil

***b. Actions initiated by statutory or regulatory authorities***

Nil

***c. Material civil litigation***

Nil

***d. Material tax litigation***

Nil

***2. Litigation by our Subsidiaries***

***a. Criminal litigation***

Nil

***b. Material civil litigation***

Nil

**III. Litigation involving our Directors**

***1. Litigation against our Directors***

***a. Criminal litigation***

(i) Sri Uttam Samanta ("**Complainant**"), filed a criminal complaint ("**Complaint**") against Cholamandalam Investment and Finance Company Limited ("**Chola**"), our Director, Vellayan Subbiah and other Directors before the Additional

Chief Metropolitan Magistrate – II at Bhansali (“**Court**”) for seizure of his vehicle due to default in payment of his loan. Chola has filed a revision petition before the Sessions court and a stay order has been obtained till July 21, 2025.

(ii) Sri Neelratan (“**Complainant”**), filed a criminal complaint against 1. Chairman, Cholamandalam Investment and Finance Company Limited (“**Chola**”), 2. Directors of Chola and 3. Manager of Chola, before the Police Station, Kotwali East (“**Court**”) alleging that the vehicle sold to him was already owned by a third party. The matter is under investigation by the Police.

(iii) Priyanka Kumari (Complainant), W/o Late Prabhakar Pinchu (“**Borrower**”), filed a criminal complaint against 1. Chairman & Managing Director, Cholamandalam Investment and Finance Company Limited (Chola), 2. Chairman & Managing Director, Cholamandalam MS General Insurance, 3. HDFC Life Insurance Company Limited, 4. Ritesh Kumar (“**Chola Employee**”) and 5. Bharat (“**Chola Employee**”), before the Chief Judicial Magistrate at Patna (“**Court**”) for seizure of the vehicle due to the default in payment of the loan and for insurance claim. Chola has filed a stay petition before the High court and a stay order has been obtained without mentioning the date.

(iv) Factory inspector, Raisen filed a criminal complaint against our Managing Director and Chief Executive Officer, Amar Kaul as the occupier and factory manager, Mr. Neeraj Goyal, before the Appropriate Court, i.e., Chief Judicial Magistrate at Raisen. This complaint stems from a fatal accident that occurred on November 13, 2024, at the CG Power and Industrial Solutions Ltd. plant (Plot No. 29-32, New Industrial Area, Mandideep, District – Raisen, Madhya Pradesh).

***b. Actions taken by statutory or regulatory authorities***

Nil

***c. Material civil litigation***

Nil

***d. Material tax litigation***

Nil

***2. Litigation by our Directors***

***a. Criminal litigation***

Nil

***b. Material civil litigation***

Nil

**IV. Litigation involving our Promoters**

***1. Litigation against our Promoters***

***a. Criminal litigation***

Nil

***b. Action initiated by statutory or regulatory authorities***

As on the date of this Preliminary Placement Document, there are 17 regulatory proceedings involving against our Promoter before the Principal Labour Court(s), Labour Court(s), the Central Government Industrial Tribunal, National Green Tribunal and other lower court(s). These cases mainly pertain to claims and predominantly have been filed under Employees State Insurance Act, 1948, The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. The total monetary value involved in these matters involved is ₹ 0.86 crores

***c. Material civil litigation***

Nil

***d. Material tax litigation***

| Nature of Proceeding | Number of cases | Amount in dispute / demanded (*in ₹ crore*) |
| --- | --- | --- |
| Direct Tax | 5 | 10.79 |
| Indirect Tax | 12 | 6.63 |

**2.** ***Litigation by our Promoters***

***a.*** ***Criminal litigation***

Nil

***b.*** ***Material civil litigation***

Nil

**V. Outstanding direct and indirect tax claims (including show cause notices) involving the Relevant Parties**

We have set out below claims relating to direct and indirect taxes involving our Company, our Subsidiaries, Directors and Promoters in a consolidated manner, as on the date of this Preliminary placement Document, giving details of cases and total amount involved in such claims:

**1.** ***Tax proceedings involving our Company***

| Nature of Proceeding | Number of cases | Amount in dispute / demanded* (*in ₹ crore*) |
| --- | --- | --- |
| Direct Tax | 23 | 533.48 |
| Indirect Tax | 199 | 207.73# |

** To the extent quantifiable, and inclusive of accrued interest, to the extent quantified in the relevant demand notices.*

*# Our Company has collected 'C' Forms aggregating ₹ 99.29 crores which it expects the authorities to accept to reduce total unpaid amount by equivalent amount and further the liability will reduce by ₹ 44.2 crore after considering related entry tax impact. Further there is stay on these demands in terms of appellate forum procedures.*

**2.** ***Tax proceedings involving our Subsidiaries***

| Nature of Proceeding | Number of cases | Amount in dispute / demanded* (*in ₹ crore*) |
| --- | --- | --- |
| Direct Tax | 5 | 2.13 |

** To the extent quantifiable, and inclusive of accrued interest, to the extent quantified in the relevant demand notices.*

**VI. Inquiries, inspections, or investigations initiated or conducted under the Companies Act, 2013 or previous company law against the Company and its Subsidiaries in the last three years immediately preceding the year of this Preliminary Placement Document**

No inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of the Issue involving our Company and our Subsidiaries.

**VII. Prosecutions filed against, fines impose on, or compounding of offences by the Company and its Subsidiaries in the last three years immediately preceding the year of this Preliminary Placement Document**

No prosecutions have been filed (whether pending or not) against, fines imposed on, or compounding of offences in the last three years immediately preceding the year of the Issue for our Company and our Subsidiaries.

**VIII. Acts of material frauds committed against our Company in the last three years, and if so, the action taken by our Company**

No acts of material frauds have been committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

**IX. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going**

**concern status of our Company and its future operations**

As on the date of this Preliminary Placement Document, there have been no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

**X. Details of default, if any, including the amount involved, duration of default and present status, in repayment of statutory dues, debentures and interest thereon, deposits and interest thereon, repayment of loan from any bank or financial institution and interest thereon and default in annual filings of our Company under the Companies Act, 2013 or the rules made thereunder, by our Company and our Subsidiaries**

As on the date of this Preliminary Placement Document, except as stated below, there have been no defaults in the payment of statutory dues or the repayment of debentures and interest thereon, repayment of deposit and interest thereon, repayment of loan from any bank or financial institution and interest thereon and default in the annual filings of our Company under the Companies Act, 2013 or the rules made thereunder, by our Company and our Subsidiaries.

1. Defaults in repayment of statutory dues including contributions towards provident fund, investor education and protection fund, employees' state insurance, income tax, customs duty, goods and services tax and other material statutory dues applicable to our Company and its Subsidiaries including amount involved, duration of default and present status are as follows:

a. ***CG Power and Industrial Solutions Limited***

| Sr. No. | Nature of Default | Amount Involved (*in ₹ crore*) | Duration of Default | Current status |
|---|---|---|---|---|
| 1. | Professional Tax – Mumbai – August 2023 | 0.02 | 16 Days | Paid |

b. ***CG Adhesive Products Limited***

| Sr. No. | Nature of Default | Amount Involved (*in ₹ crore*) | Duration of Default | Current status |
|---|---|---|---|---|
| 1. | Provident Fund – July 2023 | 0.03 | 3 Days | Paid |
| 2. | Tax Deducted at Source-192B- August 2024 | 0.02 | 3 Days | Paid |
| 3. | Provident Fund-Jan 25 | 0.04 | 7 Days | Paid |
| 4. | Provident Fund - Apr-25 | 0.05 | 5 Days | Paid |

Note: For reporting above, only those delays in payment of statutory dues are covered which are exceeding two days and involving the amount of ₹ 0.01 crore or more as the same have been considered as material transactions.

2. The particulars of statutory dues that have not been deposited on account of any dispute are as under (whether provided in our books or not):

**Indirect Tax Disputes**

a. ***CG Power and Industrial solutions Limited***

| Name of the Statute | Nature of Dues | Amount (In Dispute) (*in ₹ crore*)# | Amount Deposited (*in ₹ crore*)* | Net Amount (*in ₹ crore*) | Period to which relates | Forum |
|---|---|---|---|---|---|---|
| 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 | 148.99 | 23.86 | 125.13 | 1997-2018 | Additional Commissioner/Deputy Commissioner/ Joint Commissioner/Commissioner |
| | | 2.12 | 1.01 | 1.11 | 1991-1992, 1989-1990, 1996-1997, 1999-2000, 2006-2007 | High Court |
| | | 30.37 | 2.83 | 27.54 | 1992-1995, 1999-2000, | Tribunal |

| Name of the Statute | Nature of Dues | Amount (In Dispute) (*in ₹ crore*)# | Amount Deposited (*in ₹ crore*)* | Net Amount (*in ₹ crore*) | Period to which relates | Forum |
|---|---|---|---|---|---|---|
| | | | | | 2001-2009, 2012-2015 | |
| The Customs Act, 1962 | Dispute on custom duty on reexport after repair | 0.64 | 0.60 | 0.04 | 1986-1989 | High Court |
| | | 0.10 | - | 0.10 | 2018-2019 | Tribunal |
| Goods and Services Tax Act, 2017 | Trans -1 Credit and other input tax credit related | 2.34 | 0.06 | 2.28 | 2017-2018, 2018-2019 | Additional Commissioner/Deputy Commissioner/ Joint Commissioner/Commissioner |
| | | 0.33 | - | 0.33 | 2017-2018 | High Court |
| Finance Act, 1994 | Service Tax, Penalty and interest | 8.83 | 0.09 | 8.74 | 2006-2007, 2007-2012, 2010-2012, 2012-2014, 2013-2015, 2015-2018 | Additional Commissioner/Deputy Commissioner/ Joint Commissioner/Commissioner |
| | | 0.05 | - | 0.05 | 2005-2007 | Tribunal |
| Central Excise Act, 1944 | Central Excise Act, 1944 | 1.83 | 0.01 | 1.82 | 2002-2006, 2004-2005, 2012-2016 | Additional Commissioner/Deputy Commissioner/ Joint Commissioner/Commissioner |
| | | 0.26 | 0.06 | 0.20 | 2001-2002, 2010-2011 | High Court |
| | | 1.19 | 0.03 | 1.16 | 1998-2000, 2004-2005, 2007-2008, 2007-2012, 2013-2015 | Tribunal |
| **Grand Total** | | **197.05** | **28.55** | **168.50** | | |

** Amount deposited under protest ₹ 28.55 crore.*

*# To the extent quantifiable.*

**Income Tax Disputes**

**a.** ***CG Power and Industrial Solutions Limited***

| Name of the Statute | Nature of Dues | Amount (In Dispute) (*in ₹ crore*)# | Amount Deposited (*in ₹ crore*)* | Net Amount | Period to which relates (AY) | Forum |
|---|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax and interest | 1.08 | 0.50 | 0.58 | 2013-14 | Commissioner of Income Tax (Appeals) |
| | | 15.86 | 7.20 | 8.66 | 2014-15 | |
| | | 29.46 | - | 29.46 | 2015-16 | |
| | | 88.92 | - | 88.92 | 2016-17 | |
| | | 59.70 | 1.00 | 58.70 | 2017-18 | |
| | | 70.33 | 1.00 | 69.33 | 2019-20 | |
| | | 0.22 | - | 0.22 | 2020-21 | |
| | | 0.21 | - | 0.21 | 2021-22 | |
| | | 188.79 | 4.89 | 183.90 | 2022-23 | |
| **Total** | | **454.57** | **14.59** | **439.98** | | |

**b.** ***G.G. Tronics India Private Limited***

| Name of the Statute | Nature of Dues | Amount (In Dispute)# | Amount Deposited* | Net Amount | Period to which relates (AY) | Forum |
|---|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax and interest | 0.14 | - | 0.14 | 2019-20 | Assessing Officer |
| | | 1.13 | - | 1.13 | 2020-21 | Commissioner of Income tax (Appeals) |
| | | 0.77 | - | 0.77 | 2020-21 | Commissioner of Income tax (Appeals) |
| | | 0.08 | - | 0.08 | 2006-07 | Assessing Officer |
| | | 0.01 | - | 0.01 | 2008-09 | Assessing Officer |
| **Total** | | **2.13** | **-** | **2.13** | | |

** Amount deposited under protest ₹ 14.59 crore.*

*# To the extent quantifiable.*

3. There have been no defaults in relation to any of the annual filings of identified forms viz. AOC 4. MGT & and IEPF for the purpose of this made by our Company and our Subsidiaries under the Companies Act, 2023 and the rules made thereunder, as amend as except as follows:

| Sr. No. | Company | Annual Filing | Date of filing | Due date | Delay (In Days) |
|---|---|---|---|---|---|
| 1 | CG Power and Industrial Solutions Limited | MGT-7 | 26-9-24 | 22-9-24 | 4 |
| 2 | CG Adhesive Products Limited | AOC-4 | 09-11-23 | 29-10-23 | 11 |
| | | MGT-7 | 22-12-23 | 28-11-23 | 24 |
| | | AOC-4 | 29-10-24 | 27-10-24 | 2 |
| | | MGT-7 | 1-12-24 | 26-11-24 | 5 |
| | | IEPF | 4-10-23 | 12-8-23 | 53 |
| | | IEPF | 12-11-24 | 03-09-24 | 70 |
| 3 | CG Power Equipment Limited | AOC-4 | 31-10-22 | 30-10-22 | 1 |
| | | MGT-7 | 21-12-23 | 21-11-23 | 30 |
| | | MGT-7 | 24-12-24 | 29-11-24 | 25 |

**2) Details of any litigation or legal action (including regulatory actions), pending or taken by any ministry or department of the government or a statutory authority against our Promoters during the last three years immediately preceding the year of issue of this Preliminary Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action**

As on the date of this Preliminary Placement Document, there are no litigation or legal action (including regulatory actions), pending or taken by any ministry or department of the government or a statutory authority against our Promoters during the last three years immediately preceding the year of issue of this Preliminary Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action.

**3) Any reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this Preliminary Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks**

Except as disclosed below, there have not been any reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of the Preliminary Placement Document.

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| Sr. No. | Period | Nature of Remarks | Reporting under | Remarks |
|---|---|---|---|---|
| 1 | Revised Financial Statements of our Company for the Financial Year 2020-21 | Modification | Basis of Qualified Opinion | Statutory auditors have issued qualified opinion stating that:<br>1. The Group had not made provision towards corporate guarantee invoked by a bank for ₹41.56 crore as of March 31, 2021. Consequently, its impact on the Revised Consolidated Financial Statements could not be determined; and<br>2. The Revised Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of:<br>(a) 5 subsidiaries (part of continued operations of the Group) with total assets of ₹173.88 crore, as at March 31, 2021, total revenue of ₹57.61 crore, net loss after tax of ₹22.09 crore, total comprehensive loss (net) of Rs. 22.09 crore and net cash outflows of ₹3.03 crore; for the year ended March 31, 2021; and<br>(b) 1 subsidiary (part of discontinued operations of the Group) with total assets of ₹5.98 crore as at March 31, 2021, total revenue of Rs. Nil, net profit after tax of ₹0.06 crore, total comprehensive income (net) of Rs. 0.06 crore, and net cash inflows of ₹0.22 crore for the year ended March 31, 2021.<br>The Statutory Auditor's Report is based solely on unaudited financial statements provided by management for these subsidiaries. Accordingly, the statutory auditors have stated that they are unable to determine the potential impact on total revenues, assets and losses for the year had these entities been subject to an audit. |
| 2 | Revised Consolidated Financial Statements of the Company for the Financial Year 2020-21 | Unmodified | Emphasis of Matter | Statutory auditors have included Emphasis of Matter paragraph drawing attention to the below:<br>(i) 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.<br>(ii) 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 then 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, 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 audit report dated December 31, 2021, supersedes audit report dated June 11, 2021.<br>(iii) Statutory auditor's report on Internal Financial Controls includes Emphasis of Matter paragraph drawing attention to 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 had been approved by the Board of Directors of the Holding Company on December 31, 2021. The Group then 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, 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 audit report dated December 31, 2021 supersedes audit report dated June 11, 2021. |
| 3 | Revised Consolidated Financial Statements of the Company for the Financial Year 2020-21 | Modification | Report on Other Legal and Regulatory Requirements | Statutory auditors have stated that there were delays in transferring amount of ₹0.16 crore that were required to be transferred to the Investor Education and Protection Fund. |
| 4 | Consolidated Financial Statements of the Company for the Financial Year 2021-22 | Modification | Report on Other Legal and Regulatory Requirements CARO 2020. | Statutory auditor's report on Companies (Auditor's Report) Order, 2020, on the consolidated financial statements includes qualification in relation to one of the subsidiary company 'CG Power Solutions Limited' on material uncertainty over going concern, stating that the subsidiary company is incapable of meeting its liabilities existing at the Balance Sheet date as and when they fall due within a period of one year from the Balance Sheet date. |
| 5 | Consolidated Financial Statements of the Company for the Financial year 2022-23 | Modification | Report on Other Legal and Regulatory Requirement-CARO 2020. | Statutory auditor's report on Companies (Auditor's Report) Order, 2020, on the consolidated financial statements includes qualification in relation to one of the subsidiary company 'CG Power Solutions Limited' on material uncertainty over going concern due to ongoing Insolvency Resolution process. The application filed with NCLT for dissolution of the said subsidiary company and that the subsidiary company is incapable of meeting its liabilities existing at the Balance Sheet date as |

| Sr. No. | Period | Nature of Remarks | Reporting under | Remarks |
|---|---|---|---|---|
| | | | | and when they fall due within a period of one year from the Balance Sheet date. |
| 6 | Consolidated Financial Statements of the Company for the Financial Year 2023-24 | Modification | Report on Other Legal and Regulatory Requirements- Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. | Statutory auditor's report on Other legal and Regulatory Requirements includes a modification in relation to the Holding Company, where the audit trail feature was not enabled for changes made (if any) by users with privileged/ administrative access rights. |
| 7 | Consolidated Financial Statements of the Company for the financial year 2024-25 | Modification | Report on other Legal and Regulatory Requirements under section 143 (3) (b) of the Companies Act 2013 and | Statutory auditor's report on Other legal and Regulatory Requirements includes a modification in respect to one subsidiary company, where backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis. |
| 8 | | | Report on Other Legal and Regulatory Requirements-<br><br>Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. | Statutory auditor's report on Other legal and Regulatory Requirements includes a modification in relation to audit trail as below:<br>a. In relation to the Holding Company, that audit trail feature was not enabled for changes made (if any) by users with privileged/ administrative access rights in respect of SAP applications and for direct changes to data when using certain access rights in respect of other accounting software used for payroll processing and approval of discounts for the period from April 1, 2024 to February 17, 2025 and from April 1, 2024 to May 3, 2024, respectively;<br>b. In relation to one subsidiary, with regard to one software, the audit trail feature had operated only for part of the period for the relevant transactions recorded in the software.<br>c. In relation to one subsidiary, accounting software for maintaining its books of account which did not have the feature of recording audit trail (edit log) facility.<br>d. In relation to one subsidiary, the audit trail feature was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account. |

## INDEPENDENT STATUTORY AUDITORS

Our Company's Statutory Auditors, S R B C & CO LLP, Chartered Accountants are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI.

Our Statutory Auditors have audited the Audited Consolidated Financial Statements for the Financial Years ended March 31, 2025, March 31, 2024 and March 31, 2023, as stated in their reports, included in this Preliminary Placement Document. The peer review certificate of our Statutory Auditors is valid as on the date of this Preliminary Placement Document.

## GENERAL INFORMATION

- Our Company was originally incorporated as 'The Crompton Parkinson Works Private Limited' on April 28, 1937, as a private limited company under the Indian Companies Act, 1913 (7 of 1913) with the Registrar of Companies, Bombay. Subsequently, our Company was converted into a public limited company and consequently, a fresh certificate of incorporation was issued on December 28, 1960, by the Registrar of Companies, Maharashtra. The name of our Company was further changed from 'Crompton Parkinson (Works) Limited' to 'Crompton Greaves Limited' and subsequently a fresh certificate of incorporation was issued on August 2, 1966, by the Assistant Registrar of Companies, Bombay. Eventually, the name of our Company was changed to its present name from 'Crompton Greaves Limited' to 'CG Power and Industrial Solutions Limited' and a fresh certificate of incorporation was issued on February 27, 2017, by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Pursuant to a Board resolution dated November 12, 1937, our registered office was shifted from Mercantile Bank Building 54, Esplanade Road Bombay to Haines Road, Bombay. Subsequently, it was shifted to 1 Forbes Street, Bombay 1 as per the Board resolution dated July 28, 1966. According to a Board resolution dated February 13, 1970, our Registered Office was relocated to Kanjur, Bhandup, Bombay 400 078 with effect from February 18, 1970. Post that, it was shifted to 1 DR VB Gandhi Marg, Mumbai 400 001 with effect from March 17, 1980, by way of a Board resolution dated January 4, 1980. Finally, as per Board resolution dated December 21, 2000, it was shifted to its current address at Dr. Annie Besant Road, Worli, Mumbai – 400 030.

- Our Registered and Corporate Office is located at 6th floor, CG House, Dr. Annie Besant Road, Worli, Mumbai – 400 030, Maharashtra, India.

- The CIN of the Company is L99999MH1937PLC002641.

- The LEI of the Company is 335800KN5UTZKUZN2703.

- The website of our Company is www.cgglobal.com.

- The Equity Shares are listed on BSE and NSE.

- The Issue was authorised and approved by our Board pursuant to a resolution dated October 21, 2024 and by the shareholders of our Company pursuant to a special resolution passed on December 18, 2024.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on June 30, 2025. After the Allotment of Equity shares in this Issue, our Company will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to this Issue on Stock Exchanges.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 9:30 am to 5:30 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office.

- No change in the control of our Company would occur consequent to the Issue.

- There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- Our Company has obtained all consents, approvals and authorisations required in connection with the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- There has been no material change in the financial of our Company since March 31, 2025, the date of the Financial Information prepared in accordance with applicable accounting standards included in this Preliminary Placement Document, except as disclosed herein.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI Listing Regulations, SCRA and SCRR.

- Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "***Legal Proceedings and Other Information***" on page 274.

- The Floor Price is ₹ 679.08 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI

ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Board resolution dated May 16, 2024 and the Shareholders through special resolution dated December 18, 2024 and Regulation 176(1) of the SEBI ICDR Regulations.

- Sanjay Kumar Chowdhary is the Company Secretary and Compliance Officer of our Company. His details are as follows:

  **Sanjay Kumar Chowdhary**
  **Address:** 10th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai - 400 030
  **Tel:** 022 2423 7777
  **E-mail:** ho.secretarial@cgglobal.com

- Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including the websites of our Company and our Subsidiaries, would be doing it at his or her own risk.

## FINANCIAL INFORMATION

S R B C & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai 400 028, India
Tel : +91 22 6819 8000

# INDEPENDENT AUDITOR'S REPORT

To the Members of CG Power and Industrial Solutions Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of CG Power and Industrial Solutions Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 separate financial statements and on the other financial information of the subsidiaries, the aforesaid 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 consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the 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 Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.


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Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components 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 consolidated financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** (as described in Note 28 of the 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/ corporations to Original Equipment Manufacturers and Industrial Customers etc.<br><br>Majority of the Group's revenue is from sale of goods which are recognized at a point in time based on the terms of the contract with customers which may vary case to case. 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 the Group's accounting policy for timing of revenue recognition and assessed compliance in terms of Ind AS 115- Revenue from Contracts with Customers.<br>• We performed walkthroughs of the Holding Company's revenue processes, including design and implementation of controls and tested the design and 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 the revenue recognition in respect of such contracts.<br>• We 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 assessed the disclosures for compliance with applicable accounting standards. |
| **Recognition of Deferred Tax Asset** (as described in Note 8 of the consolidated financial statements) | |
| The Group has Deferred Tax Asset (DTA) of Rs. 445.32 crores as at March 31, 2023 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 in earlier | 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. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| years, which are under investigations by regulatory authorities. Basis legal opinion, management of Holding Company 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. | • We involved our tax specialists 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 have evaluated the Holding Company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent budgets and plans, prepared by management principally by performing sensitivity analyses and evaluated and tested the key assumptions used to determine the amounts recognized.<br>• We assessed the reasonableness of Holding Company's management business plans considering the relevant economic and industry indicators.<br>• We obtained and read the legal opinion considered by the management of the Holding Company for recognition of deferred tax assets on losses.<br>• We assessed the disclosures in the Consolidated Financial Statements in accordance with the requirements of Ind AS 12 "Income Taxes" |
| **Claims and exposures relating to taxation and litigation** (as described in Note 37 of the consolidated financial statements) | |
| The Group has disclosed contingent liabilities 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 Holding Company's management assessment towards potential financial impact of these matters will involve significant judgement and assumptions. | Our audit procedures amongst others 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 the Holding Company management and assessed Holding Company management's position through discussions on both the |

MUMBAI

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| | 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 of Holding Company.<br>• We circulated legal confirmation for material litigations to external legal counsel and reviewed 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 Consolidated Financial Statements for compliance with the requirements of Ind AS 37. |

**Information Other than the 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 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 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. We have nothing to report in this regard.

**Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these 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

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safeguarding of the assets of their respective companies 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 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies 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 their respective companies.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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

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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 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 consolidated financial statements, including the disclosures, and whether the 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 we have audited, to express an opinion on the 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 consolidated financial statements of which we are the independent auditors. For the other entities included in the 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 the 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 consolidated financial statements for the financial year ended March 31, 2023 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) We did not audit the financial statements and other financial information, in respect of 6 subsidiaries, which are part of continued operations of the Group, whose financial statements include total assets of Rs 1,083.12 crores as at March 31, 2023, and total revenues of Rs 454.12 crores and net cash inflows of Rs 2.82 crores for the year ended on that date. We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, which are part of discontinued operations of the Group, whose financial statements include total assets of Rs 109.01 crores as at March 31, 2023, and total revenues of Rs 94.27 crores and net cash inflows of Rs 0.75 crores for the

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year ended on that date. These financial statement 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 opinion on the 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 sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid 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.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of Rs 83.38 crores as at March 31, 2023, and total revenues of Rs 71.31 crores and net cash outflows of Rs 0.18 crores for the year ended on that date. The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 4 subsidiaries, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of Rs 73.25 crores as at March 31, 2023, and total revenues of Rs Nil and net cash outflows of Rs 1.64 crores for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 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 the subsidiary companies, incorporated in India, as noted in the 'Other Matters' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

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2. 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 matters' paragraph 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 consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and 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 consolidated financial statements;

(d) In our opinion, the aforesaid 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, 2023 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, 2023 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 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 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to 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, 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 matters' paragraph:

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 37 to the 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, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2023;

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The interim dividend declared and paid during the year by the Holding Company, its subsidiaries companies incorporated in India, where applicable, and until the date of the respective audit reports of such Holding Company and subsidiaries is in accordance with section 123 of the Act.

S.R.B.C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Bharath N S**
Partner
Membership Number: 210934
UDIN: 23210934BGYJLN5898
Place of Signature: Chennai
Date: May 8, 2023

**CG Power and Industrial Solutions Limited**



**Annexure 1 referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: CG Power and Industrial Solutions Limited ("the Holding Company")**

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies incorporated in India, we state that:

(xxi) Matters to be reported in respect of the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

| S. No. | Name | CIN | Relation | Clause number of the CARO report |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | U40300MH2012PLC228170 | Subsidiary | (xix) |

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Bharath N S**
Partner
Membership Number: 210934
UDIN: 23210934BGYJLN5898
Place of Signature: Chennai
Date: May 8, 2023

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Annexure 2 to the Independent Auditor's Report of even date on the 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 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, 2023, we have audited the internal financial controls with reference to 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 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 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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 consolidated financial statements.

**Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to 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, 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 Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, 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.

S R B C & CO LLP
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CHARTERED ACCOUNTANTS

**CG Power and Industrial Solutions Limited**



**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 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**per Bharath N S**
Partner
Membership Number: 210934
UDIN: 23210934BGYJLN5898
Place of Signature: Chennai
Date: May 8, 2023

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2023

| | Note No. | As at 31-03-2023 ₹ crores | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **(1) Non-current assets** | | | | | |
| (a) Property, plant and equipment | 4 | 762.50 | | 869.89 | |
| (b) Capital work-in-progress | 4 | 27.27 | | 26.81 | |
| (c) Goodwill | 5 | 162.14 | | 152.37 | |
| (d) Intangible assets | 5 | 45.88 | | 59.18 | |
| (e) Intangible assets under development | 5 | 11.03 | | 8.38 | |
| (f) Financial assets | | | | | |
| (i) Investments | 6 | 0.96 | | 0.63 | |
| (ii) Others | 7 | 13.33 | | 28.04 | |
| (g) Deferred tax assets (net) | 8 | 434.34 | | 625.72 | |
| (h) Other non-current assets | 9 | 7.48 | | 4.96 | |
| | | | 1464.93 | | 1775.98 |
| **(2) Current assets** | | | | | |
| (a) Inventories | 10 | 541.18 | | 512.35 | |
| (b) Financial assets | | | | | |
| (i) Investments | 11 | 0.01 | | 40.62 | |
| (ii) Trade receivables | 12 | 1297.12 | | 943.66 | |
| (iii) Cash and cash equivalents | 13 | 681.78 | | 395.07 | |
| (iv) Bank balances other than (iii) above | 14 | 32.18 | | 92.95 | |
| (v) Others | 15 | 147.48 | | 139.50 | |
| (c) Current tax assets (net) | | 83.03 | | 82.93 | |
| (d) Other current assets | 16 | 199.14 | | 234.79 | |
| | | | 2981.92 | | 2441.87 |
| **(3) Assets classified as held for sale and discontinued operations** | 43 | | 182.26 | | 8.06 |
| **TOTAL ASSETS** | | | 4629.11 | | 4225.91 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| (a) Equity share capital | 17 | 305.43 | | 288.37 | |
| (b) Other equity | 18 | 1485.08 | | 714.59 | |
| | | | 1790.51 | | 1002.96 |
| **Non controlling interest** | | | 0.93 | | 0.95 |
| **LIABILITIES** | | | | | |
| **(1) Non-current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 19 | - | | 307.47 | |
| (ii) Lease liabilities | 38 | 12.06 | | 6.86 | |
| (iii) Other financial liabilities | 20 | 1.85 | | 14.16 | |
| | | | 13.91 | | 328.49 |
| (b) Provisions | 21 | | 42.89 | | 30.59 |
| (c) Deferred tax liabilities (net) | 8 | | 0.83 | | 3.83 |
| (d) Other non-current liabilities | 22 | | 0.73 | | 0.67 |
| **(2) Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 23 | - | | 44.74 | |
| (ii) Lease liabilities | 38 | 4.37 | | 7.87 | |
| (iii) Trade payables | | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises, and | 24 | 82.69 | | 40.57 | |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 24 | 1189.97 | | 1108.07 | |
| (iv) Other financial liabilities | 25 | 334.08 | | 659.64 | |
| | | | 1611.11 | | 1860.89 |
| (b) Other current liabilities | 26 | | 297.53 | | 817.24 |
| (c) Provisions | 27 | | 156.96 | | 171.45 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | 43 | | 713.71 | | 8.84 |
| **TOTAL EQUITY AND LIABILITIES** | | | 4629.11 | | 4225.91 |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | |

The accompanying notes form an integral part of 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 : 08 May, 2023

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN 01138759)

Susheel Todi
Chief Financial Officer

P Varadarajan
Company Secretary

Mumbai 08 May, 2023

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2023

| | Note No. | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Income** | | | | | |
| Revenue from operations | 28 | | 6972.54 | | 5483.53 |
| Other income | 29 | | 67.76 | | 37.57 |
| **Total income** | | | 7040.30 | | 5521.10 |
| **Expenses** | | | | | |
| Cost of materials consumed | 30 | 4585.00 | | 3778.09 | |
| Purchases of stock-in-trade | 31 | 268.61 | | 164.87 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 32 | 2.02 | | (41.21) | |
| Employee benefits expense | 33 | 421.70 | | 365.10 | |
| Finance costs | 34 | 16.20 | | 68.15 | |
| Depreciation and amortisation expense | 35 | 94.50 | | 98.58 | |
| Other expenses | 36 | 701.89 | | 583.42 | |
| **Total expenses** | | | 6089.92 | | 5017.00 |
| **Profit before exceptional items and tax** | | | 950.38 | | 504.10 |
| Exceptional items (net) | 44 | | 51.76 | | 247.77 |
| **Profit before tax** | | | 1002.14 | | 751.87 |
| **Tax expense:** | | | | | |
| Current tax | 8 | 13.40 | | 10.33 | |
| Deferred tax (net) | 8 | 192.41 | | 111.93 | |
| | | | 205.81 | | 122.26 |
| **Profit from continuing operations after tax** | | | 796.33 | | 629.61 |
| **Profit from discontinued operations before tax** | 43 | 169.80 | | 283.52 | |
| Tax expense on discontinued operations | 8 | 3.16 | | 0.06 | |
| **Profit from discontinued operations after tax** | | | 166.64 | | 283.46 |
| **Profit for the year** | | | 962.97 | | 913.07 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 962.67 | | 912.54 |
| Non-controlling interests | | | (0.30) | | (0.53) |
| | | | 962.97 | | 913.07 |
| **Other comprehensive income:** | | | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (6.93) | | (2.62) | |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 1.38 | | 0.66 | |
| B (i) Items that will be reclassified subsequently to profit or loss | | (4.76) | | 16.69 | |
| **Total other comprehensive income for the year** | | | (10.31) | | 14.73 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | (10.31) | | 14.73 |
| Non controlling interests | | | 0.00 | | |
| | | | (10.31) | | 14.73 |
| **Total comprehensive income for the year** | | | 952.66 | | 927.80 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 952.36 | | 927.27 |
| Non-controlling interests | | | (0.30) | | (0.53) |
| | | | 952.66 | | 927.80 |
| **Earnings per share for continuing operations** | 48 | | | | |
| Basic (₹) | | | 5.25 | | 4.63 |
| Diluted (₹) | | | 5.21 | | 4.38 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations** | 48 | | | | |
| Basic (₹) | | | 1.10 | | 2.09 |
| Diluted (₹) | | | 1.09 | | 1.97 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for total operations** | 49 | | | | |
| Basic (₹) | | | 6.35 | | 6.72 |
| Diluted (₹) | | | 6.30 | | 6.35 |
| (Face value of ₹ 2 each) | | | | | |
| **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** | 2 | | | | |

**The accompanying notes form an integral part of 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

Natarajan Srinivasan
Managing Director
(DIN 00123338)

Vellayan Subbiah
Chairman
(DIN 01138759)

**per Bharath N S**
Partner
Membership No. 210934

Susheel Todi
Chief Financial Officer

**P Varadarajan**
Company Secretary

Chennai : 08 May, 2023

Mumbai : 08 May, 2023

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2023**

| | 2022-23 ₹ crores | 2021-22 ₹ crores |
|---|---|---|
| [A] CASH FLOWS FROM OPERATING ACTIVITIES | | |
| **Profit before tax from continuing operations** | **1002.14** | 751.87 |
| Adjustments for: | | |
| Depreciation and amortisation expense | **94.50** | 98.58 |
| Allowances for doubtful receivables | **11.91** | 3.27 |
| Bad debts written off / (reversal) (net) | **(7.64)** | (18.78) |
| Gain arising on financial instruments designated as FVTPL | **(0.01)** | (0.61) |
| Finance costs | **16.20** | 68.15 |
| Interest income | **(28.92)** | (20.16) |
| Expense on employee stock options outstanding | **4.42** | 1.78 |
| Profit on sale of investments (net) | **(1.89)** | (0.05) |
| Unrealised exchange (gain) / loss (net) | **1.77** | 0.14 |
| Unrealised exchange gain / (loss) on consolidation (net) | **(0.45)** | 16.69 |
| (Profit) / loss on sale of property, plant and equipment (net) | **(2.41)** | 4.83 |
| Liabilities no longer required written back | **(18.86)** | - |
| Exceptional items (net) | **(51.76)** | (247.77) |
| | **16.86** | (93.93) |
| **Operating profit before working capital changes** | **1019.00** | 657.94 |
| Adjustments for: | | |
| (Increase) / Decrease in trade and other receivables | **(278.17)** | (204.68) |
| (Increase) / Decrease in inventories | **(48.62)** | (77.81) |
| Increase / (Decrease) in trade and other payables | **243.35** | 81.92 |
| Increase / (Decrease ) in provisions | **12.03** | (35.90) |
| | **(71.41)** | (236.47) |
| Cash (used in) / from operations | **947.59** | 421.47 |
| Income tax refund / (paid) (net) | **(11.53)** | 39.65 |
| Non-controlling interest in (profit) / loss | **0.30** | 0.53 |
| **Net cash flow (used in) / from continuing operating activities** | **936.36** | 461.65 |
| **Net cash flow (used in) / from discontinued operating activities** | **10.50** | 21.22 |
| **Net cash flow** (used in) **/ from continuing and discontinued** operating **activities** [A] | **946.86** | 482.87 |
| [B] CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Add: **Inflows from investing activities** | | |
| Proceeds from sale of property, plant and equipment | **3.67** | 3.16 |
| Proceeds from sale of investments | **134.50** | 1.29 |
| Unrealised exchange gain / (loss) on consolidation (net) | - | 5.92 |
| Interest received | **28.19** | 20.67 |
| | **166.36** | 31.04 |
| *Less*: **Outflows from investing activities** | | |
| Purchase of property, plant and equipment (including capital work-in- progress and capital advances) and intangible assets | **(85.46)** | (72.71) |
| Purchase of investments | **(92.33)** | (98.00) |
| Unrealised exchange gain / (loss) on consolidation (net) | **(8.45)** | - |
| | **(186.24)** | (170.71) |
| **Net cash flow (used in) / from continuing investing activities** | **(19.88)** | (139.67) |
| **Net cash flow (used in) / from discontinued investing activities** | **(0.81)** | 366.53 |
| **Net cash flow** (used in) **/ from continuing and discontinued** Investing **activities** [B] | **(20.69)** | 226.86 |
| [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 3) | **55.58** | 57.40 |
| Proceeds from long-term borrowings (net off processing fees paid) | - | 81.10 |
| Unrealised exchange gain / (loss) on consolidation (net) | - | (2.30) |
| Changes in non-controlling interest | **(0.30)** | (0.53) |
| | **55.28** | 135.67 |
| *Less:* **Outflows from financing activities** | | |
| Repayment of long-term borrowings | **(315.65)** | (603.08) |
| Repayment of short-term borrowings | - | (134.44) |
| Payment of lease liabilities | **(8.99)** | (10.64) |
| Dividend paid | **(229.07)** | - |
| Payment towards corporate guarantee settlement | **(100.72)** | (138.72) |
| Finance costs paid | **(9.51)** | (49.20) |
| Payment towards purchase of non-controlling interest | **(0.35)** | - |
| | **(664.29)** | (936.08) |
| **Net cash flow (used in) / from continuing financing activities** | **(609.01)** | (800.41) |
| **Net cash flow (used in) / from discontinued financing activities** | **(2.53)** | - |
| **Net cash flow** (used in) **/ from** continuing **and discontinued financing activities** [C] | **(611.54)** | (800.41) |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **314.63** | (90.68) |
| **Cash and cash equivalents at beginning of the year** | **397.28** | 487.96 |
| **Cash and cash equivalents at end of the year** | **711.91** | 397.28 |
| **Cash and cash** equivalents **from** continuing operations (Refer note 13) | 681.78 | 354.96 |
| Cash and cash equivalents from discontinued operations | 30.13 | 42.32 |
| **Cash and cash equivalents from continuing and discontinued** operations | 711.91 | 397.28 |

1 Refer note 47 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 movements 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 ₹ Nil (as at 31 March, 2022 ₹ 0.38 crores).

4 The 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.

**The accompanying notes form an integral part of 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 : 08 May, 2023

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai : 08 May, 2023

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

### (A) EQUITY SHARE CAPITAL

**For the year ended 31 March, 2023**

₹ crores

| Balance as at 1-04-2022 | Changes in equity share capital during the year* | Balance as at 31-03-2023 |
|---|---|---|
| 288.37 | 17.06 | 305.43 |

**For the year ended 31 March, 2022**

₹ crores

| Balance as at 1-04-2021 | Changes in equity share capital during the year* | Balance as at 31-03-2022 |
|---|---|---|
| 267.60 | 20.77 | 288.37 |

* Refer note 17

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

(B) OTHER EQUITY

For the year ended 31 March, 2023

₹ crores

| | Retained Earnings | Effective Portion of Cash Flow Hedge | Foreign Currency Translation Reserve | General Reserve | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | Share Warrant Money | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01 April, 2022 | (1,037.47) | (0.05) | (34.60) | 418.46 | 671.65 | 3.58 | 12.95 | 660.05 | 1.78 | 18.24 | 714.59 |
| Profit for the year | 962.67 | - | - | - | - | - | - | - | - | - | 962.67 |
| Employee stock options issued | - | - | - | - | - | - | - | - | 4.42 | - | 4.42 |
| Proceeds against share warrants | - | - | - | - | - | - | - | - | - | 54.72 | 54.72 |
| Shares issued on conversion of warrants | - | - | - | - | - | - | - | 56.76 | - | (72.96) | (16.20) |
| Effect of stake acquired from non-controlling interest | (0.05) | | | | | | | | | | (0.05) |
| Transfer to securities premium from share options outstanding account | - | - | - | - | - | - | - | 0.18 | (0.18) | - | - |
| Transferred to statement of profit & loss / retained earning on account of deconsolidation of subsidiaries | - | - | 4.31 | - | - | - | - | - | - | - | 4.31 |
| **Other comprehensive Income for the year** | | | | | | | | | | | |
| Remeasurement loss on defined benefit plans | (5.55) | - | - | - | - | - | - | - | - | - | (5.55) |
| Foreign currency translation differences | - | - | (4.76) | - | - | - | - | - | - | - | (4.76) |
| Dividend paid during the year | (229.07) | - | - | - | - | - | - | - | - | - | (229.07) |
| Balance as at 31 March, 2023 | (309.47) | (0.05) | (35.05) | 418.46 | 671.65 | 3.58 | 12.95 | 716.99 | 6.02 | - | 1,485.08 |

For the year ended 31 March, 2022

₹ crores

| | Retained Earnings | Effective Portion of Cash Flow Hedge | Foreign Currency Translation Reserve | General Reserve | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | Share Warrant Money | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01 April, 2021 | (1948.05) | (0.05) | (51.29) | 418.46 | 671.65 | 3.58 | 12.95 | 602.95 | - | 37.50 | (352.30) |
| Profit for the year | 912.54 | - | - | - | - | - | - | - | - | - | 912.54 |
| Employee stock options issued | - | - | - | - | - | - | - | - | 1.78 | - | 1.78 |
| Proceeds against share warrants | - | - | - | - | - | - | - | - | - | 57.78 | 57.78 |
| Shares issued on conversion of warrants | - | - | - | - | - | - | - | 59.04 | - | (77.04) | (18.00) |
| Expenses on issue of equity shares and share warrants | - | - | - | - | - | - | - | (0.38) | - | - | (0.38) |
| Shares issued on settlement of guarantee | - | - | - | - | - | - | - | 98.44 | - | - | 98.44 |
| **Other comprehensive Income for the year** | | | | | | | | | | | |
| - Remeasurement loss on defined benefit plans | (1.96) | - | - | - | - | - | - | - | - | - | (1.96) |
| - Foreign currency translation differences | - | - | 16.69 | - | - | - | - | - | - | - | 16.69 |
| Balance as at 31 March, 2022 | (1037.47) | (0.05) | (34.60) | 418.46 | 671.65 | 3.58 | 12.95 | 660.05 | 1.78 | 18.24 | 714.59 |

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. [illegible]

per Bharath N S
Partner
Membership No. 210934

Chennai 08 May, 2023

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 08 May, 2023

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

**1. Corporate Information:**

CG Power and Industrial Solutions Limited (the 'Company' or 'Parent') with CIN No L99999MH1937PLC002641 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 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, 2023.

The consolidated financial statements of the Group for the year ended 31 March, 2023 were authorised for issue in accordance with a resolution of the directors on 8 May, 2023

**2. Summary of Significant Accounting Policies:**

**2.1 Basis of preparation:**

The 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 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 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.

The Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the Financial Statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

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 equity holders of the parent.

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 date 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.

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 account in the period in which it is incurred.

Development expenditures on an individual project are recognised 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
(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.

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.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**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:**

**Initial recognition**

Transactions in foreign currencies entered are accounted at the exchange rates prevailing on the date of the transaction

**Measurement as at Balance Sheet Date**

Foreign currency monetary items that are outstanding at the Balance Sheet date are restated at year end exchange rates

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

**Treatment of exchange differences**

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

**Consolidation of subsidiaries situated in foreign countries**

The translation of financial statements of the foreign subsidiaries from their respective functional currencies to the presentation currency (₹) is performed for assets and liabilities using the exchange rates prevailing at the reporting date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods The gains or losses resulting from such translation are included in currency translation reserves under OCI.

When a subsidiary is disposed of, in full, the relevant amount is transferred to net profit in the consolidated statement of profit and loss However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**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 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.

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.

However, Goods and Services tax (GST) are not received by the Group on its own account Rather it is tax collected on value added to the commodity by the seller on behalf of the government Accordingly, it is excluded from revenue

**(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

MUMBAI

**(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.

**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 Company and a subsidiary incorporated in India 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 CG 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.

**Provident Fund:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**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 Shared Based Payments (Employee Stock Option Scheme):**

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in stock options outstanding account in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**2.12 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.

**2.13 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.

**2.14 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 leases and leases of low-value assets, 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. The cost of the ROU asset measured at inception 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 – 30 to 99 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.

**2.15 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 consolidated financial statements by the Board of Directors.

**2.16 Income Taxes:**

Income tax expense for the period comprises of current and deferred tax. Income tax expense is recognised 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 determined by using tax rates in accordance with the provisions of Income Tax Act, 1961.

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 sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized

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

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

**2.17 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.

**2.18 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

**2.19 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

**2.20 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

**2.21 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.

**2.22 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 twelve months. Accordingly, assets and liabilities related to these long term contracts, which will not be realised / paid within twelve months, have been classified as non-current. For all other activities, operating cycle is twelve months.

**2.23 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

**2.24 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 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.

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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.

**2.25 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 that do not contain a significant financing component 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 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 Group applies a simplified approach under which loss allowance is recognised based on expected lifetime ECL losses to be recognised on each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience adjusted for relevant forward-looking factors. For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk since initial recognition 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.

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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.

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(A). Significant accounting judgements, estimates and assumptions**

The preparation of the Group's 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.

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*Judgements*

**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 Group 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.

**(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.

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**3(B). New and amended standard**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April, 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March, 2022, to amend the following Ind AS which are effective from 1 April, 2022.

**(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, the Group needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April, 2022. These amendments had no impact on the consolidated financial statements of the Group.

**(ii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16**

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April, 2022. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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## 4. PROPERTY, PLANT AND EQUIPMENT

₹ crores

| | Freehold land | Buildings | Plant and machinery | Right-of-Use assets | Furniture and fittings | Office equipments | Vehicles | Total | Capital work-in- progress |
|---|---|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | | | |
| **As at 01-04-2021** | **73.18** | **669.88** | **508.03** | **120.34** | **29.52** | **23.09** | **8.11** | **1432.15** | **12.31** |
| Additions | - | 3.58 | 30.87 | 5.44 | 0.23 | 2.67 | 2.80 | 45.59 | 16.92 |
| Disposals / transfers | - | - | 0.92 | 6.22 | 0.23 | 0.21 | 1.54 | 9.12 | 1.71 |
| Less: Exchange differences | - | 0.15 | 2.24 | 0.00 | (0.02) | 0.21 | 0.03 | 2.61 | 0.71 |
| **As at 31-03-2022** | **73.18** | **673.31** | **535.74** | **119.56** | **29.54** | **25.34** | **9.34** | **1466.01** | **26.81** |
| Additions | - | 12.14 | 38.44 | 11.11 | 2.19 | 8.65 | 2.31 | 74.84 | 18.32 |
| Disposals / transfers | - | 0.05 | 1.96 | 7.90 | 0.48 | 0.29 | 1.42 | 12.10 | 17.60 |
| Transferred to discontinued operation (Refer note 43) | 23.75 | 38.90 | 63.09 | - | 0.97 | 1.54 | 0.06 | 128.31 | 0.65 |
| Less: Exchange differences | - | (0.23) | (1.00) | (0.00) | (0.04) | (0.20) | (0.11) | (1.58) | (0.39) |
| **As at 31-03 2023** | **49.43** | **646.73** | **510.13** | **122.77** | **30.32** | **32.36** | **10.28** | **1402.02** | **27.27** |
| **Accumulated depreciation:** | | | | | | | | | |
| **As at 01-04-2021** | - | **182.30** | **267.02** | **33.44** | **15.87** | **16.75** | **4.63** | **520.01** | |
| Depreciation charge for the year | - | 23.17 | 32.33 | 10.40 | 2.37 | 1.75 | 1.20 | 71.22 | |
| Disposals / transfers | - | - | 0.68 | 0.71 | 0.15 | 0.21 | 1.08 | 2.83 | |
| Impairment for the year | - | - | 9.70 | - | - | - | - | 9.70 | |
| Less: Exchange differences | - | 0.11 | 2.02 | (0.34) | (0.03) | 0.20 | 0.02 | 1.98 | |
| **As at 31-03-2022** | - | **205.36** | **306.35** | **43.47** | **18.12** | **18.09** | **4.73** | **596.12** | |
| Depreciation charge for the year | - | 24.00 | 34.22 | 9.24 | 2.15 | 2.58 | 1.59 | 73.78 | |
| Disposals / transfers | - | 0.04 | 1.41 | 6.36 | 0.32 | 0.20 | 0.96 | 9.29 | |
| Transferred to discontinued operation (Refer note 43) | - | - | 21.92 | - | 0.98 | 0.15 | 0.02 | 23.07 | |
| Less: Exchange differences | - | (0.21) | (0.65) | (0.86) | (0.03) | (0.16) | (0.07) | (1.98) | |
| **As at 31-03-2023** | - | **229.53** | **317.89** | **47.21** | **19.00** | **20.48** | **5.41** | **639.52** | |
| **Net book value** | | | | | | | | | |
| As at 31-03-2022 | 73.18 | 467.95 | 229.39 | 76.09 | 11.42 | 7.25 | 4.61 | 869.89 | 26.81 |
| **As at 31-03-2023** | **49.43** | **417.20** | **192.24** | **75.56** | **11.32** | **11.88** | **4.87** | **762.50** | **27.27** |

**Note:**

The Parent Company's application for renewal of lease in respect of property in Mumbai is considered by local municipal corporation, however documentation formalities in this regards are in progress. The net book value of tangible assets in relation to this property as at 31 March, 2023 is ₹ 182.67 crores (as at 31 March, 2022 ₹ 187.44 crores).

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NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

**4. PROPERTY, PLANT AND EQUIPMENT (Contd.)**

Capital work in progress (CWIP) ageing schedule as at 31 March, 2023 — ₹ crores

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 18.34 | 7.14 | 1.26 | 0.53 | 27.27 |
| **Total** | **18.34** | **7.14** | **1.26** | **0.53** | **27.27** |

**Capital work in progress (CWIP) completion schedule as at 31 March, 2023*** — ₹ crores

| | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Variable frequency drives frame | 0.90 | - | - | - | 0.90 |
| Variable frequency drives | 1.45 | - | - | - | 1.45 |
| Softstarter high power range | 4.08 | - | - | - | 4.08 |
| **Total** | **6.43** | - | - | - | **6.43** |

**Note :** There are no projects which are temporary suspended.

Capital work in progress (CWIP) ageing schedule as at 31 March, 2022 — ₹ crores

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 21.18 | 4.77 | 0.33 | 0.53 | 26.81 |
| Total | 21.18 | 4.77 | 0.33 | 0.53 | 26.81 |

Capital work in progress (CWIP) completion schedule as at 31 March, 2022* — ₹ crores

| | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Variable frequency drives frame | 0.93 | - | - | - | 0.93 |
| VSI modules | 4.58 | - | - | - | 4.58 |
| Variable frequency drives | 1.37 | - | - | - | 1.37 |
| Emo variable frequency drives | 0.20 | - | - | - | 0.20 |
| Total | 7.08 | - | - | - | 7.08 |

**Note :** There were no projects which were temporary suspended.

*Project wise completion schedule where project cost has exceeded or projects are overdue

## 5. INTANGIBLE ASSETS

₹ crores

| | Brand names and customer lists | Computer software | Technical know-how | Commercial rights | Development cost | Total | Goodwill | Intangible assets under development |
|---|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | | |
| **As at 01-04-2021** | **233.08** | **70.85** | **98.02** | **31.09** | **242.38** | **675.42** | **155.68** | **7.82** |
| Additions | - | 1.02 | - | - | 11.56 | 12.58 | - | 7.15 |
| Disposals / transfers | - | - | - | - | - | - | - | 6.59 |
| Other Adjustment | 97.76 | - | - | - | - | 97.76 | - | - |
| Less: Exchange differences | 0.49 | 0.12 | 1.82 | - | 6.98 | 9.41 | 3.31 | 0.00 |
| **As at 31-03-2022** | **134.83** | **71.75** | **96.20** | **31.09** | **246.96** | **580.83** | **152.37** | **8.38** |
| Additions | - | 2.13 | - | - | 12.14 | 14.27 | - | 9.35 |
| Disposals / transfers | - | - | - | - | - | - | - | 6.05 |
| Transferred to discontinued operation (Refer note 43) | 55.83 | 19.76 | - | - | 25.29 | 100.88 | - | 0.65 |
| Less: Exchange differences | (8.23) | 0.00 | (5.35) | - | 4.19 | (9.39) | (9.77) | - |
| **As at 31-03-2023** | **87.23** | **54.12** | **101.55** | **31.09** | **229.62** | **503.61** | **162.14** | **11.03** |
| **Accumulated amortisation:** | | | | | | | | |
| **As at 01-04-2021** | **225.14** | **65.25** | **97.46** | **31.09** | **178.61** | **597.55** | | |
| Amortisation charge for the year | 3.41 | 3.01 | 0.41 | - | 23.16 | 29.99 | | |
| Other Adjustment | 97.76 | - | - | - | - | 97.76 | | |
| Less: Exchange differences | 0.61 | 0.10 | 1.83 | - | 5.59 | 8.13 | | |
| **As at 31-03-2022** | **130.18** | **68.16** | **96.04** | **31.09** | **196.18** | **521.65** | | |
| Amortisation charge for the year | - | 1.14 | 0.06 | - | 19.52 | 20.72 | | |
| Transferred to discontinued operation (Refer note 43) | 51.13 | 19.76 | - | - | 23.81 | 94.70 | | |
| Less: Exchange differences | (8.18) | 0.00 | (5.38) | - | 3.50 | (10.06) | | |
| **As at 31-03-2023** | **87.23** | **49.54** | **101.48** | **31.09** | **188.39** | **457.73** | | |
| **Net book value** | | | | | | | | |
| As at 31-03-2022 | 4.65 | 3.59 | 0.16 | - | 50.78 | 59.18 | 152.37 | 8.38 |
| **As at 31-03-2023** | **-** | **4.58** | **0.07** | **-** | **41.23** | **45.88** | **162.14** | **11.03** |

S.R.B.C & CO LLP CHARTERED ACCOUNTANTS MUMBAI

## 5. INTANGIBLE ASSETS (Contd.)

**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:

₹ crores

| CGUs /Segments | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Industrial Systems | **162.14** | 152.37 |
| **Total goodwill** | **162.14** | 152.37 |

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 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Terminal value growth rate | **2%** | 2% |
| Discount rate | **10.00%** | 10.00% |

The pre-tax discount rate (WACC) used 10% (as at 31 March 2022 10.00%)

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.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**5. INTANGIBLE ASSETS (Contd.)**

Intangible assets under development (IAUD) ageing schedule as at 31 March, 2023 ₹ crores

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress | **4.92** | **4.10** | - | **2.01** | **11.03** |
| Total | **4.92** | **4.10** | - | **2.01** | **11.03** |

**Notes:**
There are no projects where project cost has exceeded or projects are overdue in current year.
There are no projects which are temporary suspended.

