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

Smart solutions.
Strong relationships.

Our Ref: COSEC/63/2018

September 26, 2017

BY PORTAL

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

Scrip Code : 500093

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

Scrip Id : CGPOWER

Dear Sir/Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the financial year ended 31st March 2017 duly adopted by the Members of the Company at the 80th Annual General Meeting held on 22 September 2017.

We would appreciate if you could take the same on record and acknowledge receipt thereof.

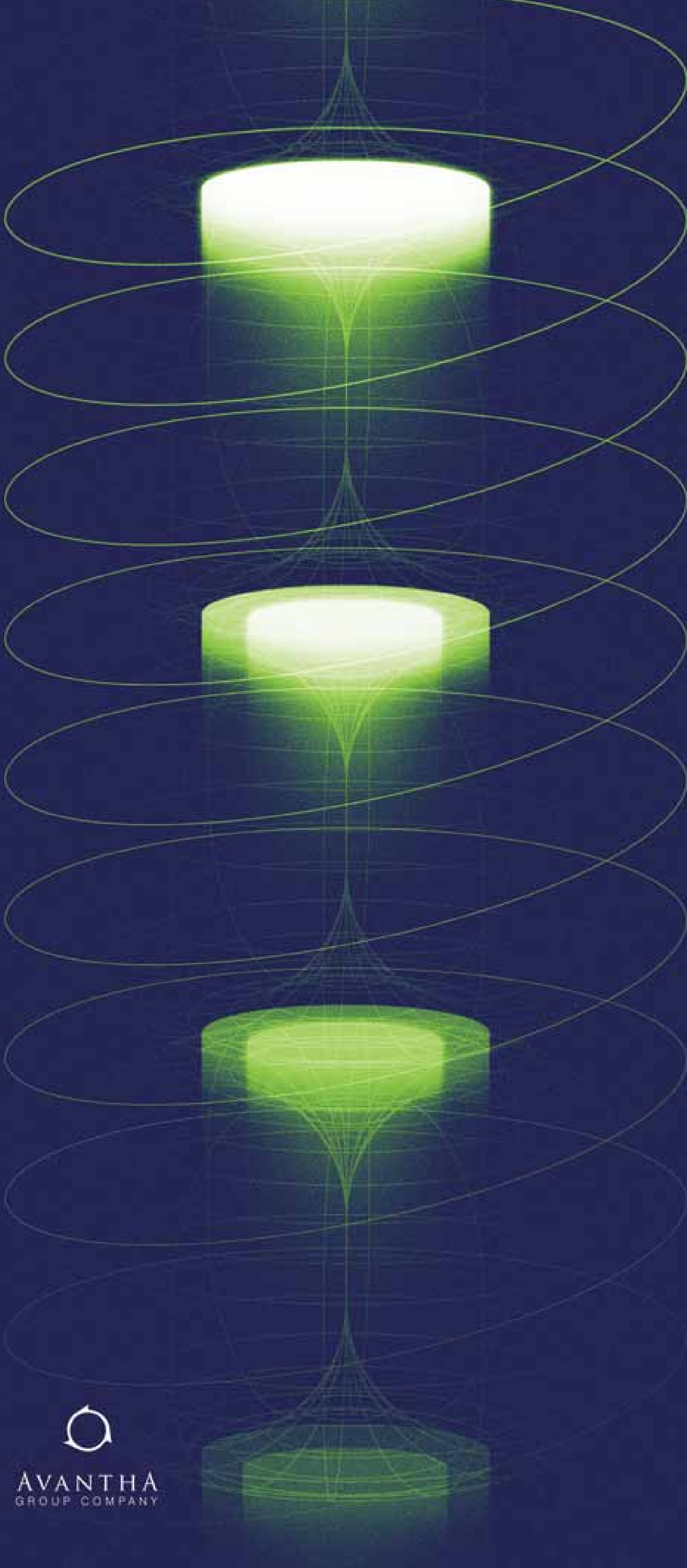
Yours faithfully,

For CG Power and Industrial Solutions Limited,

V R Venkatesh
Chief Financial Officer

AVANTHA
GROUP COMPANY

Smart solutions.
Strong relationships.



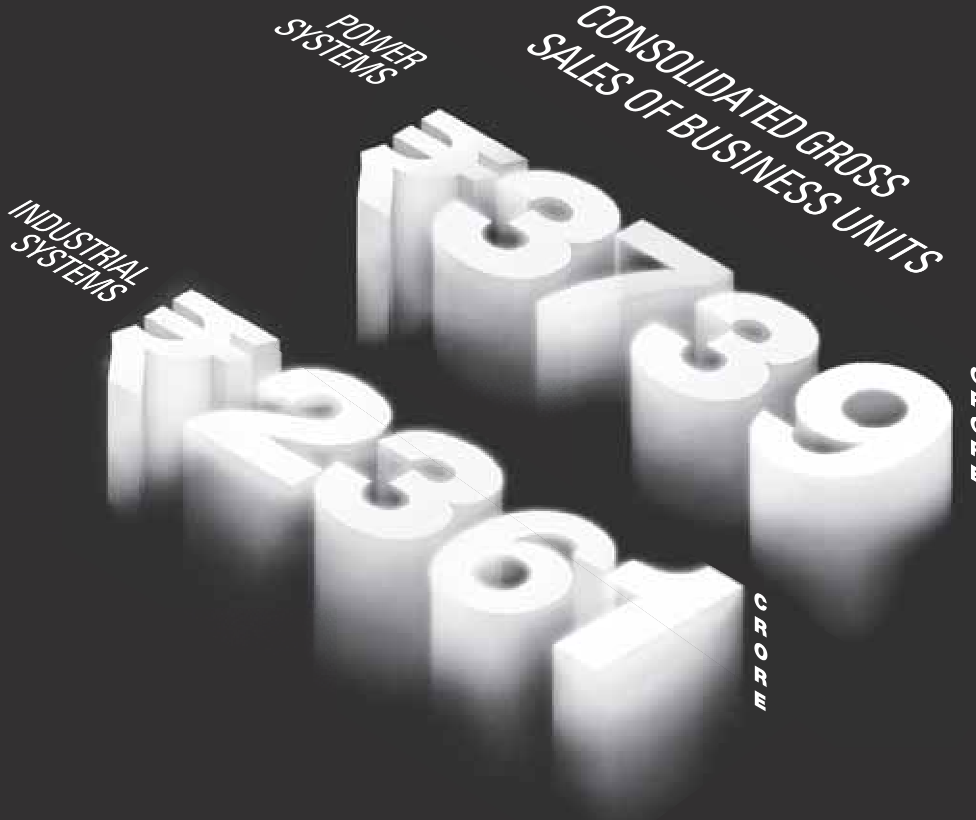
BUILDING ON STRENGTH

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
(formerly Crompton Greaves Limited)

80TH ANNUAL REPORT 2016–2017

AVANTHA
GROUP COMPANY

CONTENTS



₹539
CRORE

EBIDTA FROM CONTINUING OPERATIONS

Earning before Interest, Depreciation, Taxes & Amortisation, including Other Income

₹6,120
CRORE

GROSS SALES AND SERVICES FROM CONTINUING OPERATIONS

₹127
CRORE

PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS

₹110
CRORE

PROFIT/ (LOSS)

After taxes, Minority Interest & Share of Associates and Joint Ventures (Net)

8.1
PERCENT

ROCE FROM CONTINUING OPERATIONS

Return on Capital Employed

-11.9
PERCENT

RONW ON TOTAL OPERATIONS

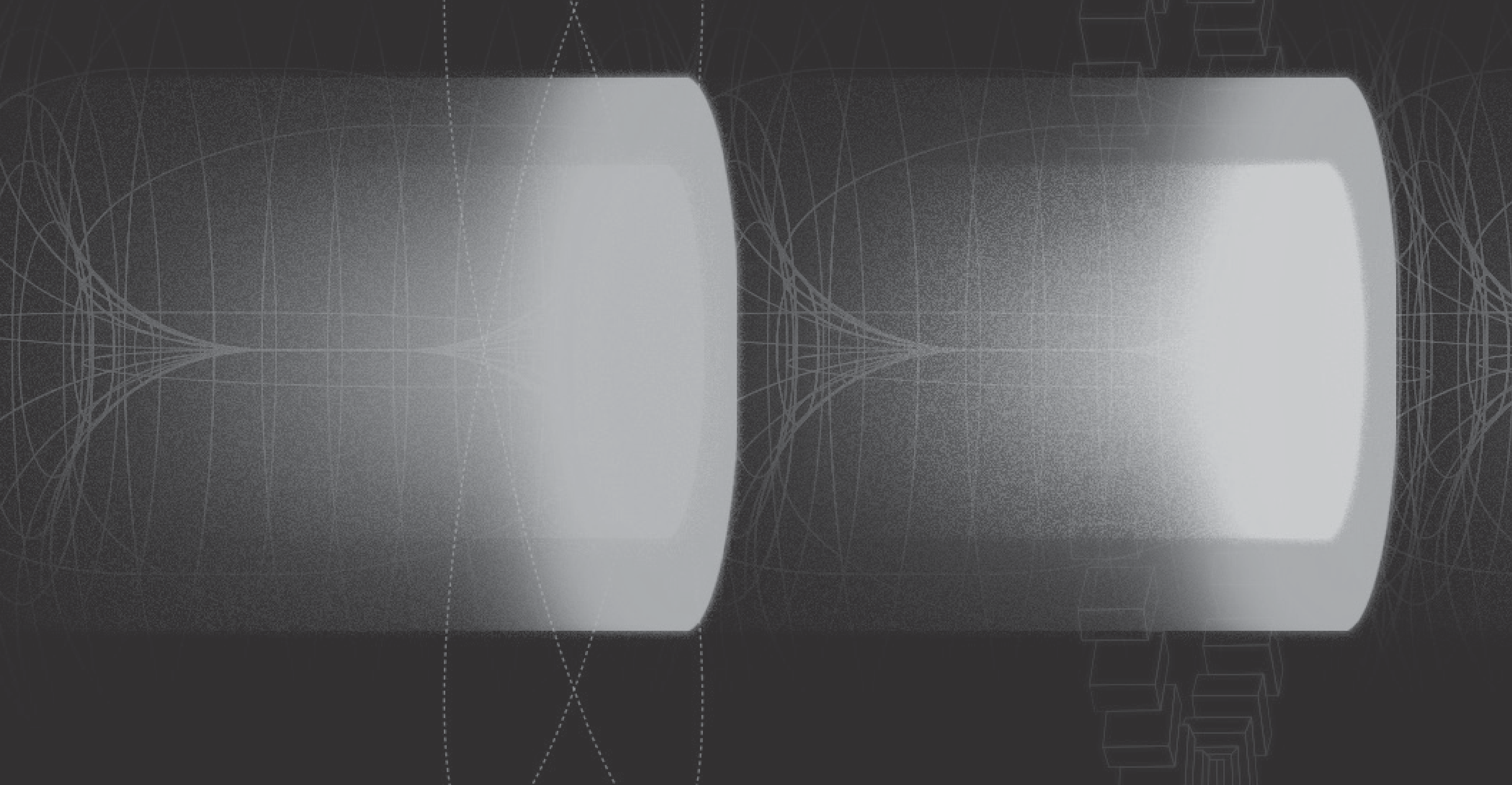
Return on Net Worth

CONSOLIDATED FINANCIAL HIGHLIGHTS

BUILDING ON STRENGTH

₹300+ CRORE OPPORTUNITY FOR CG TRANSFORMERS OVER THE NEXT 2 YEARS IN THE SOLAR SECTOR

₹1,100+ CRORE OPPORTUNITY IN THE UHV SEGMENT ANNUALLY FOR CG

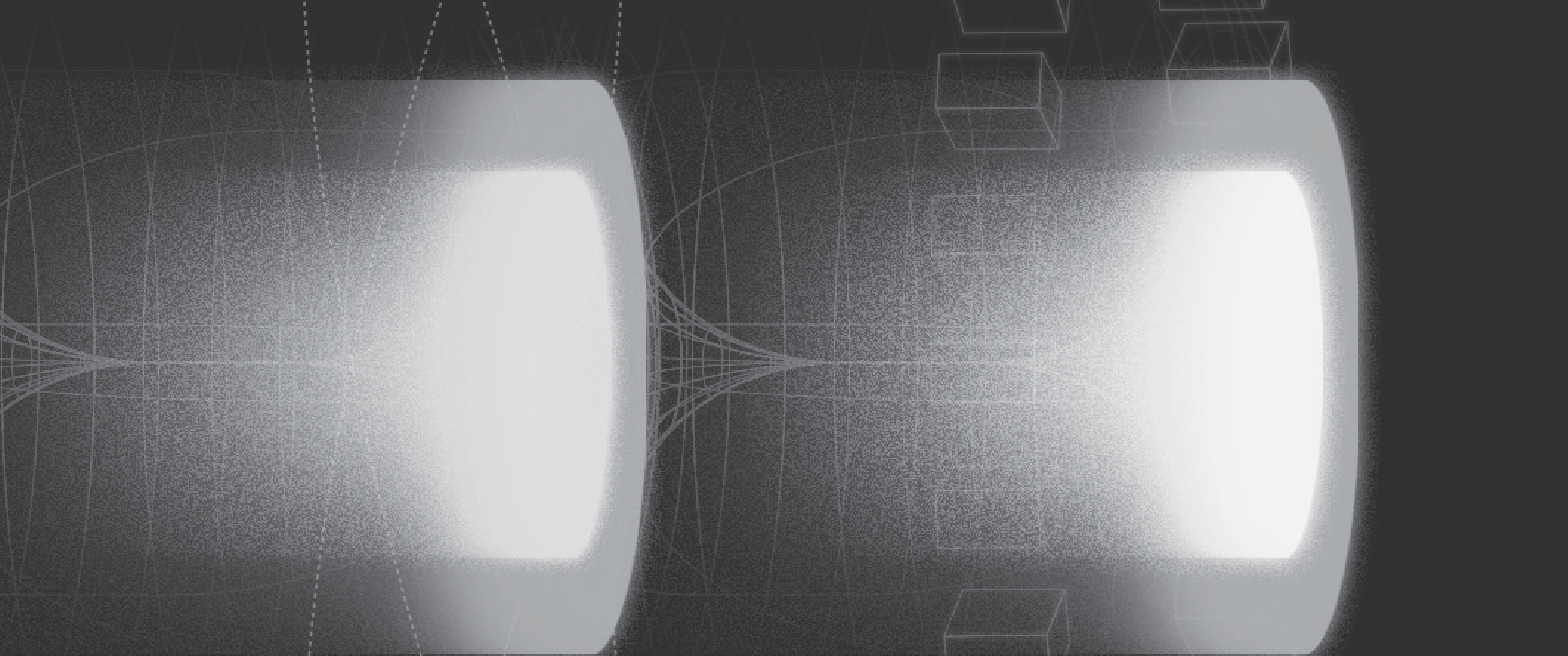


Maintaining an unwavering focus on India as the core market, CG has developed capabilities to address the changing needs of the country, industries and customers. Be it new product development or leveraging potential markets, for CG it has been all about moving to the next level of growth, thus increasing its reach and expanse. CG has retained its market position and growth by not only building on its core competencies, but also by pushing the envelope and gearing up for the future possibilities.

Building on strength is about bettering and maximising our performance, while staying focussed on our core capabilities—manufacturing expertise, skilled manpower and technological evolution

₹200 CRORE ANNUAL MARKET OPENED BY NEW LVRM PRODUCTS

₹3,500 CRORE ESTIMATED BUSINESS PROSPECT FOR THE NEXT 3-4 YEARS IN RAILWAYS



GROWING OUR PRODUCT PORTFOLIO

CG's approach across its businesses has been that of moving one level up in product development with better and more complex equipment that cater to not just demands of the existing market, but also addresses the ones with potential. CG's offerings cover the growing needs of Nuclear Power, UHV T&D, Renewable Energy, Railways and several Industrial sectors.

EXPANDING OUR MARKET REACH

Complementing its existing market position, CG is entering niche segments, developing alternate markets and nurturing new opportunities, thus helping bolster growth and expand its reach. CG's way forward has it focussing and leveraging on its strengths to enter new markets and segments, while developing more complex and efficient products.

SUPPORTING THE NUCLEAR SECTOR

CG has aligned with NPCIL's vision of indigenously building a nuclear power plant that would provide added impetus to the "Make in India" strategy and be a proof of India's potential of becoming a nuclear power manufacturing hub. In a breakthrough order, NPCIL codeveloped with CG a motor to operate inside the reactor dome, making CG one of the only two companies in India to have this capability. The 6MW vertical motor will be used on the primary coolant pump for the 700 MW Rajasthan Atomic Power Project (RAPP) reactors 7 & 8 in Rawatbhata, Rajasthan. CG has also supplied a shutdown cooling pump motor to NPCIL.

CG has also executed a package order for the high specification IEEE 650 complaint Variable Frequency Drives (VFD) for RAPP and for the Kakrapar Atomic Power Project (KAPP) reactor 3 & 4 in Gujarat. This drives system qualifies CG to offer this product for other NPCIL projects.

In addition, CGs switchgear division too has been approved by NPCIL for supply of Medium Voltage Switchgear panels and has supplied these to both the projects in Rajasthan and Gujarat.

The approval and supply of these high specification and quality products to NPCIL opens up a large market for CG products in this critical segment.

₹350
CRORE

APPROXIMATE MARKET FOR CG'S MV MOTORS IN THE NUCLEAR SECTOR OVER THE NEXT 4-5 YEARS

₹6
CRORE

APPROXIMATE MARKET OPENED FOR CG DRIVES IN THE NUCLEAR SECTOR IN THE NEXT 1 YEAR

₹200
CRORE

POTENTIAL FOR CG SWITCHGEAR IN THE NUCLEAR SECTOR IN INDIA OVER NEXT 3 YEARS

10
NEW

NUCLEAR REACTORS TO BE BUILT BY THE GOVERNMENT OF INDIA GIVING FILLIP TO THE DOMESTIC INDUSTRY CATERING TO NUCLEAR POWER

ADDRESSING THE GREEN NEEDS

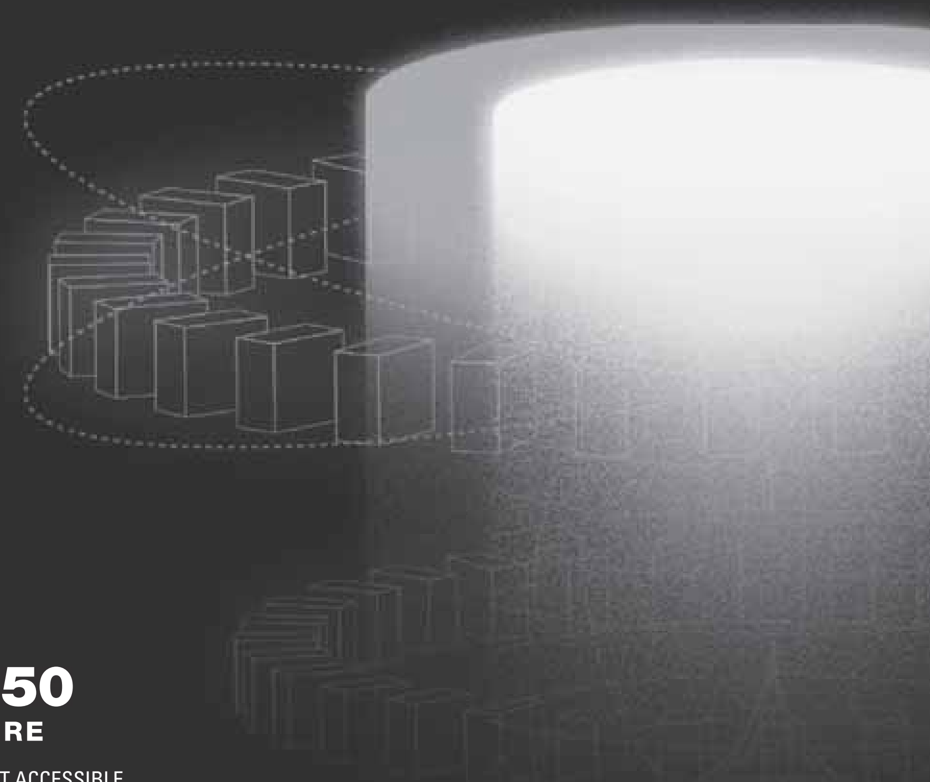
Recognizing the imperative and the obligation of making the world a greener place by using sustainable energy, CG has developed products that contribute to this objective.

Focussing on solar applications, CG has designed, manufactured and supplied distribution transformers for this sector. Transformers for solar applications, have complex requirements as they need to be effective for variable frequency, variable voltage and are subject to harmonic distortions. The solutions are technically challenging due to the combined effect of AC and DC devices being integrated into the same system. CG's immense experience, technological competence and in depth analysis of various solar installations has enabled it to successfully overcome these technical hurdles and manufacture and supply state of the art transformers for use in solar applications.

In addition, CG has developed dedicated drive solutions "SURAJ" for Solar power driven pumping applications. Solar pumps offer an energy efficient, eco-friendly and economical option to traditional grid power driven or diesel power driven pumps. They also provide a readily available solution to regions where accessibility to grid power is lacking. CG drives for this application have been designed with built-in, self-adaptive, maximum power point tracking algorithm with an easy to use interface, allowing for optimum water flow output.

7,00,000
SOLAR PUMPS

TO BE INSTALLED BY 2020 CREATING ADDITIONAL SCOPE FOR CG DRIVES SOLUTION



GROWING OUR PRODUCT PORTFOLIO

Building on our manufacturing potential, we are addressing niche product requirements, leveraging new opportunities and evolving technologically

DRIVING INDUSTRY GROWTH

CG has been at the forefront of developing products and technology to drive industry growth. With the launch of higher output alternators from 1250kVA to 2250kVA, CG has not only provided a high quality product to the industry but also gained additional access to the Diesel Generating set market of ₹150 Crore. Another benefit of this has been the access to the nascent mini turbine driven power generation market, showing signs of gradual growth. The introduction of special Smoke spill motors, used to extract smoke in tunnels and confined commercial places, has opened the ₹50 Crore Air ventilation market in India. CG's brake series range of motors for hazardous areas has helped consolidate and acquire new customers in the pharmaceuticals and petrochemicals sector, while the larger output AC and DC motors have helped make deep inroads into the sugar, steel and infrastructure industries, resulting in greater market share and topline growth.

₹150
CRORE

MARKET ACCESSIBLE TO CG WITH THE NEW HIGHER RANGE ALTERNATOR DEVELOPED THIS YEAR

POWERING THE GRID

CG has been actively involved in addressing the requirements in the UHV segment. Its UHV products namely, Transformers, Reactors, Current Transformers, Capacitive Voltage Transformers, Instrument Transformers, Circuit Breakers and Surge Arresters, are already in use for various projects of the national utilities. In addition, CG's recent successes in securing orders from POWERGRID for 765kV breakers, throws open an opportunity to garner a bigger share of the T&D equipment requirement in the coming years. The significant order for 765kV SF6 Gas Circuit Breaker (GCB) from POWERGRID for its various substations, connecting the grids in various states of India, reinforces CG's existing leadership in the UHV T&D segment in India.

₹50
CRORE

APPROXIMATE ANNUAL REQUIREMENT FOR 765KV BREAKERS IN INDIA

EXPANDING OUR MARKET REACH

Using our strong base to grow and reach further into markets with potential

CONSOLIDATING THE SOUTH EAST ASIAN MARKET

USD 154 MILLION

ALL TIME HIGH ORDER INPUT FOR INDONESIAN ENTITIES

USD 120 MILLION

ADDITIONAL SEAP MARKETS ACCESSIBLE ANNUALLY TO CG

An all-time high order input of USD 154 million for CG's Indonesia business in FY16-17 is validation that CG's Indonesian operations are becoming even stronger and advanced. CG won a significant order of USD 105 million from PT PLN in FY16-17 for supply of transformers that will be installed across their transmission network, spread over a group of islands in the Indonesian archipelago. In addition to CG's lead in the transformer business in Indonesia and Malaysia, CG is expanding in the region by setting up a Switchgear factory in Indonesia, in joint venture with the biggest state utility PT PLN. This further endorses CG's commitment to playing a vital role in the growing South East Asian market, and enabling it to access an additional minimum USD 120 million in the region.

SOLAR POWERING THE FUTURE

50 SOLAR PARKS

TO BE COMMISSIONED BY GOVERNMENT OF INDIA BY 2019-20 AT AN INVESTMENT OF ₹8100 CRORE

₹6,00,000 CRORE

INDIA'S INVESTMENT PLAN TO INCREASE SOLAR POWER CAPACITY TO 100 GW BY 2022

CG has aligned with the nation's green energy needs and has focussed on the niche market of renewables. India has an ambitious target of 175 GW of renewable power by 2022. This includes 100 GW of Solar power and 60 GW from wind power, with the balance from biomass and small hydro power. The Solar sector has shown phenomenal growth from 2GW in 2014 to over 12GW by March 2017. This year the country's solar capacity is expected to be 89 percent higher than 2016, making it the third-largest global solar market. Thus this segment is beyond doubt the future of electrical energy and CG has seized this opportunity.

The SEAP region is also one of the core export markets for India and that makes the SEA manufacturing hub synergetic to CG 's growth strategy. CG would hence further leverage the synergies between the Indonesian and Indian operations, to grow the SEAP market.

Renewable energy has been a huge positive for CG's transformer business. This compounded with the Government's push has resulted in a sectoral momentum that has opened up a new alternate market for CG, a niche segment led by solar power and expanding to other renewable sectors such as wind power.

MODERNISATION OF THE INDIAN RAILWAYS

₹625 CRORE

ORDER INTAKE FROM RAILWAYS FOR THE YEAR 2016–17

₹700 CRORE

APPROXIMATE MARKET OPPORTUNITY FOR CG IN THE PROPULSION SYSTEM MARKET

₹150 CRORE

ANNUAL OPPORTUNITY FOR CG IN ELECTRONIC INTERLOCKING SYSTEM

Railway business at CG has been growing consistently over the years. Of the nearly 100% growth in order input in CG's Industrial Systems business this year, a significant portion of it has come from the Railways and secures a higher revenue stream going forward. One can attribute this to CG's consistent focus in aligning its product portfolio with the requirements of Indian Railways. During 2016-17, CG achieved an order intake of ₹625 Crore from Railways, a major part of which came from new products.

Besides catering to the regular and conventional equipment needs of Indian Railways in the field of rolling stock products like Traction Equipment, Loco Transformers, Converters/Inverters, Control Electronics (Train Management System), Integrated Propulsion Solutions, Signalling Equipment like Relays and Point Machines and Gears etc., CG is also keenly working to meet the new technologically advanced emerging needs of Railways.

In the new expanding area of AC EMU/ MEMU, CG can serve the propulsion system market of about 200 Power Cars comprising of Traction Electronics Controls, Transformer, Traction Motors that throws open an opportunity of around ₹700 Crore annually. CG's Propulsion System will help Railways in running trains at higher speed with less consumption of energy.

CG's Electronic Interlocking System under development for Indian Railways according to RDSO specification will provide the operator with total control over the yard for ensuring safe movement of trains. CG's Electronic Interlock would be in compliance to International standards and to meet the highest Safety Integrity Level requirement.

CORPORATE INFORMATION

CG is a pioneering leader in the UHV Power Equipment segment in India

CHAIRMAN

GAUTAM THAPAR

CEO AND MANAGING DIRECTOR

K N NEELKANT

EXECUTIVE DIRECTOR —FINANCE AND CFO

MADHAV ACHARYA

COMPANY SECRETARY

MANOJ KOUL

NON-EXECUTIVE DIRECTORS

BHUTHALINGAM HARIHARAN
JITENDER BALAKRISHNAN
(w.e.f 2 May 2017)
OMKAR GOSWAMI
RAMNI NIRULA
SANJAY LABROO
SHIRISH APTE
(upto 1 April 2017)
VALENTIN VON MASSOW

BANKERS

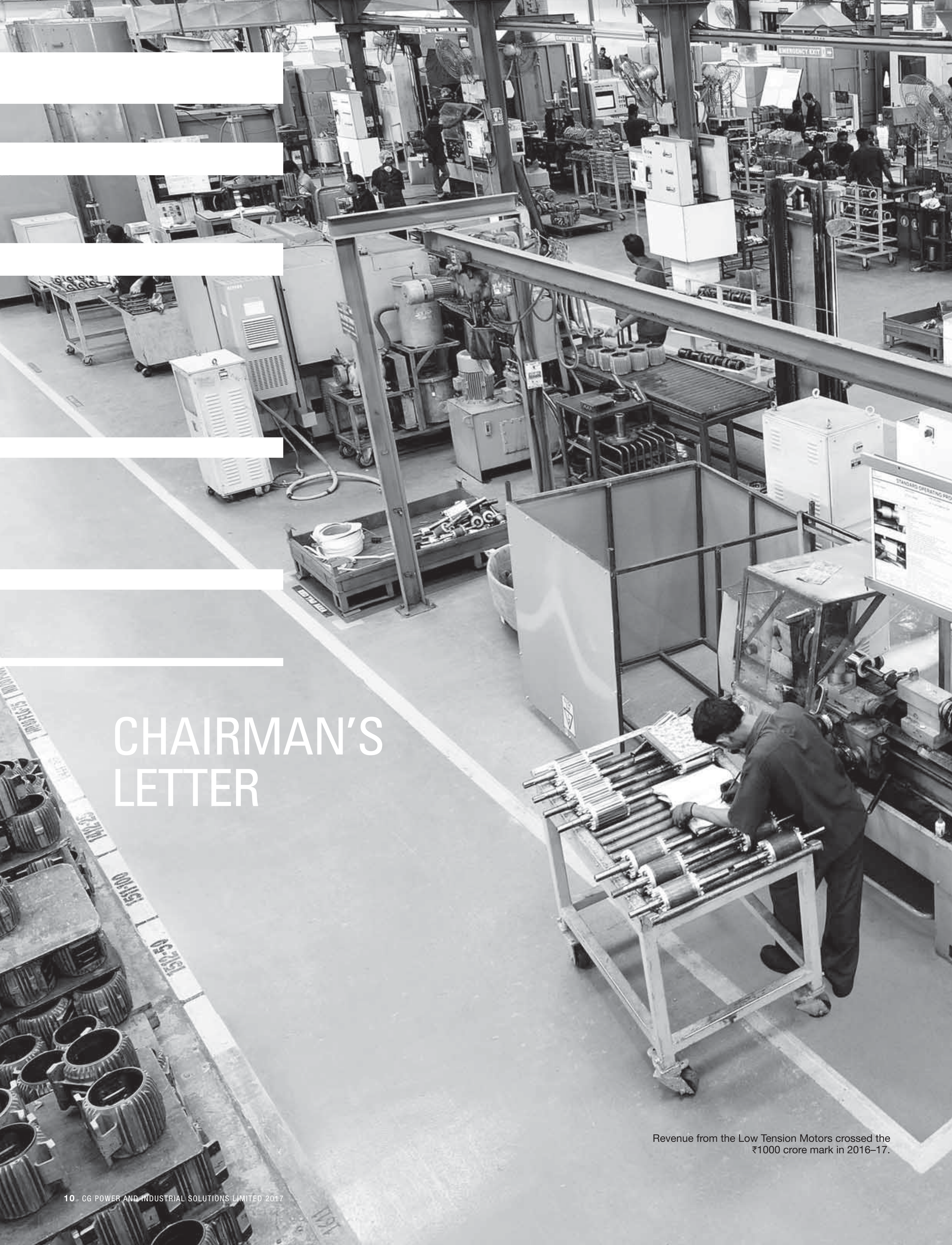
STATE BANK OF INDIA
AXIS BANK LTD.
BANK OF MAHARASHTRA
CORPORATION BANK
CANARA BANK
ICICI BANK
IDBI BANK
CREDIT AGRICOLE CIB
STANDARD CHARTERED BANK
YES BANK LTD.
THE ROYAL BANK OF SCOTLAND

AUDITORS

SHARP & TANNAN
CHATURVEDI & SHAH

REGISTERED OFFICE

6TH FLOOR, C G HOUSE
DR ANNIE BESANT ROAD
WORLI, MUMBAI 400 030



CHAIRMAN'S LETTER

Revenue from the Low Tension Motors crossed the ₹1000 crore mark in 2016–17.

DEAR SHAREHOLDERS,

As we all know, when a cabinet shelf or drawer becomes untidy or unmanageable, it is time for spring cleaning. That is exactly what the Board of Directors of CG Power and Industrial Solutions Limited ('CG') and senior management have been doing over the last two years. Let me take you through the process.

CG had made some excellent and very attractively priced international acquisitions during the first decade of the 21st century. These earned healthy profits in their first seven to eight years under CG, on account of better managerial oversight and due to an economic boom in global markets. After the crash of 2008–2010, both European and North American demand for power systems and solutions started to dry up. Meanwhile, operational costs had risen, due to manufacturing problems which started showing up on the shop floors leading to re-work. All these negative factors combined to create a situation when the European and Canadian operations started making losses—first relatively small and then progressively larger, swamping the profits of your Company's India-based power and industrial systems operations.

Some hard decisions needed to be taken. A major restructuring initiative was called for. Your Board of Directors unanimously decided to hive off the structurally loss-making entities in an effort to focus on your Company's core competence—that of the profitable power and industrial systems business out of India and the power systems business in Indonesia.

Consequently, we first sold the Canadian enterprise in Winnipeg in FY2016 for an enterprise value of Canadian $20 million, wound down unprofitable entities such as the systems businesses in the US, Brazil and the UK, and entered into a binding agreement with First Reserve, a leading global private equity and infrastructure investor, for the sale of selected transmission and distribution businesses (T&D) abroad at an enterprise value of €115 million. Regrettably, despite extensions to the 'long stop date' the deal did not fructify as certain conditions precedent to it remained unfulfilled. Therefore, your Board of Directors decided to terminate this transaction in December 2016.

In the meanwhile, efforts were on to find a suitable buyer for the Company's power automation business that worked under the umbrella of ZIV, an international company located at Bilbao in Spain. We were successful in this endeavour.

In March 2017, we sold ZIV, along with its subsidiaries and related automation businesses in the UK, Ireland, France and India to Alfanar Electric Systems Co., Saudi Arabia, for an enterprise value of €120 million, much of which was used to pare down international debt to safe levels. Simultaneously, we immediately rationalised our overseas cost structure in line with the business size and scale.

Within India, too, we divested ourselves of an unprofitable venture—namely, the distribution franchise agreement with Maharashtra State Electricity Distribution Company Limited for Jalgaon, Maharashtra. Finally, at the time of my writing this letter to you, we have agreed the sale of our USA power transformer and distribution businesses to WEG of Brazil and we continue to focus our attention to finding buyers for our other European assets.

If all goes well, your Company will be back to its core competency—that of producing state-of-the-art power and industrial systems equipment out of India and Indonesia, and supplying these profitably to both domestic as well as growing regions of the world market.

The restructuring strategy and refocusing has begun to pay dividends. CG has started producing significantly better results. Let me share some of these with you. On a Stand-alone basis for FY2017, CG's:

- Net sales and services grew by almost 12% to ₹4,356 crore.
- Operating EBIDTA grew by 38.66% to ₹312 crore.
- Net profit from continuing operations swung from a loss of ₹1,184 crore in FY2016 to a profit of ₹158 crore.
- Net profit, including discontinued operations, improved from a loss of ₹1,099 crore in FY2016 to a profit ₹125 crore.

Though the consolidated results are still influenced by the relatively poor performance of the some of the overseas operations, there is now a distinct up-tick. For the power systems business at the consolidated level:

- The unexecuted order book (UEOB) increased by almost 4% to ₹3,808 crore.
- Revenue grew by 7.6% to ₹3,739 crore.
- EBIDTA (including other income) rose by nearly 13% to ₹455 crore.
- EBIT grew even higher at close to 17% to ₹384 crore.
- The return on capital employed (ROCE) increased by 2.4 percentage points to 21.3%.

The industrial systems business posted excellent results.

- UEOB increased by 29.3% to ₹882 crore.
- Revenue grew by 11.4% to ₹2,361 crore.
- EBIDTA rose by nearly 2.7% to ₹218 crore.
- EBIT grew higher rate at 12.7% to ₹156 crore.
- ROCE increased by 2.2 percentage points to 16.4%.

We are clearly on the right path. It is not for me to give a 'forward looking' statement about your Company's prospects in FY2018. But it is very clear that the restructuring and continued focus on operations has created a more sustainable financial architecture and that CG is better positioned to leverage business opportunities that come out of higher economic growth in both India and across South East Asia. If India grows at 7% or more in FY2018—as many have so forecasted—and South-East Asia continues doing well, one ought to see a healthy growth in demand for power equipment, rotating machines, drives and railway traction equipment.

I would like to place on record my appreciation for the support and guidance provided by your Independent Directors to the management in achieving this restructuring.

We have good reasons to look forward to better times in the near future.

Yours sincerely,

GAUTAM THAPAR
Chairman

GAUTAM THAPAR
Chairman

K N NEELKANT
CEO and Managing Director

MADHAV ACHARYA
Executive Director—Finance and CFO

BOARD OF DIRECTORS

J BALAKRISHNAN
Non-Executive Director

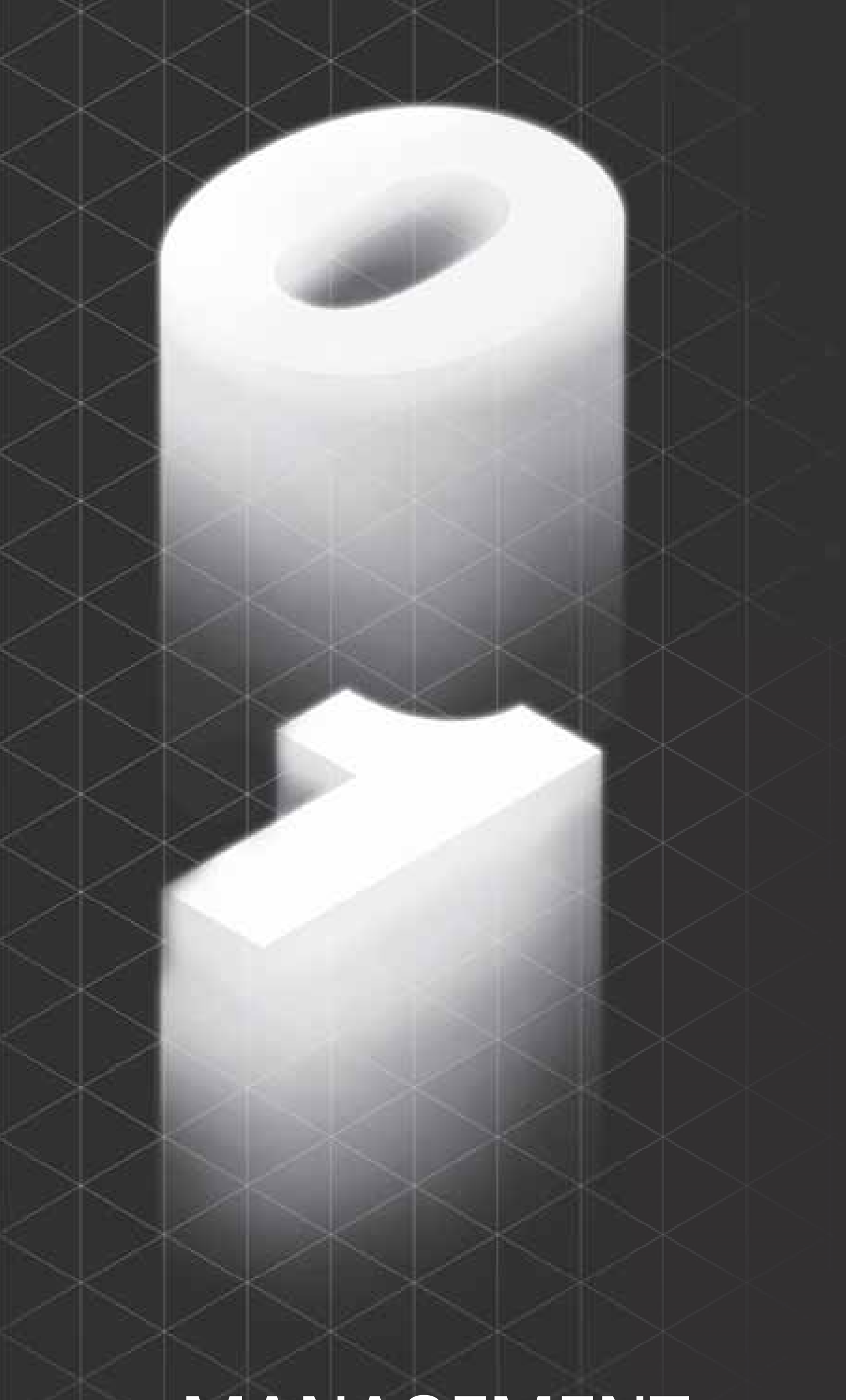
B HARIHARAN
Non-Executive Director

SANJAY LABROO
Non-Executive Director

RAMNI NIRULA
Non-Executive Director

OMKAR GOSWAMI
Non-Executive Director

VALENTIN VON MASSOW
Non-Executive Director



MANAGEMENT DISCUSSION AND ANALYSIS

CGL approached the Ministry of Corporate Affairs, Government of India, for a name change that would more accurately reflect the Company's change in status of becoming a pure power and industrial systems B2B player. Thus, the corporate entity is now called CG Power and Industrial Solutions Limited.