Intangible assets under development (IAUD) ageing schedule as at 31 March, 2022 ₹ crores

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 3.90 | - | 3.54 | 0.94 | 8.38 |
| Total | 3.90 | - | 3.54 | 0.94 | 8.38 |

Notes:
There were no projects where project cost exceeded or projects were overdue.
There were no projects which were temporary suspended

## 6. NON CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2023 | As at 31-03-2022 | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of investments:** | | | | | |
| **A) Quoted investments** | | | | | |
| **Government and trust securities** | | | | | |
| Central Government Securities 10.18% GOI 2026 of ₹ 100 each (Carried at amortised cost) | 100 | 39000 | 39000 | **0.39** | 0.39 |
| **Total (A)** | | | | **0.39** | 0.39 |
| **B) Unquoted investments** | | | | | |
| **Investments in equity instruments** | | | | | |
| **Measured at fair value through profit and 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 * (Optionally Convertible, Zero Coupon, Non marketable, Transferable Debentures) | 100 | - | 800000 | - | 8.00 |
| Less : Impairment in value of investment | | | | - | (8.00) |
| | | | | - | - |
| 2. Dinette Exclusive Club Private Limited (0% Unsecured Irredeemable Non convertible Debentures of ₹ 100 each) | 100 | 5000 | 5000 | **0.05** | 0.05 |
| | | | | **0.05** | 0.05 |
| **Other non-current investments** | | | | | |
| 1. UTI Hybrid Equity Fund - Dividend Plan - Payout | 10 | 60997 | 55909 | **0.19** | 0.18 |
| 2. Power Equipment Limited | USD 10 | 20600 | 20600 | **0.00** | 0.00 |
| 3. IL&FS Transportation Networks Limited Tranch-XVI | 1000000 | 45 | - | **0.09** | - |
| 4. IL&FS Transportation Networks Limited Tranch-XX | 1000000 | 20 | - | **0.04** | - |
| 5. Infrastructure Leasing & Financial Services Limited | 1000000 | 19 | - | **0.19** | - |
| | | | | 0.51 | 0.18 |
| **Total (B)** | | | | **0.57** | 0.24 |
| **Total (A+B)** | | | | **0.96** | 0.63 |
| **Notes:** | | | | | |
| **Quoted investments** | | | | | |
| Book value | | | | **0.39** | 0.39 |
| Market value | | | | **0.39** | 0.39 |
| **Unquoted investments** | | | | | |
| Book value | | | | **0.57** | 0.24 |

* During the year, the Group has written off investment of ₹ 8.00 crores in Avantha Holdings Limited ('AHL').

## 7. NON CURRENT FINANCIAL ASSETS - OTHERS

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured, considered good, unless otherwise stated** | | |
| Deposits | **6.14** | 5.63 |
| Fixed deposits with banks with maturity period of more than 12 months* | **7.19** | 11.06 |
| Other receivable | - | 11.35 |
| | **13.33** | 28.04 |

* Deposits of ₹ 3.69 crores (as at 31 March, 2022 ₹ 0.01 crore) are held as margin money

## 8. TAXATION

Income tax recognised in statement of profit and loss:

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Consolidated statement of profit and loss:** | | |
| Income tax: | | |
| Current period (continuing operations) | **13.40** | 12 59 |
| Previous period (continuing operations) | **-** | (2 26) |
| Current period (discontinued operations) | **3.16** | 0 06 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences - continuing operations | **192.41** | 111 93 |
| **Income tax recognised in consolidated statement of profit and loss** | **208.97** | 122 32 |
| **Consolidated statement of other comprehensive income** | | |
| Deferred tax related to items recognised in other comprehensive income during the year | **(1.38)** | (0 66) |
| **Income tax recognised in other comprehensive income** | **(1.38)** | (0 66) |

**Reconciliation of income tax expense and accounting profit multiplied by applicable income tax rate:**

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Accounting profit before tax from continuing operations | **1002.14** | 751 87 |
| Accounting profit before tax from discontinued operations | **169.80** | 283 52 |
| **Accounting profit before income tax** | **1171.94** | 1035.39 |
| Applicable tax rate | **25.168%** | 25 168% |
| **Computed tax expense** | **294.96** | 260.59 |
| Income exempt from taxation | **(43.62)** | (65.46) |
| Income / expense not deductible in determining taxable profits | **(39.38)** | 2 48 |
| Deferred tax assets not recognised on account of lack of convincing evidence in respect of recognition | **-** | 22.24 |
| Impact of deferred tax created at lower tax rate | **8.97** | (50.50) |
| Impact of fair valuation of property, plant and equipment | **-** | (68 73) |
| Other temporary differences | **(11.96)** | 21 70 |
| **Net income tax expense charged to consolidated statement of profit and loss** | **208.97** | 122.32 |
| Income tax attributable to continuing operations | **205.81** | 122.26 |
| Income tax attributable to discontinued operations | **3.16** | 0 06 |
| **Total** | **208.97** | 122.32 |

**Note:**

Pursuant to restatement of books of account from financial year 2014-15 to 2018-19 by the Ministry of Corporate Affairs ('MCA') and taken on records by the Hon'ble National Company Law Tribunal, and consequential revision of books of account for financial year 2019-20 and 2020-21, the Parent Company had filed an application with the Central Board of Direct Taxes ('CBDT') seeking its approval to revise the returns of income based on the recasted / revised books of account. The Parent Company's application was rejected by the CBDT Against this rejection the Parent Company has filed a writ petition before the Hon'ble Bombay High Court The Hon'ble Bombay High Court has asked the Income tax department to file its affidavit in reply. Next date of hearing before the Hon'ble Bombay High Court is awaited

**Deferred tax relates to the following:**

| | Balance sheet | | Recognised in statement of profit and loss | |
|---|---|---|---|---|
| | **As at 31-03-2023** | As at 31-03-2022 | **2022-23** | 2021-22 |
| | **₹ crores** | ₹ crores | **₹ crores** | ₹ crores |
| Expenses allowable on payment basis | **42.43** | 43.04 | **0.61** | (9.42) |
| Other items giving rise to temporary differences | **17.05** | 18 05 | **1.00** | 15.13 |
| Accelerated depreciation for tax purposes | **(38.08)** | (41 94) | **(3.86)** | (4.38) |
| Fair valuation of property, plant and equipment | **(91.18)** | (95.42) | **(4.24)** | (68.73) |
| Provision and impairment of loans and receivables | **57.97** | 53.35 | **(4.62)** | 31 18 |
| Provision for corporate guarantee obligation settlement | **-** | 31.46 | **31.46** | 33 50 |
| Unabsorbed losses and unabsorbed depreciation | **445.32** | 613.35 | **170.68** | 113 99 |
| **Deferred tax asset / (liabilities)** | **433.51** | 621.89 | | |
| **Net (income) / expense** | | | **191.03** | 111.27 |
| **Deferred tax expense / (benefit):** | | | | |
| Relating to origination and reversal of temporary difference - continuing operation | | | **191.03** | 111 27 |
| Total | | | **191.03** | 111.27 |

The net deferred tax assets of ₹ 433 51 crores (as at 31 March, 2022 ₹ 621 89 crores) includes deferred tax assets of ₹ 445 32 crores (as at 31 March, 2022 ₹ 613.28 crores) related to tax losses of Parent Company. 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 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Opening balance** | **621.89** | 733 27 |
| Tax income / (expense) during the year recognised in statement profit and loss from continuing operations | **(192.41)** | (111 93) |
| Reduction on account of transferred to discontinued operation | **2.79** | - |
| Deferred tax on other comprehensive income | **1.38** | 0.66 |
| Exchange differences | **(0.14)** | (0 11) |
| **Closing balance** | **433.51** | 621 89 |

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. NON-CURRENT ASSETS-OTHERS

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Capital advances | **7.48** | 4.96 |
| Others | - | 12.33 |
| Less: Provision for doubtful balances | - | 12.33 |
| | **-** | - |
| | **7.48** | 4.96 |

## 10. INVENTORIES

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| Raw materials | **247.29** | 202.50 |
| Add: Goods-in-transit | **6.41** | 6.64 |
| | **253.70** | 209.14 |
| Work-in-progress | **188.75** | 216.27 |
| Finished goods | **79.31** | 73.80 |
| Stock-in-trade | **16.24** | 10.08 |
| Stores, spares and packing materials | **3.18** | 2.67 |
| Loose tools | **0.00** | 0.39 |
| | **541.18** | 512.35 |

**Note:** Mode of valuation of inventories is stated in Note 2.6.

## 11. CURRENT FINANCIAL ASSETS-INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2023 | As at 31-03-2022 | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of investments:** | | | | | |
| **Unquoted 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 |
| **Investments in mutual funds*** | | | | | |
| 1 SBI Liquid Fund - Direct Growth | | - | 121831 | - | 40.61 |
| | | | | - | 40.61 |
| | | | | **0.01** | 40.62 |

* Carried at fair value through profit and loss

## 12. TRADE RECEIVABLES

| | As at 31-03-2023 | As at 31 03 2022 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured:** | | |
| Considered good | **1297.12** | 943.66 |
| Credit impaired | **111.03** | 157.46 |
| | **1408.15** | 1101.12 |
| *Less:* Allowance for credit impaired | **111.03** | 157.46 |
| | **1297.12** | 943.66 |

**Note:** Refer note 28 for trade receivable considered as contract balances.

SRBC & CO LLP MUMBAI CHARTERED ACCOUNTANTS

## 12. TRADE RECEIVABLES (Contd.)

**Trade receivables ageing schedule:**

₹ crores

| As at 31 March, 2023 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 668.80 | 541.85 | 47.61 | 26.97 | 5.95 | 5.94 | 1297.12 |
| (ii) Undisputed trade receivable – credit impaired | - | - | 0.78 | 7.52 | 19.67 | 83.04 | 111.01 |
| (iii) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | - | 0.02 | 0.02 |
| Total | 668.80 | 541.85 | 48.39 | 34.49 | 25.62 | 89.00 | 1408.15 |

₹ crores

| As at 31 March, 2022 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 533.28 | 353.60 | 23.59 | 5.49 | 18.48 | 9.15 | 943.59 |
| (ii) Undisputed trade receivable – credit impaired | - | 0.01 | 1.57 | 57.11 | 34.84 | 63.90 | 157.43 |
| (iii) Disputed trade receivables – considered good | - | 0.07 | - | - | - | - | 0.07 |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | 0.03 | - | 0.03 |
| Total | 533.28 | 353.68 | 25.16 | 62.60 | 53.35 | 73.05 | 1101.12 |

### 13. CASH AND CASH EQUIVALENTS

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Balances with banks:** | | | | |
| In current accounts | **145.11** | | 159.09 | |
| Fixed deposits with original maturity of less than 3 months | **536.66** | | 235.97 | |
| | | **681.77** | | 395.06 |
| Cash on hand | | **0.01** | | 0.01 |
| | | **681.78** | | 395.07 |

As at 31 March, 2023, the Parent Company has undrawn fund based committed borrowings facilities of ₹ 500.00 crores (as at 31 March, 2022 ₹ 500.00 crores).

### 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Other balances:** | | | | |
| **Earmarked balances with banks for:** | | | | |
| Unpaid dividends (Refer note (a) below) | **0.13** | | 0.01 | |
| Others | - | | 0.33 | |
| | | **0.13** | | 0.34 |
| Fixed deposits with original maturity of more than 3 months and upto 12 months (Refer note (b) below) | | **32.05** | | 92.61 |
| | | **32.18** | | 92.95 |

**Notes:**

(a) Amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2023 ₹ Nil (as at 31 March, 2022 ₹ Nil).

(b) Deposits of ₹ 3.11 crores (as at 31 March, 2022 ₹ 7.83 crores) are held as margin money.

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. CURRENT FINANCIAL ASSETS - OTHERS

| | **As at 31-03-2023 ₹ crores** | As at 31-03-2022 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated:** | | |
| Security deposits: | | |
| Considered good | **12.01** | 10.73 |
| Considered doubtful | **0.74** | 0.74 |
| | **12.75** | 11.47 |
| Less: Allowance for bad and doubtful deposits | **0.74** | 0.74 |
| | **12.01** | 10.73 |
| Receivable on deconsolidation of HBE Group* | **132.60** | 126.70 |
| Derivative instruments | **0.07** | - |
| Other financial assets | **2.80** | 2.07 |
| | **147.48** | 139.50 |

* HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'). These subsidiaries are deconsolidated with effect from January 1, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court.

### 16. OTHER CURRENT ASSETS

| | **As at 31-03-2023 ₹ crores** | As at 31-03-2022 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Advance to suppliers | **52.33** | 58.39 |
| Statutory and other receivables* | **146.81** | 176.40 |
| Receivable from erstwhile directors | **0.16** | 0.16 |
| Less: Provision for doubtful receivable | **0.16** | 0.16 |
| | **199.14** | 234.79 |

**Note:**
* Major items includes statutory receivables of ₹ 73.06 crores (as at 31 March, 2022 ₹ 84.04 crores) and deposits (includes towards disputed tax demands) of ₹ 53.53 crores (as at 31 March, 2022 ₹ 70.91 crores).

## 17. SHARE CAPITAL

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| **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, 2022) | | |
| **Issued:** | | |
| 1,52,71,73,734 equity shares of ₹ 2 each | **305.43** | 288.37 |
| (1,44,18,85,329 equity shares of ₹ 2 each as at 31 March, 2022) | | |
| **Subscribed and paid-up:** | | |
| 1,52,71,31,434 equity shares of ₹ 2 each | **305.43** | 288.37 |
| (1,44,18,43,029 equity shares of ₹ 2 each as at 31 March, 2022) | | |
| **Forfeited shares:** | | |
| 42,300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32,175) | **0.00** | 0.00 |
| (42,300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32,175 as at 31 March, 2022) | | |
| | **305.43** | 288.37 |

Notes:

(a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year:**

| **Authorised share capital** | As at 31-03-2023 No of Shares | As at 31-03-2023 ₹ crores | As at 31-03-2022 No of Shares | As at 31-03-2022 ₹ 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 31-03-2023 No of Shares | As at 31-03-2023 ₹ crores | As at 31-03-2022 No of Shares | As at 31-03-2022 ₹ crores |
|---|---|---|---|---|
| Balance at the beginning of the year | **1441885329** | **288.37** | 1338040329 | 267.60 |
| Add: Issued during the year | **85288405** | **17.06** | 103845000 | 20.77 |
| Balance at the end of the year | **1527173734** | **305.43** | 1441885329 | 288.37 |

| **Subscribed and paid-up share capital** | As at 31-03-2023 No of Shares | As at 31-03-2023 ₹ crores | As at 31-03-2022 No of Shares | As at 31-03-2022 ₹ crores |
|---|---|---|---|---|
| Balance at the beginning of the year | **1441843029** | **288.37** | 1337998029 | 267.60 |
| Add: Issued during the year | **85288405** | **17.06** | 103845000 | 20.77 |
| Balance at the end of the year | **1527131434** | **305.43** | 1441843029 | 288.37 |

During the year, the Company has issued following equity shares under preferential allotment and employee stock option scheme:

(i) 85233645 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 ₹ 72.96 crores on conversion of 85233645 warrants held by Tube Investments of India Limited ('TII') into equity share.

(ii) 54760 equity shares of the face value ₹ 2 each at a price of ₹ 156.20 (including premium) per equity share, for an aggregate consideration of ₹ 0.86 crores on allotment of 54760 equity shares in lieu of employee stock option.

During the year ended 31 March, 2022, the Company had issued following equity shares under preferential allotment:

(i) 13845000 equity shares of face value of ₹ 2 each issued to a bank towards guarantee settlement consideration on preferential basis at ₹ 73.10 (including premium) per equity share for an aggregate consideration of ₹ 101.21 crores.

(ii) 90000000 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 ₹ 77.04 crores on conversion of 90000000 warrants held by Tube Investments of India Limited ('TII') into equity shares;

(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.

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17. SHARE CAPITAL (Contd.)

(c) **Details of shareholders holding more than 5 % shares in the Company:**

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | % | No. of Shares | % | No. of Shares |
| Tube Investments of India Limited | 58.05 | 886485532 | 55.57 | 801251887 |

(d) **Details of shares held by promoters**

**As at 31 March, 2023**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 801251887 | 85233645 | 886485532 | 58.05% | 10.64% |
| M A Murugappan Holdings LLP (*Formerly*, M A Murugappan Holdings Private Limited) | 367000 | - | 367000 | 0.02% | - |
| M A M Arunachalam | 185000 | - | 185000 | 0.01% | - |
| M.A.Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 90000 | - | 90000 | 0.01% | - |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 74000 | - | 74000 | 0.00% | - |
| M A M Arunachalam (In capacity of karta of HUF) | 64500 | - | 64500 | 0.00% | - |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares - Murugappan Arunachalam Children Trust) | 46900 | - | 46900 | 0.00% | - |
| A Venkatachalam (In capacity of karta of HUF) | 31300 | - | 31300 | 0.00% | - |
| Vedika Meyyammai Arunachalam | 71000 | - | 71000 | 0.00% | - |
| Lakshmi Ramaswamy | 7490 | - | 7490 | 0.00% | - |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M.V.Subbiah, M A A and M M M hold shares on behalf of the Firm) | 5100 | - | 5100 | 0.00% | - |
| A M M Vellayan Sons P Ltd | - | 1450 | 1450 | 0.00% | 100.00% |
| Valli Annamalai | - | 1000 | 1000 | 0.00% | 100.00% |
| **Total** | **802361677** | **85236095** | **887597772** | **58.12%** | |

**As at 31 March, 2022**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 711251887 | 90000000 | 801251887 | 55.57% | 12.65% |
| M A Murugappan Holdings LLP (*Formerly*, M A Murugappan Holdings Private Limited) | 350000 | 17000 | 367000 | 0.03% | 4.86% |
| M A M Arunachalam | 165000 | 20000 | 185000 | 0.01% | 12.12% |
| M A Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 90000 | - | 90000 | 0.01% | - |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 64000 | 10000 | 74000 | 0.00% | 15.63% |
| M A M Arunachalam (In capacity of karta of HUF) | 55000 | 9500 | 64500 | 0.01% | 17.27% |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares - Murugappan Arunachalam Children Trust) | 46900 | - | 46900 | 0.00% | - |
| A Venkatachalam (In capacity of karta of HUF) | 31300 | - | 31300 | 0.00% | - |
| Vedika Meyyammai Arunachalam | 31000 | 40000 | 71000 | 0.01% | 129.03% |
| Lakshmi Ramaswamy | 5490 | 2000 | 7490 | 0.00% | 36.43% |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M V Subbiah, M A A and M M M hold shares on behalf of the Firm) | - | 5100 | 5100 | 0.00% | 100.00% |
| Total | 712258077 | 90103600 | 802361677 | 55.65% | |

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## 18. OTHER EQUITY

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| Retained earnings | **(309.47)** | (1037.47) |
| Effective portion of cash flow hedge | **(0.05)** | (0.05) |
| Foreign currency translation reserve | **(35.05)** | (34.60) |
| General reserve | **418.46** | 418.46 |
| Capital reserve | **671.65** | 671.65 |
| Capital reserve on consolidation | **3.58** | 3.58 |
| Capital redemption reserve | **12.95** | 12.95 |
| Securities premium | **716.99** | 660.05 |
| Share options outstanding account | **6.02** | 1.78 |
| Share warrant money (Refer note 17(a)) | **-** | 18.24 |
| | **1485.08** | 714.59 |

**(a) Dividend paid and proposed:**
The Company has declared and paid interim dividend of ₹ 1.50 per share for the financial year 2022-23 (previous year ₹ Nil).

**(b) Nature and purpose of items in other equity:**

**(i) Retained earnings:**
Retained earnings are the profits that the Group has earned till date and includes any transfer to general reserve, dividends or other distributions paid to the shareholders

**(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) General reserve**
General reserve comprises of transfer of profits from retained earnings for appropriation purpose, the reserves can be distributed / utilised by the Group in accordance with the Companies Act, 2013.

**(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 bonus shares to its members out of the capital redemption reserve account

**(viii) Securities premium:**
Securities premium reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

**(ix) Share options outstanding account:**
Share options outstanding account represents fair value of the options granted which is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service.

**(x) 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.

## 19. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| **Secured loans** | | |
| Term loans from banks (Refer note (a) below) | - | 107.47 |
| **Unsecured loans** | | |
| Debentures (Refer note (b) below) | - | 200.00 |
| | - | 307.47 |

**Notes:**

**Security created to the extent of:**

**(a) Secured term loans from banks:**

(i) During the year, the term loans have been fully repaid (as at 31 March, 2022 ₹ 98.87 crores). The said term loans were drawn at rate of interest of 6 months MCLR plus applicable spread and were secured by first charge on fixed assets except such properties as were specifically excluded. Second charge were by way of hypothecation of inventories and book debts / receivables of the Company. The initial loans amount were additionally secured by corporate guarantee from Tube Investments Of India Limited. As at 31 March, 2022, the bank had released said corporate guarantee considering the financial performance of the Company.

(ii) The term loans of ₹ Nil (as at 31 March, 2022 ₹ 0.11 crores) were repayable in 6-48 equal monthly instalments and were secured by hypothecation of vehicles. Current maturity of the said loan is ₹ Nil (as at 31 March, 2022 ₹ 0.05 crores). Refer note 23.

(iii) The term loan of ₹ 36.56 crores (as at 31 March, 2022 ₹ 36.56 crores) is 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, 2022 ₹ 36.56 crores). The said loan is part of liabilities associated with group of assets classified as held for sale and discontinued operation as on 31 March, 2023.

(iv) Term loan of ₹ Nil (as at 31 March, 2022 ₹ 16.67 crores) at 'Stibor 3M + 2.25%' for a period of 4 years. The loan was repayable in quarterly instalment of SEK 2.5 million. The loan was secured by pledging of shares of subsidiary. Current maturity of the said loan is ₹ Nil (as at 31 March 2022 ₹ 8.13 crores). Refer note 23.

**(b) Unsecured loans:**

**Debentures:**

During the year, the Company has fully redeemed Non-convertible Debenture (NCDs). The Non-convertible Debentures (NCDs) were unlisted, unsecured, redeemable and non-convertible. NCDs were issued to lenders in terms of Settlement Agreement towards settlement of borrowings. NCDs carried coupon rate of 0.01% for the initial period of 2 years and thereafter 8% p.a. until the maturity date. The Company had 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.

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## 20. NON-CURRENT - OTHER FINANCIAL LIABILITIES

| | **As at 31-03-2023 ₹ crores** | As at 31-03-2022 ₹ crores |
|---|---|---|
| Deposits payable | **1.85** | 3.78 |
| Others* | **-** | 10.38 |
| | **1.85** | 14.16 |

* Represents interest accrued as per amortised cost method of Ind AS

## 21. NON-CURRENT PROVISIONS

| | **As at 31-03-2023 ₹ crores** | As at 31-03-2022 ₹ crores |
|---|---|---|
| Provision for employee benefits | **20.56** | 17.70 |
| Other provisions (Refer note 27) | **22.33** | 12.89 |
| | **42.89** | 30.59 |

## 22. OTHER NON-CURRENT LIABILITIES

| | **As at 31-03-2023 ₹ crores** | As at 31-03-2022 ₹ crores |
|---|---|---|
| Others | **0.73** | 0.67 |
| | **0.73** | 0.67 |

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| **Secured loans** | | |
| Current maturities of long- term loans from banks (Refer note 19) | - | 44.74 |
| | - | 44.74 |

### 24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| Acceptances | **287.37** | 234.30 |
| Due to micro and small enterprises | **82.69** | 40.57 |
| Due to other than micro and small enterprises | **902.60** | 873.77 |
| | **1272.66** | 1148.64 |

**Note:** Refer note 42 for trade payables to related parties.

## 24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES (Contd.)

Trade payables ageing schedule:

₹ crores

| As at 31 March, 2023 | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 78.07 | 4.38 | 0.15 | 0.06 | 0.03 | 82.69 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 915.15 | 230.48 | 3.25 | 2.98 | 19.03 | 1170.89 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | 19.08 | 19.08 |
| **Total** | **993.22** | **234.86** | **3.40** | **3.04** | **38.14** | **1272.66** |

₹ crores

| As at 31 March, 2022 | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 33.90 | 6.51 | 0.07 | 0.09 | - | 40.57 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 867.64 | 182.49 | 4.61 | 24.32 | 9.93 | 1088.99 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | 0.66 | 18.42 | 19.08 |
| **Total** | 901.54 | 189.00 | 4.68 | 25.07 | 28.35 | 1148.64 |

## 25. CURRENT- OTHER FINANCIAL LIABILITIES

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Interest free sales tax deferral loans from State Government | | **0.12** | | 0.12 |
| Interest accrued but not due on borrowings | | - | | 1.72 |
| **Investor Education and Protection Fund:** | | | | |
| Unclaimed dividend (Refer below note (a)) | | **0.13** | | 0.00 |
| Due to directors (Refer note 42) | | **0.63** | | - |
| Liability on deconsolidation HBE Group* | | **187.63** | | 342.39 |
| **Other payables:** | | | | |
| Security deposits | **13.54** | | 10.27 | |
| Dues to employees | **23.39** | | 23.60 | |
| Others# | **108.64** | | 281.54 | |
| | | **145.57** | | 315.41 |
| | | **334.08** | | 659.64 |

**Note:**

(a) There is no amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2023 (as at 31 March, 2022 ₹ Nil).

(b) *HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'). These subsidiaries are deconsolidated with effect from January 1, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court.

(c) # Major items includes provision towards guarantee settlement consideration of ₹ 43.28 crores (as at 31 March, 2022 ₹ 165.80 crores) and provision towards disputed claims ₹ Nil (as at 31 March, 2022 ₹ 40.00 crores).

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## 26. OTHER CURRENT LIABILITIES

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Advances from customers (Refer note 28) | | **197.64** | | 196.51 |
| Due to customers (Refer note 28) | | **7.14** | | 10.25 |
| **Other payables:** | | | | |
| Statutory liabilities | **66.83** | | 20.52 | |
| Advance from others (Refer note below) | - | | 566.70 | |
| Others | **25.92** | | 23.26 | |
| | | **92.75** | | 610.48 |
| | | **297.53** | | 817.24 |

**Note:**
The Group had received certain advances from unrelated parties in one of the subsidiary aggregating to ₹ 566.70 crores (as at 31 March, 2022 ₹ 566.70 crores). The Group has recognised these advances as current liability and will continue to do so until fulfilment / extinguishment of aforesaid liability. The said advances are now part of liabilities associated with group of assets classified as held for sale and discontinued operation as on 31 March, 2023 as said subsidiary is under Insolvency and Bankruptcy Code 2016 ("IBC") proceedings (refer note 43).

**Relationship with Struck off Companies**

₹ crores

| Name of struck off company | Nature of transactions | Balance outstanding as at March 31, 2023 | Balance outstanding as at March 31, 2022 | Relationship with the struck off company, if any, to be disclosed |
|---|---|---|---|---|
| Kusum Multi Trade Private Limited | Other current liabilities | 0.33 | 0.33 | No |
| Blazing Star Infrastructure Private Limited | Other current liabilities | - | 0.10 | No |
| Bloomburg Multiventures Private Limited | Other current liabilities | 0.25 | 0.25 | No |
| Charming Infrastructure Private Limited | Other current liabilities | 0.10 | 0.10 | No |
| Converge Tradex Private Limited | Other current liabilities | 0.03 | 0.03 | No |
| Kriarj Entertainment Private Limited | Other current liabilities | 0.20 | 0.20 | No |
| Krutika Diamond Private Limited | Other current liabilities | 0.15 | 0.15 | No |
| Overall Distributors Private Limited | Other current liabilities | 0.30 | 0.30 | No |
| Scordite Impex Private Limited | Other current liabilities | 0.33 | 0.33 | No |
| Sodha Infrastructure Private Limited | Other current liabilities | 1.60 | 1.60 | No |
| Spireon Cargo Private Limited | Other current liabilities | 0.92 | 0.92 | No |
| Starleaf Impex India Private Limited | Other current liabilities | 0.29 | 0.29 | No |
| Trieye Distributors Private Limited | Other current liabilities | 0.20 | 0.20 | No |
| | **Total** | **4.70** | **4.80** | |

Note: During year ended 31 March, 2023, there are no transactions entered into with struck off companies. One subsidiary company of the Group has reported outstanding balances with above struck off companies as on 31 March, 2023. The closing balances represents balances carried forward from earlier years. The said subsidiary had entered into transactions with these struck off companies when subsidiary was under the control of the previous management.

## 27. SHORT-TERM PROVISIONS

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Provision for employee benefits | **11.65** | 12.78 |
| Other provisions (Refer note below) | **142.13** | 134.64 |
| Provision for net assets of subsidiaries | **3.18** | 24.03 |
| | **156.96** | 171.45 |

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27. SHORT-TERM PROVISIONS (Contd.)

Notes:

(a) Movement in other provisions:

₹ crores

| | Provision for warranties | Provision for tax related litigations | Other litigation claims | Onerous contracts | Total |
|---|---|---|---|---|---|
| | 2022-23 | 2022-23 | 2022-23 | 2022-23 | 2022-23 |
| Carrying amount at the beginning of the year | 55.54 | 60.90 | 27.90 | 3.19 | 147.53 |
| Additional provision made during the year | 39.02 | - | 2.74 | - | 41.76 |
| Amounts used during the year | 3.68 | 7.38 | - | - | 11.06 |
| Unused amounts reversed during the year | 13.47 | 0.36 | - | - | 13.83 |
| Exchange differences | (0.01) | - | - | 0.07 | 0.06 |
| Carrying amount at the end of the year | 77.40 | 53.16 | 30.64 | 3.26 | 164.46 |

| | | | | | |
|---|---|---|---|---|---|
| Non-current (Refer note 21) | 22.33 | - | - | - | 22.33 |
| Current (Refer note 27) | 55.07 | 53.16 | 30.64 | 3.26 | 142.13 |
| Total | 77.40 | 53.16 | 30.64 | 3.26 | 164.46 |

**(b) Nature of provisions:**

(i) 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 from the date of Balance Sheet.

(ii) 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

(iii) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation.

(iv) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

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## 28. REVENUE FROM OPERATIONS

| | 2022-23 | | 2021-22 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Sale of products | 6824.91 | | 5311.97 | |
| Sale of services | 34.97 | | 38.74 | |
| Construction contracts | 34.72 | | 52.95 | |
| | | 6894.60 | | 5403.66 |
| Other operating income - scrap sales | | 77.94 | | 79.87 |
| | | 6972.54 | | 5483.53 |

**Revenue from contracts with customers**

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 7044.90 | 5523.24 |
| Less: Adjustments | | |
| Discounts | 43.44 | 27.55 |
| Others (includes liquidated damages, price variations, etc) | 28.92 | 12.16 |
| **Revenue recognised as per consolidated statement of profit and loss** | 6972.54 | 5483.53 |

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 33.79 | 54.78 |
| Performance obligations satisfied in previous periods | - | - |

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue from contracts with customers** | | |
| Power Systems Business | 2022.05 | 1515.32 |
| Industrial Systems Business | 4934.40 | 3952.25 |
| Others | 16.09 | 15.96 |
| **Total** | 6972.54 | 5483.53 |

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Contract balances** | | |
| Trade receivables | 1297.12 | 943.66 |
| Contract assets | 0.20 | 0.63 |
| Contract liabilities: | | |
| Advance from customers | 197.64 | 196.51 |
| Due to customers | 7.14 | 10.25 |

**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.

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## 29. OTHER INCOME

| | **2022-23** | 2021-22 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| **Interest income from:** | | |
| Deposits with banks | **24.26** | 10.68 |
| Others | **4.66** | 9.48 |
| Profit on sale of property, plant and equipment | **2.41** | - |
| Gain on sale of investments (net) | **1.90** | 0.05 |
| Fair value gain on financial instruments at fair value through profit or loss (Refer note 45) | **0.01** | 0.63 |
| **Other non-operating income:** | | |
| Income from business service centers (Refer note 38) | **5.48** | 5.97 |
| Miscellaneous income | **29.04** | 10.76 |
| | **67.76** | 37.57 |

## 30. COST OF MATERIALS CONSUMED

| | **2022-23** | 2021-22 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Opening Inventories | **203.18** | 166.68 |
| Add: Purchases | **4635.52** | 3814.59 |
| *Less:* Closing Inventories | **253.70** | 203.18 |
| | **4585.00** | 3778.09 |

**Note:**
Opening inventories and closing inventories excludes inventories related to discontinued operation.

## 31. PURCHASES OF STOCK-IN-TRADE

| | **2022-23** | 2021-22 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Purchases of stock-in-trade | **268.61** | 164.87 |
| | **268.61** | 164.87 |

## 32. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Closing Inventories:** | | |
| Finished goods | 79.31 | 72.63 |
| Work-in-progress | 188.75 | 203.61 |
| Stock-in-trade | 16.24 | 10.08 |
| | 284.30 | 286.32 |
| **Opening Inventories:** | | |
| Finished goods | 72.63 | 85.24 |
| Work-in-progress | 203.61 | 152.43 |
| Stock-in-trade | 10.08 | 7.44 |
| | 286.32 | 245.11 |
| **Net (increase) / decrease in inventories** | 2.02 | (41.21) |

**Note:**
Opening inventories and closing inventories excludes inventories related to discontinued operation.

## 33. EMPLOYEE BENEFITS EXPENSE

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Salaries, wages and bonus | 343.99 | 300.63 |
| Contribution to provident and other funds (Refer note 39) | 43.84 | 40.43 |
| Share based payment expense (Refer note 40) | 4.42 | 1.78 |
| Staff welfare expenses | 29.45 | 22.26 |
| | 421.70 | 365.10 |

**Note on Social Security Code:** The date on which the Code of Social Security, 2020 ('The Code') relating to employee benefits during employment will come into effect is yet to be notified and the related rules are yet to be finalised. The Company will evaluate the code and its rules, assess the impact, if any and account for the same once they become effective.

## 34. FINANCE COSTS

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Interest expenses | 15.08 | 66.97 |
| Interest on lease liabilities (Refer note 38) | 1.12 | 1.18 |
| | 16.20 | 68.15 |

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### 35. DEPRECIATION AND AMORTISATION EXPENSE

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Depreciation of property, plant and equipment (Refer note 4)* | **73.78** | 71.20 |
| Amortisation of intangible assets (Refer note 5) | **20.72** | 27.38 |
| | **94.50** | 98.58 |

* Includes depreciation of ROU assets ₹ 9.24 crores (previous year ₹ 10.40 crores)

### 36. OTHER EXPENSES

| | 2022-23 | 2021-22 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Consumption of stores and spares | **28.06** | 20.24 |
| Power and fuel | **38.03** | 31.19 |
| Rent | **11.78** | 7.38 |
| Repairs - buildings | **7.21** | 4.42 |
| Repairs - machinery | **21.98** | 19.31 |
| Repairs - others | **13.62** | 12.09 |
| Insurance | **6.18** | 7.53 |
| Rates and taxes | **5.46** | 7.88 |
| Freight and forwarding | **122.07** | 106.23 |
| Packing materials | **59.17** | 52.83 |
| After sales services including warranties | **49.87** | 35.53 |
| Travelling and conveyance | **13.81** | 7.60 |
| Sales promotion | **7.87** | 4.04 |
| Bank charges | **11.97** | 13.39 |
| Sub contracting charges | **119.80** | 105.36 |
| Directors' sitting fees | **0.35** | 1.03 |
| Allowance for doubtful debts and advances | **11.91** | 3.15 |
| Legal and professional charges | **59.01** | 58.15 |
| Miscellaneous expenses | **113.74** | 86.07 |
| | **701.89** | 583.42 |

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## 37. CONTINGENT LIABILITIES AND COMMITMENTS

| | As at 31-03-2023 ₹ crores | As at 31-03-2022 ₹ crores |
|---|---|---|
| **A. Contingent liabilities:** (to the extent not provided for) | | |
| (a) Claims against the Group not acknowledged as debts | **4.69** | 4.80 |
| (b) Sales tax / VAT / goods and service tax liability that may arise in respect of matters in appeal | **5.01** | 5.57 |
| (c) Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | **13.05** | 14.08 |
| (d) Income tax liability that may arise in respect of matters in appeal | **0.87** | 0.86 |
| **B. Commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **24.62** | 12.52 |

**Notes:**

(i) 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.

(ii) 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.

(iii) Sales tax / VAT / goods and service tax cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iv) 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

(v) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(vi) The Parent 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 Parent Company has filed its detailed submissions in response to the notices received for 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.

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## 38. LEASES

### (i) Group as a lessee

The Group has lease contracts for various items of land, building, furniture and vehicles used in its operation. Lease of land generally have lease terms between 30 to 99 years while furniture and building generally have lease terms between 2 to 9 years. The Group's obligation under the lease is secured by the lessor's title to leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right of use assets and lease liabilities included under financial liabilities and the movements during the year.

Movement in net carrying value of right of use assets

₹ crores

| | Land | Buildings | Furniture and fittings | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Opening balances as at 01-04-2021** | **68.94** | **13.80** | **0.18** | **0.32** | **3.66** | **86.90** |
| Addition / modification | - | 3.15 | - | 0.48 | 1.81 | 5.44 |
| Less: Deletion | 5.43 | 0.08 | - | - | - | 5.51 |
| Less: Depreciation | 1.42 | 7.28 | 0.07 | 0.16 | 1.47 | 10.40 |
| Exchange differences | - | (0.22) | - | (0.02) | (0.10) | (0.34) |
| **Closing balances as at 31-03-2022** | **62.09** | **9.37** | **0.11** | **0.62** | **3.90** | **76.09** |
| Addition | **1.50** | **9.39** | - | **-** | **0.22** | **11.11** |
| Less: Deletion | **-** | **1.54** | **-** | **-** | **-** | **1.54** |
| Less: Depreciation | **1.36** | **6.44** | **0.11** | **0.16** | **1.17** | **9.24** |
| Exchange differences | | **0.52** | | **(0.33)** | **(1.05)** | **(0.86)** |
| **Closing balances as at 31-03-2023** | **62.23** | **11.30** | **-** | **0.13** | **1.90** | **75.56** |

Movement in lease liabilities during the year

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| **Opening balance** | **14.73** | 19.66 |
| Add: Addition | **11.11** | 4.99 |
| Add: Accretion of interest | **1.12** | 1.18 |
| Less: Payment | **(8.99)** | (10.64) |
| Less: Removal of asset | **(1.54)** | (0.07) |
| Less: Gain on removal of asset | **(0.49)** | (0.01) |
| Exchange differences | **0.49** | (0.38) |
| **Closing balance** | **16.43** | **14.73** |

Breakup of lease liabilities

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Non-current lease liabilities | **12.06** | 6.86 |
| Current lease liabilities | **4.37** | 7.87 |
| **Total** | **16.43** | 14.73 |

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**38. LEASES (Contd.)**

Amounts recognized in the consolidated statement of profit and loss

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| **Other expenses** | | |
| Short-term lease rent expense | **3.61** | 4.89 |
| Low value asset lease rent expense | **0.02** | 0.04 |
| Variable lease rent expense | **0.16** | 0.21 |
| **Finance cost** | | |
| Interest expense on lease liability | **1.12** | 1.18 |
| **Depreciation and amortisation expense** | | |
| Depreciation of ROU lease assets | **9.24** | 10.40 |

Amounts recognised in the consolidated statement of cash flows

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| Total cash outflow for leases | **8.99** | 10.64 |

**Contractual maturities of lease liabilities on an undiscounted basis**

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Less than 1 year | **6.33** | 8.62 |
| 1 - 5 years | **11.57** | 6.27 |
| More than 5 years | **4.67** | 4.24 |
| Total | **22.57** | 19.13 |

**(ii) Group as a lessor**

Amounts recognised in the consolidated statement of profit and loss

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| **Other Income** | | |
| Non-operating lease income | **5.48** | 5.97 |

**Note:**

Non-operating lease income is in respect of lease of land and / or building.

Undiscounted future payment to be received

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| **Maturity analysis:** | | |
| Less than 1 year | - | 0.33 |
| 1 to 5 years | - | - |
| More than 5 years | - | - |
| Total | - | 0.33 |

## 39. EMPLOYEE BENEFITS

**(a) Defined contribution plans:**

Amount of ₹ 40.70 crores (Previous year ₹ 37.33 crores) is recognised as an expense and included in Employee benefits expense as under:

₹ crores

| Benefits (Contribution to): | 2022-23 | 2021-22 |
|---|---|---|
| Provident fund | **11.77** | 10.99 |
| Superannuation fund | **4.14** | 3.65 |
| Employee state insurance scheme | **0.12** | 0.16 |
| Labour welfare scheme | **0.01** | 0.02 |
| National pension scheme | **1.24** | 0.99 |
| Family pension | **23.42** | 21.52 |
| **Total** | **40.70** | 37.33 |

**(b) Defined benefit plans:**

**Gratuity:**

Under the Gratuity plan operated by the Group, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Payment of Gratuity Act, 1972.

The Group makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees of the fund is entrusted with responsibility for the administration of the plan assets and for the investment strategy.

The following table summarizes the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the Balance Sheet

₹ crores

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | 2022-23 | 2021-22 |
| **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 | **44.68** | 45.28 |
| 2 | Interest cost | **3.12** | 3.11 |
| 3 | Current service cost | **2.74** | 2.63 |
| 4 | Benefits paid | **(5.73)** | (8.91) |
| 5 | Actuarial changes arising from changes in demographic assumptions | **0.87** | 1.13 |
| 6 | Actuarial changes arising from changes in financial assumptions | **3.28** | 0.54 |
| 7 | Actuarial changes arising from changes in experience adjustments | **1.91** | 0.90 |
| 8 | Present value of defined benefit obligation at the end of the year | **50.87** | 44.68 |
| **II** | **Change in fair value of plan assets during the year** | | |
| 1 | Fair value of plan assets at the beginning of the year | **38.98** | 38.45 |
| 2 | Interest income | **2.72** | 2.64 |
| 3 | Contributions paid by the employer | **5.71** | 6.85 |
| 4 | Benefits paid from the fund | **(5.73)** | (8.91) |
| 5 | Return on plan assets excluding interest income | **(0.87)** | (0.05) |
| 6 | Fair value of plan assets at the end of the year | **40.81** | 38.98 |
| **III** | **Net asset / (liability) recognised in the balance sheet** | | |
| 1 | Present value of defined benefit obligation at the end of the year | **(50.87)** | (44.68) |
| 2 | Fair value of plan assets at the end of the year | **40.81** | 38.98 |
| 3 | Amount recognised in the balance sheet | **(10.06)** | (5.70) |
| 4 | Net (liability)/ asset- Current<br>Net (liability)/ asset- Non-current | **(8.02)**<br>**(2.04)** | (5.70)<br>- |
| **IV** | **Expenses recognised in the statement of profit and loss for the year** | | |
| 1 | Current service cost | **2.74** | 2.63 |
| 2 | Interest cost on benefit obligation (net) | **0.40** | 0.47 |
| 3 | Total expenses included in employee benefits expense | **3.14** | **3.10** |

39. EMPLOYEE BENEFITS (Contd.)

₹ crores

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | **2022-23** | 2021-22 |
| V | **Recognised in other comprehensive income for the year** | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | **0.87** | 1.13 |
| 2 | Actuarial changes arising from changes in financial assumptions | **3.28** | 0.54 |
| 3 | Actuarial changes arising from changes in experience adjustments | **1.91** | 0.90 |
| 4 | Return on plan assets excluding interest income | **0.87** | 0.05 |
| 5 | Recognised in other comprehensive income | **6.93** | 2.62 |
| VI | **Maturity profile of defined benefit obligation** | | |
| 1 | Within the next 12 months (next annual reporting period) | **9.17** | 6.78 |
| 2 | Between 2 and 5 years | **22.81** | 20.63 |
| 3 | Between 6 and 10 years | **20.70** | 17.50 |
| 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 | **(2.29)** | (2.13) |
| | (ii) One percentage point decrease in discount rate | **2.54** | 2.38 |
| | (i) One percentage point increase in rate of salary increase | **2.56** | 2.43 |
| | (ii) One percentage point decrease in rate of salary increase | **(2.34)** | (2.21) |
| | (i) One percentage point increase in employee turnover rate | **0.21** | 0.45 |
| | (ii) One percentage point decrease in employee turnover rate | **(0.23)** | (0.49) |
| 2 | **Sensitivity Analysis Method**<br>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% |
| IX | **Weighted average duration of the defined benefit obligation (in years)** | **8** | 8 |
| X | **Actuarial assumptions** | | |
| 1 | Discount rate | **7.15% - 7.57% p.a.** | 6.98% - 7.15% p.a. |
| 2 | Salary escalation | **6.00% p.a.** | 4.00% p.a. |
| 3 | Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) Urban** | Indian Assured Lives Mortality (2012-14) Urban |
| 4 | Rate of employee turnover | **8.00%p.a.** | 6.00%p.a. |

| | **2022-23** | 2021-22 |
|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | **7.98** | 6.98 |

**Notes :**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2023 and as at 31 March, 2022. 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 Parent Company made contribution towards provident fund to CG Provident Fund which was administered by the trustees till 31 March, 2022. During the year, the Parent Company has surrendered its Provident Fund to Government administered Employee's Provident Fund Organisation ('EPFO'). Accordingly, the assets held by trust were sold based on best prevailing market price and amount received on sale of assets was transferred to EPFO. However, there was some shortfall towards employees provident fund liability which has been paid by the Parent Company (the employer) to EPFO.

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## 40 STOCK OPTIONS

During the year, 453140 (previous year 1834100) stock options were granted to eligible employees at the rate of one stock option of the Parent Company for every stock option held and outstanding in the Parent Company.

In this regard, the Parent Company has recognised expense amounting to ₹ 4.42 crores (previous year ₹ 1.78 crores) for employees services received during the year, shown under employee benefits expenses (Refer note 33).

**The movement of stock options are given below :**

| Particulars | Date of grant | Options outstanding as at 01-04-2022 | During the year 2022-23 Options granted | Options cancelled / lapsed | Options exercised and allotted | Options outstanding as at 31-03-2023 | Options vested but not exercised as at 31-03-2023 |
|---|---|---|---|---|---|---|---|
| Grant 1 | 18-Nov-21 | 838020 | - | - | 54760 | 783260 | 783260 |
| Grant 2 | 18-Nov-21 | 317120 | - | - | - | 317120 | - |
| Grant 3 | 18-Nov-21 | 339480 | - | - | - | 339480 | - |
| Grant 4 | 18-Nov-21 | 339480 | - | - | - | 339480 | - |
| Grant 5 | 26-Dec-22 | - | 453140 | - | - | 453140 | - |

| Particulars | Date of grant | Options outstanding as at 01-04-2021 | During the year 2021-22 Options granted | Options cancelled / lapsed | Options exercised and allotted | Options outstanding as at 31-03-2022 | Options vested but not exercised as at 31-03-2022 |
|---|---|---|---|---|---|---|---|
| Grant 1 | 18-Nov-21 | - | 838020 | - | - | 838020 | - |
| Grant 2 | 18-Nov-21 | - | 317120 | - | - | 317120 | - |
| Grant 3 | 18-Nov-21 | - | 339480 | - | - | 339480 | - |
| Grant 4 | 18-Nov-21 | - | 339480 | - | - | 339480 | - |

**Details of stock options granted to certain employees for the financial year 2022-23 are given below:**

| Particulars | Date of grant | Weighted average exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vested date | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|---|
| Grant 1 | 18-Nov-21 | 156.20 | 838020 | - | 54760 | 783260 | - | 18-Nov-22 | - |
| Grant 2 | 18-Nov-21 | 156.20 | 317120 | - | - | - | 317120 | - | 0.64 |
| Grant 3 | 18-Nov-21 | 156.20 | 339480 | - | - | - | 339480 | - | 1.64 |
| Grant 4 | 18-Nov-21 | 156.20 | 339480 | - | - | - | 339480 | - | 2.64 |
| Grant 5 | 26-Dec-22 | 251.65 | 453140 | - | - | - | 453140 | - | 0.74 |

Details of stock options granted to certain employees for the financial year 2021-22 are given below:

| Particulars | Date of grant | Weighted average exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vested date | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|---|
| Grant 1 | 18-Nov-21 | 156.20 | 838020 | - | - | - | 838020 | - | 0.64 |
| Grant 2 | 18-Nov-21 | 156.20 | 317120 | - | - | - | 317120 | - | 1.64 |
| Grant 3 | 18-Nov-21 | 156.20 | 339480 | - | - | - | 339480 | - | 2.64 |
| Grant 4 | 18-Nov-21 | 156.20 | 339480 | - | - | - | 339480 | - | 3.64 |

**The following tables list the input to the Black Scholes model used for the plans for the year ended 31 March, 2023:**

| Particulars | Date of grant | Risk free rate (%) p.a. | Expected life (in years) | Expected volatility of share price (%) | Dividend yield |
|---|---|---|---|---|---|
| Grant 1 | 18-Nov-21 | 3.81 | 1 | 47.82 | - |
| Grant 2 | 18-Nov-21 | 4.46 | 2 | 55.99 | - |
| Grant 3 | 18-Nov-21 | 4.96 | 3 | 56.02 | - |
| Grant 4 | 18-Nov-21 | 5.36 | 4 | 53.10 | - |
| Grant 5 | 26-Dec-22 | 6.60 | 1 | 35.99 | - |

## 41 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.

**41. SEGMENT REPORTING (Contd.)**

**Summary of the segmental information as at and for the year ended 31 March, 2023 is as follows:**

**₹ crores**

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | **2022.05** | **4934.40** | **16.09** | - | - | **6972.54** |
| Add Inter segment sales | **0.87** | **0.07** | - | - | **(0.94)** | - |
| **Total revenue** | **2022.92** | **4934.47** | **16.09** | - | **(0.94)** | **6972.54** |
| Segment results | **224.80** | **787.08** | **2.55** | - | - | **1014.43** |
| Less: Finance costs | | | | | | **16.20** |
| Less: Other unallocable expenditure net of unallocable income | | | | | | **47.85** |
| **Profit after finance cost but before exceptional items and tax** | | | | | | **950.38** |
| Exceptional items (net) | | | | | | **51.76** |
| Tax expense | | | | | | **205.81** |
| **Profit from continuing operations after tax** | | | | | | **796.33** |
| **Profit from discontinued operations after tax** | | | | | | **166.64** |
| **Profit for the year** | | | | | | **962.97** |
| **Other Information:** | | | | | | |
| Segment assets | **1356.90** | **1539.54** | **21.71** | **182.26** | **1528.70** | **4629.11** |
| Segment liabilities | **1064.17** | **869.46** | **4.13** | **713.71** | **186.20** | **2837.67** |
| Capital expenditure # | **26.59** | **52.61** | **0.64** | - | **5.62** | **85.46** |
| Depreciation and amortisation # | **34.72** | **51.43** | **0.57** | - | **7.78** | **94.50** |
| Non-cash expenses / (reversal) other than depreciation and amortisation # | **7.03** | **(1.71)** | **0.02** | - | **(1.07)** | **4.27** |

Summary of the segmental information as at and for the year ended 31 March, 2022 is as follows:

₹ crores

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 1515 32 | 3952 25 | 15 96 | - | - | 5483.53 |
| Add: Inter segment sales | 0.34 | 0 28 | - | - | (0 62) | - |
| **Total revenue** | 1515 66 | 3952 53 | 15.96 | - | (0.62) | 5483 53 |
| Segment results | 137.59 | 482.43 | 3.36 | - | - | 623.38 |
| Less: Finance costs | | | | | | 68.15 |
| Less: Other unallocable expenditure net of unallocable income | | | | | | 51.13 |
| **Profit after finance cost but before exceptional items and tax** | | | | | | 504.10 |
| Exceptional items (net) | | | | | | 247.77 |
| Tax expense | | | | | | 122.26 |
| **Profit from continuing operations after tax** | | | | | | 629.61 |
| **Profit from discontinued operations after tax** | | | | | | 283.46 |
| **Profit for the year** | | | | | | 913.07 |
| **Other Information:** | | | | | | |
| Segment assets | 1352 74 | 1319 81 | 18.78 | 8.06 | 1526 52 | 4225.91 |
| Segment liabilities | 1775 80 | 760.64 | 4 42 | 8.84 | 672 30 | 3222.00 |
| Capital expenditure # | 17 06 | 51.15 | 0 59 | - | 3 91 | 72.71 |
| Depreciation and amortisation # | 36 09 | 52.41 | 0 55 | - | 9.53 | 98.58 |
| Non-cash expenses / (reversal) other than depreciation and amortisation# | 4 59 | (12 11) | 0 02 | - | (8 01) | (15.51) |

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments.

# The disclosure pertains to continuing business segments.

**Geographical Information:**

**₹ crores**

| | **2022-23** | | | 2021-22 | | |
|---|---|---|---|---|---|---|
| | **Domestic** | **Overseas** | **Total** | Domestic | Overseas | Total |
| Revenue from contracts with customers | **6278.07** | **694.47** | **6972.54** | 4858 39 | 625 14 | 5483 53 |

**Note:**

During the year ended 31 March, 2023 and 31 March, 2022 revenues from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

**₹ crores**

| | **As at 31-03-2023** | | | As at 31-03-2022 | | |
|---|---|---|---|---|---|---|
| | **Domestic** | **Overseas** | **Total** | Domestic | Overseas | Total |
| # Non-current assets | **811 18** | **205 12** | **1016 30** | 801 28 | 320 31 | 1121 59 |

# Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, goodwill, intangible assets, intangible assets under development and other non-current assets.

## 42. RELATED PARTY DISCLOSURES

**(a) List of related parties**

**(i) Holding company:**

1 Tube Investments Of India Limited

**(ii) Subsidiaries:**

Details of the Group's subsidiaries at the end of the reporting period considered in the preparation of the consolidated financial statements are as follows:

| Sr. No | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2023 | % Equity Interest As at 31-03-2022 |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited | India | 100.00 | 100.00 |
| 2 | CG Adhesive Products Limited *(formerly known as* "CG-PPI Adhesive Products Limited") | India | 82.76 | 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 Power Solutions UK Limited | United Kingdom | 100.00 | 100.00 |
| 8 | CG Power Systems Canada Inc * | Canada | - | 100.00 |
| 9 | CG- Ganz Generator and Motor Limited Liability Company (ceased to be subsidiary w.e.f. 15 December, 2021) | Hungary | - | - |
| 10 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 11 | CG Drives & Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 12 | CG Drives & Automations Germany GmbH | Germany | 100.00 | 100.00 |
| 13 | CG Drives & Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 14 | CG Middle East FZE* | UAE | - | 100.00 |
| 15 | QEI, LLC | USA | 100.00 | 100.00 |
| 16 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 17 | PT Crompton Prima Switchgear Indonesia | Indonesia | 51.00 | 51.00 |
| 18 | CG Power and Industrial Solutions Limited Middle East FZCO* | UAE | - | 100.00 |

* Entities were deconsolidated / liquidated during the year

**(iii) Key Management Personnel:**

| | | |
|---|---|---|
| 1 | Natarajan Srinivasan | - Managing Director (Re-appointed for one year till 25 November, 2023) |
| 2 | Susheel Todi | - Chief Financial Officer |
| 3 | 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 |
| 2 | M A M Arunachalam | - Non-Independent Non Executive Director |
| 3 | P S Jayakumar | - Independent Non Executive Director |
| 4 | Shailendra Narain Roy | - Independent Non-Executive Director (Ceased w.e.f. 18 September, 2022) |
| 5 | Sasikala Varadachari | - Independent Non-Executive Director |
| 6 | Kalyan Kumar Paul | - Non-Independent Non-Executive Director (Appointed w.e.f. 11 June, 2021) |
| 7 | Sriram Sivaram | - Independent Non-Executive Director (Appointed w.e.f. 11 June, 2021) |
| 8 | Vijayalakshmi R Iyer | - Independent Non-Executive Director (Appointed w.e.f. 24 September, 2022) |

**(iv) Other Related Parties:**

1 Shanthi Gears Limited
2 Clean Max Enviro Energy Solutions Private Limited (Ceased to be a related party w.e.f. 2 September, 2021)
3 Parry Enterprises India Limited
4 Cellestial E-Trac Private Limited
5 Carborundum Universal Limited
6 Coromandel International Limited
7 Zetwerk Manufacturing Businesses Private Limited
8 E.I.D. Parry (India) Limited
9 Net Access India Limited
10 Cholamandalam MS General Insurance Company Limited
11 Murugappa Management Services Private Limited

**(v) Post Employment Benefit Entity:**

1 CG Provident Fund (Refer note 39(c))
2 CG Gratuity Fund

**42. RELATED PARTY DISCLOSURES (Contd.)**

**(b) The following transactions were carried out with the related parties (Refer Note 1 below):**

₹ crores

| Sr. No. | Nature of transaction / relationship | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Purchase of goods and services | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 0.04 | - |
| | | 0.04 | - |
| | **Other related parties** | | |
| | Shanthi Gears Limited | 3.10 | 4.61 |
| | Carborundum Universal Limited | 6.02 | - |
| | | 9.12 | 4.61 |
| | Total | 9.16 | 4.61 |
| 2 | Sales of goods and services | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 1.03 | 1.20 |
| | | 1.03 | 1.20 |
| | **Other related parties** | | |
| | Shanthi Gears Limited | 0.47 | 0.43 |
| | Coromandel International Limited | 1.72 | - |
| | Carborundum Universal Limited | 0.01 | - |
| | Zetwerk Manufacturing Businesses Private Limited | 14.91 | - |
| | E I D Parry (India) Limited | 2.43 | - |
| | Cellestial E-Trac Private Limited | 0.01 | - |
| | | 19.55 | 0.43 |
| | Total | 20.58 | 1.63 |
| 3 | Dividend paid | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 132.97 | - |
| | | 132.97 | - |
| | **Other related party** | | |
| | Promotor's Group | 0.17 | - |
| | | 0.17 | - |
| | Total | 133.14 | - |
| 4 | Proceeds against warrants issued | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 54.72 | 57.78 |
| | Total | 54.72 | 57.78 |
| 5 | Issue of equity shares on conversion of warrants | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 72.96 | 77.04 |
| | Total | 72.96 | 77.04 |
| 6 | Purchase of fixed assets | | |
| | **Holding company** | | |
| | Tube Investments Of India Limited | 0.30 | 0.10 |
| | Total | 0.30 | 0.10 |
| 7 | Payment to Key Management Personnel | | |
| | Salaries, commission and perquisites* | 17.55 | 6.58 |
| | Non-executive Director's commission | 0.70 | - |
| | Dividend paid | 0.02 | - |
| | Total | 18.27 | 6.58 |
| 8 | Other expenses | | |
| | **Other related parties** | | |
| | Clean Max Enviro Energy Solutions Private Limited | - | 0.38 |
| | Parry Enterprises India Limited | 2.95 | 1.19 |
| | Net Access India Limited | 0.34 | - |
| | Murugappa Management Services Private Limited | 4.17 | - |
| | Cholamandalam MS General Insurance Company Limited | 0.08 | - |
| | Total | 7.54 | 1.57 |
| 9 | Other income | | |
| | **Other related party** | | |
| | Zetwerk Manufacturing Businesses Private Limited | 0.16 | - |
| | Total | 0.16 | - |
| 10 | Purchase of investment | | |
| | **Post employment benefit entity** | | |
| | CG Provident Fund | 0.33 | - |
| | Total | 0.33 | - |

*Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company [illegible]

42. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties

₹ crores

| Sr. No. | Nature of balances / relationship | | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Holding company** | | | |
| | Tube Investments Of India Limited | | 0.05 | - |
| | | (A) | 0.05 | - |
| | Non-current | | - | - |
| | Current | | 0.05 | - |
| | | | 0.05 | - |
| | **Other related parties** | | | |
| | Shanthi Gears Limited | | 0.47 | 0.93 |
| | Parry Enterprises India Limited | | 0.08 | 0.07 |
| | Carborundum Universal Limited | | 2.60 | - |
| | | (B) | 3.15 | 1.00 |
| | Non-current | | - | - |
| | Current | | 3.15 | 1.00 |
| | | | 3.15 | 1.00 |
| | Total | (A+B) | 3.20 | 1.00 |
| 2 | **Trade receivable** | | | |
| | **Holding company** | | | |
| | Tube Investments Of India Limited | | 0.09 | 0.62 |
| | | (A) | 0.09 | 0.62 |
| | Non-current | | - | - |
| | Current | | 0.09 | 0.62 |
| | | | 0.09 | 0.62 |
| | **Other related parties** | | | |
| | Shanthi Gears Limited | | 0.22 | 0.29 |
| | E.I.D. Parry (India) Limited | | 0.03 | - |
| | Coromandel International Limited | | 0.13 | - |
| | Zetwerk Manufacturing Businesses Private Limited | | 10.98 | - |
| | Cellestial E-Trac Private Limited | | 0.01 | - |
| | | (B) | 11.37 | 0.29 |
| | Non-current | | - | - |
| | Current | | 11.37 | 0.29 |
| | | | 11.37 | 0.29 |
| | Total | (A+B) | 11.46 | 0.91 |
| 3 | **Other current assets** | | | |
| | **Other related parties** | | | |
| | Parry Enterprises India Limited | | 0.12 | 0.75 |
| | Cholamandalam MS General Insurance Company Limited | | 0.03 | - |
| | Carborundum Universal Limited | | 0.23 | - |
| | Total | | 0.38 | 0.75 |
| 4 | **Loans and advances payable** | | | |
| | **Other related parties** | | | |
| | E.I.D. Parry (India) Limited | | 0.03 | - |
| | Carborundum Universal Limited | | 0.05 | - |
| | Zetwerk Manufacturing Businesses Private Limited | | 1.05 | - |
| | Parry Enterprises India Limited | | - | 0.00 |
| | | | 1.13 | 0.00 |
| | Non-current | | - | - |
| | Current | | 1.13 | 0.00 |
| | Total | | 1.13 | 0.00 |
| 5 | **Due to Key Management Personnel** | | | |
| | Non-executive Director's commission | | 0.63 | - |
| | | | 0.63 | - |
| | Non-current | | - | - |
| | Current | | 0.63 | - |
| | | | 0.63 | - |

42 RELATED PARTY DISCLOSURES (Contd.)

(d) **Compensation of Key Management Personnel of the Group:**

₹ crores

| Nature of transaction | 2022-23 | 2021-22 |
|---|---|---|
| Short-term employee benefits | **14.82** | 5.50 |
| Post-employment benefits | **0.33** | 0.26 |
| Fair value cost of stock option granted | **2.40** | 0.82 |
| Non-executive Director's commission | **0.70** | - |
| Dividend paid | **0.02** | - |
| **Total compensation paid to Key Management Personnel** | **18.27** | 6.58 |

**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 During the year, the Parent Company has transferred the provident fund to government administered Employee's Provident Fund Organisation ('EPFO') which was earlier managed by "CG Provident Fund". The Parent Company contributed to "CG Provident Fund" as at 31 March 2023 ₹ Nil (previous year ₹ 10.91 crores).

3 The Parent Company maintains gratuity trust for the purpose of administering the gratuity payment to employees of Parent Company (CG Gratuity Fund). During the year, the Parent Company contributed ₹ 5.67 crores (previous year ₹ 6.69 crores).

## 43 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

**(a) Following subsidiaries / business units are considered as discontinued operations as at 31 March, 2023:**

(i) CG Power Solutions Limited
(ii) CG Power Equipments Limited
(iii) PT Crompton Prima Switchgear Indonesia
(iv) CG Sales Networks Malaysia Sdn. Bhd
(v) QEI LLC

**(b) Transformer Division - Kanjurmarg**

In previous year 2021-22, the Parent Company had completed the sale transaction of remaining portion of land at Kanjurmarg and received net sale consideration ₹ 367.18 crores and accounted profit of ₹ 123.62 crores of this transaction.

Hence, provision made towards delay in completion of contractual obligation and land sale aggregating to ₹ 156.90 crores had been reversed in financial year 2021-22 and formed part of the exceptional items in the consolidated financial statements.

**(c)** During the year, subsidiary CG Power and Industrial Solutions Limited Middle East FZCO has been liquidated and CG Power Systems Canada Inc. has been deconsolidated as per IND AS 105

**(d)** Liquidation of subsidiary CG Sales Networks Malaysia Sdn. Bhd. is under process. Consequently, as on 31 March, 2023, business of said subsidiary has been classified as discontinued operation.

**(e)** The Group during the year has decided to divest its investment in a wholly owned subsidiary QEI LLC and has engaged a third party to find suitable buyers and presently expects to complete the divestment in FY 2023-24. In accordance with IND AS 105 "Non-Current Assets Held For Sale And Discontinued Operations" the operations of the subsidiary including its assets, liabilities and net results are disclosed as discontinuing operations.

**(f)** The Group has de-consolidated one of its subsidiaries i.e. CG Middle East FZE in respect of receipt of a liquidation order. As a consequence, an amount of ₹ 173.31 crores has been credited to profit and loss account as discontinuation operations.

**(g)** During the year, one of the subsidiary of the Group i.e CG Power Solutions Limited ('CGPSOL') admitted to Insolvency and Bankruptcy Code 2016 ('IBC') and Corporate Insolvency Resolution Process ('CIRP') was initiated as per National Company Law Tribunal ("NCLT") order dated 27 April, 2022 ('effective date'). As per order, Interim Resolution Professional ('IRP') was appointed and subsequently IRP was confirmed to continue as the Resolution Professional ('RP') by Committee of Creditors ('CoC') on 30 July, 2022 to manage the affairs of the CGPSOL. As per provisions of IBC, RP has invited claims from concern parties. In absence of having any resolution plan after publishing the expression of interest, the RP has filed for liquidation / dissolution of CGPSOL with NCLT as on 24 December, 2022 after receiving due approval from CoC. As on 31 March, 2023, said application is with NCLT, Mumbai Bench and hearing is scheduled on 5 June, 2023. In view of the same, operation of CGPSOL has been considered under discontinuing operation.

**Statement of profit and loss of the discontinued operations is as under :**

₹ crores

| | 2022-23 | | | 2021-22 | | |
|---|---|---|---|---|---|---|
| | Power Systems | Others | Total | Power Systems | Others | Total |
| Revenue from operations | 94.23 | - | 94.23 | 77.87 | - | 77.87 |
| Expenses (net of other income) | (75.58) | 0.01 | (75.57) | (205.65) | - | (205.65) |
| Profit / (loss) before tax | 169.81 | (0.01) | 169.80 | 283.52 | - | 283.52 |
| Tax expense | 3.16 | - | 3.16 | 0.06 | - | 0.06 |
| Profit / (loss) after tax from discontinued operations | 166.65 | (0.01) | 166.64 | 283.46 | - | 283.46 |

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## 43. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (contd.)

**The major classes of assets and liabilities of the discontinued operation are as under:**

₹ crores

| | As at 31-03-2023 | | As at 31-03-2022 | |
|---|---|---|---|---|
| | **Power Systems** | **Others** | Power Systems | Others |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **85.28** | - | | - |
| Intangible assets | **4.20** | - | - | - |
| Intangible assets under development | **1.43** | - | - | - |
| Financial assets - Others | **8.22** | - | - | - |
| **Current assets** | | | | |
| Inventories | **30.25** | - | - | |
| **Financial assets** | | | | |
| Trade receivables | **20.05** | - | 0.35 | - |
| Cash and cash equivalents | **30.12** | **0.01** | 2.19 | 0.02 |
| Others | **0.80** | - | - | - |
| Current tax assets (net) | **0.90** | - | 0.87 | |
| Other current assets | **1.00** | - | 4.63 | - |
| **Assets classified as held for sale (A)** | **182.25** | **0.01** | 8.04 | 0.02 |
| **Liabilities** | | | | |
| **Non current liabilities** | | | | |
| **Financial liabilities** | | | | |
| Lease liabilities | **11.56** | - | - | - |
| Provision | **0.22** | - | - | - |
| Deferred tax liabilities (net) | **2.79** | - | - | - |
| **Current liabilities** | | | | |
| **Financial liabilities** | | | | |
| Borrowings | **36.56** | - | - | - |
| Lease liabilities | **2.15** | - | - | |
| Trade payables | **17.20** | - | 1.44 | - |
| Other financial liabilities | **13.94** | - | - | |
| Other current liabilities | **627.45** | **0.01** | 0.05 | - |
| Provisions | **1.83** | - | 7.35 | - |
| **Liabilities directly associated with assets classified as held for sale (B)** | **713.70** | **0.01** | 8.84 | - |
| **Net assets directly associated with disposal group (A-B)** | **(531.45)** | - | (0.80) | 0.02 |

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| Operating | **10.50** | 21.22 |
| Investing | **(0.81)** | 366.53 |
| Financing | **(2.53)** | - |

## 44. EXCEPTIONAL ITEMS

₹ crores

| | 2022-23 | 2021-22 |
|---|---|---|
| Cessation of liability arising on settlement and restructuring of borrowings including Interest thereon as per resolution plan (Refer note (a) below) | - | 47.67 |
| Reversal of provision made towards delay in completing contractual obligation towards completion of land sale and expected restructuring cost (Refer note 43) | - | 156.90 |
| Gain on sale of land at Kanjur Marg (Refer note 43) | - | 123.62 |
| Reversal / (provision) related to claims under dispute / litigation (Refer note (b) below) | **31.77** | (80.42) |
| Reversal of excess provision towards settlement of corporate guarantee obligation including net foreign exchange gain / (loss) (Refer note (c) below) | **24.30** | - |
| Foreign currency translation reserve transferred to statement of profit or loss on deconsolidation of subsidiaries (Refer note (d) below) | **(4.31)** | - |
| Total | **51.76** | 247.77 |

**Details of exceptional items:**

(a) In previous year, the Group had discharged and settled the borrowings facilities. 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 ₹ 47.67 crores were recognised in statement of profit and loss as an exceptional item.

(b) During the year, the Group has reversed excess provision related to claims under dispute / litigation of ₹ 31.77 crores (provision made in previous year of ₹ 80.42 crores).

(c) During the year, Group has reversed excess provision of ₹ 24.30 crores towards settlement of corporate guarantee obligation including net foreign exchange gain / (loss).

(d) During the year, subsidiaries have been deconsolidated from the Group. In view of such deconsolidation, accumulated foreign currency translation reserve (loss) of ₹ 4.31 has been transferred to statement of profit and loss account.

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## 45. 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 and 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

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**45. FAIR VALUE MEASUREMENTS (Contd.)**

₹ crores

| | Note No. | Carrying amount As at 31-03-2023 | 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 others | 7 | 13.33 | - | 13.33 | - |
| **Total** | | 13.72 | 0.39 | 13.33 | - |
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non-current investments | 6 | 0.57 | - | 0.57 | - |
| Current investments | 11 | 0.01 | 0.01 | - | - |
| **Total** | | 0 58 | 0.01 | 0.57 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Non- current other financial liabilities | 20 | 1.85 | - | 1.85 | - |
| **Total** | | 1.85 | - | 1.85 | - |

₹ crores

| | Note No. | Carrying amount As at 31-03-2022 | 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 others | 7 | 28.04 | - | 28.04 | - |
| **Total** | | 28.43 | 0.39 | 28.04 | - |
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non-current investments | 6 | 0.24 | - | 0.24 | - |
| Current investments | 11 | 40.62 | 40.62 | - | - |
| **Total** | | 40.86 | 40.62 | 0 24 | - |
| **Financial liabilities at amortised cost:** | | | | | |
| Long-term loans from bank | 19 | 107.47 | - | 107.47 | - |
| Long term loans - debentures | 19 | 200.00 | - | 200.00 | - |
| Non- current other financial liabilities | 20 | 14.16 | - | 14.16 | - |
| Current maturities of long term borrowings | 23 | 44.74 | - | 44.74 | - |
| **Total** | | 366.37 | - | 366.37 | - |

During the reporting period ending 31 March, 2023 and 31 March, 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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## 46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT

The Group'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 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**

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Floating rate borrowings | - | 152.21 |

**Interest rate sensitivity**

₹ crores

| | | 2022-23 | 2021-22 |
|---|---|---|---|
| 25 bp increase | Decrease in profit | - | (0.38) |
| 25 bp decrease | Increase in profit | - | 0.38 |

**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.

**Unhedged foreign currency exposure as at 31 March, 2023**

₹ crores

| | USD | Euro | GBP | Others | Total |
|---|---|---|---|---|---|
| Trade receivables | 112.44 | 122.37 | 3.49 | 0.92 | 239.22 |
| Bank balances in current accounts and term deposit accounts | 0.26 | 3.90 | - | - | 4.16 |
| Trade payables | (85.75) | (37.16) | (0.04) | (2.94) | (125.89) |
| Commission payable | (23.60) | (3.87) | (0.12) | - | (27.59) |
| Other short term financial liabilities | - | (50.30) | - | (0.14) | (50.44) |

Unhedged foreign currency exposure as at 31 March, 2022

₹ crores

| | USD | Euro | GBP | Others | Total |
|---|---|---|---|---|---|
| Trade receivables | 63.00 | 48.56 | - | 6.84 | 118.40 |
| Bank balances in current accounts and term deposit accounts | 0.20 | 4.37 | - | - | 4.57 |
| Trade payables | (66.89) | (17.83) | (0.02) | (1.10) | (85.84) |
| Commission payable | (26.05) | (3.85) | - | (0.12) | (30.02) |
| Other short term financial liabilities | - | (47.68) | - | - | (47.68) |

**Foreign currency sensitivity**

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.

₹ crores

| | 2022-23 | | 2021-22 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | (0.11) | 0.11 | 0.70 | (0.70) |
| Euro | (0.27) | 0.27 | (0.01) | 0.01 |
| GBP | 0.04 | (0.04) | (0.00) | 0.00 |
| Others | (0.03) | 0.03 | 0.05 | (0.05) |
| Increase / (decrease) in profit or loss | (0.37) | 0.37 | 0.74 | (0.74) |

1 % increase or decrease in foreign exchange rates will have the following impact on equity

₹ crores

| | 2022-23 | | 2021-22 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | 0.00 | (0.00) | 0.00 | (0.00) |
| Euro | (0.40) | 0.40 | (0.35) | 0.35 |
| GBP | 0.01 | (0.01) | (0.00) | 0.00 |
| Others | (0.01) | 0.01 | - | - |
| Increase / (decrease) in equity | (0.40) | 0.40 | (0.35) | 0.35 |

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## 46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)

### 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, 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 given, 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 guarentees where settlement is agreed.

Exposure to credit risk

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| **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 | **0.51** | 0.18 |
| Non current financial assets - others | **13.33** | 28.04 |
| Cash and cash equivalents and other bank balances | **713.96** | 488.02 |
| Current financials assets - others | **147.48** | 139.50 |
| **Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)** | | |
| Trade receivables | **1408.15** | 1101.12 |

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.

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.

₹ crores

| | Amount |
|---|---|
| **As at 31-03-2023** | |
| Up to 3 months | **1133.10** |
| 3 to 6 months | **77.55** |
| More than 6 months | **197.50** |
| | **1408.15** |
| **As at 31-03-2022** | |
| Up to 3 months | 843.77 |
| 3 to 6 months | 43.19 |
| More than 6 months | 214.16 |
| | 1101.12 |

The following table summarizes the change in the loss allowances for trade receivables measured using life-time expected credit loss model:

₹ crores

| | Amount |
|---|---|
| As at 1-04-2021 | 168.14 |
| Provided during the year | 34.69 |
| Amounts written off | (32.95) |
| Reversals of provision | (13.04) |
| Exchange differences | 0.62 |
| As at 31-03-2022 | 157.46 |
| Provided during the year | **15.05** |
| Amounts written off | **(44.90)** |
| Reversals of provision | **(2.75)** |
| Transfer to discontinued operations | **(13.83)** |
| Exchange differences | **0.00** |
| **As at 31-03-2023** | **111.03** |

No significant changes in estimation techniques or assumptions were made during the reporting period.

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**46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)**

**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.

₹ crores

| As at 31 March, 2023 | 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 | 0.53 | 0.64 | 0.68 | 1.85 |
| Trade payables# | 1272.66 | - | - | 1272.66 |
| Other financial liabilities | 333.96 | - | - | 333.96 |
| Lease liabilities | 6.33 | 11.57 | 4.67 | 22.57 |

# Includes disputed Trade payable of ₹19.08 crores. Refer note 24.

₹ crores

| As at 31 March, 2022 | 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 | - | 3.09 | 0.69 | 3.78 |
| Long term borrowings (excluding unamortised upfront fees of ₹ 1.13 crores) | - | 208.60 | 100.00 | 308.60 |
| Short-term borrowings | 44.74 | - | - | 44.74 |
| Trade payables# | 1148.64 | - | - | 1148.64 |
| Other financial liabilities | 657.60 | - | - | 657.60 |
| Lease liabilities | 8.62 | 6.27 | 4.24 | 19.13 |

# Includes disputed Trade payable of ₹19.08 crores. Refer note 24.

General credit terms for the trade payables are in the range of 30 to 180 days. The Group has access to credit facilities to mitigate any short-term liquidity risk.

**Collaterals:**

The Group has hypothecated its trade receivables, other current assets and cash and cash equivalents, entire movable assets and mortgaged the specific immovable properties in order to fulfil collateral requirements for the banking facilities extended to the Group.

**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.

₹ crores

| | As at 31-03-2023 | As at 31-03-2022 |
|---|---|---|
| Total debt | 0.12 | 352.33 |
| Equity | 1790.51 | 1002.96 |
| **Total debt and equity** | 1790.63 | 1355.29 |
| Gearing ratio | 0.01% | 26.00% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2023 and 31 March, 2022.

There have been no breaches in the financial covenant of any borrowings.

## 47. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ crores

| | As at 1-04-2022 | Cash inflows / (outflows) | Effect of reclassification | Reversal of interest | Transferred to discontinued operation | Foreign exchange movement impact | Changes in fair values | Finance cost charged during the year | Others | As at 31-03-2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | |
| Term loans from banks | 107.47 | (108.96) | - | - | - | 0.36 | - | 1.13 | - | - |
| **Unsecured loans** | | | | | | | | | | |
| Debentures | 200.00 | (200.00) | - | - | - | - | - | - | - | - |
| **Non-current other financial liabilities** | | | | | | | | | | |
| Others* | 10.38 | - | 1.92 | (18.86) | - | - | - | 6.56 | - | - |
| **Current financial liabilities - borrowings:** | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | |
| Current maturities of long- term loans from banks | 44.74 | (10.05) | - | - | (36.56) | - | - | 1.87 | - | - |
| **Current - other financial liabilities:** | | | | | | | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 1.72 | (6.15) | - | - | (0.50) | - | - | 4.93 | - | - |
| Others* | 1.92 | - | (1.92) | - | - | - | - | - | - | - |
| Payment towards corporate guarantee | - | (100.72) | - | - | - | - | - | - | 100.72 | - |
| Non controlling interest | 0.95 | (0.35) | - | - | - | - | 0.30 | - | 0.03 | 0.93 |
| Total | 367.30 | (426.23) | - | (18.86) | (37.06) | 0.36 | 0.30 | 14.49 | 100.75 | 1.05 |

## 47. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

₹ crores

| | As at 1-04-2021 | Cash inflows / (outflows) | Effect of reclassification | Liabilities no longer required written back | One time settlement | Foreign exchange movement Impact | Changes in fair values | Finance cost charged during the year | Others | As at 31-03-2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | |
| Term loans from banks | 631.91 | (521.99) | (10.33) | - | (0.35) | - | - | 8.23 | - | 107.47 |
| **Unsecured loans** | | | | | | | | | | |
| Term loans from banks | 4.02 | - | - | (4.02) | - | - | - | - | - | - |
| Debentures | 200.00 | - | - | - | - | - | - | - | - | 200.00 |
| **Non-current other financial liabilities** | | | | | | | | | | |
| Others* | 2.94 | - | - | - | - | - | - | 7.44 | - | 10.38 |
| **Current financial liabilities - borrowings:** | | | | | | | | | | |
| **Secured loans** | | | | | | | | | | |
| Banks | 127.99 | (127.99) | - | - | - | - | - | - | - | - |
| Current maturities of long- term loans from banks | 279.49 | (8.84) | 10.33 | - | (237.19) | (0.93) | - | 1.88 | - | 44.74 |
| **Unsecured loans** | | | | | | | | | | |
| Current maturities of long- term loans from banks | 221.09 | - | - | - | (221.09) | - | - | - | - | - |
| **Current - other financial liabilities:** | | | | | | | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 36.85 | (46.80) | - | - | (32.21) | (0.43) | - | 44.31 | - | 1.72 |
| Others* | - | - | - | - | - | - | - | 1.92 | - | 1.92 |
| Payment towards corporate guarantee | - | (138.72) | - | - | - | - | - | - | 138.72 | - |
| **Non controlling interest** | 0.41 | - | - | - | - | 0.01 | 0.53 | - | - | 0.95 |
| Total | 1504.82 | (844.34) | - | (4.02) | (490.84) | (1.35) | 0.53 | 63.78 | 138.72 | 367.30 |

**Note:**

* Represents interest accrued as per amortised cost method of Ind AS

The above disclosure does not include the cash flow movement for lease obligations (Refer note 38). The finance cost charged during the year is related to borrowings

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## 48 EARNINGS PER SHARE

| | | 2022-23 | 2021-22 |
|---|---|---|---|
| **Face value of equity share** | ₹ | 2.00 | 2.00 |
| Weighted average number of Equity Shares | | | |
| - Basic | Nos. | **1516108906** | 1358728604 |
| - Diluted | Nos. | **1527359578** | 1438032637 |
| Profit for the year (continuing operations) | ₹ crores | **796.03** | 629.08 |
| Earnings per share (for continuing operations) | | | |
| - Basic | ₹ | **5.25** | 4.63 |
| - Diluted | ₹ | **5.21** | 4.38 |
| Profit for the year (discontinued operations) | ₹ crores | **166.64** | 283.46 |
| Earnings per share (for discontinued operations) | | | |
| - Basic | ₹ | **1.10** | 2.09 |
| - Diluted | ₹ | **1.09** | 1.97 |
| Profit for the year (total operations) | ₹ crores | **962.67** | 912.54 |
| Earnings per share | | | |
| - Basic | ₹ | **6.35** | 6.72 |
| - Diluted | ₹ | **6.30** | 6.35 |
| Profit used as the numerators in calculating basic and diluted earnings per share (total operation) | | **962.67** | 912.54 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | | **1516108906** | 1358728604 |
| Weighted average number of equity shares used as the denominator in calculating diluted earnings per share* | | **1527359578** | 1438032637 |

* The dilutive impact is due to warrants and employee stock option granted.

## 49. 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 31-03-2023 % | 31-03-2022 % |
|---|---|---|---|
| CG Adhesive Products Limited | India | **17.24** | 18.58 |
| PT Crompton Prima Switchgear Indonesia | Indonesia | **49.00** | 49.00 |

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:**

₹ crores

| | CG Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **2022-23** | 2021-22 | **2022-23** | 2021-22 |
| Revenue | **23.60** | 23.24 | - | - |
| Other income | **1.26** | 1.30 | - | - |
| Cost of materials consumed | **(13.53)** | (12.77) | - | - |
| Other expenses | **(8.42)** | (7.99) | **(0.19)** | - |
| Finance costs | **(0.01)** | - | - | - |
| Pre tax profit / (loss) | **2.90** | 3.78 | **(0.19)** | - |
| Income tax expense | **0.74** | 0.95 | - | - |
| Post-tax profit / (loss) (A) | **2.16** | 2.83 | **(0.19)** | - |
| Other comprehensive income (B) | **0.00** | - | - | - |
| **Total comprehensive income (A+B) = C** | **2.16** | 2.83 | **(0.19)** | - |
| Attributable to non-controlling interest | **0.39** | 0.53 | **(0.09)** | - |
| Dividend paid to non-controlling interest | - | - | - | - |

**Summarised balance sheet:**

₹ crores

| | CG Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **As at 31-03-2023** | As at 31-03-2022 | **As at 31-03-2023** | As at 31-03-2022 |
| Current assets | **22.71** | 12.01 | **19.33** | 19.33 |
| Non current assets | **4.39** | 13.22 | **127.16** | 127.16 |
| Current liabilities | **(3.80)** | (4.11) | **(105.71)** | (105.52) |
| Non-current liabilities | **(0.33)** | (0.32) | **(65.57)** | (65.57) |
| **Total equity** | **22.97** | 20.80 | **(24.79)** | (24.60) |
| **Attributable to:** | | | | |
| Equity holders of parent | **19.01** | 16.94 | **(12.64)** | (12.55) |
| Non-controlling interest | **3.96** | 3.86 | **(12.15)** | (12.05) |

**Summarised cash flow information:**

₹ crores

| | CG Adhesive Products Limited | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **2022-23** | 2021-22 | **2022-23** | 2021-22 |
| **Cash flows from:** | | | | |
| Operating activities | **2.09** | 3.37 | - | - |
| Investing activities | **(5.37)** | 0.07 | - | - |
| Financing activities | **(0.01)** | (0.24) | - | - |
| Net increase / (decrease) in cash and cash equivalents | **(3.29)** | 3.20 | - | - |

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50 UPDATES ON INVESTIGATIONS FOR PAST YEARS

The Company is fully co operating with the ongoing investigation by Serious Fraud Investigation Office ('SFIO') and other regulatory authorities on the affairs of the Company pertaining to past period and against erstwhile promoters and erstwhile key managerial personnel relating to transactions that took place when the Company was under the control of the erstwhile promoters/management In respect to this, there is no impact on current year financials of the Group

51. OTHER STATUTORY INFORMATION

i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property

ii) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year

iii) The Group has not advanced or loaned or invested funds to any person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Parties) with the understanding (whether recorded in writing or otherwise) that the Group shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

v) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provision of the Income Tax Act, 1961)

52. STANDARD ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 1 April, 2023

**(i) Definition of Accounting Estimates Amendments to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates The amendments are effective for annual reporting periods beginning on or after 1 April, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments are not expected to have a material impact on the Group's financial statements

**(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 01, 2023 Consequential amendments have been made in Ind AS 107.

**(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to Ind AS 12**

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101 The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April, 2023

53. TRANSFER FROM GENERAL RESERVE TO RETAINED EARNINGS

The Board of Directors of the Parent Company basis the recommendations of the Audit Committee and Committee of Independent Directors of the Parent Company, at its meeting held on 19 October, 2022 approved the Scheme of Arrangement ("Scheme") between the Parent Company and its shareholders under Section 230 and other applicable provisions of the Companies Act 2013 ("Act") The Scheme inter alia provides for capital reorganization of the Parent Company, whereby it is proposed to transfer ₹ 400 crores from the General Reserves to the Retained Earnings of the Parent Company with effect from the Appointed Date. The Scheme is subject to receipt of regulatory approvals/ clearances from the Hon'ble National Company Law Tribunal, Mumbai Bench, Securities and Exchange Board of India (through BSE Limited and National Stock Exchange of India Limited), BSE Limited and National Stock Exchange of India Limited (collectively referred to as "Stock Exchanges") and such other approval / clearances as may be applicable

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54. **ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2023 AND 31 MARCH 2022**

Year Ended 31 March 2023

| 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 |
| **I. Parent** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 135.65 | 2430.06 | 81.56 | 785.36 | 53.83 | (5.55) | 81.86 | 779.81 |
| **II. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (formerly known as "CG-PPI Adhesive Products Limited") | 1.28 | 22.96 | 0.22 | 2.16 | (0.01) | 0.00 | 0.23 | 2.16 |
| CG Power Solutions Limited | (104.40) | (1870.32) | (0.04) | (0.38) | - | - | (0.04) | (0.38) |
| CG Power Equipments Limited | - | - | - | (0.01) | - | - | - | (0.01) |
| **b) Foreign** | | | | | | | | |
| CG International B.V | (88.78) | (1590.39) | 7.81 | 75.21 | - | - | 7.89 | 75.21 |
| CG Power Systems Canada Inc.* | - | - | (0.39) | (3.72) | - | - | (0.39) | (3.72) |
| CG Power Americas, LLC | (11.66) | (208.93) | 2.06 | 19.83 | - | - | 2.08 | 19.83 |
| QEI, LLC | 1.70 | 30.42 | 0.88 | 8.46 | - | - | 0.89 | 8.46 |
| CG Power Solutions UK Limited | (0.88) | (15.73) | - | - | - | - | - | - |
| CG Industrial Holdings Sweden AB | 7.13 | 127.78 | 2.12 | 20.40 | - | - | 2.14 | 20.40 |
| CG Drives & Automation Sweden AB | 11.75 | 210.42 | 1.42 | 13.68 | - | - | 1.44 | 13.68 |
| CG Drives & Automation Netherlands B.V. | 1.97 | 35.21 | 0.43 | 4.14 | - | - | 0.43 | 4.14 |
| CG Drives & Automation Germany GmbH | 1.66 | 29.67 | 0.95 | 9.19 | - | - | 0.96 | 9.19 |
| CG Middle East FZE* | - | - | 55.50 | 534.42 | - | - | 56.10 | 534.42 |
| CG International Holdings Singapore Pte. Limited | (6.68) | (119.59) | (8.97) | (86.36) | - | - | (9.07) | (86.36) |
| CG Sales Network Malaysia Sdn.Bhd | 0.08 | 1.42 | (0.20) | (1.88) | - | - | (0.20) | (1.88) |
| PT Crompton Prima Switchgear Indonesia | (1.38) | (24.79) | (0.02) | (0.19) | - | - | (0.02) | (0.19) |
| CG Power and Industrial Solutions Limited Middle East FZCO* | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 152.56 | 2733.25 | (43.33) | (417.34) | 46.18 | (4.76) | (44.30) | (422.10) |
| **Total** | **100.00** | **1791.44** | **100.00** | **962.97** | **100.00** | **(10.31)** | **100.00** | **952.66** |

* Entities were deconsolidated / liquidated during the year

54. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2023 AND 31 MARCH 2022 (Contd.)

Year Ended 31 March 2022

| | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| Name of the entity in the Group | 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 |
| I. Parent | | | | | | | | |
| CG Power and Industrial Solutions Limited | 181.22 | 1819 32 | 68.68 | 627.06 | (13.33) | (1.96) | 67.37 | 625.10 |
| II. Subsidiaries | | | | | | | | |
| a) Indian | | | | | | | | |
| CG Adhesive Products Limited (formerly known as "CG-PPI Adhesive Products Limited") | 2.07 | 20.81 | 0 31 | 2 83 | - | - | 0.31 | 2 83 |
| CG Power Solutions Limited | (186.27) | (1869 94) | - | - | - | - | - | - |
| CG Power Equipments Limited | 0.00 | 0.02 | - | - | - | - | - | - |
| b) Foreign | | | | | | | | |
| CG International B.V. | (154.86) | (1554.64) | (11.29) | (103 12) | - | - | (11.11) | (103 12) |
| CG Power Systems Canada Inc. | 0.37 | 3.70 | 0.00 | 0 00 | - | - | 0.00 | 0.00 |
| CG-Granz Generator and Motor LLC (ceased to be subsidiary w.e.f. 15 December, 2021) | - | - | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| CG Power Americas, LLC | (20.99) | (210.77) | (0 23) | (2.10) | - | - | (0.23) | (2 10) |
| QEI, LLC | 10.98 | 110.18 | 2 62 | 23.96 | - | - | 2 58 | 23.96 |
| CG Power Solutions UK Limited | (1.53) | (15.37) | - | - | - | - | - | - |
| CG Industrial Holdings Sweden AB | 10.97 | 110.08 | 0 01 | 0 09 | - | - | 0.01 | 0.09 |
| CG Drives & Automation Sweden AB | 22 17 | 222.60 | 0 48 | 4.35 | - | - | 0.47 | 4.35 |
| CG Drives & Automation Netherlands B.V. | 3.33 | 33.39 | 0.44 | 3.98 | - | - | 0.43 | 3 98 |
| CG Drives & Automation Germany GmbH | 1.90 | 19.12 | 0.50 | 4 59 | - | - | 0.49 | 4 59 |
| CG Middle East FZE | (50.70) | (508.96) | 28 49 | 260 09 | - | - | 28.03 | 260 09 |
| CG International Holdings Singapore Pte. Limited | (7.82) | (78 52) | 24.66 | 225.13 | - | - | 24 26 | 225 13 |
| CG Sales Network Malaysia Sdn.Bhd. | 0.32 | 3 20 | (0.04) | (0 33) | - | - | (0.04) | (0.33) |
| PT Crompton Prima Switchgear Indonesia | (2.45) | (24.61) | - | - | - | - | - | - |
| CG Power and Industrial Solutions Limited Middle East FZCO | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 291.29 | 2924 30 | (14.63) | (133.45) | 113.33 | 16.69 | (12 57) | (116.76) |
| **Total** | **100.00** | **1003.91** | **100.00** | **913.07** | **100.00** | **14.73** | **100.00** | **927.80** |

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

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 ₹ 50000 (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 [illegible]

Chennai : 08 May, 2023

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**P Varadarajan**
Company Secretary

Mumbai 08 May, 2023

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**S R B C & CO LLP**
Chartered Accountants

12th Floor The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai 400 028, India

Tel +91 22 6819 8000

# INDEPENDENT AUDITOR'S REPORT

To the Members of CG Power and Industrial Solutions Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of CG Power and Industrial Solutions Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2024, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the 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 separate financial statements and on the other financial information of the subsidiaries, the aforesaid 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 consolidated state of affairs of the Group as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date

### Basis for Opinion

We conducted our audit of the 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the 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 Auditor's responsibilities for the audit of the 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 consolidated financial statements. The results of audit procedures performed by us and by other auditors of components 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 consolidated financial statements.

| **Key audit matters** | **How our audit addressed the key audit matter** |
|---|---|
| **Revenue recognition** (as described in Note 25 of the consolidated financial statements) | |
| The Holding Company has two operating segments, namely, Power and Industrial Segment. The type of customers varies across these segments, ranging from Large Government companies / corporations to Original Equipment Manufacturers and Industrial Customers etc.<br><br>Majority of the Group's revenue is contributed by the Holding Company which is from sale of goods which are recognized at a point in time based on the terms of the contract with customers which may vary case to case. 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 the Group's accounting policy for timing of revenue recognition and assessed compliance in terms of Ind AS 115- Revenue from Contracts with Customers.<br>• We performed walkthroughs of the Holding Company's revenue processes, including design and implementation of controls and tested the design and operating effectiveness of such controls in relation to revenue recognition.<br>• On a sample basis, we tested the underlying contracts with customers, purchase orders issued by customers, and sales invoices raised by the Holding Company (as may be applicable) to determine the timing of transfer of control along with pricing terms and the timing of the revenue recognition in respect of such contracts<br>• We 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 assessed the disclosures for compliance with applicable accounting standards in the consolidated financial statements. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **<u>Recognition of Deferred Tax Asset</u>** (as described in Note 8 of the consolidated financial statements) | |
| The Group has Deferred Tax Asset (DTA) of Rs. 197.86 crores as at March 31, 2024, primarily pertaining to the Holding Company, 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 in earlier years, which are under investigations by regulatory authorities. Basis legal advice, management of Holding Company has considered these write-offs as an allowable expense in the computation of current tax in the relevant years and recognized deferred tax assets on such tax 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 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 our tax specialists to assess tax computation and evaluation of entitlement of losses to be carried forward in relation to the Holding Company as per the applicable provisions of the Income Tax Act in India and relevant judicial precedents, wherever available.<br>• We tested on a sample basis the identification and quantification of temporary differences between the recognition of assets and liabilities according to tax law and financial reporting in accordance with Indian Accounting Standards.<br>• We have evaluated the Holding Company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent budgets and plans, prepared by management principally by performing sensitivity analyses and evaluated and tested the key assumptions used to determine the amounts recognized.<br>• We assessed the reasonableness of Holding Company's management business plans considering the relevant economic and industry indicators.<br>• We obtained and read the Holding Company's correspondences with tax authorities and legal counsel's advice obtained by the Holding Company.<br>• We assessed the disclosures in the Consolidated Financial Statements in accordance with the requirements of Ind AS 12 "Income Taxes". |
| **<u>Claims and exposures relating to taxation and litigation</u>** (as described in Note 34 of the consolidated financial statements) | |
| The Group has disclosed contingent liabilities 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 | Our audit procedures amongst others included the following:<br>• We understood the process and assessed the internal control environment relating to the identification, recognition and measurement of |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| authorities and Holding Company's management assessment towards potential financial impact of these matters will involve significant judgement and assumptions. | provisions for disputes, potential claims and litigation, and contingent liabilities.<br>• We obtained details of legal and tax disputed matters from the Holding Company's management and assessed Holding Company 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 of Holding Company.<br>• We circulated legal confirmation for material litigations to external legal counsel and reviewed their assessment and had a discussion with the senior management of the Holding Company regarding their assessment.<br>• We assessed the relevant disclosures made in the Consolidated Financial Statements for compliance with the requirements of Ind AS 37. |

**Information Other than the 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 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 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. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these 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

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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 their respective companies 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 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies 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 their respective companies.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

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- 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 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 consolidated financial statements, including the disclosures, and whether the 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 we have audited, to express an opinion on the 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 consolidated financial statements of which we are the independent auditors. For the other entities included in the 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 the 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 consolidated financial statements for the financial year ended March 31, 2024 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) We did not audit the financial statements and other financial information, in respect of 5 subsidiaries which are part of continued operations of the Group, whose financial statements include total assets of Rs. 915.28 crores as at March 31, 2024, and total revenues of Rs. 545.50 crores and net cash inflows of Rs. 11.55 crores for the year ended on that date. We did not audit the financial statements and other financial information, in respect of 1 subsidiary, which is part of discontinued operations of the Group, whose financial statements include total assets of Rs. 0.00 crore as at March 31, 2024, and total revenues of Rs. Nil crore and net cash outflows of Rs. 0.01 crore for the year ended on that date. These financial statement 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 opinion on the 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 sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of Rs. 123.02 crores as at March 31, 2024, and total revenues of Rs. 89.68 crores and net cash inflows of Rs. 2.49 crores for the year ended on that date. The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of Rs. 73.17 crores as at March 31, 2024, and total revenues of Rs. Nil crore and net cash outflows of Rs. 0.03 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 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 the subsidiary companies, incorporated in India, as noted in the 'Other Matters' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. 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 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 consolidated financial statements;

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(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matters stated in the paragraph (i) (vi) below on reporting under Rule 11(g);

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and 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 consolidated financial statements;

(d) In our opinion, the aforesaid 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, 2024 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, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g);

(g) With respect to the adequacy of the internal financial controls with reference to 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 2" to this report;

(h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company, its subsidiaries, incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(i) 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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer Note 34 to the 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, 2024;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2024;

iv. a) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of its knowledge and belief, as disclosed in the Note 48(iii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of its knowledge and belief, as disclosed in the Note 48(iv) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The interim dividend declared and paid during the year by the Holding Company, its subsidiaries, companies incorporated in India, where applicable, and until the date of the respective audit reports of such Holding Company and subsidiaries, is in accordance with Section 123 of the Act.

vi) Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, except in relation to the Holding Company, that audit trail feature is not enabled for changes made (if any) by users with privileged/ administrative access rights, as discussed in Note 52 to the consolidated financial statements, the Holding Company and subsidiaries have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log)

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facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Aravind K**
**Partner**
Membership Number: 221268

UDIN: 24221268BKGDKN9483

Place of Signature: Mumbai
Date: May 6, 2024

**Annexure 1 referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: CG Power and Industrial Solutions Limited ("the Holding Company")**

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies incorporated in India, we state that:

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Aravind K**
Partner
Membership Number: 221268

UDIN: 24221268BKGDKN9483

Place of Signature: Mumbai
Date: May 6, 2024

**Annexure 2 to the Independent Auditor's Report of even date on the 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 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, 2024, we have audited the internal financial controls with reference to 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 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 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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

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appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to 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, 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 Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, 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.

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**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 consolidated financial statements of the Holding Company, in so far as it relates to these 2 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Aravind K**
Partner
Membership Number: 221268

UDIN: 24221268BKGDKN9483

Place of Signature: Mumbai
Date: May 6, 2024

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2024**

| | Note No. | As at 31-03-2024 ₹ crores | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **(1) Non-current assets** | | | | | |
| (a) Property, plant and equipment | 4 | **852.61** | | 762.50 | |
| (b) Capital work-in-progress | 4 | **65.87** | | 27.27 | |
| (c) Goodwill | 5 | **163.76** | | 162.14 | |
| (d) Other intangible assets | 5 | **42.53** | | 45.88 | |
| (e) Intangible assets under development | 5 | **27.91** | | 11.03 | |
| (f) Financial assets | | | | | |
| (i) Investments | 6 | **0.75** | | 0.96 | |
| (ii) Other financial assets | 7 | **11.64** | | 13.33 | |
| (g) Current tax assets | | **115.53** | | 122.87 | |
| (h) Deferred tax assets (net) | 8 | **156.30** | | 434.34 | |
| (i) Other non current assets | 9 | **4.91** | | 7.48 | |
| | | | **1441.81** | | 1587.80 |
| **(2) Current assets** | | | | | |
| (a) Inventories | 10 | **750.71** | | 541.18 | |
| (b) Financial assets | | | | | |
| (i) Investments | 11 | **587.70** | | 0.01 | |
| (ii) Trade receivables | 12 | **1534.19** | | 1297.12 | |
| (iii) Cash and cash equivalents | 13 | **199.84** | | 681.78 | |
| (iv) Bank balances other than (iii) above | 14 | **654.57** | | 23.17 | |
| (v) Other financial assets | 15 | **136.21** | | 156.49 | |
| (c) Other current assets | 16 | **247.53** | | 199.14 | |
| | | | **4110.75** | | 2898.89 |
| **(3) Assets classified as held for sale and discontinued operations** | 40 | | **73.18** | | 182.26 |
| **TOTAL ASSETS** | | | **5625.74** | | 4668.95 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| (a) Equity share capital | 17 | **305.47** | | 305.43 | |
| (b) Other equity | 18 | **2711.97** | | 1485.08 | |
| | | | **3017.44** | | 1790.51 |
| **Non-controlling interest** | | | **1.33** | | 0.93 |
| **LIABILITIES** | | | | | |
| **(1) Non-current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Lease liabilities | 35 | **11.91** | | 12.06 | |
| (ii) Other financial liabilities | 19 | **10.96** | | 1.85 | |
| | | | **22.87** | | 13.91 |
| (b) Provisions | 20 | | **35.46** | | 24.37 |
| (c) Deferred tax liabilities (net) | 8 | | **0.56** | | 0.83 |
| **(2) Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Lease liabilities | 35 | **5.53** | | 4.37 | |
| (ii) Trade payables | | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 21 | **104.87** | | 82.69 | |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 21 | **1379.38** | | 1161.63 | |
| (iii) Other financial liabilities | 22 | **368.65** | | 362.42 | |
| | | | **1858.43** | | 1611.11 |
| (b) Other current liabilities | 23 | | **373.63** | | 293.29 |
| (c) Provisions | 24 | | **196.85** | | 175.48 |
| (d) Current tax liabilities | | | **54.90** | | 44.81 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | 40 | | **64.27** | | 713.71 |
| **TOTAL EQUITY AND LIABILITIES** | | | **5625.74** | | 4668.95 |
| **SUMMARY OF MATERIAL ACCOUNTING POLICIES** | 2 | | | | |

**The accompanying notes form an integral part of consolidated financial statements**

**For and on behalf of the Board**

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

**Vellayan Subbiah**
Chairman
(DIN 01138759)

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No 324982E/E300003

**per Aravind K**
Partner
Membership No. 221268

Mumbai 06 May, 2024

**Susheel Todi**
Chief Financial Officer

Sanjay Kumar Chowdhary
Company Secretary

Mumbai 06 May, 2024

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2024**

| | Note No. | 2023-24 | | 2022-23 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Income** | | | | | |
| Revenue from operations | 25 | | 8045.98 | | 6972 54 |
| Other income | 26 | | 106.26 | | 67 76 |
| **Total income** | | | 8152.24 | | 7040 30 |
| **Expenses** | | | | | |
| Cost of materials consumed | 27 | 5387.04 | | 4585 00 | |
| Purchases of stock-in-trade | 28 | 271.57 | | 268 61 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29 | (106.46) | | 2.02 | |
| Employee benefits expense | 30 | 508.14 | | 421 70 | |
| Finance costs | 31 | 2.54 | | 16 20 | |
| Depreciation and amortisation expense | 32 | 94.89 | | 94 50 | |
| Other expenses | 33 | 857.62 | | 701 89 | |
| **Total expenses** | | | 7015.34 | | 6089.92 |
| **Profit before exceptional items and tax** | | | 1136.90 | | 950.38 |
| Exceptional items (net) | 41 | | 21.48 | | 51.76 |
| **Profit before tax** | | | 1158.38 | | 1002 14 |
| **Tax expense:** | | | | | |
| Current tax | 8 | 6.81 | | 13 40 | |
| Deferred tax (net) | 8 | 280.45 | | 192 41 | |
| | | | 287.26 | | 205 81 |
| **Profit from continuing operations after tax** | | | 871 12 | | 796 33 |
| **Profit from discontinued operations before tax** | 40 | 555.69 | | 169 80 | |
| Tax expense on discontinued operations | 8 | (0.80) | | 3 16 | |
| **Profit from discontinued operations after tax** | | | 556.49 | | 166.64 |
| **Profit for the year** | | | 1427 61 | | 962 97 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 1427.01 | | 962.67 |
| Non controlling interests | | | (0.60) | | (0 30) |
| | | | 1427.61 | | 962 97 |
| **Other comprehensive income:** | | | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (12.25) | | (6.93) | |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 2.68 | | 1.38 | |
| B (i) Items that will be reclassified subsequently to profit or loss | | 1.61 | | (4 76) | |
| **Total other comprehensive income for the year** | | | (7.96) | | (10 31) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | (7.96) | | (10 31) |
| Non-controlling interests | | | 0.00 | | 0 00 |
| | | | (7.96) | | (10 31) |
| **Total comprehensive income for the year** | | | 1419.65 | | 952 66 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 1419.05 | | 952 36 |
| Non-controlling interests | | | (0.60) | | (0 30) |
| | | | 1419 65 | | 952 66 |
| **Earnings per share for continuing operations** | 45 | | | | |
| Basic (₹) | | | 5.70 | | 5 25 |
| Diluted (₹) | | | 5.69 | | 5 21 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations** | 45 | | | | |
| Basic (₹) | | | 3.64 | | 1 10 |
| Diluted (₹) | | | 3.64 | | 1.09 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for total operations** | 45 | | | | |
| Basic (₹) | | | 9.34 | | 6 35 |
| Diluted (₹) | | | 9.33 | | 6 30 |
| (Face value of ₹ 2 each) | | | | | |
| **SUMMARY OF MATERIAL ACCOUNTING POLICIES** | 2 | | | | |

**The accompanying notes form an integral part of 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 Aravind K**
Partner
Membership No 221268

Mumbai 06 May, 2024

Natarajan Srinivasan
Managing Director
(DIN: 00123338)

Vellayan Subbiah
Chairman
(DIN 01138759)

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

Mumbai 06 May, 2024

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024**

| | | 2023-24 | 2022-23 |
|---|---|---|---|
| | | ₹ crores | ₹ crores |
| [A] | **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | **Profit before tax from continuing operations** | **1158.38** | 1002.14 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | **94.89** | 94.50 |
| | Allowances for doubtful receivables (net) | **0.25** | 11.91 |
| | Bad debts written off / (reversal) (net) | **(4.14)** | (7.64) |
| | (Gain) / loss arising on financial instruments designated as FVTPL | **(5.43)** | (0.01) |
| | Finance costs | **2.54** | 16.20 |
| | Interest income | **(63.28)** | (28.92) |
| | Share based payment expense | **15.96** | 4.42 |
| | Profit on sale of investments (net) | **(18.59)** | (1.90) |
| | Unrealised exchange (gain) / loss (net) | **1.56** | 1.77 |
| | Unrealised exchange gain / (loss) on consolidation (net) | **1.61** | (0.44) |
| | (Profit) / loss on sale of property, plant and equipment (net) | **(5.54)** | (2.41) |
| | Liabilities no longer required written back | **-** | (18.86) |
| | Payment towards settlement of litigation | **(2.45)** | - |
| | Exceptional items (net) | **(21.48)** | (51.76) |
| | | **(4.10)** | 16.86 |
| | **Operating profit before working capital changes** | **1154.28** | 1019.00 |
| | Adjustments for: | | |
| | (Increase) / Decrease in trade receivables | **(239.23)** | (384.53) |
| | (Increase) / Decrease in other non-current financial assets | **1.69** | 0.71 |
| | (Increase) / Decrease in other current financial assets and current assets | **(24.81)** | 15.87 |
| | (Increase) / Decrease in bank balances other than cash and cash equivalents | **(631.40)** | 69.76 |
| | (Increase) / Decrease in inventories | **(209.53)** | (48.62) |
| | Increase / (Decrease) in trade payables | **228.21** | 129.23 |
| | Increase / (Decrease) in other non-current financial liabilities | **9.11** | (3.12) |
| | Increase / (Decrease) in other current financial liabilities and current liabilities | **90.85** | 117.24 |
| | Increase / (Decrease ) in non current and current provisions | **26.65** | 12.03 |
| | | **(748.46)** | (71.41) |
| | Cash (used in) / from operations | **405.82** | 947.59 |
| | Income tax refund / (paid) (net) | **(3.16)** | (11.53) |
| | Non controlling interest in (profit) / loss | **0.60** | 0.30 |
| | **Net cash flow (used in) / from continuing operating activities** | **403.26** | 936.36 |
| | **Net cash flow (used in) / from discontinued operating activities** | **(6.27)** | 10.50 |
| | **Net cash flow (used in) / from continuing and discontinued operating activities [A]** | **396.99** | 946.86 |
| [B] | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| | Proceeds from sale of property, plant and equipment | **11.48** | 3.67 |
| | Proceeds from sale of investments | **1220.55** | 134.50 |
| | Interest received | **42.36** | 28.19 |
| | Purchase of property, plant and equipment (including capital work-in- progress and capital advances) and intangible assets (including under development) | **(234.27)** | (85.46) |
| | Purchase of investments | **(1784.00)** | (92.33) |
| | Unrealised exchange gain / (loss) on consolidation (net) | **(1.49)** | (8.45) |
| | **Net cash flow (used in) / from continuing investing activities** | **(745.37)** | (19.88) |
| | **Net cash flow (used in) / from discontinued investing activities** | **83.20** | (0.81) |
| | **Net cash flow (used in) / from continuing and discontinued investing activities [B]** | **(662.17)** | (20.69) |
| [C] | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Proceeds from issue of equity shares and warrants | **3.15** | 55.58 |
| | Changes in non-controlling interest | **(0.60)** | (0.30) |
| | Repayment of long-term borrowings | **-** | (315.65) |
| | Payment of lease liabilities | **(6.67)** | (8.99) |
| | Dividend paid | **(198.55)** | (229.07) |
| | Payment towards corporate guarantee settlement | **-** | (100.72) |
| | Finance costs paid | **(0.91)** | (9.51) |
| | Payment towards settlement of litigation with Asset Reconstruction Company | **(42.00)** | - |
| | Payment towards purchase of non-controlling interest | **(0.21)** | (0.35) |
| | **Net cash flow (used in) / from continuing financing activities** | **(245.69)** | (609.01) |
| | **Net cash flow (used in) / from discontinued financing activities** | **(0.64)** | (2.53) |
| | **Net cash flow (used in) / from continuing and discontinued financing activities [C]** | **(246.33)** | (611.54) |
| | **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(511.51)** | 314.63 |
| | **Cash and cash equivalents at beginning of the year** | **711.91** | 397.28 |
| | **Cash and cash equivalents at end of the year** | **200.40** | 711.91 |
| | **Cash and cash equivalents from continuing operations (Refer note 13)** | **199.84** | 681.78 |
| | **Cash and cash equivalents from discontinued operations** | **0.56** | 30.13 |
| | **Cash and cash equivalents from continuing and discontinued operations** | **200.40** | 711.91 |

MUMBAI
CHARTERED ACCOUNTANTS

1 Refer note 44 in respect of disclosure for changes in liabilities arising from financing activities.

2 The 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.

**The accompanying notes form an integral part of consolidated financial statements**

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No 324982E/E300003

per Aravind K
Partner
Membership No. 221268

Mumbai : 06 May, 2024

**For and on behalf of the Board**

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

**Vellayan Subbiah**
Chairman
(DIN 01138759)

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

Mumbai : 06 May, 2024

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2024

### (A) EQUITY SHARE CAPITAL

**For the year ended 31 March, 2024**

₹ crores

| Balance as at 01-04-2023 | Changes in equity share capital during the year* | Balance as at 31-03-2024 |
|---|---|---|
| 305.43 | 0.04 | 305.47 |

**For the year ended 31 March, 2023**

₹ crores

| Balance as at 01-04-2022 | Changes in equity share capital during the year* | Balance as at 31-03-2023 |
|---|---|---|
| 288.37 | 17.06 | 305.43 |

* Refer note 17

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2024**

(B) OTHER EQUITY

**For the year ended 31 March, 2024**

₹ crores

| | Reserve and Surplus | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Retained Earnings** | **Effective Portion of Cash Flow Hedge** | **Foreign Currency Translation Reserve** | **General Reserve** | **Capital Reserve** | **Capital Reserve on Consolidation** | **Capital Redemption Reserve** | **Securities Premium** | **Share Options Outstanding Account** | **Total Other Equity** | **Non-Controlling Interest** |
| **Balance as at 01 April, 2023** | (309.47) | (0.05) | (35.05) | 418.46 | 671.65 | 3.58 | 12.95 | 716.99 | 6.02 | 1485.08 | 0.93 |
| Profit for the year | 1427.01 | - | - | - | - | - | - | - | - | 1427.01 | 0.60 |
| **Other comprehensive income for the year** | | | | | | | | | | | |
| - Remeasurement loss on defined benefit plans | (9.57) | - | - | - | - | - | - | - | - | (9.57) | (0.00) |
| - Foreign currency translation differences | - | - | 1.61 | - | - | - | - | - | - | 1.61 | - |
| Employee stock options | - | - | - | - | - | - | - | 3.11 | 15.96 | 19.07 | - |
| Effect of stake acquired from non-controling interest | (0.01) | - | - | - | - | - | - | - | - | (0.01) | (0.20) |
| Transfer to securities premium and retained earning from share options outstanding account | 0.02 | - | - | - | - | - | - | 0.65 | (0.67) | - | - |
| Transferred to statement of profit and loss / retained earning on account of deconsolidation / liquidation of subsidiaries | - | 0.05 | (12.72) | - | - | - | - | - | - | (12.67) | - |
| Dividend paid during the year | (198.55) | - | - | - | - | - | - | - | - | (198.55) | - |
| **Balance as at 31 March, 2024** | 909.43 | - | (46.16) | 418.46 | 671.65 | 3.58 | 12.95 | 720.75 | 21.31 | 2711.97 | 1.33 |

**For the year ended 31 March, 2023**

₹ crores

| | Reserve and Surplus | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Retained Earnings** | **Effective Portion of Cash Flow Hedge** | **Foreign Currency Translation Reserve** | **General Reserve** | **Capital Reserve** | **Capital Reserve on Consolidation** | **Capital Redemption Reserve** | **Securities Premium** | **Share Options Outstanding Account** | **Share Warrant Money** | **Total Other Equity** | **Non-Controlling Interest** |
| **Balance as at 01 April, 2022** | (1037.47) | (0.05) | (34.60) | 418.46 | 671.65 | 3.58 | 12.95 | 660.05 | 1.78 | 18.24 | 714.59 | 0.95 |
| Profit for the year | 962.67 | - | - | - | - | - | - | - | - | - | 962.67 | 0.30 |
| **Other comprehensive income for the year** | | | | | | | | | | | | |
| - Remeasurement loss on defined benefit plans | (5.55) | - | - | - | - | - | - | - | - | - | (5.55) | (0.00) |
| - Foreign currency translation differences | - | - | (4.76) | - | - | - | - | - | - | - | (4.76) | (0.02) |
| Employee stock options | - | - | - | - | - | - | - | - | 4.42 | - | 4.42 | - |
| Proceeds against share warrants | - | - | - | - | - | - | - | - | - | 54.72 | 54.72 | - |
| Shares issued on conversion of warrants | - | - | - | - | - | - | - | 56.76 | - | (72.96) | (16.20) | - |
| Effect of stake acquired from non-controlling interest | (0.05) | - | - | - | - | - | - | - | - | - | (0.05) | (0.30) |
| Transfer to securities premium from share options outstanding account | - | - | - | - | - | - | - | 0.18 | (0.18) | - | - | - |
| Transferred to statement of profit and loss / retained earning on account of deconsolidation / liquidation of subsidiaries | - | - | 4.31 | - | - | - | - | - | - | - | 4.31 | - |
| Dividend paid during the year | (229.07) | - | - | - | - | - | - | - | - | - | (229.07) | - |
| **Balance as at 31 March, 2023** | (309.47) | (0.05) | (35.05) | 418.46 | 671.65 | 3.58 | 12.95 | 716.99 | 6.02 | - | 1485.08 | 0.93 |

**The accompanying notes form an integral part of 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 Aravind K**
Partner
Membership No. 221268

Mumbai 06 May, 2024

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

**Vellayan Subbiah**
Chairman
(DIN [illegible])

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

**1. Corporate Information:**

CG Power and Industrial Solutions Limited (the 'Company' or 'Parent') with CIN No: L99999MH1937PLC002641, 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 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, 2024.