With effect from 1 October 2015, Crompton Greaves Limited (CGL) completed the demerger of its erstwhile Consumer Products business into a separate company, namely Crompton Greaves Consumer Electricals Limited (CGCEL). Each shareholder of CGL was allotted one equity share of CGCEL for every equity share of CGL held as on the record date of 16 March 2016. From 13 May 2016, the shares of CGCEL were listed on the BSE Limited and the National Stock Exchange of India Limited (NSE).

In addition, Avantha Holdings Limited, belonging to the promoter group and holding 34.38% of CGL, divested its entire shareholding in CGCEL. After that, CGCEL formed neither a part of CGL nor of the Avantha Group. Thus, CGL became a pure B2B Company from 1 October 2015, the appointed date of the demerger.

Given this context, CGL approached the Ministry of Corporate Affairs, Government of India, for a name change that would more accurately reflect the Company's change in status of becoming a pure power and industrial systems B2B player. To this effect, it sought approval of its Shareholders through Postal Ballot on 25 January 2017. On 27 February 2017, the Registrar of Companies, Mumbai, approved the name change to CG Power and Industrial Solutions Limited, and issued a fresh Certificate of Incorporation taking into account the new corporate name.

Thus, the corporate entity is now called CG Power and Industrial Solutions Limited ('CG' or 'the Company'). It is a pure B2B enterprise spanning two major businesses. These are:

i. Power transmission and distribution equipment and system solutions (or the Power Systems business unit), covering a wide span of differentiated products and services from ultra-high voltage (UHV), high voltage (HV), medium voltage (MV) and low voltage (LV).

ii. The Industrial Systems business unit, consisting of rotating machines (motors and alternators) across a wide spectrum of power and ratings, automated AC, DC and variable frequency drives and control systems as well as traction electronics and machines, signalling and coach products as well as integrated solutions for railway transportation.

The third business segment, Automation solutions for electricity distribution, was largely run through CG's international subsidiary, ZIV in Spain, or more formally, ZIV Aplicaciones y Tecnologia, S.L. ZIV—along with its subsidiaries and related automation businesses in the UK, Ireland, France and India—was sold to Alfanar Electric LLC on 6 March 2017, consequent to the binding offer from Alfanar Electric Systems Co., Saudi Arabia, for an enterprise value of €120 million. This is in line with CG's overall debt reduction strategy. Proceeds of the sale have been used to reduce CG's international debt, thus strengthening its consolidated balance sheet and increasing shareholder value.

Customers of the B2B segments consist of major utilities and industries across the globe—in power generation, transmission, distribution and renewables, in oil and gas, cement, metals and mining, and in railways and the transportation sector.

As mentioned earlier, CG's offerings are built around its two business units (BUs): Power and Industrial Systems. Each BU is responsible for revenue growth, profitability and capital efficiency through strategic levers and business activities. These involve geographical expansion of markets and the manufacturing footprint, design, technology, supply chain, sales support, tendering

₹1 crore is ₹10 million. FY2017 stands for fiscal year 2016–17, i.e. from 1 April 2016 to 31 March 2017. Analogously, FY2016 and other fiscal years.

and quotations, contract management, installation, testing and commissioning of the products and systems.

IND AS, CONTINUING AND DISCONTINUED OPERATIONS

It may be recalled that CG had voluntarily opted for adopting the Indian Accounting Standard, or Ind AS, with effect from 1 April 2015, a year before it was made mandatory.

Under Ind AS, the reporting business entity has to meet the conditions prescribed by Ind AS 105, which requires it to classify and separately disclose the financials of **i.** continuing businesses and **ii.** those held for sale or discontinued operations. These are given below.

DISCONTINUED OPERATIONS

During FY2017, discontinued operations or businesses held for sale were as follows:

1. The power and distribution transformer and systems business at Mechelen, Belgium.
2. The power and distribution transformer business at Cavan, Ireland.
3. The power transformer business at Tapioszele, Hungary.
4. The switchgear business at Tapioszele, Hungary.
5. The power and distribution transformer business at Washington (Missouri), USA.
6. The transformer servicing businesses at Charleroi, Belgium, through CG Service Systems France SAS.
7. The power systems business in the UK.
8. ZIV, its subsidiaries as well as all related automation businesses in the UK, Ireland, France and India, for a part of FY2017.
9. The power systems and solutions business in the USA.
10. The distribution franchise agreement with Maharashtra State Electricity Distribution Company Limited for Jalgaon, Maharashtra.
11. CG Power Solutions Limited and Crompton Greaves Consumer Products Limited.
12. CG Power Solutions Saudi Arabia Ltd.
13. CG Power Systems Brazil Ltda.

During FY2016, CG along with its subsidiaries CG International BV and CG International Holdings Singapore PTE Ltd had entered into a Share Purchase Agreement (SPA) with Pauwels Spaco Limited, a special purpose vehicle (SPV) of First Reserve, a global private equity firm, for the sale of its transmission and distribution businesses in Indonesia, Hungary, Ireland, France, North America and Belgium at an enterprise value of €115 million. Despite extensions of the Long Stop Date of the SPA, certain conditions precedent to the SPA remained unfulfilled beyond the reasonable control of the parties to the SPA. Therefore, the Board of Directors of CG decided not to pursue this transaction, and the SPA was terminated in December 2016. CG continues to explore alternative geography / product wise options of sale of its international power business, barring the operations in Indonesia. Hence, these still remain as held for sale or discontinued operations.

CONTINUING OPERATIONS

Continuing operations for FY2017 were:

1. Power business in India.
2. Power business in Indonesia.
3. Power systems business in Indonesia.
4. Industrial systems business in India.
5. Drives and automation business in Sweden.
6. Rotating machines business in Tapioszele, Hungary.
7. The traction automation solution business in the New Jersey, USA.

FACILITIES OF THE CONTINUING BUSINESSES

POWER SYSTEMS BU

CG's Power Systems BU offers an extensive portfolio of manufactured equipment ranging from high voltage transmission products to those needed for distribution, as well as integrated solutions for network management. Its operations are classified as given below:

1. Products, which comprise Power Transformers, EHV Switchgears, MV Switchgears and Distribution Transformers. Facilities of the continuing businesses are at Kanjur Marg (Mumbai, Maharashtra), Malanpur and Mandideep (Madhya Pradesh), Nashik and Aurangabad (Maharashtra) and Bogor (Indonesia).

2. Systems and Solutions, which provide turnkey solutions and services for design, manufacture, supply, construction, installation, testing, commissioning, and servicing of large scale on-shore and off-shore, conventional and renewable energy projects. The continuing business operates out of Gurgaon (Haryana) and Jakarta (Indonesia).

INDUSTRIAL SYSTEMS BU

The Industrial Systems BU provides equipment and services to convert electrical energy for industrial applications. It has four verticals:

1. Products, comprising high voltage (HV) motors ranging up to 25MW; low voltage (LV) motors ranging up to 1.5MW; fractional horse power (FHP) motors; direct current (DC) motors; AC generators up to 70MVA range and AC drives up to 3MW; traction machines for railway transportation; and stamping products. It has facilities at Tapioszele (Hungary), Mandideep and Pithampur (Madhya Pradesh), Ahmednagar (Maharashtra) and Colvale and Kundaim (Goa).

2. Drives and Industrial Automation, which involves AC and DC drives and variable frequency drives. It has facilities at Helsingborg (Sweden) as well as at Mandideep (Madhya Pradesh).

3. Railways, which includes solutions based on insulated gate bi-polar transistor (IGBT) technology, traction electronics and traction machines for railway transportation and signalling, with facilities at Mandideep and Pithampur (Madhya Pradesh).

4. Services, for all the above products including the condition monitoring and training modules for maintenance.

BUSINESS PERFORMANCE, FY2017

CG: CONSOLIDATED FINANCIAL HIGHLIGHTS, FY2017

- The unexecuted order book (UEOB) as on 31 March 2017 stood at ₹4,690 crore, which represented an increase of 7.9% over what it was a year earlier.
- Gross sales and income from operations was ₹6,120 crore. This was 9.4% higher than the comparable figure of the previous year.

- CG's earnings before interest, depreciation, taxes, and amortisation (EBIDTA), including 'other expenses' but without 'other income', was ₹470 crore in FY2017. This was 9.3% higher than the comparable number for the previous year.
- Profits before taxes (PBT) excluding 'other income' reduced by 26% to ₹132 crore. PBT including 'other income' but without exchange gain / loss and exceptional items was ₹201 crore in FY2017, versus ₹290 crore in the previous year. Including these, as well as the share of profit or loss from joint ventures and associate companies, PBT for FY2017 was ₹127 crore, versus ₹180 crore in FY2016.
- Profit after taxes (PAT) from continuing operations, including share of profit or loss in associates and minority interests was ₹110 crore in FY2017, versus ₹115 crore in the previous year.
- PAT from discontinued operations was ₹(601) crore in FY2017, compared to ₹(574) crore in FY2016.
- Overall PAT—for continuing and discontinued operations taken together—was ₹(491) crore in FY2017, versus ₹(459) crore in the previous year.
- Earnings per share (EPS), basic, from both continuing and discontinued operations was ₹(7.83) in FY2017 compared to ₹(7.33) in the earlier year.

POWER SYSTEMS BU

Power Systems is the Company's largest BU and focuses on power transmission, distribution, power solutions, setting up of integrated power systems and associated services businesses. It manufactures a wide range of power and distribution transformers, extra high voltage (EHV) and medium voltage (MV) circuit breakers, switchgears, EHV instrument transformers, lightning arrestors, isolators and vacuum interrupters. In addition, it offers turnkey solutions for transmission and distribution (T&D) through sub-station projects, engineering, procurement and construction (EPC) as well as other end-to-end contracts involving the entire value chain—solutions, design, products, procurement, construction, erection and servicing. A detailed list of CG's Power Systems BU products, solutions and services as well as its associated facilities is given at the end of this Annual Report.

POWER SYSTEMS BU: CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated performance of CG's Power Systems BU is given in **Table 1** in this Report.

- The unexecuted order book (UEOB) increased by 4% to ₹3,808 crore.
- Revenue of CG Power grew by 7.6% to ₹3,739 crore.
- EBIDTA (including other income) rose by 13% to ₹455 crore.
- EBIT grew at an even higher rate of 17% to ₹384 crore.
- Despite a 3.6% increase in capital employed on account of necessary investments, the return on capital employed (ROCE) increased by 2.4 percentage points to 21.3% in FY2017.

If there is a clear signal that one can get from **Table 1** in this Report**,** it is that CG's Power Systems BU's continuing businesses have started generating better results. In FY2017, the rate of growth of EBIDTA was higher than that of revenue; the rate of growth of EBIT was higher than that of EBIDTA; and despite a rise in capital employed, the ROCE was up by 2.4 percentage points over the previous year, to 21.3%. Hopefully, this positive trend will continue in FY2018 and thereafter.

POWER SYSTEMS BU—KEY DEVELOPMENTS IN FY2017

The product lines for CG Power Systems BU are: power transformers, switchgears and distribution transformers.

The Indian power transformer market is expected to continue growing, thanks to the demand by the Power Grid Corporation of India Limited (PGCIL), the National Thermal Power Corporation (NTPC) and some State Electricity Boards. Moreover, dedicated freight corridors of Indian Railways will create additional demand for trackside transformers. In distribution, under the Ujwal DISCOM Assurance Yojana (UDAY) scheme, the central government is taking over 75% of the debt of over-leveraged, cash strapped DISCOMs in various states, subject to these entities agreeing to adequately raise the price of electricity supplied to the final consumer. This ought to clean the books of many DISCOMs and State Electricity Boards which, in turn, should create headroom to generate additional demand for distribution transformers.

A GROSS REVENUE FROM MAIN BUSINESSES (₹ crore)

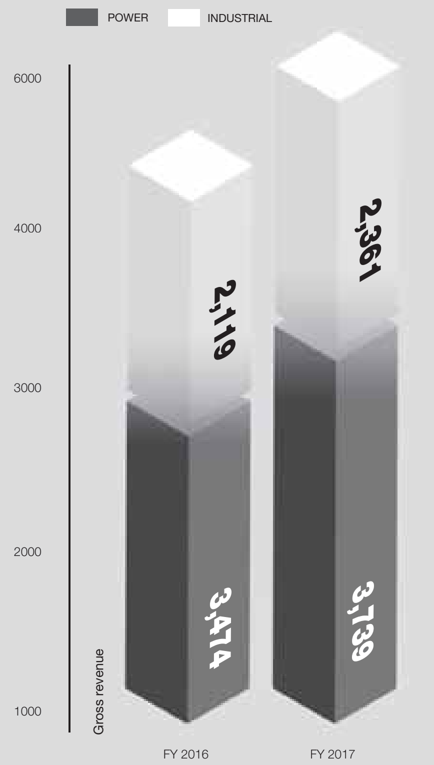


Chart A plots the changes in gross revenue of the main businesses.

- CG's gross revenue from the Power Systems business increased by 7.6% between FY2017 and the previous year.
- Gross revenue from the Industrial Systems business grew by 11.4%.

01 CONSOLIDATED FINANCIAL PERFORMANCE OF CG's POWER SYSTEMS BUSINESS (₹ crore)

CG POWER SYSTEMS BU	FY2016	FY2017	GROWTH (%)
Unexecuted Order Book (UEOB)	3,663	3,808	3.9%
Revenue	3,474	3,739	7.6%
EBIDTA (Including other income)	403	455	12.8%
EBIT	329	384	17%
Capital Employed	1,743	1,807	3.6%
Return on Capital Employed (ROCE)	18.9%	21.3%	2.4 percentage points

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

Power Transformers (PT)

These are manufactured at CG's facilities at T3 (Mandideep, near Bhopal), T1 (Kanjur Marg, Mumbai) and Bogor (Indonesia).

The T3 facility at Mandideep remains India's leading 765kV manufacturing plant. It manufactures power transformers and reactors up to 765kV plus locomotive transformers. The key customers are PGCIL, NTPC, the Madhya Pradesh Power Transmission Company Limited (MPPTCL), the Bhakra Beas Management Board (BBMB), Larsen & Toubro (L&T) and some key state-level power transmission corporations. In FY2017, T3 achieved record net sales of almost ₹442 crore. Keeping in view growing orders from Indian Railways, T3 created a dedicated facility for manufacturing railway transformers, and its new 30MVA 132kV transformer produced in this unit for the Delhi Metro Rail Corporation (DMRC) was successfully short circuit tested at the Central Power Research Institute (CPRI). It has also successfully commissioned a 1200kV transformer at PGCIL's experimental sub-station at Bina (Uttar Pradesh), which is under field trial. This is particularly important for the future, as 1200kV transformers will come into play for electricity transmission along the national grids from the year 2022. The T1 facility at Kanjur Marg, Mumbai, had several successes. Among these are:

- Designing and developing a 50MVA, 66kV transformer with ester oil for Siemens, which was supplied for the Delhi metro (DMRC).
- Designing and developing a single-phase, 33.3MVA, 400kV coupling transformers for PGCIL's Statcom Project at the NP Kunta Ultra-Mega Solar Park in the district of Ananthapur in Andhra Pradesh.
- Successfully short circuit tested **i.** a 250 MVA, 400kV generator transformer at KEMA (Netherlands) for NTPC Ramagundam, and **ii.** a 50MVA, 220kV transformer at the CPRI for the DMRC.
- Successfully commissioned 11 sites in FY2017 for PGCIL as a part of its RT2 Project.

The state-of-the-art plant at Bogor (Indonesia) manufactures 20MVA to 300MVA, 20kV to 275kV three-phase, and 167MVA 500kV single-phase power transformers. Its key customers are Perusahaan Listrik Negara (PLN), Indonesia, a government-owned corporation that has monopoly over electricity distribution across the archipelago; Transpower, New Zealand; and Meralco, Philippines.

In addition, the facility at Jakarta, Indonesia, manufactures and assembles AIS sub-stations up to 500kV, mobile sub-stations up to 100MVA, 245kV, as well as GIS sub-stations up to 300kV—largely for PLN, but also for Malaysia.

CG also has a joint venture with PLN to manufacture switchgears in Indonesia. This is still at a project stage.

The Indonesian operations had several successes in FY2017, some of which were:

- Highest ever order intake for power transformers of US$142 million.
- Largest ever open book order from PLN of US$95 million, of 114 power transformers aggregating 7400MVA.
- Achieved a breakthrough in the power generation segment with an order intake of US$8 million.
- Orders for mobile sub-stations of US$17 million.

Distribution Transformers (DT)

After several years of making losses, the T2 facility at Malanpur turned around in FY2017 with an EBIDTA of 7.3% to sales. It achieved highest ever order input of ₹274 crore, and received its largest ever single order of ₹32.5 crore from Greenco (Hyderabad) for 100 units of 4.5MVA, 33kV for solar energy applications.

Switchgears

CG has full-fledged extra high voltage (EHV) and medium voltage (MV) switchgear plants in India, some of which command significant leadership position in the country. Its facilities in Ambad (near Nashik, Maharashtra) and Aurangabad (Maharashtra) manufacture: air insulated (AIS) and gas insulated (GIS) EHV switchgears; MV switchgears; vacuum interrupters; instrument transformers; and distribution protection and automation equipment.

The Ambad facility produces instrument transformers, gas and vacuum circuit breakers, lightning arrestors, GIS switchgears and electronic numerical relays; while the Aurangabad unit manufactures vacuum interrupters, vacuum contactors and instrument transformers. The major customers for CG's switchgears are PGCIL, the Nuclear Power Corporation of India Limited (NPCIL), NTPC, state-level transmission and distribution Utilities, ANDE (Paraguay), ENEL (Italy), TNB (Malaysia), KEPCO (Korea), SSI (USA) and KPLC (Kenya), among others.

CG's Switchgear products accounted for almost 27% of the market in India

For the railways business, FY2017 saw CG achieving its highest ever order input of almost ₹625 crore, representing a growth of 66% over the previous year. It also recorded its highest ever sales of almost ₹436 crore, a 22% growth over the last year. It was the market leader with 52% share in electro-mechanical signalling, relays and point machines.

In FY2017, the total sales of CG's switchgear facilities was ₹1065 crore, of which ₹221 crore constituted exports. In India, CG's switchgear products accounted for almost 27% of the market. The business earned an EBITDA margin of 11.4% and an ROCE of 23.9%. There were several key achievements, such as:

- Indigenously developed and commissioned capacitor voltage transformers (CVTs) and surge arresters for the 1,200kV experimental sub-station set up by NTPC at Bina (Uttar Pradesh).
- Set up and commissioned 108 current transformers (CTs) at a single location, namely the Pallavadi (Tamil Nadu) sub-station, for the Tamil Nadu Transmission Corporation (TANTRANSCO).
- Manufactured and commissioned 765kV gas circuit breakers for PGCIL at Jabalpur (Madhya Pradesh) and Champa (Chhattisgarh).
- Designed and manufactured control switching devices, which has been approved by PGCIL and other transmission state-level power transmission companies, and commissioned across several locations.
- Produced, according to global standards, 36kV medium voltage GIS switchgears for renewable energy the first of its kind to be manufactured in India. These are specially designed to fit at the base of wind turbines, and have been approved by Gamesa of Spain.
- Created mid-mounted vacuum circuit breaker (VCB) panels for exports—and sold these to Paraguay, Indonesia, Sierra Leone and in Europe.
- Designed and manufactured a 60 unit panel switchboard of 7.2kV and 44kA for the Steel Authority of India Limited's Durgapur Steel Plant with MECON (Ranchi) as the consultant.
- Commissioned 72kV to 145kV GIS switchgears for the Himachal Pradesh SEB (at Shimla), the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) at Allahabad and Ghaziabad, and the Haryana Vidyut Prasan Nigam Limited (HVPNL) at Gurugram.
- Received the first GIS export orders from Vietnam and Ukraine.
- Developed and secured certification for a 245kV GIS switchgear, and received the first order for five bays from UPPTCL.
- Manufactured 72kV dead tank breakers, for which orders were secured from Latin America and the Caribbean.

Engineering Projects Division (EPD)

EPD's offerings include:

- Turnkey AIS sub-stations of 220kV, 400kV and 765kV.
- Turnkey GIS sub-stations from 66kV to 400kV.
- Pure installation and commissioning of projects.

Over the recent past, EPD made losses on account of site completion issues that lead to costs overruns. Most of these were due to external factors beyond CG's control. CG's present focus is on completing the projects at hand, which will all be done by FY2018; and only taking up such projects that insulate the Company from potential losses and liquidated damages.

The Company is evaluating some key EPD projects in association with various state utilities.

INDUSTRIAL SYSTEMS BU

CG's Industrial Systems has facilities located at Mandideep and Pithampur (Madhya Pradesh), Ahmednagar (Maharashtra), Colvale and Kundaim (Goa) and Tapioszele (Hungary). The business unit manufactures the following types of products:

- High voltage (HV) motors.
- Low voltage (LV) motors.
- Fractional horse power (FHP) motors.
- Direct current (DC) motors.
- AC and DC drives.
- AC generators (LV and HV).
- Variable frequency drives and solutions based on insulated gate bi-polar transistor (IGBT) technology; soft starters and shaft power monitors; and rotary heat exchangers with switch reluctance motors for saving energy.
- Traction electronics and traction machines for railway transportation.
- Railway signalling equipment.
- Stampings.

Table 2 gives the financial performance of the Industrial Systems BU over the last two years. As is evident, this BU has done well over the last two years.

- The unexecuted order book (UEOB) increased by 29.3% to ₹882 crore.

02 CONSOLIDATED FINANCIAL PERFORMANCE OF THE CG's INDUSTRIAL SYSTEMS BUSINESS (₹ crore)

CG INDUSTRIAL SYSTEMS BU	FY2016	FY2017	GROWTH (%)
Unexecuted Order Book (UEOB)	682	882	29.3%
Revenue	2,119	2,361	11.4%
EBIDTA (Including other income)	212	218	2.7%
EBIT	139	156	12.7%
Capital Employed	977	955	(2.2%)
Return on Capital Employed (ROCE)	14.2%	16.4%	2.2 percentage points

- Revenue of CG Industrial grew by 11.4% to ₹2,361 crore.
- EBIDTA (including other income) rose by 2.7% to ₹218 crore.
- EBIT grew at a higher rate of 12.7% to ₹156 crore.
- The return on capital employed (ROCE) increased by 2.2 percentage points to 16.4%.

INDUSTRIAL SYSTEMS BU: KEY DEVELOPMENTS IN FY2017:

Motors (LVRM)

- Revenue from low tension (LT) motors crossed the ₹1,000 crore mark.
- The market share of CG's AC motors in India increased by 2 percentage points in one year, and now stands at over 38%.
- While the overall market for FHP motors de-grew by 22%, CG's products grew by 9% vis-à-vis FY2016.
- Produced 2,250kVA large alternator, a first for CG and for India.
- Manufactured large AC motors in India of a frame-size of 500mm.
- Manufactured 90kW motors for NPCIL that are designed to operate in high temperature radiation zones.
- The motors business has a large collection of offerings, some of which are: **(i)** totally enclosed fan cooled (TEFC) IE3 flame proof (FLP) motors of frame size from 80 to 280mm, 2/4/6 pole, with a range of 0.37kW to 75kW; **(ii)** TEFC NEMA Premium motors of 80 to 250mm frame, up to 100HP; **(iii)** TEFC IE1 motors of 400 and 450 frame, with a range of 375kW to 560kW, using 2/4/6/8/10 poles; **(iv)** sun protected drip proof (SPDP) silicon controlled rectifier and switched reluctance motors of 160mm to 250mm frame, with a range of 5.5kW to 55kW in 2/4/6/8/10 poles; **(v)** AC generators, 112mm frame, 3kVA to 5kVA, 2/4 poles and 400mm frame, 1250kVA, 4 poles.
- In FY2018, the motors business will be in a position to offer even newer product, such as: **(i)** TEFC IE4 (Super Premium Efficiency) motors of 132mm to 160mm frame, with a range of 5.5kW to 15kW, mounted on four poles; **(ii)** TEFC IE1 motors with a frame size of 500mm, 560kW, 8 poles; **(iii)** UL Certified safe area motors of frame sizes ranging from 63mm to 355mm, and compliant with the IEC / NEMA IE1, IE2, IE3 standards; **(iv)** FLP motors of 400mm frame, 375kW, and 2 poles; **(v)** smoke extraction motors of 80mm to 200mm frame, ranging between 0.75kW and 30kW; **(vi)** FLP brake motors of 90mm to 160mm frame, between 1.1kW and 15kW; **(vii)** large AC generators of 450mm frame, four poles, delivering 2,250kVA; and **(viii)** DC motors up to 315mm frame for heavy duty applications in steel mills.
- In FY2018, the focus will also be in entering the construction market with liquid cooled motors, line start permanent magnet motors and gearless traction motors for lifts. In addition, motors will be ungraded where necessary to the efficiency levels of IE4, IE2 and IE3 for 8-poles, IE2 for the Unit 3 range, and build drive mounted intelligent motors for different applications.

RAILWAYS

- For the railways business, FY2017 saw CG achieving its highest ever order input of almost ₹625 crore, representing a growth of 66% over the previous year. It also recorded its highest ever sales of almost ₹436 crore, a 22% growth over the last year. It was the market leader with 52% share in electro-mechanical signalling, relays and point machines. It accounted for 18% to 20% market share with the Chittaranjan Locomotive Works (CLW), the Diesel Locomotive Works (DLW) at Varanasi and the Diesel Loco Modernisation Works (DMW) at Patiala. FY2017 also saw CG securing 100% of the tender quantity for an order worth ₹82 crore from DMW and another for ₹89 crore from the Integral Coach Factory in Chennai. The business also received three orders of above ₹40 crore each from CLW.
- CG was the first company in India to develop and integrate the 'under slung' propulsion system for Indian Railway's 2 x 350HP diesel electric tower car and it was the second company in India to develop and integrate the complete propulsion system for 1600HP AC-AC diesel electric multiple unit.
- CG's railways business enjoys significant market shares. In FY2017, it accounted for 21% share of the total propulsion business; 15% share for electronics and controls; 13% share for traction alternators; 28% share for traction motors; and 35% share for traction transformers.

HUMAN RESOURCES (HR)

In FY2017, HR focused on top level leadership transitions while successfully managing people issues arising out of job rotation, retirements and changes on account of the divestment strategy for global businesses. We continued promoting internal talent to occupy such vacant leadership as needed to be filled. Many such leaders were provided coaches to help them succeed in their new roles. HR played a critical role in rationalising the US and UK Power Solutions businesses and in transitioning CG's organisation structure from matrix to geography based.

CG has full-fledged Extra High Voltage (EHV) and Medium Voltage (MV) switchgear plants in India which commands significant leadership position in the country

The Company rolled out an employee engagement survey branded as Drishtikon to understand 'what employees feel is working well' or 'what could be improved'. It covered 3,351 employees—both white and blue collar. The response rate was over 93%. The survey results indicated that 61% of white collar employees considered CG as a 'great place to work'. While creditable, we have leveraged Drishtikon to start action planning workshops across all units to arrive at what set of actions at the organisation, unit and managerial levels would be needed to further enhance employee engagement—so that CG gets recognised as one of the best employers in India.

In our journey to strengthen CG leadership effectiveness, we covered our 89 leaders through a Leadership Grid intervention programme. This deepens leadership capability by helping participants understand how their leadership behaviour impacts others. This was carried out in collaboration with Grid International to help CG develop and fine-tune critical leadership relationship, such as Critique, Inquiry, Decision Making, Initiative, Advocacy, Conflict Resolution and Resilience. The programme also helped managers to see conflict as a positive source for productive energy and to use genuine candour by focusing on 'What's right' rather than 'Who's right'. Follow up sessions were organised to help implement the learnings and to cascade these across the organisation.

During the year, a Leadership Summit was organised for top leaders. This focused on a holistic understanding of, and the desired behaviour patterns that make for, good leadership. A 360° feedback exercise received excellent response and provided valuable insights to each of leader and to entire leadership team.

We continued our practice of the learning calendar and covered over 800 employees through various learning interventions. We significantly improved the quality, content and timeliness of goal-setting, performance reviews, coaching and feedback process. We strengthened our Performance Management Process (branded as PRIDE which stands for **P**ersonal **R**esponsibility **I**n **D**elivering **E**xcellence) to align rewards with performance. We rolled out Sales Incentive Program (SIP) to drive frontline sales performance.

To strengthen the capability of our people managers and enhance employee engagement, we continued LEAP (which stands for **L**earn-**E**ngage-**A**ccelerate-**P**erform) in partnership with Great Places to Work across our cluster of plants in Madhya Pradesh. The assessment of people managers helped in identifying focused actions for building team alignment and team culture.

Industrial relations at all plants and establishments in India remained cordial throughout FY2017.

The CG Production System (CGPS) has been a significant driver in contributing towards continuous productivity improvement in CG since its inception. Work measurement and practicing the best operational excellence practices are the bedrock of CGPS with the principle of PDCA (Plan-Do-Check-Act) being at the core. In FY2017, we recalibrated our CGPS parameters to drive productivity at some key plants—namely, the transformer plants in Mandideep and Malanpur, and the LVRM Unit-2 at Ahmednagar. This has led to encouraging results.

We recruited 50 Graduate Engineer Trainees from NITs and Government Engineering Colleges to build a future-ready technical talent pipeline.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

CG is committed to minimise the adverse impact on the environment, health and safety at workplace. It does so by protecting and enhancing the well-being of its employees, visitors and partners. The Company's EHS management system, programmes and policies were enhanced in FY2017. All CG manufacturing units have maintained their ISO14001 and OSHAS18001 certifications.

Senior management's EHS commitment was reflected in the updating of CG's Corporate EHS Policy and introducing EHS Cardinal Rules. These new standards and expectations were communicated to relevant employees via webinars. In addition, bi-monthly regional EHS network conference calls were used for EHS knowledge sharing, best practices and lesson learnt across businesses and regions.

CG is committed to minimise the adverse impact on the environment, health and safety at workplace. It does so by protecting and enhancing the well-being of its employees, visitors and partners.

Individual leaders took up one mandatory EHS goal in their annual appraisal system and all units set their annual targets towards meeting the EHS KPIs. Every individual unit's EHS performance against set target was analysed by using an online monthly EHS Balanced Scorecard.

EHS audit processes were revamped. These now focus more on actual EHS implementation and performance, rather than documentation. Corrective actions arising out of such audits were captured and tracked for closure through an online Event Reporting System (ERS) portal. Over 5,158 Corrective actions were reported and tracked in ERS, of which 4,870 are closed on time.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

FINANCIAL PERFORMANCE

This section begins with CG' stand-alone results, after which it moves on the consolidated financials for the Company. The results have to be looked at in terms of Ind AS and the concept of continuing businesses and to be sold or discontinued operations.

CG: STAND-ALONE FINANCIAL PERFORMANCE

Stand-alone results of CG for the year ended 31 March 2017 and 2016 are given in **Table 3.**

- Gross sales, or revenue from operations increased by 12.7% to ₹4,761 crore in FY2017. Net sales and services increased by 11.7% to ₹4,356 crore.
- Operating EBIDTA grew by 38.66% to ₹312 crore.
- Because of a significant increase in finance costs in FY2017, operating PBT reduced by 34.8% to ₹57 crore. Including 'other income', PBT reduced by 17.9% to ₹257 crore. The increase in finance cost was on account of larger loans taken in India to finance the losses of some international operations.
- Net profit from continuing operations increased from a loss of ₹1,184 crore in FY2016 to a profit of ₹158 crore in FY2017.
- Net profit, including discontinued operations, improved from a loss of ₹1,099 crore in FY2016 to ₹125 crore in FY2017.

Table 4 shows the key ratios (profitability, assets efficiency and leverage ratios) of the entity for FY2017 and FY2016.

CG: CONSOLIDATED FINANCIAL PERFORMANCE

Table 5 in this Report gives the consolidated performance of CG, while **Table 6** gives the key ratios.

- Net sales and services: In rupees, it grew by 8.4% to ₹5,713 crore in FY2017. In US$, it increased by 5.7% to US$851 million.
- Operating EBIDTA increased by 9.3% in rupees to ₹470 crore; and by 6.1% to US$70 million.
- PBT including other income, but before exceptional items and exchange gains or loss, decreased by 30.7% to ₹201 crore in FY2017; and by 31.8% to US$30 million. This was on account of finance costs which increased from ₹80 crore in FY2016 to ₹188 crore in FY2017. As mentioned earlier, increase in finance costs in FY2017 was on account of additional loans taken in India to meet the large losses incurred in some of the international subsidiaries.
- Net profit from continuing operations (after minority interests) reduced by 4.4% ₹110 crore, or US$16 million.
- After taking into account net losses from discontinued operations amounting to ₹601 crore, or US$89 million, over net loss for FY2017 was ₹491 crore, or US$73 million.

RISK MANAGEMENT

CG deploys a well formulated risk management framework. This is based upon a three-tiered approach encompassing **(i)** enterprise risks, **(ii)** process risks, and **(iii)** compliance risks.

Enterprise risk identification and mitigation initiatives are managed through an on-going action agenda between the corporate risk department and each of the businesses, as well as for the Company as a whole. The coverage extends to all key business exposures as well as to lost opportunities—both internal and external—that are identified with the businesses. After getting a measure of each such enterprise risk, the corporate risk department tracks the mitigation actions.

Process risk management involves assurances by the Company's internal audit department regarding the effectiveness of business and financial controls and processes in all key activities across the various businesses.

Compliance risk management comprises a detailed mechanism of assurances with respect to adherence of all laws and regulations in every country, with a reporting process that flows upwards from the accountable business line executives to CG's fiduciary Risk and Audit Committee (RAC) and then to the Board of Directors.

The outcomes of business review meetings conducted by management and internal audit regarding processes and their compliance, as well as observations of the RAC and the Board of Directors are incorporated to capture new risks and update the existing ones.

All three dimensions of CG's Risk Management framework are reviewed annually for their relevance and modifications. The businesses and internal audit make regular presentations to the RAC for detailed review. The risk management process, including its tracking and adherence, is substantially e-enabled for greater consistency and better reporting capabilities.

INTERNAL CONTROLS AND THEIR ADEQUACY

CG believes that a strong internal controls framework is essential to its businesses. It, therefore, has an effective internal control system to conduct audits of various divisions, sales offices, corporate headquarters and overseas operations. The internal audit team focuses primarily on operational and systems audits that monitor compliance with the defined authority delegation matrix of the Company.

Annual internal audit plan covers key areas of operations. This is vetted by Board-level RAC, which is updated every quarter—and occasionally between successive quarters—of the significant internal audit observations, compliance with statutes, risk management and control systems. The RAC assesses the adequacy and effectiveness of inputs given by internal auditor and suggests

03 CG's STAND-ALONE PERFORMANCE (₹ crore)

YEAR ENDED 31 MARCH	FY2016	FY2017
Gross Revenue from operations	4,225	4,761
Less: excise duty	324	405
Net sales and services	3,901	4,356
Cost of materials consumed	2,822	3,202
Employee benefits expense	363	358
Other expenses	491	484
EBIDTA excluding OI	225	312
Other income (OI)	226	200
EBIDTA Including OI	451	512
Finance costs	39	164
Depreciation and amortisation	99	91
PBT excluding OI	87	57
PBT Including OI	313	257
Exceptional items net of income / (loss)	(1,452)	(100)
Profit after exceptional items	(1,139)	157
Less: Tax expenses		
Current tax	105	25
Deferred tax (net)	(60)	(26)
Net Profit / (loss) for the year from continuing operations	(1,184)	158
Profit / (loss) from discontinued operations before tax	146	(33)
Tax expense on discontinued operations	61	-
Net profit / (loss) from discontinued operations after tax	85	(33)
Net profit / (loss) for the year	(1,099)	125
Earnings Per Share Continuing Operations (Basic And Diluted) (In ₹)	(18.89)	2.52
Earnings Per Share Discontinued Operations (Basic And Diluted) (In ₹)	1.36	(0.53)

(Face Value Of Equity Share of ₹2 each)

04 CG's STAND-ALONE PERFORMANCE, KEY RATIOS

YEAR ENDED 31 MARCH	FY2016	FY2017
Profitability Ratios		
EBIDTA excluding OI / Gross Sales from continuing operations	5.3%	6.6%
EBIDTA including OI / Gross Sales from continuing operations	10.7%	10.8%
PBT / Gross Sales from continuing operations	(27%)	3.3%
RONW on total operations	(26.6%)	3.0%
ROCE (at year-end capital employed) on continuing operations	7.5%	7.5%
Cash ROCE from continuing operations	9.6%	9.2%
EPS on the basis of total profits from continuing operations (In ₹ per Share)	(18.89)	2.52
EPS on the basis of total profits from discontinued operations (In ₹ per Share)	1.36	(0.53)
EPS on the basis of total profits (In ₹ per Share)	(17.53)	1.99
Cash EPS from continuing operations (In ₹ per Share)	(18.28)	3.57
Leverage Ratios		
Long Term Debt To Equity	0.0	0.1
Interest Coverage Ratio	NA	2.5
Assets Efficiency		
Gross Sales To Gross Working Capital (times)	0.9	0.9
Gross Sales To Net Working Capital (times)	1.9	1.6

05 CG's CONSOLIDATED FINANCIAL PERFORMANCE

YEAR ENDED 31 MARCH	FY2016		FY2017	
	₹crore	US$ million	₹crore	US$ million
Gross sales and services	5,595	855	6,120	912
Less: excise duty	326	50	407	61
Net Sales and Services	5,269	805	5,713	851
Cost of raw materials and components consumed and construction material	3,612	552	4,014	598
Employee Benefits	559	85	537	80
Other Expenses	668	102	692	103
EBIDTA excluding OI	430	66	470	70
Other Income (OI)	112	17	69	10
EBIDTA Including OI	542	83	539	80
Finance Costs	80	12	188	28
Depreciation and Amortisation	172	26	150	22
PBT excluding OI	178	28	132	20
PBT Including OI (before exceptional item and share of profit /(loss) of associates and joint venture)	290	45	201	30
Exceptional Item	(111)	(17)	(73)	(11)
Share of Profit /(Loss) of associates and joint venture	1	0	(1)	(0)
PBT after exceptional item and share of profit /(loss) of associates and joint venture	180	28	127	19
Less: Tax Expenses				
Current Tax	130	20	48	7
Deferred Tax	(64)	(10)	(31)	(4)
PAT (before Exceptional Item)	225	35	183	27
PAT (after Exceptional Item)	114	18	110	16
Minority Interest	1	0	(0)	(0)
PAT after minority interest	115	18	110	16
Profit / (loss) from discontinued operations before tax	(492)	(75)	(612)	(91)
Less: Tax expense on discontinued operations	82	13	(11)	(2)
Net profit / (loss) from discontinued operations after tax	(574)	(88)	(601)	(89)
Net profit / (loss) for the period / year	(459)	(70)	(491)	(73)
Exchange rate for US$1 as on respective year end dates		65.4117		67.0978

improvement for strengthening internal controls from time to time.