The consolidated financial statements of the Group for the year ended 31 March, 2024 were authorised for issue in accordance with a resolution of the directors on 06 May, 2024

**2. Summary of Material Accounting Policies:**

**2.1 Basis of preparation:**

The 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 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 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 Parent 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.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so

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 the 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 equity holders of the Parent

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 date 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

**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 Buildings 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

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 the 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.

Intangible assets are amortised as follows:

- Computer software — Over a period of five to six years;
- Technical know-how — 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 — 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 account in the period in which it is incurred

Development expenditures on an individual project are recognised 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
(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 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, the Group determines the recoverable amount and the 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 the 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 the 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 a 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 a 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 equivalents in the consolidated 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:**

**Initial recognition:**

Transactions in foreign currencies entered are accounted at the exchange rates prevailing on the date of the transaction.

**Measurement as at balance sheet date:**

Foreign currency monetary items that are outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

**Treatment of exchange differences:**

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the consolidated statement of profit and loss.

**Consolidation of subsidiaries situated in foreign countries:**

The translation of financial statements of the foreign subsidiaries from their respective functional currencies to the presentation currency (₹) is performed for assets and liabilities using the exchange rates prevailing at the reporting date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under OCI.

When a subsidiary is disposed of, in full, the relevant amount is transferred to net profit in the consolidated statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Any goodwill arising on acquisition / business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**2.9 Revenue recognition:**

**(a) Revenue from sale of goods and services:**

Revenue from sale of goods is recognised at a 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 standalone selling prices.

However, Goods and Services Tax (GST) are not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

**(b) Revenue from construction contracts:**

Performance obligations with reference to construction contracts are satisfied over a 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

**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 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 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 Parent Company and a subsidiary incorporated in India 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 CG Gratuity Fund of the Group. 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 or 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 recognised 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.

**Provident fund:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund

**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 recognises any related restructuring costs whichever is earlier.

**2.11 Share based payments (Employee stock option scheme):**

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in stock options outstanding account in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**2.12 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.

**2.13 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.

**2.14 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 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 leases of low value assets). For these short-term leases and leases of low-value assets, 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. The cost of the ROU asset measured at inception 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 asset 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 – 30 to 99 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

**2.15 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

**2.16 Income Taxes:**

Income tax expense for the period comprises of current and deferred 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 determined by using tax rates in accordance with the provisions of the Income Tax Act, 1961.

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 sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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.

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.

**2.17 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 Group 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 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.

**2.18 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 consolidated statement of profit and loss over the period and in proportion in which depreciation is charged. Alternatively, the grant is deducted in calculating the carrying amount of the assets. The said grant is recognised in the consolidated statement of profit and loss over the life of depreciable assets as a reduced depreciation expenses.

Revenue grants are recognised in the consolidated 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 consolidated 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.

**2.19 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.

**2.20 Business combinations and goodwill:**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated 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 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 the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**2.21 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 consolidated 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.

**2.22 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 twelve months. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within twelve months, have been classified as non-current. For all other activities, operating cycle is twelve months.

**2.23 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.

**2.24 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 consolidated statement of profit and loss. Also the 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 amortised.

**2.25 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 that do not contain a significant financing component 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 consolidated 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 the 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 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 Group applies a simplified approach under which loss allowance is recognised based on expected lifetime ECL losses to be recognised on each reporting date. The Group uses a provision matrix that is based on its historical credit loss experience adjusted for relevant forward-looking factors. For other assets, the Group uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk since initial recognition, 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

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**Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or 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 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 derecognition 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 and 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 the 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 or 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 consolidated 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 the consolidated statement of profit and 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 roll over (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 presented 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(A). Significant accounting judgements, estimates and assumptions**

The preparation of the Group's 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***

**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, the Group 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 the 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

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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 consideration 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 consideration 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.

**3(B). New and amended standard**

The Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March, 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 01 April, 2023. The Company applied for the first time these amendments.

**(i) Disclosure of Accounting Policies - Amendments to Ind AS 1:**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

In the consolidated financial statements, the disclosure of accounting policies has been accordingly modified. The impact of such modifications to the accounting policies is insignificant.

**(ii) Definition of Accounting Estimates - Amendments to Ind AS 8:**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

**(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12:**

The amendment narrows the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of Paragraph 74 of Ind AS 12, there is no impact on the consolidated balance sheet. There was no impact on retained earnings as at 01 April, 2023.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34 which had no impact on the Group's consolidated financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

₹ crores

| | Freehold land | Buildings | Plant and machinery | Right-of-Use assets * | Furniture and fittings | Office equipments | Vehicles | Total | Capital work-in- progress |
|---|---|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | | | |
| **As at 01 April, 2022** | 73.18 | 873.31 | 535.74 | 119.66 | 29.54 | 25.34 | 9.34 | 1466.01 | 26.81 |
| Additions | - | 12.14 | 38.44 | 11.11 | 2.19 | 8.65 | 2.31 | 74.84 | 18.32 |
| Disposals / transfers | - | 0.05 | 1.96 | 7.90 | 0.48 | 0.29 | 1.42 | 12.10 | 17.60 |
| Transferred to discontinued operations (Refer note 40) | 23.75 | 38.90 | 63.09 | - | 0.97 | 1.54 | 0.06 | 128.31 | 0.65 |
| Less: Exchange differences | - | (0.23) | (1.00) | (0.00) | (0.04) | (0.20) | (0.11) | (1.58) | (0.39) |
| **As at 31 March, 2023** | **49.43** | **846.73** | **510.13** | **122.77** | **30.32** | **32.36** | **10.28** | **1402.02** | **27.27** |
| Additions | - | 16.48 | 60.96 | 75.13 | 1.67 | 8.22 | 4.90 | 167.36 | 58.49 |
| Disposals / transfers | - | 6.19 | 1.38 | 20.51 | 0.68 | 2.45 | 1.36 | 32.57 | 19.89 |
| Less: Exchange differences | - | 0.18 | (0.03) | 0.00 | (0.26) | (0.02) | 0.06 | (0.07) | - |
| **As at 31 March, 2024** | **49.43** | **856.84** | **569.74** | **177.39** | **31.57** | **38.15** | **13.76** | **1536.88** | **65.87** |
| **Accumulated depreciation:** | | | | | | | | | |
| **As at 01 April, 2022** | - | **205.36** | **306.35** | **43.47** | **18.12** | **18.09** | **4.73** | **596.12** | |
| Depreciation charge for the year | - | 24.00 | 34.22 | 9.24 | 2.15 | 2.58 | 1.59 | 73.78 | |
| Disposals / transfers | - | 0.04 | 1.41 | 6.36 | 0.32 | 0.20 | 0.96 | 9.29 | |
| Transferred to discontinued operations (Refer note 40) | - | - | 21.92 | - | 0.98 | 0.15 | 0.02 | 23.07 | |
| Less: Exchange differences | - | (0.21) | (0.65) | (0.86) | (0.03) | (0.16) | (0.07) | (1.98) | |
| **As at 31 March, 2023** | - | **229.53** | **317.89** | **47.21** | **19.00** | **20.48** | **5.41** | **639.52** | |
| Depreciation charge for the year | - | 23.89 | 32.38 | 7.05 | 2.05 | 3.92 | 1.89 | 71.18 | |
| Disposals / transfers | - | 1.13 | 1.10 | 20.36 | 0.58 | 2.11 | 1.07 | 26.35 | |
| Less: Exchange differences | - | 0.14 | (0.00) | 0.10 | (0.19) | (0.03) | 0.06 | 0.08 | |
| **As at 31 March, 2024** | - | **252.15** | **349.17** | **33.80** | **20.66** | **22.32** | **6.17** | **684.27** | |
| **Net book value** | | | | | | | | | |
| As at 31 March, 2023 | 49.43 | 417.20 | 192.24 | 75.56 | 11.32 | 11.88 | 4.87 | 762.50 | 27.27 |
| **As at 31 March, 2024** | **49.43** | **404.69** | **220.57** | **143.59** | **10.91** | **15.83** | **7.59** | **852.61** | **65.87** |

**Note:**

(a) The Parent Company's application for renewal of lease in respect of property in Mumbai is considered by local municipal corporation, however documentation formalities in this regards are in progress. The net book value of tangible assets in relation to this property as at 31 March, 2024 is ₹ 177.52 crores (as at 31 March, 2023 ₹ 182.67 crores).

(b) * Refer note 35

## 4. PROPERTY, PLANT AND EQUIPMENT (Contd.)

**Capital work-in-progress (CWIP) ageing schedule as at 31 March, 2024** ₹ crores

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 58.49 | 4.53 | 2.45 | 0.40 | 65.87 |
| **Total** | **58.49** | **4.53** | **2.45** | **0.40** | **65.87** |

**Notes:**

(i) There are no projects where project cost has exceeded or projects are overdue in current year

(ii) There are no projects which are temporary suspended.

Capital work-in-progress (CWIP) ageing schedule as at 31 March, 2023 ₹ crores

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 18.34 | 7.14 | 1.26 | 0.53 | 27.27 |
| Total | 18.34 | 7.14 | 1.26 | 0.53 | 27.27 |

Capital work-in-progress (CWIP) completion schedule as at 31 March, 2023* ₹ crores

| | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Variable frequency drives frame | 0.90 | - | - | - | 0.90 |
| Variable frequency drives | 1.45 | - | - | - | 1.45 |
| Softstarter high power range | 4.08 | - | - | - | 4.08 |
| Total | 6.43 | - | - | - | 6.43 |

**Note :** There were no projects which were temporary suspended

*Project wise completion schedule where project cost has exceeded or projects are overdue

## 5. INTANGIBLE ASSETS

₹ crores

| | Brand names and customer lists | Computer software | Technical know-how | Commercial rights | Development cost | Total | Goodwill | Intangible assets under development |
|---|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | | |
| **As at 01 April, 2022** | **134.83** | **71.75** | **96.20** | **31.09** | **246.96** | **580.83** | **152.37** | **8.38** |
| Additions | - | 2.13 | - | - | 12.14 | 14.27 | - | 9.35 |
| Disposals / transfers | - | - | - | - | - | - | - | 6.05 |
| Transferred to discontinued operations (Refer note 40) | 55.83 | 19.76 | - | - | 25.29 | 100.88 | - | 0.65 |
| Less: Exchange differences | (8.23) | 0.00 | (5.35) | - | 4.19 | (9.39) | (9.77) | - |
| **As at 31 March, 2023** | **87.23** | **54.12** | **101.55** | **31.09** | **229.62** | **503.61** | **162.14** | **11.03** |
| Additions | - | 11.07 | - | - | 9.43 | 20.50 | - | 18.11 |
| Disposals / transfers | - | 2.35 | - | - | - | 2.35 | - | 1.17 |
| Less: Exchange differences | (1.37) | 0.05 | (0.90) | - | 2.26 | 0.04 | (1.62) | 0.06 |
| **As at 31 March, 2024** | **88.60** | **62.79** | **102.45** | **31.09** | **236.79** | **521.72** | **163.76** | **27.91** |
| **Accumulated amortisation:** | | | | | | | | |
| **As at 01 April, 2022** | **130.18** | **68.16** | **96.04** | **31.09** | **196.18** | **521.65** | | |
| Amortisation charge for the year | - | 1.14 | 0.06 | - | 19.52 | 20.72 | | |
| Transferred to discontinued operations (Refer note 40) | 51.13 | 19.76 | - | - | 23.81 | 94.70 | | |
| Less: Exchange differences | (8.18) | 0.00 | (5.38) | - | 3.50 | (10.06) | | |
| **As at 31 March, 2023** | **87.23** | **49.54** | **101.48** | **31.09** | **188.39** | **457.73** | | |
| Amortisation charge for the year | - | 4.24 | 0.07 | - | 19.40 | 23.71 | | |
| Disposals / transfers | - | 2.35 | - | - | - | 2.35 | | |
| Less: Exchange differences | (1.37) | 0.07 | (0.90) | - | 2.10 | (0.10) | | |
| **As at 31 March, 2024** | **88.60** | **51.36** | **102.45** | **31.09** | **205.69** | **479.19** | | |
| **Net book value** | | | | | | | | |
| As at 31 March, 2023 | - | 4.58 | 0.07 | - | 41.23 | 45.88 | 162.14 | 11.03 |
| **As at 31 March, 2024** | - | **11.43** | - | - | **31.10** | **42.53** | **163.76** | **27.91** |

**5. INTANGIBLE ASSETS (Contd.)**

**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

₹ crores

| CGUs /Segments | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| Industrial Systems | **163.76** | 162 14 |
| **Total goodwill** | **163.76** | 162 14 |

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 the 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 three-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 31-03-2024 | As at 31-03 2023 |
|---|---|---|
| Terminal value growth rate | **2%** | 2% |
| Discount rate | **10.53%** | 10 00% |

The pre-tax discount rate (WACC) used 10 53% (as at 31 March, 2023 10 00%)

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

**5. INTANGIBLE ASSETS (Contd.)**

**Intangible assets under development (IAUD) ageing schedule as at 31 March, 2024** **₹ crores**

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 16.59 | 8.09 | 2.21 | 1.02 | 27.91 |
| Total | 16.59 | 8.09 | 2.21 | 1.02 | 27.91 |

**Intangible assets under development (IAUD) completion schedule as at 31 March, 2024*** ₹ crores

| | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Bess 75kW Inverter | 5.57 | - | - | - | 5.57 |
| EO Compact 5kW Inverter | 2.74 | - | - | - | 2.74 |
| Total | 8.31 | - | - | - | 8.31 |

**Note:**
(i) There are no projects which are temporary suspended.

Intangible assets under development (IAUD) ageing schedule as at 31 March, 2023 ₹ crores

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 7.47 | 2.22 | 0.27 | 1.07 | 11.03 |
| Total | 7.47 | 2.22 | 0.27 | 1.07 | 11.03 |

Notes:
(i) There were no projects where project cost exceeded or projects were overdue.
(ii) There were no projects which were temporary suspended.

*Project wise completion schedule where project cost has exceeded or projects are overdue

## 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2024 | As at 31-03-2023 | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of investments:** | | | | | |
| **A) Quoted investments** | | | | | |
| **Government and trust securities** | | | | | |
| **(Measured at fair value through profit and loss)** | | | | | |
| Central Government Securities 10.18% GOI 2026 of ₹ 100 each | 100 | **39000** | 39000 | **0.43** | 0.39 |
| **Total (A)** | | | | **0.43** | 0.39 |
| **B) Unquoted investments** | | | | | |
| **Investments in others** | | | | | |
| **Measured at fair value through profit and 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 Dinette Exclusive Club Private Limited (0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each) | 100 | **5000** | 5000 | **0.05** | 0.05 |
| | | | | **0.05** | 0.05 |
| **Other non-current investments** | | | | | |
| **Carried at fair value through profit and loss** | | | | | |
| 1 UTI Hybrid Equity Fund - Dividend Plan - Payout | 10 | **63227** | 60997 | **0.26** | 0.19 |
| 2 Power Equipment Limited | USD 10 | **20600** | 20600 | **0.00** | 0.00 |
| 3 IL&FS Transportation Networks Limited Tranch-XVI | 1000000 | - | 45 | - | 0.09 |
| 4 IL&FS Transportation Networks Limited Tranch-XX | 1000000 | - | 20 | - | 0.04 |
| 5 Infrastructure Leasing & Financial Services Limited | 1000000 | - | 19 | - | 0.19 |
| | | | | **0.26** | 0.51 |
| **Total (B)** | | | | **0.32** | 0.57 |
| **Total (A+B)** | | | | **0.75** | 0.96 |
| **Notes:** | | | | | |
| **Quoted Investments** | | | | | |
| Book value | | | | **0.43** | 0.39 |
| Market value | | | | **0.43** | 0.39 |
| **Unquoted Investments** | | | | | |
| Book value | | | | **0.32** | 0.57 |

## 7. NON-CURRENT - OTHERS FINANCIAL ASSETS

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured, considered good, unless otherwise stated:** | | |
| Deposits | **7.75** | 6.14 |
| Fixed deposits with remaining maturity more than 12 months* | **3.89** | 7.19 |
| | **11.64** | 13.33 |

* Fixed deposits of ₹ 2.72 crores (as at 31 March, 2023 ₹ 3.69 crores) are held as margin money

**8. TAXATION**

**Income tax recognised in consolidated statement of profit and loss:**

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Consolidated statement of profit and loss:** | | |
| Current income tax | | |
| Current period (continuing operations) | **21.85** | 13.40 |
| Adjustment in respect of current tax relating to earlier periods (continuing operations) | **(15.04)** | |
| Current period (discontinued operations) | **(0.80)** | 3.16 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences (continuing operations) | **280.45** | 192.41 |
| **Income tax recognised in consolidated statement of profit and loss** | **286.46** | 208.97 |
| **Other comprehensive income** | | |
| Deferred tax related to items recognised in other comprehensive income during the year | **(2.68)** | (1.36) |
| **Income tax recognised in other comprehensive income** | **(2.68)** | (1.36) |

**Reconciliation of income tax expense and accounting profit multiplied by applicable income tax rate:**

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Accounting profit before income tax from continuing operations | **1158.38** | 1002.14 |
| Accounting profit before income tax from discontinued operations | **555.69** | 169.80 |
| **Accounting profit before income tax** | **1714.07** | 1171.94 |
| Applicable tax rate | **25.168%** | 25.168% |
| **Computed tax expense** | **431.40** | 294.95 |
| Income exempt from taxation | **(138.69)** | (43.62) |
| Write off of receivables / financial assets receivables | **(3.50)** | (49.85) |
| Expense not deductible in determining taxable profits | **9.63** | (0.30) |
| Change in income tax rate / effect of different tax rates applicable to subsidiaries | **0.55** | 8.97 |
| Others | **(12.93)** | (1.18) |
| **Net income tax expense charged to the consolidated statement of profit and loss** | **286.46** | 208.97 |
| Income tax attributable to continuing operations | **287.26** | 205.81 |
| Income tax attributable to discontinued operations | **(0.80)** | 3.16 |
| **Total** | **286.46** | 208.97 |

**Note:**

Pursuant to the directions of the Hon'ble National Company Law Tribunal ('NCLT'), the Parent Company's books of accounts were re-casted and re-audited for the financial years 2014-15 to 2018-19. The said re-casted accounts were taken on record by the NCLT on 26 October, 2021 and consequential revision of books of accounts for financial years 2019-20 and 2020-21 were also performed by the Parent Company. The Parent Company had filed an application with the Central Board of Direct Taxes ('CBDT') seeking its approval to revise the returns of income based on the re-casted / revised books of accounts. As the time limit for the same had elapsed the Parent Company had filed an application u/s 119 of the Income Tax Act, 1961 for condonation of delay for filing of revised returns for the financial years 2014-15 to 2019-20. The CBDT vide its Order dated 29 February, 2024 had rejected the Parent Company's application. Against the said rejection order, the Parent Company had filed Writ Petition before the Hon'ble Bombay High Court. This petition was heard before the Hon'ble Bombay High Court on 30 April, 2024. While written copy of the order on the matter is awaited, based on communication from the legal counsels received by the Parent Company, the Court has disposed off the above writ petition and pronounced the following directions:

(a) Allowing the Parent Company to file its revised returns of income based on re-casted / revised accounts for the financial year 2014-15 to 2019-20 within 30 days from the date of receipt of order and directing the income tax department to complete the assessment of the same before 28 February, 2025.

(b) Holding that the assessment orders passed for the financial years 2014-15 to 2016-17 does not survive and this has the effect of tax demands aggregating to ₹ 653.57 crores getting extinguished.

**NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**8. TAXATION (Contd.)**

**Deferred tax relates to the following**

| | Balance sheet | | Recognised in statement of profit and loss | |
|---|---|---|---|---|
| | **As at 31-03-2024** | As at 31-03-2023 | **2023-24** | 2022-23 |
| | **₹ crores** | ₹ crores | **₹ crores** | ₹ crores |
| Expenses allowable on payment basis | **14.63** | 42.43 | **27.80** | 0.61 |
| Impact of difference between tax depreciation and depreciation / amortisation charged | **(121.60)** | (128.43) | **(6.83)** | (5.10) |
| Lease liabilities | **3.20** | 3.56 | **0.36** | 1.52 |
| Right-of-use assets | **(2.86)** | (3.29) | **(0.43)** | (1.54) |
| Other items giving rise to temporary differences | **9.70** | 16.78 | **7.08** | 1.02 |
| Provision and impairment of receivables | **55.37** | 57.97 | **2.60** | (4.62) |
| Unabsorbed losses and Unabsorbed depreciation | **197.86** | 445.32 | **247.46** | 170.68 |
| Provision for corporate guarantee obligation settlement | | | | 31.46 |
| **Deferred tax asset - (A)** | **156.30** | 434.34 | **278.04** | 194.03 |
| | | | | |
| Impact of difference between tax depreciation and depreciation / amortisation charged (attributable to subsidiary of the Parent Company) | **(0.56)** | (0.83) | **0.27** | 3.00 |
| **Deferred tax liabilities - (B)** | **(0.56)** | (0.83) | **0.27** | 3.00 |
| **Deferred tax (income) / expenses (A - B)** | | | **277.77** | 191.03 |
| **Net deferred tax (liabilities) / assets (A + B)** | **155.74** | 433.51 | | |
| **Deferred tax expense / (benefit):** | | | | |
| Relating to origination and reversal of temporary difference (continuing operations) | | | **277.77** | 191.03 |
| **Total** | | | **277.77** | 191.03 |

The net deferred tax assets of ₹ 155.74 crores (as at 31 March, 2023 ₹ 433.51 crores) includes deferred tax assets of ₹ 194.59 crores (as at 31 March, 2023 ₹ 445.32 crores) related to tax losses of the Parent Company. Based on the future forecast and current economic conditions in India, there is reasonable certainty that the deferred tax assets on tax losses which are eligible to be carried forward till assessment year 2029-30, will be realised before their expiry.

**Reconciliation of deferred tax assets / (liabilities) net**

| | **As at 31-03-2024** | As at 31-03-2023 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| **Opening balance** | **433.51** | 621.89 |
| Tax expense during the year recognised in the consolidated statement of profit and loss from continuing operations | **(280.45)** | (192.41) |
| Reduction on account of transferred to discontinued operations | **-** | 2.79 |
| Deferred tax on other comprehensive income | **2.68** | 1.38 |
| Exchange differences | **0.00** | (0.14) |
| **Closing balance** | **155.74** | 433.51 |

## 9. OTHER NON - CURRENT ASSETS

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Capital advances | **4.91** | 7 48 |
| | **4.91** | 7 48 |

## 10. INVENTORIES

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| Raw materials | **344.85** | 247 29 |
| Add: Goods-in-transit | **11.99** | 6 41 |
| | **356.84** | 253 70 |
| Work-in-progress | **242.19** | 188 75 |
| Finished goods | **131.84** | 79 31 |
| Stock-in-trade (including goods-in-transit) | **16.73** | 16 24 |
| Stores, spares and packing materials | **2.97** | 3 18 |
| Loose tools | **0.14** | 0 00 |
| | **750.71** | 541 18 |

**Note:** Mode of valuation of inventories is stated in Note 2.6

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 11. CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2024 | As at 31-03-2023 | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of investments:** | | | | | |
| **Unquoted 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 |
| **Investments in mutual funds*** | | | | | |
| 1 SBI Liquid Fund - Direct Growth | | **1555029** | - | **587.69** | - |
| | | | | **587.69** | - |
| | | | | **587.70** | 0.01 |

* Carried at fair value through profit and loss

## 12. TRADE RECEIVABLES

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured:** | | |
| Considered good | **1534.19** | 1297.12 |
| Credit impaired | **93.46** | 111.03 |
| | **1627.65** | 1408.15 |
| *Less*: Allowance for credit impaired | **93.46** | 111.03 |
| | **1534.19** | 1297.12 |

**Note:** Refer note 25 for trade receivable considered as contract balances.

## 12. TRADE RECEIVABLES (Contd.)

**Trade receivables ageing schedule:**

₹ crores

| As at 31 March, 2024 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 958.46 | 527.06 | 28.12 | 9.10 | 6.14 | 5.31 | 1534.19 |
| (ii) Undisputed trade receivable – credit impaired | - | - | - | 11.80 | 4.61 | 77.03 | 93.44 |
| (iii) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | - | 0.02 | 0.02 |
| **Total** | **958.46** | **527.06** | **28.12** | **20.90** | **10.75** | **82.36** | **1627.65** |

₹ crores

| As at 31 March, 2023 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 668 80 | 541.85 | 47.61 | 26.97 | 5.95 | 5.94 | 1297.12 |
| (ii) Undisputed trade receivable – credit impaired | - | - | 0.78 | 7.52 | 19 67 | 83.04 | 111.01 |
| (iii) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | - | 0.02 | 0.02 |
| Total | 668.80 | 541.85 | 48.39 | 34.49 | 25.62 | 89.00 | 1408 15 |

No trade or other receivable are due from directors or other officers of the Parent Company either severally or jointly with any other person. Details of trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member are given below:

| Name of the Company | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| Zetwerk Manufacturing Businesses Private Limited | **3.02** | 10.98 |

## 13. CASH AND CASH EQUIVALENTS

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Balances with banks:** | | | | |
| In current accounts | 106.82 | | 145.11 | |
| Fixed deposits with original maturity of less than 3 months | 93.00 | | 536 66 | |
| | | 199.82 | | 681 77 |
| Cash on hand | | 0.02 | | 0 01 |
| | | 199.84 | | 681 78 |

As at 31 March, 2024, the Parent Company has undrawn fund based committed borrowings facilities of ₹ 500.00 crores (as at 31 March, 2023 ₹ 500 00 crores).

## 14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Earmarked balances with banks for:** | | | | |
| Unpaid dividends (Refer note (a) below) | 0.48 | | 0 13 | |
| | | 0.48 | | 0 13 |
| Fixed deposits with original maturity of more than 3 months and up to 12 months (Refer note (b) below) | | 654.09 | | 23 04 |
| | | 654 57 | | 23 17 |

**Notes:**

(a) Amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2024 ₹ Nil (as at 31 March, 2023 ₹ Nil).

(b) Fixed deposits of ₹ 1 40 crores (as at 31 March, 2023 ₹ 1.14 crores) are held as margin money.

## 15. CURRENT - OTHER FINANCIAL ASSETS

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated:** | | |
| **Security deposits:** | | |
| Considered good | **10.29** | 12.01 |
| Considered doubtful | **0.74** | 0.74 |
| | **11.03** | 12.75 |
| Less: Allowance for bad and doubtful deposits | **0.74** | 0 74 |
| | **10.29** | 12 01 |
| Fixed deposits with remaining maturity less than 12 months* | **4.42** | 9 01 |
| Receivable on deconsolidation of HBE Group** | **112.09** | 132 60 |
| Derivative instruments | **0.69** | 0 07 |
| Other financial assets | **8.72** | 2 80 |
| | **136.21** | 156 49 |

* Fixed deposits of ₹ 3 71 crores (as at 31 March, 2023 ₹ 1.97 crores) are held as margin money

** HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group') These subsidiaries are deconsolidated with effect from 01 January, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court.

## 16. OTHER CURRENT ASSETS

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated:** | | |
| Advance to suppliers | **73.84** | 52 33 |
| Statutory and other receivables* | **173.69** | 146 81 |
| Receivable from erstwhile directors | **0.16** | 0 16 |
| Less. Provision for doubtful receivable | **0.16** | 0 16 |
| | **247.53** | 199 14 |

**Note:**

* Major items includes statutory receivables of the Parent Company amounting to ₹ 134 61 crores (as at 31 March, 2023 ₹ 128 97 crores), which mainly consists of deposits towards disputed tax demands of ₹ 54 26 crores (as at 31 March, 2023 ₹ 53.53 crores)

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**

**NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**17 EQUITY SHARE CAPITAL**

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Authorised** | | |
| 2038000000 equity shares of ₹ 2 each | 407.60 | 407.60 |
| (2038000000 equity shares of ₹ 2 each as at 31 March, 2023) | | |
| **Issued** | | |
| 1527375514 equity shares of ₹ 2 each fully paid-up | 305.47 | 305.43 |
| (1527173734 equity shares of ₹ 2 each fully paid-up as at 31 March, 2023) | | |
| **Subscribed and paid-up** | | |
| 1527333214 equity shares of ₹ 2 each fully paid-up | 305.47 | 305.43 |
| (1527131434 equity shares of ₹ 2 each fully paid-up as at 31 March, 2023) | | |
| **Forfeited shares** | | |
| 43300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32175) | 0.00 | 0.00 |
| (42300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32175 as at 31 March, 2023) | | |
| | 305.47 | 305.43 |

**Notes:**

(a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year:**

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| **Authorised equity 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 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| **Issued equity share capital** | **No of Shares** | **₹ crores** | No of Shares | ₹ crores |
| Balance at the beginning of the year | 1527173734 | 305.43 | 1441885329 | 288.37 |
| Add: Issued during the year | 201780 | 0.04 | 85288405 | 17.06 |
| Balance at the end of the year | 1527375514 | 305.47 | 1527173734 | 305.43 |

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| **Subscribed and paid-up equity share capital** | **No of Shares** | **₹ crores** | No of Shares | ₹ crores |
| Balance at the beginning of the year | 1527131434 | 305.43 | 1441843029 | 288.37 |
| Add: Subscribed during the year | 201780 | 0.04 | 85288405 | 17.06 |
| Balance at the end of the year | 1527333214 | 305.47 | 1527131434 | 305.43 |

During the year, the Parent Company has issued following equity shares under employee stock option scheme:

(i) 201780 equity shares of the face value ₹ 2 each at a price of ₹ 156.20 (including premium) per equity share, for an aggregate consideration of ₹ 3.15 crores.

During the year ended 31 March, 2023, the Parent Company had issued following equity shares under preferential allotment and employee stock option scheme:

(i) 85233645 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 ₹ 72.96 crores on conversion of 85233645 warrants held by Tube Investments of India Limited (TIIL) into equity share.

(ii) 54760 equity shares of the face value ₹ 2 each at a price of ₹ 156.20 (including premium) per equity share, for an aggregate consideration of ₹ 0.86 crores.

(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 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| | **%** | **No. of Shares** | % | No. of Shares |
| Tube Investments of India Limited | 58.04 | 886465532 | 58.05 | 886465532 |

**17. EQUITY SHARE CAPITAL (Contd.)**

**(d) Details of shares held by promoters and promoter group:**

**As at 31 March, 2024**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares * | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 886485532 | - | 886485532 | 58.04% | - |
| M A Murugappan Holdings LLP (*Formerly*, M A Murugappan Holdings Private Limited) | 367000 | - | 367000 | 0.02% | - |
| M A M Arunachalam | 185000 | 35920 | 220920 | 0.01% | 19.42% |
| M A Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 90000 | (81020) | 8980 | 0.00% | (90.02%) |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 74000 | - | 74000 | 0.00% | - |
| M A M Arunachalam (In capacity of karta of HUF) | 64500 | - | 64500 | 0.00% | - |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares Murugappan Arunachalam Children Trust) | 46900 | - | 46900 | 0.00% | - |
| A Venkatachalam (In capacity of karta of HUF) | 31300 | (31300) | - | - | (100.00%) |
| Vedika Meyyammai Arunachalam | 71000 | - | 71000 | 0.00% | - |
| Lakshmi Ramaswamy | 7490 | - | 7490 | 0.00% | - |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M.V Subbiah, M A A and M M M hold shares on behalf of the Firm) | 5100 | - | 5100 | 0.00% | - |
| A M M Vellayan Sons P Ltd | 1450 | 335 | 1785 | 0.00% | 23.10% |
| Valli Annamalai | 1000 | - | 1000 | 0.00% | - |
| Lakshmi Chockalingam | - | 44900 | 44900 | 0.00% | 100.00% |
| Valli Alagappan | - | 500 | 500 | 0.00% | 100.00% |
| Dhruv M Arunachalam | - | 200 | 200 | 0.00% | 100.00% |
| A Keertika Unnamalai | - | 155 | 155 | 0.00% | 100.00% |
| **Total** | **887597772** | **(30310)** | **887567462** | **58.11%** | |

(*) Due to smaller number of shares in case of certain promoters, in percentage terms it is resulting to 0.00%. However, total promoter holding is 58.11%

As at 31 March, 2023

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares # | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 801251887 | 85233645 | 886485532 | 58.05% | 10.64% |
| M A Murugappan Holdings LLP (*Formerly*, M A Murugappan Holdings Private Limited) | 367000 | - | 367000 | 0.02% | - |
| M A M Arunachalam | 185000 | - | 185000 | 0.01% | - |
| M A Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 90000 | - | 90000 | 0.01% | - |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 74000 | - | 74000 | 0.00% | - |
| M A M Arunachalam (In capacity of karta of HUF) | 64500 | - | 64500 | 0.00% | - |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares - Murugappan Arunachalam Children Trust) | 46900 | - | 46900 | 0.00% | - |
| A Venkatachalam (In capacity of karta of HUF) | 31300 | - | 31300 | 0.00% | - |
| Vedika Meyyammai Arunachalam | 71000 | - | 71000 | 0.00% | - |
| Lakshmi Ramaswamy | 7490 | - | 7490 | 0.00% | - |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M V Subbiah, M A A and M M M hold shares on behalf of the Firm) | 5100 | - | 5100 | 0.00% | - |
| A M M Vellayan Sons P Ltd | - | 1450 | 1450 | 0.00% | 100.00% |
| Valli Annamalai | - | 1000 | 1000 | 0.00% | 100.00% |
| Total | 802361677 | 85236095 | 887597772 | 58.12% | |

(#) Due to smaller number of shares in case of certain promoters, in percentage terms it is resulting to 0.00%. However, total promoter holding is 58.12%

## 18. OTHER EQUITY

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| Retained earnings | **909.43** | (309.47) |
| Effective portion of cash flow hedge | - | (0.05) |
| Foreign currency translation reserve | **(46.16)** | (35.05) |
| General reserve | **418.46** | 418.46 |
| Capital reserve | **671.65** | 671.65 |
| Capital reserve on consolidation | **3.58** | 3.58 |
| Capital redemption reserve | **12.95** | 12.95 |
| Securities premium | **720.75** | 716.99 |
| Share options outstanding account | **21.31** | 6.02 |
| | **2711.97** | 1485.08 |

Refer the consolidated statement of changes in equity for detailed movement in balance

**(a) Dividend paid and proposed:**
The Company has declared and paid interim dividend of ₹ 1.30 per share for the financial year 2023-24 (previous year ₹ 1.50 per share).

**(b) Nature and purpose of items in other equity:**

**(i) Retained earnings:**
Retained earnings are the profits that the Group has earned till date and includes any transfer to general reserve, dividends or other distributions paid to the shareholders.

**(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 the consolidated statement profit and 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) General reserve**
General reserve comprises of transfer of profits from retained earnings for appropriation purpose, the reserves can be distributed / utilised by the Group in accordance with the provisions of the Companies Act, 2013.

**(v) Capital reserve:**
Capital reserve mainly represents the amount recognised on demerger of consumer product business and can be utilised in accordance with the provisions of the Companies Act, 2013.

**(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 bonus shares to its members out of the capital redemption reserve.

**(viii) Securities premium:**
Securities premium reserve is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**(ix) Share warrant money:**
Share warrant money (as disclosed in the consolidated statement of changes in equity) 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) Share options outstanding account:**
Share options outstanding account represents fair value of the options granted which is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service.

## 19. NON - CURRENT - OTHER FINANCIAL LIABILITIES

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| Deposits payable | **10.96** | 1.85 |
| | **10.96** | 1.85 |

## 20. NON-CURRENT PROVISIONS

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| Provision for gratuity (Refer note 36 (b)) | **6.28** | 2.04 |
| Other provisions (Refer note 24 (a)) | **29.18** | 22.33 |
| | **35.46** | 24.37 |

## 21. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Total outstanding dues of creditors other than micro enterprises and small enterprises:** | | |
| Acceptances | **322.00** | 287.37 |
| Due to other than micro enterprises and small enterprises | **1057.38** | 874.26 |
| | **1379.38** | 1161.63 |
| **Due to micro enterprises and small enterprises** | **104.87** | 82.69 |
| | **1484.25** | 1244.32 |

**Note:** Refer note 39 for trade payables to other related parties.

**21. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES (Contd.)**

**Trade payables ageing schedule:**

₹ crores

| As at 31 March, 2024 | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 102.00 | 2.72 | 0.06 | 0.01 | 0.08 | 104.87 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 1088.12 | 257.55 | 2.85 | 1.55 | 10.23 | 1360.30 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | 19.08 | 19.08 |
| **Total** | 1190.12 | 260.27 | 2.91 | 1.56 | 29.39 | 1484.25 |

₹ crores

| As at 31 March, 2023 | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 78.07 | 4.38 | 0.15 | 0.06 | 0.03 | 82.69 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 886.81 | 230.48 | 3.25 | 2.98 | 19.03 | 1142.55 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | 19.08 | 19.08 |
| **Total** | 964.88 | 234.86 | 3.40 | 3.04 | 38.14 | 1244.32 |

## 22. CURRENT- OTHER FINANCIAL LIABILITIES

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Interest free sales tax deferral loans from State Government | | **0.12** | | 0.12 |
| **Investor Education and Protection Fund:** | | | | |
| Unclaimed dividend (Refer note (a) below) | | **0.48** | | 0.13 |
| Security deposits | | **15.30** | | 13.54 |
| Due to directors (Refer note 39) | | **0.95** | | 0.63 |
| Liability on deconsolidation HBE Group* | | **182.94** | | 187.63 |
| **Other payables:** | | | | |
| Dues to employees | **26.05** | | 23.39 | |
| Others# | **142.81** | | 136.98 | |
| | | **168.86** | | 160.37 |
| | | **368.65** | | 362.42 |

**Notes:**

(a) There is no amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2024 (as at 31 March, 2023 ₹ Nil).

(b) *HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'). These subsidiaries are deconsolidated with effect from 01 January, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court.

(c) # Major items includes provision towards guarantee of ₹ 43.71 crores (as at 31 March, 2023 ₹ 43.28 crores) and provision towards commission payables, brokerage payables and others.

## 23. OTHER CURRENT LIABILITIES

| | As at 31-03-2024 | | As at 31-03-2023 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Advances from customers (Refer note 25) | | **318.66** | | 197 64 |
| Due to customers (Refer note 25) | | **3.21** | | 7.14 |
| **Other payables:** | | | | |
| Statutory liabilities | **29.09** | | 66.83 | |
| Others | **22.67** | | 21.68 | |
| | | **51.76** | | 88.51 |
| | | **373.63** | | 293 29 |

**Relationship with Struck off Companies**

₹ crores

| Name of struck off company | Nature of transactions | Balance outstanding as at March 31, 2024 | Balance outstanding as at March 31, 2023 | Relationship with the struck off company, if any, to be disclosed |
|---|---|---|---|---|
| Kusum Multi Trade Private Limited | Other current liabilities | - | 0.33 | No |
| Bloomburg Multiventures Private Limited | Other current liabilities | - | 0.25 | No |
| Charming Infrastructure Private Limited | Other current liabilities | - | 0.10 | No |
| Converge Tradex Private Limited | Other current liabilities | - | 0.03 | No |
| Kriarj Entertainment Private Limited | Other current liabilities | - | 0.20 | No |
| Krutika Diamond Private Limited | Other current liabilities | - | 0.15 | No |
| Overall Distributors Private Limited | Other current liabilities | - | 0.30 | No |
| Scordite Impex Private Limited | Other current liabilities | - | 0.33 | No |
| Sodha Infrastructure Private Limited | Other current liabilities | - | 1.60 | No |
| Spireon Cargo Private Limited | Other current liabilities | - | 0.92 | No |
| Starleaf Impex India Private Limited | Other current liabilities | - | 0.29 | No |
| Trieye Distributors Private Limited | Other current liabilities | - | 0 20 | No |
| | **Total** | - | 4 70 | |

**Note:** There are no transactions entered into with struck off companies during year ended 31 March, 2024 and 31 March, 2023 One subsidiary company of the Group had reported outstanding balances with above struck off companies as at 31 March, 2023 The closing balances as at 31 March, 2023 represents balances carried forward from earlier years. The said subsidiary had entered into transactions with these struck off companies when subsidiary was under the control of the previous management. In the current year, the said subsidiary is deconsolidated and in view of the same, there are no related balances to be reported as at 31 March, 2024

## 24. SHORT-TERM PROVISIONS

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Provision for gratuity (Refer note 36 (b)) | **10.02** | 8 02 |
| Provision for leave encashment | **28.72** | 22.15 |
| Other provisions (Refer note below) | **158.11** | 142.13 |
| Provision for net assets of subsidiaries | - | 3.18 |
| | **196.85** | 175.48 |

**24. SHORT-TERM PROVISIONS (Contd.)**

Notes:

(a) Movement in other provisions:

₹ crores

| | Warranties | Provision for tax related litigations | Other litigation claims | Onerous contracts | Total |
|---|---|---|---|---|---|
| | 2023-24 | 2023-24 | 2023-24 | 2023-24 | 2023-24 |
| Carrying amount at the beginning of the year | 77.39 | 53.16 | 30.65 | 3.26 | 164.46 |
| Additional provision made during the year (net of reversal / utilisation) | 24.19 | 1.56 | 0.35 | - | 26.10 |
| Reduction on account of liquidation of subsidiaries | - | - | - | 3.26 | 3.26 |
| Exchange differences | (0.01) | - | - | - | (0.01) |
| Carrying amount at the end of the year | 101.57 | 54.72 | 31.00 | - | 187.29 |

| | | | | | |
|---|---|---|---|---|---|
| Non-current (Refer note 20) | 29.18 | - | - | - | 29.18 |
| Current (Refer note 24) | 72.39 | 54.72 | 31.00 | - | 158.11 |
| Total | 101.57 | 54.72 | 31.00 | - | 187.29 |

**(b) Nature of other provisions:**

(i) 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 from the date of balance sheet.

(ii) 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, Service Tax and Goods & Service Tax which are in appeal under the relevant Act / Rules. The above provision represents expected future outflows relating to various tax related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

(iii) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation. The above provision represents expected future outflows relating to litigation related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

(iv) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

## 25. REVENUE FROM OPERATIONS

| | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Sale of products | 7818.84 | | 6797.18 | |
| Sale of services | 85.14 | | 62.70 | |
| Construction contracts | 51.77 | | 34.72 | |
| | | 7955.75 | | 6894.60 |
| Other operating income - scrap sales | | 90.23 | | 77.94 |
| | | 8045.98 | | 6972.54 |

**Revenue from contracts with customers**

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 8183.44 | 7044.90 |
| **Less: Adjustments** | | |
| Discounts | 97.16 | 43.44 |
| Others (includes liquidated damages) | 40.30 | 28.92 |
| **Revenue recognised as per the consolidated statement of profit and loss** | 8045.98 | 6972.54 |

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue from contracts with customers** | | |
| Power Systems Business | 2595.42 | 2022.05 |
| Industrial Systems Business | 5428.64 | 4934.40 |
| Others | 21.92 | 16.09 |
| **Total** | 8045.98 | 6972.54 |

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Timing of revenue recognition** | | |
| Revenue recognised at a point in time | 7994.21 | 6937.82 |
| Revenue recognised over a period of time | 51.77 | 34.72 |
| **Total** | 8045.98 | 6972.54 |

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Contract balances** | | |
| Trade receivables | 1534.19 | 1297.12 |
| Contract assets | 0.70 | 0.20 |
| Contract liabilities | | |
| Advance from customers | 318.66 | 197.64 |
| Due to customers | 3.21 | 7.14 |

**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.

## 26. OTHER INCOME

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Interest income from:** | | |
| Deposits with banks | **40.95** | 24.26 |
| On income tax refund | **15.60** | - |
| Others | **6.73** | 4.66 |
| Profit on sale of property, plant and equipment | **5.54** | 2.41 |
| Gain on sale of investments (net) | **18.59** | 1.90 |
| Fair value gain on financial instruments at fair value through profit and loss | **5.43** | 0.01 |
| Exchange gain (net) | **2.59** | - |
| **Other non-operating income:** | | |
| Income from business service centers (Refer note 35) | **5.16** | 5.48 |
| Miscellaneous income | **5.67** | 29.04 |
| | **106.26** | 67.76 |

## 27. COST OF MATERIALS CONSUMED

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Opening inventories | **253.70** | 203.18 |
| Add. Purchases | **5490.18** | 4635.52 |
| *Less:* Closing inventories | **356.84** | 253.70 |
| | **5387.04** | 4585.00 |

## 28. PURCHASES OF STOCK-IN-TRADE

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Purchases of stock-in-trade | **271.57** | 268.61 |
| | **271.57** | 268.61 |

## 29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Closing inventories:** | | | | |
| Finished goods | 131.84 | | 79.31 | |
| Work-in-progress | 242.19 | | 188.75 | |
| Stock-in-trade | 16.73 | | 16.24 | |
| | | 390.76 | | 284.30 |
| **Opening inventories:** | | | | |
| Finished goods | 79.31 | | 72.63 | |
| Work-in-progress | 188.75 | | 203.61 | |
| Stock-in-trade | 16.24 | | 10.08 | |
| | | 284.30 | | 286.32 |
| **(Increase) / decrease in inventories** | | | | |
| Finished goods | (52.53) | | (6.68) | |
| Work-in-progress | (53.44) | | 14.86 | |
| Stock-in-trade | (0.49) | | (6.16) | |
| **Net (increase) / decrease in inventories** | | (106.46) | | 2.02 |

## 30. EMPLOYEE BENEFITS EXPENSE

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Salaries, wages and bonus | 406.21 | 343.99 |
| Contribution to provident and other funds (Refer note 36 (a)) | 46.43 | 40.70 |
| Gratuity expenses (Refer note 36 (b)) | 4.10 | 3.14 |
| Share based payment expense (Refer note 37) | 16.96 | 4.42 |
| Staff welfare expenses | 36.44 | 29.45 |
| | 508.14 | 421.70 |

**Note on Social Security Code:** The date on which the Code of Social Security, 2020 ('The Code') relating to employee benefits during employment will come into effect is yet to be notified and the related rules are yet to be finalised. The Group will evaluate The Code and its rules, assess the impact, if any, and account for the same once they become effective.

## 31. FINANCE COSTS

| | 2023-24 | 2022-23 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Interest expenses | 1.36 | 15.08 |
| Interest on lease liabilities (Refer note 35) | 1.18 | 1.12 |
| | 2.54 | 16.20 |

### 32. DEPRECIATION AND AMORTISATION EXPENSE

| | **2023-24** | 2022-23 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Depreciation of property, plant and equipment (Refer note 4)* | **71.18** | 73.78 |
| Amortisation of intangible assets (Refer note 5) | **23.71** | 20.72 |
| | **94.89** | 94.50 |

* Includes depreciation of ROU assets ₹ 7.05 crores (previous year ₹ 9.24 crores)

### 33. OTHER EXPENSES

| | **2023-24** | 2022-23 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Consumption of stores and spares | **35.37** | 28.06 |
| Power and fuel | **41.28** | 38.03 |
| Rent | **17.28** | 11.78 |
| Repairs to buildings | **7.39** | 7.21 |
| Repairs to machinery | **24.99** | 21.98 |
| Repairs - others | **12.45** | 13.62 |
| Insurance | **5.58** | 6.18 |
| Rates and taxes | **9.28** | 5.46 |
| Freight and forwarding | **136.03** | 122.07 |
| Packing materials | **60.13** | 59.17 |
| After sales services including warranties | **62.90** | 49.87 |
| Travelling and conveyance | **17.42** | 13.81 |
| Sales promotion | **14.71** | 7.87 |
| Bank charges | **14.17** | 11.97 |
| Sub contracting charges | **144.94** | 119.80 |
| Directors' sitting fees | **0.37** | 0.35 |
| Allowance for doubtful debts and advances | **0.25** | 11.91 |
| Donation to trust* | **30.00** | - |
| Legal and professional charges | **66.10** | 59.01 |
| Miscellaneous expenses | **156.98** | 113.74 |
| | **857.62** | 701.89 |

* Donation given to Triumph Electoral Trust

## 34. CONTINGENT LIABILITIES AND COMMITMENTS

a) Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books (Refer note 24)

b) Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed under Note A, Contingent liabilities below

c) Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.

| | **As at 31-03-2024 ₹ crores** | As at 31-03-2023 ₹ crores |
|---|---|---|
| **A. Contingent liabilities (Refer notes below):** (to the extent not provided for) | | |
| (a) Claims against the Group not acknowledged as debts | **4.69** | 4.69 |
| (b) Sales tax / VAT / goods and service tax liability that may arise in respect of matters in appeal | **5.36** | 5.01 |
| (c) Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | **12.68** | 13.05 |
| (d) Income tax liability that may arise in respect of matters in appeal | **0.87** | 0.87 |
| **B. Commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **93.85** | 24.62 |

**Notes:**

(i) 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.

(ii) 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.

(iii) Sales tax / VAT / goods and service tax cases include disputes pertaining to disallowances of input tax credit and non-submission of various forms with authorities.

(iv) 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.

(v) Contingent liabilities for Income tax cases pertains to disallowance of expenses, etc.

(vi) The Parent Company has received Assessment Order dated 27 February, 2024 under 143(3) of the Income Tax Act, 1961, pertaining to financial year 2021-22. As per Assessment Order, tax demand payable is ₹188.79 crores. The Parent Company has filed its detailed submissions in response to notices received for the appeal filed before Commissioner of Income Tax (Appeals). Considering the facts, demand raised is mainly on account of disallowance of claims for settlement of Corporate guarantee and non-granting of set-off tax losses. The management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels.

Further, as mentioned in Note 8 to the consolidated financial statements, the Parent Company had filed Writ Petition before the Hon'ble Bombay High Court for revision of returns for financial years 2014-15 to 2019-20. This petition was heard and concluded before the Hon'ble Bombay High Court on 30 April, 2024. While written copy of the order on the matter is awaited, based on communication from the legal counsels received by the Parent Company in regards to proceedings of hearing in court, the Court has allowed the Parent Company to file its revised returns of income based on re-casted / revised accounts for the said financial years and directed that the proceedings for financial year 2020-21 and financial year 2021-22, would be done after the assessment order for financial year 2019-20 and financial year 2020-21 respectively is passed.

## 35. LEASES

### (i) Group as a lessee

The Group has lease contracts for various items of land, buildings, furniture and fittings, office equipments and vehicles used in its operation. Lease of land generally have lease terms between 30 to 99 years while buildings, furniture and fittings, office equipments and vehicles generally have lease terms between 2 to 9 years. The Group's obligation under the lease is secured by the lessor's title to leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right of use assets and lease liabilities included under financial liabilities and the movements during the year

**Movement in net carrying value of right of use assets**

₹ crores

| | Land | Buildings | Furniture and fittings | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Opening balances as at 01-04-2022** | **62.09** | **9.37** | **0.11** | **0.62** | **3.90** | **76.09** |
| Addition | 1.50 | 9.39 | - | - | 0.22 | 11.11 |
| Less: Deletion | - | 1.54 | - | - | - | 1.54 |
| Less: Depreciation | 1.36 | 6.44 | 0.11 | 0.16 | 1.17 | 9.24 |
| Less: Exchange differences | - | 0.52 | - | (0.33) | (1.05) | (0.86) |
| **Closing balances as at 31-03-2023** | **62.23** | **11.30** | - | **0.13** | **1.90** | **75.56** |
| Addition | **69.39** | **1.74** | - | - | **4.00** | **75.13** |
| Less: Deletion | - | **0.10** | - | - | **0.05** | **0.15** |
| Less: Depreciation | **1.43** | **4.12** | - | **0.13** | **1.37** | **7.05** |
| Less: Exchange differences | - | **(0.05)** | - | - | **0.15** | **0.10** |
| **Closing balances as at 31-03-2024** | **130.19** | **8.77** | - | - | **4.63** | **143.59** |

**Movement in lease liabilities during the year**

₹ crores

| | 2023-24 | 2022-23 |
|---|---|---|
| **Opening balance** | **16.43** | 14.73 |
| Add: Addition | **6.56** | 11.11 |
| Add: Accretion of interest | **1.18** | 1.12 |
| Less: Payments | **(6.57)** | (8.99) |
| Less: Removal of assets | **(0.15)** | (1.54) |
| Less: Gain on removal of assets | **(0.01)** | (0.49) |
| Less: Exchange differences | **0.00** | 0.49 |
| **Closing balance** | **17.44** | **16.43** |

**Breakup of lease liabilities**

₹ crores

| | **As at 31-03-2024** | As at 31-03-2023 |
|---|---|---|
| Non current lease liabilities | **11.91** | 12.06 |
| Current lease liabilities | **5.53** | 4.37 |
| **Total** | **17.44** | 16.43 |

**35. LEASES (Contd.)**

**Amounts recognised in the consolidated statement of profit and loss**

**₹ crores**

| | **2023-24** | 2022-23 |
|---|---|---|
| **Other expenses** | | |
| Expenses related to short-term, low value asset and variable lease rent (included in other expenses) | **17.28** | 11.78 |
| **Finance cost** | | |
| Interest expense on lease liability | **1.18** | 1.12 |
| **Depreciation and amortisation expense** | | |
| Depreciation of ROU assets | **7.05** | 9.24 |

**Amounts recognised in the consolidated statement of cash flows**

**₹ crores**

| | **2023-24** | 2022-23 |
|---|---|---|
| Total cash outflow for leases | **6.57** | 8.99 |

**Contractual maturities of lease liabilities on an undiscounted basis**

**₹ crores**

| | **As at 31-03-2024** | As at 31-03-2023 |
|---|---|---|
| Less than 1 year | **5.57** | 6.33 |
| 1 - 5 years | **9.39** | 11.57 |
| More than 5 years | **5.57** | 4.67 |
| **Total** | **20.53** | 22.57 |

**(ii) Group as a lessor**

**Amounts recognised in the consolidated statement of profit and loss**

**₹ crores**

| | **2023-24** | 2022-23 |
|---|---|---|
| **Other income** | | |
| Non-operating lease income | **5.16** | 5.48 |

**Note:**

Non-operating lease income is in respect of lease of land and / or buildings

## 36. EMPLOYEE BENEFITS

**(a) Defined contribution plans:**

Amount of ₹ 46.43 crores (previous year ₹ 40.70 crores) is recognised as an expense and included in employee benefits expense as under:

₹ crores

| Benefits (Contribution to): | 2023-24 | 2022-23 |
|---|---|---|
| Provident fund | **14.16** | 11.77 |
| Superannuation fund | **4.22** | 4.14 |
| Employee state insurance scheme | **0.14** | 0.12 |
| Labour welfare scheme | **0.01** | 0.01 |
| National pension scheme | **1.50** | 1.24 |
| Family pension | **26.40** | 23.42 |
| **Total** | **46.43** | 40.70 |

**(b) Defined benefit plans:**

**Gratuity:**

Under the Gratuity plan operated by the Group, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per the Payment of Gratuity Act, 1972.

The Group makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees of the fund is entrusted with responsibility for the administration of the plan assets and for the investment strategy.

The following table summarizes the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet.

₹ crores

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | 2023-24 | 2022-23 |
| 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 | **50.87** | 44.68 |
| 2 | Interest cost | **3.85** | 3.12 |
| 3 | Current service cost | **3.34** | 2.74 |
| 4 | Benefits paid | **(5.73)** | (5.73) |
| 5 | Actuarial changes arising from changes in demographic assumptions | **0.23** | 0.87 |
| 6 | Actuarial changes arising from changes in financial assumptions | **4.00** | 3.28 |
| 7 | Actuarial changes arising from changes in experience adjustments | **8.47** | 1.91 |
| 8 | Present value of defined benefit obligation at the end of the year | **65.03** | 50.87 |
| II | **Change in fair value of plan assets during the year** | | |
| 1 | Fair value of plan assets at the beginning of the year | **40.81** | 38.98 |
| 2 | Interest income | **3.09** | 2.72 |
| 3 | Contributions paid by the employer | **10.11** | 5.71 |
| 4 | Benefits paid from the fund | **(5.73)** | (5.73) |
| 5 | Return on plan assets excluding interest income | **0.45** | (0.87) |
| 6 | Fair value of plan assets at the end of the year | **48.73** | 40.81 |
| III | **Net asset / (liability) recognised in the consolidated balance sheet** | | |
| 1 | Present value of defined benefit obligation at the end of the year | **(65.03)** | (50.87) |
| 2 | Fair value of plan assets at the end of the year | **48.73** | 40.81 |
| 3 | Amount recognised in the balance sheet | **(16.30)** | (10.06) |
| 4 | Net (liability) / asset - Current | **(10.02)** | (8.02) |
| 5 | Net (liability) / asset - Non-current | **(6.28)** | (2.04) |
| IV | **Expenses recognised in the consolidated statement of profit and loss for the year** | | |
| 1 | Current service cost | **3.34** | 2.74 |
| 2 | Interest cost on benefit obligation (net) | **0.76** | 0.40 |
| 3 | Total expenses | **4.10** | **3.14** |

**36. EMPLOYEE BENEFITS (Contd.)**

₹ crores

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | **2023-24** | 2022-23 |
| **V** | **Recognised in other comprehensive income for the year** | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | **0.23** | 0.87 |
| 2 | Actuarial changes arising from changes in financial assumptions | **4.00** | 3.28 |
| 3 | Actuarial changes arising from changes in experience adjustments | **8.47** | 1.91 |
| 4 | Return on plan assets excluding interest income | **(0.45)** | 0.87 |
| 5 | Recognised in other comprehensive income | **12.25** | 6.93 |
| **VI** | **Maturity profile of defined benefit obligation** | | |
| 1 | Within the next 12 months (next annual reporting period) | **9.99** | 9.24 |
| 2 | Between 2 and 5 years | **31.20** | 23.16 |
| 3 | Between 6 and 10 years | **26.33** | 21.17 |
| 4 | More than 10 years | **33.47** | 27.39 |
| **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 | **(3.03)** | (2.33) |
| | (ii) One percentage point decrease in discount rate | **3.36** | 2.58 |
| | (i) One percentage point increase in rate of salary increase | **3.34** | 2.60 |
| | (ii) One percentage point decrease in rate of salary increase | **(3.06)** | (2.38) |
| | (i) One percentage point increase in employee turnover rate | **(0.02)** | 0.22 |
| | (ii) One percentage point decrease in employee turnover rate | **0.02** | (0.24) |
| 2 | **Sensitivity Analysis Method**<br>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**<br>Insurer managed funds | **100%** | 100% |
| **IX** | **Weighted average duration of the defined benefit obligation (in years)** | **6-7** | 6-7 |
| **X** | **Actuarial assumptions** | | |
| 1 | Discount rate | **7.15% - 7.22% p.a.** | 7.15% - 7.57% p.a. |
| 2 | Salary escalation | **5.50% - 7.00% p.a.** | 5.50% - 6.00% p.a. |
| 3 | Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) Urban** | Indian Assured Lives Mortality (2012-14) Urban |
| 4 | Rate of employee turnover | **up to 9.00%p.a.** | up to 8.00%p.a. |

₹ crores

| | **2023-24** | 2022-23 |
|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | **10.07** | 8.07 |

**Notes :**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2024 and as at 31 March, 2023. 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:**

During the previous year, the Parent Company had surrendered its Provident Fund to Government administered Employee's Provident Fund Organisation ('EPFO'). Accordingly, the assets held by trust were sold based on best prevailing market price and amount received on sale of assets was transferred to EPFO. However, there was some shortfall towards employees provident fund liability which had been paid by the Parent Company (the employer) to EPFO.

**(d) Leave Encashment:**

The assumptions used for computing accumulated leave encashment on actuarial basis are as follows

| | **Actuarial assumptions** | **2023-24** | 2022-23 |
|---|---|---|---|
| 1 | Discount Rate | **7.15% - 7.22% p.a.** | 7.15% - 7.57% p.a. |
| 2 | Salary escalation | **5.50% - 7.00% p.a.** | 5.50% - 6.00% p.a. |
| 3 | Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) Urban** | Indian Assured Lives Mortality (2012-14) Urban |
| 4 | Rate of employee turnover | **up to 9.00%p.a.** | up to 8.00%p.a. |

## 37 STOCK OPTIONS

During the year, 1785310 (previous year 453140) stock options (net off cancellations / lapsed) were granted to eligible employees at the rate of one stock option of the Parent Company for every stock option held and outstanding in the Parent Company

In this regard, the Parent Company has recognised expense amounting to ₹ 15 96 crores (previous year ₹ 4 42 crores) for employees services received during the year, shown under employee benefits expenses (Refer note 30)

**The movement of stock options are given below**

| Particulars | Date of grant | Options outstanding as at 01 04 2023 | During the year 2023-24 | | | Options outstanding as at 31-03-2024 | Options vested but not exercised as at 31 03 2024 |
|---|---|---|---|---|---|---|---|
| | | | Options granted | Options cancelled / lapsed | Options exercised and allotted | | |
| Grant 1 | 18-Nov-21 | 783260 | - | 7500 | 199020 | 576740 | 576740 |
| Grant 2 | 18 Nov 21 | 317120 | - | 67760 | 2760 | 246600 | 246600 |
| Grant 3 | 18-Nov-21 | 339480 | - | 101640 | - | 237840 | - |
| Grant 4 | 18 Nov 21 | 339480 | - | 101640 | - | 237840 | - |
| Grant 5 | 26-Dec 22 | 453140 | - | - | - | 453140 | 453140 |
| Grant 6 | 08 May 23 | - | 763030 | - | - | 763030 | - |
| Grant 7 | 08 May 23 | - | 83320 | - | - | 83320 | - |
| Grant 8 | 08-May-23 | - | 124980 | - | - | 124980 | - |
| Grant 9 | 08-May 23 | - | 124980 | - | - | 124980 | - |
| Grant 10 | 27 Jul 23 | - | 83320 | - | - | 83320 | - |
| Grant 11 | 27 Jul 23 | - | 83320 | - | - | 83320 | - |
| Grant 12 | 27-Jul-23 | - | 124980 | - | - | 124980 | - |
| Grant 13 | 27-Jul 23 | - | 124980 | - | - | 124980 | - |
| Grant 14 | 27-Jul-23 | - | 135520 | 135520 | - | - | - |
| Grant 15 | 27-Jul-23 | - | 135520 | 135520 | - | - | - |
| Grant 16 | 30-Dec-23 | - | 136200 | - | - | 136200 | - |
| Grant 17 | 30 Dec 23 | - | 136200 | - | - | 136200 | - |

| Particulars | Date of grant | Options outstanding as at 01 04 2022 | During the year 2022-23 | | | Options outstanding as at 31-03-2023 | Options vested but not exercised as at 31-03-2023 |
|---|---|---|---|---|---|---|---|
| | | | Options granted | Options cancelled / lapsed | Options exercised and allotted | | |
| Grant 1 | 18 Nov 21 | 838020 | - | - | 54760 | 783260 | 783260 |
| Grant 2 | 18-Nov-21 | 317120 | - | - | - | 317120 | - |
| Grant 3 | 18 Nov 21 | 339480 | - | - | - | 339480 | - |
| Grant 4 | 18 Nov 21 | 339480 | - | - | - | 339480 | - |
| Grant 5 | 26-Dec-22 | - | 453140 | - | - | 453140 | - |

**Details of stock options granted as at 31 March, 2024 are given below**

| Particulars | Date of grant | Weighted average exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vested date | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|---|
| Grant 1 | 18 Nov 21 | 156.20 | 838020 | 7500 | 253780 | 576740 | - | 18 Nov 22 | - |
| Grant 2 | 18 Nov-21 | 156 20 | 317120 | 67760 | 2760 | 246600 | - | 18-Nov-23 | - |
| Grant 3 | 18-Nov-21 | 156.20 | 339480 | 101640 | - | - | 237840 | - | 0 64 |
| Grant 4 | 18 Nov 21 | 156 20 | 339480 | 101640 | - | - | 237840 | - | 1 64 |
| Grant 5 | 26-Dec 22 | 251 65 | 453140 | - | - | 453140 | - | 26-Dec-23 | - |
| Grant 6 | 08 May 23 | 305 55 | 763030 | - | - | - | 763030 | - | 0 10 |
| Grant 7 | 08-May-23 | 305 55 | 83320 | - | - | - | 83320 | - | 1.10 |
| Grant 8 | 08-May-23 | 305 55 | 124980 | - | - | - | 124980 | - | 2 10 |
| Grant 9 | 08 May 23 | 305 55 | 124980 | - | - | - | 124980 | - | 3 10 |
| Grant 10 | 27-Jul-23 | 400 45 | 83320 | - | - | - | 83320 | - | 0.32 |
| Grant 11 | 27-Jul-23 | 400.45 | 83320 | - | - | - | 83320 | - | 1 32 |
| Grant 12 | 27-Jul-23 | 400.45 | 124980 | - | - | - | 124980 | - | 2 32 |
| Grant 13 | 27-Jul-23 | 400 45 | 124980 | - | - | - | 124980 | - | 3.32 |
| Grant 14 | 27-Jul 23 | 400 45 | 135520 | 135520 | - | - | - | - | - |
| Grant 15 | 27 Jul-23 | 400 45 | 135520 | 135520 | - | - | - | - | - |
| Grant 16 | 30 Dec 23 | 454 40 | 136200 | - | - | - | 136200 | - | 0.76 |
| Grant 17 | 30-Dec-23 | 454.40 | 136200 | - | - | - | 136200 | - | 1 75 |

## 37. STOCK OPTIONS (Contd.)

Details of stock options granted as at 31 March, 2023 are given below

| Particulars | Date of grant | Weighted average exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vested date | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|---|
| Grant 1 | 18 Nov 21 | 156 20 | 838020 | - | 54760 | 783260 | - | 18-Nov-22 | - |
| Grant 2 | 18 Nov-21 | 156 20 | 317120 | - | - | - | 317120 | - | 0 64 |
| Grant 3 | 18-Nov-21 | 156 20 | 339480 | - | - | - | 339480 | - | 1 64 |
| Grant 4 | 18 Nov 21 | 156 20 | 339480 | - | - | - | 339480 | - | 2 64 |
| Grant 5 | 26 Dec 22 | 251 65 | 453140 | - | - | - | 453140 | - | 0 74 |

**The following tables list the input to the Black Scholes model used for the plans for the year ended 31 March, 2024**

| Particulars | Date of grant | Risk free rate (%) p a | Expected life (in years) | Expected volatility of share price (%) | Dividend yield | Fair value of the options |
|---|---|---|---|---|---|---|
| Grant 1 | 18 Nov 21 | 3 61 | 1.00 | 47.62 | - | 31 98 |
| Grant 2 | 18 Nov 21 | 4 46 | 2 00 | 55.99 | - | 52 97 |
| Grant 3 | 18 Nov 21 | 4 96 | 3 00 | 56 02 | - | 65.54 |
| Grant 4 | 18 Nov 21 | 5 36 | 4 00 | 53 10 | - | 73 22 |
| Grant 5 | 26 Dec 22 | 6.60 | 1 00 | 35 99 | - | 43.40 |
| Grant 6 | 08 May 23 | 6 82 | 3 51 | 48.46 | 0.49 | 127 22 |
| Grant 7 | 08-May 23 | 6 86 | 4 51 | 48 13 | 0.49 | 143.14 |
| Grant 8 | 08-May-23 | 6.90 | 5 51 | 47 55 | 0 49 | 156.12 |
| Grant 9 | 08 May 23 | 6 93 | 6 51 | 46 26 | 0 49 | 165 75 |
| Grant 10 | 27 Jul 23 | 6 93 | 3 51 | 46.75 | 0 37 | 184 58 |
| Grant 11 | 27-Jul-23 | 6.96 | 4.51 | 57 02 | 0 37 | 210 92 |
| Grant 12 | 27 Jul-23 | 6 98 | 5.51 | 55 42 | 0 37 | 226 37 |
| Grant 13 | 27-Jul-23 | 7 01 | 6 51 | 52 83 | 0.37 | 236 58 |
| Grant 16 | 30 Dec-23 | 7.01 | 3 51 | 42.77 | 0.33 | 175 65 |
| Grant 17 | 30 Dec 23 | 7 04 | 4.51 | 51 54 | 0 33 | 224 20 |

## SEGMENT REPORTING

**The Group has the following reportable Segments:**

| | |
|---|---|
| Power Systems | Transformer, Switchgear and Turnkey Projects |
| Industrial Systems | Electric Motors, Alternators, Drives, Traction Electronics and SCADA |
| Others | Adhesive tapes and labels, Outsourced Semiconductor Assembly and Test (OSAT) facility |

**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.

MUMBAI CHARTERED ACCOUNTANTS

**38. SEGMENT REPORTING (Contd.)**

**Summary of the segmental information as at and for the year ended 31 March, 2024 is as follows:**

₹ crores

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 2595.42 | 5428.64 | 21.92 | - | - | 8045.98 |
| Add: Inter segment sales | 3.06 | 0.01 | - | - | (3.07) | - |
| **Total revenue** | 2598.48 | 5428.65 | 21.92 | - | (3.07) | 8045.98 |
| Segment results | 409.99 | 789.74 | 0.18 | - | - | 1199.91 |
| Less: Finance costs | | | | | | 2.54 |
| Less: Other unallocable expenditure net of unallocable income | | | | | | 60.47 |
| **Profit after finance cost but before exceptional items and tax** | | | | | | 1136.90 |
| Exceptional items (net) | | | | | | 21.48 |
| Tax expense | | | | | | 287.26 |
| **Profit from continuing operations after tax** | | | | | | 871.12 |
| **Profit from discontinued operations after tax** | | | | | | 556.49 |
| **Profit for the year** | | | | | | 1427.61 |
| **Other Information:** | | | | | | |
| Segment assets | 1521.27 | 1856.05 | 56.12 | 73.18 | 2119.12 | 5625.74 |
| Segment liabilities | 1087.51 | 989.99 | 5.78 | 64.27 | 459.42 | 2606.97 |
| Capital expenditure # | 61.05 | 137.52 | 30.35 | - | 5.35 | 234.27 |
| Depreciation and amortisation # | 33.55 | 51.12 | 0.62 | - | 9.60 | 94.89 |
| Non-cash expenses / (reversal) other than depreciation and amortisation # | (3.63) | (0.26) | - | - | - | (3.89) |

Summary of the segmental information as at and for the year ended 31 March, 2023 is as follows:

₹ crores

| | Power Systems | Industrial Systems | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 2022.05 | 4934.40 | 16.09 | - | - | 6972.54 |
| Add: Inter segment sales | 0.87 | 0.07 | - | - | (0.94) | - |
| **Total revenue** | 2022.92 | 4934.47 | 16.09 | - | (0.94) | 6972.54 |
| Segment results | 224.80 | 787.08 | 2.55 | - | - | 1014.43 |
| Less: Finance costs | | | | | | 16.20 |
| Less: Other unallocable expenditure net of unallocable income | | | | | | 47.85 |
| **Profit after finance cost but before exceptional items and tax** | | | | | | 950.38 |
| Exceptional items (net) | | | | | | 51.76 |
| Tax expense | | | | | | 205.81 |
| **Profit from continuing operations after tax** | | | | | | 796.33 |
| **Profit from discontinued operations after tax** | | | | | | 166.64 |
| **Profit for the year** | | | | | | 962.97 |
| **Other Information:** | | | | | | |
| Segment assets | 1356.90 | 1543.83 | 21.71 | 182.26 | 1564.25 | 4668.95 |
| Segment liabilities | 1064.17 | 873.75 | 4.13 | 713.71 | 221.75 | 2877.51 |
| Capital expenditure # | 26.59 | 52.61 | 0.64 | - | 5.62 | 85.46 |
| Depreciation and amortisation # | 34.72 | 51.43 | 0.57 | - | 7.78 | 94.50 |
| Non-cash expenses / (reversal) other than depreciation and amortisation# | 7.03 | (1.71) | 0.02 | - | (1.07) | 4.27 |

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments

\# The disclosure pertains to continuing business segments

**38. SEGMENT REPORTING (Contd.)**

**Geographical Information:**

**₹ crores**

| | 2023-24 | | | 2022-23 | | |
|---|---|---|---|---|---|---|
| | **Domestic** | **Overseas** | **Total** | Domestic | Overseas | Total |
| Revenue from contracts with customers | **7077.25** | **968.73** | **8045.98** | 6278.07 | 694.47 | 6972.54 |

**Note:**

a) During the year ended 31 March, 2024 and 31 March, 2023 revenues from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

b) The revenue information above is based on the locations of the customers

**₹ crores**

| | As at 31-03-2024 | | | As at 31-03-2023 | | |
|---|---|---|---|---|---|---|
| | **Domestic** | **Overseas** | **Total** | Domestic | Overseas | Total |
| Non-current assets | **954.93** | **202.66** | **1157.59** | 811.18 | 205.12 | 1016.30 |

Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, goodwill, other intangible assets, intangible assets under development and other non-current assets

## 39 RELATED PARTY DISCLOSURES

**(a) List of related parties**

**(i) Holding company:**

1 Tube Investments of India Limited

**(ii) Subsidiaries**

Details of the Group's subsidiaries at the end of the reporting period considered in the preparation of the consolidated financial statements are as follows

| Sr. No. | Name of the Related Parties | Country of Incorporation | % Equity Interest As at 31-03-2024 | % Equity Interest As at 31-03-2023 |
|---|---|---|---|---|
| 1 | CG Power Solutions Limited (dissolved w.e.f. 10 November, 2023) | India | - | 100.00 |
| 2 | CG Adhesive Products Limited *(formerly known as "CG-PPI Adhesive Products Limited")* | India | 83.59 | 82.76 |
| 3 | CG Power Equipments Limited | India | 100.00 | 100.00 |
| 4 | CG Semi Private Limited (incorporated w.e.f. 08 March, 2024) | India | 100.00 | - |
| 5 | CG International Holdings Singapore Pte. Limited | Singapore | 100.00 | 100.00 |
| 6 | CG Sales Network Malaysia Sdn. Bhd. | Malaysia | 100.00 | 100.00 |
| 7 | CG International B.V. | The Netherlands | 100.00 | 100.00 |
| 8 | CG Power Solutions UK Limited (dissolved w.e.f. 02 June, 2023) | United Kingdom | - | 100.00 |
| 9 | CG Power Systems Canada Inc.* | Canada | - | - |
| 10 | CG Industrial Holdings Sweden AB | Sweden | 100.00 | 100.00 |
| 11 | CG Drives & Automation Sweden AB | Sweden | 100.00 | 100.00 |
| 12 | CG Drives & Automation Germany GmbH | Germany | 100.00 | 100.00 |
| 13 | CG Drives & Automation Netherlands B.V. | The Netherlands | 100.00 | 100.00 |
| 14 | CG Middle East FZE* | UAE | - | - |
| 15 | CG DE Sub, LLC *(formerly known as "QEI, LLC")* | USA | 100.00 | 100.00 |
| 16 | CG Power Americas, LLC | USA | 100.00 | 100.00 |
| 17 | PT Crompton Prima Switchgear Indonesia | Indonesia | 51.00 | 51.00 |
| 18 | CG Power and Industrial Solutions Limited Middle East FZCO* | UAE | - | - |

* Entities were deconsolidated / liquidated during the previous year

**(iii) Key Management Personnel:**

1 Natarajan Srinivasan - Managing Director (Re-appointed till 30 April, 2025)
2 Susheel Todi - Chief Financial Officer
3 Sanjay Kumar Chowdhary - Company Secretary and Compliance Officer (Appointed w.e.f. 09 May 2023)
4 P Varadarajan - Company Secretary and Compliance Officer (Ceased w.e.f. 08, May 2023)

**Non Executive Directors:**

1 Vellayan Subbiah - Chairman, Non-Independent Non-Executive Director
2 M A M Arunachalam - Non-Independent Non-Executive Director
3 P S Jayakumar - Independent Non Executive Director
4 Sasikala Varadachari - Independent Non-Executive Director
5 Kalyan Kumar Paul - Non-Independent Non-Executive Director
6 Sriram Sivaram - Independent Non-Executive Director
7 Vijayalakshmi R Iyer - Independent Non-Executive Director (Appointed w.e.f. 24 September, 2022)
8 Shailendra Narain Roy - Independent Non-Executive Director (Ceased w.e.f. 18 September, 2022)

**(iv) Other Related Parties:**

1 Shanthi Gears Limited
2 Parry Enterprises India Limited
3 Cellestial E-Trac Private Limited (Merged with TI Clean Mobility Private Limited w.e.f. 01 April, 2023)
4 TI Clean Mobility Private Limited (w.e.f. 01 April, 2023)

**(v) Post Employment Benefit Entity:**

1 CG Provident Fund (Refer note 36 (c))
2 CG Gratuity Fund

**39. RELATED PARTY DISCLOSURES (Contd.)**

**(b) The following transactions were carried out with the related parties (Refer note 1 below):**

₹ crores

| Sr. No. | Nature of transaction / relationship | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | **Purchase of goods and services** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | **0.04** | 0.04 |
| | | **0.04** | 0.04 |
| | **Other related party** | | |
| | Shanthi Gears Limited | **3.12** | 3.10 |
| | | **3.12** | 3.10 |
| | **Total** | **3.16** | 3.14 |
| 2 | **Sales of goods and services** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | **2.83** | 1.03 |
| | | **2.83** | 1.03 |
| | **Other related parties** | | |
| | Shanthi Gears Limited | **0.84** | 0.47 |
| | Cellestial E-Trac Private Limited | - | 0.01 |
| | | **0.84** | 0.48 |
| | **Total** | **3.67** | 1.51 |
| 3 | **Dividend paid** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | **115.24** | 132.97 |
| | | **115.24** | 132.97 |
| | **Other related parties** | | |
| | Promoter's Group | **0.14** | 0.17 |
| | | **0.14** | 0.17 |
| | **Total** | **115.38** | 133.14 |
| 4 | **Proceeds against warrants issued** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | - | 54.72 |
| | **Total** | - | 54.72 |
| 5 | **Issue of equity shares on conversion of warrants** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | - | 72.96 |
| | **Total** | - | 72.96 |
| 6 | **Purchase of fixed assets** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | - | 0.30 |
| | **Total** | - | 0.30 |
| 7 | **Payment to Key Management Personnel** | | |
| | Salaries, commission and perquisites* | **21.11** | 17.55 |
| | Non-executive Director's commission | **1.05** | 0.70 |
| | Dividend paid | **0.01** | 0.02 |
| | **Total** | **22.17** | 18.27 |
| 8 | **Other expenses** | | |
| | **Other related party** | | |
| | Parry Enterprises India Limited | **4.42** | 2.95 |
| | **Total** | **4.42** | 2.95 |
| 9 | **Purchase of investment** | | |
| | **Post employment benefit entity** | | |
| | CG Provident Fund | - | 0.33 |
| | **Total** | - | 0.33 |

*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

**39. RELATED PARTY DISCLOSURES (Contd.)**

**(c) Amount due to / from related parties**

₹ crores

| Sr. No. | Nature of balances / relationship | | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Holding company** | | | |
| | Tube Investments of India Limited | | 0.05 | 0.05 |
| | | (A) | 0.05 | 0.05 |
| | Non-current | | - | - |
| | Current | | 0.05 | 0.05 |
| | | | 0.05 | 0.05 |
| | **Other related parties** | | | |
| | Shanthi Gears Limited | | 0.77 | 0.47 |
| | Parry Enterprises India Limited | | 0.06 | 0.08 |
| | | (B) | 0.83 | 0.55 |
| | Non-current | | - | - |
| | Current | | 0.83 | 0.55 |
| | | | 0.83 | 0.55 |
| | **Total** | (A+B) | 0.88 | 0.60 |
| 2 | **Trade receivable** | | | |
| | **Holding company** | | | |
| | Tube Investments of India Limited | | 0.39 | 0.09 |
| | | (A) | 0.39 | 0.09 |
| | Non current | | - | - |
| | Current | | 0.39 | 0.09 |
| | | | 0.39 | 0.09 |
| | **Other related parties** | | | |
| | Shanthi Gears Limited | | 0.16 | 0.22 |
| | Cellestial E-Trac Private Limited | | - | 0.01 |
| | TI Clean Mobility Private Limited | | 0.01 | - |
| | | (B) | 0.17 | 0.23 |
| | Non-current | | - | - |
| | Current | | 0.17 | 0.23 |
| | | | 0.17 | 0.23 |
| | **Total** | (A+B) | 0.56 | 0.32 |
| 3 | **Other current assets** | | | |
| | **Other related party** | | | |
| | Parry Enterprises India Limited | | - | 0.12 |
| | **Total** | | - | 0.12 |
| 4 | **Loans and advances payable** | | | |
| | **Other related party** | | | |
| | Shanthi Gears Limited | | 0.06 | - |
| | | | 0.06 | - |
| | Non-current | | - | - |
| | Current | | 0.06 | - |
| | **Total** | | 0.06 | - |
| 5 | **Due to Key Management Personnel** | | | |
| | Non-executive Director's commission | | 0.95 | 0.63 |
| | | | 0.95 | 0.63 |
| | Non-current | | - | - |
| | Current | | 0.95 | 0.63 |
| | | | 0.95 | 0.63 |

**39. RELATED PARTY DISCLOSURES (Contd.)**

**(d) Compensation of Key Management Personnel of the Parent Company:**

₹ crores

| Nature of transaction | 2023-24 | 2022-23 |
|---|---|---|
| Short-term employee benefits | **10.88** | 14.82 |
| Post-employment benefits | **0.51** | 0.33 |
| Fair value cost of stock option granted | **9.72** | 2.40 |
| Non executive Director's commission | **1.05** | 0.70 |
| Dividend paid | **0.01** | 0.02 |
| **Total compensation paid to Key Management Personnel** | **22.17** | 18.27 |

**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 During the previous year, the Parent Company had transferred the provident fund to government administered Employee's Provident Fund Organisation ('EPFO') which was earlier managed by "CG Provident Fund".

3 The Parent Company maintains gratuity trust for the purpose of administering the gratuity payment to employees of the Parent Company (CG Gratuity Fund). During the year, the Parent Company contributed ₹ 10.02 crores (previous year ₹ 5.67 crores).

## 40. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

**(a) Following subsidiaries / business units are considered as discontinued operations:**

(i) CG Power Equipments Limited
(ii) PT Crompton Prima Switchgear Indonesia
(iii) CG Sales Network Malaysia Sdn. Bhd.
(iv) CG DE Sub, LLC (*formerly known as* "QEI, LLC")
(v) CG Power Solutions Limited (dissolved w.e.f. 10 November, 2023)
(vi) CG Middle East FZE (entity was deconsolidated / liquidated during the previous year)

**(b)** During the year, the Group has sold net assets in wholly owned step down foreign subsidiary i.e. CG DE Sub, LLC (formerly known as "QEI, LLC") and recognised net gain (net of transaction costs and taxes) of ₹ 65.39 crores under exceptional items.

**(c)** During the year, the National Company Law Tribunal ("NCLT") has passed order dated 10 November, 2023 to dissolve one of the subsidiary of the Group i.e. CG Power Solutions Limited. Based on such order, the Group has deconsolidated the said subsidiary (which was part of discontinued operation as at 31 March, 2023) and recognised net gain of ₹ 551.06 crores under discontinued operation.

**(d)** During the previous year, subsidiary CG Power and Industrial Solutions Limited Middle East FZCO has been liquidated and CG Power Systems Canada Inc. has been deconsolidated as per IND AS 105.

**(e)** During the previous year, the Group had de-consolidated one of its subsidiaries i.e. CG Middle East FZE in respect of receipt of a liquidation order. As a consequence, an amount of ₹ 173.31 crores has been credited to profit and loss account under discontinued operation.

**(f)** Liquidation of subsidiary CG Sales Network Malaysia Sdn. Bhd. is under process. Consequently, business of the said subsidiary has been classified as discontinued operation.

(g) Shareholders of PT Crompton Prima Switchgear Indonesia has passed resolution to authorise the local bank to liquidate the assets of the Company. Consequently, business of the said subsidiary has been classified as discontinued operation.

**Statement of profit and loss of the discontinued operations is as under :**

| | **2023-24** | 2022-23 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Revenue from operations | **25.35** | 94.23 |
| Expenses (net of other income) | **(530.34)** | (75.57) |
| Profit / (loss) before tax | **555.69** | 169.80 |
| Tax expense | **(0.80)** | 3.16 |
| Profit / (loss) after tax from discontinued operations | **556.49** | 166.64 |

## 40. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (contd.)

**The major classes of assets and liabilities of the discontinued operation are as under:**

| | As at 31-03-2024 ₹ crores | As at 31-03-2023 ₹ crores |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 71.76 | 85.28 |
| Other intangible assets | - | 4.20 |
| Intangible assets under development | - | 1.43 |
| Financial assets - Others | - | 8.22 |
| **Current assets** | | |
| Inventories | - | 30.25 |
| **Financial assets** | | |
| Trade receivables | - | 20.05 |
| Cash and cash equivalents | 0.56 | 30.13 |
| Others | - | 0.80 |
| Current tax assets (net) | 0.86 | 0.90 |
| Other current assets | - | 1.00 |
| **Assets classified as held for sale (A)** | 73.18 | 182.26 |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| **Financial liabilities** | | |
| Lease liabilities | - | 11.56 |
| Provision | 0.22 | 0.22 |
| Deferred tax liabilities (net) | 2.79 | 2.79 |
| **Current liabilities** | | |
| **Financial liabilities** | | |
| Borrowings | 36.56 | 36.56 |
| Lease liabilities | - | 2.15 |
| Trade payables | 12.00 | 17.20 |
| Other financial liabilities | 9.83 | 13.94 |
| Other current liabilities | 1.14 | 627.46 |
| Provisions | 1.73 | 1.83 |
| **Liabilities directly associated with assets classified as held for sale (B)** | 64.27 | 713.71 |
| **Net assets directly associated with disposal group (A-B)** | 8.91 | (531.45) |

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

₹ crores

| | 2023-24 | 2022-23 |
|---|---|---|
| Operating | (6.27) | 10.50 |
| Investing | 83.20 | (0.81) |
| Financing | (0.64) | (2.53) |

## 41. EXCEPTIONAL ITEMS

₹ crores

| | **2023-24** | 2022-23 |
|---|---|---|
| Net gain (net of transaction costs and taxes) on sale of net assets in wholly owned step down foreign subsidiary (Refer note 40 (b)) | **65.39** | - |
| Net gain / (loss) on deconsolidation of subsidiaries (Refer note (a) below) | **0.54** | (4.31) |
| Reversal / (provision) towards other litigations (Refer note (b) below) | **(42.00)** | 31.77 |
| Compensation to employees pursuant to voluntary retirement scheme (Refer note (c) below) | **(2.45)** | - |
| Reversal of excess provision towards settlement of corporate guarantee obligation including net foreign exchange gain / (loss) (Refer note (d) below) | - | 24.30 |
| **Total** | **21.48** | 51.76 |

**Notes:**

(a) During the year, one of the subsidiary of the Group i.e CG Power Solutions UK Limited has been dissolved based on dissolution order received from local jurisdiction. As a consequence, net loss of ₹ 12.13 crores have been recognised under exceptional items. Further on account of such dissolution, gain of ₹ 12.72 crores of accumulated foreign currency translation reserve and loss of ₹ 0.05 crores of hedged reserve have been transferred to statement of profit and loss account and recognised under exception items. In previous year, on account of deconsolidation of subsidiaries, loss of ₹ 4.31 crores of accumulated foreign currency translation reserve had been transferred to statement of profit and loss account and recognised under exceptional items.

b) During the year, the Group has made payment towards settlement of litigations of ₹ 42.00 crores. (Previous year, the Group had reversed excess provision related to claims under dispute / litigation of ₹ 31.77 crores).

(c ) During the year, the Group has made payment towards compensation to employees pursuant to voluntary retirement scheme of ₹ 2.45 crores.

(d) During the previous year, the Group had reversed excess provision of ₹ 24.30 crores towards settlement of corporate guarantee obligation including net foreign exchange gain / (loss).

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## 42. 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 and cash equivalents, bank balances other than cash and cash equivalents, current financial assets - others, current financial liabilities borrowings, trade payables and other financial liabilities 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

5. The Group has carried all other financial assets and others financial liabilities, other than those disclosed in the table below at amortised cost.

**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

₹ crores

| | Note No. | Carrying amount As at 31-03-2024 | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non current investments | 6 | 0.75 | 0.69 | - | 0.06 |
| Current investments | 11 | 587.70 | 587.69 | | 0.01 |
| Derivative instruments | 15 | 0.69 | - | 0.69 | - |
| **Total** | | 589.14 | 588.38 | 0.69 | 0.07 |

₹ crores

| | Note No. | Carrying amount As at 31-03-2023 | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non-current investments | 6 | 0.96 | 0.58 | - | 0.38 |
| Current investments | 11 | 0.01 | - | - | 0.01 |
| Derivative instruments | 15 | 0.07 | - | 0.07 | - |
| Total | | 1.04 | 0.58 | 0.07 | 0.39 |

During the reporting period ending 31 March, 2024 and 31 March, 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT

The Group'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 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 risk such as: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings and derivative financial instruments.

**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.

**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.

**Unhedged foreign currency exposure as at 31 March, 2024**

₹ crores

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Assets | 55.75 | 106.80 | - | - | 6.19 | 168.74 |
| Liabilities | (107.71) | (95.68) | (0.84) | (1.23) | (2.00) | (207.46) |
| Derivative contracts | 8.34 | 61.12 | - | - | - | 69.46 |

Unhedged foreign currency exposure as at 31 March, 2023

₹ crores

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Assets | 99.13 | 71.16 | - | - | 4.41 | 174.70 |
| Liabilities | (109.35) | (91.33) | (0.80) | (0.81) | (1.63) | (203.92) |
| Derivative contracts | 14.90 | 59.93 | - | - | - | 74.83 |

**Foreign currency sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on profit or loss before tax

₹ crores

| | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | **1% increase** | **1% decrease** | 1% increase | 1% decrease |
| USD | **(0.52)** | **0.52** | (0.10) | 0.10 |
| Euro | **0.11** | **(0.11)** | (0.20) | 0.20 |
| JPY | **(0.01)** | **0.01** | (0.01) | 0.01 |
| CHF | **(0.01)** | **0.01** | (0.01) | 0.01 |
| Others | **0.04** | **(0.04)** | 0.03 | (0.03) |
| **Increase / (decrease) in profit and loss** | **(0.39)** | **0.39** | (0.29) | 0.29 |

**Derivative contracts**

| | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | **1% increase** | **1% decrease** | 1% increase | 1% decrease |
| USD | **0.08** | **(0.08)** | 0.15 | (0.15) |
| Euro | **0.61** | **(0.61)** | 0.60 | (0.60) |

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## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)

### 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, 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 given, other financial assets and 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

₹ crores

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in government and trust securities | **0.43** | 0.39 |
| Investments in debentures or bonds | **0.05** | 0.05 |
| Other non-current investments | **0.27** | 0.52 |
| Non-current others financial assets | **11.64** | 13.33 |
| Cash and cash equivalents and other bank balances | **854.41** | 704.95 |
| Current financials assets - others | **136.21** | 156.49 |
| Current financials assets - investments | **587.70** | 0.01 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| Trade receivables | **1627.65** | 1408.15 |

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.

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.

₹ crores

| | Amount |
|---|---|
| **As at 31-03-2024** | |
| Up to 3 months | **1443.86** |
| 3 to 6 months | **41.66** |
| More than 6 months | **142.13** |
| | **1627.65** |
| **As at 31-03-2023** | |
| Up to 3 months | 1133.10 |
| 3 to 6 months | 77.55 |
| More than 6 months | 197.50 |
| | 1408.15 |

The following table summarizes the change in the loss allowances for trade receivables measured using life-time expected credit loss model:

₹ crores

| | Amount |
|---|---|
| **As at 1-04-2022** | 157.46 |
| Provided during the year | 15.05 |
| Amounts written off | (44.90) |
| Reversals of provision | (2.75) |
| Transfer to discontinued operations | (13.83) |
| Exchange differences | 0.00 |
| **As at 31-03-2023** | **111.03** |
| Provided during the year | **6.18** |
| Amounts written off | **(17.81)** |
| Reversals of provision | **(5.93)** |
| Exchange differences | **(0.01)** |
| **As at 31-03-2024** | **93.46** |

No significant changes in estimation techniques or assumptions were made during the reporting period.

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)

**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.

₹ crores

| As at 31 March, 2024 | 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 | - | 0.96 | 10.00 | 10.96 |
| Trade payables# | 1484.25 | - | - | 1484.25 |
| Other financial liabilities | 368.53 | - | - | 368.53 |
| Lease liabilities | 5.57 | 9.39 | 5.57 | 20.53 |

# Includes disputed Trade payable of ₹19.08 crores. (Refer note 21)

₹ crores

| As at 31 March, 2023 | 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 | - | 1.17 | 0.68 | 1.85 |
| Trade payables# | 1244.32 | - | - | 1244.32 |
| Other financial liabilities | 362.30 | - | - | 362.30 |
| Lease liabilities | 6.33 | 11.57 | 4.67 | 22.57 |

# Includes disputed Trade payable of ₹19.08 crores. (Refer note 21)

General credit terms for the trade payables are in the range of 30 to 180 days. The Group has access to credit facilities to mitigate any short-term liquidity risk.

**Collaterals:**

The Group has provided a charge over its current assets as primary security for the banking facilities extended to the Group.

**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 is as follows:

₹ crores

| | As at 31-03-2024 | As at 31-03-2023 |
|---|---|---|
| Total debt | 0.12 | 0.12 |
| Equity | 3017.44 | 1790.51 |
| **Total debt and equity** | 3017.56 | 1790.63 |
| Gearing ratio | 0.00% | 0.01% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2024 and 31 March, 2023.

There have been no breaches in the financial covenant of any borrowings.

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 44. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ crores

| | As at 1-04-2023 | Cash inflows / (outflows) | Others | As at 31-03-2024 |
|---|---|---|---|---|
| **Current - other financial liabilities:** | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| **Non controlling interest** | 0.93 | (0.21) | 0.61 | 1.33 |
| **Total** | 1.05 | (0.21) | 0.61 | 1.45 |

₹ crores

| | As at 1-04-2022 | Cash inflows / (outflows) | Effect of reclassification | Reversal of interest | Transferred to discontinued operation | Foreign exchange movement impact | Finance cost charged during the year | Others | As at 31-03-2023 |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Term loans from banks | 107.47 | (108 96) | - | - | - | 0.36 | 1.13 | - | - |
| **Unsecured loans** | | | | | | | | | |
| Debentures | 200.00 | (200 00) | - | - | - | - | - | - | - |
| **Non-current other financial liabilities** | | | | | | | | | |
| Others* | 10.38 | - | 1 92 | (18.86) | - | - | 6.56 | - | - |
| **Current financial liabilities - borrowings:** | | | | | | | | | |
| **Secured loans** | | | | | | | | | |
| Current maturities of long- term loans from banks | 44.74 | (10.05) | - | - | (36.56) | - | 1.87 | - | - |
| **Current - other financial liabilities:** | | | | | | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | - | 0.12 |
| Interest accrued but not due on borrowings | 1.72 | (6.15) | - | - | (0.50) | - | 4.93 | - | - |
| Others* | 1.92 | - | (1.92) | - | - | - | - | - | - |
| Payment towards corporate guarantee | - | (100.72) | - | - | - | - | - | 100.72 | - |
| **Non controlling interest** | 0.95 | (0.35) | - | - | - | - | - | 0.33 | 0.93 |
| Total | 367 30 | (426 23) | - | (18.86) | (37.06) | 0.36 | 14.49 | 101.05 | 1.05 |

**Note:**

* Represents interest accrued as per amortised cost method of Ind AS

The above disclosure does not include the cash flow movement for lease obligations (Refer note 35). The finance cost charged during the previous year is related to borrowings.

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**45. EARNINGS PER SHARE**

| | | 2023-24 | 2022-23 |
|---|---|---|---|
| Face value of equity share | ₹ | **2.00** | 2.00 |
| Weighted average number of Equity Shares | | | |
| - Basic | Nos | **1527249399** | 1516108906 |
| - Diluted | Nos | **1528604000** | 1527359578 |
| Profit for the year (continuing operations) | ₹ crores | **870.52** | 796.03 |
| Earnings per share (for continuing operations) | | | |
| Basic | ₹ | **5.70** | 5.25 |
| Diluted | ₹ | **5.69** | 5.21 |
| Profit for the year (discontinued operations) | ₹ crores | **556.49** | 166.64 |
| Earnings per share (for discontinued operations) | | | |
| - Basic | ₹ | **3.64** | 1.10 |
| - Diluted | ₹ | **3.64** | 1.09 |
| Profit for the year (total operations) | ₹ crores | **1427.01** | 962.67 |
| Earnings per share (total operations) | | | |
| - Basic | ₹ | **9.34** | 6.35 |
| - Diluted | ₹ | **9.33** | 6.30 |
| Profit used as the numerators in calculating basic and diluted earnings per share (total operations) | | **1427.01** | 962.67 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | | **1527249399** | 1516108906 |
| Weighted average number of equity shares used as the denominator in calculating diluted earnings per share* | | 1528604000 | 1527359578 |

*Current year, the dilutive impact is due to employee stock options granted (previous year due to warrant and employee stock options granted).

**NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**46. DISCLOSURE OF INTEREST IN OTHER ENTITIES**

**Material non-controlling interest for continuing and discontinued operations**

| | Principal place of business / Country of incorporation | Proportion of interest held by Non-controlling entities as at | |
|---|---|---|---|
| | | **31-03-2024 %** | 31-03-2023 % |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | India | **16.41** | 17.24 |
| PT Crompton Prima Switchgear Indonesia | Indonesia | **49.00** | 49.00 |

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:**

**₹ crores**

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **2023-24** | 2022-23 | **2023-24** | 2022-23 |
| Income | **31.91** | 24.86 | - | - |
| Expenditure | **(27.04)** | (21.96) | - | (0.19) |
| Profit / (loss) before tax | **4.87** | 2.90 | - | (0.19) |
| Tax expense | **1.23** | 0.74 | - | - |
| Profit / (loss) for the year (A) | **3.64** | 2.16 | - | (0.19) |
| - attributable to the equity holders of the parent | **3.04** | 1.77 | - | (0.10) |
| - attributable to the non-controlling interest | **0.60** | 0.39 | - | (0.09) |
| Other comprehensive income (B) | **(0.03)** | 0.00 | - | - |
| - attributable to the equity holders of the parent | **(0.03)** | 0.00 | - | - |
| - attributable to the non-controlling interest | **(0.00)** | 0.00 | - | - |
| **Total comprehensive income (A+B) = C** | **3.61** | 2.16 | - | (0.19) |
| - attributable to the equity holders of the parent | **3.01** | 1.77 | - | (0.10) |
| - attributable to the non-controlling interest | **0.60** | 0.39 | - | (0.09) |

**Summarised balance sheet:**

**₹ crores**

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **As at 31-03-2024** | As at 31-03-2023 | **As at 31-03-2024** | As at 31-03-2023 |
| Current assets | **28.05** | 22.71 | **19.33** | 19.33 |
| Non-current assets | **4.31** | 4.39 | **127.16** | 127.16 |
| Current liabilities | **(5.70)** | (3.80) | **(105.71)** | (105.71) |
| Non-current liabilities | **(0.09)** | (0.33) | **(65.57)** | (65.57) |
| **Total equity** | **26.57** | 22.97 | **(24.79)** | (24.79) |
| **Attributable to:** | | | | |
| Equity holders of parent | **22.21** | 19.01 | **(12.64)** | (12.64) |
| Non-controlling interest | **4.36** | 3.96 | **(12.15)** | (12.15) |

**Summarised cash flow information:**

**₹ crores**

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|
| | **2023-24** | 2022-23 | **2023-24** | 2022-23 |
| **Cash flows from:** | | | | |
| Operating activities | **1.69** | 2.09 | - | - |
| Investing activities | **0.27** | (5.37) | - | - |
| Financing activities | **(0.01)** | (0.01) | - | - |
| Net increase / (decrease) in cash and cash equivalents | **1.95** | (3.29) | - | - |

**47. UPDATES ON INVESTIGATIONS FOR PAST YEARS**

The Company is fully co-operating with the ongoing investigation by the Serious Fraud Investigation Office ('SFIO') and other regulatory authorities on the affairs of the Company pertaining to past period and against erstwhile promoters and erstwhile key managerial personnel relating to transactions that took place when the Company was under the control of the erstwhile promoters/management. In respect to this, there is no impact on current year financials of the Group.

**48. OTHER STATUTORY INFORMATION**

i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

ii) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

iii) The Group has not advanced or loaned or invested funds to any person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Parties) with the understanding (whether recorded in writing or otherwise) that the Group shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

v) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act,1961 (such as search or survey or any other relevant provision of the Income Tax Act, 1961).

(vi) The Group does not have any transactions with companies which has been struck off by ROC under Section 248 of the Companies Act, 2013.

**49. STANDARD ISSUED BUT NOT YET EFFECTIVE**

There are no standards that are notified and not yet effective as on the date.

**50 TRANSFER FROM GENERAL RESERVE TO RETAINED EARNINGS**

The Board of Directors of the Parent Company, basis the recommendations of the Audit Committee and Committee of Independent Directors of the Parent Company, at its meeting held on 19 October, 2022 approved the Scheme of Arrangement ("Scheme") between the Parent Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act"). The Scheme inter alia provides for capital reorganisation of the Parent Company, whereby it is proposed to transfer ₹ 400 crores from the General Reserves to the Retained Earnings of the Parent Company with effect from the Appointed Date. The Scheme is subject to receipt of regulatory approvals/ clearances from the Hon'ble National Company Law Tribunal, Mumbai Bench, the Securities and Exchange Board of India (through BSE Limited and National Stock Exchange of India Limited), BSE Limited and National Stock Exchange of India Limited (collectively referred to as "Stock Exchanges") and such other approval / clearances as may be applicable. BSE Limited has intimated the Parent Company that it can re-submit the scheme with revised rationale. The Parent Company is evaluating the same.

**51. INCORPORATION OF SUBSIDIARY TO SET UP OSAT FACILITY**

The Company, during the year has incorporated a subsidiary named CG Semi Private Limited ('CG SEMI') to set up an Outsourced Semiconductor Assembly and Test ('OSAT') facility. The CG SEMI for purpose of said facility has acquired a land on lease term of 99 years for the total consideration of ₹ 56.49 crores. The CG SEMI has paid ₹ 30.06 crores and remaining amount of ₹ 26.43 crores was paid by Central government in the form of government grant. The group has recognised the said land under Right of Use assets for ₹ 30.06 crores i.e. net off government grant.

**52** The Parent Company and subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act have complied with the requirements of audit trail except for the following:

The Parent Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in such software, except that audit trail feature is not enabled for changes made (if any) by users with privileged / administrative access rights to the SAP applications and the underlying database and at the database level insofar as it relates to other accounting software used for payroll processing and approval of discounts. Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software.

Management is in the process of evaluating appropriate actions having regard to the requirements of the recently issued Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised) by the Institute of Chartered Accountants of India for enablement of audit trail at the database level for the accounting software used by the Parent Company wherever applicable.