CG's internal controls have been designed to provide a reasonable assurance with regard to maintaining of proper internal controls, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations for ensuring reliability of financial reporting. The Company uses SAP as its key data and analytics tool—which has over the years considerably enhanced the internal control mechanism.

OUTLOOK

As we have shared in the last two annual reports, over the last few years CG has suffered from the losses incurred by some of its international operations. Barring the entities in Indonesia and the US, most were affected by slowing demand, increasing costs and declining profits that soon became increasing losses—which had to be made good by regular cash outflows from the parent Company.

Hence, the Board of Directors unanimously favoured urgently cutting losses and selling these businesses at reasonable values to focus on CG's profitable core competencies—that of producing transformers and industrial systems out of profitable plants in India and Indonesia, and of selling these both in India as well as to other parts of the world.

To this end, CG divested itself of the power transformer business in Canada in FY2016; shut down uneconomic centres and production units; successfully sold the automation business under ZIV to Alfanar Electric LLC of Saudi Arabia on 6 March 2017 for an enterprise value of €120 million; and exited from the loss-making distribution franchise business at Jalgaon, Maharashtra.

As mentioned earlier in this chapter, in FY2016 upon the termination of the SPA with Pauwels Spaco Limited, an SPV of First Reserve, CG is actively exploring geography / product wise options for sale of its international power business. Hopefully, some of these will come to fruition in the course of FY2018.

In the meanwhile, the Company's core businesses—power systems in India and Indonesia and its industrial systems business in India—have grown and fared well in

06 CG's CONSOLIDATED FINANCIAL PERFORMANCE, KEY RATIOS

YEAR ENDED 31 MARCH	FY2016	FY2017
Profitability Ratios		
EBIDTA excluding OI / Gross sales from continuing operations	7.7%	7.7%
EBIDTA including OI / Gross sales from continuing operations	9.7%	8.8%
PBT / Gross sales	3.2%	2.1%
RONW on total operations	(10.0%)	(11.9%)
ROCE (terminal) of continuing operations	8.1%	8.1%
Cash ROCE (terminal) of continuing operations	11.9%	11.2%
Per Shares Ratios		
EPS on the basis of total profits from continuing operations (in ₹ Per share)	1.83	1.75
EPS on the basis of total profits from discontinued operations (in ₹ Per share)	(9.16)	(9.58)
Total EPS on the basis of total profits from continuing and discontinued operations (in ₹ Per share)	(7.33)	(7.83)
Cash EPS from continuing operations (in ₹ Per share)	3.55	3.65
Leverage Ratios		
Long Term debt to equity	0.1	0.1
Interest coverage ratio of continuing operations	5.4	2.5
Assets Efficiency Ratios		
Gross sales to gross working capital (times) of continuing operations	1.3	1.2
Gross sales to net working capital (times) of continuing operations	3.8	3.2

FY2017. Market indicators and the status of the unexecuted order books suggest that these will continue to perform robustly in FY2018. Moreover, adopting Ind AS has helped CG to create a cleaner balance sheet and, hence, a more sustainable financial architecture for ensuring future.

As mentioned last year, we are a leaner, more manageable and a more profitable enterprise, without less of the burden of losses on account of some of our internationally located businesses. If India grows at least at 7% in FY2018—as forecasted by many experts as well as the Reserve Bank of India and the IMF—and South-East Asia continues growing robustly, one ought to see a healthy growth in demand for power equipment, rotating machines, drives and railway traction equipment. If that were to happen, as is expected, the Company has good reason to believe that the tide has turned, and can look forward to better times in the near future.

K N NEELKANT
CEO and Managing Director
(DIN: 05122610)
New Delhi, 26 May 2017

TEN YEARS' HIGHLIGHTS

(Year Ended 31 March in ₹ crore)

STAND-ALONE

CONSOLIDATED

	2008 Stand-alone	2008 Consolidated	2009 Stand-alone	2009 Consolidated	2010 Stand-alone	2010 Consolidated	2011 Stand-alone	2011 Consolidated	2012 Stand-alone	2012 Consolidated	2013 Stand-alone	2013 Consolidated	2014 Stand-alone	2014 Consolidated	2015 Stand-alone	2015 Consolidated	2016# Stand-alone	2016# Consolidated	2017 Stand-alone	2017 Consolidated
EARNINGS																				
TOTAL INCOME	4290	7247	4940	9090	5585	9469	6356	10430	6901	11668	7624	12609	8064	14207	4589	5872	4451	5706	4962	6188
GROSS SALES AND SERVICE	4223	7181	4904	9031	5516	9376	6277	10331	6850	11615	7571	12533	7994	14058	4524	5800	4225	5595	4761	6120
NET SALES AND SERVICE	3876	6832	4611	8737	5284	9141	5951	10005	6485	11249	7135	12094	7571	13632	4230	5505	3901	5269	4356	5713
EBIDTA*	553	811	674	1054	927	1371	1012	1443	771	856	648	459	687	761	331	580	451	542	512	539
PBT@	486	615	614	867	870	1189	927	1229	677	550	596	185	713	495	342	355	313	180	257	127
PAT **@	314	407	397	560	617	860	694	889	505	374	446	(36)	521	244	345	368	(1184)	115	158	110
DIVIDEND PAY-OUT	59	59	73	73	81	81	141	141	90	90	77	77	75	75	50	50				
WHAT THE COMPANY OWNED																				
GROSS BLOCK (INCL. CAPITAL WIP)	1078	2733	1124	3083	1204	3099	1651	3890	1424	4558	1560	5539	1662	6429	2357	7114	2186	4331	2145	3139
NET BLOCK (INCL. CAPITAL WIP)	515	1245	523	1379	567	1376	923	1941	675	2258	775	3066	823	3459	1625	4237	1387	2677	1315	1766
INVESTMENTS	195	93	266	167	688	553	782	675	1053	786	1055	791	826	299	1166	436	483	231	446	209
NET CURRENT ASSETS	361	759	570	969	620	1085	1139	1603	1552	1887	1825	1795	1810	1489	2840	2171	2282	1478	3006	1919
NET ASSETS EMPLOYED	1071	2097	1359	2515	1875	3014	2458	3875	2802	4463	3173	5176	3481	5276	5547	6711	4205	4396	4819	3899

(*) EBIDTA = Earnings before Interest, Depreciation, Amortisation, Tax, Exceptional Items and including other income.

(**) Profit for continuing business after Tax, Minority Interest and Share of Associate Companies for Consolidated Statement of Profit and Loss.

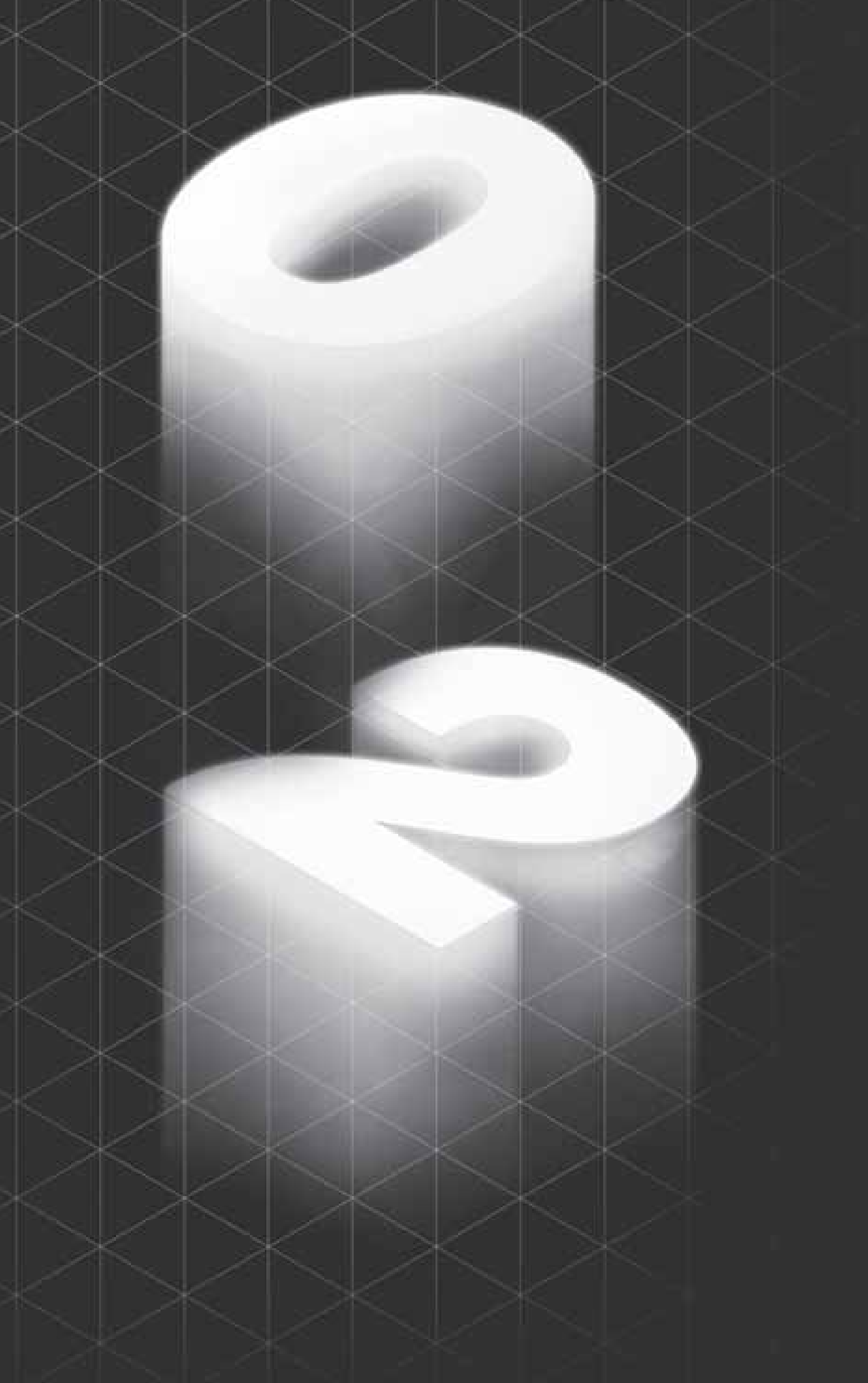
(@) After exceptional items

	2008		2009		2010		2011		2012		2013		2014		2015		2016#		2017	
WHAT THE COMPANY OWED																				
BORROWINGS	88	842	54	718	27	501	13	470	8	1044	14	2029	31	2396	68	2092	586	1528	1334	1502
TOTAL LIABILITIES	1383	3484	1570	3919	1627	3518	1712	3874	1826	5003	2163	6435	2157	7172	1523	5775	2227	3521	2976	3716
NET WORTH OF THE COMPANY																				
SHARE CAPITAL	73	73	73	73	128	128	128	128	128	128	128	128	125	125	125	125	125	125	125	125
RESERVES & SURPLUS	858	1229	1169	1758	1637	2376	2176	3146	2573	3483	2929	3433	3231	3519	4490	4183	4003	4472	4074	3986
SHAREHOLDERS' FUNDS	931	1302	1242	1831	1765	2504	2304	3275	2701	3611	3057	3561	3356	3644	4615	4308	4128	4597	4199	4111
TANGIBLE NET WORTH***	931	1243	1242	1783	1765	2504	2304	3275	2701	3560	3057	3393	3356	3491	4615	4308	4128	4597	4199	4111
RATIOS																				
BOOK VALUE PER SHARE (in ₹)	14.5	19.4	19.4	27.8	27.5	39.0	35.9	51.0	42.1	55.5	47.7	52.9	53.0	55.1	73.6	68.7	65.9	73.3	67.0	65.6
EARNINGS PER SHARE (in ₹)	4.89	6.34	6.19	8.73	9.62	13.40	10.82	13.85	7.87	5.82	6.95	(0.56)	8.23	3.86	5.51	5.88	(18.89)	1.83	2.52	1.75
CASH EARNINGS PER SHARE (in ₹)	5.76	8.36	7.08	11.22	10.74	16.62	11.91	17.13	8.96	9.34	8.17	1.30	10.01	8.67	6.60	8.95	(18.28)	3.55	3.57	3.65
CURRENT RATIO	1.28	1.29	1.38	1.30	1.39	1.36	1.70	1.48	1.88	1.46	1.87	1.39	1.86	1.28	2.96	1.50	2.05	1.52	2.25	1.61
DEBT EQUITY RATIO	0.09	0.68	0.04	0.4	0.02	0.2	0.00	0.09	0.00	0.17	0.00	0.44	0.00	0.45	0.00	0.30	0.00	0.13	0.12	0.12
EBIDTA / NET SALES (IN %)	14.3	11.9	14.6	12.1	17.5	15.0	17.0	14.4	11.9	7.6	9.1	3.8	9.1	5.6	7.8	10.5	11.6	10.3	11.8	9.4
RETURN ON TANGIBLE NET WORTH (IN %)##	33.7	32.7	32.0	31.4	35.0	34.3	30.1	27.1	18.7	10.5	14.6	(1.1)	15.5	7.0	12.8	0.5	(26.6)	(10.0)	3.0	(11.9)
FIXED ASSETS TURNOVER RATIO (IN TIMES)	7.5	5.5	8.8	6.3	9.3	6.6	6.5	5.2	9.6	5.0	9.2	3.9	9.2	3.9	2.6	1.3	2.8	2.0	3.3	3.2
NO. OF PERMANENT EMPLOYEES	5002	8307	5094	8564	5116	8647	5214	8702	5365	8966	5575	9575	5529	9433	4024	7854	3633	7233	3421	6288

(***) Tangible Net Worth = Shareholders' Funds—Miscellaneous Expenses—Deferred Tax Asset

(#) Figures of FY2016 have been regrouped / reclassified, wherever necessary to correspond with the figures of FY2017

(##) On Total operations



DIRECTORS' REPORT AND ANNEXURES

The gross revenue of the Company, on stand-alone basis, reported a growth of 12.7% in FY2017. The consolidated net revenue of the Company during FY2017 from continued operations recorded a growth of 9.4% and stood at ₹6,120 crore.

To,
The Members
Your Directors are pleased to present their Eightieth Annual Report on the business and operations of the Company along with the Audited Financial Statements, both Stand-alone and Consolidated, for the financial year ended 31 March 2017.

THE YEAR IN RETROSPECT

The Stand-alone and Consolidated Financial Statements of the Company represent the continuing operations for the year ended 31 March 2017. The discontinued operations have been presented under a separate head.

FY2017 has been a steady and an encouraging one. The Company achieved a stand-alone gross turnover from continued operations of ₹4,761 crore, during the year under review, as compared to ₹4,225 crore during the previous year, recording a growth of 12.7%. The consolidated net revenue of the Company during FY2017 from continued operations recorded a growth of 9.4% and stood at ₹6,120 crore, as compared with ₹5,595 crore in the last year.

The stand-alone profit before tax from continuing operations of the Company for the year under review amounted to ₹157 crore as compared to a loss of ₹(1,139) crore for the previous year, recording an increase of 113.8%. The consolidated profit before tax from continuing operations for the year under review amounted to ₹127 crore as compared to ₹180 crore in the previous year, recording a decrease of 29.7% over last year.

Consolidated loss before tax from discontinued operations increased to ₹(612) crore from ₹(492) crore, in the previous year, an increase of 24.4%.

The tax expense for the year under review amounted to ₹(1) crore on stand-alone basis and ₹17 crore on consolidated basis.

The Company recorded a stand-alone profit after tax from continuing operations of ₹158 crore, an increase of 113.3% from loss of ₹(1,184) crore in the last year.

Consolidated profit after tax from continuing operations for the year under review stood at ₹110 crore as compared with ₹115 crore in the last year, a decrease of 4.3%.

Details of Sales and Profit Before Interest and Tax of the respective Business Units in comparison with the previous financial year are given in **Table 1**. Further, **Table 2** highlights details of the Financial Performance of the Company for the continuing operations for the year ended 31 March 2017.

A detailed review of the operations and performance of the Company and each of

01 GROSS SALES AND PROFIT BEFORE INTEREST AND TAX (PBIT) (In ₹crore)

BUSINESS UNIT	SALES		PBIT	
	2016–17	2015–16	2016–17	2015–16
Power Systems				
Stand-alone	2,684	2,425	208	117
Consolidated	3,739	3,474	384	329
Industrial Systems				
Stand-alone	2,078	1,801	190	174
Consolidated	2,361	2,119	156	139

Abbreviations
'Act' refers to the Companies Act, 2013
'Listing Regulations' refers to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
'the Company','CG' refers to CG Power and Industrial Solutions Limited

the Businesses including its international operations is contained in the section titled 'Management Discussion and Analysis', of this Annual Report.

DIVESTMENTS AND OTHER DEVELOPMENTS

The Share Purchase Agreement (SPA) for sale of CG's Power Businesses in Europe, North America and Indonesia was terminated due to certain conditions precedent, the fulfillment of which was beyond the reasonable control of the parties to the SPA. The Company continues to explore alternative geography / product wise options for sale of its international power businesses excluding Indonesia while continuing with strategic initiatives for improving the overall operational efficiency of its international power businesses.

During the year under review, the Company completed sale of its Automation business comprising of ZIV Aplicaciones y Tecnologia S.L, its subsidiaries and Automation businesses in UK, Ireland, France and India at an Enterprise Value of Euro 120 Million. The sale is part of the Company's strategy to focus on its core operations in Power and Industrial Systems businesses in their respective markets. The Automation business sale has significantly contributed to the reduction of Company's international debts.

In line with the Shareholders approval at the previous Annual General Meeting held on 30 August 2016 for sale of its overseas Transmission and Distribution businesses, the Company is actively pursuing divestment of its power business in United States of America (USA) comprised in its overseas step-down subsidiary—CG Power USA Inc.

Additionally, CG Power Systems Belgium NV (PSBE), the Company's overseas step down subsidiary has signed an SPA for exiting from the Joint Venture in Saudi Arabia-Saudi Power Transformer Co Ltd, in which it holds 49% equity shareholding, subject to completion of conditions precedent. The completion of the SPA is expected by 31 October 2017. The SPA also envisages liquidation of CG Power Solutions Saudi Arabia Ltd, in which CG Holdings Belgium NV, a step-down overseas subsidiary of the Company, holds 51% equity shareholding.

Further, the Solutions businesses in USA and UK upon completion of its existing contracts are in the final stage of being phased out. The Company's branch office in Poland i.e. Crompton Greaves Ltd SA and overseas step-down subsidiaries CG Power Systems Brazil Ltda and Microsol Limited were liquidated on 8 December 2016, 21 December 2016 and 26 April 2017, respectively.

The above divestments are part of the Company's stated strategy of debt reduction and focusing on its core operations and core markets in India which provides significant growth opportunities, besides enhancing shareholder's value.

NAME CHANGE

Pursuant to the Scheme of Arrangement between the Company and Crompton Greaves Consumer Electricals Limited (CGCEL) as sanctioned by the Hon'ble High Court of Bombay on 20 November 2015, *inter-alia*, the trademarks associated with the Company's erstwhile consumer products business viz 'Crompton' and 'Crompton Greaves' were transferred to CGCEL. Since the Company, consequent to demerger of its erstwhile consumer products business, operates in a fully integrated B2B segment comprising of Power Transmission, Distribution and Industrial Businesses, the registered trademark 'CG' associated with the B2B business has been retained by the Company.

As a consequence of the above and pursuant to approval of the Members of the Company vide Special Resolution dated 25 January 2017 and the Central Government / Registrar of Companies, Mumbai on 27 February 2017, the Company changed its name from 'Crompton Greaves Limited' to 'CG Power and Industrial Solutions Limited' effective 27 February 2017.

The new name 'CG Power and Industrial Solutions Limited' appropriately represents and reflects the business in which the Company is presently engaged and the existing registered trademark / logo used by the Company. The change of Company name does not result in change of the legal status, constitution, operations, activities of the Company, nor does it affect any rights, liabilities or obligations of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS

COMPOSITION

As on the date of this report, the Company's Board of Directors consists of nine Directors comprising of two Executive Directors and seven Non-Executive Directors of which four are Independent Directors. The Chairman, Mr Gautam Thapar is a Non-Executive Director and represents the Promoter Group. Mr K N Neelkant is the CEO and Managing Director. Mr Madhav Acharya is the Executive Director—Finance and CFO. Four other Non-Executive Directors—Mr Sanjay Labroo, Dr Valentin von Massow, Ms Ramni Nirula and Mr Jitender Balakrishnan are Independent in terms of Regulation 16 of the Listing Regulations and Section 149 of the Act. Two other Directors—Mr B Hariharan and Dr Omkar Goswami are Non-Executive Directors. The Board consists of reputed professionals with diverse functional expertise, industry experience, educational qualifications, ethnicity and gender mix relevant to fulfilling the Company's objectives and strategic goals.

CHANGE IN COMPOSITION OF THE BOARD

On recommendation of the Nomination and Remuneration Committee of the Board, Mr Jitender Balakrishnan was appointed as an Additional Director in capacity of Non-Executive Independent Director on the Board of Directors of the Company with effect from 2 May 2017. In accordance with Section 161 of the Act, Mr Jitender Balakrishnan holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as an independent Director. Attention of Members is invited to relevant disclosure made in Notice of the ensuing Annual General Meeting and Explanatory statement thereto, with respect to his appointment.

Ms Meher Pudumjee and Mr Shirish Apte, Non-Executive Independent Directors resigned from the Board, effective from 28 May 2016 and 1 April 2017, respectively.

The Board places on record its gratitude and appreciation for the valuable contributions made by Ms Pudumjee and Mr Apte during their respective tenures.

02 FINANCIAL HIGHLIGHTS

(In ₹ crore)

PARTICULARS	STAND-ALONE		CONSOLIDATED	
	2016–17	2015–16	2016–17	2015–16
Revenue from Operations	4,761	4,225	6,120	5,595
EBIDTA	512	451	539	542
Less: Finance Cost	164	39	188	80
Less: Depreciation	91	99	150	172
Profit before Exceptional Items & Tax	257	313	201	290
Share of profit / (loss) in associates / Joint Ventures	–	–	(1)	1
Exceptional items	(100)	(1,452)	(73)	(111)
Profit / (loss) Before Tax	157	(1,139)	127	180
Less: Tax expense / (Credit)	(1)	45	17	66
Profit / (loss) After Tax	158	(1,184)	110	114
Less: Minority Interest	–	–	0	(1)
Profit / (loss) from continuing operations	158	(1,184)	110	115
Profit / (loss) before tax from discontinued operations	(33)	146	(612)	(492)
Tax expense from discontinued operations	–	61	(11)	82
Net profit / (loss) from discontinued operations	(33)	85	(601)	(574)
Net profit / (loss) for the year attributable to the shareholders	125	(1,099)	(491)	(459)

State-of-the-art manufacturing facility for Traction Electronics and Industrial Drives at Mandideep.

The individual and peer assessment of Directors contains facets such as relationship with Board and Senior Management, knowledge, competency and contribution to the Board including 'Start-Continue-Stop' approach based evaluation of individual Directors.

RETIREMENT BY ROTATION

In terms of the provisions of Section 152 of the Act and the rules made thereunder and Article 114 of the Articles of Association of the Company, Mr Gautam Thapar and Dr Omkar Goswami retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, seek re-appointment. As per Regulation 36 of the Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (SS-2), the brief profile and other relevant details regarding re-appointment of Mr Gautam Thapar and Dr Omkar Goswami are contained in the Annexure accompanying the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

The Board recommends their re-appointment as Directors of the Company, liable to retire by rotation.

INDEPENDENT DIRECTORS' DECLARATION

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

BOARD MEETINGS

During FY2017, the Board of Directors met four times to discuss and decide the business strategies and performance in addition to the items reported to the Board in accordance with the provisions of the Act, Listing Regulations and other statutory provisions. The intervening gap between the meetings was within the period prescribed under the Act, Listing Regulations and Secretarial Standard-1 on Board Meetings issued by the Institute of Company Secretaries of India (SS-1). The details of the Board Meetings held and the attendance of the Directors thereat are given in the section titled 'Report on Corporate Governance' which forms part of this Annual Report.

BOARD COMMITTEES

The Board has established statutory and non-statutory Committees in compliance with the requirements of the Act and Listing Regulations viz. Risk and Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Securities Transfer Committee. The details of composition of the said Committees, its terms of reference, number of meetings held and attendance of the Committee Members thereat during the financial year is given in the section titled 'Report on Corporate Governance' which forms part of this Annual Report.

During the year under review, the Board constituted ZIV Business Divestment Committee to evaluate, determine and review the proposals for divestment of Automation Business of the Company in India and overseas locations. The Committee comprised of Mr Shirish Apte, Dr Omkar Goswami, Mr B Hariharan, Mr K N Neelkant and Mr Madhav Acharya. The Committee held two meetings during the year under review on 4 November 2016 and 7 November 2016.

All recommendations made by the Risk and Audit Committee during the year under review were accepted by the Board of Directors.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Act, the Key Managerial Personnel of the Company as on the date of this report are:

- Mr K N Neelkant, CEO and Managing Director
- Mr Madhav Acharya, Executive Director—Finance and CFO
- Mr Manoj Koul, Company Secretary

During the year under review, there has been no change in the Key Managerial Personnel of the Company.

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

The Company has formulated a Remuneration Policy governing the appointment and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees of the Company. The Remuneration Policy also contains the criteria for determining qualifications, positive attributes, independence of Directors, provisions relating to loans and advances to the employees of the Company and also aims at attracting and retaining high calibre personnel from diverse educational fields and with varied experience to serve on the Board of the Company for guiding the Management team to enhance organizational performance. The Remuneration Policy of the Company is provided in **Annexure 6** to this Report.

The Company believes that diversity at Board level is a critical ingredient in maintaining competitive advantage, understanding customers and stakeholders from different perspectives and broad experience leading to better decision making. With this objective, the Company has adopted the Board Diversity Policy which sets out the approach for diversity on the Board of Directors of the Company.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

Pursuant to the provisions of Section 178 of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of the performance of the Board, as well as the evaluation of the working of its Committees and individual Directors including Chairman of the Board during the year under review. A detailed questionnaire on various facets such as role of the Board, composition, effectiveness of Board processes, relationships with external stakeholders, strategy and risk management, ethics and compliance of the Board, Committees and individual Directors (Executive, Non-Executive and Independent Director) self assessment form was circulated to all the Directors of the Company. Evaluation of Committees was carried out based on its composition, adequacy of information / material for effective discussion, mandate of the Committees, adequate time allocation for fulfilling its mandate and recommendations to the Board.

The individual and peer assessment of Directors contains facets such as relationship with Board and Senior Management, knowledge, competency and contribution to the Board including 'Start-Continue-Stop' approach based evaluation of individual Directors. The Chairman provides feedback on the individual and peer assessment.

Based on the feedback received from each Director and the Chairman, the Nomination and Remuneration Committee and the Board of Directors of the Company discussed the outcome of the annual evaluation and identified Director's commitment, size of the Board, Board competencies, strong Committee constitution and Chairman's leadership as robust areas.

Pursuant to the provisions of Schedule IV of the Act and Regulation 25 of the Listing Regulations, the Independent Directors of the Company at their meeting held on 10 February 2017 carried out evaluation of the performance of Non-Independent Directors and the Board as a whole, performance of the Chairman and also assessed the quality, quantity and timeline of flow of information between the Management and the Board.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

PROMOTER GROUP

The Company is a part of the Avantha Group, one of India's leading business conglomerates. Led by Chairman Mr Gautam Thapar, the Avantha Group has global footprint and presence in 90 countries with more than 25,000 employees worldwide. As required under the Listing Regulations, CG periodically discloses the details of its promoter group and person acting in concert in the shareholding pattern and other filings with the Stock Exchanges.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31 March 2017, the Company has three Indian subsidiaries, 25 foreign subsidiaries, one joint venture and three associate companies. Details of the subsidiary, joint venture and associate companies existing as of 31 March 2017 and formed or ceased during the year under review are provided in **Annexure 5** to this Report in Form MGT-9 (Extract of Annual Return).

The Company has adopted the Indian Accounting Standards (Ind AS), voluntarily, as stated in the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2015 and thereafter. Pursuant to the Companies (Indian Accounting Standards) Rules, 2015 and Regulation 33 of Listing Regulations, the Financial Statements of the Company reflect the consolidation of accounts of the Company, its subsidiaries, associates and joint venture companies.

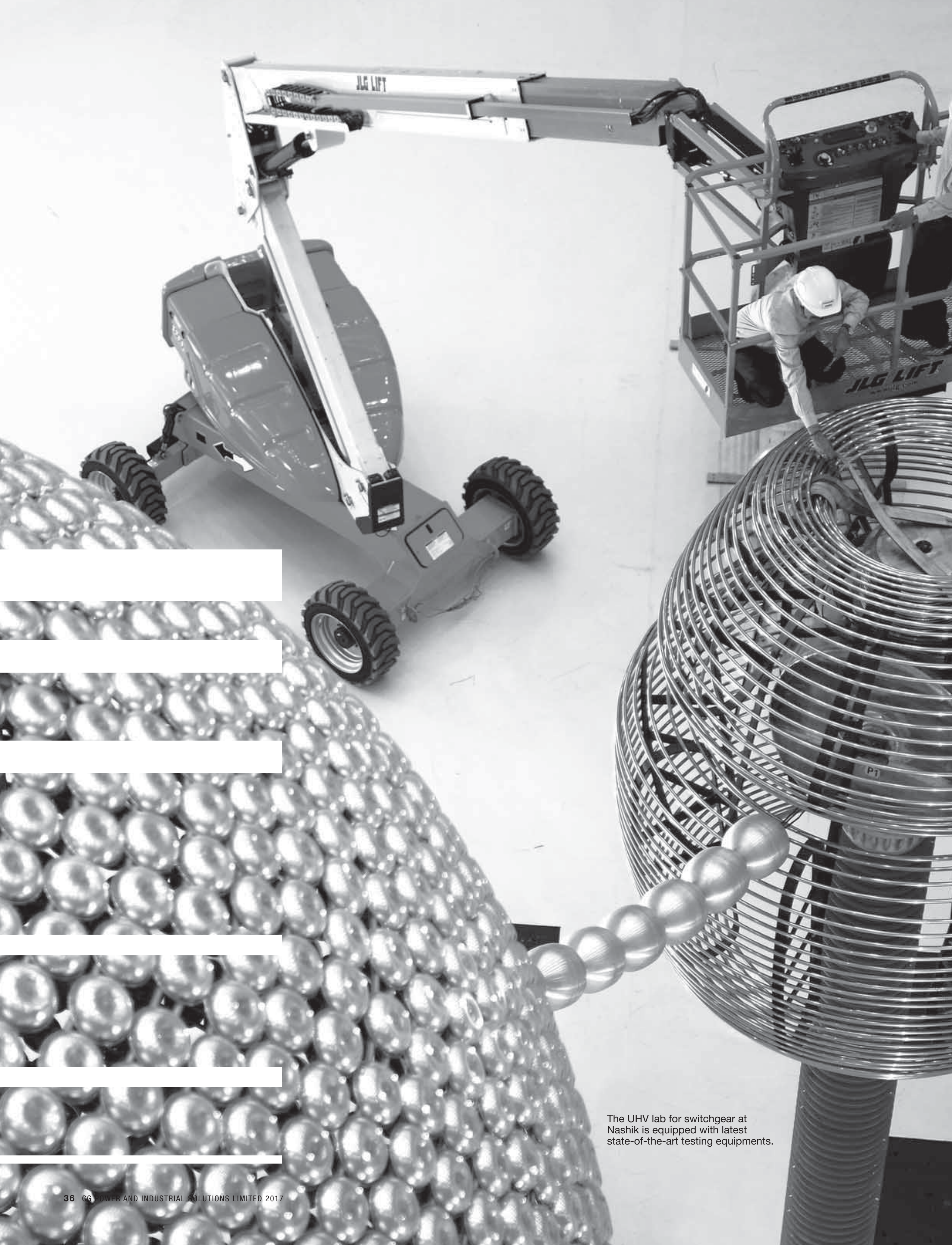
Pursuant to Section 136 of the Act, the audited annual accounts of each of the Company's subsidiaries, associates and joint venture entities are placed on the website of the Company and not enclosed in this Annual Report. If any Member of the Company so desires, the Company will be happy to make available the said audited annual accounts, on written request. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days, excluding Saturdays, upto the date of the ensuing Annual General Meeting and at the venue of the Annual General Meeting.

In terms of Section 129 of the Act, statement containing salient features of the Financial Statements of the Company's subsidiaries / associates / joint ventures / companies in Form AOC-1 is given in the notes to the Financial Statements in this Annual Report.

Pursuant to Regulation 16 of the Listing Regulations, a Policy for determining Material Subsidiary of the Company as approved by the Board of Directors of the Company is available on the website of the Company. The weblink to download the policy is as under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

RELATED PARTY TRANSACTIONS

During the year, related party transactions that were entered into by the Company were on an arm's length basis and in the ordinary course of business. In terms of the India Related Party Transaction Policy of the Company, there are no material related party contracts, arrangements or transactions undertaken by the Company during the year



The UHV lab for switchgear at Nashik is equipped with latest state-of-the-art testing equipments.

under review. Hence, disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act in Form AOC-2 is not applicable to the Company for the year under review.

An omnibus approval has been granted by the Risk and Audit Committee of the Board, based on the criteria determined and approved by the Board of Directors of the Company and by the Risk and Audit Committee, for transactions which are of foreseen and repetitive nature with related parties. Such omnibus approvals are subjected to renewal by the Risk and Audit Committee every year and are monitored by the Risk and Audit Committee on a quarterly basis. All related party transactions entered into by the Company are presented and reviewed by the Risk and Audit Committee every quarter.

The Company's India Related Party Transactions Policy can be downloaded from the website of the Company. The weblink of the same is as under *http://www.cgglobal.com/pdfs/policies /India%20Related%20 Party%20Transactions%20Policy.pdf*

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees given and investments made by the Company during FY2017, pursuant to the provisions of Section 186 of the Act and Schedule V of the Listing Regulations are given in the notes to the Financial Statements in this Annual Report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the Listing Regulations, the Business Responsibility Report highlighting the initiatives taken by the Company in the areas of environment, social, economical and governance, is available on the website of the Company. The weblink to download the report is as under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPlMI=*

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Integrating the process for managing risks across the Company's business and operations is the Company's philosophy for Enterprise Risk Management. In this regard, the Company has developed a comprehensive 'Enterprise Risk Management (ERM) framework' for identification of elements of risk, conducting risk assessment and suggesting mitigation procedure to the Board of Directors of the Company to ensure that management controls the risks through a properly defined framework.

ERM framework aims to imbibe a 'risk culture' throughout the organization, facilitate risk based decision making, improve governance and accountability, protect and enhance stakeholder value.

The ERM framework enables the Company to identify elements of risk based on the risk identification techniques, analyze and comprehend the nature of risk, escalate and consolidate risks at Unit level to Business Unit level, monitor and review risks and implement action plans to mitigate risk. Quarterly meetings at Unit level and Business Unit level are held for overseeing existing risk portfolio, monitor effectiveness of the risk management framework including mitigation plans identified by the Management, through the risk management exercise. The Risk and Audit Committee reviews the adequacy of the ERM framework of the Company, key risks associated with the businesses of the Company, measures and steps in place to mitigate the same, from time to time.

The assessment of the risks covers Strategy, Technology, Financial, Operations & Systems, Legal & Regulatory and Human Resources risks.

During the year under review, none of the risks identified threaten the existence of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has in place an effective and efficient internal controls testing and monitoring system which enables the Company to ensure that these controls are operating effectively. CG's controls have been designed to provide reasonable assurance with regard to maintaining of proper internal controls, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations for ensuring reliability of financial reporting.

RESEARCH AND DEVELOPMENT (R&D)

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

Power Transformers Division developed 4.5MVA 33 / 4*380 (4LV IN ONE core coil assembly) inverter duty for solar application and amorphous transformers. Research was carried out for 315MVA 765kV GT & 85MVA 765kV short circuit job and ANSI Standard BH10587 143MVA 500kV. All rating from 315KVA to 2500KVA 11kV & 33kV as per IS 1180 level 1 were successfully type tested.

Switchgear Division indigenously designed and developed composite insulators to cater to the changing requirements of utilities for switchgear products and to reduce dependence on imported materials. Switchgear Division also developed Arc assist double motion interrupters that will result in approximately 40% reduction of mechanism energy requirement, algorithms for controlled switching of reactor & transformer and CG's Arista GIS which will achieve the requirements of global market for the ratings 36kV, 31.5kA, 2500A, 50 / 60Hz.

CG is also in process of developing high voltage vacuum circuit breakers for the rating of 72.5kV, 31.5kA, 2500A which will become a platform technology for future development of 145kV VCB ratings. CG focused on research in SPAR drive for GT01, GAI3S 245kV GIS with spring drive, pole mounted auto-recloser, oil immersed vacuum breaker for completely self protected transformer, Self Powered Pole Mounted Outdoor Capacitor Switches, Compact 245kV and 145kV GIS, 245kV DTB, CLASS 5ZNO blocks with 16kJ / kV energy and external gapped transmission line arrestor.

Industrial Systems business focused on development of electronic excitation system for 1200KW alternator and 1600HP AC-AC DEMU and 550KW inverter for DEMU. New range of 480Vac 'stacked drives' (including AFE) from 250kW to 2MW in smaller footprint, AFE drives, next generation control platform, TSA range of Normal Duty softstarters with integrated bypass upto 1100A and next generation IP2X, IP54 (and possibly IP65) variable speed drives were developed during the year. CG also developed CSA certified single phase motors upto 5HP-4P and 6P.