**53. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2024 AND 31 MARCH 2023**

**Year Ended 31 March 2024**

| 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 |
| **I. Parent** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 107.51 | 3245.44 | 70.35 | 1004.36 | 119.85 | (9.54) | 70.08 | 994.82 |
| **II. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.74 | 22.21 | 0.21 | 3.04 | 0.36 | (0.03) | 0.21 | 3.01 |
| CG Power Solutions Limited (dissolved w.e.f. 10 November, 2023) | - | - | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| CG Power Equipments Limited | 0.00 | 0.00 | 0.00 | 0.00 | - | - | 0.00 | 0.00 |
| CG Semi Private Limited (incorporated w.e.f. 08 March, 2024) | (0.14) | (4.13) | (0.29) | (4.14) | - | - | (0.29) | (4.14) |
| **b) Foreign** | | | | | | | | |
| CG International B.V | (58.30) | (1759.96) | (10.80) | (154.21) | - | - | (10.86) | (154.21) |
| CG Power Americas, LLC | (3.55) | (107.14) | 7.33 | 104.58 | - | - | 7.37 | 104.58 |
| CG DE Sub, LLC (*formerly known as* "QEI, LLC") | - | - | 5.65 | 80.67 | - | - | 5.68 | 80.67 |
| CG Power Solutions UK Limited (dissolved w.e.f. 02 June, 2023) | - | - | (1.08) | (15.36) | - | - | (1.08) | (15.36) |
| CG Industrial Holdings Sweden AB | 5.19 | 156.57 | 0.28 | 4.04 | - | - | 0.28 | 4.04 |
| CG Drives & Automation Sweden AB | 6.78 | 204.62 | 2.02 | 28.83 | - | - | 2.03 | 28.83 |
| CG Drives & Automation Netherlands B.V | 1.23 | 37.21 | 0.26 | 3.78 | - | - | 0.27 | 3.78 |
| CG Drives & Automation Germany GmbH | 0.99 | 29.90 | 0.25 | 3.54 | - | - | 0.25 | 3.54 |
| CG International Holdings Singapore Pte. Limited | (3.48) | (105.05) | 1.14 | 16.22 | - | - | 1.14 | 16.22 |
| CG Sales Network Malaysia Sdn.Bhd. | 0.04 | 1.34 | - | - | - | - | - | - |
| PT Crompton Prima Switchgear Indonesia | (0.42) | (12.64) | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 43.37 | 1309.07 | 24.64 | 351.67 | (20.23) | 1.61 | 24.88 | 353.28 |
| **Non controlling interest** | | | | | | | | |
| **I. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.14 | 4.36 | 0.04 | 0.60 | 0.00 | (0.00) | 0.04 | 0.60 |
| **b) Foreign** | | | | | | | | |
| PT Crompton Prima Switchgear Indonesia | (0.40) | (12.15) | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 0.30 | 9.12 | - | - | - | - | - | - |
| **Total** | **100.00** | **3018.77** | **100.00** | **1427.61** | **100.00** | **(7.96)** | **100.00** | **1419.65** |

**53. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2024 AND 31 MARCH 2023 (Contd.)**

**Year Ended 31 March 2023**

| | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| Name of the entity in the Group | 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 |
| **I. Parent** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 135.65 | 2430.06 | 81.56 | 785.36 | 53.83 | (5.55) | 81.86 | 779.81 |
| **II. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 1.06 | 19.01 | 0.18 | 1.77 | 0.00 | 0.00 | 0.19 | 1.77 |
| CG Power Solutions Limited | (104.40) | (1870.32) | (0.04) | (0.38) | - | - | (0.04) | (0.38) |
| CG Power Equipments Limited | 0.00 | 0.00 | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| **b) Foreign** | | | | | | | | |
| CG International B V | (88.78) | (1590.39) | 7.81 | 75.21 | - | - | 7.89 | 75.21 |
| CG Power Systems Canada Inc * | - | - | (0.39) | (3.72) | - | - | (0.39) | (3.72) |
| CG Power Americas, LLC | (11.66) | (208.93) | 2.06 | 19.83 | - | - | 2.08 | 19.83 |
| QEI, LLC | 1.70 | 30.42 | 0.88 | 8.46 | - | - | 0.89 | 8.46 |
| CG Power Solutions UK Limited | (0.88) | (15.73) | - | - | - | - | - | - |
| CG Industrial Holdings Sweden AB | 7.13 | 127.78 | 2.12 | 20.40 | - | - | 2.14 | 20.40 |
| CG Drives & Automation Sweden AB | 11.75 | 210.42 | 1.42 | 13.68 | - | - | 1.44 | 13.68 |
| CG Drives & Automation Netherlands B V | 1.97 | 35.21 | 0.43 | 4.14 | - | - | 0.43 | 4.14 |
| CG Drives & Automation Germany GmbH | 1.66 | 29.67 | 0.95 | 9.19 | - | - | 0.96 | 9.19 |
| CG Middle East FZE* | - | - | 55.50 | 534.42 | - | - | 56.10 | 534.42 |
| CG International Holdings Singapore Pte. Limited | (6.68) | (119.59) | (8.97) | (86.36) | - | - | (9.07) | (86.36) |
| CG Sales Network Malaysia Sdn.Bhd. | 0.08 | 1.42 | (0.20) | (1.88) | - | - | (0.20) | (1.88) |
| PT Crompton Prima Switchgear Indonesia | (0.71) | (12.64) | (0.01) | (0.10) | - | - | (0.01) | (0.10) |
| CG Power and Industrial Solutions Limited Middle East FZCO* | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 152.06 | 2724.12 | (43.33) | (417.34) | 46.17 | (4.76) | (44.30) | (422.10) |
| **Non controlling interest** | | | | | | | | |
| **I. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.22 | 3.96 | 0.04 | 0.39 | 0.00 | 0.00 | 0.04 | 0.39 |
| **b) Foreign** | | | | | | | | |
| PT Crompton Prima Switchgear Indonesia | (0.68) | (12.15) | (0.01) | (0.09) | - | - | (0.01) | (0.09) |
| Consolidation adjustment and elimination | 0.51 | 9.12 | - | - | - | - | - | - |
| **Total** | **100.00** | **1791.44** | **100.00** | **962.97** | **100.00** | **(10.31)** | **100.00** | **952.66** |

* Entities were deconsolidated / liquidated during the year

**54** 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 Aravind K**
Partner
Membership No. 221268

Mumbai : 06 May, 2024

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

**Vellayan Subbiah**
Chairman
(DIN : 01138759)

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

Mumbai : 06 May, 2024

**S R B C & CO LLP**
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India

Tel : +91 22 6819 8000

## INDEPENDENT AUDITOR'S REPORT

To the Members of CG Power and Industrial Solutions Limited

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of CG Power and Industrial Solutions Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2025, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the 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 separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid 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 consolidated state of affairs of the Group and its associate as at March 31, 2025, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the 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 Consolidated Financial Statements' section of our report. We are independent of the Group and its associate 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 consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the 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 Auditor's responsibilities for the audit of the 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 consolidated financial statements. The results of audit

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CHARTERED ACCOUNTANTS

procedures performed by us and by other auditors of components 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 consolidated financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** (as described in Note 27 of the consolidated financial statements) | |
| The Holding Company has two operating segments, namely, Power and Industrial Segment.<br>The type of customers varies across these segments, ranging from Large Government companies / corporations to Original Equipment Manufacturers and Industrial Customers etc.<br><br>Majority of the Group's revenue is contributed by the Holding Company which is from sale of goods which are recognized at a point in time based on the terms of the contract with customers which may vary case to case. 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 the Group's accounting policy for timing of revenue recognition and assessed compliance in terms of Ind AS 115- Revenue from Contracts with Customers.<br>• We performed walkthroughs of the Holding Company's revenue processes, including design and implementation of controls and tested the design and operating effectiveness of such controls in relation to revenue recognition.<br>• On a sample basis, we tested the underlying contracts with customers, purchase orders issued by customers and sales invoices raised by the Holding Company (as may be applicable) to determine the timing of transfer of control along with pricing terms and the timing of the revenue recognition in respect of such contracts.<br>• We 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 assessed the disclosures for compliance with applicable accounting standards in the consolidated financial statements. |
| **<u>Claims and exposures relating to taxation and other litigations</u>** (as described in Note 36 of the consolidated financial statements) | |
| The Group has uncertainties related to litigations on account of tax losses adjusted against taxable income in earlier years and other disputed legal claims.<br><br>The tax losses of the Holding Company were primarily on account of write off of receivable balances in relation to various | Our audit procedures amongst others included the following:<br>• We understood the process and assessed the internal control environment relating to the identification, assessment of the likely outcome of uncertain positions in respect of tax and other legal matters, recognition and measurement of |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| transactions in earlier years which are under investigations by regulatory authorities. Basis legal advice, management has considered these write-offs as an allowable expense in the computation of current tax of the Holding Company in the relevant years.<br><br>Due to associated uncertainties related to the outcome of these taxation and other litigations, significant judgement is involved in the assessment of potential financial impact and application of material judgement in interpretation of relevant laws. Accordingly, this has been considered as a Key Audit Matter. | provisions for disputes, potential claims and litigation, and contingent liabilities.<br>• We obtained details of tax and other disputed legal matters from the Holding Company's management and assessed Holding Company 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 of Holding Company including evaluation of deductions claimed by the Holding Company in respect of receivable balances written off in earlier years as per the applicable provisions of the Income Tax Act in India and relevant judicial precedents, wherever available and assessed the likelihood of the potential financial exposure.<br>• We obtained and read the Holding Company's correspondences with tax authorities and legal counsel's advice obtained by the Holding Company.<br>• We circulated legal confirmation for material litigations to external legal counsel and reviewed their assessment and had a discussion with the senior management of the Holding Company regarding their assessment.<br>• We assessed the relevant disclosures made in the consolidated financial statements for compliance with the requirements of Ind AS. |
| **<u>Accounting for Business Combination – Acquisition of G.G. Tronics India Private Limited</u>** (as described in Note 56 of the consolidated financial statements) | |
| During the year ended March 31, 2025, G.G. Tronics India Private Limited became a subsidiary of the Holding Company in the manner more fully described in Note 56 to the consolidated financial statements. The Holding Company determined the acquisition to be a business combination in accordance with Ind AS 103 'Business Combinations' which requires the identified assets and liabilities to be recognized at fair value at the date of acquisition.<br><br>The accounting for this transaction includes the identification and valuation of net assets acquired and liabilities assumed, and the | Our audit procedures amongst others included the following:<br>• We obtained and read the Shareholders Agreement, Share Purchase Agreement and Share Subscription Agreement, along with other relevant agreements in relation to this acquisition and evaluated the value of the consideration transferred as a part of the acquisition.<br>• We understood and assessed the design and tested the operating effectiveness of the key controls over the accounting of business combination.<br>• We evaluated the competence and objectivity of the management's expert engaged for the valuation of tangible and intangible assets, |

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| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| consequent allocation of the purchase price to the assets and liabilities arising from this transaction, and management's use of external valuation experts and estimates and assumptions for this purpose.<br><br>For the year ended March 31, 2025, the Holding Company has finalized the accounting for this business combination in accordance with the requirements of Ind AS 103. Considering the complex accounting and the significant estimates and judgements involved, we have considered this as key audit matter. | obtained an understanding of the work of management's expert and assessed the appropriateness of the resultant goodwill computed in accordance with Ind AS 103, by the management, based on such valuation.<br>• We reviewed (including through the use of auditor's experts where required) the valuation of tangible assets, intangible assets including Goodwill arising from the acquisition and assessed the reasonableness of the underlying key estimates and assumptions used in determining the fair value of assets and liabilities as at the acquisition date.<br>• We examined the computation of goodwill derived based on acquisition date fair values, provided by the management.<br>• We assessed the disclosures in the consolidated financial statements in accordance with the requirements of Ind AS. |

**Information Other than the 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 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 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. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these 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 including its associate in accordance with the accounting principles generally accepted in India,

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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/ Trustees of the companies and entities (as applicable) included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 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 consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors / Trustees of the companies and entities (as applicable) included in the Group and of its associate are responsible for assessing the ability of their respective companies 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 / Trustees of the companies and entities (as applicable) included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

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- 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 and its associate 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 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 and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the 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 consolidated financial statements of which we are the independent auditors. For the other entities included in the 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 the 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 consolidated financial statements for the financial year ended March 31, 2025 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) We did not audit the financial statements and other financial information, in respect of 6 subsidiaries, which are part of continued operations of the Group, whose financial statements include total assets of Rs. 1,191.28 crores as at March 31, 2025, and total revenues of Rs. 643.58 crores and net cash inflows of Rs. 29.03 crores for the year ended on that date. We did not audit the financial statements and other financial information, in respect of 1 subsidiary, which is part of discontinued operations

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of the Group, whose financial statements include total assets of Rs. 0.00 crore as at March 31, 2025, and total revenues of Rs. Nil crore and net cash inflows of Rs. Nil crore for the year ended on that date. These financial statement 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. The consolidated financial statements also include the Group's share of net profit of Rs. Nil crore for the year ended March 31, 2025, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 5 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of Rs. 302.63 crores as at March 31, 2025, and total revenues of Rs. 88.14 crores and net cash inflows of Rs. 11.66 crores for the year ended on that date. The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 3 subsidiaries, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of Rs. 73.31 crores as at March 31, 2025, and total revenues of Rs. Nil crore and net cash inflows of Rs. Nil crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 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 the subsidiary companies, incorporated in India and to the extent applicable, as noted in the 'Other Matters' paragraph, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

2. 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 we report, to the extent applicable, that:

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(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 consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except with respect to one subsidiary, where the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis as explained in Note 55 to the consolidated financial statements, and for the matters stated in the paragraph (i) (vi) below on reporting under Rule 11(g);

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and 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 consolidated financial statements;

(d) In our opinion, the aforesaid 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, 2025 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, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g);

(g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of such subsidiary companies incorporated in India and to the extent applicable, as noted in the 'Other Matter' paragraph, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Holding Company, its subsidiaries incorporated in India, to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act, where applicable;

(i) 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

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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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 36 to the 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, 2025;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India, where applicable, during the year ended March 31, 2025;

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the Note 50 (iii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the Note 50 (iii) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

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v. The interim dividend declared and paid during the year by the Holding Company is in accordance with Section 123 of the Act. No dividend has been declared or paid during the year by the subsidiaries incorporated in India.

vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company and subsidiaries have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for the instances mentioned below:

(a) in relation to the Holding Company, that audit trail feature is not enabled for changes made (if any) by users with privileged/ administrative access rights in respect of SAP applications and for direct changes to data when using certain access rights in respect of other accounting software used for payroll processing and approval of discounts for the period from April 1, 2024 to February 17, 2025 and from April 1, 2024 to May 3, 2024, respectively, as described in Note 54 (a) to the consolidated financial statements;

(b) in relation to one subsidiary, as described in Note 54 (b) (i) to the consolidated financial statements, with regard to one software, the audit trail feature has operated only for part of the period ending March 31, 2025 for the relevant transactions recorded in the software.

(c) in relation to one subsidiary, as described in Note 54 (b) (ii) to the consolidated financial statements, the subsidiary has used accounting software for maintaining its books of account which does not have the feature of recording audit trail (edit log) facility.

(d) in relation to one subsidiary, as described in Note 54 (b) (iii) to the consolidated financial statements, the audit trail feature was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account.

Further, during the course of our audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with in respect of the accounting software where the audit trail has been enabled.

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Additionally, the audit trail of relevant prior year has been preserved by the Holding Company and subsidiaries as per the statutory requirements for record retention to the extent it was enabled and recorded in the relevant year and in relation to two subsidiaries, where this is the first period since the incorporation of these two subsidiaries, reporting in relation to preservation of audit trail as per statutory requirements for record retention is not applicable for the period ended March 31, 2025.

For **S R B C & CO LLP**
Chartered Accountants
**ICAI Firm Registration Number: 324982E/E300003**

**per Aravind K**
**Partner**
**Membership Number: 221268**

UDIN: 25221268BMOUGN3820

Place of Signature: Mumbai
Date: May 6, 2025

**Annexure 1 to the Independent Auditor's Report of even date on the 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 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, 2025, we have audited the internal financial controls with reference to 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 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 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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.

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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 consolidated financial statements.

**Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to 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, 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 Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025, 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.

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**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 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Aravind K

**per Aravind K**
Partner
Membership Number: 221268

UDIN: 25221268BMOUGN3820

Place of Signature: Mumbai
Date: May 6, 2025

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2025**

| | Note No | As at 31-03-2025 ₹ crores | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **(1) Non-current assets** | | | | | |
| (a) Property, plant and equipment | 4 | 934.96 | | 852.61 | |
| (b) Capital work-in-progress | 4 | 355.18 | | 65.87 | |
| (c) Goodwill | 5 | 281.06 | | 163.76 | |
| (d) Other intangible assets | 5 | 263.00 | | 42.53 | |
| (e) Intangible assets under development | 5 | 30.49 | | 27.91 | |
| (f) Financial assets | | | | | |
| (i) Investments | 6 | 0.76 | | 0.75 | |
| (ii) Other financial assets | 7 | 18.32 | | 11.64 | |
| (g) Current tax assets | | 101.22 | | 115.53 | |
| (h) Deferred tax assets (net) | 8 | 4.48 | | 156.30 | |
| (i) Other non-current assets | 9 | 102.96 | | 4.91 | |
| | | | 2092.43 | | 1441.81 |
| **(2) Current assets** | | | | | |
| (a) Inventories | 10 | 1136.71 | | 750.71 | |
| (b) Financial assets | | | | | |
| (i) Investments | 11 | 436.78 | | 587.70 | |
| (ii) Trade receivables | 12 | 2009.20 | | 1534.19 | |
| (iii) Cash and cash equivalents | 13 | 409.51 | | 199.84 | |
| (iv) Bank balances other than (iii) above | 14 | 849.61 | | 654.57 | |
| (v) Other financial assets | 15 | 182.52 | | 136.21 | |
| (c) Other current assets | 16 | 227.00 | | 247.53 | |
| | | | 5251.33 | | 4110.75 |
| **(3) Assets classified as held for sale and discontinued operations** | 42 | | 73.31 | | 73.18 |
| **TOTAL ASSETS** | | | 7417.07 | | 5625.74 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| (a) Equity share capital | 17 | 305.78 | | 305.47 | |
| (b) Other equity | 18 | 3538.17 | | 2711.97 | |
| | | | 3843.95 | | 3017.44 |
| **Non-controlling interest** | | | 193.68 | | 1.33 |
| **LIABILITIES** | | | | | |
| **(1) Non current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 19 | 0.26 | | - | |
| (ii) Lease liabilities | 37 | 26.97 | | 11.91 | |
| (iii) Other financial liabilities | 20 | 26.17 | | 10.96 | |
| | | | 53.40 | | 22.87 |
| (b) Provisions | 21 | | 47.84 | | 35.46 |
| (c) Deferred tax liabilities (net) | 8 | | 88.23 | | 0.56 |
| **(2) Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 22 | 0.08 | | - | |
| (ii) Lease liabilities | 37 | 13.66 | | 5.53 | |
| (iii) Trade payables | | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises, and | 23 | 162.34 | | 104.87 | |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 23 | 1707.70 | | 1379.38 | |
| (iv) Other financial liabilities | 24 | 460.48 | | 368.65 | |
| | | | 2344.26 | | 1858.43 |
| (b) Other current liabilities | 25 | | 534.67 | | 373.63 |
| (c) Provisions | 26 | | 215.94 | | 196.85 |
| (d) Current tax liabilities | | | 30.83 | | 54.90 |
| **(3) Liabilities associated with group of assets classified as held for sale and discontinued operations** | 42 | | 64.27 | | 64.27 |
| **TOTAL EQUITY AND LIABILITIES** | | | 7417.07 | | 5625.74 |
| **SUMMARY OF MATERIAL ACCOUNTING POLICIES** | 2 | | | | |

**The accompanying notes form an integral part of 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

**Amar Kaul**
Managing Director & CEO
(DIN 07574081)

**Vellayan Subbiah**
Chairman
(DIN 01138759)

**per Aravind K**
Partner
Membership No. 221268

Mumbai : 06 May, 2025

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

Mumbai : 06 May, 2025

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2025**

| | Note No | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Income** | | | | | |
| Revenue from operations | 27 | | 9908.66 | | 8045.98 |
| Other income | 28 | | 162.17 | | 106.26 |
| **Total income** | | | 10070.83 | | 8152.24 |
| **Expenses** | | | | | |
| Cost of materials consumed | 29 | 6762.31 | | 5387.04 | |
| Purchases of stock-in-trade | 30 | 369.32 | | 271.57 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 31 | (195.44) | | (106.46) | |
| Employee benefits expense | 32 | 612.77 | | 508.14 | |
| Finance costs | 33 | 7.09 | | 2.54 | |
| Depreciation and amortisation expense | 34 | 111.84 | | 94.89 | |
| Other expenses | 35 | 1064.97 | | 857.62 | |
| **Total expenses** | | | 8722.86 | | 7015.34 |
| **Profit before share of profit / (loss) of associate, exceptional items and tax** | | | 1347.97 | | 1136.90 |
| Share of profit / (loss) of associate | | | - | | - |
| **Profit before exceptional items and tax** | | | 1347.97 | | 1136.90 |
| Exceptional items (net) | 43 | | - | | 21.48 |
| **Profit before tax** | | | 1347.97 | | 1158.38 |
| **Tax expense** | | | | | |
| Current tax | 8 | 185.24 | | 6.81 | |
| Deferred tax (net) | 8 | 189.75 | | 280.45 | |
| | | | 374.99 | | 287.26 |
| **Profit from continuing operations after tax** | | | 972.98 | | 871.12 |
| **Profit from discontinued operations before tax** | 42 | - | | 555.69 | |
| Tax expense on discontinued operations | 8 | - | | (0.80) | |
| **Profit from discontinued operations after tax** | | | - | | 556.49 |
| **Profit for the year** | | | 972.98 | | 1427.61 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | 974.60 | | 1427.01 |
| Non-controlling interests | | | 1.62 | | (0.60) |
| | | | 972.98 | | 1427.61 |
| **Other comprehensive income:** | | | | | |
| A (i) Items that will not be reclassified subsequently to profit or loss | | | | | |
| (a) Remeasurement gain / (loss) on defined benefit plans | | (10.84) | | (12.25) | |
| (ii) Income tax relating to items that will not be reclassified subsequently to profit or loss | | 2.98 | | 2.68 | |
| B (i) Items that will be reclassified subsequently to profit or loss | | | | | |
| (a) Exchange differences on translating the financial statements of foreign operations | | 7.41 | | 1.61 | |
| (b) Net movement on effective portion of cash flow hedges | | (4.45) | | - | |
| **Total other comprehensive income for the year** | | | [illegible] | | (7.96) |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | | (4.59) | | (7.96) |
| Non controlling interests | | | 0.41 | | 0.00 |
| | | | (5.00) | | (7.96) |
| **Total comprehensive income for the year** | | | 967.98 | | 1419.65 |
| **Attributable to** | | | | | |
| Equity holders of the parent | | | 970.01 | | 1419.05 |
| Non-controlling interests | | | 2.03 | | (0.60) |
| | | | 967.98 | | 1419.65 |
| **Earnings per share for continuing operations** | 47 | | | | |
| Basic (₹) | | | 6.38 | | 5.70 |
| Diluted (₹) | | | 6.37 | | 5.69 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for discontinued operations** | 47 | | | | |
| Basic (₹) | | | - | | 3.64 |
| Diluted (₹) | | | - | | 3.64 |
| (Face value of ₹ 2 each) | | | | | |
| **Earnings per share for total operations** | 47 | | | | |
| Basic (₹) | | | 6.38 | | 9.34 |
| Diluted (₹) | | | 6.37 | | 9.33 |
| (Face value of ₹ 2 each) | | | | | |
| **SUMMARY OF MATERIAL ACCOUNTING POLICIES** | 2 | | | | |

**The accompanying notes form an integral part of consolidated financial statements**

**For and on behalf of the Board**

Amar Kaul
Managing Director & CEO
(DIN: 07574081)

Vellayan Subbiah
Chairman
(DIN: 01138759)

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

**per Aravind K**
Partner
Membership No. 221268

Mumbai 06 May, 2025

Susheel Todi
Chief Financial Officer

Sanjay Kumar Chowdhary
Company Secretary

Mumbai 06 May, 2025

**CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2025**

| | | 2024-25 | 2023-24 |
|---|---|---|---|
| | | ₹ crores | ₹ crores |
| [A] | **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | **Profit before tax from continuing operations** | 1347.97 | 1158.38 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | 111.84 | 94.89 |
| | Allowances for doubtful receivables (net) | 2.49 | 0.25 |
| | Bad debts written off / (reversal) (net) | (15.43) | (4.14) |
| | (Gain) / loss arising on financial instruments designated as FVTPL | (3.88) | (5.43) |
| | Finance costs | 7.09 | 2.54 |
| | Interest income | (71.75) | (63.28) |
| | Share based payment expense | 22.90 | 15.96 |
| | Profit on sale of investments (net) | (36.10) | (18.59) |
| | Unrealised exchange (gain) / loss (net) | 0.60 | 1.56 |
| | Unrealised exchange gain / (loss) on consolidation (net) | 7.41 | 1.61 |
| | (Profit) / loss on sale of property, plant and equipment (net) | 0.54 | (5.54) |
| | (Profit) / loss on modification on lease | (0.38) | - |
| | Liabilities no longer required written back | (31.28) | - |
| | Payment towards settlement of litigation | - | (2.45) |
| | Exceptional items (net) | - | (21.48) |
| | | (5.95) | (4.10) |
| | **Operating profit before working capital changes** | 1342.02 | 1154.28 |
| | Adjustments for | | |
| | (Increase) / Decrease in trade receivables | (437.62) | (239.23) |
| | (Increase) / Decrease in other non-current financial assets and non-current assets | (14.26) | 1.69 |
| | (Increase) / Decrease in other current financial assets and current assets | 14.71 | (24.81) |
| | (Increase) / Decrease in inventories | (325.30) | (209.53) |
| | Increase / (Decrease) in trade payables | 346.85 | 228.21 |
| | Increase / (Decrease) in other non current financial liabilities | 14.89 | 9.11 |
| | Increase / (Decrease) in other current financial liabilities and current liabilities | 183.49 | 90.85 |
| | Increase / (Decrease ) in non-current and current provisions | 16.08 | 26.65 |
| | | (201.16) | (117.06) |
| | Cash (used in) / from operations | 1140.86 | 1037.22 |
| | Income tax refund / (paid) (net) | (196.44) | (3.16) |
| | **Net cash flow (used in) / from continuing operating activities** | 944.42 | 1034.06 |
| | **Net cash flow (used in) / from discontinued operating activities** | - | (6.27) |
| | **Net cash flow (used in) / from continuing and discontinued operating activities [A]** | 944.42 | 1027.79 |
| [B] | **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| | Proceeds from sale of property, plant and equipment | 1.90 | 11.48 |
| | Proceeds from sale of investments | 4785.03 | 1220.55 |
| | Interest received | 68.01 | 42.36 |
| | Investment in associate | (0.01) | - |
| | Purchase of property, plant and equipment (including capital work in- progress, capital advances and capital creditors) and intangible assets (including under development) | (427.32) | (234.27) |
| | Purchase of investments | (4594.13) | (1784.00) |
| | Bank balances other than cash and cash equivalents (net) | (194.87) | (631.40) |
| | Consideration for acquisition of equity shares in G G Tronics India Private Limited from it's erstwhile promoters (net of cash acquired) | (171.53) | - |
| | Deposit in relation to bidding process for proposed acquisition | (28.68) | - |
| | Unrealised exchange gain / (loss) on consolidation (net) | (6.48) | (1.49) |
| | **Net cash flow (used in) / from continuing investing activities** | (568.08) | (1376.77) |
| | **Net cash flow (used in) / from discontinued investing activities** | - | 83.20 |
| | **Net cash flow (used in) / from continuing and discontinued investing activities [B]** | (568.08) | (1293.57) |
| [C] | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Proceeds from issue of equity shares | 32.35 | 3.15 |
| | Subscription of equity in subsidiary by non-controlling Interest | 29.93 | - |
| | Repayment of borrowings | (15.68) | - |
| | Payment of lease liabilities | (11.23) | (6.57) |
| | Finance costs paid | (3.24) | (0.91) |
| | Dividend paid | (198.75) | (198.55) |
| | Payment towards settlement of litigation with Asset Reconstruction Company | - | (42.00) |
| | Payment towards purchase of non-controlling interest | - | (0.21) |
| | **Net cash flow (used in) / from continuing financing activities** | (166.62) | (245.09) |
| | **Net cash flow (used in) / from discontinued financing activities** | - | (0.64) |
| | **Net cash flow (used in) / from continuing and discontinued financing activities [C]** | (166.62) | (245.73) |
| | **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | 209.72 | (511.51) |
| | **Cash and cash equivalents at beginning of the year** | 200.40 | 711.91 |
| | **Cash and cash equivalents at end of the year** | 410.12 | 200.40 |
| | Cash and cash equivalents from continuing operations (Refer note 13) | 409.51 | 199.84 |
| | **Cash and cash equivalents from discontinued operations** | 0.61 | 0.56 |
| | Cash and cash equivalents from continuing and discontinued operations | 410.12 | 200.40 |

1 Refer note 46 in respect of disclosure for changes in liabilities arising from financing activities

2 The 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.

**The accompanying notes form an integral part of 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

**Amar Kaul**
Managing Director & CEO
(DIN: 07574081)

**Vellayan Subbiah**
Chairman
(DIN 01138759)

**per Aravind K**
Partner
Membership No 221268

Mumbai 06 May, 2025

**Susheel Todi**
Chief Financial Officer

**Sanjay Kumar Chowdhary**
Company Secretary

Mumbai 06 May, 2025

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2025

### (A) EQUITY SHARE CAPITAL

**For the year ended 31 March, 2025**

₹ crores

| Balance as at 01-04-2024 | Changes in equity share capital during the year* | Balance as at 31-03-2025 |
|---|---|---|
| 305.47 | 0.31 | 305.78 |

**For the year ended 31 March, 2024**

₹ crores

| Balance as at 01-04-2023 | Changes in equity share capital during the year* | Balance as at 31-03-2024 |
|---|---|---|
| 305.43 | 0.04 | 305.47 |

* Refer note 17

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2025

(B) OTHER EQUITY

For the year ended 31 March, 2025

₹ crores

| | Reserve and Surplus | | | | | | | Items of Other Comprehensive Income (OCI) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Retained Earnings | General Reserve | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | Foreign Currency Translation Reserve | Effective Portion of Cash Flow Hedge | Total Other Equity | Non-Controlling Interest (NCI) |
| **Balance as at 01 April, 2024** | 909.43 | 418 46 | 671 65 | 3 58 | 12 95 | 720.75 | 21.31 | (46.16) | - | 2711 97 | 1.33 |
| Profit for the year | 974.60 | - | - | - | - | - | - | - | - | 974.60 | (1 62) |
| **Other comprehensive income for the year** | | | | | | | | | | | |
| Remeasurement loss on defined benefit plans | (7 89) | - | - | - | - | - | - | - | - | (7 89) | (0.07) |
| - Foreign currency translation differences | - | - | - | - | - | - | - | 7.41 | - | 7.41 | - |
| - Net movement in effective portion of cash flow hedge | - | - | - | - | - | - | - | - | (4.11) | (4 11) | (0.34) |
| Employee stock options | - | - | - | - | - | 32 04 | 22 90 | - | - | 54 94 | - |
| Subscription of equity in subsidiary by NCI | - | - | - | - | - | - | - | - | - | - | 29 93 |
| Non controlling interest related to business combination (refer note 56) | - | - | - | - | - | - | - | - | - | - | 164 45 |
| Transfer to securities premium and retained earning from share options outstanding account | 1.98 | - | - | - | - | 8.49 | (10 47) | - | - | - | - |
| Dividend paid during the year | (198 75) | - | - | - | - | - | - | - | - | (198 75) | - |
| **Balance as at 31 March, 2025** | 1679 37 | 418 46 | 671 65 | 3 58 | 12 95 | 761 28 | 33.74 | (38.75) | (4.11) | 3636 17 | 193 68 |

For the year ended 31 March, 2024

₹ crores

| | Reserve and Surplus | | | | | | | Items of Other Comprehensive Income (OCI) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Retained Earnings | General Reserve | Capital Reserve | Capital Reserve on Consolidation | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | Foreign Currency Translation Reserve | Effective Portion of Cash Flow Hedge | Total Other Equity | Non-Controlling Interest (NCI) |
| **Balance as at 01 April, 2023** | (309 47) | 418.46 | 671 65 | 3 58 | 12 95 | 716.99 | 6 02 | (35 05) | (0.05) | 1485 08 | 0 93 |
| Profit for the year | 1427 01 | - | - | - | - | - | - | - | - | 1427 01 | 0 60 |
| **Other comprehensive income for the year** | | | | | | | | | | | |
| Remeasurement loss on defined benefit plans | (9 57) | - | - | - | - | - | - | - | - | (9 57) | (0 00) |
| - Foreign currency translation differences | - | - | - | - | - | - | - | 1 61 | - | 1 61 | - |
| Employee stock options | - | - | - | - | - | 3 11 | 15 96 | - | - | 19 07 | - |
| Effect of stake acquired from non-controlling interest | (0 01) | - | - | - | - | - | - | - | - | (0.01) | (0 20) |
| Transfer to securities premium and retained earning from share options outstanding account | 0 02 | - | - | - | - | 0.65 | (0 67) | - | - | - | - |
| Transferred to statement of profit and loss / retained earning on account of deconsolidation / liquidation of subsidiaries | - | - | - | - | - | - | - | (12 72) | 0 05 | (12 67) | - |
| Dividend paid during the year | (198 55) | - | - | - | - | - | - | - | - | (198.55) | - |
| **Balance as at 31 March, 2024** | 909 43 | 418 46 | 671 65 | 3 58 | 12 95 | 720 75 | 21.31 | (46 16) | - | 2711 97 | 1 33 |

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date
**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No 324982E/E300003

per Aravind K
Partner
Membership No. 221268

Mumbai : 06 May, 2025

For and on behalf of the Board

Amar Kaul
Managing Director & CEO
(DIN 07574081)

Vellayan Subbiah
Chairman
(DIN 01138759)

Susheel Todi
Chief Financial Officer

Sanjay Kumar Chowdhary
Company Secretary

Mumbai : 06 May, 2025

**1. Corporate Information:**

CG Power and Industrial Solutions Limited (the 'Company' or 'Parent') with CIN No. L99999MH1937PLC002641, is a Public Limited Company incorporated and domiciled in India. The Company is listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India.

The Company, its Subsidiaries (collectively the 'Group') and its Associate 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 and semiconductor business. It offers products, services and solutions in three main business segments, viz. Power Systems, Industrial Systems and Semiconductors for the year ended 31 March, 2025.

The consolidated financial statements of the Group for the year ended 31 March, 2025 were authorised for issue in accordance with a resolution of the directors on 06 May, 2025.

**2. Summary of Material Accounting Policies:**

**2.1 Basis of preparation:**

The 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 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 Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The 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 Parent Company, its subsidiaries and its associate. 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.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the subsidiary is different from that of a Parent Company, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

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 including cumulative translation difference is recognised in the 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 equity holders of the Parent.

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. Under the equity method, 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 and the cost of the item can be measured reliably. 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. Once it becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

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 date 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.

**Subsidiaries incorporated outside India:**

Depreciation has been provided as per useful life 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 Buildings 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. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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.

Intangible assets acquired are amortised as follows:

| | |
|---|---|
| • Computer software | Over a period of five to six years. |
| • Technical know-how | 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 | 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 account in the period in which it is incurred.

Development expenditures on an individual project are recognised 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
(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 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, the Group determines the recoverable amount and the 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 the 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 the 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 a 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 a 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, excluding borrowings costs 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 equivalents in the consolidated 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:**

**Initial recognition:**

Transactions in foreign currencies entered are initially accounted at the exchange rates prevailing on the date of the transaction

**Measurement as at balance sheet date:**

Foreign currency monetary items that are outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

**Treatment of exchange differences:**

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the consolidated statement of profit and loss

**Consolidation of subsidiaries incorporated outside India:**

The translation of financial statements of the foreign subsidiaries from their respective functional currencies to the presentation currency (₹) is performed for assets and liabilities using the exchange rates prevailing at the reporting date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in foreign currency translation reserves under OCI

When a subsidiary is disposed of, in full, accumulated foreign currency translation reserves of subsidiary is transferred to the consolidated statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Any goodwill arising on acquisition / business combination of a foreign operation the reporting date.

**2.9 Revenue recognition:**

**(a) Revenue from sale of goods and services:**

Revenue from sale of goods is recognised at a 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 of transaction price that reflects the consideration to which the Group expects to be entitled for satisfaction of performance obligation i.e. exchange of goods or services. Transaction price 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 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.

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.

However, Goods and Services Tax (GST) are not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue

**(b) Revenue from construction contracts:**

Performance obligations with reference to construction contracts are satisfied over a 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

**(d) Rental income:**

Rental income arising from leases is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit and loss.

**2.10 Employee benefits:**

**I. 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, the expected cost of bonus, ex-gratia etc. 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.

**II. Post-employment benefits**

**(A) 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.

**i) Provident fund:**

The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

**ii) Superannuation:**

Contributions as a percentage of eligible employees' salary are made to Superannuation Funds administered by trustees and managed by Insurance Company. There is no liability for future Superannuation Fund benefits other than the annual contribution and such contributions are recognised as an expense in the year in which the services are rendered.

**iii) National pension scheme:**

Contributions as a percentage of eligible employees' salary are made to National pension scheme administrated by the Pension Fund Regulatory and Development Authority (PFRDA). Such contributions are recognised as an expense in the year in which the services are rendered.

**iv) Employee state insurance scheme and Labour welfare scheme:**

Contributions to Employees state insurance scheme and Labour welfare scheme are recognised as expense in the year in which the services are rendered.

**(v) Family pension**

Contribution to Family pension scheme is related to employees of subsidiaries incorporated outside India. Such contributions are recognised as an expense in the year in which the services are rendered.

**(B) Defined benefit plans:**

**(i) Gratuity:**

Gratuity is a defined benefit obligation plan operated by the Parent Company and its subsidiaries incorporated in India for its employees. 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 CG Gratuity Fund and fund of respective subsidiaries. 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 or loss subsequently.

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.

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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 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 profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income

**III. 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 recognised 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.

**IV. 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 recognises any related restructuring costs whichever is earlier.

**2.11 Share based payments (Employee stock option scheme):**

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in stock options outstanding account in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**2.12 Borrowing costs:**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the 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. Capitalisation of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period in which they occur.

**2.13 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.

**2.14 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 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 leases of low-value assets). For these short-term leases and leases of low-value assets, 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. The cost of the ROU asset measured at inception 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 asset 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 – 30 to 99 years
- Buildings – 2 to 9 years
- Vehicles – 3 to 5 years
- Office equipments – 2 years

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**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

**2.15 Earnings per share:**

Basic earnings per share are calculated by dividing the net profit / loss for the year attributable to equity shareholders of the Parent 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 / loss for the year attributable to the equity shareholders of the Parent 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.

**2.16 Income Taxes:**

Income tax expense for the period comprises of current and deferred 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 determined by using tax rates in accordance with the provisions of the Income Tax Act, 1961.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period

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

In respect of overseas subsidiaries, income tax is provided for based on income tax laws prevailing in the country of incorporation of the respective subsidiaries

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised

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.

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

**2.17 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 Group 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 Group's obligation

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**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.

**2.18 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 consolidated statement of profit and loss over the period and in proportion in which depreciation is charged. Alternatively, the grant is deducted in calculating the carrying amount of the assets. The said grant is recognised in the consolidated statement of profit and loss over the life of depreciable assets as a reduced depreciation expenses.

Revenue grants are recognised in the consolidated 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 consolidated 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.

**2.19 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.

**2.20 Business combinations and goodwill:**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated 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.

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 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 the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed twelve months from the acquisition date.

**2.21 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 consolidated 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.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**2.22 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 twelve months. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within twelve months, have been classified as non-current. For all other activities, operating cycle is twelve months.

**2.23 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

**2.24 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 consolidated statement of profit and loss. Also the 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 amortised.

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**2.25 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 that do not contain a significant financing component 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 consolidated 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 the 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 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 Group applies a simplified approach under which loss allowance is recognised based on expected lifetime ECL losses to be recognised on each reporting date. The Group uses a provision matrix that is based on its historical credit loss experience adjusted for relevant forward-looking factors. For other assets, the Group uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk since initial recognition, 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 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 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 derecognition 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 and 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 the 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 or 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 consolidated 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 the consolidated statement of profit and 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 roll over (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 presented 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(A). Significant accounting judgements, estimates and assumptions**

The preparation of the Group's 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***

**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, the Group 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 the 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 consideration 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 consideration 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.

**(ix) Share-based payment transactions:**

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39.

**3(B). New and amended standards**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 01 April, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**(i) Ind AS 117 Insurance Contracts:**

The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August, 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1 April, 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 has no impact on the Group's consolidated financial statements as the Group has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

**(ii) Amendment to Ind AS 116 Leases – Lease liability in a sale and leaseback:**

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to lease liability in a sale and leaseback.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 01 April, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.

The amendment does not have impact on the Group's financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

₹ crores

| | Freehold land | Buildings | Plant and machinery | Right-of-Use assets * | Furniture and fittings | Office equipments | Vehicles | Total | Capital work-in- progress |
|---|---|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | | | |
| **As at 01 April, 2023** | **49.43** | **646.73** | **510.13** | **122.77** | **30.32** | **32.36** | **10.28** | **1402.02** | **27.27** |
| Additions | - | 16.48 | 60.96 | 75.13 | 1.67 | 8.22 | 4.90 | 167.36 | 58.49 |
| Disposals / transfers | - | 6.19 | 1.38 | 20.51 | 0.68 | 2.45 | 1.36 | 32.57 | 19.89 |
| Less: Effect of foreign currency translation | - | 0.18 | (0.03) | 0.00 | (0.26) | (0.02) | 0.06 | (0.07) | - |
| **As at 31 March, 2024** | **49.43** | **656.84** | **569.74** | **177.39** | **31.57** | **38.15** | **13.76** | **1536.88** | **65.87** |
| Additions | - | 11.32 | 58.91 | 43.27 | 0.86 | 8.59 | 6.68 | 129.63 | 317.01 |
| Acquisition of subsidiary (Refer note 56) | 25.65 | 11.98 | 1.45 | 0.85 | 0.30 | 0.48 | 0.54 | 41.25 | - |
| Disposals / transfers | - | 0.74 | 6.83 | 6.96 | 0.05 | 0.31 | 2.88 | 17.77 | 27.71 |
| Less: Effect of foreign currency translation | - | (0.15) | (3.05) | (0.00) | (0.02) | (0.18) | (0.04) | (3.44) | (0.01) |
| **As at 31 March, 2025** | **75.08** | **679.55** | **626.32** | **214.55** | **32.70** | **47.09** | **18.14** | **1693.43** | **355.18** |
| **Accumulated depreciation:** | | | | | | | | | |
| **As at 01 April, 2023** | - | **229.53** | **317.89** | **47.21** | **19.00** | **20.48** | **5.41** | **639.52** | |
| Depreciation charge for the year | - | 23.89 | 32.38 | 7.05 | 2.05 | 3.92 | 1.89 | 71.18 | |
| Disposals / transfers | - | 1.13 | 1.10 | 20.36 | 0.58 | 2.11 | 1.07 | 26.35 | |
| Less: Effect of foreign currency translation | - | 0.14 | (0.00) | 0.10 | (0.19) | (0.03) | 0.06 | 0.08 | |
| **As at 31 March, 2024** | - | **252.15** | **349.17** | **33.80** | **20.66** | **22.32** | **6.17** | **684.27** | |
| Depreciation charge for the year | - | 23.65 | 38.36 | 11.41 | 2.00 | 5.17 | 2.77 | 83.36 | |
| Disposals / transfers | - | 0.34 | 6.14 | 3.20 | 0.05 | 0.27 | 1.57 | 11.57 | |
| Less: Effect of foreign currency translation | - | (0.10) | (2.73) | 0.60 | (0.02) | (0.13) | (0.03) | (2.41) | |
| **As at 31 March, 2025** | - | **275.56** | **384.12** | **41.41** | **22.63** | **27.35** | **7.40** | **768.47** | |
| **Net book value** | | | | | | | | | |
| As at 31 March, 2024 | 49.43 | 404.69 | 220.57 | 143.59 | 10.91 | 15.83 | 7.59 | 852.61 | 65.87 |
| **As at 31 March, 2025** | **75.08** | **403.99** | **242.20** | **173.14** | **10.07** | **19.74** | **10.74** | **934.96** | **355.18** |

**Notes:**

(a) The Parent Company's application for renewal of lease in respect of property in Mumbai is considered by local municipal corporation, however documentation formalities in this regards are in progress. The net book value of tangible assets in relation to this property as at 31 March, 2025 is ₹ 172.39 crores (as at 31 March, 2024 ₹ 177.52 crores)

(b) * Refer note 37

(c) One of the subsidiary of the Group has pledged freehold land (₹ 1.41 crores) as security against working capital loan obtained from bank.

MUMBAI

## 4. PROPERTY, PLANT AND EQUIPMENT (Contd.)

**Capital work-in-progress (CWIP) ageing schedule as at 31 March, 2025** — **₹ crores**

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 308.26 | 45.70 | 1.22 | - | 355.18 |
| **Total** | 308.26 | 45.70 | 1.22 | - | 355.18 |

**Notes:**

(i) There are no projects where project cost has exceeded or projects are overdue in current year.

(ii) There are no projects which are temporary suspended.

Capital work-in-progress (CWIP) ageing schedule as at 31 March, 2024 — ₹ crores

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 58.49 | 4.53 | 2.45 | 0.40 | 65.87 |
| Total | 58.49 | 4.53 | 2.45 | 0.40 | 65.87 |

**Notes:**

(i) There were no projects where project cost had exceeded or projects were overdue as at 31 March, 2024

(ii) There were no projects which were temporary suspended.

**5. INTANGIBLE ASSETS**

₹ crores

| | Brand names and customer lists | Computer software | Technical know-how | Commercial rights | Development cost | Total | Intangible assets under development |
|---|---|---|---|---|---|---|---|
| **Cost / deemed cost:** | | | | | | | |
| **As at 01 April, 2023** | **87.23** | **54.12** | **101.55** | **31.09** | **229.62** | **503.61** | **11.03** |
| Additions | - | 11.07 | - | - | 9.43 | 20.50 | 18.11 |
| Disposals / transfers | - | 2.35 | - | - | - | 2.35 | 1.17 |
| Less: Effect of foreign currency translation | (1.37) | 0.05 | (0.90) | - | 2.26 | 0.04 | 0.06 |
| **As at 31 March, 2024** | **88.60** | **62.79** | **102.45** | **31.09** | **236.79** | **521.72** | **27.91** |
| Additions | - | 17.25 | - | - | 29.92 | 47.17 | 35.40 |
| Acquisition of subsidiary (Refer note 56) | 2.37 | 0.28 | 197.83 | - | - | 200.48 | 0.03 |
| Disposals / transfers | - | 0.00 | - | - | - | 0.00 | 33.14 |
| Less: Effect of foreign currency translation | (3.25) | (0.89) | (2.12) | - | (15.76) | (22.02) | (0.29) |
| **As at 31 March, 2025** | **94.22** | **81.21** | **302.40** | **31.09** | **282.47** | **791.39** | **30.49** |
| **Accumulated amortisation:** | | | | | | | |
| **As at 01 April, 2023** | **87.23** | **49.54** | **101.48** | **31.09** | **188.39** | **457.73** | |
| Amortisation charge for the year | - | 4.24 | 0.07 | - | 19.40 | 23.71 | |
| Disposals / transfers | - | 2.35 | - | - | - | 2.35 | |
| Less: Effect of foreign currency translation | (1.37) | 0.07 | (0.90) | - | 2.10 | (0.10) | |
| **As at 31 March, 2024** | **88.60** | **51.36** | **102.45** | **31.09** | **205.69** | **479.19** | |
| Amortisation charge for the year | 0.59 | 5.26 | 6.93 | - | 15.70 | 28.48 | |
| Disposals / transfers | - | 0.00 | - | - | - | 0.00 | |
| Less: Effect of foreign currency translation | (3.25) | (0.88) | (2.12) | - | (14.47) | (20.72) | |
| **As at 31 March, 2025** | **92.44** | **57.50** | **111.50** | **31.09** | **235.86** | **528.39** | |
| **Net book value** | | | | | | | |
| As at 31 March, 2024 | - | 11.43 | - | - | 31.10 | 42.53 | 27.91 |
| **As at 31 March, 2025** | **1.78** | **23.71** | **190.90** | **-** | **46.61** | **263.00** | **30.49** |

## 5. INTANGIBLE ASSETS (Contd.)

### Goodwill

₹ crores

| | As at 31 March, 2025 | As at 31 March, 2024 |
|---|---|---|
| Cost / deemed cost: | | |
| **Opening balance as at beginning of the year** | **163.76** | **162.14** |
| Addition on account of business combination (Refer note 56) | 113.45 | - |
| Disposals / transfers | - | - |
| Add: Effect of foreign currency translation | 3.85 | 1.62 |
| **Closing balance as at end of the year** | **281.06** | **163.76** |

### Impairment testing of goodwill

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 the 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 three-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 w.r.t. goodwill acquired in earlier years.

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| Terminal value growth rate | 2% | 2% |
| Discount rate | 10.32% | 10.53% |

The pre-tax discount rate (WACC) used 10.32% (as at 31 March, 2024 10.53%).

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.

**Goodwill recognised at the time of acquisition of G.G. Tronics India Private Limited:**

Goodwill recognised at the time of acquisition of G.G. Tronics India Private Limited (GGT) is ₹ 113.45 crores. The recoverable value was determined by the management using Discounted Cashflow projections. The discount rate applied to the cashflow projections during the current year is assumed as 17.85% which is in line with the industry in which GGT operates. The projections for discounted cashflow projections is relatively sensitive to the assumptions relating to gross margin, discount rate and growth rate which is determined based on industry outlook.

**5. INTANGIBLE ASSETS (Contd.)**

Intangible assets under development (IAUD) ageing schedule as at 31 March, 2025 ₹ crores

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 25.11 | 3.06 | 1.20 | 1.12 | 30.49 |
| Total | 25.11 | 3.06 | 1.20 | 1.12 | 30.49 |

**Notes:**

(i) There are no projects where project cost has exceeded or projects are overdue in current year

(ii) There are no projects which are temporary suspended

Intangible assets under development (IAUD) ageing schedule as at 31 March, 2024 ₹ crores

| | Amount in IAUD for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 16.59 | 8.09 | 2.21 | 1.02 | 27.91 |
| Total | 16.59 | 8.09 | 2.21 | 1.02 | 27.91 |

Intangible assets under development (IAUD) completion schedule as at 31 March, 2024* ₹ crores

| | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Bess 75kW Inverter | 5.57 | - | - | - | 5.57 |
| EO Compact 5kW Inverter | 2.74 | - | - | - | 2.74 |
| Total | 8.31 | - | - | - | 8.31 |

**Note:**

(i) There were no projects which were temporary suspended

*Project wise completion schedule where project cost has exceeded or projects are overdue

## 6 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2025 | As at 31-03-2024 | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of investments:** | | | | | |
| **A) Quoted investments** | | | | | |
| **Government and trust securities** | | | | | |
| **(Measured at fair value through profit and loss)** | | | | | |
| Central Government Securities 10 18% GOI 2026 of ₹ 100 each | 100 | 39000 | 39000 | 0.41 | 0.43 |
| **Total (A)** | | | | 0.41 | 0.43 |
| **B) Unquoted investments** | | | | | |
| **Investments in others** | | | | | |
| **Measured at fair value through profit and 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 trust securities** | | | | | |
| **Investment in associates (carried at cost)** | | | | | |
| Chola Foundation | | | | 0.01 | - |
| | | | | 0.01 | - |
| **Investments in debentures or bonds** | | | | | |
| **Carried at fair value through profit and loss** | | | | | |
| Dinette Exclusive Club Private Limited (0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each) | 100 | 5000 | 5000 | 0.05 | 0.05 |
| | | | | 0.05 | 0.05 |
| **Other non-current investments** | | | | | |
| **Carried at fair value through profit and loss** | | | | | |
| 1 UTI Hybrid Equity Fund - Dividend Plan - Payout | 10 | 68048 | 63227 | 0.28 | 0.26 |
| 2 Power Equipment Limited | USD 10 | 20600 | 20600 | 0.00 | 0.00 |
| | | | | 0.28 | 0.26 |
| **Total (B)** | | | | 0.35 | 0.32 |
| **Total (A+B)** | | | | 0.76 | 0.75 |
| **Notes:** | | | | | |
| **Quoted investments** | | | | | |
| Book value | | | | 0.41 | 0.43 |
| Market value | | | | 0.41 | 0.43 |
| **Unquoted investments** | | | | | |
| Book value | | | | 0.35 | 0.32 |

## 7. NON-CURRENT - OTHERS FINANCIAL ASSETS

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured, considered good, unless otherwise stated:** | | |
| Deposits | 9.27 | 7.75 |
| Fixed deposits with bank with remaining maturity period of more than 12 months* | 9.05 | 3.89 |
| | 18.32 | 11.64 |

* Fixed deposits of ₹ 1.47 crores (as at 31 March, 2024 ₹ 2.72 crores) are held as margin money

**8. TAXATION**

**Income tax recognised in consolidated statement of profit and loss:**

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Consolidated statement of profit and loss:** | | |
| Current income tax: | | |
| Current period (continuing operations) | 148.79 | 21.85 |
| Adjustment in respect of current tax relating to earlier periods (continuing operations) | 36.45 | (15.04) |
| Current period (discontinued operations) | - | (0.80) |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences (continuing operations) | 189.75 | 280.45 |
| **Income tax recognised in consolidated statement of profit and loss** | 374.99 | 286.46 |
| **Other comprehensive income** | | |
| Deferred tax related to items recognised in other comprehensive income during the year | (2.98) | (2.68) |
| **Income tax recognised in other comprehensive income** | (2.98) | (2.68) |

**Reconciliation of income tax expense and accounting profit multiplied by applicable income tax rate:**

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Accounting profit before income tax from continuing operations | 1347.97 | 1158.38 |
| Accounting profit before income tax from discontinued operations | - | 555.69 |
| **Accounting profit before income tax** | 1347.97 | 1714.07 |
| Applicable tax rate | 25.168% | 25.168% |
| **Computed tax expense** | 339.26 | 431.40 |
| Income exempt from taxation | - | (138.69) |
| Write off of receivables / financial assets receivables | (18.79) | (3.50) |
| Pre-operative expenses not deductible in determining taxable profits | 6.52 | - |
| Expense other than pre-operative expenses not deductible in determining taxable profits | 10.13 | 9.63 |
| Adjustment of tax relating to earlier periods | 36.45 | (15.04) |
| Effect of different tax rates applicable to subsidiaries | (0.11) | 0.55 |
| Others | 1.53 | 2.11 |
| **Net income tax expense charged to the consolidated statement of profit and loss** | 374.99 | 286.46 |
| Income tax attributable to continuing operations | 374.99 | 287.26 |
| Income tax attributable to discontinued operations | - | (0.80) |
| **Total** | 374.99 | 286.46 |

**Notes:**

(A) Pursuant to the directions of the Hon'ble National Company Law Tribunal ('NCLT'), the Parent Company's books of accounts were re-casted and re-audited for the financial years 2014-15 to 2018-19. The said re-casted accounts were taken on record by the NCLT on 26 October, 2021 and the consequential voluntary revision of books of accounts for the financial years 2019-20 and 2020-21 were carried out by the Parent Company. In this connection, the Parent Company filed an application with the Central Board of Direct Taxes ('CBDT') seeking approval to revise the income tax returns based on the re casted / revised books of accounts for the financial years 2014-15 to 2019-20. However, the CBDT, vide its order dated 29 February 2024, rejected the Parent Company's application.

Aggrieved by this rejection order, the Parent Company filed a Writ Petition before the Hon'ble Bombay High Court. The Hon'ble Bombay High Court, in its order dated 30 April 2024, issued the following directions:

(a) Allowing the Parent Company to file its revised income tax returns based on re-casted / revised accounts for the financial year 2014-15 to 2019-20

(b) Directing the income tax department to complete the assessment of these revised returns

In compliance with the Hon'ble Bombay High Court's order, the Parent Company filed the revised income tax returns based on the re-casted accounts for the financial years 2014-15 to 2019-20 in the current year.

Subsequently, the Parent Company received assessment orders for certain periods based on the revised income tax returns filed. Due to various disallowances / additions made, completed assessment orders resulted in tax demands of ₹ 248.40 crores for which appeals have been filed. The same has been subsequently stayed by the department. Based on management assessment, duly supported by legal opinion from senior counsel, the Parent Company believes that it has strong case on merit that these disallowances / additions are in principle not tenable under law including in relation to the periods for which revised income tax returns are filed, as applicable. Accordingly, no adjustments are considered necessary in the consolidated financial statements in this regard.

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**8 TAXATION (Contd.)**

**Deferred tax assets / (liabilities)**

**The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:**

| | **As on March 31, 2025** | As on March 31, 2024 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Deferred tax assets * | **4.48** | 156.30 |
| Deferred tax liabilities | **(88.23)** | (0.56) |
| **Total** | **(83.75)** | 155.74 |

* CG International B.V. and CG Drives & Automation Netherlands B.V. have preferred to obtain fiscal unity benefit which is in accordance with Netherlands tax regulation whereby forming fiscal unity, both the entities will file the tax return jointly. This has resulted into Deferred tax assets to the extent of ₹ 4.28 crores.