During FY2017, CG registered designs of Compact Series 160C frame Alternator, 450 frame Alternator, Solid Yoke DC Motor-AFS / AUS315, Amplydine for T90 Stabilizer-BEL

The Company propagates 'Zero Harm Culture' towards employees, environment and other stakeholders as reflected in our EHS Policy and guidelines.

Chennai, Solid Yoke DC Motor in frame AUS / AFS250 (Locomotive) and Flameproof Brake Motors E90-160.

R&D efforts enables the Company to manufacture cost competitive products, offer improved and integrated product portfolio, increase its market share, shorten lead time, import substitution and offer high specification products as per requirements of international markets.

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

Details pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134 of the Act read with the Companies (Accounts) Rules, 2014, are given in the prescribed format as **Annexure 1** to this Report.

ENVIRONMENT, HEALTH & SAFETY (EHS)

The Company propagates 'Zero Harm Culture' towards employees, environment and other stakeholders as reflected in our EHS Policy and guidelines. Through our EHS Policy, we aim at not only complying with legal requisites of safeguarding our employees, environment and the society at large but also setting high internal standards for compliance.

All CG manufacturing units in Asia, EMEA and Americas have maintained their ISO14001 and OSHAS18001 certifications. Regular trainings on safety awareness and sustainable growth are conducted at all manufacturing locations. Fire safety week is also observed across all locations in India under the guidance of the Fire Adviser, Ministry of Home Affairs, Government of India.

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

During the year under review, CG Mandideep Unit was felicitated with Annual Outstanding Achievement Award 2016 in the EHS category of large industry sector from the Federation of Madhya Pradesh Chamber of Commerce and Industries (FMPCCI) for its best practices and processes adopted for EHS.

The Company also has EHS RECOGNIZE policy aligned with organizational RECOGNIZE drive with the objective of rewarding individual and teams for collective efforts towards EHS. Two units were awarded as Best EHS Unit under the category of CEO Annual Award.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company believes that business sustainability is closely connected to the sustainable development of the communities and hence it uses CSR to integrate economic, environment and social objectives with the Company's operations and growth. During the year, the Company has undertaken various CSR projects in the areas of employability, education and health. The Company also supports Avantha Foundation on programs such as reduction of malnutrition and hunger, expansion of Avantha Urban Innovation Project and building capacities of stakeholders in small towns to ensure better delivery of services to citizens.

The details of the composition of CSR Committee, CSR Policy and projects undertaken by the Company during FY2017 are given in the section titled 'Annual Report on CSR initiatives' in **Annexure 2** of this Report.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31 March 2017 and the date of this Report.

MATERIAL ORDERS OF REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the

Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

REGISTRAR & SHARE TRANSFER AGENT

The Company has appointed Datamatics Financial Services Limited, (DFSL) as its Registrar & Share Transfer Agent. DFSL is a SEBI-registered Registrar & Share Transfer Agent. The contact details of DFSL are mentioned in the section titled 'Report on Corporate Governance' of this Annual Report.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Listing Regulations, the Company has formulated a Dividend Distribution Policy to help investors to get a clearer picture on returns from their investments in the Company and also identify the stocks matching their investment objectives. The policy includes the financial parameters, dividend pay-out circumstances, internal and external factors, dividend pay-out ratio and retained earnings utilisation which will be considered at the time of declaration of Dividend. The Dividend Distribution Policy is provided in **Annexure 7** which forms part of this report and is also available on the website of the Company. The weblink to download the policy is *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

PUBLIC DEPOSITS

The Company has not accepted any deposits from Public or its Members during FY2017 under Sections 73 and 76 of the Act and no deposits are subsisting as on date.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 3** of this Report.

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is given in **Annexure 8** which forms part of this Report. The said information is available for inspection at the Registered Office of the Company during working hours up to the date of the ensuing Annual General Meeting and any Member interested in obtaining a copy thereof may write to the Company Secretary / Compliance Officer in this regard.

COMPLAINTS RELATING TO SEXUAL HARASSMENT

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, it is mandatory to review status of sexual harassment related complaints in the Annual Report. For protection against sexual harassment, the Company has adopted a Prevention of Sexual Harassment Policy which has formalised a free and fair enquiry process for dealing with such issues with clear timelines.

The Company has also constituted regionwise Sexual Harassment Committees presided by a woman employee and comprising of four to six Company employees and an external member to which employees can address their complaints.

During the year under review, the Committee met once a year and conducted 43 workshops and programs covering 1,010 employees to spread awareness on sexual harassment related issues.

There were no incidents of sexual harassment reported during the year under review.

VIGIL MECHANISM

The Company has set up a vigil mechanism viz. Whistle Blower Policy as per the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations to enable its employees to report violations, genuine concerns, unethical behavior and irregularities, if any, noticed by them which could adversely affect the Company's operations. The Policy also lays down the procedures to be followed by Senior Management for tracking of complaints, giving feedback, conducting investigations and taking disciplinary actions, if required.

The Head of Internal Audit submits a report to the Chairman of the Risk and Audit Committee on a quarterly basis, on all complaints referred to the Management Committee, nominated by the CEO and Managing Director of the Company, with the status of investigations and actions taken by the Management Committee.

No material concerns or irregularities have been reported during the year under review and none of the Whistle Blowers were denied access to the Risk and Audit Committee of the Board.

AUDITORS AND AUDIT REPORTS

STATUTORY AUDITORS

At the 79th Annual General Meeting of the Company, M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (Firm Registration No. 101720W), were appointed as Statutory Auditors of the Company for a term of five years upto the conclusion of the 84th Annual General Meeting and also as Joint Statutory Auditors of the Company alongwith M/s. Sharp & Tannan, Chartered Accountants (Firm Registration No. 109982W) upto the conclusion of 80th Annual General Meeting.

The term of M/s. Sharp & Tannan as Joint Statutory Auditors of the Company expires at the ensuing 80th Annual General Meeting pursuant to Section 139 of the Act and Rules made thereunder. The Board places on record its appreciation for the services rendered by M/s. Sharp & Tannan as the Statutory Auditors of the Company.

M/s. Chaturvedi & Shah have provided their consent and confirmed that they meet the eligibility criteria prescribed under Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified to act as Statutory Auditors of the Company.

M/s. Chaturvedi & Shah have confirmed that the firm holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. They have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

Accordingly the Risk and Audit Committee and the Board have recommended ratification of appointment of M/s. Chaturvedi & Shah as Statutory Auditors of the Company at the ensuing Annual General Meeting.

During the year under review, the Statutory Auditor have not reported any instances of offence or fraud committed by the officers or employees of the Company, to the Risk and

Audit Committee of the Board or the Board of Directors of the Company.

COST AUDITOR

The Company had appointed M/s. Ashwin Solanki & Associates, Cost Accountants, Mumbai (Firm Registration No. 100392) to audit the cost records related to the Company's products for FY2017. The cost audit reports for FY2016 were filed with the Registrar of Companies, Mumbai within the prescribed statutory deadline.

Upon recommendation of the Risk and Audit Committee, the Board has re-appointed M/s. Ashwin Solanki & Associates as Cost Auditor of the Company for FY2018 at a remuneration of ₹5 lakhs plus out of pocket expenses and taxes, as applicable. The remuneration payable to M/s. Ashwin Solanki & Associates for FY2018 is recommended for ratification by the Members at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR

The Company had appointed M/s. Pramod S Shah & Associates, Practising Company Secretaries, Mumbai (Firm Registration No. P2001MH010300) to undertake the Secretarial Audit of the Company for FY2017. Secretarial Audit Report for FY2017 in Form MR-3 is annexed as **Annexure 4** to this Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditor or the Secretarial Auditor in their reports and hence do not call for any further comments.

DIVIDEND

No dividend has been recommended or paid for the year ended 31 March 2017.

RESERVES

The Reserves, on stand-alone basis, at the beginning of the year amounted to ₹4,003 crore and at the end of the year stood at ₹4,074 crore.

SHARE CAPITAL

As at 31 March 2017, the authorised share capital of the Company was ₹4,076,000,000 (Rupees Four Hundred Seven Crore And Sixty Lakhs only) divided into 2,038,000,000 equity shares of ₹2 (Rupees two only) each.

As at 31 March 2017, the subscribed and paid-up share capital of the Company stood at ₹1,253,492,284 (Rupees One Hundred Twenty Five Crore Thirty Four Lakhs Ninety Two Thousand Two Hundred and Eighty Four only) consisting of 626,746,142 equity shares of ₹2 (Rupees two only) each.

The Company's Equity Shares are listed and traded in compulsory dematerialized form on BSE Limited and National Stock Exchange of India Limited.

The Company has issued Global Depository Receipts (GDRs) in 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York, the Depository. Each GDR of the Company is equivalent to five equity shares. As on 31 March 2017, 176,466 GDRs were outstanding, which represent 882,329 underlying equity shares of the Company.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are given in **Annexure 5** to this Report in accordance with Section 92 of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the Financial Statements both on stand-alone and consolidated basis, for the year under review conform, in their entirety, to the requirements of the Act.

The Directors confirm that:

- the Annual Accounts have been prepared in conformity with the applicable Accounting Standards alongwith proper explanations relating to material departures;
- the Accounting Policies selected and applied on a consistent basis and judgments and estimates made are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the financial year;
- proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis;
- the internal financial controls laid down in the Company were adequate and operating effectively;
- the systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

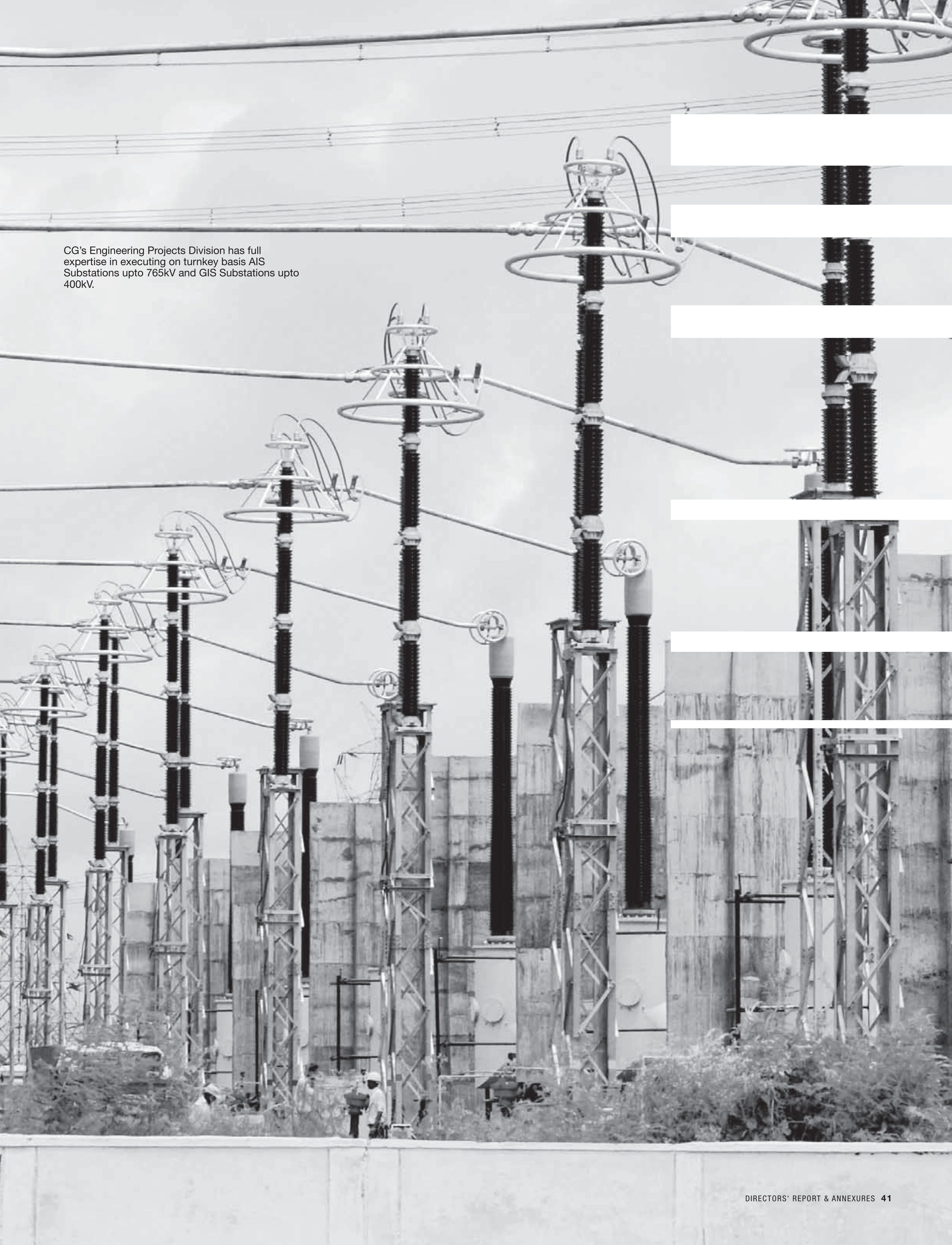
ACKNOWLEDGEMENTS

The Board of Directors wish to convey their gratitude and appreciation to all the employees of the Company globally, for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance.

The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, government and all other business associates for their continued support extended to the Company and the Management.

On behalf of the Board of Directors

GAUTAM THAPAR
Chairman
(DIN: 00012289)
New Delhi, 26 May 2017



CG's Engineering Projects Division has full expertise in executing on turnkey basis AIS Substations upto 765kV and GIS Substations upto 400kV.

ANNEXURE 1

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

A. CONSERVATION OF ENERGY:

1. ENERGY CONSERVATION MEASURES TAKEN:

The accelerated momentum on energy conservation initiatives continued this year at manufacturing plants worldwide, with further efforts towards substitution of traditional sources of energy with renewable energy, measures for heat control and additional equipments for saving electricity.

Illustrative measures taken towards energy conservation at Units were:

- Energy efficient air-compressors installed at factory location;
- LED lighting and daylighting solutions were adopted and new equipment based on inverter technologies were installed;
- Installation of Variable Frequency Drives (VFD) for energy saving in
  -paint booth exhaust blowers;
  -cranes; and
  -compressors
- Installation of efficient heating system on Auto clave for locomotive manufacturing plant;
- Passive infrared sensors have been installed for automatic light control;
- Saving in annual power cost was accomplished through replacement of 180KW Thyristor controlled ovens by more energy efficient 120KW ovens at factory location;
- Replacement of conventional lights with solar panels and installation of Automatic Power Factor Control (APFC) panels;
- Reduction in consumption of Q-reactive power resulting in power saving and improved efficiency of the whole electric power system.

Every unit has set targets for paper, power and water consumption per employee which is monitored on a regular basis.

2. ALTERNATE SOURCES OF ENERGY

- BOOT model (Build Operate Own Transfer Model) is being implemented to generate solar power at roof top at Switchgear division.
- Hot air from compressors was recycled to drive out compressed air from machines and tools to heat work areas and also to heat water in European locations.
- Central-heating systems were modernized in factories and offices in Hungary to reduce energy consumption.

3. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

The following processes are under implementation for further reducing energy consumption:

- Installation of Variable Frequency Drives (VFD) for stationary and non-stationary applications;
- Installation of equipments based on inverter technology
- Installation of Thyristor controlled ovens;
- Used fixed and variable capacitor bank for power factor improvement;
- Installation of retrofitted LED lights in offices and shop floors.

B. TECHNOLOGY ABSORPTION

1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

- Indigenized and type tested new designs for control electronics of IGBT power convertor for 6000HP electric locomotive acquired from CAF P&A, Spain;
- 420kV condenser bushing was developed to enhance electrical performance (i.e. voltage stress) and meet application based specification requirements;
- Multiple validation tests were conducted to verify thermal gradients in arresters with composite insulators;
- 72.5kV Dead Tank Breaker Technology & 245kV GIS Technology was successfully absorbed and enhanced and indigenized spring drive for 145kV GIS.

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

The benefits derived from these efforts are:

- Enhanced product quality, efficient solutions thereby meeting specific customer requirements;
- Improved 420kV CT with aluminium cast tank for better aesthetics and 420kV CT with composite insulators for shatter proof design;
- Increased energy efficiency and reduced CO_2 emissions;
- 245kV and 420kV CT were redesigned to achieve reduction in total material cost;
- Increased market penetration by expanding product lines and reducing product lead time;
- Developed indigenous composite insulator to meet switchgears requirements, starting with composite insulators for Surge Arresters and also developed 420kV and 245kV CT with copper primary.

3. IMPORTED TECHNOLOGY

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

4. EXPENDITURE ON R&D

The Company's expenditure on R&D on stand-alone basis for the year ended 31 March 2017 is given in **Table 2** of **Annexure 1.**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used by the Company during the year under review is given in **Table 3** of **Annexure 1.**

On behalf of the Board of Directors

GAUTAM THAPAR
Chairman
(DIN: 00012289)
New Delhi, 26 May 2017

01 IMPORTED TECHNOLOGY

DETAILS OF TECHNOLOGY IMPORTED	YEAR OF IMPORT	WHETHER THE TECHNOLOGY HAS BEEN FULLY ABSORBED	IF NOT FULLY ABSORBED, AREAS WHERE ABSORPTION HAS NOT TAKEN PLACE AND REASONS THEREOF
Control electronics for IGBT based power converter from CAF P&A, SPAIN (ALT+D)	FY2017	No	Commissioning in Q1 of FY2018, Field Trial in Q2 of FY2018

02 EXPENDITURE ON R&D (₹ in crore)

PARTICULARS	AMOUNT
A. Capital	10.55
B. Revenue	34.68
C. Total (A+B)	45.23
Total R&D Expenditure	
-as a percentage of gross turnover (continued operations)	0.95%
-as a percentage of profit / (loss) before tax (continued and discontinued operations)	36.55%

03 FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ in crore)

PARTICULARS	AMOUNT
Total Foreign Exchange earned	806.42
Total Foreign Exchange used	527.92

ANNEXURE 2

Annual report on Corporate Social Responsibility (CSR) initiatives for FY2017

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS.

CSR POLICY

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

For CG, being a socially responsible corporate means:

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

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

Weblink to download the CSR Policy available on the Company's website is as under *http://www.cgglobal.com/frontend/Crompton.aspx?cnl2=Hzywp8VdQN4=*

2. THE COMPOSITION OF THE CSR COMMITTEE

The Committee comprised of the following Directors as on 31 March 2017:

- Ms Ramni Nirula (Chairperson, Non-Executive Independent Director)
- Mr Gautam Thapar (Non-Executive Director)
- Mr Shirish Apte (Non-Executive Independent Director) (Resigned w.e.f. 1 April 2017)
- Dr Valentin von Massow (Non-Executive Independent Director)

01 DETAILS OF FUNDS SPENT ON CSR (₹ in crore)

CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH PROJECT IS COVERED	PROJECTS OR PROGRAMS 1. LOCAL AREA OR OTHER 2. SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WERE UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAM-WISE	AMOUNT SPENT ON THE PROJECT OR PROGRAMS (DIRECT EXPENDITURE AND OVERHEADS)	CUMULATIVE EXPENDITURE UPTO REPORTING PERIOD	AMOUNT SPENT DIRECT OR THROUGH IMPLEMENTING AGENCY
Education and skill development for youth	Education and employable skill enhancement	Maharashtra— Nashik and Mumbai Madhya Pradesh— Bhopal and Gwalior	2.05	1.29	3.43	Direct and through implementing agencies (Agastya International Foundation, PRATHAM, Teach for India)
Community Development	Women Empowerment, Community Level Initiatives, Community Health, Supporting to Rural Community Infrastructure	Maharashtra–Nashik and Mumbai	2.72	0.17	0.73	Direct
Health Initiative	Preventive Community Health Care – Mother and Child Health Care	Maharashtra–Nashik, Aurangabad–Ahmednagar Madhya Pradesh–Bhopal	1.36	0.65	11.43	Through implementing agencies (Avantha Foundation)
Sustainability	Tree Plantation, Promote Horticulture, Water Resource Conservation and Disaster Management (response to drought, earthquake etc.)	Pan India	0.34	0.07	0.07	Direct
Administrative Expenses	Co-ordinate and management of CSR initiatives	Pan India	0.34	0.11	1.23	Direct
		Total	**6.81**	**2.29**	**16.89**	

3.AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

₹340.67 crore (Excluding profits of demerged consumer products business)

4.PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE):

₹6.81 crore

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

(a) Total amount to be spent for the financial year: ₹6.81 crore

(b) Amount unspent, if any: ₹4.52 crore

(c) Manner in which the amount was spent during the financial year: Refer to details given in **Table 1** of **Annexure 2.**

In FY2017, besides Health initiatives, CG has significantly contributed in the area of education and skill development for youth. Though the Company recognizes the need, however it could not fulfill the CSR spent as budgeted, on account of various divestments and debt reduction plans initiated by the Company during the last two years, with the purpose to focus its synergies on its core operations and markets in India. In line with this objective, new strategies were introduced leading to restructuring of the projects under operation with a view to ramp up the Company's CSR initiatives in line with the CSR philosophy of the Company and in a focused, structured and systematic way to ensure maximum positive impact to the communities in the future.

Further, the Company has given its financial commitments for the new initiatives undertaken during the year under review towards community development and sustainability, whose lead time goes beyond FY2017 and will fully mature in the years to come.

OVERVIEW OF THE PROGRAMS AND PROJECTS UNDERTAKEN

Empowerment and sustainability were the key project outcomes achieved through our CSR initiatives. Implementing partner organizations strived to empower projects' beneficiaries by developing capacities, skills and knowledge in the area of marketing, micro entrepreneurship, health care management for ASHA (Accredited Social Health Activists), training of young instructors in Mobile Science Lab project etc.

Key highlights of the CSR activities undertaken during FY2017 are given below:

EDUCATION AND VOCATIONAL SKILLS DEVELOPMENT

EDUCATION

- With the help of the organization PRATHAM, an implementing partner, remedial education classes were conducted at Kanjur village in Mumbai. Children studying in nearby municipal and low income schools attend these classes in two batches across three centres. Through PRATHAM, CG has reached out to more than 100 children to enhance their learning abilities which will enable them to bridge the gap between their current and expected learning abilities. The teachers are also from the same community and their skills are sharpened under 'Train the Trainers' program conducted by PRATHAM. Two 'community based libraries' are also being operated by PRATHAM at two CG centre's covering more than 200 children from the community. 'Parents Education Module' was introduced through which parents of 104 children were trained in basics of language and mathematics.
- Science subject is promoted through the concept of 'Mobile Science Labs' by Agastya International Foundation (Agastya). CG has been associated with Agastya since 3 years and in FY2017, it reached out to more than 6,000 students in 60 schools providing them with approximately 10 exposures each, in Nashik, Bhopal and Gwalior.
- CG partnered with two members of 'Teach for India' with the aim to create a difference in the education system. This project helped more than 80 students of Nehru Nagar Municipal School in Mumbai. Industry professionals have made their contributions towards this project by working as full time municipal school teachers.
- With an objective of Quality Education, CG contributed towards refurbishment of flooring, class room painting, science laboratory and toilet for girls of Zilla Parishad Schools in Ahmednagar and Gwalior.

VOCATIONAL SKILLS DEVELOPMENT:

- In order to upgrade skills of ITI students, CG conducted trainings on basics of electrical and transformer winding at the Mulund ITI in Mumbai with 20 youth from the community. Fire Safety training was conducted at Mulund ITI and over 150 students attended it. Employability skill training was conducted at Nashik, Satpur ITI covering 80 students of 2nd year. A transformer winding lab is being set up at Gwalior ITI to enable the students to learn basics of transformer winding. CG is also considering absorbing these trained students in CG plants on completion of their ITI course. CG is looking at signing long term MOUs with the three ITIs located at Mulund-Mumbai, Satpur-Nashik and Gwalior for sustained development.
- CG has implemented 'National Employability Enhancement Mission' (NEEM)—skills enhancement initiative of Government of India, at its LT Motors Division, Goa. Under this scheme youth are being trained by a blend of technical modules and self-developmental courses.
- More than 700 beneficiaries i.e. youth and women were trained in courses such as Tally and accountancy, beauty and wellness, tailoring and fashion designing, basic computers with personality development, household electrician works, advanced mobile repairing, cloth bag making etc. across various locations such as Bhopal, Aurangabad, Mumbai and Nashik. The jute bag production unit established in previous year is now continuing to produce jute bags and participate in local exhibitions for sale. More than 40% beneficiaries have been able to increase the average monthly income of their family. Similarly, community based garment manufacturing unit has been set up under micro entrepreneurship project at Ambebahula village, Nashik.

COMMUNITY BASED PREVENTIVE HEALTH CARE INITIATIVE

- CG has initiated 'Community based Preventive Health Care Project' with the focus on Maternal and Child Health. Since April 2016, this project was implemented in 43 villages and two urban slums at four sites viz. Mandideep (Madhya Pradesh) and Ahmednagar, Aurangabad and Nashik (Maharashtra) through implementing organization, Avantha Foundation. Health education sessions were conducted in each village for pregnant and lactating mothers, reaching out to 3,273 women by forming a group of 30 women.
- VHSNC (Village Health Sanitation and Nutrition Committee) meetings with an objective of Anti-Natal Care (ANC) and Post-Natal Care (PNC) were facilitated in 15 villages with participation of 529 committee members. 50 general and special health camps were conducted covering more than 2,500 patients and 32 cases were referred further.
- 89 youth groups were formed and 43 'Life Skills Education' follow-up meetings were organized, reaching out to 2,126 girls and 258 boys. Iron / Folic Acid (IFA) Tablets were distributed to 651 adolescent girls and 308 pregnant mothers.

COMMUNITY DEVELOPMENT, SUSTAINABILITY AND OTHER INITIATIVES

With the aim of improving lives of communities around our manufacturing locations and responding to the local needs of remote villages, CG achieved the following:

- Provided financial assistance for drought relief in the area of Beed, Satara and other drought prone areas in Maharashtra.
- Planted more than 1,600 trees pan India on the occasion of World Environment Day.
- Organized Entrepreneurship refresher training for the Self Help Groups of Mumbai to mark World Women's Day.
- Supported National level competition of Kayaking & Canoeing (water sports) in Bhind district of Madhya Pradesh, organized by the District Collector.
- Refurbished infrastructure for better hygiene conditions at a school in Dighi village, Aurangabad where CG volunteers are actively involved.
- Due to its long term association with Satpur ITI, Nashik, on request of the Principal, CG installed water coolers in the ITI for better drinking water facility for students.
- Supported the Centre for Social Action organization to promote vocational skill among community youth, empowerment of domestic workers and promote civic responsibility among children at community level.

WAY AHEAD

Community involvement and stakeholder engagement are key requisites for implementing social development projects and other structured CSR projects. CG has developed deep rooted CSR activities at community level in past three years.
In FY2018, CG continues to focus on engagement of community stakeholders in social development projects so that they own the process and endeavor to strengthen the Village Education Committee (VEC) as well as Parent Teacher Association (PTA) so that community and school system can work together. CG also continues to support the projects on science in secondary schools and skill up-gradation of students. Similar projects on skill up-gradation of ITI students will also be replicated in Goa, Bhopal and Gwalior in the coming year. Under this project, transformer winding curriculum will be introduced and developed in ITI along with an implementation of Train the Trainer (TOT) activities for ITI faculty. Special attention will be given on industrial safety and soft skills training for students and faculties in ITI.

Considering the need for water resource development, CG envisages to support water resource management projects at community level at identified locations, which would help conserve water through effective rainwater harvesting. CG will also continue to encourage its employees to participate in CSR activities and develop them as an effective lever to make it a way of life in the organization.

RAMNI NIRULA
Chairperson, CSR Committee
(DIN: 00015330)

K N NEELKANT
CEO & Managing Director
(DIN: 05122610)

New Delhi, 26 May 2017

ANNEXURE 3

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

Note: The information provided below is on stand-alone basis for Indian Listed entity.

1. Details of the ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year ended 31 March 2017 are provided in **Table 1** below.

2. Details of the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year under review are provided in **Table 1** below.

3. The median remuneration of employees decreased by 6.77% as compared to previous financial year.

4. The number of permanent employees on the rolls of Company as on 31 March 2017: 3,421 (as against 3,633 as on 31 March 2016).

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in salary of Company's employees was 11.16%. On the other hand, overall managerial remuneration decreased by 214% compared to previous financial year.

6. Remuneration is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

GAUTAM THAPAR
Chairman
(DIN: 00012289)
New Delhi, 26 May 2017

01 RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF ALL THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 AND THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY IN THE FINANCIAL YEAR UNDER REVIEW:

NAME OF DIRECTOR / KEY MANAGERIAL PERSONNEL	DESIGNATION	RATIO OF REMUNERATION OF DIRECTOR TO MEDIAN REMUNERATION OF ALL EMPLOYEES	% INCREASE / (DECREASE) IN COMPARISON TO PREVIOUS FINANCIAL YEAR
Mr Gautam Thapar	Non-Executive; Chairman	1.43	(98.27)
Mr K N Neelkant	Executive; CEO and Managing Director	62.78	Refer Note (ii)
Mr Madhav Acharya @	Executive Director—Finance and CFO	87.39	Refer Note (ii)
Mr Shirish Apte $	Non-Executive; Independent	8.03	(58.05)
Mr Sanjay Labroo	Non-Executive; Independent	3.20	(14.01)
Ms Meher Pudumjee#	Non-Executive; Independent	0.24	Refer Note (ii)
Ms Ramni Nirula*	Non-Executive; Independent	3.18	Refer Note (ii)
Dr Valentin von Massow	Non-Executive; Independent	8.87	(19.57)
Dr Omkar Goswami	Non-Executive	3.94	(16.84)
Mr B Hariharan	Non-Executive	3.81	(14.88)
Mr Manoj Koul	Company Secretary	NA	Refer Note (ii)

(@) Appointed as Executive Director—Finance w.e.f. 1 April 2016

($) Resigned as Non-Executive Independent Director w.e.f. 1 April 2017

(#) Resigned as Non-Executive Independent Director w.e.f. 28 May 2016

(*) Appointed as Non-Executive Independent Director w.e.f. 6 April 2016

Notes:

(i) For the aforesaid purposes, median remuneration has been computed by ascertaining the Cost to Company of all employees of the Company as on 31 March 2017, in all categories, whether workmen or white collar employees. Remuneration includes variable pay paid during the year under review.

(ii) Mr K N Neelkant and Mr Manoj Koul were employed for part of FY2016, Ms Pudumjee's tenure was associated with the Company for part of FY2017 and Ms Ramni Nirula was appointed in FY2017, hence their remuneration figures are not comparable. Further, Mr Madhav Acharya received remuneration in FY2016 as CFO of the Company and in FY2017 as Executive Director—Finance and CFO of the Company, hence his remuneration is not comparable.

ANNEXURE 4

FORM NO. MR-3
Secretarial Audit Report
For the year ended 31 March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial year ended 31 March 2017 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31 March 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and external Commercial Borrowings.

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

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

b. The erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; as amended from time to time;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

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

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

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

6. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

a. The Electricity Act, 2003 and Rules;
b. Explosives Act, 1884 and Rules;
c. Batteries (Management and Handling) Rules, 2001;
d. Petroleum Act, 1934 and Rules;
e. The Indian Boilers Act, 1923 and Rules;
f. Essential Commodities Act, 1955;

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India (SS—1 and SS—2);

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Though the Company is in the process of filling up the casual vacancy caused due to resignation of an Independent Director on April 1 2017, all other changes in the composition of the Board of Directors and Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act / Regulations.

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

During the Audit Period, all the decisions in the Board Meetings and Committee Meetings were carried unanimously as recorded in the Minutes of the Meetings of the Board of Directors and Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period the Company has:

a. Changed it's name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited and made consequential alterations to Memorandum of Association and Articles of Association and other documents of the Company.

b. Sold its B2B automation business comprising of ZIV Aplicaciones y Tecnologia S.L. Spain and its Subsidiaries along with the related automation businesses in UK, Ireland, France and India.

Pramod S. Shah & Associates
(Practising Company Secretaries)
PRAMOD SHAH—PARTNER
FCS No.: 334
CP No.: 3804
Mumbai, 10 May 2017

ANNEXURE A

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

To,
Members,
CG Power and Industrial Solutions Limited.
Our Report of even date is to be read with this letter.

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

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

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

4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happenings of events etc

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

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

PRAMOD SHAH & ASSOCIATES
Practicing Company Secretaries
Pramod Shah
Partner
Fcs No.: 334
Cp No.:3804
Mumbai, 10 May 2017

ANNEXURE 5

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended
31 March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS

(i) CIN	L99999MH1937PLC002641
(ii) Registration Date	28 April 1937
(iii) Name of the Company	CG Power and Industrial Solutions Limited
(iv) Category / Sub-Category of the Company	Public Company limited by shares
(v) Address of the Registered office and contact details	6th Floor, CG House, Dr. A. B. Road, Worli, Mumbai 400 030 Tel No.: +91 22 2423 7777 Fax: +91 22 2423 7733
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Datamatics Financial Services Limited **Unit:** CG Power and Industrial Solutions Limited **Address:** Plot No B-5, Part B Crosslane, MIDC Marol, Andheri (East), Mumbai 400 093. **Tel:** + 91 22 66712151 to 66712160 **Fax:**+ 91 22 6671 2230 **E-mail:** *cginvestors@dfssl.com* **Contact person:** Mr Satish Patil

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | ALL THE BUSINESS ACTIVITIES CONTRIBUTING 10% OR MORE OF THE TOTAL TURNOVER OF THE COMPANY

SR NO	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1	Low Tension Motors	27103	36.81
2	Power Transformers and Reactors	27102	32.45
3	Switchgears	27900	19.75

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR NO	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Crompton Greaves Consumer Products Limited*	U31900MH2014PLC258217	Subsidiary	100.00	2(87)
2	CG-PPI Adhesive Products Limited	U24295GA1988PLC000921	Subsidiary	81.42	2(87)
3	CG Power Solutions Limited	U40300MH2012PLC228170	Subsidiary	100.00	2(87)
4	CG Drives & Automation Germany GmbH	Not Applicable	Subsidiary	100.00	2(87)
5	CG Drives & Automation Netherlands BV	Not Applicable	Subsidiary	100.00	2(87)
6	CG Drives & Automation Sweden AB	Not Applicable	Subsidiary	100.00	2(87)
7	CG Electric Systems Hungary ZRT	Not Applicable	Subsidiary	100.00	2(87)
8	CG Holdings Belgium NV	Not Applicable	Subsidiary	100.00	2(87)
9	CG-Ganz Generator and Motor Limited Liability Company	Not Applicable	Subsidiary	100.00	2(87)
10	CG Industrial Holdings Sweden AB	Not Applicable	Subsidiary	100.00	2(87)
11	CG International BV	Not Applicable	Subsidiary	100.00	2(87)
12	CG Middle East FZE	Not Applicable	Subsidiary	100.00	2(87)
13	CG Power Solutions UK Ltd	Not Applicable	Subsidiary	100.00	2(87)
14	CG Power USA Inc	Not Applicable	Subsidiary	100.00	2(87)
15	CG Holdings Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
16	CG Power Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
17	CG Solutions Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
18	QEI, LLC	Not Applicable	Subsidiary	100.00	2(87)
19	CG Power Systems Belgium NV	Not Applicable	Subsidiary	100.00	2(87)
20	CG Power Systems Canada Inc	Not Applicable	Subsidiary	100.00	2(87)
21	CG Power Systems Ireland Ltd	Not Applicable	Subsidiary	100.00	2(87)
22	CG Sales Networks France SA	Not Applicable	Subsidiary	99.70	2(87)
23	CG Service Systems France SAS	Not Applicable	Subsidiary	100.00	2(87)
24	CG International Holdings Singapore PTE LTD	Not Applicable	Subsidiary	100.00	2(87)
25	Crompton Greaves Sales Networks Malaysia Sdn. Bhd.	Not Applicable	Subsidiary	100.00	2(87)
26	Microsol Ltd	Not Applicable	Subsidiary	100.00	2(87)
27	PT CG Power Systems Indonesia	Not Applicable	Subsidiary	95.00	2(87)
28	CG Power Solutions Saudi Arabia Ltd	Not Applicable	Subsidiary	51.00	2(87)
29	PT Crompton Prima Switchgear Indonesia	Not Applicable	Joint Venture	51.00	2(87)
30	Saudi Power Transformers Company Ltd	Not Applicable	Associate	49.00	2(6)
31	CG International BV TR & Cont. Pvt. Co. LLC	Not Applicable	Associate	49.00	2(6)
32	KK El-Fi Japan	Not Applicable	Associate	40.00	2(6)

Notes:

1. Pursuant to the divestment of Automation Business by the Company, CG Automation Systems UK Ltd, ZIV Aplicaciones y Tecnologia S.L.U., ZIV Communication S A U, ZIV Do Brasil Ltda, ZIV Grid Automation S L U, ZIV Metering Solutions S L U, ZIV I+D Smart Energy Networks, ZIV France S.A.U, CG Power Automation Limited (incorporated on 8 October 2016) and ZIV Automation India Limited (Incorporated on 18 November 2016), ceased to be subsidiaries of the Company during FY2017.
2. CG Holdings Hungary Kft changed its name to 'CG-Ganz Generator and Motor Limited Liability Company' with effect from 26 September 2016.
3. CG Power Systems Brazil Ltda ceased to be subsidiary of the Company on 21 December 2016 and Microsol Ltd ceased to be subsidiary of the Company on 26 April 2017, upon liquidation.
4. During the year, CG Holdings Americas LLC, CG Power Americas LLC, CG Solutions Americas LLC and QEI LLC were incorporated as overseas step down subsidiaries of the Company.
5. Address of the entities mentioned herein above is provided in the section titled 'Establishments' of this Annual Report.
6. Pauwels Middle East Trading & Contracting Pvt Co LLC changed its name to 'CG International BV TR & Cont. Pvt. Co. LLC' with effect from 10 October 2016.

*Under process of name change

IV SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(A) CATEGORY-WISE SHAREHOLDING (fractions rounded off to two decimal places)

SR NO	CATEGORY OF SHAREHOLDER	NUMBER OF SHARES HELD AT THE BEGINNING OF THE YEAR				NUMBER OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	%Of Total Shares	
A	Promoters									
1	Indian									
a	Individuals / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	215,451,070	0	215,451,070	34.38	215,451,070	0	215,451,070	34.38	0.00
e	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Subtotal (A)(1)	215,451,070	0	215,451,070	34.38	215,451,070	0	215,451,070	34.38	0.00
2	Foreign									
a	NRIs—Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other—Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Qualified Foreign investor	0	0	0	0.00	0	0	0	0.00	0.00
f	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	215,451,070	0	215,451,070	34.38	215,451,070	0	215,451,070	34.38	0.00
B	Public Shareholding									
1	Institutions									
a	Mutual Funds	157,925,595	5,166	157,930,761	25.20	147,662,100	5,166	147,667,266	23.56	-1.64
b	Banks / FI	561,451	79,360	640,811	0.10	615,564	79,360	694,924	0.11	0.01
c	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f	Insurance Companies	42,858,353	0	42,858,353	6.84	41,320,507	0	41,320,507	6.60	-0.25
g	FIIs	86,821,513	80,362	86,901,875	13.87	132,395,912	80,362	132,476,274	21.14	7.27
h	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j	Other (Specify)–Alternate Investment Funds	333,000	0	333,000	0.05	1,265,000	0	1,265,000	0.20	0.15
	Sub Total (B)(1)	288,499,912	164,888	288,664,800	46.06	323,259,083	164,888	323,423,971	51.60	5.55
2	Non-institutions									
a	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
i	Indian	50,938,769	47,358	50,986,127	8.14	15,662,308	32,768	15,695,076	2.50	-5.63
ii	Overseas	61,250	350	61,600	0.01	61,250	350	61,600	0.01	0.00
b	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i	Individuals—Shareholders holding nominal share capital in upto of ₹1 lakh	48,454,087	5,077,819	53,531,906	8.54	53,522,404	4,828,570	58,350,974	9.31	0.77
ii	Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	14,463,773	121,520	14,585,293	2.33	9,137,326	121,520	9,258,846	1.48	-0.85
c	Qualified foreign investor	0	0	0	0.00	0	0	0	0.00	0.00
d	Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
i	NRI Rep	1,408,406	7,652	1,416,058	0.23	2,409,937	7,652	2,417,589	0.39	0.16
ii	NRI Non-Rept	1,108,878	53,098	1,161,976	0.19	1,149,809	51,895	1,201,704	0.19	0.01
iii	Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
iv	Foreign National	4,983	0	4,983	0.00	2,983	0	2,983	0.00	-0.00
	Sub Total (B)(2)	116,440,146	5,307,797	121,747,943	19.43	81,946,017	5,042,755	86,988,772	13.88	-5.55
	Total Public Shareholding (B)=(B)(1)+(B)(2)	404,940,058	5,472,685	410,412,743	65.48	405,205,100	5,207,643	410,412,743	65.48	0.00
	Total(A+B)	620,391,128	5,472,685	625,863,813	99.86	620,656,170	5,207,643	625,863,813	99.86	0.00
C	Custodians for GDRs and ADRs	882,329	0	882,329	0.14	882,329	0	882,329	0.14	0.00
	Grand Total (A)+(B)+(C)	621,273,457	5,472,685	626,746,142	100.00	621,538,499	5,207,643	626,746,142	100.00	0.00

IV (B) SHAREHOLDING OF PROMOTERS

(fractions rounded off to three decimal places)

SR NO	SHAREHOLDER'S NAME	SHAREHOLDING AS ON 01.04.2016 (ON THE BASIS OF SHAREHOLDING PATTERN OF 31.03.2016)			SHAREHOLDING AS ON 31.03.2017			% CHANGE IN SHAREHOLDING DURING THE YEAR
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Avantha Holdings Limited	215,442,496	34.375	28.944	215,442,496	34.375	34.375	0.000
2	Varun Prakashan Private Limted	5,022	0.001	0	5,022	0.001	0	0
3	Avantha Realty Limited	3,552	0.001	0	3,552	0.001	0	0

IV (C) CHANGE IN PROMOTERS' SHAREHOLDING

There has been no change in promoters' shareholding during the financial year ended 31 March 2017.

IV (D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(other than Directors, Promoters and Holders of GDRs and ADRs) (fractions rounded off to two decimal places)

SR NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AS ON 01.04.2016 (ON THE BASIS OF SHAREHOLDING PATTERN OF 31.03.2016)		CHANGE IN SHAREHOLDING (NO OF SHARES) $		SHAREHOLDING AS ON 31.03.2017	
		No of shares	% of total shares of the company	Increase	Decrease	No of Shares	% of total shares of the company
1	HDFC Trustee Company Limited-HDFC Equity Fund	57,809,500	9.22	828,000	828,000	57,809,500	9.22
2	Reliance Capital Trustee Co. Ltd	46,569,874	7.43	13,542,790	2,395,004	57,717,660	9.21
3	Life Insurance Corporation of India	32,820,195	5.24	0	0	32,820,195	5.24
4	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Frontline Equity Fund	28,344,638	4.52	24,261,154	26,112,163	26,493,629	4.23
5	UTI Multi Cap Fund#	11,288,444	1.80	324,000	11,511,333	101,111	0.02
6	WGI Emerging Markets Smaller Companies Fund, LLC	8,622,451	1.38	8,128,749	1,510,541	15,240,659	2.43
7	Samena Special Situations Mauritius	8,293,085	1.32	22,513,866	0	30,806,951	4.92
8	HSBC Global Investment Funds A/C HSBCGif Mauritius Limited#	6,659,688	1.06	0	6,659,688	0	0.00
9	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	6,451,734	1.03	1,046,922	0	7,498,656	1.20
10	ICICI Prudential Life Insurance Company Limited#	6,107,400	0.97	0	5,870,166	237,234	0.04
11	HDFC Standard Life Insurance Company Limited*	6,067,305	0.97	4,560,221	5,558,247	5,069,279	0.81
12	HSBC Global Investment Funds—Indian Equity*	861,627	0.14	6,659,688	500,000	7,021,315	1.12
13	Abu Dhabi Investment Authority—LGLINV*	0	0.00	8,970,000	0	8,970,000	1.43

(*) Not in the list of top 10 Shareholders as on 1 April 2016 but is one of the top 10 Shareholders as on 31 March 2017;

(#) Not in the list of top 10 Shareholders as on 31 March 2017 but was one of the top 10 Shareholders as on 1 April 2016;

($) Detailed list of change in shareholding (Increase and Decrease) for each shareholder mentioned in the above table will be available for inspection at the ensuing Annual General Meeting.

IV (E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR NO	SHAREHOLDING OF EACH DIRECTOR AND KEY MANAGERIAL PERSONNEL	SHAREHOLDING AS ON 01.04.2016		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Mr B Hariharan, Non-Executive Director				
i	As on 01.04.2016	657	0.00	657	0.00
ii	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	0	0.00	657	0.00
iii	As on 31.03.2017	657	0.00	657	0.00
2	Dr V von Massow, Independent Director (GDR)				
i	As on 01.04.2016	2,687	0.00	2,687	0.00
ii	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	0	0.00	2,687	0.00
iii	As on 31.03.2017	2,687	0.00	2,687	0.00

V INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT (In ₹)

	SECURED LOAN EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness as on 01.04.2016				
i Principal amount	1,272,714,197	4,589,048,514	-	5,861,762,711
ii Interest due but not paid	-	-	-	-
iii Interest accrued but not due	-	11,040,411	-	11,040,411
Total (i+ii+iii)	1,272,714,197	4,600,088,925	-	5,872,803,122
Changes in the indebtedness during the financial year				
Addition	7,691,366,410	15,381,257,437	-	23,072,623,847
Reduction	2,497,090,773	13,057,514,830	-	15,554,605,603
Net Changes	5,194,275,637	2,323,742,607	-	7,518,018,244
Indebtedness as on 31.03.2017				
i Principal amount	6,425,332,246	6,911,553,301	-	13,336,875,737
ii Interest due but not paid	-	-	-	-
iii Interest accrued but not due	41,667,398	12,278,231	-	53,945,629
Total (i+ii+iii)	6,466,989,834	6,923,831,532	-	13,390,821,366

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

VI (A) REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER (In ₹)

SR NO	PARTICULARS OF REMUNERATION	K N NEELKANT (CEO & MANAGING DIRECTOR)	M ACHARYA (WHOLE-TIME DIRECTOR)	TOTAL AMOUNT
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,835,768	28,170,036	53,005,804
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600	39,600	79,200
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others (Variable Pay / Severance Pay)	1,000,000	8,300,000	9,300,000
5	Others (Provident Fund / Gratuity Fund / Super annuation Fund)	1,491,047	1,587,242	3,078,289
	Total	27,366,415	38,096,878	65,463,293

Notes:

1. During FY2017, Mr K N Neelkant was paid an amount of ₹55 lakhs towards arrears of his variable pay earned in FY2016 (upto 2 February 2016) as an employee of the Company.
2. The remuneration payable to the Managing Director and Whole-time Director of the Company was within the limits as prescribed under the Companies Act, 2013. The above remuneration excludes provision made by the Company towards variable pay for FY2017.

VI (B) REMUNERATION TO OTHER DIRECTORS (In ₹)

SR NO	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS								TOTAL AMOUNT
		Mr Gautam Thapar	Mr Shirish Apte*	Dr Omkar Goswami	Mr B Hariharan	Mr Sanjay Labroo	Ms Ramni Nirula	Ms Meher Pudumjee#	Dr Valentin von Massow	
1	Independent Directors									
	Fee for attending Board Meetings and Committee Meetings	-	120,000	-	-	180,000	200,000	40,000	100,000	640,000
	Commission	-	3,382,000	-	-	1,213,000	1,188,000	64,000	3,767,000	9,614,000
	Others	-	-	-	-	-	-	-	-	-
	Total (1)	-	3,502,000	-	-	1,393,000	1,388,000	104,000	3,867,000	10,254,000
2	Other Non-Executive Directors									
	Fee for attending Board and Committee meetings	180,000	-	120,000	60,000	-	-	-	-	360,000
	Commission	445,000	-	1,599,000	1,599,000	-	-	-	-	3,643,000
	Others	-	-	-	-	-	-	-	-	-
	Total (2)	625,000	-	1,719,000	1,659,000	-	-	-	-	4,003,000
	Total (B)=(1+2)	625,000	3,502,000	1,719,000	1,659,000	1,393,000	1,388,000	104,000	3,867,000	14,257,000

The remuneration paid to the other Directors was within the limits prescribed under the Companies Act, 2013 and rules made thereunder.

(*) Resigned w.e.f. 1 April 2017

(#) Resigned w.e.f. 28 May 2016

VI (C) REMUNERATION TO KEY MANGERIAL PERSONNEL (KMP) (other than MD / WTD / Manager) (In ₹)

SR NO	PARTICULARS OF REMUNERATION	NAME OF KMP
		Mr Manoj Koul (Company Secretary)
1	Gross Salary	
a	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,303,429
b	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21,600
c	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	-as % of profit	-
	-Others	-
5	Others	
	-Variable pay	563,238
	-Provident Fund, Gratuity, Super Annuation Fund	295,722
	Total	5,183,989

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY (RD / NCLT / COURT)	APPEAL MADE, (IF ANY, GIVE DETAILS)
A. COMPANY					
Penalty					
Punishment					
Compounding			NIL		
B. Directors					
Penalty					
Punishment					
Compounding			NIL		
C. Other Officers in Default					
Penalty					
Punishment					
Compounding			NIL		

On behalf of the Board of Directors

GAUTAM THAPAR
Chairman
(DIN: 00012289)
New Delhi, 26 May 2017

ANNEXURE 6

REMUNERATION POLICY

I.OBJECTIVE

In terms of the requirement stated under Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, CG Power and Industrial Solutions Limited ('the Company') has formulated the Remuneration Policy ('Policy') which deals with the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

The objective of the Policy is to ensure that the Directors, KMPs, Senior Management and other executives of the Company are governed by a comprehensive compensation criteria that fosters meritocracy and growth of the Company and that, remuneration packages are designed to attract and retain high calibre personnel.

The Policy is guided by the principles as envisaged under Section 178 of the Companies Act, 2013. The Policy has been approved by the Nomination and Remuneration Committee ('NRC') at its meeting held on 2 February 2015 and by the Board at its Meeting held on 3 March 2015. The Policy shall be applicable only to CG India.

II. DEFINITIONS

A. KEY MANAGERIAL PERSONNEL

'Key Managerial Personnel' (KMP) means:
i. Chief Executive Officer or the Managing Director or the Manager,
ii. Company Secretary,
iii. Whole-time Director,
iv. Chief Financial Officer and
v. such other officer as may be prescribed under the Companies Act, 2013.

B. SENIOR MANAGEMENT

'Senior Management' mean personnel of the Company who are members of its core management team (CEO minus 1 level) excluding Board of Directors.

C. NOMINATION AND REMUNERATION COMMITTEE

'Nomination and Remuneration Committee' or 'NRC' shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

III. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

NRC plays a critical role in the process of appointment of Directors, KMPs and Senior Management as well as reviewing the outcome of evaluation processes and resulting senior management's compensation.

A. APPOINTMENT CRITERIA AND QUALIFICATIONS

NRC shall identify and ascertain the qualification, expertise and experience of the persons being considered for appointment as a Director, KMP or at Senior Management level and recommend the appointment to the Board.

B. INDEPENDENCE OF INDEPENDENT DIRECTORS

In case of appointment of an Independent Director, such person shall additionally meet the requirements and procedures as stipulated in Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act, Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 available on the website of the Company *www.cgglobal.com* and any other requirements set by the Nomination and Remuneration Committee.

IV. PROVISIONS RELATING TO REMUNERATION OF DIRECTORS, KMP AND OTHER EMPLOYEES

A. REMUNERATION TO NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

1. REMUNERATION / COMMISSION:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.

The remuneration / commission shall be based on following principles:

i. The overall commission to be paid to Non-Executive Directors (NED) shall be within the limits approved by the shareholders, subject to a limit not exceeding 1% of the profits of the Company computed as per the provisions of the Companies Act, 2013.

ii. Every NED shall receive a fixed amount of commission, to recognise his / her position as an NED on the Board of Directors of the Company. The fixed pay will be proportionately adjusted vis-a-vis Directors attendance.

iii. An NED, who is a member of the Board Committees of the Company which are formed for statutory purposes, will receive a fixed amount for every Committee Meeting attended, in addition to (ii) above.

iv. An NED, who is the Company's nominee on the Board / Committee of Directors of joint venture, subsidiary or associate companies, will receive an additional amount, for every Board / Committee meeting attended.

v. An NED may further receive an additional amount, if necessary, based on his / her time and involvement with the Company's executives, to strengthen systems and processes, contributions to strategic direction, etc.

vi. Amounts at (iii), (iv) and (v) will be per diem amounts, based on an assumption of 8 hour day, computed and paid for the actual duration of the Meetings, excluding days for travel and preparatory work.

2. SITTING FEES:

The Non-Executive Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that, the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

3. STOCK OPTIONS

An Independent Director shall not be entitled to any stock option of the Company.

B. CEO AND MANAGING DIRECTOR

The remuneration paid to the CEO and Managing Director and revisions thereto are recommended by the NRC and approved by the Board, within the framework of shareholders' approval. The remuneration to CEO and Managing Director shall take into account the Company's overall performance, Managing Director's contribution towards Company's performance and trends in the industry in general, in a manner, which will ensure and support a high performance culture. The annual remuneration package of the CEO and Managing Director of the Company comprises of a fixed salary component, a basket of allowances / reimbursements, performance bonus or incentive / commission, housing and other cash as well as non-cash perquisites. The payment of a significant part of the performance bonus or incentive / commission may be delayed over a period of one or more years.

C. KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EXECUTIVES

CG REWARD PHILOSOPHY

Executive compensation would be guided by the external competitiveness and internal parity through benchmarking surveys.

FIXED AND VARIABLE PAY

Remuneration would comprise of fixed and variable components of the remuneration to ensure that employees are rewarded for professional services rendered in line with the level of expertise and skill required, as well as, to provide an incentive to pursue the goals and interests of the Company. Senior Management compensation shall comprise of a higher component of variable pay as compared to the lower levels. The variable components of the remuneration shall be determined based on the Company's performance, financial performance and individual performance. Company and business performance will be measured on quantitative and financial parameters whilst individual performance will be measured on qualitative attributes. The performance measurement criteria and weightages should be aligned with the benchmark study conducted across the competitive enterprises.

D. ANNUAL REMUNERATION REVIEW

Average increase in remuneration every year would be a result of growth of economy, inflation, mandatory increases, business performance, market surveys for salary projections etc. Once the overall increment budget is decided, the increment matrix would aim at creating a sharper differentiation in pay for individual performance. Internally, performance ratings of all executives would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine the fitment into the increment matrix.

E. WORKMEN

Workmen will be paid wages in accordance to the settlement with the recognized union of the workers as per industry practice, as applicable. Where there is no union, workmen wages are as per the industry practice and applicable law would apply. All remuneration components would be in accordance with applicable statutory compliances.

V. PROVISIONS RELATING TO LOANS AND ADVANCES TO EMPLOYEES

The Company may provide loans or advances to its employees. Such loans and advances shall be governed by the provisions of the applicable HR policies, Rules of Procedure for Management and applicable provisions of the Companies Act, 2013 and Rules made thereunder.

VI. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Mumbai, 3 March 2015

ANNEXURE 7

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND

Vide Gazette Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated 8 July 2016, Securities and Exchange Board of India, introduced a new Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that mandates top 500 listed entities based on the market capitalization (calculated on the basis of 31 March, of every financial year) to formulate a Dividend Distribution Policy.

2. EFFECTIVE DATE

The Board of Directors of the Company at its meeting held on 30 August 2016 has adopted the Dividend Distribution Policy of the Company as required in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The effective date of the Dividend Distribution Policy is 30 August 2016.

3. OBJECTIVE

Appropriation of net earnings and its allocation among the shareholders continues to be one of the important agenda items that Companies discuss at the Board levels. In order to help investors to get a clearer picture on returns from their investments in the listed entities and also identify the stocks matching their investment objectives, the market regulator the Securities and Exchange Board of India has made it mandatory for the top 500 listed entities to have a Dividend Distribution Policy.

4. DEFINITIONS

'Act' means the Companies Act, 2013.
'Board' means Board of Directors of the Company.
'Company' means CG Power and Industrial Solutions Limited.
'Dividend' includes any interim dividend.
'Listing Regulations' means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments thereto.
'Free Reserves' means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:
Provided that—
i. any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or

ii. any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

5. LEGAL FRAMEWORK

The Companies Act, 2013 lays down certain provisions for declaration of dividend, which are:
i. Section 51 permits Companies to pay dividends proportionately i.e. in proportion to the amount paid-up on each share when all shares are not uniformly paid-up i.e. *pro-rata*. *Pro rata* means in proportion or proportionately, according to a certain rate. The Board of Directors of the Company may decide to pay dividends on *pro-rata* basis if all the equity shares of the company are not equally paid-up. However, in the case of preference shares, dividend shall be paid at a fixed rate as per the terms of issue.
The permission given by this Section is, however, conditional upon the Company's articles of association expressly authorising the Company in this regard.

ii. Final Dividend is generally declared at an annual general meeting [Section 102(2) of the Act] at a rate not more than what is recommended by the Board in accordance with the articles of association of a Company.

iii. An interim dividend is declared by the Board at any time before the closure of financial year, whereas a final dividend is declared by the members of a Company at its annual general meeting if and only if the same has been recommended by the Board of Directors of the Company.

iv. In accordance with Section 134(3)(k) of the Act, the Board of Directors shall state in the Directors' Report the amount of dividend, if any, which it recommends to be paid.
The dividend recommended by the Board of Directors in the Board's Report must be 'declared' at the annual general meeting of the Company. This constitutes an item of ordinary business to be transacted at every annual general meeting. This does not apply to interim dividend.

v. No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with Section 123 (2) of the Act or out of profits of the Company for any previous financial year/years arrived at after providing for depreciation in accordance with the provisions of above sub-Section and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for payment of dividend in pursuance of a guarantee given by the concerned Government [Section 123(1) of the Act].

vi. The Company may before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

vii. If owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by it in any previous financial years and transferred to reserves, such declaration of dividend shall not be made except in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014. No dividend shall be declared or paid by the Company from its reserves other than free reserves. Further the Company shall not declare dividend unless carried over previous losses and depreciation not provided in the previous year / years are set off against the profit of the Company for the current year.

viii. Depreciation, as required under Section 123(1) of the Act has to be provided in accordance with the provisions of Schedule II to the Act.

ix. If the Company fails to comply with Section 73 and 74 of the Act, relating to acceptance & repayment of deposits, no dividend shall be declared on its equity shares till such default continues.

x. The amount of dividend (final as well as interim) shall be deposited in a separate bank account within 5 days from the date of declaration. [Section 123(4) of the Act]

xi. Dividend has to be paid within 30 days from the date of declaration.

xii. Section 24 of the Act confers on SEBI, the power of administration of the provisions pertaining to non-payment of dividend.

xiii. If dividend has not been paid or claimed within the 30 days from the date of its declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". Such transfer shall be made within 7 days from the date of expiry of the said period of 30 days.

xiv. Any money transferred to the unpaid dividend account of a Company in pursuance of Section 124 of Act which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Education and Protection Fund.

xv. Any dividend payable in cash may be paid by cheque or warrant through post directed to the registered address of the shareholder who is entitled to the payment of the dividend or to his order or in any electronic mode sent to his banker. [Section 123(5) of the Act]

6. PARAMETERS

A. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

Dividend payout is dependent on various factors, which are enumerated herein below in this policy document and the Board of Directors shall before taking any decision on dividend payout consider these factors in the best interest of the Company and the shareholders.

B. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

The decision of the dividend payout or retention of the profits by the Board, shall inter-alia depend on the following financial parameters;

i. Quantum of anticipated Capital expenditure,
ii. Magnitude of realized profits,
iii. Operating cash flow & liquidity,
iv. Investment opportunities,
v. Capacity to service interest / principal (borrowings),
vi. Cost of borrowings vis-à-vis cost of capital,
vii. Sales volume,
viii. Anticipated expenses,
ix. Financial ratios (e.g. EPS-post dividend), etc.

C. INTERNAL & EXTERNAL FACTORS

The most important internal and external factors that affect the dividend payout are regulations (taxation, repatriation & accounting policies), industry growth rate, natural calamity, capital investment needs, profitability, earnings variability, liquidity and cash flows, financial leverage and asset characteristics such as the composition of tangible and intangible assets.

D. UTILIZATION OF RETAINED EARNINGS

Considering the cost of the borrowings vis-à-vis available funds (retained earnings), the quantum of reserves and available depreciation fund, the Board may decide to plough back the earnings for a particular financial year/s. The decision of utilization of the retained earnings of the Company shall be based on the following factors;

i. High financial leverage
ii. Mitigate dependence on external debts
iii. Plant expansion & diversification
iv. Market & product expansion
v. Replacement of capital assets
vi. Futuristic (long-term) business strategic plans
vii. Such other criteria as the Board may deem fit from time to time.

E. ADOPTION OF PARAMETERS FOR DIVIDEND PAYOUT WITH RESPECT TO VARIOUS CLASSES OF SHARES

i. The factors and parameters for declaration of dividend to different class of shares of the Company shall be in compliance with the existing laws, governing the dividend payout.

ii. The parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.

iii. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

iv. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a *pro-rata* basis according to the number of each type and class of shares held.

v. Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

7. AMOUNT OF DIVIDEND:

The Company shall endeavor to maintain a reasonable dividend payout ratio subject to; a) capital needs of the Company, b) positive operating cash flows and c) other financial parameters enumerated herein above.

8. POLICY EXCLUSION:

The policy shall not be applicable in the following circumstances;
i. Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

ii. Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities.

iii. Determination and declaring dividend on preference shares.

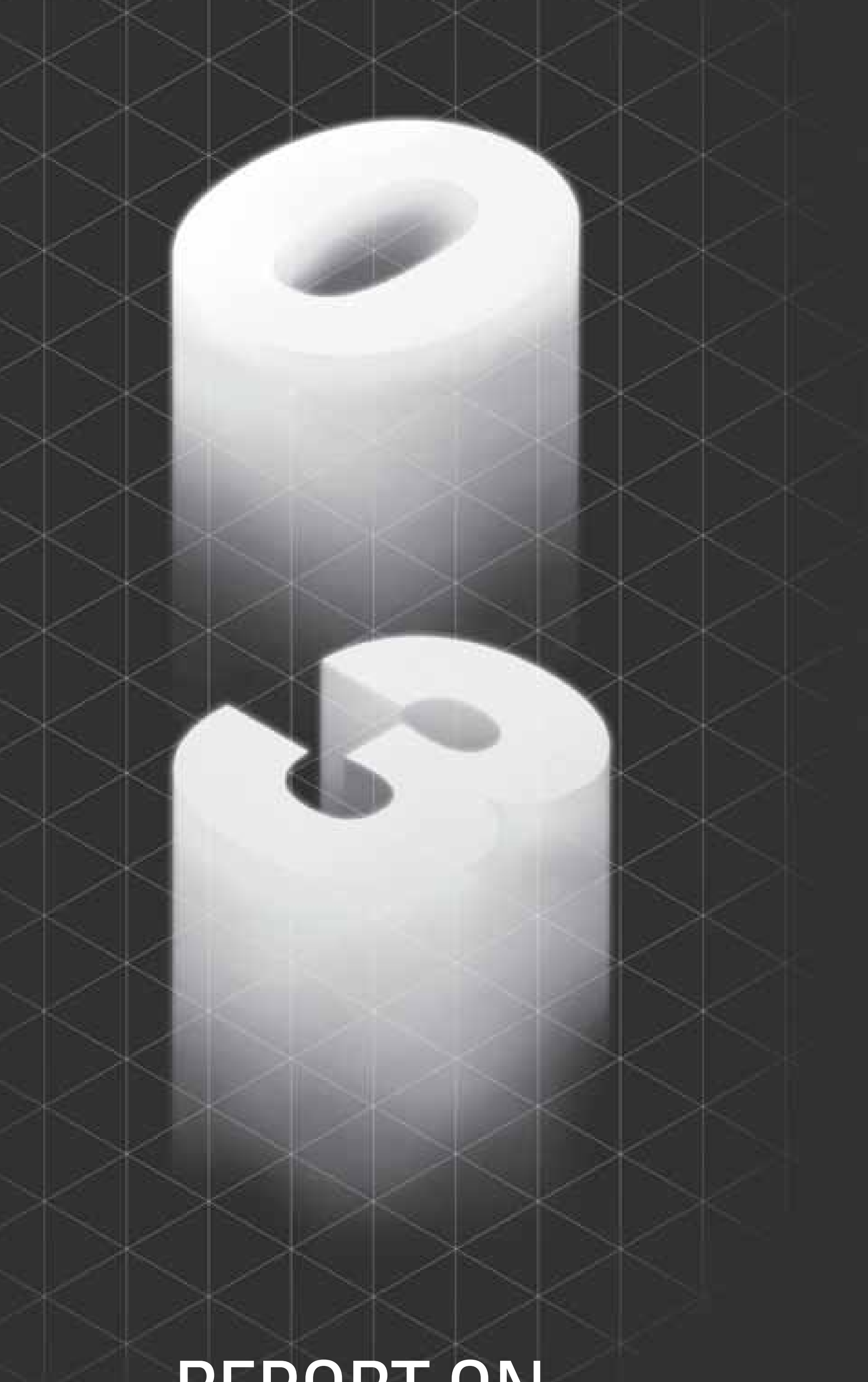
9. POLICY AMENDMENTS:

Any change/amendment, if required in terms of any applicable law, the CEO & Managing Director or the Chief Financial Officer of the Company shall be jointly / severally authorized to review and amend the Policy, to give effect to any such changes / amendments. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification immediately after such changes. A dividend payout, in deviation of this policy shall be reported in the Annual Report of the Company.

10. CAUTIONARY STATEMENT:

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy to pay, subject to the circumstances and factors enlisted herein above, which shall be consistent with the performance of the Company over the years.

K N NEELKANT
CEO & Managing Director
Mumbai, 30 August 2016



REPORT ON CORPORATE GOVERNANCE

[PURSUANT TO PART C OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

CG encourages Management independence and provides individual flexibility within an established framework of policies, standards and processes, which derive their source from the CG Values and are translated into its business practices, authority-responsibility matrices and governance systems.

PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is devoted to premier levels of Corporate Governance and seeks to accomplish a healthy blend of performance with conformance thus creating an environment and the means through which corporate objectives are attained. The Company is committed to maintaining high standards of ethical conduct and Corporate Governance and serving its stakeholders—shareholders, employees and business partners with honesty, fairness and integrity. The five CG Values—Performance Excellence, Leading Edge Knowledge, Nurturance, Customer Orientation and Intellectual Honesty are well entrenched in the performance culture of the Company and permeate all actions of the Company and its employees. The Company strives to achieve well-defined levels of Business excellence by continuously benchmarking itself against global standards. Our dividend policy, the vendor development practices and the customer proximity initiatives all reflect the requisite balance between the interests of our various stakeholders. These practices translate into a performance-based and productivity-oriented culture leading to higher operational efficiencies.

As reinforcement of this commitment and as a formal expression thereof, the Company has codified a 'CG Code of Conduct and Business Practices', which inculcates highest ethical and moral standards in all CG employees, both in their professional and personal lives. CG also encourages Management independence and provides individual flexibility within an established framework of policies, standards and processes, which derive their source from the CG Values and are translated into its business practices, authority-responsibility matrices and governance systems. Our strong internal audit and control mechanism ensures the Company's risk mitigation is in line with its decided business strategy.

As a responsible corporate citizen, CG continues to focus on communities that surround its operations at various locations, by supporting projects and sponsoring identified community causes. Employees are encouraged to participate in these programmes and make a difference to their communities, thus bringing pride to themselves and creating a trusting partnership between the Company and the communities.

CG's commitment to good Corporate Governance is reflected in the fact that the Company realizes the importance of the information requirement and therefore keeps all its stakeholders abreast with detailed information on issues concerning the Company's business and financial performance through its various means of communication.

BOARD OF DIRECTORS

COMPOSITION

As on the date of this report, the Company's Board of Directors comprises of nine Directors. The Company has adopted the Board Diversity Policy to ensure that the composition of the Board is optimum, balanced and diverse so as to benefit from fresh perspectives, new ideas, vigorous challenges and broad experience.

Details of the composition and Board and Committee representations of the Board Members are provided in **Table 1** in this Report.

OTHER DIRECTORSHIPS

As on 31 March 2017, as per the disclosures received from the Directors, none of the Directors of the Company is a Director in more than twenty companies (including

Abbreviations

'Act' refers to the Companies Act, 2013 and rules made thereunder;

'Listing Regulations' refers to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

'the Company','CG' refers to CG Power and Industrial Solutions Limited ten public limited companies) or act as an Independent Director in more than seven listed companies.

The CEO & Managing Director and Whole-time Director of the Company do not hold any Independent Director position on any listed Company's Board.

Further none of the Director acts as a member of more than ten Committees or chairperson of more than five Committees across all public limited companies in which they are a Director. For the purpose of reckoning Committee Chairperson / Membership only Audit Committee and Stakeholders' Relationship Committee have been considered.

BOARD MEETINGS

The dates of the Board Meetings are pre-scheduled and communicated to the Directors in advance. Board Meetings are convened at appropriate intervals with a maximum time gap of not more than 120 days between two consecutive meetings by giving advance notice alongwith agenda papers to the Directors. In case of exigencies or urgency of matters, resolutions are passed by circulation for such matters as permitted by law and are confirmed at the subsequent Meeting.

The Board critically evaluates the Company's strategic direction, risks and opportunities, key projects in Mergers & Amalgamations, investments, financial performance, asset optimization, management policies and their effectiveness. The Board has dedicated meetings for review of annual strategic and operating plans, capital allocation and annual budgets of businesses.

Additionally, the Board reviews the compliance processes, internal control systems, material occurrences in the areas of environment, health and safety, financial liabilities, regulatory claims and developments in human resources.

Four Board Meetings were held during FY2017: on 27 May 2016, 30 August 2016, 7 December 2016 and 10 February 2017. The Company's last Annual General Meeting was held on 30 August 2016. Details of attendance of Directors at Board Meetings held during the year under review and the previous Annual General Meeting of the Company are provided in **Table 1** in this Report.

SELECTION AND APPOINTMENT OF DIRECTORS

The Company has issued formal letters of appointment to the Independent Directors. The terms and conditions of Independent Directors appointment is available on the Company's website and can be accessed at *http://www.cgglobal.com/pdfs/BOD/T&C-IndependentDirectorsAppt.pdf*

INDEPENDENT DIRECTORS' MEETING

During the year under review, a meeting of the Independent Directors of the Company was held on 10 February 2017. All Independent Directors were present at the meeting to discuss the performance evaluation of the Board and Chairman, assess quality, quantity and timeliness of information flows from Management to the Board and the current strategic and operational position of the Company.

DIRECTORS' SHAREHOLDING & RELATIONSHIP INTER-SE

As on 31 March 2017, Mr B Hariharan held 657 equity shares of ₹2 each and Dr Valentin von Massow held 2,687 Global Depository Receipts, none of the other Directors held any shares in the Company. Further none of the Directors on the Board is related to each other.

01 COMPOSITION AND ATTENDANCE OF BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2016–17 AND DETAILS OF THEIR NUMBER OF DIRECTORSHIPS / COMMITTEE CHAIRPERSON / MEMBERSHIPS HELD AS ON DATE OF THIS REPORT

NAME OF DIRECTOR	CATEGORY	NO. OF REPRESENTATIONS		
		Directorships@	Committee Chairperson#	Committee Membership#
Mr Gautam Thapar	Non-Executive; Chairman	11	1	2
Mr K N Neelkant	Executive; CEO and Managing Director	3	NIL	1
Mr Madhav Acharya^	Executive; Director—Finance & CFO	4	NIL	NIL
Dr Omkar Goswami	Non-Executive	11	NIL	7
Mr B Hariharan	Non-Executive	9	2	5
Mr Sanjay Labroo	Non-Executive; Independent	15	1	2
Dr Valentin von Massow	Non-Executive; Independent	2	NIL	1
Ms Ramni Nirula*	Non-Executive; Independent	13	4	5
Ms Meher Pudumjee**	Non-Executive; Independent	NA	NA	NA
Mr Shirish Apte**~	Non-Executive; Independent	NA	NA	NA
Mr Jitender Balakrishnan***	Non-Executive; Independent	11	2	5

Notes:

(^) Mr Madhav Acharya was appointed as Executive Director—Finance of the Company in addition to his role as CFO effective from 1 April 2016.

(*) Ms Ramni Nirula was appointed as Non-Executive Independent Director effective from 6 April 2016 and as Chairperson of Corporate Social Responsibility Committee of the Board effective from 7 December 2016.

(**) Ms Meher Pudumjee and Mr Shirish Apte, Non-Executive Independent Directors of the Company resigned from the Company effective from 28 May 2016 and 1 April 2017 respectively.

DIRECTORS' INDUCTION AND FAMILIARISATION

The Company has in place the practice of familiarising the Independent Directors, through induction and regular updates, which *inter-alia* seeks to provide the Directors information, on the Company's background, operations, procedures and policies, Director's roles, responsibilities, rights and duties under the Act and other statutes. The Board Members are provided with necessary documents, brochures, forms, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Board Members are apprised on the operations, strategic and futuristic plans of the Company through annual business review meeting and quarterly Board Meetings. This process helps the Independent Directors to take well informed decisions in a timely manner.

Web link giving details of familiarization programme imparted to Independent Directors can be accessed on the Company's website at *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

CODE OF CONDUCT AND BUSINESS PRACTICES

The Company has adopted 'CG Code of Conduct and Business Practices' that reflects its high standards of integrity and ethics. The Directors and Senior Management Personnel of the Company have affirmed their adherence to this Code of Conduct and Business Practices for FY2017. As required by Regulation 34 of the Listing Regulations, Mr K N Neelkant, CEO and Managing Director of the Company, has signed and confirmed adherence to this Code of Conduct and Business Practices, which is annexed at the end of this Report.

COMMITTEES OF THE BOARD

RISK AND AUDIT COMMITTEE

As on the date of this report, the composition of the Risk and Audit Committee comprises of three Non-Executive Directors, of whom two are Independent, as under:

- Mr Sanjay Labroo (Independent Director)
- Ms Ramni Nirula (Independent Director)
- Dr Omkar Goswami (Non-Executive Director)

Mr Shirish Apte resigned as Independent Director of the Company and Chairman of the Risk and Audit Committee effective from 1 April 2017.

The Members of the Risk and Audit Committee have wide exposure and knowledge in the area of finance and accounting. The CEO and Managing Director, Chief Financial Officer, Chief of Internal Audit and representatives of the Statutory Auditors attend the meetings of Risk and Audit Committee. The Company Secretary of the Company is the Secretary to this Committee.

The Chairman of the Risk and Audit Committee briefs the Board of Directors, at every Board Meeting, on the discussions that are deliberated at the Risk and Audit Committee Meeting and the Minutes of the Committee Meetings are placed before the Board of Directors, for a full disclosure of the discussions taken place at these Meetings.

The Company has an independent in-house internal audit function with adequate professional resources and skills, aligned with the Company's nature, size and complexity of business. The Head of Internal Audit reports directly to the CEO and Managing Director and the Risk and Audit Committee. The Company believes that an independent and professional Internal Audit Team is the key to an objective assurance on the internal control processes and from that perspective regularly reviews the adequacy of staffing and competencies of the Internal Audit team.

ATTENDANCE AT MEETINGS

Board Meetings	Risk and Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Previous Annual General Meeting
3	NA	3	1	2	No
4	NA	NA	1	NA	Yes
4	NA	NA	NA	NA	Yes
3	3	NA	NA	NA	Yes
3	NA	NA	NA	NA	Yes
3	3	3	NA	NA	No
3	NA	NA	NA	2	No
4	2	3	NA	1	Yes
1	NA	NA	NA	1	NA
2	3	NA	NA	1	Yes
NA	NA	NA	NA	NA	NA

(~) Mr Shirish Apte was Chairman of the Risk and Audit Committee of the Board of Directors upto 31 March 2017.

(***) Mr Jitender Balakrishnan was appointed as Non-Executive Independent Director of the Company effective from 2 May 2017.

(@) Includes directorships as on date in only Indian companies (including CG) but excludes alternate directorships.

(#) Committee Chairperson and Membership as on date include only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (including CG).

CG's CSR Policy adopted by the Board, articulates its CSR principles of responsible corporate citizenship envisaging inclusive growth, diversity and equitable development, making sustained efforts at environment preservation, working with underserved communities and preserving the ecosystem that supports the Company.

The Risk and Audit Committee monitors the financial reporting processes and other processes as per the regulatory requirements mandated and functions in accordance with the Terms of Reference as approved by the Board of Directors in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations. The Risk and Audit Committee, *inter-alia,* provides reassurance to the Board on the existence of an effective internal control environment.

During FY2017, four Risk and Audit Committee meetings were held on 26 May 2016, 30 August 2016, 7 December 2016 and 9 February 2017. The attendance record of the Committee Meetings is given in **Table 1** in this Report.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Nomination and Remuneration Committee in compliance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.

The role of the Nomination and Remuneration Committee in brief is as follows:

i. The Committee is responsible for formulating evaluation policies and reviewing all major aspects of Company's HR processes relating to hiring, training, talent management, succession planning and compensation structure of the Directors and Senior Management.

ii. Identify persons who are qualified to become Directors and may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment / removal.

iii. Carry out evaluation of every Director's performance.

iv. Devising a policy on Board diversity.

v. Formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

As on the date of this Report, the Nomination and Remuneration Committee of the Company comprises of the following three Non-Executive Directors, of which two, including the Chairperson, are Independent Directors:

- Ms Ramni Nirula (Chairperson, Independent Director)
- Mr Sanjay Labroo (Independent Director)
- Mr Gautam Thapar (Non-Executive Director)

During FY2017, three Nomination and Remuneration Committee Meetings were held on 27 May 2016, 7 December 2016 and 10 February 2017. The attendance record of the Committee Members thereat is given in **Table 1** in this Report.