**Significant component of deferred tax assets / (liabilities) and movement during the year are as under:**

₹ crores

| | **As on April 01, 2024** | **Addition on business combination** | **Recognised / (reversed) through profit and loss** | **As on March 31, 2025** |
|---|---|---|---|---|
| Expenses allowable on payment basis | 14.63 | 0.90 | (7.55) | **23.08** |
| Impact of difference between tax depreciation and depreciation / amortisation charged | (122.16) | (58.30) | (12.46) | **(168.00)** |
| Lease liabilities | 3.20 | 0.26 | (1.74) | **5.20** |
| Right-of-use assets | (2.86) | (0.24) | 1.95 | **(5.05)** |
| Other items giving rise to temporary differences | 9.70 | 0.37 | 6.13 | **3.94** |
| MAT credit entitlement | - | 3.44 | (1.22) | **4.66** |
| Provision and impairment of receivables | 55.37 | 0.78 | 8.01 | **48.14** |
| Unabsorbed losses and Unabsorbed depreciation | 197.86 | - | 193.58 | **4.28** |
| Effect of foreign currency translation | - | - | 0.07 | **-** |
| **Total** | **155.74** | **(52.79)** | **186.77** | **(83.75)** |

₹ crores

| | As on April 01, 2023 | Recognised / (reversed) through profit and loss | As on March 31, 2024 |
|---|---|---|---|
| Expenses allowable on payment basis | 42.43 | 27.80 | 14.63 |
| Impact of difference between tax depreciation and depreciation / amortisation charged | (129.26) | (7.10) | (122.16) |
| Lease liabilities | 3.56 | 0.36 | 3.20 |
| Right of use assets | (3.29) | (0.43) | (2.86) |
| Other items giving rise to temporary differences | 16.78 | 7.08 | 9.70 |
| Provision and impairment of receivables | 57.97 | 2.60 | 55.37 |
| Unabsorbed losses and Unabsorbed depreciation | 445.32 | 247.46 | 197.86 |
| Total | 433.51 | 277.77 | 155.74 |

**Reconciliation of deferred tax assets / (liabilities) net**

| | **As on March 31, 2025** | As on March 31, 2024 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| **Opening balance** | **155.74** | 433.51 |
| Tax expense during the year recognised in the consolidated statement of profit and loss from continuing operations | **(189.75)** | (280.45) |
| Addition in deferred tax liabilities (net) due to acquisition of subsidiary under business combination | **(52.79)** | - |
| Deferred tax on other comprehensive income | **2.98** | 2.68 |
| Effect of foreign currency translation | **0.07** | 0.00 |
| **Closing balance** | **(83.75)** | 155.74 |

## NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 9. OTHER NON - CURRENT ASSETS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| **Capital advances** | | |
| - Secured | **34.80** | - |
| - Unsecured | **56.92** | 4.91 |
| Statutory receivables | **11.26** | - |
| Less: Provision for statutory receivables | **(0.07)** | - |
| Prepaid expenses | **0.05** | - |
| | **102.96** | 4.91 |

### 10. INVENTORIES

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| Raw materials | **495.95** | 344.85 |
| Add: Goods-in-transit | **30.76** | 11.99 |
| | **526.71** | 356.84 |
| Work-in-progress | **374.97** | 242.19 |
| Finished goods | **198.31** | 131.84 |
| Stock-in-trade (including goods-in-transit) | **31.90** | 16.73 |
| Stores, spares, packing materials and loose tools | **4.82** | 3.11 |
| | **1136.71** | 750.71 |

**Note:** Mode of valuation of inventories is stated in Note 2.6

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 11. CURRENT FINANCIAL ASSETS - INVESTMENTS

| | Face value per unit in ₹ unless otherwise specified | As at 31-03-2025 | As at 31-03-2024 | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|---|---|---|
| | | No. of shares / units | | ₹ crores | ₹ crores |
| **Details of Investments:** | | | | | |
| **Unquoted 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 |
| **Investments in mutual funds*** | | | | | |
| 1 SBI Liquid Fund - Direct Growth | | **193590** | 1555029 | **78.52** | 587.69 |
| 2 SBI Overnight Fund - Direct Growth | | **474503** | - | **197.07** | - |
| 3 ICICI Prudential Liquid Fund - Direct Plant - Growth | | **2888242** | - | **110.88** | - |
| 4 HDFC Liquid Fund - Direct Plan - Growth | | **98746** | - | **50.30** | - |
| | | | | **436.77** | 587.69 |
| **Aggregate amount of unquoted investments** | | | | **436.78** | 587.70 |

* Carried at fair value through profit and loss

## 12. TRADE RECEIVABLES

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Unsecured:** | | |
| Considered good | **2009.20** | 1534.19 |
| Credit impaired | **51.21** | 93.46 |
| | **2060.41** | 1627.65 |
| *Less*: Allowance for credit impaired | **51.21** | 93.46 |
| | **2009.20** | 1534.19 |

**Notes:**

i) Refer note 27 for trade receivables considered as contract balances

ii) Refer note 41 for trade receivables from related parties

## 12. TRADE RECEIVABLES (Contd.)

**Trade receivables ageing schedule:**

₹ crores

| As at 31 March, 2025 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 1426.20 | 467.07 | 72.14 | 25.94 | 7.89 | 9.96 | 2009.20 |
| (ii) Undisputed trade receivable – credit impaired | 0.26 | 0.34 | 0.28 | 7.86 | 4.01 | 38.44 | 51.19 |
| (iii) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | - | 0.02 | 0.02 |
| **Total** | **1426.46** | **467.41** | **72.42** | **33.80** | **11.90** | **48.42** | **2060.41** |

₹ crores

| As at 31 March, 2024 | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed trade receivables – considered good | 958.46 | 527.06 | 28.12 | 9.10 | 6.14 | 5.31 | 1534.19 |
| (ii) Undisputed trade receivable – credit impaired | - | - | - | 11.80 | 4.61 | 77.03 | 93.44 |
| (iii) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| (iv) Disputed trade receivable – credit impaired | - | - | - | - | - | 0.02 | 0.02 |
| Total | 958.46 | 527.06 | 28.12 | 20.90 | 10.75 | 82.36 | 1627.65 |

No trade or other receivable are due from directors or other officers of the Parent Company either severally or jointly with any other person. Details of trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member are given below:

| Name of the Company | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Zetwerk Manufacturing Businesses Private Limited | **0.05** | 3.02 |

## 13. CASH AND CASH EQUIVALENTS

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Balances with banks:** | | | | |
| In current accounts | 409.50 | | 106.82 | |
| Fixed deposits with original maturity of less than 3 months | - | | 93.00 | |
| | | 409.50 | | 199.82 |
| Cash on hand | | 0.01 | | 0.02 |
| | | 409.51 | | 199.84 |

As at 31 March, 2025, the Group has undrawn fund based borrowings facilities of ₹ 495.00 crores (as at 31 March 2024 ₹ 500.00 crores).

## 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Earmarked balances with banks for:** | | | | |
| Unpaid dividends (Refer note (a) below) | 0.72 | | 0.48 | |
| Others (Refer note (b) below) | 25.55 | | - | |
| | | 26.27 | | 0.48 |
| Fixed deposits with original maturity of more than 3 months and up to 12 months (Refer note (c) below) | | 823.34 | | 654.09 |
| | | 849.61 | | 654.57 |

**Notes:**

(a) Amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2025 ₹ Nil (as at 31 March, 2024 ₹ Nil).

(b) There are restrictions on the bank balances of ₹ 6.31 crores held in separate bank account, opened as per the directives of Enforcement Directorate for the purpose of receiving funds. Further, the said balance also includes Tax deducted at source amounting to ₹ 19.24 crores to be deposited against the interim dividend declared by the Parent Company in financial year 2024-25.

(c) Fixed deposits of ₹ 0.32 crores (as at 31 March, 2024 ₹ 1.40 crores) are held as margin money.

### 15. CURRENT - OTHER FINANCIAL ASSETS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated:** | | |
| **Security deposits:** | | |
| Considered good | **48.79** | 10.29 |
| Considered doubtful | **0.74** | 0 74 |
| | **49.53** | 11 03 |
| Less: Allowance for bad and doubtful deposits | **0.74** | 0 74 |
| | **48.79** | 10 29 |
| Fixed deposits with remaining maturity less than 12 months* | **3.21** | 4 42 |
| Unbilled Revenue | **4.77** | - |
| Receivable on deconsolidation of HBE Group** | **114.85** | 112 09 |
| Derivative instruments (Refer note 45) | - | 0 69 |
| Other financial assets | **10.90** | 8 72 |
| | **182.52** | 136 21 |

* Fixed deposits of ₹ 3 08 crores (as at 31 March, 2024 ₹ 3.71 crores) are held as margin money

** HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'). These subsidiaries are deconsolidated with effect from 01 January, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court

### 16. OTHER CURRENT ASSETS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated:** | | |
| Advance to suppliers | **80.10** | 73 84 |
| Statutory and other receivables* | **146 90** | 173.69 |
| Receivable from erstwhile directors | **0.16** | 0 16 |
| Less: Provision for doubtful receivable | **0.16** | 0 16 |
| | **227 00** | 247 53 |

**Note:**

* Major items include statutory receivables of the Parent Company amounting to ₹ 109.53 crores (as at 31 March, 2024 ₹ 134.61 crores), which mainly consists of deposits towards disputed tax demands of ₹ 51 89 crores (as at 31 March, 2024 ₹ 54 26 crores)

## 17. EQUITY SHARE CAPITAL

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Authorised** | | |
| 2038000000 equity shares of ₹ 2 each | **407.60** | 407.60 |
| (2038000000 equity shares of ₹ 2 each as at 31 March, 2024) | | |
| **Issued** | | |
| 1528911744 equity shares of ₹ 2 each fully paid-up | **305.78** | 305.47 |
| (1527375514 equity shares of ₹ 2 each fully paid-up as at 31 March, 2024) | | |
| **Subscribed and paid-up** | | |
| 1528869444 equity shares of ₹ 2 each fully paid-up | **305.78** | 305.47 |
| (1527333214 equity shares of ₹ 2 each fully paid-up as at 31 March, 2024) | | |
| **Forfeited shares** | | |
| 42300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32175) | **0.00** | 0.00 |
| (42300 equity shares of ₹ 2 each (Amount partly paid-up ₹ 32175 as at 31 March, 2024) | | |
| | **305.78** | 305.47 |

**Notes:**

**(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:**

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| **Authorised equity 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 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| **Issued equity share capital** | **No of Shares** | **₹ crores** | No of Shares | ₹ crores |
| Balance at the beginning of the year | **1527375514** | **305.47** | 1527173734 | 305.43 |
| Add: Issued during the year | **1536230** | **0.31** | 201780 | 0.04 |
| Balance at the end of the year | **1528911744** | **305.78** | 1527375514 | 305.47 |

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| **Subscribed and paid up equity share capital** | **No of Shares** | **₹ crores** | No of Shares | ₹ crores |
| Balance at the beginning of the year | **1527333214** | **305.47** | 1527131434 | 305.43 |
| Add: Subscribed during the year | **1536230** | **0.31** | 201780 | 0.04 |
| Balance at the end of the year | [illegible] | **305.78** | 1527333214 | 305.47 |

The Parent Company has issued following equity shares under employee stock option scheme:

During the year, 1536230 equity shares of the face value ₹ 2 each per equity share, for an aggregate consideration of ₹ 32.35 crores

(Previous year, 201780 equity shares of the face value ₹ 2 each per equity share, for an aggregate consideration of ₹ 3.15 crores)

**(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 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| | **%** | **No. of Shares** | % | No. of Shares |
| Tube Investments of India Limited | **57.98** | **886485532** | 58.04 | 886485532 |

**17. EQUITY SHARE CAPITAL (Contd.)**

**(d) Details of shares held by promoters and promoter group:**

**As at 31 March, 2025**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares * | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 886485532 | - | 886485532 | 57.98% | - |
| M A Murugappan Holdings LLP (Formerly, M A Murugappan Holdings Private Limited) | 367000 | 2530 | 369530 | 0.02% | 0.69% |
| M A M Arunachalam | 220920 | - | 220920 | 0.01% | - |
| M A Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 8980 | - | 8980 | 0.00% | - |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 74000 | 51090 | 125090 | 0.01% | 69.04% |
| M A M Arunachalam (In capacity of karta of HUF) | 64500 | 22800 | 87300 | 0.01% | 35.35% |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares - Murugappan Arunachalam Children Trust) | 46900 | 850 | 47750 | 0.00% | 1.81% |
| Vedika Meyyammai Arunachalam | 71000 | 3350 | 74350 | 0.00% | 4.72% |
| Lakshmi Ramaswamy | 7490 | - | 7490 | 0.00% | - |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M V Subbiah, M A A and M M M hold shares on behalf of the Firm) | 5100 | - | 5100 | 0.00% | - |
| A M M Vellayan Sons P Ltd | 1785 | - | 1785 | 0.00% | - |
| Valli Annamalai | 1000 | - | 1000 | 0.00% | - |
| Lakshmi Chockalingam | 44900 | - | 44900 | 0.00% | - |
| Valli Alagappan | 500 | - | 500 | 0.00% | - |
| Dhruv M Arunachalam | 200 | 1280 | 1480 | 0.00% | 640.00% |
| A Keertika Unnamalai | 155 | 734 | 889 | 0.00% | 473.55% |
| Niranthara Alamelu Muthiah | - | 15 | 15 | 0.00% | 100.00% |
| **Total** | 887567462 | 82649 | 887650111 | 58.06% | |

(*) Due to smaller number of shares in case of certain promoters, in percentage terms it is resulting to 0.00%. However, total promoter holding is 58.06%

As at 31 March, 2024

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares # | % change during the year |
|---|---|---|---|---|---|
| Tube Investments of India Limited | 886485532 | - | 886485532 | 58.04% | - |
| M A Murugappan Holdings LLP (Formerly, M A Murugappan Holdings Private Limited) | 367000 | - | 367000 | 0.02% | - |
| M A M Arunachalam | 185000 | 35920 | 220920 | 0.01% | 19.42% |
| M A Alagappan | 165000 | - | 165000 | 0.01% | - |
| A M Meyyammai | 90000 | (81020) | 8980 | 0.00% | (90.02%) |
| M A M Arunachalam (M A M A & S Arunachalam hold on behalf of Arun Murugappan Children's Trust) | 74000 | - | 74000 | 0.00% | - |
| M A M Arunachalam (In capacity of karta of HUF) | 64500 | - | 64500 | 0.00% | - |
| Sigappi Arunachalam (Sigappi Arun, M A M Arunachalam & A M Meyyammai holds shares - Murugappan Arunachalam Children Trust) | 46900 | - | 46900 | 0.00% | - |
| A Venkatachalam (In capacity of karta of HUF) | 31300 | (31300) | - | - | (100.00%) |
| Vedika Meyyammai Arunachalam | 71000 | - | 71000 | 0.00% | - |
| Lakshmi Ramaswamy | 7490 | - | 7490 | 0.00% | - |
| Uma Ramanathan | 2500 | - | 2500 | 0.00% | - |
| Murugappa & Sons (M V Subbiah, M A A and M M M hold shares on behalf of the Firm) | 5100 | - | 5100 | 0.00% | - |
| A M M Vellayan Sons P Ltd | 1450 | 335 | 1785 | 0.00% | 23.10% |
| Valli Annamalai | 1000 | - | 1000 | 0.00% | - |
| Lakshmi Chockalingam | - | 44900 | 44900 | 0.00% | 100.00% |
| Valli Alagappan | | 500 | 500 | 0.00% | 100.00% |
| Dhruv M Arunachalam | - | 200 | 200 | 0.00% | 100.00% |
| A Keertika Unnamalai | - | 155 | 155 | 0.00% | 100.00% |
| Total | 887597772 | (30310) | 887567462 | 58.11% | |

(#) Due to smaller number of shares in case of certain promoters, in percentage terms it is resulting to 0.00%. However, total promoter holding is 58.11%

MUMBAI

## 18. OTHER EQUITY

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| Retained earnings | **1679.37** | 909.43 |
| General reserve | **418.46** | 418.46 |
| Capital reserve | **671.65** | 671.65 |
| Capital reserve on consolidation | **3.58** | 3.58 |
| Capital redemption reserve | **12.95** | 12.95 |
| Securities premium | **761.28** | 720.75 |
| Share options outstanding account | **33.74** | 21.31 |
| Foreign currency translation reserve | **(38.75)** | (46.16) |
| Effective portion of cash flow hedge | **(4.11)** | - |
| | **3538.17** | 2711.97 |

Refer the consolidated statement of changes in equity for detailed movement in balances.

**(a) Dividend paid and proposed:**

The Company has declared and paid interim dividend of ₹ 1.30 per share, resulting in a dividend payout of ₹ 198.75 crores for the financial year 2024-25 (previous year ₹ 1.30 per share, resulting in a dividend payout of ₹ 198.55 crores).

**(b) Nature and purpose of items in other equity:**

**(i) Retained earnings:**
Retained earnings are the profits that the Group has earned till date and includes any transfers to general reserve, dividends or other distributions paid to the shareholders.

**(ii) General reserve:**
General reserve comprises of transfer of profits from retained earnings for appropriation purpose, the reserves can be distributed / utilised by the Group in accordance with the provisions of the Companies Act, 2013.

**(iii) Capital reserve:**
Capital reserve mainly represents the amount recognised on demerger of consumer product business and can be utilised in accordance with the provisions of the Companies Act, 2013.

**(iv) Capital reserve on consolidation:**
Capital reserve on consolidation is on account of subsidiaries acquired.

**(v) Capital redemption reserve:**
Capital redemption reserve was created on buy back of shares. The Company may issue bonus shares to its members out of the capital redemption reserve.

**(vi) Securities premium:**
Securities premium reserve is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**(vii) Share options outstanding account:**
Share options outstanding account represents fair value of the options granted which is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service

**(viii) 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.

**(ix) 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 the consolidated statement profit and loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item

## 19 NON - CURRENT - BORROWINGS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Secured** | | |
| Term loan from bank (Refer note (a) below) | 0.26 | - |
| | 0.26 | - |

**Note:**

(i) The term loans of ₹ 0.34 crores are repayable in 60 equal monthly instalments and are secured by hypothecation of vehicle. The said loan carries interest rate of 8.60% per annum. (Current maturity of the said loan is ₹ 0.08 crores) Refer note 22.

## 20 NON - CURRENT - OTHER FINANCIAL LIABILITIES

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| Deposits payable | 26.17 | 10.96 |
| | 26.17 | 10.96 |

## 21. NON-CURRENT PROVISIONS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| Provision for gratuity (Refer note 38 (b)) | 8.65 | 6.28 |
| Provision for leave encashment | 0.28 | - |
| Other provisions (Refer note 26 (a)) | 38.91 | 29.18 |
| | 47.84 | 35.46 |

## 22. CURRENT - BORROWINGS

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Secured** | | |
| Current maturities of term loan from bank (Refer note 19) | 0.08 | - |
| | 0.08 | - |

## 23 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

| | As at 31-03-2025 ₹ crores | As at 31-03-2024 ₹ crores |
|---|---|---|
| **Total outstanding dues of creditors other than micro enterprises and small enterprises:** | | |
| Acceptances | 435.38 | 322.00 |
| Due to other than micro enterprises and small enterprises | 1272.32 | 1057.38 |
| | 1707.70 | 1379.38 |
| **Due to micro enterprises and small enterprises** | 162.34 | 104.87 |
| | 1870.04 | 1484.25 |

**Note:** Refer note 41 for trade payables to related parties

## 23. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES (Contd.)

**Trade payables ageing schedule:**

₹ crores

| As at 31 March, 2025 | Not due / Unbilled | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 160.21 | 2.05 | - | 0.04 | 0.04 | 162.34 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 1370.36 | 322.69 | 3.25 | 1.26 | 10.14 | 1707.70 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| **Total** | **1530.57** | **324.74** | **3.25** | **1.30** | **10.18** | **1870.04** |

₹ crores

| As at 31 March, 2024 | Not due / Unbilled | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | 102.00 | 2.72 | 0.06 | 0.01 | 0.08 | 104.87 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 1088.12 | 257.55 | 2.85 | 1.55 | 10.23 | 1360.30 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | 19.08 | 19.08 |
| Total | 1190.12 | 260.27 | 2.91 | 1.56 | 29.39 | 1484.25 |

## 24. CURRENT- OTHER FINANCIAL LIABILITIES

| | **As at 31-03-2025** | As at 31-03-2024 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Interest free sales tax deferral loans from State Government | **0.12** | 0.12 |
| Capital creditors | **92.32** | - |
| **Investor Education and Protection Fund:** | | |
| Unclaimed dividend (Refer note (a) below) | **0.72** | 0.48 |
| Security deposits | **14.80** | 15.30 |
| **Derivative instruments** | | |
| Fair valuation through profit and loss (Refer note 45) | **0.21** | - |
| Fair valuation through other comprehensive income (Refer note 57) | **4.45** | - |
| Due to directors (Refer note 41) | **1.76** | 0.95 |
| Liability on deconsolidation HBE Group (Refer note (b) below) | **188.08** | 182.94 |
| Other payables (Refer note (c) below) | **158.02** | 168.86 |
| | **460.48** | 368.65 |

**Notes:**

(a) There is no amount of unclaimed dividend due to be transferred to Investor Education and Protection Fund ('IEPF') as at 31 March, 2025 (as at 31 March, 2024 ₹ Nil).

(b) HBE refers to erstwhile subsidiaries consisting of CG Holdings Belgium NV ('HBE'), CG Power Systems Belgium NV ('PSBE'), CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'). These subsidiaries are deconsolidated with effect from 01 January, 2020 consequent to the HBE and PSBE being declared bankrupt by the local court.

(c) Major items include provision towards guarantee of ₹ 44.74 crores (as at 31 March, 2024 ₹ 43.71 crores), employee related payables including incentives and liability towards fund received as per directions of Enforcement Directorate (Refer note 14(b)).

**25. OTHER CURRENT LIABILITIES**

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Advances from customers (Refer note 27) | | **410.17** | | 318 66 |
| Billing in excess of contract revenue (Refer note 27) | | **27.42** | | 3 21 |
| **Other payables:** | | | | |
| Statutory liabilities | **73.27** | | 29 09 | |
| Others | **23.81** | | 22.67 | |
| | | **97.08** | | 51 76 |
| | | **534.67** | | 373 63 |

**26. SHORT-TERM PROVISIONS**

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Provision for gratuity (Refer note 38 (b)) | **12.22** | 10 02 |
| Provision for leave encashment | **34 40** | 28.72 |
| Other provisions (Refer note below) | **169.32** | 158 11 |
| | **215.94** | 196 85 |

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26. SHORT-TERM PROVISIONS (Contd.)

**Notes**

**(a) Movement in other provisions:**

₹ crores

| | Warranties | | Provision for tax related litigations | | Other litigation claims | | Onerous contracts | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | **2024-25** | 2023-24 | **2024-25** | 2023-24 | **2024-25** | 2023-24 | 2023-24 | **2024-25** | 2023-24 |
| Carrying amount at the beginning of the year | **101.57** | 77.39 | **54.72** | 53.16 | **31.00** | 30.65 | 3.26 | **187.29** | 164.46 |
| Addition due to acquisition of subsidiary | **0.39** | - | - | - | - | - | - | **0.39** | - |
| Additional provision made during the year (net of reversal / utilisation) | **23.99** | 24.19 | **(0.46)** | 1.56 | **(3.23)** | 0.35 | - | **20.30** | 26.10 |
| Reduction on account of liquidation of subsidiaries | - | - | - | - | - | - | 3.26 | - | 3.26 |
| Exchange differences | **0.25** | (0.01) | - | - | - | - | - | **0.25** | (0.01) |
| Carrying amount at the end of the year | **126.20** | 101.57 | **54.26** | 54.72 | **27.77** | 31.00 | - | **208.23** | 187.29 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Non-current (Refer note 21) | **38.91** | 29.18 | - | - | - | - | - | **38.91** | 29.18 |
| Current (Refer note 26) | **87.29** | 72.39 | **54.26** | 54.72 | **27.77** | 31.00 | - | **169.32** | 158.11 |
| **Total** | **126.20** | 101.57 | **54.26** | 54.72 | **27.77** | 31.00 | - | **208.23** | 187.29 |

**(b) Nature of other provisions:**

(i) 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 from the date of balance sheet.

(ii) 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, Service Tax and Goods & Service Tax which are in appeal under the relevant Act / Rules. The above provision represents expected future outflows relating to various tax related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

(iii) Provision for other litigation related obligations represents estimated liabilities that are expected to materialise in respect of other matters under litigation. The above provision represents expected future outflows relating to litigation related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

(iv) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

### 27. REVENUE FROM OPERATIONS

| | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Sale of products | 9590.25 | | 7818.84 | |
| Sale of services | 87.79 | | 85.14 | |
| Construction contracts | 136.68 | | 51 77 | |
| | | 9814.72 | | 7955.75 |
| Other operating income - scrap sales | | 93.94 | | 90 23 |
| | | 9908.66 | | 8045.98 |

**Revenue from contracts with customers**

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue reconciliation** | | |
| Revenue as per contracted price | 10070.46 | 8183 44 |
| **Less: Adjustments** | | |
| Discounts | 108.92 | 97 16 |
| Others (includes liquidated damages) | 52.88 | 40 30 |
| **Revenue recognised as per the consolidated statement of profit and loss** | 9908.66 | 8045.98 |

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue recognised in current year from** | | |
| Amount included in contract liability at the beginning of the year | 198.79 | 119.20 |
| Performance obligations satisfied in previous periods | - | - |

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Revenue from contracts with customers** | | |
| Power Systems Business | 3505.94 | 2595 42 |
| Industrial Systems Business | 6375.65 | 5428 64 |
| Semiconductors | - | - |
| Others | 27.07 | 21 92 |
| **Total** | 9908.66 | 8045 98 |

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Timing of revenue recognition** | | |
| Revenue recognised at a point in time | 9771.98 | 7994.21 |
| Revenue recognised over a period of time | 136.68 | 51 77 |
| **Total** | 9908.66 | 8045.98 |

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| | ₹ crores | ₹ crores |
| **Contract balances** | | |
| Trade receivables | 2009.20 | 1534 19 |
| Contract assets | 0.90 | 0.70 |
| Contract liabilities | | |
| Advance from customers | 410.17 | 318 66 |
| Billing in excess of contract revenue | 27.42 | 3.21 |

**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

## 28. OTHER INCOME

| | **2024-25** | 2023-24 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| **Interest income from:** | | |
| Deposits with banks | **57.47** | 40.95 |
| On income tax refund | **0.41** | 15.60 |
| Others | **13.87** | 6.73 |
| Profit on sale of property, plant and equipment | **-** | 5.54 |
| Gain on sale of investments (net) | **36.10** | 18.59 |
| Fair value gain on financial instruments at fair value through profit and loss | **3.88** | 5.43 |
| Exchange gain (net) | **3.93** | 2.59 |
| **Other non-operating income:** | | |
| Income from business service centers (Refer note 37) | **3.43** | 5.16 |
| Liabilities no longer required written back | **31.28** | - |
| Miscellaneous income | **11.80** | 5.67 |
| | **162.17** | 106.26 |

## 29. COST OF MATERIALS CONSUMED

| | **2024-25** | 2023-24 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Opening inventories | **356.84** | 253.70 |
| Add: Addition on account of business combination | **41.72** | - |
| Add: Purchases | **6890.46** | 5490.18 |
| *Less:* Closing inventories | **526.71** | 356.84 |
| | **6762.31** | 5387.04 |

## 30. PURCHASES OF STOCK-IN-TRADE

| | **2024-25** | 2023-24 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Purchases of stock-in-trade | **359.32** | 271.57 |
| | **359.32** | 271.57 |

### 31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Closing inventories:** | | | | |
| Finished goods | 198.31 | | 131.84 | |
| Work-in-progress | 374.97 | | 242.19 | |
| Stock-in-trade | 31.90 | | 16.73 | |
| | | 605.18 | | 390.76 |
| **Opening inventories:** | | | | |
| Finished goods | 131.84 | | 79.31 | |
| Work-in-progress | 242.19 | | 188.75 | |
| Stock-in-trade | 16.73 | | 16.24 | |
| | | 390.76 | | 284.30 |
| **Addition on account of business combination** | | | | |
| Finished goods | 0.47 | | - | |
| Work-in-progress | 18.51 | | - | |
| | | 18.98 | | - |
| **(Increase) / decrease in inventories** | | | | |
| Finished goods | (66.00) | | (52.53) | |
| Work-in-progress | (114.27) | | (53.44) | |
| Stock-in-trade | (15.17) | | (0.49) | |
| **Net (increase) / decrease in inventories** | | (195.44) | | (106.46) |

### 32. EMPLOYEE BENEFITS EXPENSE

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Salaries, wages and bonus | 486.32 | 405.21 |
| Contribution to provident and other funds (Refer note 38 (a)) | 52.42 | 46.43 |
| Gratuity expenses (Refer note 38 (b)) | 6.43 | 4.10 |
| Share based payment expense (Refer note 39) | 22.90 | 15.96 |
| Staff welfare expenses | 44.70 | 36.44 |
| | 612.77 | 508.14 |

### 33. FINANCE COSTS

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Interest expenses | 5.40 | 1.36 |
| Interest on lease liabilities (Refer note 37) | 1.69 | 1.18 |
| | 7.09 | 2.54 |

## 34. DEPRECIATION AND AMORTISATION EXPENSE

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Depreciation of property, plant and equipment (Refer note 4)* | 83.36 | 71.18 |
| Amortisation of intangible assets (Refer note 5) | 28.48 | 23 71 |
| | 111.84 | 94.89 |

* Includes depreciation of ROU assets ₹ 11 41 crores (previous year ₹ 7 05 crores)

## 35. OTHER EXPENSES

| | 2024-25 | 2023-24 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Consumption of stores and spares | 39.19 | 35.37 |
| Power and fuel | 46.84 | 41.28 |
| Rent | 17.37 | 17.28 |
| Repairs to buildings | 5.38 | 7 39 |
| Repairs to machinery | 29.45 | 24.99 |
| Repairs - others | 8.04 | 12.45 |
| Insurance | 9.09 | 5 58 |
| Rates and taxes | 11.25 | 9.28 |
| Freight and forwarding | 148.92 | 136 03 |
| Packing materials | 65.25 | 60.13 |
| After sales services including warranties | 86.64 | 62.90 |
| Travelling and conveyance | 29.32 | 17.42 |
| Sales promotion | 15.57 | 14.71 |
| Bank charges | 13.95 | 14 17 |
| Sub contracting charges | 185.71 | 144 94 |
| Directors' sitting fees | 0.61 | 0 37 |
| Loss on sale of fixed assets (net) | 0.54 | - |
| Allowance for doubtful debts and advances (net) | 2.49 | 0 25 |
| Donation to trust* | 20.00 | 30.00 |
| Legal and professional charges | 124.70 | 66.10 |
| Miscellaneous expenses | 204.66 | 156 98 |
| | 1064.97 | 857.62 |

* Donation given to Triumph Electoral Trust

## 36. CONTINGENT LIABILITIES AND COMMITMENTS

a) Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books (Refer note 26)

b) Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed under Note A, Contingent liabilities below

c) Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process

| | | **As at 31-03-2025 ₹ crores** | As at 31-03-2024 ₹ crores |
|---|---|---|---|
| **A.** | **Contingent liabilities (Refer notes below):** (to the extent not provided for) | | |
| (a) | Claims against the Group not acknowledged as debts | **3.74** | 4.69 |
| (b) | Sales tax / VAT / goods and service tax liability that may arise in respect of matters in appeal | **3.94** | 5.36 |
| (c) | Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal | **8.78** | 12.68 |
| (d) | Income tax liability that may arise in respect of matters in appeal | **1.45** | 0.87 |
| **B.** | **Commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **631.47** | 93.85 |

**Notes:**

(i) 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.

(ii) 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

(iii) Sales tax / VAT / goods and service tax cases include disputes pertaining to disallowances of input tax credit and non-submission of various forms with authorities

(iv) 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.

(v) Contingent liabilities for Income tax cases pertains to disallowance of expenses, etc

(vi) The Parent Company had received Assessment Order dated 27 February, 2024 under 143(3) of the Income Tax Act, 1961 pertaining to financial year 2021-22. As per assessment order, tax demand payable is ₹ 188.79 crores. The Parent Company has filed appeal before Commissioner of Income Tax (Appeals). Considering the facts, demand raised is mainly on account of disallowance of claims for settlement of Corporate guarantee and non-granting of set-off tax losses. The management strongly believes that the demand is not sustainable, bad in law and will be reversed at appellate levels. The Parent Company has obtained stay on tax demand by paying ₹ 4.89 crores, as per stay order issued by the Deputy Commissioner of Income tax

Refer note 8 for details in relation to assessment of revised income tax returns based on the re-casted / revised accounts

(vii) One of the subsidiary of the Group has delayed the conduct of its annual general meeting for the years ended 31 March 2022, 31 March 2021, 31 March 2020, 31 March 2019 and 31 March 2018 beyond the timelines prescribed in section 96 of the Companies Act, 2013

The said subsidiary has made compounding applications under section 441 of the Companies Act, 2013 for the aforesaid years with Registrar of Companies in respect of delays. Any fines / penalties that may be levied are not presently ascertainable but are not expected to be material to the financial statements

## 37. LEASES

### (i) Group as a lessee

The Group has lease contracts for various items of land, buildings office equipments and vehicles used in its operation. Lease of land generally have lease terms between 10 to 99 years while buildings office equipments and vehicles generally have lease terms between 2 to 9 years. The Group's obligation under the lease is secured by the lessor's title to leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets

Set out below are the carrying amounts of right of use assets and lease liabilities included under financial liabilities and the movements during the year

**Movement in net carrying value of right of use assets**

₹ crores

| | Land | Buildings | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|
| **Opening balances as at 01 April, 2023** | 62.23 | 11.30 | 0.13 | 1.90 | 75.56 |
| Additions | 69.39 | 1.74 | - | 4.00 | 75.13 |
| Less: Deletion | - | 0.10 | - | 0.05 | 0.15 |
| Less: Depreciation | 1.43 | 4.12 | 0.13 | 1.37 | 7.05 |
| Exchange differences | - | (0.05) | - | 0.15 | 0.10 |
| **Closing balances as at 31 March, 2024** | 130.19 | 8.77 | - | 4.63 | 143.59 |
| Additions | 7.74 | 23.63 | 5.19 | 6.71 | 43.27 |
| Add: Acquisition of subsidiary | - | 0.85 | - | - | 0.85 |
| Less: Deletion | - | 3.59 | - | 0.17 | 3.76 |
| Less: Depreciation | 2.12 | 6.89 | 0.10 | 2.30 | 11.41 |
| Exchange differences | - | 0.27 | - | 0.33 | 0.60 |
| **Closing balances as at 31 March, 2025** | 135.81 | 23.04 | 5.09 | 9.20 | 173.14 |

**Movement in lease liabilities during the year**

₹ crores

| | 2024-25 | 2023-24 |
|---|---|---|
| **Opening balance** | 17.44 | 16.43 |
| Add: Additions | 35.53 | 6.56 |
| Add: Acquisition of subsidiary | 0.95 | - |
| Add: Accretion of interest | 1.69 | 1.18 |
| Less: Payments | (11.23) | (6.57) |
| Less: Termination of lease | (4.14) | (0.16) |
| Exchange differences | 0.39 | 0.00 |
| **Closing balance** | 40.63 | 17.44 |

**Breakup of lease liabilities**

₹ crores

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| Non-current lease liabilities | 26.97 | 11.91 |
| Current lease liabilities | 13.66 | 5.53 |
| Total | 40.63 | 17.44 |

**37. LEASES (Contd.)**

**Amounts recognised in the consolidated statement of profit and loss**

₹ crores

| | 2024-25 | 2023-24 |
|---|---|---|
| **Other expenses** | | |
| Expenses related to short-term leases, low value assets and variable lease rent (included in other expenses) | **17.37** | 17.28 |
| **Finance costs** | | |
| Interest expense on lease liabilities | **1.69** | 1.18 |
| **Depreciation and amortisation expense** | | |
| Depreciation of ROU assets | **11.41** | 7.05 |

**Amounts recognised in the consolidated statement of cash flows**

₹ crores

| | 2024-25 | 2023-24 |
|---|---|---|
| Total cash outflow for leases (includes interest of ₹ 1.69 crores, (previous year ₹ 1.18 crores)) | **11.23** | 6.57 |

**Contractual maturities of lease liabilities on an undiscounted basis**

₹ crores

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| Less than 1 year | **15.89** | 5.57 |
| 1 - 5 years | **27.33** | 9.39 |
| More than 5 years | **4.88** | 5.57 |
| **Total** | **48.10** | 20.53 |

**(ii) Group as a lessor**

**Amounts recognised in the consolidated statement of profit and loss**

₹ crores

| | 2024-25 | 2023-24 |
|---|---|---|
| **Other income** | | |
| Non-operating lease income | **3.43** | 5.16 |

**Note:**

Non-operating lease income is in respect of lease of buildings

## 38 EMPLOYEE BENEFITS

**(a) Defined contribution plans:**

Amount of ₹ 52.42 crores (previous year ₹ 46.43 crores) is recognised as an expense and included in employee benefits expense as under

₹ crores

| Benefits (Contribution to) | 2024-25 | 2023-24 |
|---|---|---|
| Provident fund | **17.43** | 14.16 |
| Superannuation fund | **4.06** | 4.22 |
| Employee state insurance scheme | **0.21** | 0.14 |
| Labour welfare scheme | **0.02** | 0.01 |
| National pension scheme | **1.73** | 1.50 |
| Family pension | **28.97** | 26.40 |
| **Total** | **52.42** | 46.43 |

**(b) Defined benefit plans:**

**Gratuity:**

Under the Gratuity plan operated by the Group, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per the Payment of Gratuity Act, 1972.

The following table summarizes the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet.

₹ crores

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | 2024-25 | 2023-24 |
| 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 | **65.03** | 50.87 |
| 2 | Addition due to acquisition of subsidiary | **3.78** | - |
| 3 | Interest cost | **4.81** | 3.85 |
| 4 | Current service cost | **5.14** | 3.34 |
| 5 | Benefits paid | **(8.46)** | (5.73) |
| 6 | Actuarial changes arising from changes in demographic assumptions | **(0.17)** | 0.23 |
| 7 | Actuarial changes arising from changes in financial assumptions | **9.20** | 4.00 |
| 8 | Actuarial changes arising from changes in experience adjustments | **1.11** | 8.47 |
| 9 | Present value of defined benefit obligation at the end of the year | **80.44** | 65.03 |
| II | **Change in fair value of plan assets during the year** | | |
| 1 | Fair value of plan assets at the beginning of the year | **48.73** | 40.81 |
| 2 | Addition due to acquisition of subsidiary | **0.03** | - |
| 3 | Interest income | **3.52** | 3.09 |
| 4 | Contributions paid by the employer | **16.28** | 10.11 |
| 5 | Benefits paid from the fund | **(8.19)** | (5.73) |
| 6 | Return on plan assets excluding interest income | **(0.80)** | 0.45 |
| 7 | Fair value of plan assets at the end of the year | **59.57** | 48.73 |
| III | **Net asset / (liability) recognised in the consolidated balance sheet** | | |
| 1 | Present value of defined benefit obligation at the end of the year | **(80.44)** | (65.03) |
| 2 | Fair value of plan assets at the end of the year | **59.57** | 48.73 |
| 3 | Amount recognised in the balance sheet | **(20.87)** | (16.30) |
| 4 | Net (liability) / asset - Current | **(12.22)** | (10.02) |
| 5 | Net (liability) / asset - Non-current | **(8.65)** | (6.28) |
| IV | **Expenses recognised in the consolidated statement of profit and loss for the year** | | |
| 1 | Current service cost | **5.14** | 3.34 |
| 2 | Interest cost on benefit obligation (net) | **1.29** | 0.76 |
| 3 | Total expenses | **6.43** | 4.10 |
| V | **Recognised in other comprehensive income for the year** | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | **(0.17)** | 0.23 |
| 2 | Actuarial changes arising from changes in financial assumptions | **9.20** | 4.00 |
| 3 | Actuarial changes arising from changes in experience adjustments | **1.11** | 8.47 |
| 4 | Return on plan assets excluding interest income | **0.80** | (0.45) |
| 5 | Recognised in other comprehensive income | **10.94** | 12.25 |

**38 EMPLOYEE BENEFITS (Contd.)**

| | | Gratuity (Funded) | |
|---|---|---|---|
| | | **2024-25** | 2023-24 |
| **VI** | **Maturity profile of defined benefit obligation** | | |
| 1 | Within the next 12 months (next annual reporting period) | **13.03** | 9.99 |
| 2 | Between 2 and 5 years | **37.81** | 31.20 |
| 3 | Between 6 and 10 years | **31.78** | 26.33 |
| 4 | More than 10 years | **34.16** | 33.47 |
| **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 | **(7.68)** | (3.03) |
| | (ii) One percentage point decrease in discount rate | **8.45** | 3.36 |
| | (i) One percentage point increase in rate of salary increase | **8.27** | 3.34 |
| | (ii) One percentage point decrease in rate of salary increase | **(7.67)** | (3.06) |
| | (i) One percentage point increase in employee turnover rate | **(5.04)** | (0.02) |
| | (ii) One percentage point decrease in employee turnover rate | **5.09** | 0.02 |
| **2** | **Sensitivity Analysis Method**<br>Sensitivity analysis has been determined based on reasonably possible changes of respective assumptions occurring at the end of reporting period, while holding all other assumptions constant | | |
| **VIII** | **The major categories of plan assets as a percentage of total plan assets**<br>Insurer managed funds | **100%** | 100% |
| **IX** | **Weighted average duration of the defined benefit obligation (in years)** | **6-10** | 6-7 |
| **X** | **Actuarial assumptions** | | |
| 1 | Discount rate | **6.70% - 6.80% p.a.** | 7.15% - 7.22% p.a. |
| 2 | Salary escalation | **5.50% - 9.50% p.a.** | 5.50% - 7.00% p.a. |
| 3 | Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) Urban** | Indian Assured Lives Mortality (2012-14) Urban |
| 4 | Rate of employee turnover | **up to 12.00%p.a.** | up to 9.00%p.a. |

**₹ crores**

| | **2024-25** | 2023-24 |
|---|---|---|
| Expected contribution to the defined benefit plan for the next annual reporting period | **12.29** | 10.07 |

**Notes**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2025 and as at 31 March, 2024. 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.

(iv) **Risk analysis:**

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**(c) Leave Encashment:**

The assumptions used for computing accumulated leave encashment on actuarial basis are as follows:

| | **Actuarial assumptions** | **2024-25** | 2023-24 |
|---|---|---|---|
| 1 | Discount rate | **6.70% - 6.80% p.a.** | 7.15% - 7.22% p.a. |
| 2 | Salary escalation | **5.50% - 9.50% p.a.** | 5.50% - 7.00% p.a. |
| 3 | Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) Urban** | Indian Assured Lives Mortality (2012-14) Urban |
| 4 | Rate of employee turnover | **up to 12.00%p.a.** | up to 9.00%p.a. |

## 39 STOCK OPTIONS

During the year, 1781380 (previous year 1506770) stock options (net off cancellations / lapsed) were granted to eligible employees at the rate of one stock option of the Parent Company for every stock option held and outstanding in the Parent Company.

In this regard, the Parent Company has recognised expense amounting to ₹ 22.90 crores (previous year ₹ 15.96 crores) for employees services received during the year, shown under employee benefits expenses (Refer note 32).

**The movement of stock options are given below:**

| Date of grant | Options outstanding as at 01-04-2024 | During the year 2024-25 Options granted | Options cancelled / lapsed | Options exercised and allotted | Options outstanding as at 31-03-2025 | Options vested but not exercised as at 31-03-2025 |
|---|---|---|---|---|---|---|
| 18-Nov-21 | 1299020 | - | 69120 | 858380 | 371520 | 168240 |
| 26-Dec-22 | 453140 | - | - | 453140 | - | - |
| 08-May-23 | 679710 | - | - | 179710 | 500000 | 500000 |
| 08-May-23 | 416600 | - | 208300 | - | 208300 | 41660 |
| 27-Jul-23 | 416800 | - | - | - | 416600 | 83320 |
| 30-Dec-23 | 272400 | - | 136200 | 45000 | 91200 | 91200 |
| 25-Jul-24 | - | 900000 | - | - | 900000 | - |
| 21-Oct-24 | - | 715000 | - | - | 715000 | - |
| 28-Jan-25 | - | 390000 | - | - | 390000 | - |
| 18-Mar-25 | - | 190000 | - | - | 190000 | - |

| Date of grant | Options outstanding as at 01-04-2023 | During the year 2023-24 Options granted | Options cancelled / lapsed | Options exercised and allotted | Options outstanding as at 31-03-2024 | Options vested but not exercised as at 31-03-2024 |
|---|---|---|---|---|---|---|
| 18-Nov-21 | 1779340 | - | 276540 | 201780 | 1299020 | 823340 |
| 26-Dec-22 | 453140 | - | - | - | 453140 | 453140 |
| 08-May-23 | - | 679710 | - | - | 679710 | - |
| 08-May-23 | - | 416600 | - | - | 416600 | - |
| 27-Jul-23 | - | 416600 | - | - | 416600 | - |
| 27-Jul-23 | - | 271040 | 271040 | - | - | - |
| 30-Dec-23 | - | 272400 | - | - | 272400 | - |

**Details of stock options granted as at 31 March, 2025 are given below**

| Date of grant | Exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vesting Period | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|
| 18-Nov-21 | 156.20 | 1834100 | 347860 | 1114920 | 168240 | 203280 | 1 to 4 Years | 5.04 |
| 26-Dec-22 | 251.65 | 453140 | - | 453140 | - | - | - | - |
| 08-May-23 | 305.55 | 679710 | - | 179710 | 500000 | - | 1 Year | 4.11 |
| 08-May-23 | 305.55 | 416600 | 208300 | - | 41660 | 164640 | 1 to 4 Years | 6.81 |
| 27-Jul-23 | 400.45 | 416600 | - | - | 83320 | 333280 | 1 to 4 Years | 6.03 |
| 30-Dec-23 | 454.40 | 272400 | 136200 | 45000 | 91200 | - | 1 Year | 4.76 |
| 25-Jul-24 | 697.10 | 900000 | - | - | - | 900000 | 1 to 4 Years | 7.02 |
| 21-Oct-24 | 619.00 | 715000 | - | - | - | 715000 | 1 to 4 Years | 7.26 |
| 28-Jan-25 | 595.45 | 390000 | - | - | - | 390000 | 1 to 4 Years | 7.53 |
| 18-Mar-25 | 610.10 | 190000 | - | - | - | 190000 | 1 to 4 Years | 7.67 |

Details of stock options granted as at 31 March, 2024 are given below

| Date of grant | Exercise price (₹) | Options granted | Options cancelled / lapsed | Options exercised and allotted | Options vested and outstanding at the end of the year | Options unvested and outstanding at the end of the year | Vested Period | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|---|---|---|---|
| 18-Nov-21 | 156.20 | 1834100 | 278540 | 256540 | 823340 | 475680 | 1 to 4 Years | 4.74 |
| 26-Dec-22 | 251.65 | 453140 | - | - | 453140 | - | 1 Year | 4.74 |
| 08-May-23 | 305.55 | 679710 | - | - | - | 679710 | 1 Year | 5.11 |
| 08-May-23 | 305.55 | 416600 | - | - | - | 416600 | 1 to 4 Years | 6.81 |
| 27-Jul-23 | 400.45 | 416600 | - | - | - | 416600 | 1 to 4 Years | 7.03 |
| 27-Jul-23 | 400.45 | 271040 | 271040 | - | - | - | - | - |
| 30-Dec-23 | 454.40 | 272400 | - | - | - | 272400 | 1 to 2 Years | 6.26 |

## 39 STOCK OPTIONS (Contd.)

The following table list the input to the Black Scholes model used for the plans for the year ended 31 March, 2025:

| Date of grant | Risk free rate (%) p.a. | Expected life (in years) | Expected volatility of share price (%) | Dividend yield | Fair value of the options |
|---|---|---|---|---|---|
| 18-Nov-21 | 3.81 - 6.36 | 1 - 4 | 47.82 - 56.02 | - | 31.98 - 73.22 |
| 26-Dec-22 | 6.60 | 1 | 35.99 | - | 43.40 |
| 08-May-23 | 6.82 | 3.51 | 48.46 | 0.49 | 127.22 |
| 08-May-23 | 6.82 - 6.93 | 3.51 - 6.51 | 46.26 - 48.46 | 0.49 | 127.22 - 166.76 |
| 27-Jul-23 | 6.93 - 7.01 | 3.51 - 6.51 | 46.76 - 57.02 | 0.37 | 164.56 - 236.56 |
| 30-Dec-23 | 7.01 - 7.04 | 3.51 - 4.51 | 42.77 - 51.54 | 0.33 | 175.65 - 224.20 |
| 25-Jul-24 | 6.77 - 6.83 | 3.50 - 6.50 | 38.10 - 50.85 | 0.19 | 252.88 - 406.34 |
| 21-Oct-24 | 6.60 - 6.70 | 3.50 - 6.50 | 36.94 - 50.66 | 0.16 | 290.16 - 477.52 |
| 28-Jan-25 | 6.50 - 6.57 | 3.50 - 6.50 | 37.27 - 49.39 | 0.22 | 210.41 - 339.87 |
| 18-Mar-25 | 6.49 - 6.55 | 3.50 - 6.50 | 37.62 - 51.64 | 0.21 | 216.84 - 356.63 |

## 40. SEGMENT REPORTING

**The Group has the following reportable segments:**

| | |
|---|---|
| Power Systems | Transformer, Switchgear and Turnkey Projects |
| Industrial Systems | Electric Motors, Alternators, Drives, Traction Electronics and SCADA |
| Semiconductors | Outsourced Semiconductor Assembly and Test (OSAT) and Radio Frequency (RF) business |
| Others | Adhesive tapes and labels |

**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.

During the year, the Group has identified Outsourced Semiconductor Assembly and Test (OSAT) and Radio Frequency (RF) business as separate operating segment as 'Semiconductors' based on criteria stated in Ind AS 108. Accordingly, the previous year end figures have been restated to report this as separate segment from "Others" segment to "Semiconductors" segment.

**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.

**40. SEGMENT REPORTING (Contd.)**

**Summary of the segmental information as at and for the year ended 31 March, 2025 is as follows:**

₹ crores

| | Power Systems | Industrial Systems | Semi conductors | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External sales | 3505.94 | 6375.65 | - | 27.07 | - | - | 9908.66 |
| Add: Inter segment sales | 3.77 | 0.16 | - | - | - | (3.93) | - |
| **Total revenue** | 3509.71 | 6375.81 | - | 27.07 | - | (3.93) | 9908.66 |
| Segment results | 668.30 | 742.52 | (22.39) | 7.10 | - | - | 1395.53 |
| Less: Finance costs | | | | | | | 7.09 |
| Less: Other unallocable expenditure net of unallocable income | | | | | | | 40.47 |
| Share of profit / (loss) of associate | | | | | | | - |
| **Profit after finance cost but before exceptional items and tax** | | | | | | | 1347.97 |
| Exceptional items (net) | | | | | | | - |
| Tax expense | | | | | | | 374.99 |
| **Profit from continuing operations after tax** | | | | | | | 972.98 |
| **Profit from discontinued operations after tax** | | | | | | | - |
| **Profit for the year** | | | | | | | 972.98 |
| **Other Information:** | | | | | | | |
| Segment assets | 2008.91 | 2987.72 | 773.50 | 31.11 | 73.31 | 1542.52 | 7417.07 |
| Segment liabilities | 1329.10 | 1381.37 | 64.31 | 8.12 | 64.27 | 532.27 | 3379.44 |
| Capital expenditure # | 168.60 | 89.16 | 161.91 | 0.40 | - | 7.25 | 427.32 |
| Depreciation and amortisation # | 37.61 | 63.33 | 1.63 | 0.63 | - | 8.64 | 111.84 |
| Non-cash expenses / (reversal) other than depreciation and amortisation # | (5.99) | (4.48) | - | 0.07 | - | (2.54) | (12.94) |

Summary of the segmental information as at and for the year ended 31 March, 2024 is as follows:

₹ crores

| | Power Systems | Industrial Systems | Semi conductors | Others | Discontinued operations | Eliminations /Unallocable Expenditure /Assets* | Total |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| External sales | 2595.42 | 5428.64 | - | 21.92 | - | - | 8045.98 |
| Add: Inter segment sales | 3.06 | 0.01 | - | - | - | (3.07) | - |
| **Total revenue** | 2598.48 | 5428.65 | - | 21.92 | - | (3.07) | 8045.98 |
| Segment results | 409.95 | 789.74 | (4.14) | 4.32 | - | - | 1199.91 |
| Less: Finance costs | | | | | | | 2.54 |
| Less: Other unallocable expenditure net of unallocable income | | | | | | | 60.47 |
| **Profit after finance cost but before exceptional items and tax** | | | | | | | 1136.90 |
| Exceptional items (net) | | | | | | | 21.48 |
| Tax expense | | | | | | | 287.26 |
| **Profit from continuing operations after tax** | | | | | | | 871.12 |
| **Profit from discontinued operations after tax** | | | | | | | 556.49 |
| **Profit for the year** | | | | | | | 1427.61 |
| **Other Information:** | | | | | | | |
| Segment assets | 1521.27 | 1858.05 | 30.06 | 26.06 | 73.18 | 2119.12 | 5625.74 |
| Segment liabilities | 1087.51 | 988.99 | - | 5.78 | 64.27 | 459.42 | 2606.97 |
| Capital expenditure # | 61.05 | 137.52 | 30.06 | 0.29 | - | 5.35 | 234.27 |
| Depreciation and amortisation # | 33.55 | 51.12 | - | 0.62 | - | 9.60 | 94.89 |
| Non-cash expenses / (reversal) other than depreciation and amortisation# | (3.63) | (0.26) | - | - | - | - | (3.89) |

(*) Unallocable assets comprise assets and liabilities which cannot be allocated to the segments, which majorly includes investments, fixed deposits with banks and tax assets / liabilities

# The disclosure pertains to continuing business segments

## 40 SEGMENT REPORTING (Contd.)

**Geographical Information:**

₹ crores

| | 2024-25 | | | 2023-24 | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue from contracts with customers | 8938.51 | 970.15 | 9908.66 | 7077.25 | 968.73 | 8045.98 |

**Notes:**

a) During the year ended 31 March, 2025 and 31 March, 2024 revenues from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

b) The revenue information above is based on the locations of the customers.

₹ crores

| | As at 31-03-2025 | | | As at 31-03-2024 | | |
|---|---|---|---|---|---|---|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Non-current assets | 1747.52 | 220.13 | 1967.65 | 954.93 | 202.66 | 1157.59 |

Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, goodwill, other intangible assets, intangible assets under development and other non-current assets.

## 41. RELATED PARTY DISCLOSURES

**(a) List of related parties**

**(i) Holding company:**

1 Tube Investments of India Limited

**(ii) Subsidiaries and associate**

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:

| Sr. No | Name of the Related Parties | Country of Incorporation | % Equity Interest | |
|---|---|---|---|---|
| | | | **As at 31-03-2025** | As at 31-03-2024 |
| **A)** | **Subsidiaries:** | | | |
| 1 | CG Power Solutions Limited (dissolved w.e.f. 10 November, 2023) | India | - | - |
| 2 | CG Adhesive Products Limited *(formerly known as* "CG-PPI Adhesive Products Limited") | India | **83.59** | 83.59 |
| 3 | CG Power Equipments Limited | India | **100.00** | 100.00 |
| 4 | CG Semi Private Limited (incorporated w.e.f. 08 March, 2024) | India | **92.34** | 100.00 |
| 5 | G. G. Tronics India Private Limited (subsidiary w.e.f. 20 August, 2024) | India | **55.60** | - |
| 6 | Axiro Semiconductor Private Limited (incorporated w.e.f. 29 October, 2024) | India | **100.00** | - |
| 7 | CG International Holdings Singapore Pte. Limited | Singapore | **100.00** | 100.00 |
| 8 | CG Sales Network Malaysia Sdn. Bhd. | Malaysia | **100.00** | 100.00 |
| 9 | CG International B.V. | The Netherlands | **100.00** | 100.00 |
| 10 | CG Power Solutions UK Limited (dissolved w.e.f. 02 June, 2023) | United Kingdom | - | - |
| 11 | CG Industrial Holdings Sweden AB | Sweden | **100.00** | 100.00 |
| 12 | CG Drives & Automation Sweden AB | Sweden | **100.00** | 100.00 |
| 13 | CG Drives & Automation Germany GmbH | Germany | **100.00** | 100.00 |
| 14 | CG Drives & Automation Netherlands B.V. | The Netherlands | **100.00** | 100.00 |
| 15 | CG DE Sub, LLC *(formerly known as* "QEI, LLC") | USA | **100.00** | 100.00 |
| 16 | CG Power Americas, LLC | USA | **100.00** | 100.00 |
| 17 | Axiro Semiconductor Inc. (incorporated w.e.f. 23 December, 2024) | USA | **100.00** | - |
| 18 | Axiro Semiconductor Turkey Araştirma ve Geliştirme A.Ş. (incorporated w.e.f. 07 March, 2025) | Turkey | **100.00** | - |
| 19 | Axiro Semiconductor (Shenzhen) Co., Ltd. (incorporated w.e.f. 20 March, 2025) | China | **100.00** | - |
| 20 | PT Crompton Prima Switchgear Indonesia | Indonesia | **51.00** | 51.00 |
| **B)** | **Associate:** | | | |
| 1 | Chola Foundation (incorporated w.e.f. 11 December, 2024) (significant influence to the extent of 25%) | India | **33.33** | - |

**(iii) Key Management Personnel:**

1. Amar Kaul - Managing Director & CEO (Appointed w.e.f. 25 July, 2024)
2. Natarajan Srinivasan - Managing Director (Ceased w.e.f. 24 July, 2024)
3. Susheel Todi - Chief Financial Officer
4. Sanjay Kumar Chowdhary - Company Secretary and Compliance Officer (Appointed w.e.f. 09 May 2023)
5. P Varadarajan - Company Secretary and Compliance Officer (Ceased w.e.f. 08 May, 2023)

**Non Executive Directors:**

1. Vellayan Subbiah - Chairman, Non-Independent Non Executive Director
2. M A M Arunachalam - Non Independent Non Executive Director
3. P S Jayakumar - Independent Non Executive Director
4. Sasikala Varadachari - Independent Non-Executive Director (Ceased w.e.f. 17 September 2024)
5. Kalyan Kumar Paul - Non-Independent Non-Executive Director (Ceased w.e.f. 10 September, 2024)
6. Sriram Sivaram - Independent Non-Executive Director
7. Mammen Chally - Independent Non-Executive Director (Appointed w.e.f. 28 Janaury, 2025)
8. Vijayalakshmi R Iyer - Independent Non-Executive Director

**(iv) Other Related Parties (with whom the Company has transactions):**

1. Shanthi Gears Limited - Fellow subsidiary
2. Cellestial E-Trac Private Limited (Merged with TI Clean Mobility Private Limited w.e.f. 01 April, 2023) - Fellow subsidiary
3. TI Clean Mobility Private Limited (w.e.f. 01 April, 2023) - Fellow subsidiary
4. 3Xper Innoventure Limited - Fellow subsidiary

**(v) Post Employment Benefit Entity**

1. CG Gratuity Fund

41. RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties (Refer note 1 below):

₹ crores

| Sr. No | Nature of transactions / relationship | 2024-25 | 2023-24 |
|---|---|---|---|
| 1 | **Purchase of goods and services** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | 1.59 | 0.04 |
| | | 1.59 | 0.04 |
| | **Other related party** | | |
| | Shanthi Gears Limited | 2.57 | 3.12 |
| | | 2.57 | 3.12 |
| | Total | 4.16 | 3.16 |
| 2 | **Sales of goods and services** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | 2.39 | 2.83 |
| | | 2.39 | 2.83 |
| | **Other related parties** | | |
| | Shanthi Gears Limited | 1.39 | 0.84 |
| | TI Clean Mobility Private Limited | 0.24 | - |
| | 3Xper Innoventure Limited | 0.34 | - |
| | | 1.97 | 0.84 |
| | Total | 4.36 | 3.67 |
| 3 | **Dividend paid** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | 115.24 | 115.24 |
| | Total | 115.24 | 115.24 |
| 4 | **Payment to Key Management Personnel** | | |
| | Salaries, commission and perquisites* | 27.49 | 21.11 |
| | Sitting fees and commission to non-executive Directors | 2.15 | 1.37 |
| | Dividend paid | 0.03 | 0.03 |
| | Total | 29.67 | 22.51 |
| 5 | **Investment / acquisition of equity shares** | | |
| | **Associate** | | |
| | Chola Foundation | 0.01 | - |
| | Total | 0.01 | - |
| 6 | **Other expenses** | | |
| | **Holding company** | | |
| | Tube Investments of India Limited | 0.43 | - |
| | Total | 0.43 | - |

*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

## 41. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties :

₹ crores

| Sr. No. | Nature of balances / relationship | | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|---|---|
| 1 | **Trade payable** | | | |
| | **Holding company** | | | |
| | Tube Investments of India Limited | | - | 0.05 |
| | | (A) | - | 0.05 |
| | Non-current | | - | - |
| | Current | | - | 0.05 |
| | | | - | 0.05 |
| | **Other related party** | | | |
| | Shanthi Gears Limited | | - | 0.77 |
| | | (B) | - | 0.77 |
| | Non-current | | - | - |
| | Current | | - | 0.77 |
| | | | - | 0.77 |
| | Total | (A+B) | - | 0.82 |
| 2 | **Trade receivable** | | | |
| | **Holding company** | | | |
| | Tube Investments of India Limited | | 0.00 | 0.39 |
| | | (A) | 0.00 | 0.39 |
| | Non-current | | - | - |
| | Current | | 0.00 | 0.39 |
| | | | 0.00 | 0.39 |
| | **Other related parties** | | | |
| | Shanthi Gears Limited | | 0.33 | 0.16 |
| | TI Clean Mobility Private Limited | | - | 0.01 |
| | | (B) | 0.33 | 0.17 |
| | Non-current | | - | - |
| | Current | | 0.33 | 0.17 |
| | | | 0.33 | 0.17 |
| | Total | (A+B) | 0.33 | 0.56 |
| 3 | **Loans and advances payable** | | | |
| | **Other related party** | | | |
| | Shanthi Gears Limited | | 0.10 | 0.06 |
| | | | 0.10 | 0.06 |
| | Non-current | | - | - |
| | Current | | 0.10 | 0.06 |
| | Total | | 0.10 | 0.06 |
| 4 | **Due to Key Management Personnel** | | | |
| | Non-executive Director's commission | | 1.76 | 0.95 |
| | | | 1.76 | 0.95 |
| | Non-current | | - | - |
| | Current | | 1.76 | 0.95 |
| | | | 1.76 | 0.95 |

(d) **Compensation of Key Management Personnel of the Parent Company**

₹ crores

| Nature of transaction | 2024-25 | 2023-24 |
|---|---|---|
| Short-term employee benefits | 16.39 | 10.88 |
| Post-employment benefits | 0.63 | 0.51 |
| Fair value cost of stock option granted | 10.47 | 9.72 |
| Sitting fees and commission to non-executive Directors | 2.15 | 1.37 |
| **Total compensation paid to Key Management Personnel** | **29.64** | 22.48 |

Notes:

1 The transactions with related parties are made on terms equivalents to and those applicable to all unrelated parties on arm's length transactions. The Group mutually negotiates and agrees transaction value and payment terms with the related parties by benchmarking the same to transactions with non-related parties. Outstanding trade and other receivable / trade and other payable balances are unsecured, interest free and require settlement in cash. No security has been received against these receivables / has been given against these payables.

2 The Parent Company maintains gratuity trust for the purpose of administering the gratuity payment to employees of the Parent Company (CG Gratuity Fund). During the year, the Parent Company contributed ₹ 16.26 crores (previous year ₹ 10.02 crores).

3 Investment in associate has been disclosed in note 6.

## 42. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

**(a) Following subsidiaries are considered as discontinued operations:**

(i) CG Power Equipments Limited
(ii) PT Crompton Prima Switchgear Indonesia
(iii) CG Sales Network Malaysia Sdn. Bhd
(iv) CG DE Sub, LLC (*formerly known as* "QEI, LLC")
(v) CG Power Solutions Limited (dissolved w.e.f. 10 November, 2023)

**(b)** During the previous year, the Group had sold net assets in wholly owned step down foreign subsidiary i.e. CG DE Sub, LLC (formerly known as "QEI, LLC") and recognised net gain (net of transaction costs and taxes) of ₹ 65.39 crores under exceptional items.

**(c)** During the previous year, the National Company Law Tribunal ("NCLT") had passed order dated 10 November, 2023 to dissolve one of the subsidiary of the Group i.e. CG Power Solutions Limited. Based on such order, the Group had deconsolidated the said subsidiary and recognised net gain of ₹ 551.06 crores under discontinued operation.

**(d)** Liquidation of subsidiary CG Sales Network Malaysia Sdn. Bhd. is under process. Consequently, business of the said subsidiary has been classified as discontinued operation.

**(e)** Shareholders of PT Crompton Prima Switchgear Indonesia has passed resolution to authorise the local bank to liquidate the assets of the Company. Consequently, business of the said subsidiary has been classified as discontinued operation.

**Statement of profit and loss of the discontinued operations is as under :**

| | **2024-25** | 2023-24 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Revenue from operations | - | 25.35 |
| Expenses (net of other income) | - | (530.34) |
| Profit before tax | - | 555.69 |
| Tax expense | - | (0.80) |
| Profit after tax from discontinued operations | - | 556.49 |

**The major classes of assets and liabilities of the discontinued operation are as under:**

| | **As at 31-03-2025** | As at 31-03-2024 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **71.76** | 71.76 |
| **Current assets** | | |
| **Financial assets** | | |
| Cash and cash equivalents | **0.61** | 0.56 |
| Current tax assets (net) | **0.94** | 0.86 |
| **Assets classified as held for sale and discontinued operations (A)** | **73.31** | 73.18 |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Provision | **0.22** | 0.22 |
| Deferred tax liabilities (net) | **2.79** | 2.79 |
| **Current liabilities** | | |
| **Financial liabilities** | | |
| Borrowings | **36.56** | 36.56 |
| Trade payables | **12.00** | 12.00 |
| Other financial liabilities | **9.83** | 9.83 |
| Other current liabilities | **1.14** | 1.14 |
| Provisions | **1.73** | 1.73 |
| Liabilities associated with **group of assets classified as held for sale and discontinued operations (B)** | **64.27** | 64.27 |
| **Net assets associated with disposal group and discontinued operations (A-B)** | **9.04** | 8.91 |

**Net cash flows attributable to the operating, investing and financing activities of discontinued operations:**

**₹ crores**

| | **2024-25** | 2023-24 |
|---|---|---|
| Cash flow (used in) / from - Operating activities | - | (6.27) |
| Cash flow (used in) / from - Investing activities | - | 83.20 |
| Cash flow (used in) / from - Financing activities | - | (0.64) |

## 43. EXCEPTIONAL ITEMS

₹ crores

| | 2024-25 | 2023-24 |
|---|---|---|
| Net gain (net of transaction costs and taxes) on sale of net assets in wholly owned step down foreign subsidiary (Refer note 42 (b)) | - | 65.39 |
| Net gain / (loss) on deconsolidation of subsidiaries (Refer note (a) below) | - | 0.54 |
| Reversal / (provision) towards other litigations (Refer note (b) below) | - | (42.00) |
| Compensation to employees pursuant to voluntary retirement scheme (Refer note (c) below) | - | (2.45) |
| Total | - | 21.48 |

Notes:

(a) During the previous year, one of the subsidiary of the Group i.e. CG Power Solutions UK Limited had been dissolved based on dissolution order received from local jurisdiction. As a consequence, net loss of ₹ 12.13 crores had been recognised under exceptional items. Further on account of such dissolution, gain of ₹ 12.72 crores of accumulated foreign currency translation reserve and loss of ₹ 0.05 crores of hedged reserve had been transferred to statement of profit and loss account and recognised under exception items.

(b) During the previous year, the Group had made payment towards settlement of litigations of ₹ 42.00 crores.

(c) During the previous year, the Group had made payment towards compensation to employees pursuant to voluntary retirement scheme of ₹ 2.45 crores.

## 44. 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 and cash equivalents, bank balances other than cash and cash equivalents, non-current and current financial assets - others, non-current and current financial liabilities - borrowings, trade payables and non-current and current financial liabilities - other 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

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

5. The Group has carried all other financial assets and others financial liabilities, other than those disclosed in the table below at amortised cost

**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

₹ crores

| | Note No. | Carrying amount As at 31-03-2025 | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non-current investments* | 6 | 0.75 | 0.69 | - | 0.06 |
| Current investments | 11 | 436.78 | 436.77 | - | 0.01 |
| **Total** | | 437.53 | 437.46 | - | 0.07 |
| **Financial liabilities at fair value through profit and loss:** | | | | | |
| Derivative instruments | 24 | 0.21 | - | 0.21 | - |
| **Financial liabilities at fair value through other comprehensive income:** | | | | | |
| Derivative instruments | 24 | 4.46 | - | 4.45 | - |
| **Total** | | 4.66 | - | 4.66 | - |

₹ crores

| | Note No | Carrying amount As at 31-03-2024 | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss:** | | | | | |
| Non-current investments | 6 | 0.75 | 0.69 | - | 0.06 |
| Current investments | 11 | 587.70 | 587.69 | - | 0.01 |
| Derivative instruments | 15 | 0.69 | - | 0.69 | - |
| Total | | 589.14 | 588.38 | 0.69 | 0.07 |

* Excludes investment in associate which is measured at cost

During the reporting period ending 31 March, 2025 and 31 March, 2024 there were no transfers between Level 1 and Level 2 fair value measurements

## 45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT

The Group'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 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 risk such as currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings and derivative financial instruments.

**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.

**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.

**Unhedged foreign currency exposure as at 31 March, 2025**

₹ crores

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Assets | **49.13** | **112.26** | **-** | **-** | **4.04** | **165.43** |
| Liabilities | **(101.57)** | **(124.17)** | **(0.51)** | **(0.11)** | **(1.54)** | **(227.90)** |

Unhedged foreign currency exposure as at 31 March, 2024

₹ crores

| | USD | Euro | JPY | CHF | Others | Total |
|---|---|---|---|---|---|---|
| Assets | 55.75 | 106.80 | - | - | 6.19 | 168.74 |
| Liabilities | (107.71) | (95.68) | (0.84) | (1.23) | (2.00) | (207.46) |

**Foreign currency sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on profit or loss before tax

₹ crores

| | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | **(0.52)** | **0.52** | (0.52) | 0.52 |
| Euro | **(0.12)** | **0.12** | 0.11 | (0.11) |
| JPY | **(0.01)** | **0.01** | (0.01) | 0.01 |
| CHF | **(0.00)** | **0.00** | (0.01) | 0.01 |
| Others | **0.03** | **(0.03)** | 0.04 | (0.04) |
| Increase / (decrease) | **(0.62)** | **0.62** | (0.39) | 0.39 |

1% increase or decrease in foreign exchange rates will have the following impact on equity

₹ crores

| | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | **(0.39)** | **0.39** | (0.39) | 0.39 |
| Euro | **(0.09)** | **0.09** | 0.08 | (0.08) |
| JPY | **(0.01)** | **0.01** | (0.01) | 0.01 |
| CHF | **(0.00)** | **0.00** | (0.01) | 0.01 |
| Others | **0.02** | **(0.02)** | 0.03 | (0.03) |
| Increase / (decrease) | **(0.47)** | **0.47** | (0.30) | 0.30 |

**Foreign exchange forward contracts**

Details of foreign exchange forward contracts entered and outstanding as at balance sheet date

₹ crores

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| Forward contracts - sold (USD / INR) | **6.12** | 8.43 |
| Forward contracts - sold (EUR / INR) | **7.13** | 61.12 |

The fair value of foreign exchange forward contracts position recorded under financial assets and financial liabilities are as follows

₹ crores

| | As at 31-03-2025 | | As at 31-03-2024 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Forward contracts | **-** | **0.21** | 0.69 | - |

**45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)**

**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, 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 given, other financial assets and 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**

₹ crores

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Investments in government and trust securities | **0.41** | 0.43 |
| Investments in debentures or bonds | **0.05** | 0.05 |
| Other non-current investments | **0.29** | 0.27 |
| Non-current financial assets - others | **18.32** | 11.64 |
| Cash and cash equivalents and other bank balances | **1259.12** | 854.41 |
| Current financials assets - others | **182.52** | 136.21 |
| Current financials assets - investments | **436.78** | 587.70 |
| **Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)** | | |
| Trade receivables | **2060.41** | 1627.65 |

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.

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.

₹ crores

| | Amount |
|---|---|
| **As at 31-03-2025** | |
| Up to 3 months | **1809.61** |
| 3 to 6 months | **84.26** |
| More than 6 months | **166.54** |
| | **2060.41** |
| **As at 31-03-2024** | |
| Up to 3 months | 1443.86 |
| 3 to 6 months | 41.66 |
| More than 6 months | 142.13 |
| | 1627.65 |

The following table summarizes the change in the loss allowances for trade receivables measured using life-time expected credit loss model.

₹ crores

| | Amount |
|---|---|
| **As at 01 April, 2023** | 111.03 |
| Provided during the year | 6.18 |
| Amounts written off | (17.81) |
| Reversals of provision | (5.93) |
| Exchange differences | (0.01) |
| **As at 31 March, 2024** | **93.46** |
| Provided during the year | **5.55** |
| Addition due to acquisition of subsidiary | **2.80** |
| Amounts written off | **(42.67)** |
| Reversals of provision | **(7.93)** |
| Exchange differences | **0.00** |
| **As at 31 March, 2025** | **51.21** |

No significant changes in estimation techniques or assumptions were made during the reporting period.

**45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND CAPITAL MANAGEMENT (Contd.)**

**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

₹ crores

| As at 31 March, 2025 | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Non-current - Borrowings | - | 0.26 | - | 0.26 |
| Current - Borrowings | 0.08 | - | - | 0.08 |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | 0.12 |
| Deposits payable | - | 25.73 | 0.44 | 26.17 |
| Trade payables | 1870.04 | - | - | 1870.04 |
| Other financial liabilities | 460.36 | - | - | 460.36 |
| Lease liabilities | 15.89 | 27.33 | 4.88 | 48.10 |

₹ crores

| As at 31 March, 2024 | 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 | - | 0.96 | 10.00 | 10.96 |
| Trade payables# | 1484.25 | - | - | 1484.25 |
| Other financial liabilities | 368.53 | - | - | 368.53 |
| Lease liabilities | 5.57 | 9.39 | 5.57 | 20.53 |

# Includes disputed Trade payable of ₹19.08 crores (Refer note 23)

General credit terms for the trade payables are in the range of 30 to 180 days The Group has access to credit facilities to mitigate any short term liquidity risk

**Collaterals:**

The Group has provided a charge over its current assets as primary security for the banking facilities extended to the Group

**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 is as follows

₹ crores

| | As at 31-03-2025 | As at 31-03-2024 |
|---|---|---|
| Total debt | 0.46 | 0.12 |
| Equity | 3843.95 | 3017.44 |
| **Total debt and equity** | 3844.41 | 3017.56 |
| Gearing ratio | 0.01% | 0.00% |

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2025 and 31 March, 2024

There have been no breaches in the financial covenant of any borrowings

## 46 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ crores

| | As at 1-04-2024 | Cash inflows / (outflows) | Effect of reclassification | Recognition of lease liabilities (net) | Liabilities acquired on acquisition of subsidiary | Finance cost charged during the year | Others | As at 31-03-2025 |
|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| Term loans from banks | - | - | (0.06) | - | 0.32 | - | - | 0.26 |
| **Current financial liabilities - borrowings:** | | | | | | | | |
| **Secured loans** | | | | | | | | |
| Term loans from banks | - | (11.11) | - | - | 11.11 | - | - | - |
| Working capital loan | - | (4.50) | - | - | 4.50 | - | - | - |
| Current maturities of long- term loans from banks | - | (0.06) | 0.06 | - | 0.08 | - | - | 0.08 |
| **Unsecured loans** | | | | | | | | |
| Loans from related parties | - | (0.01) | - | - | 0.01 | - | - | - |
| **Current - other financial liabilities:** | | | | | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | - | - | 0.12 |
| Others | - | (3.24) | - | - | - | 3.24 | - | - |
| **Lease liabilities** | 17.44 | (11.23) | - | 31.39 | 0.95 | 1.69 | 0.39 | 40.63 |
| **Non controlling interest** | 1.33 | 29.93 | - | - | 164.45 | - | (2.03) | 193.68 |
| **Total** | 18.89 | (0.22) | - | 31.39 | 181.42 | 4.93 | (1.64) | 234.77 |

₹ crores

| | As at 1-04-2023 | Cash inflows / (outflows) | Recognition of lease liabilities (net) | Finance cost charged during the year | Others | As at 31-03-2024 |
|---|---|---|---|---|---|---|
| **Current - other financial liabilities:** | | | | | | |
| Interest-free sales tax deferral loans from State Government | 0.12 | - | - | - | - | 0.12 |
| Others | - | (0.91) | - | 0.91 | - | - |
| **Lease liabilities** | 16.43 | (6.57) | 6.40 | 1.18 | 0.00 | 17.44 |
| **Non controlling interest** | 0.93 | (0.21) | - | - | 0.61 | 1.33 |
| **Total** | 17.48 | (7.69) | 6.40 | 2.09 | 0.61 | 18.89 |

**Non-cash investing activities:**

a) Fair value gain on financial instruments at fair value through profit and loss ₹ 3.88 crores (previous year ₹ 5.43 crores)

b) Addition to right of use assets ₹ 30.35 crores (previous year ₹ 6.56 crores)

## 47. EARNINGS PER SHARE

| | | 2024-25 | 2023-24 |
|---|---|---|---|
| Face value of equity share | | **2.00** | 2.00 |
| Weighted average number of Equity Shares | | | |
| - Basic | Nos | **1528289183** | 1527249399 |
| - Diluted | Nos | **1529443915** | 1528604000 |
| Profit for the year (continuing operations) | ₹ crores | **974.60** | 870.52 |
| Earnings per share (for continuing operations) | | | |
| - Basic | | **6.38** | 5.70 |
| - Diluted | | **6.37** | 5.69 |
| Profit for the year (discontinued operations) | ₹ crores | - | 556.49 |
| Earnings per share (for discontinued operations) | | | |
| - Basic | | - | 3.64 |
| - Diluted | | - | 3.64 |
| Profit for the year (total operations) | ₹ crores | 974.60 | 1427.01 |
| Earnings per share (for total operations) | | | |
| - Basic | | **6.38** | 9.34 |
| - Diluted | | **6.37** | 9.33 |
| Profit used as the numerators in calculating basic and diluted earnings per share (total operations) | | **974.60** | 1427.01 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | | **1528289183** | 1527249399 |
| Weighted average number of equity shares used as the denominator in calculating diluted earnings per share* | | **1529443915** | 1528604000 |

*Current year and previous year, the dilutive impact is due to employee stock options granted

## 48. DISCLOSURE OF INTEREST IN OTHER ENTITIES

**Material non-controlling interest for continuing and discontinued operations:**

| | Principal place of business / Country of incorporation | Proportion of interest held by Non-controlling entities as at 31-03-2025 % | 31-03-2024 % |
|---|---|---|---|
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | India | **16.41** | 16.41 |
| CG Semi Private Limited | India | **7.66** | - |
| G. G. Tronics India Private Limited (w.e.f. August 20, 2024) | India | **44.40** | - |
| PT Crompton Prima Switchgear Indonesia (entity under discontinued operation) | Indonesia | **49.00** | 49.00 |

The proportion of voting rights held by non controlling interest does not differ from the proportion of ownership interest

The below mentioned disclosures are based on amounts before inter-company eliminations

**Summarised statement of profit and loss:**

₹ crores

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | G. G. Tronics India Private Limited | CG Semi Private Limited | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|---|---|
| | **2024-25** | 2023-24 | **2024-25*** | **2024-25** | **2024-25** | 2023-24 |
| Income | **44.43** | 31.91 | **96.57** | **3.42** | - | - |
| Expenditure | **(36.80)** | (27.04) | **(102.43)** | **(19.54)** | - | - |
| Profit / (loss) before tax | **7.63** | 4.87 | **(5.86)** | **(16.12)** | - | - |
| Tax expense | **1.87** | 1.23 | **(3.04)** | **0.85** | - | - |
| Profit / (loss) for the year (A) | **5.76** | 3.64 | **(2.82)** | **(16.97)** | - | - |
| - attributable to the equity holders of the parent | **4.81** | 3.04 | **(1.55)** | **(15.67)** | - | - |
| - attributable to the non-controlling interest | **0.95** | 0.60 | **(1.27)** | **(1.30)** | - | - |
| Other comprehensive income (B) | **0.00** | (0.03) | **(0.15)** | **(4.45)** | - | - |
| - attributable to the equity holders of the parent | **0.00** | (0.03) | **(0.08)** | **(4.11)** | - | - |
| - attributable to the non controlling interest | **0.00** | (0.00) | **(0.07)** | **(0.34)** | - | - |
| **Total comprehensive income (A+B) = C** | **5.76** | 3.61 | **(2.97)** | **(21.42)** | - | - |
| - attributable to the equity holders of the parent | **4.81** | 3.01 | **(1.63)** | **(19.78)** | - | - |
| - attributable to the non-controlling interest | **0.95** | 0.60 | **(1.34)** | **(1.64)** | - | - |

* from the date of acquisition till year end

**Summarised balance sheet:**

₹ crores

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | G. G. Tronics India Private Limited | CG Semi Private Limited | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|---|---|
| | **As at 31-03-2025** | As at 31-03-2024 | **As at 31-03-2025** | **As at 31-03-2025** | **As at 31-03-2025** | As at 31-03-2024 |
| Current assets | **31.23** | 28.05 | **234.47** | **178.53** | **19.33** | 19.33 |
| Non-current assets | **9.23** | 4.31 | **248.76** | **242.96** | **127.16** | 127.16 |
| Current liabilities | **(7.74)** | (5.70) | **(56.58)** | **(55.98)** | **(105.71)** | (105.71) |
| Non-current liabilities | **(0.38)** | (0.09) | **(59.24)** | **(0.61)** | **(65.57)** | (65.57) |
| **Total equity** | **32.34** | 26.57 | **367.41** | **364.90** | **(24.79)** | (24.79) |
| **Attributable to:** | | | | | | |
| Equity holders of parent | **27.03** | 22.21 | **204.28** | **336.95** | **(12.64)** | (12.64) |
| Non-controlling interest | **5.31** | 4.36 | **163.13** | **27.95** | **(12.15)** | (12.15) |

**Summarised cash flow information:**

₹ crores

| | CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | | G. G. Tronics India Private Limited | CG Semi Private Limited | PT Crompton Prima Switchgear Indonesia | |
|---|---|---|---|---|---|---|
| | **2024-25** | 2023-24 | **2024-25*** | **2024-25** | **2024-25** | 2023-24 |
| **Cash flows from:** | | | | | | |
| Operating activities | **(1.76)** | 1.69 | **(6.44)** | **(29.44)** | - | - |
| Investing activities | **1.70** | 0.27 | **(113.64)** | **(349.60)** | - | - |
| Financing activities | **(0.00)** | (0.01) | **127.56** | **390.28** | - | - |
| Net increase / (decrease) in cash and cash equivalents | **(0.06)** | 1.95 | **7.48** | **11.24** | - | - |

* from the date of acquisition till year end

## 49 UPDATES ON INVESTIGATIONS FOR PAST YEARS

The Company is fully co-operating with the ongoing investigation by the Serious Fraud Investigation Office ('SFIO') and other regulatory authorities on the affairs of the Company pertaining to past period and against erstwhile promoters and erstwhile key managerial personnel relating to transactions that took place when the Company was under the control of the erstwhile promoters/management. In respect to this, there is no impact on current year financials of the Group.

## 50 OTHER STATUTORY INFORMATION

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

(iii) Following are the details of the funds invested by the Company to Intermediaries for further advancing to the Ultimate beneficiaries

₹ crores

| Name of the intermediary in which the funds are invested | Date of funds invested | Amount of funds for onward investment | Date on which funds are further advanced / invested by intermediaries to other intermediaries or ultimate beneficiaries | Amount of fund further advanced / invested by such intermediaries to other intermediaries or ultimate beneficiaries | Ultimate beneficiary |
|---|---|---|---|---|---|
| Axiro Semiconductor Private Limited | 25 March, 2025 | 310.00 | 28 March, 2025 | 278.04 | Axiro Semiconductor Inc |

The Group has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

**Details of each Intermediary / ultimate beneficiary**

| Name of entity | Registered address | Government identification number | Relationship with the Company |
|---|---|---|---|
| Axiro Semiconductor Private Limited | 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India | U26103MH2024PTC434243 | Subsidiary |
| Axiro Semiconductor Inc | 850, New Burton Road, Suite 201, City of Dover, County of Kent, Delaware 199904 | 10046373 | Step down subsidiary |

(iv) The Group has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provision of the Income Tax Act, 1961).

(v) The Group does not have any transactions with companies which has been struck off by ROC under Section 248 of the Companies Act, 2013.

(vi) The Group has not been declared as wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## 51 STANDARD ISSUED BUT NOT YET EFFECTIVE

There are no standards of accounting or any addendum thereto, prescribed by Ministry of Corporate Affairs under section 133 of the Companies Act, 2013, which are issued but are not yet effective as on 31 March, 2025.

## 52 TRANSFER FROM GENERAL RESERVE TO RETAINED EARNINGS

The Board of Directors of the Parent Company, at its Meeting held on 19 October 2022 had approved a Scheme of Arrangement ('Scheme') under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act"). The Scheme inter-alia provides for capital reorganization of the Parent Company, whereby it is proposed to transfer ₹ 400 Crores from the General Reserves to the Retained Earnings of the Parent Company with effect from the Appointed Date i.e. the effective date of the Scheme mentioned in the Scheme. The Scheme was subject to receipt of regulatory approvals/ clearances from the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"), Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and such other approval/clearances, as may be applicable. BSE was appointed as the Designated Stock Exchange by the Parent Company to obtain the No Objection Certificate ("NOC") from SEBI under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. BSE had intimated the Parent Company that it can re-submit the Scheme with revised rationale. After evaluation, the Parent Company has decided not to proceed with the Scheme.

## 53. INCORPORATION OF SUBSIDIARY TO SET UP OSAT FACILITY

The Company, during the previous year had incorporated a subsidiary named CG Semi Private Limited ('CG SEMI') to set up an Outsourced Semiconductor Assembly and Test ('OSAT') facility. The CG SEMI for purpose of said facility had acquired a land on lease term of 99 years for the total consideration of ₹ 56.49 crores. The CG SEMI has paid ₹ 30.06 crores and remaining amount of ₹ 26.43 crores was paid by Central government in the form of government grant. The group has recognised the said land under Right-of-Use assets for ₹ 30.06 crores i.e. net off government grant.

54 The Parent Company and subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act ('Entities in India'), have used accounting software for maintaining their respective books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software, except that:

**(a) As regards the Parent Company,**

(i) in respect of SAP applications, the audit trail feature was not enabled for changes made (if any) by users with privileged / administrative access rights to such applications and the underlying database; and

(ii) in respect of other accounting software used for payroll processing and approval of discounts, the audit trail feature was not enabled at the database level to log any direct changes to data for the period from April 01, 2024 to February 17, 2025 and from April 01, 2024 to May 03, 2024, respectively.

**(b) As regards the Subsidiaries which are companies incorporated in India**

(i) in respect of one subsidiary, the audit trail feature with regard to one software has operated only for part of the period ending March 31, 2025 for the relevant transactions recorded in the software.

(ii) In respect of one subsidiary, the subsidiary has used accounting software which does not have the feature of recording audit trail (edit log) facility.

(iii) in respect of one subsidiary, the audit trail feature was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account.

Further, to the extent the audit trail feature for the applications and periods for which audit trail feature was enabled and operated by Entities in India, there were no instances of such audit trail feature being tampered with.

Additionally, the audit trail of relevant prior year has been preserved by the Parent Company and subsidiaries, to the extent applicable, as per the statutory requirements for record retention to the extent it was enabled and recorded in the relevant year.

**55.** With respect to newly incorporated subsidiary i.e. Axiro Semiconductor Private Limited books of account as required by law have been kept by the Company however backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis. Considering the first year of incorporation of the entity, management is in the process of setting in place processes for maintaining backup of the books of account and other books and papers maintained in electronic mode as prescribed under the Rule 3 of the Companies (Accounts) Rules, 2014 (as amended).

**56. ACQUISITION OF G. G. TRONICS INDIA PRIVATE LIMITED**

i) During the year, pursuant to the Shareholders Agreement, Share Purchase Agreement and Share Subscription Agreement entered by the Company with M/s G.G. Tronics India Private Limited ('GGT') and existing shareholders of GGT, the Group acquired a controlling stake in GGT with effect from August 20, 2024 ('acquisition date') through the combination of purchase of equity shares and Compulsory Convertible Preference Shares ('CCPS') for total consideration of ₹ 319.38 crores resulting in GGT becoming a Subsidiary of the Company from such date. The Company has acquired 275459 equity shares of GGT including equity shares received on conversion of CCPS. GGT operates in the field of design, manufacture, supply and installation of electronic safety embedded signalling systems for the railway transportation sector. The Group has accounted the assets and liabilities and resultant goodwill arising out of this acquisition, at their respective fair values as per Ind AS 103.

ii) The Group has elected to measure the non controlling interests at the proportionate share of the acquiree's net assets.

iii) The above transaction has been accounted in accordance with Ind AS 103 - Business Combinations.

**The amount recognised in respect of identifiable assets and liabilities assumed are as set out in the table below**

| Particular | Amount (₹ crores) |
|---|---|
| **Assets** | |
| Property, plant and equipment | 41.25 |
| Intangible assets | 200.48 |
| Intangible assets under development | 0.03 |
| Inventories | 60.71 |
| Trade receivable | 29.52 |
| Cash and cash equivalents | 147.85 |
| Bank Balance other than cash and cash equivalents | 0.17 |
| Other receivables | 12.82 |
| **Total Assets (A)** | **492.83** |
| **Liabilities** | |
| Borrowings | 16.02 |
| Lease liabilities | 0.95 |
| Trade payable | 42.15 |
| Deferred tax liabilities (net) | 52.79 |
| Other liabilities and provision | 10.54 |
| **Total Liabilities (B)** | **122.45** |
| **Total identifiable net assets acquired (C=A-B)** | **370.38** |
| % Stake held by the Group (D) | 55.60% |
| **Share of net assets of the Group (E=C*D)** | **205.93** |
| Purchase consideration (F) | 319.38 |
| **Goodwill (F-E)** | **113.45** |
| **Minority interest recognised on business combination (C-E)** | **164.45** |

**Other matters:**

i. The goodwill of ₹ 113.45 crores comprises the value of expected synergies arising from the acquisition tangible and Intangibles assets, recognised in accordance with Ind AS 38.

ii. From the date of acquisition, GGT has contributed ₹ 91.35 crores of revenue from operations and ₹ 3.75 crores to profit before tax of the Group (before intercompany elimination). If the combination had taken place at the beginning of the year, revenue from operations would have been ₹ 118.79 crores and profit before tax for the Group would have been ₹ 1.93 crores (before intercompany elimination).

iii. Transaction costs of ₹ 0.64 crores have been expensed and are included in other expenses.

iv. The deferred tax liabilities (net) mainly comprises the tax effect of the fair value of tangible and intangible assets due to the acquisitions amounting to ₹ 57.55 crores.

v. At the date of the acquisition, the fair value of the trade receivables approximated their gross contractual amount.

57 HEDGING ACTIVITIES AND DERIVATIVES

**Cash Flow Hedges**

Foreign exchange forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast capital outflow in USD

(₹ crores)

| | As at March 31, 2025 | |
|---|---|---|
| | Assets | Liabilities |
| Fair value of foreign exchange forward contracts | - | 4 45 |

**Disclosure of effects of hedge accounting as on March 31, 2025**

| Foreign exchange risk on cash flow hedge | Foreign currency forward contract |
|---|---|
| Nominal value of hedging instruments (No of contracts) | 61 |
| Carrying value of hedging instruments (₹ crores) | 252 26 |
| Maturity date | 30-Apr-25 to 30-Oct-25 |
| Hedge ratio | 1.1 |
| Weighted average rate | 1 USD 87 58 |
| Changes in fair value of hedging instrument (₹ crores) | 4 45 |
| Changes in the value of hedged Item used as a basis for recognising hedge effectiveness (₹ crores) | 4 45 |

| Cash flow | Change in the value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedge reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| Foreign exchange risk | 4 45 | - | - | NA |

58. During the year the Group had entered into a Definitive Agreement with Renesas Electronics America Inc. & other affiliate entities of Renesas Electronics Corporation for acquisition of Radio Frequency ('RF') Components business through one or more subsidiaries of the Group The Group has obtained approval from the Committee on Foreign Investment in the United States (CFIUS) and other necessary regulatory and statutory approvals for acquisition Subsequent to the year end, the Group has acquired RF Components business from Renesas Electronics America Inc and other affiliate entities of Renesas Electronics Corporation for consideration of about USD 36 million subject to closing adjustments and Escrow amount

As per Ind AS 103, the identifiable assets (mainly pertaining to Intellectual Property Inventories and Plant and Machineries) acquired and liabilities assumed, are to be recognized at their fair values as at the acquisition date i e 03 April 2025 However the purchase price allocation (PPA) exercise is still in progress as at the date of authorization of these consolidated financial statements for issue The Group expects to complete the purchase price allocation within the measurement period as permitted under Ind AS 103

**59. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2025 AND 31 MARCH 2024**

Year Ended 31 March 2025

| | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| Name of the entity in the Group | 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 |
| **I. Parent** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 100.76 | 4068.58 | 100.14 | 974.46 | 156.47 | (7.82) | 99.85 | 966.64 |
| **II. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.67 | 27.03 | 0.49 | 4.81 | 0.00 | 0.00 | 0.50 | 4.81 |
| CG Power Equipments Limited | 0.00 | 0.00 | - | - | - | - | - | - |
| CG Semi Private Limited | 8.35 | 336.96 | (1.61) | (15.67) | 82.25 | (4.11) | (2.04) | (19.78) |
| G G Tronics India Private Limited | 2.79 | 112.46 | 0.27 | 2.60 | 1.62 | (0.08) | 0.26 | 2.52 |
| Axiro Semiconductor Private Limited | 8.52 | 344.01 | (0.62) | (6.04) | - | - | (0.62) | (6.04) |
| **b) Foreign** | | | | | | | | |
| CG International B.V. | (44.70) | (1804.70) | 0.13 | 1.24 | - | - | 0.13 | 1.24 |
| CG Power Americas, LLC | (2.61) | (105.32) | 0.51 | 4.92 | - | - | 0.51 | 4.92 |
| CG DE Sub, LLC (*formerly known as* "QEI, LLC") | - | - | - | - | - | - | - | - |
| CG Industrial Holdings Sweden AB | 4.32 | 174.29 | (0.02) | (0.19) | - | - | (0.02) | (0.19) |
| CG Drives & Automation Sweden AB | 5.59 | 225.52 | 1.69 | 16.40 | - | - | 1.69 | 16.40 |
| CG Drives & Automation Netherlands B.V. | 1.02 | 41.27 | 0.32 | 3.16 | - | - | 0.33 | 3.16 |
| CG Drives & Automation Germany GmbH | 1.02 | 41.11 | 1.07 | 10.40 | - | - | 1.07 | 10.40 |
| CG International Holdings Singapore Pte. Limited | (2.47) | (99.63) | 0.97 | 9.41 | - | - | 0.97 | 9.41 |
| CG Sales Network Malaysia Sdn Bhd | 0.04 | 1.48 | - | - | - | - | - | - |
| PT Crompton Prima Switchgear Indonesia | (0.31) | (12.64) | - | - | - | - | - | - |
| Axiro Semiconductor Inc. | 6.89 | 278.27 | (0.05) | (0.52) | | | (0.05) | (0.52) |
| Axiro Semiconductor (Shenzhen) Co. Ltd | - | - | - | - | - | - | - | - |
| Axiro Semiconductor Turkey Araştırma ve Geliştirme A.Ş | - | - | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 5.33 | 215.26 | (3.13) | (30.38) | (148.48) | 7.42 | (2.37) | (22.96) |
| **Non controlling interest** | | | | | | | | |
| **I. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.13 | 5.31 | 0.10 | 0.95 | 0.00 | 0.00 | 0.10 | 0.95 |
| CG Semi Private Limited | 0.69 | 27.95 | (0.13) | (1.30) | 6.82 | (0.34) | (0.17) | (1.64) |
| G G Tronics India Private Limited | 2.22 | 89.60 | 0.22 | 2.12 | 1.32 | (0.07) | 0.21 | 2.05 |
| **b) Foreign** | | | | | | | | |
| PT Crompton Prima Switchgear Indonesia | (0.30) | (12.15) | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 2.05 | 82.77 | (0.35) | (3.39) | - | - | (0.35) | (3.39) |
| **Total** | **100.00** | **4037.63** | **100.00** | **972.98** | **100.00** | **(5.00)** | **100.00** | **967.98** |

**59. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED 31 MARCH 2025 AND 31 MARCH 2024 (Contd.)**

**Year Ended 31 March 2024**

| | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| **Name of the entity in the Group** | **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** |
| **I. Parent** | | | | | | | | |
| CG Power and Industrial Solutions Limited | 107.51 | 3245.44 | 70.35 | 1004.36 | 119.85 | (9.54) | 70.08 | 994.82 |
| **II. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.74 | 22.21 | 0.21 | 3.04 | 0.38 | (0.03) | 0.21 | 3.01 |
| CG Power Solutions Limited (dissolved w.e.f. 10 November 2023) | - | - | (0.00) | (0.01) | - | - | (0.00) | (0.01) |
| CG Power Equipments Limited | 0.00 | 0.00 | 0.00 | 0.00 | - | - | 0.00 | 0.00 |
| CG Semi Private Limited (incorporated w.e.f. 08 March, 2024) | (0.14) | (4.13) | (0.29) | (4.14) | - | - | (0.29) | (4.14) |
| **b) Foreign** | | | | | | | | |
| CG International B.V. | (58.30) | (1759.96) | (10.80) | (154.21) | - | - | (10.86) | (154.21) |
| CG Power Americas, LLC | (3.55) | (107.14) | 7.33 | 104.58 | - | - | 7.37 | 104.58 |
| CG DE Sub. LLC (formerly known as "QEI, LLC") | - | - | 5.65 | 80.67 | - | - | 5.68 | 80.67 |
| CG Power Solutions UK Limited (dissolved w.e.f. 02 June, 2023) | - | - | (1.08) | (15.36) | - | - | (1.08) | (15.36) |
| CG Industrial Holdings Sweden AB | 5.19 | 156.57 | 0.28 | 4.04 | - | - | 0.28 | 4.04 |
| CG Drives & Automation Sweden AB | 6.78 | 204.62 | 2.02 | 28.83 | - | - | 2.03 | 28.83 |
| CG Drives & Automation Netherlands B.V. | 1.23 | 37.21 | 0.26 | 3.78 | - | - | 0.27 | 3.78 |
| CG Drives & Automation Germany GmbH | 0.99 | 29.90 | 0.25 | 3.54 | - | - | 0.25 | 3.54 |
| CG International Holdings Singapore Pte. Limited | (3.48) | (105.05) | 1.14 | 16.22 | - | - | 1.14 | 16.22 |
| CG Sales Network Malaysia Sdn Bhd | 0.04 | 1.34 | - | - | - | - | - | - |
| PT Crompton Prima Switchgear Indonesia | (0.42) | (12.64) | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 43.37 | 1309.07 | 24.64 | 351.67 | (20.23) | 1.61 | 24.88 | 353.26 |
| **Non controlling interest** | | | | | | | | |
| **I. Subsidiaries** | | | | | | | | |
| **a) Indian** | | | | | | | | |
| CG Adhesive Products Limited (*formerly known as* "CG-PPI Adhesive Products Limited") | 0.14 | 4.36 | 0.04 | 0.60 | 0.00 | (0.00) | 0.04 | 0.60 |
| **b) Foreign** | | | | | | | | |
| PT Crompton Prima Switchgear Indonesia | (0.40) | (12.15) | - | - | - | - | - | - |
| Consolidation adjustment and elimination | 0.30 | 9.12 | - | - | - | - | - | - |
| **Total** | **100.00** | **3018.77** | **100.00** | **1427.61** | **100.00** | **(7.96)** | **100.00** | **1419.65** |

**NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**60** 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 Aravind K**
Partner
Membership No. 221268

Mumbai : 06 May, 2025

**Amar Kaul**
Managing Director & CEO
(DIN: 07574081)

**Susheel Todi**
Chief Financial Officer

Mumbai : 06 May, 2025

**Vellayan Subbiah**
Chairman
(DIN: 01138759)

**Sanjay Kumar Chowdhary**
Company Secretary

## PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to this Issue, will be included in the Placement Document to be sent to such proposed Allottees.

| S. No. | Name of the proposed Allottees(1) | Percentage of the post-Issue issued and paid-up Equity Share capital held (%)^(2) |
|---|---|---|
| 1. | [●] | [●] |
| 2. | [●] | [●] |
| 3. | [●] | [●] |

^ *Based on beneficiary position as on [●], 2025.*

*Note:*
*1. Subject to receipt of funds and allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.*
*2. The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.*

## DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS**

Name: Amar Kaul
Designation: Managing Director and Chief Executive Officer
DIN: 07574081

Date: June 30, 2025

Place: New Delhi, India

## DECLARATION

We, the Board of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS**

Name: Amar Kaul

Designation: Managing Director and Chief Executive Officer

DIN: 07574081

Date: June 30, 2025

Place: New Delhi, India

I am authorized by the Securities Issue Committee, a committee of the Board of the Company, *vide* resolution dated June 30, 2025 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

Name: Amar Kaul
Designation: Managing Director and Chief Executive Officer
DIN: 07574081

Date: June 30, 2025

Place: New Delhi, India

# CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

**Registered and Corporate Office:**
6th floor, CG House,
Dr. Annie Besant Road, Worli,
Mumbai – 400 030,
Maharashtra, India

**Tel:** 022 2423 7777
**Email:** ho.secretarial@cgglobal.com | **Website**: www.cgglobal.com
**CIN**: L99999MH1937PLC002641

**Contact Person**:
Sanjay Kumar Chowdhary
**Designation**: Company Secretary and Compliance Officer
**Tel**: 022 2423 7802; **E-mail**: sanjay.chowdhary@cgglobal.com
**Address:** 10th floor, CG House,
Dr. Annie Besant Road, Worli,
Mumbai – 400 030,
Maharashtra, India

## BOOK RUNNING LEAD MANAGERS

**IIFL Capital Services Limited**
***(formerly known as IIFL Securities Limited)***
24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, Maharashtra, India

**DAM Capital Advisors Limited**
Altimus 2202, Level 22, Pandurang Budhkar Marg, Worli, Mumbai 400018, Maharashtra, India

**HSBC Securities and Capital Markets (India) Private Limited**
52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra, India

## STATUTORY AUDITORS OF OUR COMPANY

**S R B C & CO LLP**
12th Floor, The Ruby,
29, Senapati Bapat Marg;
Dadar (West),
Mumbai – 400 028
Maharashtra, India

## LEGAL COUNSEL TO OUR COMPANY

*As to Indian law*

**Cyril Amarchand Mangaldas**
Peninsula Chambers, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013, Maharashtra, India

## LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

*As to Indian law*

**AZB & Partners**
AZB House,
Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai 400 013, Maharashtra, India

*As to United States federal securities law*

**Hogan Lovells Lee & Lee**
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049321

## SAMPLE APPLICATION FORM

*Indicative format of the Application Form*

An indicative format of the Application Form is set forth below.

***(Note: The format of the Application Form included herein below is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. Our Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format below.)***

| | | |
|---|---|---|
| Smart solutions. Strong relationships. | **CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**<br>**Registered and Corporate Office:** 6th Floor, CG House, AB Road, Worli, Mumbai – 400 030, Maharashtra, India; **Telephone No.**: +91 22 2423 7700; **Email:** ho.secretarial@cgglobal.com**; Website:** www.cgglobal.com; **Corporate Identity Number:** L99999MH1937PLC002641; **COMPANY LEI NUMBER:** 335800KN5UTZK2703; **ISIN:** INE067A01029 | **APPLICATION FORM**<br>Form No.:<br>Date: |

**Name of the Bidder:** ______________________________________________________________________________

**QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 2 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO APPROXIMATELY ₹ [●] CRORES UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 679.08 AND OUR COMPANY MAY OFFER A DISCOUNT OF NOT ORE THAN FIVE% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.**

**Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), and (d) are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules"), can submit this Application Form. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) are not permitted to participate in the Issue.**

**The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs". For the selling restrictions in certain other jurisdictions, see "Selling Restrictions" in the accompanying preliminary placement document dated June 30, 2025 (the "PPD"). See "Transfer Restrictions and Purchaser Representations" in the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.**

**ONLY ELIGIBLE QIBs ARE PERMITTTED TO PARTICIPATE IN THE ISSUE, ELIGIBLE NON-RESIDENT QIBs CAN PATICIPATE IN THE ISSUE IN COMPLIANCE WITH THE FOREIGN EXCHANGE MANAGEMENT (NON-DENT INSTRUMENTS) RULES, 2019 ("FEMA RULES"). ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE FPIs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019, AS AMENDED ("FEMA RULES"). FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.**

| **STATUS (Please tick for applicable category)** | | | |
|---|---|---|---|
| **FI** | Scheduled Commercial Bank and Financial Institutions | **IC** | Insurance Companies |
| **MF** | Mutual Funds | **VCF** | Venture Capital Funds |
| **NIF** | National Investment Fund | **FPI** | Foreign Portfolio Investor* |
| **IF** | Insurance Funds | **AIF** | Alternative Investment Funds** |
| **SI-NBFC** | Systematically Important Non – Banking Financial Companies | **OTH** | Others _______________ (Please specify) |

*Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the Preliminary Placement Document.*

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

To,
**The Board of Directors**
**CG Power and Industrial Solutions Limited**
**6th Floor, CG House, AB Road, Worli**
**Mumbai – 400 030, Maharashtra**

*** Sponsor and Manager should be Indian owned and controlled.*

**Dear Sirs,**

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations or foreign exchange related laws. We are not a Promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company.

We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Application Amount and number of shares to be Allotted under each scheme.

We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We note that the Board of Directors of the Company are any duly authorised committee thereof, is entitled, in consultation with IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), DAM Capital Advisors Limited and HSBC Securities and Capital Markets (India) Private Limited (the "**BRLMs**" or the "**Book Running Lead Managers**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Issue Closing Date and such Application Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque, demand draft or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further acknowledge and agree that (i) our names, addresses, nationalities, contact details, email IDs, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and the National Stock Exchange of India Limited (the "**Stock Exchanges**") and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the Reserve Bank of India ("**RBI**") and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in the sections titled *"Notice to Investors"*, *"Representations by Investors"*, *"Issue Procedure"*, *"Selling Restrictions"* and "*Transfer Restrictions and Purchase Representations*" of the PPD and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Managers, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section titled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Managers or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Book Running Lead Managers, and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Book Running Lead Managers. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office; and (10) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

**We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) a U.S. QIB purchasing the Equity Shares in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the U.S. Securities Act, or (ii) located outside the United States and purchasing Equity Shares in an "offshore transaction" complying with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read the representations, warranties and agreements contained in the sections entitled "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" in the PPD.**

| **BIDDER DETAILS (In Block Letters)** | | | |
|---|---|---|---|
| **NAME OF BIDDER*** | | | |
| **NATIONALITY** | | | |
| **REGISTERED ADDRESS** | | | |
| **CITY AND CODE** | | | |
| **COUNTRY** | | | |
| **PHONE NO.** | | **FAX NO.** | |
| **MOBILE NO.** | | | |
| **EMAIL ID** | | | |
| **FOR ELIGIBLE FPIs**** | SEBI FPI REGISTRATION NO. | | |
| **FOR MF** | SEBI MF REGISTRATION NO | | |
| **FOR AIFs*****| SEBI AIF REGISTRATION NO. | | |
| **FOR VCFs***** | SEBI VCF REGISTRATION NO. | | |
| **FOR SI-NBFC** | RBI REGISTRATION DETAILS | | |
| **FOR INSURANCE COMPANIES** | IRDAI REGISTRATION DETAILS. | | |
| **FOR PENSION FUNDS** | PFRDA REGISTRATION DETAILS. | | |

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLMs.*
*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

| **NO. OF EQUITY SHARES BID FOR** | | **PRICE PER EQUITY SHARE (RUPEES)** | | **APPLICATION AMOUNT (RUPEES)** | |
|---|---|---|---|---|---|
| (In Figures) | (In Words) | (In Figures) | (In Words) | (In Figures) | (In Words) |
| | | | | | |

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Book Running Lead Managers will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

| **DEPOSITORY ACCOUNT DETAILS** | | | | |
|---|---|---|---|---|
| Depository Name (Please ✓) | | National Securities Depository Limited | | Central Depository Services (India) Limited |
| Depository Participant Name | | | | |
| DP – ID | I N | | | |
| Beneficiary Account Number | | | | (16-digit beneficiary account. No. to be mentioned above) |
| The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue, will be considered. | | | | |

| **PAYMENT DETAILS \| REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER** |
|---|
| **By 3:00 P.M. (IST), [●], 2025 BEING THE BID CLOSING DATE** |

| **BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER** |
|---|

| | | | |
|---|---|---|---|
| **Name of the Account** | CG Power and Industrial Solutions Ltd - QIP Escrow A/c | **Account Type** | Escrow account |
| **Name of Bank** | HDFC Bank Limited | **Address of the Branch of the Bank** | [●] |
| **Account No.** | [●] | **IFSC** | HDFC0000542 |
| **LEI Number** | [●] | **Email** | [●] |

The Application Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "CG Power and Industrial Solutions Ltd - QIP Escrow A/c". Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

**The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the Book Running Lead Managers shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.**

| **RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)** | | | |
|---|---|---|---|
| Bank Account Number | | IFSC Code | |
| Bank Name | | Bank Branch Address | |

| **DETAILS OF CONTACT PERSON** | | | |
|---|---|---|---|
| Name: | | | |
| Address: | | | |
| Tel. No: | | Fax No: | |
| Mobile No. | _________________________________________ Email: __________________________________________ | | |

| **OTHER DETAILS** | |
|---|---|
| PAN | |
| Date of Application | |
| Signature of Authorised Signatory (may be signed either physically of digitally) | |

**ENCLOSURES ATTACHED**

- ☐ Copy of PAN Card or PAN allotment letter**
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
- ☐ Copy of the IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of the power of attorney
- ☐ Other, please specify __________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

*Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and the Placement Document, unless specifically defined herein.*
*Note 2: This Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.*
*Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.*

*The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.*

*(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)*