The Committee also anchors the performance evaluation of all Directors of the Company. Performance evaluation criteria for Independent Directors of the Company has been provided in the section titled 'Directors Report' of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As on the date of this Report, the Corporate Social Responsibility Committee of the Board comprises of the following three Non-Executive Directors, of which two, including the Chairperson, are independent:

- Ms Ramni Nirula (Chairperson, Independent Director)
- Dr Valentin von Massow (Independent Director)
- Mr Gautam Thapar (Non-Executive Director)

CG's CSR Policy adopted by the Board, articulates its CSR principles of responsible corporate citizenship envisaging inclusive growth, diversity and equitable development, making sustained efforts at environment preservation, working with underserved communities and preserving the ecosystem that supports the Company.

The Corporate Social Responsibility Committee and the Board annually approves the CSR expenditure budget and project plan and quarterly reviews the CSR expenditure and activities undertaken by the Committee and milestones achieved.

During FY2017, two CSR Committee Meetings were held on 27 May 2016 and 10 February 2017. The attendance record is given in **Table 1** in this Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprises of the following Directors as on the date of this report:

- Mr Gautam Thapar (Chairperson, Non-Executive Director)
- Mr K N Neelkant (Executive Director—CEO and Managing Director)

During FY2017, the Stakeholders' Relationship Committee met on 10 February 2017, at which meeting all Members were present.

The Stakeholders' Relationship Committee of the Board reviews the redressal of grievances of security holders of the Company, including shareholders' complaints related to transfers and transmissions, non receipt of annual reports, dividends and other share related matters, the periodicity and effectiveness of the share transfer process, regulatory certifications, depository related issues and activities of the Registrar and Transfer Agent. In addition to a review by the Committee, the Company continues its existing practice of reporting to the Directors at each Board Meeting, the number and category of Shareholder complaints received and the status of their resolution. The Company enjoys an extremely high level of investor satisfaction, which is reflected in the very insignificant number of investor complaints.

The Company received 6 shareholders' complaints during the financial year under review, which were of a routine nature and were satisfactorily resolved. There are no outstanding complaints or shares pending transfer as on 31 March 2017.

In order to expedite the process, the Board of Directors has also delegated the authority severally to CEO & Managing Director and the Company Secretary to approve the share transfers / transmissions and accordingly, CEO & Managing Director or the Company Secretary approve the transfer / transmission of shares as and when required from time to time.

The Board of Directors has appointed Mr Manoj Koul, the Company Secretary, as the Compliance Officer in compliance with the Regulation 6 of the Listing Regulations. Mr Koul also acts as a Secretary to all Committees of the Board of Directors.

REMUNERATION OF DIRECTORS

PECUNIARY RELATIONSHIP OF NON-EXECUTIVE DIRECTORS

The Company has no pecuniary relationship or transaction with the Non-Executive Directors of the Company other than payment of sitting fees to them for attending the Board and Committee Meetings and commission, out of the profits of the Company within the limits approved by the Members for their immense efforts and services to the Company.

DIRECTORS' COMPENSATION

All Directors of the Company are paid remuneration as per the terms and conditions of their appointment in compliance with the Company's Remuneration Policy, applicable provisions of the Act and Rules made thereunder read with Schedule V of the said Act and approval of the Shareholders of the Company. The Company does not have any employee stock option plans or schemes. The Non-Executive Directors are compensated by way of sitting fees and profit sharing commission based on their attendance in the Board, Committee and other strategic meetings of the Company.

The details of criteria for making payments to Non-Executive Directors, remuneration paid to all the Directors and the other disclosures required to be made under Schedule V of the Listing Regulations have been provided in the section titled 'Directors Report' of this Annual Report.

INFORMATION ON GENERAL BODY MEETINGS

The details of the last three Annual General Meetings of the Company held alongwith Special Resolutions passed thereat are indicated in **Table 2** in this Report.

During FY2017, the Company had sought approval from the Shareholders for change of Company name from 'Crompton Greaves Limited' to 'CG Power and Industrial Solutions Limited' and the consequential alteration of Memorandum of Association and Article of Association and other documents of the Company by way of passing a Special Resolution, through Postal Ballot on 25 January 2017.

The voting period (through e-Voting and postal ballot) commenced from 9.00 a.m. (IST) on 26 December 2016 and ended at 5.00 p.m. (IST) on 24 January 2017. Mr Pramod Shah (COP. No. 3804) of M/s Pramod S Shah & Associates, Practising Company Secretaries, Mumbai (Reg. No. P2001MH010300) was appointed as the Scrutinizer to scrutinize the Postal Ballot

02 SPECIAL RESOLUTIONS THAT WERE APPROVED BY SHAREHOLDERS AT THE LAST THREE ANNUAL GENERAL MEETINGS

FINANCIAL YEAR	LOCATION	DATE	TIME (IST)	SPECIAL RESOLUTIONS PASSED
2013–14	Swatantryaveer Savarkar Rashtriya Smarak, Mumbai 400 028	5 August 2014	3.00 p.m.	Appointment of Mr Sanjay Labroo as an Independent Director Appointment of Ms Meher Pudumjee as an Independent Director Appointment of Dr Valentin von Massow as an Independent Director Creating Mortgage / Charge on the assets of the Company Alteration of Articles of Association
2014–15	Ravindra Natya Mandir, Mumbai 400 025	24 July 2015	3.00 p.m.	Adoption of new Articles of Association
2015–16	Swatantryaveer Savarkar Rashtriya Smarak, Mumbai 400 028	30 August 2016	3.00 p.m.	Sale of Non-India Transmission and Distribution (T&D) Businesses

The T3 facility at Mandideep remains India's leading 765kV plant for Transformers and Reactors.

03 RESULT OF POSTAL BALLOT FOR CHANGE OF COMPANY NAME

VOTES IN FAVOUR			VOTES AGAINST			INVALID / ABSTAIN VOTES	
No. of Members voted	No. of votes cast by them	% of total no. of votes	No. of Members voted	No. of votes cast by them	% of total no. of votes	No. of Members voted	No. of votes cast by them
1,000	468,792,115	99.99	48	11,493	0.01	23	17,716

process (e-Voting and postal ballot) in a fair and transparent manner.

The Company complied with the procedures for the Postal Ballot, stated, in Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, and Regulation 44 of the Listing Regulations as amended from time to time. Results of Postal Ballot, indicated in **Table 3**, were declared on 25 January 2017.

MEANS OF COMMUNICATION

Full, complete and timely disclosure of information regarding the Company's financial position and performance is an important part of the Company's Corporate Governance ethos. To this end, the Company:

- Prepares and dispatches, through permitted modes, a full version of its Annual Report despite an abridged version allowed as per regulatory exemption;
- Submits stand-alone and consolidated financial results of the Company on a quarterly basis to National Stock Exchange of India Limited and BSE Limited through their designated web portals 'NEAPS' and 'BSE Listing Centre', respectively within the prescribed timelines. The said results are simultaneously published in leading newspapers—Financial Express (in English) and Loksatta (in Marathi). The Company also files online information of the Financial Results and other specified matters, on the 'PN Newswire' website as approved by the London Stock Exchange.
- Conducts analyst interactions to provide greater transparency and clarifications on the Company's financial performance. Transcripts of the analyst interactions are sent to the Stock Exchanges on which shares of the Company are listed.
- Promptly reports all material information including official press releases etc. to all Stock Exchanges on which shares of the Company are listed.

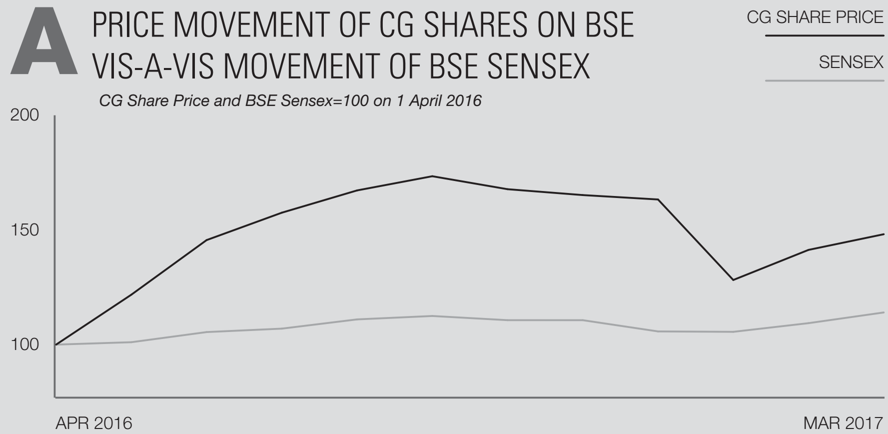
All above information and disclosures made to Stock Exchanges and investors are also simultaneously displayed on the Company's website *www.cgglobal.com*

CG's Investor Query System, a web based system continues to support the Shareholders in sending queries relating to any processing activity concerning their shareholding in CG.

In support of the 'Green Initiatives' promoted by the Ministry of Corporate Affairs and to encourage e-enabled regulatory compliances, to conserve consumption of paper and preserve the environment, the Company sends its Annual Report as well as other shareholder correspondences electronically to Members whose e-mail address is registered with the Company / Depository Participants. In case any Shareholder desires to receive a physical copy of the Annual Report or other correspondence, the Company provides the same upon request. Members who have not registered their e-mail address may do so by submitting a duly filled-in 'E-mail Registration Form', enclosed with the Notice accompanying this Annual Report, with the Company / Depository Participant.

Further the 'Information to Investor' section on the website of the Company provides 'live' share prices, as well as, graphical information relating to the historical share prices and published financials of the Company. Graphs relating to income & profitability, balance sheet & equity position, ratios, share returns on the stand-alone and consolidated position of the Company across a number of years are readily available, in a user friendly manner for use by retail investors and researchers.

A PRICE MOVEMENT OF CG SHARES ON BSE VIS-A-VIS MOVEMENT OF BSE SENSEX



GENERAL SHAREHOLDER INFORMATION

80th ANNUAL GENERAL MEETING

Date: Friday, 22 September 2017
Time: 3.00 p.m. (IST)
Venue: 4th floor Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400 028

FINANCIAL YEAR AND TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING 31 MARCH 2018

The Company's accounting year comprises of 12 months period from 1 April to 31 March. Tentative calendar of Board Meetings for consideration of financial results for financial year ending 31 March 2018 is as under:

FIRST QUARTER RESULTS
On / before 14 August 2017

SECOND QUARTER RESULTS
On / before 15 November 2017

THIRD QUARTER RESULTS
On / before 15 February 2018

LAST QUARTER RESULTS AND ANNUAL AUDITED RESULTS
On / before 30 May 2018

NAME & ADDRESS OF THE STOCK EXCHANGES

BSE LIMITED
Phiroze Jeejeebhoy Towers
Dalal Street Mumbai 400 001
Stock Code: 500093

NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
Stock Code: CGPOWER

ISIN: INE067A01029 (NSDL & CDSL)
GDR Code: 5090318

The Company has paid the annual listing fees to each Stock Exchange on which its shares are listed.

MARKET PRICE DATA: BSE LIMITED

The Market Price data for BSE Limited is given in **Table 4** and **Chart A** in this Report.

DISTRIBUTION OF SHAREHOLDING

The data for the distribution of shareholding is given in **Table 5** in this Report.

CATEGORIES OF SHAREHOLDING

The data for the categories of shareholders is given in **Table 6** in this Report.

REGISTRAR AND SHARE TRANSFER AGENT

The Company's Registrar and Share Transfer Agent is Datamatics Financial Services Limited, which is a SEBI registered Registrar and Share Transfer Agent, whose contact details are as under:

DATAMATICS FINANCIAL SERVICES LIMITED
Unit: CG Power and Industrial Solutions Limited
Plot No B-5, Part B Crosslane,
MIDC Marol, Andheri (East), Mumbai 400 093
Tel: + 91 (0) 22 6671 2151 to 6671 2160
Fax: + 91 (0) 22 6671 2230
Email: *cginvestors@dfssl.com*

SHARE TRANSFER SYSTEM

The Company's shares are compulsorily traded in dematerialised form. Request for share transfers in physical form, lodged at the Registrar and Share Transfer Agent's office, these are processed within a maximum period of 15 days from the date of receipt.

All share transfers and other share related issues are approved by Securities Transfer Committee duly constituted for this purpose. During FY2017, 49 approvals were granted.

DEMATERIALISATION OF SHARES

As on 31 March 2017, 99.18% of the total shares of the Company were held in dematerialised form, as compared to 99.13% for the previous year.

GLOBAL DEPOSITORY RECEIPTS (GDRs)

The Company has issued GDRs in 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York, the Depository. Each GDR of the Company is equivalent to five shares. As on 31 March 2017, 176,466 GDRs were outstanding, which represented 882,329 underlying equity shares.

PLANT LOCATIONS

Detailed information on plant locations, products, establishments and service centres with their contact details, is provided at the end of this Annual Report.

ADDRESS FOR CORRESPONDENCE

CORPORATE SECRETARIAL DEPARTMENT

The Corporate Secretarial Department is located at the Company's Head Office at 10th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai 400 030.

INVESTOR SERVICES DEPARTMENT

In addition to the Share Registrar and Transfer Agent, our Investor Services Department, which is located at the Company's Registered Office, is happy to assist, in case investors experience any difficulties in their interaction with Datamatics Financial Services Limited.

Contact Person: Mr Shirish Athalekar, Manager—Corporate Secretarial
Time: 2.00 p.m. to 5.00 p.m. (IST) (Monday to Friday)
Tel: +91 22 2423 7805
Fax: +91 22 2423 7545
E-mail: *shirish.athalekar@cgglobal.com*

04 MARKET PRICE DATA: BSE LIMITED

MONTH	HIGHEST (₹) OF THE MONTH	LOWEST (₹) OF THE MONTH	CLOSING (₹) (1ST TRADING DAY OF THE MONTH)	SENSEX (1ST TRADING DAY OF THE MONTH)
April 2016	60.65	48.00	48.85	25,301.70
May 2016	69.35	56.20	57.05	25,565.44
June 2016	76.80	66.00	68.20	26,684.46
July 2016	79.35	69.15	73.80	27,064.33
August 2016	88.65	74.20	78.35	28,083.08
September 2016	84.60	69.15	81.25	28,459.09
October 2016	79.55	73.35	78.60	27,997.29
November 2016	87.15	68.95	77.40	27,996.18
December 2016	79.95	55.60	76.50	26,756.66
January 2017	67.80	58.90	60.05	26,711.15
February 2017	73.40	63.10	66.20	27,669.08
March 2017	78.40	66.85	69.40	28,849.04
			Share Price	Sensex
		As on 31 March 2017	**77.60**	**29,620.50**

05 DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH 2017

NO OF SHARES	NO OF SHAREHOLDERS	% OF SHAREHOLDERS
Upto 500	127,980	86.12
501–1000	9,156	6.16
1001–2000	5,437	3.66
2001–3000	2,026	1.36
3001–4000	1,064	0.72
4001–5000	614	0.41
5001–10000	1,284	0.86
10001 and above	1,043	0.71
Total	148,604	100.00

06 CATEGORIES OF SHAREHOLDERS AS ON 31 MARCH 2017

CATEGORY	NO OF SHARES OF ₹2 EACH	% OF SHAREHOLDINGS
Promoters	215,451,070	34.38
Financial Institutions	179,220	0.03
Banks	497,329	0.08
Insurance companies	41,320,507	6.59
Mutual funds	147,667,266	23.56
Foreign investors	138,325,854	22.07
Directors	657	0.00
Domestic companies	15,695,076	2.50
Individuals	67,609,163	10.79
Total	626,746,142	100.00

OTHER DISCLOSURES

DISCLOSURE OF MATERIAL RELATED PARTY TRANSACTIONS

Considering the size and nature of operations, during the year under review there were no related party transactions of materially significant nature in terms of the Listing Regulations that could have a potential conflict with the interests of the Company at large. The policy on dealing with related party transactions can be accessed on the website of the Company at *http://www.cgglobal.com/pdfs/ policies/India%20Related%20Party%20Transactions%20Policy.pdf*

DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

There have been no instances of non-compliances by the Company or of penalties and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital market during the last three financial years.

There is no non-compliance of any requirements of Corporate Governance Report as prescribed under sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

WHISTLE BLOWER POLICY

The Company has formulated a Whistle Blower Policy for employees to report concerns of unethical behaviour and violation of the Company's Code of Business Practices. The details of the Policy are contained in the section titled 'Directors' Report' and are also posted on the website of the Company. The Whistle blowers are not denied access to the Risk and Audit Committee.

GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are adequately empowered through delegation of the operational powers to local Management at all locations. The Management of subsidiary companies are responsible for statutory compliances, health & safety concerns, integrity of accounts and assurance on internal controls. The material contents of the minutes of Board Meetings of all Indian as well as overseas subsidiaries of the Company are placed before the Board of Directors of the Company. The Company has also established a mechanism through which financial concerns, material defaults, show cause notices, dangerous occurrences, product liability claims, significant developments in human resources, major financial decisions and similar significant actions / decisions of all subsidiary companies are reported to the Company's Board of Directors. In addition, financial statements, compliance issues, internal control procedures and operational risks of these subsidiaries are also reviewed by the Risk and Audit Committee of the Company, as applicable.

The Company has formulated a Policy on Material Subsidiaries which is available on the weblink *http://www.cgglobal.com/pdfs/policies/Policy-determining-Mat-Subsidiaries.pdf.*

Significant transactions entered into by the material subsidiaries are monitored on a quarterly basis by the Risk and Audit Committee and the Board.

COMMODITY, FOREIGN EXCHANGE HEDGING

The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not given.

UNCLAIMED SHARES

Regulation 39 of the Listing Regulations requires a listed company to transfer shares, which have remained unclaimed pursuant to a public issue or any other issue, to an Unclaimed Suspense Account with a Depository Participant. The voting rights with respect to the shares held in such Unclaimed Suspense Account are frozen and future share allotments are also to be issued directly to such account. This Regulation requires a Company to send three reminders in this regard before the transfer. During FY2017, 2 shareholders have claimed 987 shares which were transferred to their respective demat accounts.

Details of unclaimed shares at the beginning of the year and at the end of the year and requests processed during the year are given in **Table 7** in this Report.

TRANSFER OF UNCLAIMED DIVIDENDS TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs effective 7 September 2016 as amended by Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 effective from 28 February 2017 the dividend(s) which have remained unclaimed / unpaid for a period of seven years have been transferred to the Investor Education and Protection Fund. Details of the due dates for transfer of dividends pertaining to the financial years 2010–2011 to 2014–2015 which, if remain, unclaimed / unpaid for a period of seven years are as under:

07 UNCLAIMED SHARES

BEGINNING OF THE YEAR		NO. OF SHAREHOLDERS WHO APPROACHED FOR TRANSFER	NO. OF SHAREHOLDERS TO WHOM SHARES WERE TRANSFERRED	END OF THE YEAR	
No. of Shareholders	No. of Shares			No. of Shareholders	No. of Shares
4,074	955,925	2	2	4,072	954,938

Date of Declaration of Dividend	Due Date for Transfer to the Investor Education and Protection Fund
25 October 2010	24 November 2017
28 January 2011	27 February 2018
23 March 2011	22 April 2018
19 October 2011	18 November 2018
31 January 2012	2 March 2019
23 March 2012	22 April 2019
20 July 2012	19 August 2019
1 November 2012	30 November 2019
6 August 2013	5 September 2020
8 November 2013	7 December 2020
29 January 2014	28 February 2021
5 August 2014	4 September 2021
16 October 2014	15 November 2021
3 February 2015	2 March 2022

NON-MANDATORY REQUIREMENTS

The Company has implemented the following non-mandatory requirements recommended under Regulation 27 of the Listing Regulations:

a. Office with requisite facilities is provided and maintained at the Company's expense for use by the Chairman of the Company. The Company also reimburses all expenses incurred in his furthering the Company's business interests.

b. The office of the Chairman and Chief Executive Officer are separately held by two different individuals.

c. The Internal Auditor of the Company directly reports to the Risk & Audit Committee of the Board.

d. The Auditor's opinion on the Stand-alone and Consolidated Financial Statements of the Company is unmodified.

ADDITIONAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is given as a separate chapter in this Annual Report.

Business Responsibility Report for FY2017 under Regulation 34 of the Listing Regulations is available on website of the Company at the weblink *www.cgglobal.com*

ACCOUNTING POLICIES

The Company has adopted accounting treatments which are in conformance with those prescribed by the applicable Accounting Standards.

IT ACTIVITIES

As permitted under the Act, the Company maintains its books of accounts in electronic form. The Company hosts and manages all business applications and data in its own Tier 3 data center located at Mumbai and does not utilise any cloud or third party hosted environments for this service.

INSIDER TRADING

The Company has comprehensive guidelines in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 in this regard, which advise and caution the Directors, Management, employees and their connected persons on the procedures to be followed, whilst dealing with the securities of the Company. The Insider Trading Code framed by the Company helps in ensuring compliance with these requirements.

QUIET PERIOD POLICY

CG follows a Quiet Period Policy during which the Company does not engage in any discussions, communications or other interaction with analysts, investors or media. This 'Quiet Period' commences on the 16th of the third month of each quarter and continues upto the conclusion of the Board Meeting at which the financial results for each quarter are announced to the Stock Exchanges on which the Company's shares are listed. However, during the Quiet Period, the Company's Investor Services Department continues to address investor related issues and communications with the Stock Exchanges and other Regulatory Authorities as required by law.

CEO / CFO CERTIFICATION

For FY2017, Mr K N Neelkant, CEO and Managing Director and Mr Madhav Acharya, Executive Director—Finance and Chief Financial Officer of the Company have certified to the Board with respect to the financial statements, internal controls and other matters, as required by Regulation 34 of Listing Regulations and the said Certificate is part of this Annual Report.

CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from M/s. S. N. Ananthasubramanian & Co., Practising Company Secretaries Firm (COP No. 1774) regarding compliance with the provisions relating to Corporate Governance for FY2017, as prescribed by Regulation 34 of the Listing Regulations, which is attached at the end of this Report.

On behalf of the Board of Directors

GAUTAM THAPAR
Chairman
(DIN: 00012289)
New Delhi, 26 May 2017

CEO-CFO ANNUAL CERTIFICATION

To,
The Board of Directors,
CG Power and Industrial Solutions Limited

We have reviewed the Stand-alone and Consolidated financial statements and the cash flow statement for the year ended 31st March 2017 and certify that:

A. These statements to the best of our knowledge and belief:
1. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Conduct and Business Practices.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Risk and Audit Committee, deficiencies in the design or operation of such internal controls of which we are aware, and the steps taken or proposed to be taken to rectify these deficiencies.

D. We have indicated to the Auditors and the Risk and Audit Committee:
1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

E. To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control system over financial reporting.

K N NEELKANT
CEO and Managing Director
(DIN: 05122610)

MADHAV ACHARYA
Executive Director-Finance & Chief Financial Officer
(DIN: 02787445)
New Delhi, 26 May 2017

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members,
CG Power and Industrial Solutions Limited
(Formerly known as Crompton Greaves Limited)
CIN:L99999MH1937PLC002641
6th Floor, CG House, AB road,
Worli, Mumbai-400030

We have examined all relevant records of CG Power and Industrial Solutions Limited ('the Company') for the purpose of certifying compliance of the conditions of Corporate Governance for the financial year ended 31st March 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Chapter IV and Para C, D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR') as referred to in Regulation 15(2) of the LODR.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management and our examination was limited to the procedure and implementation thereof.

In our opinion and to the best of our information and according to the explanation given to us and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the conditions of Corporate Governance as specified in the LODR *subject to the appointment of an Independent Director against the vacancy caused due to the resignation of an Independent Director, as represented by the Company, so as to be in conformity with the Composition of the Board of Directors as stipulated under the provisions of Regulation 17(1) (b) of LODR.*

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

FOR S N ANANTHASUBRAMANIAN & CO.,
Company Secretaries

S N ANANTHASUBRAMANIAN
C.P. No.: 1774
Thane, 23 May 2017

DECLARATION OF COMPLIANCE WITH CG CODE OF CONDUCT AND BUSINESS PRACTICES

To,
The Members,
CG Power and Industrial Solutions Limited

I, the undersigned, hereby declare that all the Board Members and Senior Management of the Company have affirmed compliance with ‘CG Code of Conduct and Business Practices’ laid down and adopted by the Company, during the year ended March 31 2017.

K N NEELKANT
CEO and Managing Director
(DIN: 05122610)
New Delhi, 26 May 2017

FINANCIALS

FINANCIALS STAND-ALONE

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **CG Power and Industrial Solutions Limited (Formerly known as Crompton Greaves Limited)** (the "Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit (including Other Comprehensive Income), its Cash Flows and Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**; and
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (1) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (Refer Note 39 to the standalone Ind AS financial statements);
      (2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      (3) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
      (4) The Company has provided requisite disclosures in Note 40 to these standalone Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For SHARP & TANNAN	For CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANTS**
Firm's Registration No.109982W	Firm's Registration No.101720W
Vinayak M. Padwal	Parag D. Mehta
PARTNER	**PARTNER**
Membership No. 049639	Membership No. 113904

Place: New Delhi
Dated: 26th May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management during the year other than inventory lying with third parties. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, we have relied on the confirmations obtained by the management from such parties. The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act:

(a) the terms and conditions are not prejudicial to the Company's interest;

(b) the receipts of principal amounts and interest have been regular / as per stipulations; and

(c) there are no overdue amounts for more than ninety days.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments, providing guarantees and securities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Accordingly, the Paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account and records maintained by the Company specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act with respect to its manufacturing activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, duty of customs, duty of excise, sales tax, value added tax, entry tax, service tax, income tax, cess and any other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases with regards to sales tax, entry tax, service tax, and income tax (tax deducted at source).

According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2017 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount ₹ crore*	Period to which the amount relates	Forum where disputes is pending
The Income Tax Act, 1961	Tax, Interest and Penalty	13.15	2011-12 2013-14	Commissionerate (Appeals)
The Central Excise Act, 1944, The Customs Act, 1962 and Service Tax under the Finance Act, 1994	Duty, Service tax, Interest and Penalty	0.21	2001-02 and 2002-03	High Court
		10.77	1991-92, 1999-00 to 2014-15	Tribunal / CESTAT
		17.87	2002-03 to 2015-16	Commissionerate (Appeals)
The Central Sales Tax Act, 1956, Local Sales Tax Act and Works Contract Tax Act	Tax, Interest and Penalty	1.14	1989-90, 1991-92, 1996-97, 1999-00, 2006-07	High Court
		50.94	1992-93, 1994-95, 1996-97, 2000-01 to 2003-04, 2005-06 to 2008-09, 2011-12, 2014-15	CESTAT / Tribunal
		106.42	1997-98 to 1999-00, 2001-02 to 2014-15	Commissionerate (Appeals)

(*net of pre-deposit paid in getting the stay / appeal admitted)

(viii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and Government. The Company has not issued any debentures.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the explanations given to us, on an overall basis, the term loans were applied for the purposes for which those were raised.

(x) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the Paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the relevant details have been disclosed in the standalone Ind AS financial statements etc., as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No.109982W

Vinayak M. Padwal
PARTNER
Membership No. 049639

For CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No.101720W

Parag D. Mehta
PARTNER
Membership No. 113904

Place: New Delhi
Dated: 26th May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 2(F) OF OUR REPORT OF EVEN DATE)

We have audited the internal financial controls over financial reporting of **CG Power and Industrial Solutions Limited (Formerly known as Crompton Greaves Limited)** (the "Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 (the "Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No.109982W

Vinayak M. Padwal
PARTNER
Membership No. 049639

For CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No.101720W

Parag D. Mehta
PARTNER
Membership No. 113904

Place: New Delhi
Dated: 26th May, 2017

₹ crore

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-03-2017		As at 31-03-2016	
ASSETS					
1. NON-CURRENT ASSETS:					
(a) Property, plant and equipment	5	**1232.78**		1296.04	
(b) Capital work-in-progress	5	**8.23**		2.00	
(c) Investment property	6	**-**		-	
(d) Other intangible assets	7	**46.23**		50.53	
(e) Intangible assets under development	7	**28.01**		37.95	
(f) Financial assets					
(i) Investments	8	**440.65**		481.69	
(ii) Loans	9	**6.64**		9.44	
(iii) Others	10	**46.89**		44.57	
(g) Other non-current assets	11	**3.18**		0.64	
			1812.61		1922.86
2. CURRENT ASSETS:					
(a) Inventories	12	**750.76**		407.17	
(b) Financial assets					
(i) Investments	13	**5.22**		0.95	
(ii) Trade receivables	14	**1480.37**		1642.99	
(iii) Cash and cash equivalents	15	**554.48**		510.41	
(iv) Bank balances other than (iii) above	16	**1.27**		1.62	
(v) Loans	17	**1466.97**		1051.05	
(vi) Others	18	**204.27**		287.42	
(c) Current tax assets (net)		**51.86**		26.46	
(d) Other current assets	19	**902.69**		522.68	
			5417.89		4450.75
3. Assets classified as held for sale and discontinued operations	51		**160.63**		251.60
TOTAL ASSETS			**7391.13**		6625.21
EQUITY AND LIABILITIES					
EQUITY:					
(a) Equity share capital	20	**125.35**		125.35	
(b) Other equity		**4073.94**		4002.70	
			4199.29		4128.05
LIABILITIES:					
1. NON-CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	21	**503.60**		4.15	
(ii) Other financial liabilities	22	**1.10**		1.21	
			504.70		5.36
(b) Provisions	23		**59.77**		52.70
(c) Deferred tax liabilities (net)	24		**214.75**		240.25
2. CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	25	**710.23**		578.18	
(ii) Trade payables	26	**1091.33**		1047.40	
(iii) Other financial liabilities	27	**255.36**		148.40	
			2056.92		1773.98
(b) Other current liabilities	28		**285.97**		319.15
(c) Provisions	29		**68.75**		75.62
3. Liabilities associated with group of assets classified as held for sale and discontinued operations	51		**0.98**		30.10
TOTAL EQUITY AND LIABILITIES			**7391.13**		6625.21
CONTINGENT LIABILITIES AND COMMITMENTS	39				
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of financial statements

As per our report attached

SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached

CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY

New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	2016-17		2015-16	
CONTINUING OPERATIONS					
INCOME:					
Revenue from operations	30	**4761.43**		4224.84	
Other income	31	**200.41**		226.33	
TOTAL INCOME			**4961.84**		4451.17
EXPENSES:					
Cost of materials consumed	32	**3144.71**		2767.09	
Purchases of stock-in-trade	33	**225.12**		118.29	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	**(168.12)**		(63.59)	
Employee benefits expense	35	**358.32**		362.69	
Finance costs	36	**163.83**		39.77	
Depreciation and amortisation expense	37	**91.74**		98.63	
Other expenses	38	**889.41**		815.39	
TOTAL EXPENSES			**4705.01**		4138.27
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX			**256.83**		312.90
Exceptional items (net)	52		**(99.80)**		(1451.71)
PROFIT / (LOSS) BEFORE TAX			**157.03**		(1138.81)
TAX EXPENSE:					
Current tax	24	**24.80**		105.43	
Deferred tax - MAT credit entitlement	24	**(11.83)**		-	
Deferred tax (credit)	24	**(13.67)**		(60.13)	
			(0.70)		45.30
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX			**157.73**		(1184.11)
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX	51	**(33.27)**		146.70	
Tax expense of discontinued operations	24	**-**		61.31	
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS AFTER TAX			**(33.27)**		85.39
PROFIT / (LOSS) FOR THE YEAR			**124.46**		(1098.72)
OTHER COMPREHENSIVE INCOME:					
A (i) Items that will not be reclassified to profit or loss		**(54.95)**		(47.88)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		**1.73**		6.75	
B (i) Items that will be reclassified to profit or loss		**-**		-	
(ii) Income tax relating to items that will be reclassified to profit or loss		**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR			**(53.22)**		(41.13)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**71.24**		(1139.85)
Earnings per share for continuing operations (₹)	56		**2.52**		(18.89)
(Face value of equity share of ₹ 2 each)					
Earnings per share for discontinued operations (₹)	56		**(0.53)**		1.36
(Face value of equity share of ₹ 2 each)					
Earnings per share (basic and diluted) (₹)	56		**1.99**		(17.53)
(Face value of equity share of ₹ 2 each)					
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of financial statements

As per our report attached
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New Delhi, 26th May, 2017

Manoj Koul
COMPANY SECRETARY
New Delhi, 26th May, 2017

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

		2016-17	2015-16
[A] CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before tax from continuing operations		**157.03**	(1138.81)
Adjustments for:			
Depreciation and amortisation expense		**91.74**	98.63
Provision for impairment on financial assets		**19.10**	1923.48
Finance costs		**163.83**	39.77
Interest income		**(168.57)**	(141.85)
Income from investments (net)		**(0.38)**	(0.59)
Profit on sale of investments (net)		**(7.21)**	(80.25)
Unrealised exchange (gain) / loss (net)		**109.31**	(154.95)
Profit on sale of property, plant and equipment (net)		**(4.41)**	(285.57)
		203.41	1398.67
Operating profit before working capital changes		**360.44**	259.86
Adjustments for:			
(Increase) / Decrease in trade and other receivables		**(712.21)**	(1490.19)
(Increase) / Decrease in inventories		**(357.60)**	(40.81)
Increase / (Decrease) in trade and other payables		**60.76**	271.56
Increase / (Decrease) in provisions		**(4.69)**	(13.84)
		(1013.74)	(1273.28)
Cash (used in) / from operations		**(653.30)**	(1013.42)
Direct taxes paid (net of refunds)		**(50.20)**	(96.64)
Net cash (used in) / from operating activities		**(703.50)**	(1110.06)
Net cash (used in) / from discontinued activities		**(29.71)**	189.30
Net cash (used in) / from continuing and discontinued activities	**[A]**	**(733.21)**	(920.76)
[B] CASH FLOWS FROM INVESTING ACTIVITIES			
Add: Inflows from investing activities			
Sale of property, plant and equipment		**14.97**	503.17
Proceeds from sale of investments in joint venture		**-**	40.11
Sale of current investments		**104.76**	168.77
Sale of Investments in Subsidiary		**31.71**	-
Interest received		**161.69**	140.61
Income received from investments		**0.38**	0.59
		313.51	853.25
***Less:* Outflows from investing activities**			
Purchase of property, plant and equipment and intangible assets		**(41.91)**	(109.63)
Purchase of investments		**(106.47)**	-
Investment in subsidiaries		**(0.05)**	-
		(148.43)	(109.63)
Net cash (used in) / from investing activities		**165.08**	743.62
Net cash (used in) / from discontinued activities		**24.46**	(8.01)
Net cash (used in) / from continuing and discontinued activities	**[B]**	**189.54**	735.61

₹ crore

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		2016-17	2015-16
[C] CASH FLOWS FROM FINANCING ACTIVITIES			
Add: Inflows from financing activities			
Proceeds from long-term borrowings		**647.70**	-
Proceeds from short-term borrowings		**1654.17**	488.26
		2301.87	488.26
***Less:* Outflows from financing activities**			
Repayment of long-term borrowings		**(32.23)**	(3.86)
Repayment of short-term borrowings		**(1522.12)**	(21.50)
Dividend paid		**(0.35)**	(0.33)
Interest paid		**(159.54)**	(38.67)
		(1714.24)	(64.36)
Net cash (used in) / from financing activities		**587.63**	423.90
Net cash (used in) / from discontinued activities		**-**	(27.10)
Net cash (used in) / from continuing and discontinued activities	**[C]**	**587.63**	396.80
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**43.96**	211.65
Cash and cash equivalents at beginning of the year		**510.55**	298.90
Cash and cash equivalents at end of the year		**554.51**	510.55
Cash and cash equivalents from continuing operations		**554.48**	509.53
Cash and cash equivalents from discontinued operations		**0.03**	1.02
Cash and cash equivalents from continuing and discontinued operations		**554.51**	510.55

Notes:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

2 Additions to property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.

3 Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 1.75 crore (Previous year gain of ₹ 1.79 crore) on account of translation of foreign currency bank balances.

As per our report attached
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CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(A) EQUITY SHARE CAPITAL

For the year ended 31st March, 2017

Balance as at 1-04-2016	Changes in equity share capital during the year	Balance as at 31-03-2017
125.35	**-**	**125.35**

For the year ended 31st March, 2016

Balance as at 1-04-2015	Changes in equity share capital during the year	Balance as at 31-03-2016
125.35	-	125.35

(B) OTHER EQUITY

For the year ended 31st March, 2017

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	FVOCI Reserve	Total Equity
Balance as at 1st April, 2016	**2911.46**	**415.89**	**672.49**	**12.95**	**18.29**	**(28.38)**	**4002.70**
Profit for the year	**124.46**	**-**	**-**	**-**	**-**	**-**	**124.46**
Other comprehensive income for the year							
- Remeasurements gains / (loss) on defined benefit plans	**(6.40)**	**-**	**-**	**-**	**-**	**-**	**(6.40)**
- Fair value loss on FVOCI financial asset	**-**	**-**	**-**	**-**	**-**	**(46.82)**	**(46.82)**
Balance as at 31st March, 2017	**3029.52**	**415.89**	**672.49**	**12.95**	**18.29**	**(75.20)**	**4073.94**

For the year ended 31st March, 2016

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	FVOCI Reserve	Total Equity
Balance as at 1st April, 2015	4022.93	415.89	19.96	12.95	18.29	-	4490.02
Loss for the year	(1098.72)	-	-	-	-	-	(1098.72)
Other comprehensive income for the year							
- Remeasurements gains / (loss) on defined benefit plans	(12.75)	-	-	-	-	-	(12.75)
- Fair value loss on FVOCI financial asset	-	-	-	-	-	(28.38)	(28.38)
Transferred on demerger	-	-	652.53	-	-	-	652.53
Balance as at 31st March, 2016	**2911.46**	**415.89**	**672.49**	**12.95**	**18.29**	**(28.38)**	**4002.70**

As per our report attached

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Gautam Thapar
CHAIRMAN
DIN: 00012289

1. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited, formerly known as Crompton Greaves Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27th February, 2017.

The Company is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in three main business segments, viz. Power Systems, Industrial Systems and Automation Systems for the year ended 31st March 2017.

The financial statements of the Company for the year ended 31st March, 2017 were authorised for issue in accordance with a resolution of the directors on 26th May, 2017.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The 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 liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest crore, except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment:

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and it is depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on the property, plant and equipment is provided on straight-line method over the useful life of assets as specified in Schedule II to the Companies Act, 2013 which is in line the management estimate of the useful life of the assets. On property, plant and equipment which are added / disposed off during the year, depreciation is provided on *pro-rata* basis with reference to the month of addition / deletion. However, in case of the following category of property, plant and equipment, the depreciation has been provided based on the technical evaluation of the remaining useful life which is different from the one specified in Schedule II to the Companies Act, 2013 based on the management estimate of useful life.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery - 1 to 21 years (Maximum)
- Furniture and fixtures - 1 to 15 years (Maximum)
- Office equipments - 1 to 15 years
- Buildings - 3 to 60 years
- Vehicles - 1 to 8 years
- Leasehold land - 24 to 999 years

Leased assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

3.2 Investment properties:

Investment properties comprise portions of freehold land and office buildings that are held for long-term rental yields and / or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each balance sheet date. The effects of any revision are included in the statement of profit and loss when the changes arise.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

3.3 Impairment of non-financial assets:

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised 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 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. 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of profit and loss, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (the 'OCI'), if any. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

3.4 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 Company and the cost of the asset can be measured reliably.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortised as follows:

(1) Specialised software : Over a period of five to six years;

(2) Technical know-how : Over a period of five years (from the date of availability for its use);

(3) Commercial rights : Over a period of ten years; and

(4) Concession rights : Over a period of ten years.

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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development cost:

- Research cost:

  Revenue expenditure on research is expensed under the respective heads of accounts in the period in which it is incurred.

- Development cost:

  Development expenditure on new product is capitalised as intangible asset, if all of the following criteria can be demonstrated. Otherwise they are expensed in the period in which they are incurred.

  (i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

  (ii) The Company has intention to complete the development of intangible asset and use or sell it;

  (iii) The Company has ability to use or sell the intangible asset;

  (iv) The manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

  (v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

  (vi) The Company has ability to measure the expenditure attributable to the intangible asset during the development reliably.

  Development costs on the intangible assets, fulfilling the criteria are amortised over a period of five years, otherwise are expensed in the period in which they are incurred.

3.5 Inventories:

Inventories are carried in the balance sheet as follows:

(a) Raw materials, packing materials, construction materials, stores and spares : At lower of cost, on weighted average basis and net realisable value.

(b) Work-in-progress – Manufacturing : At lower of cost of material, plus appropriate production overheads and net realisable value.

(c) Finished goods – Manufacturing : At lower of cost of materials plus appropriate production overheads, including excise duty paid / payable on such goods and net realisable value.

(d) Finished goods – Trading : At lower of cost, on weighted average basis and net realisable value.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. 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.

3.6 Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.7 Foreign currency transactions:

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

3.8 Service concession arrangements:

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix A to Ind AS 11 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used when the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company manages concession arrangements which include constructing power distribution assets for distribution of electricity. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

The right to consideration gives rise to an intangible asset and financial receivable and accordingly, both the intangible asset and financial receivable models are applied. Income from the concession arrangements earned under the intangible asset model consists of the (i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Financial receivable is recorded at a fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

3.9 Revenue recognition:

Sale of goods

Revenue from sale of goods is recognised, when all significant risks and rewards of ownership are transferred to the buyer, as per the terms of the contracts, the amount can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Further, revenue is recognised only if the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue also includes excise duty and price variations based on the contractual agreements and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discount, cash discount and volume rebates.

Rendering of services

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage of completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Revenue from construction contracts

Revenue from construction contracts is recognised by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date to the total estimated cost to complete. Foreseeable losses, if any, on the contracts is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of cost and related incidental income which is not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at realisable value thereafter. Claims are accounted as income in the year of acceptance by customer.

Power distribution

Revenue from power distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission. Interest is accounted on accrual basis on overdue bills.

Dividend income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Lease income

Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised in the statement of profit and loss on straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

3.10 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.

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The Company makes contribution towards provident fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability / (asset) are recognised immediately in the balance sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognised in the statement of profit and loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense in the period in which they are incurred.

3.11 Borrowing costs:

a) Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

b) All other borrowing costs are recognised as expense in the period in which they are incurred.

3.12 Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products / services.

1. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
4. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.13 Leases:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.14 Earnings per share:

Basic earnings per share is calculated by dividing the profit from continuing operations, discontinued operations and total profit, attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.15 Taxes on income:

1. Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
2. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. 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 is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.16 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible; and
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion / purchase of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Liquidated damages

Provision for liquidated damages are recognised on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises impairment on the assets pertaining to the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.17 Exceptional items:

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3.18 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is 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 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.

Deferred tax assets / liabilities are classified as non-current.

All other liabilities are classified as non-current.

3.19 Fair value measurement:

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,

  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.20 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. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Also comparative Statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations,

  Or
- Is a subsidiary acquired exclusively with a view to resale.

The Company does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.21 Financial instruments:

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where 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 recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  (a) The Company has transferred substantially all the risks and rewards of the asset, or
  (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries, joint venture and associates, at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost; and
- Financial assets measured at fair value through other comprehensive income (FVTOCI).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made 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 are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments and hedge accounting:

The Company enters into derivative contracts 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 on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.22 Business combinations under common control:

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a Company.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Service concession arrangements:

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Company. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meet the criteria for recognition as service concession arrangements.

Discontinued operations:

Consumer products segment

In pursuance to the demerger of the Consumer products business unit, the Board considered the consumer products business unit to meet the criteria to be classified as held for distribution at that date for the following reasons:

- The actions to complete the distribution were initiated and expected to be completed within one year from the date of commitment to demerger the business i.e.19th February, 2015,
- Consumer product represents a separate major line of business of operations,
- The shareholders approved the distribution in August 2015, and
- The Scheme of demerger was approved by the Honourable High court judicature at Bombay, 20th November, 2015 (the Appointed date).

Power distribution business

In pursuant to the certain unresolved disputes arising out of the Distribution Franchisee Agreement (DFA) of the Company with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at Jalgoan in Maharashtra, MSEDCL has exercised its step in rights and taken over the Distribution Franchisee in Jalgoan from the Company with effect from 12th August, 2015. The operations were terminated with immediate effect and the final claim settlement between the Company and MSEDCL is in progress. The Company have classified the Power distribution segment as held for disposal from 12th August, 2015 for the following reasons:

- Power distribution segment represents a separate major line of business of operations
- The operations were abandoned with immediate effect from 12th August, 2015 and hence the carrying amount will not be recovered principally through continuing use.

Automation business

In pursuance to the discontinuance of the Automation business unit, the Board considered the Automation business unit to meet the criteria to be classified as held for distribution at that date for the following reasons:

- The actions to complete the distribution were initiated and the business was sold during the year ended 31st March, 2017,
- Automation business represents a separate major line of business of operations.

Lease of equipment not in legal form of lease

Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind AS 17.

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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Development costs

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5. PROPERTY, PLANT AND EQUIPMENT

₹ crore

	Freehold land	Leasehold land	Buildings	Plant and machinery	Plant and machinery leasehold	Furniture and fittings	Office equipments	Vehicles	Total	Capital work-in-progress
Cost:										
As at 1-04-2015	270.66	244.17	636.36	832.00	14.39	61.38	49.22	12.53	2120.71	2.67
Additions	-	56.60	8.49	22.30	-	1.99	1.72	1.29	92.39	1.06
Disposals / transfers	78.03	91.74	28.63	28.98	-	8.07	5.73	2.22	243.40	1.73
As at 31-03-2016	**192.63**	**209.03**	**616.22**	**825.32**	**14.39**	**55.30**	**45.21**	**11.60**	**1969.70**	**2.00**
Additions	-	-	1.13	20.03	-	0.88	1.56	0.84	24.44	7.99
Disposals / transfers	-	-	2.08	12.89	14.39	8.18	5.99	2.09	45.62	1.76
Transferred to discontinued operation	-	-	-	5.06	-	3.75	0.83	-	9.64	-
As at 31-03-2017	**192.63**	**209.03**	**615.27**	**827.40**	**-**	**44.25**	**39.95**	**10.35**	**1938.88**	**8.23**
Accumulated depreciation:										
As at 1-04-2015	-	1.36	21.11	516.18	7.20	37.71	38.69	6.45	628.70	
Depreciation charge for the year	-	2.40	23.31	40.27	2.40	3.80	3.00	1.12	76.30	
Disposals / transfers	-	0.16	5.25	15.12	-	5.35	4.22	1.24	31.34	
As at 31-03-2016	**-**	**3.60**	**39.17**	**541.33**	**9.60**	**36.16**	**37.47**	**6.33**	**673.66**	
Depreciation charge for the year	-	3.56	23.26	37.38	-	2.88	2.40	1.09	70.57	
Disposals / transfers	-	-	0.82	11.36	9.60	6.29	5.58	1.41	35.06	
Transferred to discontinued operation	-	-	-	1.18	-	1.52	0.37	-	3.07	
As at 31-03-2017	**-**	**7.16**	**61.61**	**566.17**	**-**	**31.23**	**33.92**	**6.01**	**706.10**	
Net book value										
As at 31-03-2016	192.63	205.43	577.05	283.99	4.79	19.14	7.74	5.27	1296.04	2.00
As at 31-03-2017	**192.63**	**201.87**	**553.66**	**261.23**	**-**	**13.02**	**6.03**	**4.34**	**1232.78**	**8.23**

₹ crore

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS (Contd.)

6. INVESTMENT PROPERTY

Cost:	
As at 1-04-2015	7.08
Additions	-
Disposals / transfers	7.08
As at 31-03-2016	**-**
Additions	-
Disposals / transfers	-
As at 31-03-2017	**-**
Accumulated depreciation:	
As at 1-04-2015	1.52
Depreciation charge for the year	0.03
Disposals / transfers	1.55
As at 31-03-2016	**-**
Depreciation charge for the year	-
Disposals / transfers	-
As at 31-03-2017	**-**
Net book value	
As at 31-03-2016	-
As at 31-03-2017	-
Fair value	
As at 31-03-2016	NA
As at 31-03-2017	**NA**

	2016-17	2015-16
Rental income derived from investment properties	**-**	0.95
Direct operating expenses (including repairs and maintenance) generating rental income	**-**	-
Profit arising from investment properties	**-**	0.95

₹ crore

7. OTHER INTANGIBLE ASSETS

	Computer software	Technical know-how	Commercial rights	Research and development	Concession rights	Total	Intangible assets under development
Cost:							
As at 1-04-2015	48.50	24.27	43.52	51.78	28.14	196.21	30.05
Additions	7.00	-	-	4.69	-	11.69	15.03
Disposals / transfers	-	-	-	3.16	-	3.16	7.13
Transferred to discontinued operations	-	-	-	-	28.14	28.14	-
As at 31-03-2016	**55.50**	**24.27**	**43.52**	**53.31**	**-**	**176.60**	**37.95**
Additions	0.70	-	-	20.03	-	20.73	10.54
Disposals / transfers	-	-	-	-	-	-	20.03
Transferred to discontinued operation	0.53	14.00	12.43	0.08	-	27.04	0.45
As at 31-03-2017	**55.67**	**10.27**	**31.09**	**73.26**	**-**	**170.29**	**28.01**
Accumulated amortisation:							
As at 1-04-2015	26.13	18.42	29.63	23.42	3.93	101.53	
Amortisation charge for the year	7.98	2.09	9.08	12.48	-	31.63	
Disposals / transfers	-	-	-	3.16	-	3.16	
Transferred to discontinued operations	-	-	-	-	3.93	3.93	
As at 31-03-2016	**34.11**	**20.51**	**38.71**	**32.74**	**-**	**126.07**	
Amortisation charge for the year	7.23	-	1.11	12.83	-	21.17	
Transferred to discontinued operation	0.49	10.24	12.43	0.02	-	23.18	
As at 31-03-2017	**40.85**	**10.27**	**27.39**	**45.55**	**-**	**124.06**	
Net book value							
As at 31-03-2016	21.39	3.76	4.81	20.57	-	50.53	37.95
As at 31-03-2017	**14.82**	**-**	**3.70**	**27.71**	**-**	**46.23**	**28.01**

8. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31-03-2017	As at 31-03-2016
Quoted investments		
Investment in Government or trust securities	**0.44**	0.44
	0.44	**0.44**
Unquoted investments		
Investments in equity instruments		
Subsidiary companies	**251.37**	251.37
Investments in equity instruments		
Carried at fair value through other comprehensive income	**151.80**	198.62
Carried at fair value through profit and loss	**0.01**	0.01
Investments in debentures or bonds		
Carried at fair value through profit and loss	**8.05**	8.05
Other non-current investments		
Carried at fair value through profit and loss	**27.83**	23.20
Investment in joint venture		
Carried at cost	**1.15**	-
	440.21	481.25
	440.65	481.69
Notes:		
Quoted investments		
Book value	**0.44**	0.44
Market value	**0.44**	0.44
Unquoted investments		
Book value	**440.21**	481.25

₹ crore

8. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

	Face value per unit in ₹ unless otherwise specified	No. of shares / units As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
Details of investments:				
A) Quoted investments				
Government and trust securities				
1 Central Government Securities				
10.18% GOI 2026 of ₹ 100 each	100	**39000**	**0.44**	0.44
Total (A)			**0.44**	0.44
B) Unquoted investments				
Investments in equity instruments				
Investment in subsidiary companies				
Fully paid equity shares				
1 CG PPI Adhesive Products Limited	10	**3175520**	**13.03**	13.03
2 CG Power Solutions Limited	10	**50000**	**0.05**	0.05
3 CG International Holdings Singapore Pte Limited	USD 1	**44121460**	**238.29**	238.29
			251.37	251.37
Carried at fair value				
Other comprehensive income				
1 Avantha Power & Infrastructure Limited	10	**213300228**	**151.80**	198.62
			151.80	198.62
Through profit or loss				
1 Dinette Exclusive Club Private Limited	100	**500**	**0.01**	0.01
2 Radiant Electronics Limited	100	**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**	8.00
2 Dinette Exclusive Club Private Limited (0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each)	100	**5000**	**0.05**	0.05
			8.05	8.05
Other non-current investments				
UTI - Balanced Fund - Dividend Plan - Payout	10	**55909**	**0.12**	0.12
Power Equipment Limited	USD 10	**20600**	**0.00**	0.00
Exide Life Traditional Employee Benefits Plan Scheme		**1**	**15.81**	14.00
HDFC Life Secure Managed Fund		**4811334**	**10.40**	8.08
IndiaFirst Employee Benefit Plan Equity Advantage Fund		**870887**	**1.50**	1.00
			27.83	23.20
Investment in joint venture				
PT Crompton Prima Switchgear Indonesia			**1.15**	-
			1.15	-
Total (B)			**440.21**	481.25
Total (A+B)			**440.65**	481.69

₹ crore

	As at 31-03-2017	As at 31-03-2016
9. NON-CURRENT FINANCIAL ASSETS - LOANS		
Unsecured, considered good, unless otherwise stated		
Deposits	**6.64**	9.44
	6.64	9.44

	As at 31-03-2017	As at 31-03-2016
10. NON-CURRENT FINANCIAL ASSETS - OTHERS		
Financial guarantee fees receivable	**46.89**	44.57
	46.89	44.57

	As at 31-03-2017	As at 31-03-2016
11. NON-CURRENT ASSETS - OTHERS		
Unsecured, considered good, unless otherwise stated		
Capital advances	**3.18**	0.62
Others	**-**	0.02
	3.18	0.64

	As at 31-03-2017		As at 31-03-2016	
12. INVENTORIES				
Raw materials	**330.28**		151.78	
Add: Goods-in-transit	**5.50**		6.13	
		335.78		157.91
Work-in-progress - manufacturing		**201.31**		202.40
Finished goods - manufacturing		**121.63**		43.27
Stock-in-trade		**88.83**		0.51
Stores, spares and packing materials		**3.18**		2.99
Loose tools		**0.03**		0.09
		750.76		407.17

	As at 31-03-2017	As at 31-03-2016
13. CURRENT FINANCIAL ASSETS - INVESTMENTS		
Quoted investments		
Investments in equity instruments		
Carried at fair value through profit and loss	**0.98**	0.95
Investments in mutual funds		
Carried at fair value through profit and loss	**4.24**	-
	5.22	0.95
Note:		
Quoted investments		
Book value	**5.22**	0.95
Market value	**5.22**	0.95

₹ crore

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS (Contd.)

13. CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

	Face value per unit in ₹ unless otherwise specified	No. of shares / units As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
Details of investments:				
Investments in equity instruments				
1 Nicco Corporation Limited	2	**330390**	**0.02**	0.01
2 IDBI Bank Limited	10	**127720**	**0.96**	0.93
3 JCT Electronics Limited	1	**250000**	**-**	0.01
			0.98	0.95
Investments in mutual funds				
Birla Sunlife Saving Fund Growth Direct Plan		**132319.51**	**4.24**	-
			4.24	-
			5.22	0.95

14. TRADE RECEIVABLES

	As at 31-03-2017		As at 31-03-2016	
Unsecured				
Debts overdue for six months				
Considered good	**415.26**		390.56	
Considered doubtful	**91.85**		122.29	
	507.11		512.85	
Less: Allowance for doubtful debts	**91.85**		122.29	
		415.26		390.56
Other debts				
Considered good		**1065.11**		1252.43
		1480.37		1642.99

15. CASH AND CASH EQUIVALENTS

	As at 31-03-2017		As at 31-03-2016	
Cash and cash equivalents:				
Balances with banks:				
On current accounts	**399.52**		335.35	
On deposit accounts (Refer note below)	**154.90**		175.00	
	554.42		510.35	
Cash on hand	**0.06**		0.06	
		554.48		510.41
		554.48		510.41

Note:

Deposits of ₹ 32.90 crore (Previous year ₹175.00 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

₹ crore

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2017	As at 31-03-2016
16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other balance:		
Earmarked balance with banks for:		
Unpaid dividends	**1.27**	1.62
	1.27	1.62

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2017 and 31st March, 2016.

	As at 31-03-2017		As at 31-03-2016	
17. CURRENT FINANCIAL ASSETS - LOANS				
Unsecured, considered good, unless otherwise stated				
Loans to Subsidiaries		**1437.86**		1022.11
Security deposits:				
Considered good	**29.11**		28.94	
Considered doubtful	**0.05**		0.05	
	29.16		28.99	
Less: Allowance for bad and doubtful advances	**0.05**		0.05	
		29.11		28.94
		1466.97		1051.05

	As at 31-03-2017	As at 31-03-2016
18. CURRENT FINANCIAL ASSETS - OTHERS		
Bank Deposits	**149.03**	230.60
Financial guarantee fees receivable	**30.99**	49.05
Derivative instruments	**16.29**	6.40
Other financial receivables	**7.96**	1.37
	204.27	287.42

Note:

Deposits of ₹ 149.03 crore (Previous year ₹ 230.60 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

	As at 31-03-2017	As at 31-03-2016
19. OTHER CURRENT ASSETS		
Advance to suppliers	**508.44**	155.34
Advance to other related parties	**115.26**	96.56
Prepaid expenses	**22.73**	27.98
Due from customer (constructions and project related activity)	**17.93**	34.30
Insurance receivables	**14.04**	3.38
Statutory and other receivables	**224.29**	205.12
	902.69	522.68

₹ crore

	As at 31-03-2017	As at 31-03-2016
20. SHARE CAPITAL		
Authorised:		
2,03,80,00,000 Equity Shares of ₹ 2 each	**407.60**	407.60
(Previous year 2,03,80,00,000 Equity Shares of ₹ 2 each)		
Issued:		
62,67,88,442 Equity Shares of ₹ 2 each (Previous year 62,67,88,442 Equity Shares of ₹ 2 each)	**125.35**	125.35
Subscribed and paid-up:		
62,67,46,142 Equity Shares of ₹ 2 each (Previous year 62,67,46,142 Equity Shares of ₹ 2 each)	**125.35**	125.35
Forfeited shares:		
Amount paid-up on 42,300 Equity Shares of ₹ 2 each (Amount paid-up ₹ 32,175)	**0.00**	0.00
	125.35	125.35

Notes:

(a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the year:

Authorised share capital	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
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 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
Balance at the beginning of the year	**626788442**	**125.35**	626788442	125.35
Balance at the end of the year	**626788442**	**125.35**	626788442	125.35

Subscribed and paid-up	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
Balance at the beginning of the year	**626746142**	**125.35**	626746142	125.35
Balance at the end of the year	**626746142**	**125.35**	626746142	125.35

The Company has not issued any equity shares during the current and in the previous year.

(b) Terms / rights attached to equity shares:

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5 % shares in the Company:

		As at 31-03-2017		As at 31-03-2016	
		%	**No. of Shares**	%	No. of Shares
1	Avantha Holdings Limited	**34.37**	**215442496**	34.37	215442496
2	Reliance Capital Trustee Co. Ltd A/c Reliance Equity Opportunities Fund	**9.21**	**57717660**	7.43	46569874
3	HDFC Trustee Company Limited - HDFC Equity Fund	**9.22**	**57809500**	9.22	57809500
4	Life Insurance Corporation of India	**5.24**	**32820195**	5.24	32820195

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

20. SHARE CAPITAL (Contd.)

(e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	As at 31-03-2017	As at 31-03-2016
	No. of Shares	No. of Shares
Shares issued as fully paid-up bonus shares	**-**	-

(f) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	As at 31-03-2017	As at 31-03-2016
	No. of Shares	No. of Shares
Shares bought back	**14745394**	14745394

(g) Aggregate number of shares issued as GDRs:

	As at 31-03-2017		As at 31-03-2016	
	%	**No. of Shares**	%	No. of Shares
The Bank of New York	**0.14**	**882329**	0.14	882329

(h) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2016-17 (Previous year 2015-16 ₹ Nil) or after the Financial year but before the financial statements were approved for issue.

(i) Nature and purpose of reserves:

(1) Capital redemption reserve:

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(2) Security premium account:

Security premium account is created when shares are issued at premium. The Company may issue fully paid-up bonus shares to its members out of the security premium reserve account, and Company can use this reserve for buy-back of shares.

(3) Capital reserve:

The Company had paid certain deferred sales tax liabilities in accordance with the scheme formulated by the State Government of Maharashtra for such optional prepayments. The resultant surplus of ₹ 19.12 crores, representing the excess of the recorded liability over the amount paid was credited to Capital reserve.

During the financial year ended 31st March, 2016, the capital reserve of ₹ 652.53 crores is recognised due to demerger of consumer products segment pursuant to the transfer of all assets and liabilities to the resulting company i.e. Crompton Greaves Consumer Electricals Limited (Refer note 51).

	As at 31-03-2017	As at 31-03-2016
21. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Term loans		
From banks {Refer note (a) below}	**390.41**	-
Unsecured loans		
From banks {Refer note (b) below}	**113.19**	-
Finance lease obligation	**-**	4.15
	503.60	4.15

Notes:

Security created to the extend of :

(a) Secured term loans from banks:

The term loan of ₹ 412.71 crore (as at 31-03-2016 ₹ Nil) at an interest rate of 1 year Bank's MCLR (reset on the 1st day of the month falling after twelve calendar months from the date of relevant drawdown and every 12 months thereafter) plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3rd August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by first exclusive charge on plant and machinery and moveable fixed assets (Current maturity pertaining to the said loan is ₹ 22.30 crore, Refer note 27).

(b) Unsecured term loans from banks:

The term loan of ₹ 210.63 crore (as at 31-03-2016 ₹ Nil) at an interest rate of 10.15% p.a. linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11th July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement (Current maturity pertaining to the said loan is ₹ 97.44 crore, Refer note 27).

Finance lease commitments

The minimum lease rentals as at 31st March, 2017 and the present value as at 31st March, 2017 of minimum lease payment in respect of assets acquired under finance leases are as follows:

	As at 31-03-2017		As at 31-03-2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	**-**	-	4.29	3.72
After one year but not more than five years	**-**	-	4.38	4.15
More than five years	**-**	-	-	-
Total minimum lease payments	**-**	**-**	8.67	7.87
Less: amounts representing finance charges	**-**	-	0.80	-
Present value of minimum lease payments	**-**	**-**	7.87	7.87

The Company has during the financial year 2016-17, made reassessment of an arrangement after its inception, which was earlier assessed as containing a finance lease. The reassessment was necessitated on account of change in the contractual terms (which did not relate only to renewal or extension of the arrangement). The arrangement is now reassessed as not containing a lease and thus, lease accounting ceased to apply from the date when the change in circumstances giving rise to the reassessment occurred.

The difference between the carrying amount of the leased assets and the lease liability, amounting to ₹ 3.07 crore has been recognised in the Statement of profit and loss.

	As at 31-03-2017	As at 31-03-2016
22. NON-CURRENT OTHER FINANCIAL LIABILITIES		
Deposits payable	**1.10**	1.21
	1.10	1.21

	As at 31-03-2017	As at 31-03-2016
23. NON-CURRENT PROVISIONS		
Provision for post retirement medical benefit	**23.39**	21.48
Provision for leave encashment	**20.31**	19.14
Other provisions (Refer note 29)	**16.07**	12.08
	59.77	52.70

₹ crore

24. TAXATION

Income tax related to items charged or credited directly to profit and loss during the year:

	2016-17	2015-16
Statement of profit or loss		
Current income tax (continuing operations)	**24.80**	105.43
Current income tax (discontinued operations)	**-**	61.72
Deferred tax expense / (benefit):		
Minimum alternate tax (continuing operations)	**(11.83)**	-
Relating to origination and reversal of temporary differences (continuing operations)	**(13.67)**	(60.13)
Relating to origination and reversal of temporary differences (discontinued operations)	**-**	(0.41)
Total	**(0.70)**	106.61

Income Tax expense:

	2016-17	2015-16
Reconciliation:		
Profit / (loss) before tax from continuing operations	**157.03**	(1138.81)
Profit/ (loss) before tax from discontinued operations	**(33.27)**	146.70
Accounting profit / (loss) before income tax	**123.76**	(992.11)
Applicable tax rate	**34.608%**	34.608%
Computed tax expense	**42.83**	(343.35)
Exceptional item not considered for tax purpose	**-**	607.38
Income not considered for tax purpose	**(2.30)**	(66.28)
Expense not allowed for tax purpose	**3.46**	44.37
Additional allowances for tax purpose	**(15.61)**	(53.74)
Additional allowances for capital gain	**-**	(85.24)
Carried forward losses utilised	**-**	3.82
Tax paid at lower rate	**(20.16)**	-
Other temporary differences	**(8.92)**	(0.35)
Income tax expense charged to the statement of profit and loss	**(0.70)**	106.61
Income tax attributable to continuing operations	**(0.70)**	45.30
Income tax attributable to discontinued operations	**-**	61.31
Total	**(0.70)**	106.61

Deferred tax relates to the following:

	Balance sheet		Recognised in statement of profit or loss	
	As at 31-03-2017	As at 31-03-2016	2016-17	2015-16
Expenses allowable on payment basis	**2.14**	2.48	**(0.34)**	0.99
Unused tax losses / depreciation	**-**	-	**-**	(3.82)
Other items giving rise to temporary differences	**34.60**	42.16	**(7.56)**	6.45
Accelerated depreciation for tax purposes	**(81.01)**	(100.83)	**19.82**	7.66
Finance lease	**-**	1.71	**(1.71)**	0.32
Service concession arrangements	**-**	0.45	**(0.45)**	0.03
Fair valuation of property, plant and equipment (PP&E)	**(204.82)**	(210.84)	**6.02**	50.94
Impairment of loan	**3.88**	3.88	**-**	-
Provision for loss allowance	**18.63**	20.74	**(2.11)**	(2.03)
Minimum alternate tax	**11.83**	-	**11.83**	-
Deferred tax asset / (liability)	**(214.75)**	(240.25)		
Net (income) / expense			**25.50**	60.54

Reconciliation of deferred tax assets / (liabilities) net:

	As at 31-03-2017	As at 31-03-2016
Opening balance as of 1st April	**(240.25)**	(301.40)
Tax income / (expense) during the period recognised in profit or loss	**13.67**	60.13
Tax income / (expense) during the period recognised in profit or loss from discontinued operations	**-**	0.41
Deferred tax transferred on discontinued operations	**-**	0.61
Deferred tax - Minimum alternate tax	**11.83**	-
Closing balance	**(214.75)**	(240.25)

₹ crore

	As at 31-03-2017	As at 31-03-2016
25. CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
From Bank, Cash Credit, Packing Credit, etc. (Refer note below)	**229.82**	127.27
Unsecured loans		
Working capital loan from bank:		
Demand loan	**391.79**	300.00
Factoring loan	**-**	95.71
Supplier finance facility	**88.62**	55.20
	710.23	578.18

Note:

Secured by hypothecation of inventories, book debts and trade receivables, both present and future.

	As at 31-03-2017	As at 31-03-2016
26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
Acceptances	**81.62**	43.18
Due to micro and small enterprises	**59.88**	66.21
Due to other than micro and small enterprises	**933.51**	878.70
Due to subsidiaries	**16.32**	59.31
	1091.33	1047.40

Note:

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31st March, 2017.

The disclosure pursuant to the said Act is as under:

	2016-17	2015-16
(a) Principal amount due to suppliers under MSMED Act, 2006	**59.88**	66.21
(b) Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	**0.02**	0.32
(c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	**12.68**	10.82
(d) Interest paid to suppliers under MSMED Act (other than Section 16)	**-**	-
(e) Interest paid to suppliers under MSMED Act (Section 16)	**0.03**	0.04
(f) Interest due and payable towards suppliers under MSMED Act for payments already made	**-**	0.04
(g) Interest accrued and remaining unpaid at the end of each of the year to suppliers under MSMED Act	**0.02**	0.28

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

₹ crore

27. CURRENT-OTHER FINANCIAL LIABILITIES

		As at 31-03-2017		As at 31-03-2016
Current maturities of long- term debts		**119.74**		-
Interest-free sales tax deferral loans from State Government		**0.12**		0.12
Finance lease obligations		**-**		3.72
Interest accrued but not due on borrowings		**5.39**		1.10
Due to related parties:				
Due to subsidiaries		**5.07**		6.62
Investor Education and Protection Fund: (Refer note below)				
Unclaimed dividend		**1.27**		1.62
Security deposits		**7.47**		7.42
Due to directors		**4.32**		5.84
Financial guarantee obligations		**78.74**		93.63
Other payables:				
Employee dues	**13.61**		9.59	
Others	**19.63**		18.74	
		33.24		28.33
		255.36		148.40

Note:

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2017 and 31st March, 2016.

28. OTHER CURRENT LIABILITIES

		As at 31-03-2017		As at 31-03-2016
Advances from customers		**236.28**		246.78
Due to customers		**24.18**		26.20
Balance with banks overdrawn as per books		**0.71**		-
Other payables:				
Statutory dues	**5.98**		13.49	
Others	**18.82**		32.68	
		24.80		46.17
		285.97		319.15

29. SHORT-TERM PROVISIONS

	As at 31-03-2017	As at 31-03-2016
Provision for gratuity	**10.01**	16.04
Provision for post retirement medical benefit	**1.44**	1.48
Provision for leave encashment	**3.14**	2.19
Other provisions (Refer note below)	**54.16**	55.91
	68.75	75.62

₹ crore

Note:

Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets:

(1) Movement in provisions:

Nature of provisions	Warranties		Sales tax / VAT		Excise duty / Customs duty / Service tax	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Carrying amount at the beginning of the year*	**40.63**	40.49	**11.93**	11.07	**3.50**	4.53
Amount transferred due to demerger	**0.94**	-	**-**	2.13	**-**	-
Additional provision made during the year #	**13.61**	15.06	**-**	3.00	**-**	-
Amounts used during the year	**-**	2.24	**-**	-	**-**	-
Unused amounts reversed during the year #	**8.86**	12.68	**3.61**	0.01	**-**	1.03
Carrying amount at the end of the year *	**44.44**	40.63	**8.32**	11.93	**3.50**	3.50

Nature of provisions	Liquidated damages		Other litigation claims		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Carrying amount at the beginning of the year*	**7.69**	6.12	**4.24**	7.16	**67.99**	69.37
Amount transferred due to demerger	**-**	-	**-**	0.06	**0.94**	2.19
Additional provision made during the year #	**-**	1.57	**4.97**	-	**18.58**	19.63
Amounts used during the year	**-**	-	**-**	-	**-**	2.24
Unused amounts reversed during the year #	**-**	-	**2.93**	2.86	**15.40**	16.58
Carrying amount at the end of the year *	**7.69**	7.69	**6.28**	4.24	**70.23**	67.99

Additional provision made during the year and reversal of unused amount are included in the respective head of accounts.

* Carrying amounts comprise of non-current and current provisions.

(2) Nature of provisions:

(a) Product warranties: The Company gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for sales tax / VAT represents liability on account of non-collection of declaration forms and other legal matters which are in appeal under the Act / Rules.

(c) Provision for excise duty /customs duty / service tax represents the differential duty liability that is expected to materialise in respect of matters in appeal.

(d) Provision for liquidated damages has been made on contracts for which delivery dates are exceeded and computed in reasonable and prudent manner.

(e) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

₹ crore

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS (Contd.)

	2016-17		2015-16	
30. REVENUE FROM OPERATIONS				
Sale of products	**4379.10**		4020.39	
Sale of services	**46.43**		35.92	
Construction contracts	**335.90**		168.53	
		4761.43		4224.84
		4761.43		4224.84

	2016-17	2015-16
CONTRACTS IN PROGRESS		
Contract revenue recognised for the year	**335.90**	168.53
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**2374.61**	2038.71
Amount of customer advances outstanding for contracts in progress at reporting date	**28.37**	36.51
Retention amount due from customer for contract in progress as at the reporting date	**122.61**	146.41

Note:

	Sales Value 2016-17	Sales Value 2015-16
DISCLOSURE OF SALE OF PRODUCTS		
(i) Transformers, Reactors and Accessories thereof	**1715.92**	1439.79
(ii) Switchgears, Control Equipments and Accessories thereof	**908.11**	861.53
(iii) Traction Electronic, Industrial Drives and SCADA	**178.13**	155.88
(iv) Electric Motors, Alternators and Drives Panels	**1752.49**	1512.60
(v) Electric Steel Stamping and Laminates	**50.74**	50.76
(vi) Electric Fans, Ventilation and Pollution Control Systems	**12.66**	8.69
(vii) Others	**143.38**	195.59
	4761.43	4224.84

	2016-17	2015-16
31. OTHER INCOME		
Interest income	**168.57**	141.85
Dividend income:		
Subsidiaries	**0.38**	0.58
Others	**-**	0.01
Gain on sale of investments (net)	**2.52**	9.11
Exchange gain (net)	**4.98**	14.40
Fair value gain on financial instruments at fair value through profit or loss	**4.69**	0.02
Other non-operating income:		
Income from lease of premises / business service centers	**0.70**	5.90
Profit on sale of property, plant and equipment (net)	**4.41**	39.27
Miscellaneous income	**14.16**	15.19
	200.41	226.33

₹ crore

	2016-17		2015-16	
32. COST OF MATERIALS CONSUMED				
Opening stock	**146.43**		169.72	
Add: Purchases	**3164.27**		2621.57	
Less: Closing stock	**335.78**		146.43	
	2974.92		2644.86	
Less: Scrap sales	**50.30**		51.90	
		2924.62		2592.96
Add: Sub-contracting charges		**220.09**		174.13
		3144.71		2767.09

Notes:

	2016-17	2015-16
(a) DISCLOSURE OF MATERIALS CONSUMED		
(i) Ferrous materials	**689.95**	615.66
(ii) Non-ferrous materials	**567.51**	516.49
(iii) Chemicals, Oils and Paints	**107.12**	105.66
(iv) Wires, Pipes, Tubes and Cables	**102.16**	51.43
(v) Components	**1147.05**	953.35
(vi) Others	**361.13**	402.27
	2974.92	2644.86

(b) Opening stock and closing stock excludes stock related to discontinued operations.

	2016-17	2015-16
33. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	**225.12**	118.29
	225.12	118.29

	2016-17		2015-16	
34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Changes in inventories of finished goods and work-in-progress:				
Closing stock:				
Finished goods	**121.63**		43.25	
Work-in-progress	**201.31**		199.89	
	322.94		243.14	
Opening stock:				
Finished goods	**43.25**		30.63	
Work-in-progress	**199.89**		149.23	
	243.14		179.86	
		(79.80)		(63.28)
Changes in inventories of stock-in-trade:				
Closing stock:				
Stock-in-trade	**88.83**		0.51	
Opening stock:				
Stock-in-trade	**0.51**		0.20	
		(88.32)		(0.31)
		(168.12)		(63.59)

Note:

Opening stock and closing stock excludes stock related to discontinued operations.

₹ crore

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS (Contd.)

35. EMPLOYEE BENEFITS EXPENSE	2016-17	2015-16
Salaries, wages and bonus	**307.52**	316.19
Contribution to provident and other funds	**19.88**	18.46
Post retirement medical benefits	**2.81**	2.28
Staff welfare expenses	**28.11**	25.76
	358.32	362.69

36. FINANCE COSTS	2016-17	2015-16
Interest on loans	**163.83**	38.88
Interest on finance lease	**-**	0.89
	163.83	39.77

37. DEPRECIATION AND AMORTISATION EXPENSE	2016-17	2015-16
Depreciation and amortisation expense	**91.74**	98.63
	91.74	98.63

38. OTHER EXPENSES	2016-17	2015-16
Consumption of stores and spares	**25.64**	22.88
Power and fuel	**41.04**	41.10
Rent	**4.43**	8.57
Repairs to buildings	**5.73**	6.63
Repairs to machinery	**19.81**	17.22
Insurance	**8.59**	6.60
Rates and taxes	**14.49**	18.70
Freight and forwarding	**74.86**	97.12
Packing materials	**55.41**	55.89
After sales services including warranties	**46.97**	30.52
Sales promotion	**26.17**	33.16
Corporate social responsibility expenses	**2.29**	8.01
Excise duty on sales	**404.60**	324.31
Miscellaneous expenses (Refer note below)	**159.38**	144.68
	889.41	815.39

Note:

MISCELLANEOUS EXPENSES INCLUDES THE FOLLOWING:	2016-17	2015-16
Auditors' remuneration (excluding service tax)		
Audit fees	**1.08**	0.74
Tax audit fees	**0.10**	0.10
Certification work	**0.86**	0.39
Other services	**0.01**	0.24
Expenses reimbursed	**0.70**	0.25
	2.75	1.72

₹ crore

	As at 31-03-2017	As at 31-03-2016
39. CONTINGENT LIABILITIES AND COMMITMENTS		
A. Contingent Liabilities: (to the extent not provided for)		
(a) Claims against the Company not acknowledged as debts	**9.01**	5.68
(b) Sales tax / VAT liability that may arise in respect of matters in appeal	**42.06**	44.49
(c) Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal	**6.35**	6.51
(d) Income tax liability that may arise in respect of matters in appeal preferred by the department	**4.27**	8.13
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**10.96**	12.96

Notes:

(a) The Company does not expect any reimbursement in respect of the above contingent liabilities.

(b) 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.

40. DISCLOSURE OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016 AS REQUIRED BY MCA NOTIFICATION G.S.R. 308(E), DATED 30TH MARCH 2017

	Specified Bank Notes (₹)	Other Denomination notes (₹)	Total (₹)
Closing cash in hand as on 8.11.2016	404500.00	203708.00	608208.00
Add : Permitted receipts	-	765129.00	765129.00
Less: Permitted payments	-	431789.00	431789.00
Less : Amount deposited in banks	404500.00	10.00	404510.00
Closing cash in hand as on 30.12.2016	-	537038.00	537038.00

The term 'Specified Bank Notes' shall have same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

41. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 17 LEASES

Operating lease commitments:

(i) Company as lessor:

The Company has not entered into operating leases.

(ii) Company as lessee:

The Company has taken various residential / commercial premises and plant and equipments under cancellable operating lease. These lease agreements are normally renewed on expiry, wherever required.

		2016-17	2015-16
42.	**Expenses capitalised during the year:**		
(a)	Raw materials consumed	**-**	1.24
(b)	Employee benefits	**5.89**	6.26
(c)	Other expenses	**5.12**	8.05
43.	**Value of imports (on C.I.F. basis):**		
(a)	Raw materials	**482.02**	460.59
(b)	Spare parts	**4.45**	2.34
(c)	Capital goods	**2.23**	0.39
44.	**Expenditure in foreign currency:**		
(a)	Technical know-how fees	**8.27**	10.06
(b)	Professional charges	**6.72**	0.86
(c)	Interest	**2.86**	1.45
(d)	Commission, travelling and others	**21.37**	37.52
45.	**Earnings in foreign exchange:**		
(a)	Export of goods (on F.O.B. basis) including deemed exports ₹ 49.15 crore; (Previous year ₹ 54.99 crore)	**669.46**	833.70
(b)	Service income	**6.18**	9.02
(c)	Interest	**57.85**	91.74
(d)	Others	**72.93**	74.23
46.	**Expenditure on research and development:**		
(a)	**Capital expenditure:**		
	Plant and equipments	**0.01**	0.29
	Furniture and fixtures	**-**	0.15
	Intangible assets	**-**	4.77
	Intangible assets under development	**10.54**	7.61
	Sub-total (a)	**10.55**	12.82
(b)	**Revenue expenditure:**		
	Raw materials consumed	**0.82**	1.14
	Employee benefits	**14.29**	19.32
	Depreciation and amortisation	**14.19**	11.05
	Other expenses		
	Consumption of stores and spares	**0.17**	0.38
	Power and fuel	**0.16**	0.24
	Rent	**0.08**	0.05
	Repairs to buildings	**0.01**	0.02
	Repairs to machinery	**0.05**	0.46
	Insurance	**0.00**	0.00
	Rates and taxes	**0.04**	0.00
	Miscellaneous expenses	**4.87**	3.27
	Sub-total (b)	**34.68**	35.93
	Total (a) + (b)	**45.23**	48.75

47. COST OF MATERIALS CONSUMED

	2016-17		2015-16	
	Percentage of total Consumption	**₹ crore**	Percentage of total Consumption	₹ crore
Raw materials and construction materials:				
Imported	**15.85**	**471.38**	17.53	463.57
Indigenous	**84.15**	**2503.54**	82.47	2181.29
	100.00	**2974.92**	100.00	2644.86
Spare parts:				
Imported	**7.85**	**2.01**	8.26	1.89
Indigenous	**92.15**	**23.60**	91.74	20.98
	100.00	**25.61**	100.00	22.87
Loose tools:				
Indigenous	**100.00**	**0.03**	100.00	0.01
	100.00	**0.03**	100.00	0.01

Note: Disclosures reported in Notes. 40 to 47 with respect to continuing operations.

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS

(a) Defined contribution plans:

Amount of ₹ 15.51 crore (Previous year ₹ 14.90 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans: (Refer note 35)

	2016-17	2015-16
Benefits (Contribution to):		
Provident fund	**10.99**	10.62
Superannuation fund	**4.22**	4.02
Employee state insurance scheme	**0.28**	0.24
Labour welfare scheme	**0.02**	0.02
Total	**15.51**	14.90

(b) Defined benefit plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 to 30 days' salary for each completed year of service subject to a maximum of ₹ 0.10 crore. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Company makes annual contributions to the Crompton Greaves Limited Gratuity Trust, which is funded defined benefit plan for qualifying employees.

The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Post-retirement medical benefit

Post-retirement medical benefit includes hospitalization cover & benefits on Cessation of Employment for the Policy. This cover is applicable only to employee and spouse as per the limits specified for the last grade while in employment. This coverage does not form part of essential terms and condition of employment, and is a benefit extended by the company as a part of its social benefit policies.

The policies of Medical, Health and Hospitalization insurance are subject to change based on contemporary market trends and practices.

₹ crore

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

		Gratuity		Post Retirement Medical Benefits	
		2016-17	2015-16	2016-17	2015-16
		(Funded)	(Funded)	(Nonfunded)	(Nonfunded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present Value of defined benefit obligation at the beginning of the year	**52.90**	58.01	**23.12**	23.00
2	Interest cost	**4.34**	4.07	**1.92**	1.63
3	Current service cost	**3.05**	3.62	**0.89**	0.91
4	Past service cost	**-**	-	**-**	-
5	Liability transfer from other Company	**-**	-	**-**	-
6	Liability transferred out / divestment	**(0.67)**	(15.43)	**(0.74)**	(5.53)
7	Benefits paid directly by employer	**(0.92)**	(2.45)	**(1.64)**	(1.64)
8	Benefits paid	**(8.75)**	(6.66)	**-**	-
9	Actuarial changes arising from changes in demographic assumptions	**-**	-	**-**	-
10	Actuarial changes arising from changes in financial assumptions	**1.77**	(7.19)	**4.47**	(0.96)
11	Actuarial changes arising from changes in experience adjustments	**9.90**	18.93	**(2.99)**	5.71
12	Present Value of defined benefit obligation at the end of the year	**61.62**	52.90	**25.03**	23.12
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	**36.86**	57.88	**NA**	NA
2	Interest Income	**3.03**	4.07	**NA**	NA
3	Contributions paid by the employer	**16.04**	-	**NA**	NA
4	Benefits paid from the fund	**(8.75)**	(6.66)	**NA**	NA
5	Assets transferred out / divestments	**(0.67)**	(15.43)	**NA**	NA
6	Return on plan assets excluding interest income	**5.10**	(3.00)	**NA**	NA
7	Fair value of plan assets at the end of the year	**51.61**	36.86	**NA**	NA
III	**Net asset / (liability) recognised in the balance sheet**				
1	Present Value of defined benefit obligation at the end of the year	**(61.62)**	(52.90)	**(25.03)**	(23.12)
2	Fair value of plan assets at the end of the year	**51.61**	36.86	**-**	-
3	Amount recognised in the balance sheet	**(10.01)**	(16.04)	**(25.03)**	(23.12)
4	Net (liability) / asset- current	**(10.01)**	(16.04)	**(1.64)**	(1.64)
	Net (liability) / asset- non-current	**-**	-	**(23.39)**	(21.48)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	**3.05**	3.62	**0.89**	0.91
2	Interest cost on benefit obligation (net)	**1.32**	-	**1.92**	1.63
3	Total expenses included in employee benefits expense	**4.37**	3.62	**2.81**	2.54
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in demographic assumptions	**-**	-	**-**	-
2	Actuarial changes arising from changes in financial assumptions	**1.77**	(7.19)	**4.47**	(0.96)
3	Actuarial changes arising from changes in experience adjustments	**9.90**	18.93	**(2.99)**	5.71
4	Return on plan assets excluding interest income	**(5.10)**	3.00	**NA**	NA
5	Recognised in other comprehensive income	**6.57**	14.74	**1.48**	4.75
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	**12.69**	8.06	**1.88**	1.64
2	Between 2 and 5 years	**26.10**	30.15	**7.99**	6.84
3	Between 6 and 10 years	**24.96**	32.13	**12.33**	9.65

₹ crore

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2016-17	2015-16	2016-17	2015-16
		(Funded)	(Funded)	(Nonfunded)	(Nonfunded)
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)**	(2.51)	**(2.57)**	(2.19)
	(ii) One percentage point decrease in discount rate	**3.40**	2.80	**3.19**	2.69
	(i) One percentage point increase in rate of salary Increase	**3.49**	2.89	**NA**	NA
	(ii) One percentage point decrease in rate of salary Increase	**(3.16)**	(2.63)	**NA**	NA
	(i) One percentage point increase in employee turnover rate	**0.86**	0.86	**NA**	NA
	(ii) One percentage point decrease in employee turnover rate	**(0.97)**	(0.95)	**NA**	NA
	(i) One percentage point increase in medical Inflation rate	**NA**	NA	**3.22**	2.72
	(ii) One percentage point decrease in medical Inflation rate	**NA**	NA	**(2.60)**	(2.22)

2 **Sensitivity Analysis Method**

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

		Gratuity		Post Retirement Medical Benefits	
		As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
		(Funded)	(Funded)	(Nonfunded)	(Nonfunded)
VIII	**The major categories of plan assets as a percentage of total**				
	Insurer managed funds	**100%**	100%	**NA**	NA
IX	**Weighted average duration of the defined benefit obligation (in years)**	**7**	12	**30**	30
X	**Actuarial assumptions**				
1	Discount rate	**7.64% p.a.**	8.21% p.a.	**7.54% p.a.**	8.30% p.a.
2	Salary escalation	**6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year**	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	**NA**	NA
3	Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
4	Mortality post retirement rate	**NA**	NA	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
5	Rate of Employee Turnover	**4.00%p.a.**	4.00%p.a.	**4.00%p.a.**	4.00%p.a.
6	Medical premium inflation rate	**NA**	NA	**2.00 % p.a.**	2.00 % p.a.

₹ crore

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

	2016-17	2015-16
Expected contribution to the defined benefit plan for the next annual reporting period	**7.22**	7.78

Notes :

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2017. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

(c) Provident Fund:

The Company makes contribution towards provident fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the company has obtained actuarial valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

	As at 31-03-2017	As at 31-03-2016
Plan assets at period end, at fair value	**312.16**	307.12
Present value of defined obligation at period end	**281.59**	278.45

Assumptions used in determining the present value of obligation:

	As at 31-03-2017	As at 31-03-2016
Rate of Discounting	**7.64% p.a.**	8.21% p.a.
Mortality Rate	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition Rate	**4.00% p.a.**	4.00% p.a.
Guaranteed rate of Interest	**8.65% p.a.**	8.80% p.a.
Whilst in service withdrawal	**5.00% p.a.**	5.00% p.a.

49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 108 OPERATING SEGMENTS

Operating Segments:

Power Systems : Transformer, Switchgear and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

Identifications of Segments:

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

Segment revenue and results:

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

Inter segment transfer:

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Company level.

49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 108 OPERATING SEGMENTS (Contd.)

Summary of the Segmental Information as at and for the year ended 31st March, 2017 is as follows:

Particulars	Power Systems	Industrial Systems	Discontinued Operations	Eliminations / Unallocable Expenditure / Assets*	Total
Revenue					
External sales (Gross Sales)	2683.54	2077.89	-	-	4761.43
Add : Inter segment sales	0.51	0.11	-	(0.62)	-
Total revenue	2684.05	2078.00	-	(0.62)	4761.43
Segment results	208.00	190.04	-	-	398.04
Less: Finance costs					163.83
Less: Other unallocable expenditure net of unallocable income					(22.62)
Profit after finance cost but before exceptional items and tax					256.83
Exceptional items (net)					(99.80)
Tax expense (net-off MAT credit)					(0.70)
Profit from continuing operations after tax					157.73
Loss from discontinued operations after tax					(33.27)
Profit for the year					124.46
Capital Employed:					
Segment assets	2265.25	965.13	160.63	4000.12	7391.13
Segment liabilities	949.08	405.64	0.98	287.70	1643.40
Net Assets	1316.17	559.49	159.65	3712.42	5747.73
Capital expenditure #	25.18	10.05	-	6.68	41.91
Depreciation and amortisation #	49.49	24.41	-	17.84	91.74
Non-cash expenses other than depreciation #	14.29	4.81	-	-	19.10

Summary of the Segmental Information as at and for the year ended 31st March, 2016 is as follows:

Particulars	Power Systems	Industrial Systems	Discontinued Operations**	Eliminations / Unallocable Expenditure / Assets*	Total
Revenue					
External sales (Gross Sales)	2424.66	1800.18	-	-	4224.84
Inter segment sales	0.02	0.36	-	(0.38)	-
Total revenue	2424.68	1800.54	-	(0.38)	4224.84
Segment results	116.98	174.28	-	-	291.26
Less: Finance costs					39.77
Less: Other unallocable expenditure net of unallocable income					(61.41)
Profit after finance cost but before exceptional items and tax					312.90
Exceptional items (net)					(1451.71)
Tax expense					45.30
Loss from continuing operations after tax					(1184.11)
Profit from discontinued operations after tax					85.39
Loss for the year					(1098.72)
Capital Employed:					
Segment assets	2192.02	823.02	320.32	3289.85	6625.21
Segment liabilities	1047.91	328.83	80.59	213.41	1670.74
Net Assets	1144.11	494.19	239.73	3076.44	4954.47
Capital expenditure #	34.61	8.13	-	66.89	109.63
Depreciation and amortisation #	53.12	26.11	-	19.40	98.63
Non-cash expenses other than depreciation #	7.02	8.28	-	-	15.30

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Tax credit assets / liabilities are not considered in capital employed.

** Discontinued operations include segment assets of ₹ 68.72 crore and segment liabilities of ₹ 50.49 crore pertaining to Automation Systems business which was sold out during the financial year 2016-17.

The disclosure is pertains to continuing business segments.

₹ crore

49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 108 OPERATING SEGMENTS (Contd.)

(a) Segment revenue by location of customers:

	2016-17		2015-16	
Sales and service revenue:				
Domestic		**4104.23**		3394.72
Overseas:				
Asia	**411.47**		365.05	
Africa	**114.83**		183.13	
North America	**36.98**		114.78	
South America	**37.27**		104.73	
Europe	**52.93**		54.11	
Australia	**3.72**		8.32	
		657.20		830.12
Total		**4761.43**		4224.84

(b) Cost incurred on acquisition of tangible and intangible assets:

Particulars	2016-17	2015-16
Domestic	**41.91**	109.63
Overseas	**-**	-
Total	**41.91**	109.63

(c) The carrying amount of non-current operating assets by location of assets:

Particulars	As at 31-03-2017	As at 31-03-2016
Domestic	**1318.43**	1387.16
Overseas	**-**	-
Total	**1318.43**	1387.16

(d) Reconciliation of Segment Liabilities:

Particulars	As at 31-03-2017	As at 31-03-2016
Liabilities from Segments	**1643.40**	1670.74
Long-term borrowings	**503.60**	4.15
Deferred tax liabilities (net)	**214.75**	240.25
Short-term borrowings	**710.23**	578.18
Current maturities of long-term debt	**119.86**	3.84
Total	**3191.84**	2497.16

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2017	% Equity Interest As at 31-03-2016
	List of related parties			
(i)	**Subsidiaries:**			
1	CG Power Solutions Limited	India	100.00	100.00
2	Crompton Greaves Consumer Products Limited	India	100.00	100.00
3	Crompton Greaves Consumer Electricals Limited (demerged w.e.f. 23rd March 2016)	India	-	-
4	CG International B.V.	The Netherlands	100.00	100.00
5	CG-PPI Adhesive Products Limited	India	81.42	81.42
6	ZIV Automation India Limited (incorporated on 18th November 2016 and demerged w.e.f. 6th March 2017)	India	-	-
7	CG Holdings Belgium N.V.	Belgium	100.00	100.00
8	CG Power Systems Belgium N.V.	Belgium	100.00	100.00
9	CG Power Systems Ireland Limited	Ireland	100.00	100.00
10	CG Sales Networks France SA	France	99.70	99.40
11	CG Power Systems Canada Inc.	Canada	100.00	100.00
12	PT. CG Power Systems Indonesia	Indonesia	95.00	95.00
13	CG- Ganz Generator and Motor Limited Liability Company (formerly known as CG Holdings Hungary Kft.)	Hungary	100.00	100.00
14	CG Electric Systems Hungary Zrt.	Hungary	100.00	100.00
15	Microsol Limited (ceased w.e.f. 26th April 2017)	Ireland	100.00	100.00
16	CG Automation Systems UK Limited (ceased w.e.f. 6th March 2017)	United Kingdom	-	100.00
17	CG Service Systems France SAS	France	100.00	100.00
18	CG Power USA Inc. (formerly CG Power Solutions USA)	USA	100.00	100.00
19	CG Power Solutions UK Limited	United Kingdom	100.00	100.00
20	CG Power Systems Brazil Ltda (ceased w.e.f. 19th December 2016)	Brazil	-	100.00
21	CG Power Solutions Saudi Arabia Limited	Saudi Arabia	51.00	51.00
22	Crompton Greaves Holdings Mauritius Limited (liquidated w.e.f. 14th December 2015)	Mauritius	-	-
23	CG International Holdings Singapore Pte. Limited	Singapore	100.00	100.00
24	CG Industrial Holdings Sweden AB	Sweden	100.00	100.00
25	CG Drives and Automation Sweden AB	Sweden	100.00	100.00
26	CG Drives and Automation Netherlands B.V.	The Netherlands	100.00	100.00
27	CG Drives and Automations Germany GmbH	Germany	100.00	100.00
28	ZIV Aplicaciones y Tecnologia S.L. (ceased w.e.f. 6th March 2017)	Spain	-	100.00
29	ZIV Metering Solutions S.L. (ceased w.e.f. 6th March 2017)	Spain	-	100.00
30	ZIV Grid Automation S.L.U (ceased w.e.f. 6th March 2017)	Spain	-	100.00
31	ZIV Communications S.A.U (ceased w.e.f. 6th March 2017)	Spain	-	100.00
32	ZIV Do Brazil Ltda (ceased w.e.f. 6th March 2017)	Brazil	-	100.00
33	ZIV I+D Smart Energy Networks (ceased w.e.f. 6th March 2017)	Spain	-	100.00
34	CG Middle East FZE	UAE	100.00	100.00
35	ZIV France, SASU (incorporated on 3rd November, 2015 and ceased w.e.f. 6th March 2017)	France	-	100.00
36	CG Holdings Americas, LLC (incorporated on 7th October, 2016)	USA	100.00	-
37	QEI, LLC (incorporated on 15th April, 2015)	USA	100.00	100.00
38	CG Power Automation Limited (incorporated on 8th September, 2016 and ceased w.e.f. 6th March 2017)	Ireland	-	-
39	CG Power Americas, LLC (formerly Bravin LLC) (incorporated on 8th January, 2016)	USA	100.00	100.00
40	CG Solutions Americas, LLC (incorporated on 7th October, 2016)	USA	100.00	-
41	ZIV North America, LLC (incorporated on 22nd July, 2016 and ceased w.e.f. 6th March 2017)	USA	-	-
42	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	Malaysia	100.00	100.00

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2017	% Equity Interest As at 31-03-2016
(ii)	**Associates:**			
1	CG International BV TR. & Cont. Pvt. Co. LLC. (formely Pauwels Middle East Trading & Contracting (Pvt) Co. LLC)	Sharjah	49.00	49.00
2	Saudi Power Transformers Company Limited	Saudi Arabia	49.00	49.00
3	K.K. El fi Japan	Japan	40.00	40.00
(iii)	**Joint Ventures:**			
1	CG Lucy Switchgear Limited (ceased w.e.f. 8th October, 2015)	India	-	-
2	PT Crompton Prima Switchgear Indonesia	Indonesia	51.00	51.00

(iv) Key Management Personnel:

1	Gautam Thapar	-	Non- Executive Director, Chairman and Promoter Director
2	K. N. Neelkant	-	Executive Director, CEO & Managing Director
3	Madhav Acharya	-	Exceutive Director-Finance & CFO
4	Manoj Koul	-	Company Secretary
5	Omkar Goswami	-	Non- Executive Director
6	B. Harirahan	-	Non- Executive Director
7	Sanjay Labroo	-	Non- Executive Director and Independent Director
8	Valentin Von Massow	-	Non- Executive Director and Independent Director
9	Ramni Nirula	-	Non- Executive Director and Independent Director
10	Shirish Apte	-	Non- Executive Director and Independent Director (ceased to be a Director w.e.f. 1st April 2017)
11	Meher Pudumjee	-	Non- Executive Director and Independent Director (ceased to be a Director w.e.f. 28th May 2016)

(v) Other Related Parties in which directors are interested:

1 Ballarpur Industries Limited
2 Solaris ChemTech Industries Limited
3 BILT Graphic Paper Products Limited
4 Avantha Holdings Limited (entity with significance influence over the Company)
5 Avantha Business Solutions Limited
6 Avantha Realty Limited
7 Malanpur Captive Power Limited
8 Corella Investments Limited
9 Ambuja Cements Limited
10 Asahi India Glass Limited
11 Crompton Greaves Consumer Electricals Limited (ceased w.e.f. 26th August 2016)
12 Avantha Foundation
13 Thermax Limited (ceased w.e.f. 28th May 2016)
14 Infosys Limited
15 Varun Prakashan Private Limited
16 Korba West Power Company Limited
17 KEC International Limited
18 Jhabua Power Limited
19 Avantha Power & Infrastructure Limited

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vi) The following transactions were carried out with the related parties in the ordinary course of business:

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
1	**Purchase of goods and services**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	**1.55**	2.61
	CG Power Systems Ireland Limited	**-**	0.48
	CG Electric Systems Hungary Zrt.	**13.53**	3.05
	ZIV Grid Automation S.L.	**0.12**	7.49
	CG Drives and Automation Sweden AB	**1.70**	2.67
	ZIV Communications S.A.	**-**	10.29
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	**0.07**	-
	Crompton Greaves Consumer Electricals Limited	**-**	0.00
	Joint Venture		
	CG Lucy Switchgear Limited	**-**	39.82
	Other Related Party		
	BILT Graphic Paper Products Limited	**-**	0.05
	Total	**16.97**	66.46
2	**Sales of goods and services**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	**0.00**	0.00
	CG Holdings Belgium N.V.	**-**	0.31
	CG Sales Networks France SA	**5.11**	14.04
	CG Power USA Inc.	**15.20**	83.01
	CG Electric Systems Hungary Zrt.	**0.00**	5.49
	CG Automation Systems UK Limited	**-**	0.03
	CG Power Systems Brazil Ltda	**-**	6.11
	ZIV Grid Automation S.L.	**-**	1.06
	ZIV Communications S.A.	**-**	0.00
	CG Middle East FZE	**-**	4.65
	CG Drives & Automation Sweden AB	**9.02**	14.79
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	**0.08**	0.13
	CG Drives and Automations Germany GmbH	**2.56**	1.52
	CG Power Systems Ireland Limited	**-**	0.01
	PT. CG Power Systems Indonesia	**2.40**	0.50
	Crompton Greaves Consumer Electricals Limited	**-**	17.62
	Joint Venture		
	CG Lucy Switchgear Limited	**-**	4.45
	Other Related Parties		
	Ballarpur Industries Limited	**-**	0.01
	BILT Graphic Paper Products Limited	**-**	0.10
	Korba West Power Company Limited	**0.54**	0.02
	Asahi India Glass Limited	**0.01**	0.01
	Thermax Limited	**0.05**	2.38
	Crompton Greaves Consumer Electricals Limited	**11.61**	0.61
	Jhabua Power Limited	**0.14**	1.09
	Total	**46.72**	157.94
3	**Purchase of fixed assets**		
	Subsidiary		
	Crompton Greaves Consumer Electricals Limited	**-**	0.01
	Total	**-**	0.01
4	**Subscription to equity shares**		
	Subsidiaries		
	CG International Holdings Singapore Pte. Limited	**-**	238.29
	ZIV Automation India Limited	**30.85**	-
	Total	**30.85**	238.29

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vi) The following transactions were carried out with the related parties in the ordinary course of business (Contd.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
5	**Investment in Financial Guarantee**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**1.15**	-
	Total	**1.15**	-
6	**Sale of Investment**		
	Subsidiary		
	Crompton Greaves Holdings Mauritius Limited	**-**	206.65
	Total	**-**	206.65
7	**Interest expenses**		
	Subsidiary		
	CG-PPI Adhesive Products Limited	**0.48**	0.55
	Joint Venture		
	CG Lucy Switchgear Limited	**-**	0.08
	Total	**0.48**	0.63
8	**Dividend received**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	**0.38**	0.38
	Crompton Greaves Holdings Mauritius Limited	**-**	0.20
	Total	**0.38**	0.58
9	**Guarantee fee**		
	Subsidiaries		
	CG International B.V.	**42.97**	41.10
	CG Power Solutions Limited	**1.54**	-
	Total	**44.51**	41.10
10	**Rental income**		
	Other Related Parties		
	BILT Graphic Paper Products Limited	**-**	0.74
	Thermax Limited	**-**	0.04
	Total	**-**	0.78
11	**Interest income**		
	Subsidiaries		
	CG Power Solutions Limited	**62.17**	25.55
	CG International B.V.	**67.24**	99.50
	CG International Holdings Singapore Pte. Limited	**0.04**	-
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**0.29**	-
	Total	**129.74**	125.05
12	**Other income**		
	Subsidiaries		
	CG Drives & Automation Sweden AB	**-**	0.14
	Crompton Greaves Consumer Electricals Limited	**-**	8.76
	Other Related Party		
	Crompton Greaves Consumer Electricals Limited	**6.97**	1.69
	Total	**6.97**	10.59

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vi) The following transactions were carried out with the related parties in the ordinary course of business (Contd.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
13	**Payment of salaries, commission and perquisites**		
	Key Management Personnel		
	Gautam Thapar	**0.06**	3.61
	Laurent Demortier	**-**	18.61
	K. N. Neelkant*	**5.02**	0.41
	Madhav Acharya*	**5.05**	3.26
	Omkar Goswami	**0.17**	0.21
	Colette Lewiner	**-**	0.37
	B. Harirahan	**0.17**	0.19
	Sanjay Labroo	**0.14**	0.16
	Valentin Von Massow	**0.39**	0.48
	Shirish Apte	**0.35**	0.83
	Ramni Nirula	**0.14**	-
	Meher Pudumjee	**0.01**	0.12
	Minal Bhosale*	**-**	0.11
	Manoj Koul*	**0.56**	0.31
	Total	**12.06**	28.67
14	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	**2.04**	2.04
	Jhabua Power Limited	**1.48**	0.41
	Total	**3.52**	2.45
15	**Other expenses**		
	Subsidiaries		
	CG Power Solutions Limited	**0.64**	-
	CG Power Systems Brazil Ltda	**-**	0.28
	CG Electric Systems Hungary Zrt.	**0.07**	0.04
	CG Drives & Automation Germany Gmbh	**-**	0.17
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	**-**	0.94
	PT. CG Power Systems Indonesia	**0.00**	0.53
	Other Related Parties		
	Avantha Holdings Limited	**44.28**	55.97
	Avantha Business Solutions Limited	**-**	0.13
	Avantha Foundation	**0.65**	6.00
	Avantha Realty Limited	**0.58**	1.15
	Jhabua Power Limited	**0.72**	0.07
	Total	**46.94**	65.28
16	**Recovery of expenses**		
	Subsidiary		
	CG International B.V.	**20.53**	25.37
	Total	**20.53**	25.37
17	**Provision against advances**		
	Subsidiary		
	CG International B.V.	**-**	1359.14
	Total	**-**	1359.14
18	**Provision for investment**		
	Subsidiary		
	CG International B.V.	**-**	545.86
	Total	**-**	545.86

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vi) The following transactions were carried out with the related parties in the ordinary course of business (Contd.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
19	**Loans and advances given (net of repayments) during the year**		
	Subsidiaries		
	CG International Holdings Singapore Pte. Limited	**0.69**	-
	CG Power Solutions Limited	**68.69**	(37.45)
	CG International B.V.	**349.98**	98.01
	CG Holdings Belgium N.V.	**0.46**	-
	CG Power Systems Belgium N.V.	**1.01**	1.07
	CG Electric Systems Hungary Zrt.	**(5.11)**	5.23
	ZIV Aplicaciones y Tecnologia S.L.	**-**	(0.21)
	CG Industrial Holdings Sweden AB	**0.03**	-
	Crompton Greaves Consumer Electricals Limited	**-**	(2.86)
	Other Related Parties		
	Avantha Holdings Limited	**6.14**	96.56
	Avantha Realty Limited	**12.56**	-
	Total	**434.45**	160.35

*Remuneration does not include the provisions made for gratuity, leave and post retirement medical benefits, as they are determined on an actuarial basis for the Company as a whole.

vii) Amount due to / from related parties

Sr. No.	Nature of transaction / relationship	As at 31-03-2017	As at 31-03-2016
1	**Accounts payable**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	**0.94**	0.63
	CG Holdings Belgium N.V.	**0.26**	0.27
	CG Power Systems Belgium N.V.	**0.16**	0.17
	CG Power USA Inc.	**3.83**	3.94
	CG Electric Systems Hungary Zrt.	**9.90**	13.63
	CG Automation Systems UK Limited	**-**	1.64
	ZIV Grid Automation S.L.	**-**	15.29
	CG Power Systems Ireland Limited	**-**	3.05
	CG Drives and Automation Sweden AB	**1.12**	0.46
	CG Power Systems Canada Inc.	**0.04**	0.04
	ZIV Metering Solutions S.L.	**-**	0.18
	ZIV Communication S.A.	**-**	19.84
	PT. CG Power Systems Indonesia	**-**	0.17
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	**0.07**	-
	Other Related Parties		
	Avantha Business Solutions Limited	**0.03**	0.02
	Jhabua Power Limited	**-**	0.50
	Crompton Greaves Consumer Electricals Limited	**-**	0.01
	Total	**16.35**	59.84

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vii) Amount due to / from related parties (Contd.)

Sr. No.	Nature of transaction / relationship	As at 31-03-2017	As at 31-03-2016
2	**Accounts receivable**		
	Subsidiaries		
	CG Holdings Belgium N.V.	**0.16**	0.17
	CG Power Systems Belgium N.V.	**0.38**	0.42
	CG Power Systems Ireland Limited	**-**	0.01
	CG Sales Networks France SA	**1.24**	0.98
	CG Power USA Inc.	**13.65**	31.90
	CG Power Systems Canada Inc.	**0.03**	0.03
	CG Electric Systems Hungary Zrt.	**2.37**	4.33
	CG Automation Systems UK Limited	**-**	0.10
	ZIV Grid Automation S.L.	**-**	2.12
	CG Drives and Automation Sweden AB	**4.84**	11.24
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	**0.09**	0.09
	CG Drives & Automation Germany GmbH	**2.69**	1.17
	PT. CG Power Systems Indonesia	**-**	0.43
	Other Related Parties		
	Ballarpur Industries Limited	**0.23**	0.23
	Solaris ChemTech Industries Limited	**0.11**	0.11
	BILT Graphic Paper Products Limited	**3.55**	3.55
	Asahi India Glass Limited	**0.01**	-
	Thermax Limited	**-**	1.21
	Avantha Power and Infrastructure Limited	**0.00**	-
	Korba West Power Company Limited	**3.58**	0.25
	Jhabua Power Limited	**4.44**	8.18
	Crompton Greaves Consumer Electricals Limited	**-**	7.93
	Total	**37.37**	74.45
3	**Loans and advances receivable**		
	Subsidiaries		
	CG International Holdings Singapore Pte. Limited	**0.69**	-
	CG Power Solutions Limited	**259.44**	190.75
	CG International B.V.	**1168.72**	818.74
	CG Holdings Belgium N.V.	**1.42**	0.96
	CG Power Systems Belgium N.V.	**7.23**	6.22
	CG Electric Systems Hungary Zrt.	**0.14**	5.25
	CG Industrial Holdings Sweden AB	**0.03**	-
	CG Drives and Automation Sweden AB	**0.19**	0.19
	Other Related Parties		
	Avantha Holdings Limited	**102.70**	96.56
	Avantha Realty Limited	**12.56**	-
	Total	**1553.12**	1118.67
4	**Guarantee fees receivable**		
	Subsidiaries		
	CG International B.V.	**74.76**	93.62
	CG Power Solutions Limited	**3.12**	-
	Total	**77.88**	93.62

₹ crore

50. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

vii) Amount due to / from related parties (Contd.)

Sr. No.	Nature of transaction / relationship	As at 31-03-2017	As at 31-03-2016
5	**Loans and advances payable**		
	Subsidiaries		
	CG Power USA Inc.	**5.05**	6.60
	CG Electric Systems Hungary Zrt.	**0.01**	0.01
	CG Drives and Automation Sweden AB	**0.01**	0.01
	Other Related Parties		
	Solaris ChemTech Industries Limited	**0.10**	0.10
	Jhabua Power Limited	**-**	0.75
	Avantha Realty Limited	**-**	4.86
	Crompton Greaves Consumer Electricals Limited	**-**	13.76
	Total	**5.17**	26.09
6	**Due to Key Management Personnel**		
	Gautam Thapar	**0.04**	3.59
	K. N. Neelkanth	**1.77**	-
	Madhav Acharya	**1.22**	-
	Omkar Goswami	**0.16**	0.19
	Colette Lewiner	**-**	0.36
	B. Harirahan	**0.16**	0.18
	Sanjay Labroo	**0.12**	0.14
	Valentin Von Massow	**0.38**	0.46
	Shirish Apte	**0.34**	0.81
	Ramni Nirula	**0.12**	-
	Meher Pudumjee	**0.01**	0.11
	Total	**4.32**	5.84
7	**Guarantees outstanding**		
	Subsidiaries		
	CG International B.V.	**351.42**	601.64
	CG Middle East FZE	**-**	150.82
	CG Electric Systems Hungary Zrt.	**248.05**	162.06
	CG Power Systems Belgium N.V.	**-**	26.31
	CG Holdings Belgium N.V.	**-**	18.61
	CG Power USA Inc.	**229.41**	74.53
	CG Power Solutions Limited	**179.00**	-
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**23.88**	-
	Total	**1031.76**	1033.97

viii) Compensation of key management personnel of the Company

Nature of transaction / relationship	2016-17	2015-16
Short-term employee benefits	**10.38**	16.24
Post-employment pension, provident fund and medical benefits	**0.25**	0.28
Termination benefits	**-**	6.18
Commission and other benefits paid to non-executive independent directors	**1.43**	5.97
Total compensation paid to key management personnel	**12.06**	28.67

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

51. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Automation Systems

The Board of Directors of the Company vide resolution dated 7th November, 2016, accepted an offer for the sale of Company's B2B Automation business (Indian business) from Alfanar Electric Systems Company ("Alfanar") of the Kingdom of Saudi Arabia. Alfanar is a major player in the electrical manufacuring business, including the manufacturing of electrical construction products as well as related engineering services.

Consequently, CG incorporated, on 18th November, 2016, a wholly owned subsidiary - a special purpose vehicle, ZIV Automation India Limited ("ZIV"). Effective 1st January, 2017, the Company transferred its automation business in India to ZIV under slump sale agreement against shares issued by ZIV.

Subsequently, on 6th March, 2017, CG's entire investment in ZIV was sold to Alfanar at ₹ 31.71 crore, pursuant to an agreement between CG and Alfanar. Thus, ZIV ceased to be subsidiary company of CG w.e.f. 6th March, 2017.

The Discontinued operations have been disclosed as "Automation Systems" segment separately.

Consumer Products

The Company demerged its Consumer products business unit into a separate company (wholly owned subsidiary of CG till 23rd March, 2016), Crompton Greaves Consumer Electricals Limited ("CGCEL") with effect from 1st October, 2015. For the year ended 31st March, 2016, results up to 30th September, 2015 have been presented under profit or loss from discontinued operations.

The Discontinued operations have been disclosed as "Consumer Products" segment separately.

Power Distribution

On 1st June, 2011, the Company had entered into Power Distribution Franchise Agreement ('DFA') with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India.

As per the terms of the arrangements, the Company had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large.

MSEDCL shall supply / sale electricity to the Company at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Company shall distribute and supply the electricity at the tariff determined by the regulatory authorities.

The Company shall conduct normal maintenance activities of network and other assets to maintain uninterrupted service. The Company is a private operator and MSEDCL is a Government body. The Company undertakes obligation of public service granted by MSEDCL. Thus, the arrangement is a public-to-private service concession. The electricity distribution service is totally regulated by the MSEDCL or other Government regulatory authorities.

MSEDCL had given right to the Company to use its distribution assets which will always belong to MSEDCL. During the tenure of the arrangement, if the Company incurs any capital expenditure, the same shall vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Company for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Company had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

Therefore, the arrangement is a Service concession arrangement under Appendix A to Ind-AS 11. The Company had a contractual right to receive the residual value of the capital expenditure done under the arrangement and accordingly, will recognise financial asset. Further, the Company had right to charge the consumers for the services and therefore, there was an intangible asset.

The revenues and losses in respect of Service Concession Arrangements recognised during the year are as follows:

₹ crore

	2016-17	2015-16
Revenue from operations	-	160.53
Other Income	-	6.70
Total (A)	-	167.23
Expenses related to Power distribution business		
Material Cost	-	183.33
Other expense	**27.72**	7.43
Employee benefits expenses	-	2.50
Amortisation of intangible assets	-	1.11
Total (B)	**27.72**	194.37
Loss before tax recognised during the period (C)= (A)-(B)	**(27.72)**	(27.14)

Consequent to the certain unresolved disputes arising out of the Distribution Franchisee Agreement (DFA) of the Company with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at Jalgaon in Maharashtra, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee in Jalgaon from the Company with effect from 12th August, 2015. Accordingly, the Company has classified Power Distribution Segment as discontinued operations.

The Company and MSEDCL have raised demand on each other and the matter is under dispute. The Company and MSEDCL are in the process of constituting a Permanent Dispute Resolution Body (PDRB) to arrive at a solution in near future. The Company does not expect any adverse impact with respect to above.

Statement of profit and loss of the discontinued operations:

₹ crore

	2016-17			2015-16			
	Automation Systems	Power Distribution	Total	Automation Systems	Consumer Products	Power Distribution	Total
Revenue from operations	**51.01**	-	**51.01**	81.62	1828.98	160.53	2071.13
Expenses (net of other income)	**49.41**	**27.72**	**77.13**	92.39	1644.37	187.67	1924.43
Profit / (loss) before tax	**1.60**	**(27.72)**	**(26.12)**	(10.77)	184.61	(27.14)	146.70
Tax income / (expense)	-	-	-	-	(61.28)	(0.03)	(61.31)
	1.60	**(27.72)**	**(26.12)**	(10.77)	123.33	(27.17)	85.39
Loss on demerger of Automation Business (net of tax expense ₹ Nil)	**7.15**	-	**7.15**	-	-	-	-
Profit / (loss) after tax from discontinued operations	**(5.55)**	**(27.72)**	**(33.27)**	(10.77)	123.33	(27.17)	85.39

₹ crore

51. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

The major classes of assets and liabilities of the discontinued operations are as under:

	As at 31-03-2017 Power Distribution	As at 31-12-2016 Automation Systems	As at 31-03-2016 Power Distribution	As at 30-09-2015 Consumer Products
Assets				
Property, plant and equipment	**-**	**5.96**	-	80.37
Other intangible assets	**-**	**3.09**	23.64	3.50
Intangible assets under development	**-**	**1.01**	-	0.18
Non-current financial assets loans-others	**-**	**0.97**	7.32	10.73
Inventories	**0.10**	**12.09**	0.10	159.75
Trade receivables	**130.90**	**24.44**	189.17	430.61
Cash and cash equivalents	**0.03**	**0.35**	0.14	3.23
Current financial assets- loans	**-**	**0.45**	0.02	21.47
Other current assets	**29.60**	**1.66**	31.21	1.98
Assets classified as held for sale (A)	**160.63**	**50.02**	251.60	711.82
Liabilities				
Borrowings	**-**	**-**	-	570.46
Deferred tax liability	**-**	**-**	-	0.62
Other non-current liability	**-**	**-**	-	0.48
Trade payables	**0.69**	**7.82**	29.82	571.28
Other current liabilities	**-**	**1.24**	-	189.25
Provisions	**0.29**	**2.10**	0.28	32.26
Liabilities directly associated with assets classified as held for sale (B)	**0.98**	**11.16**	30.10	1364.35
Net assets / (liabilities) directly associated with disposal group (A-B)	**159.65**	**38.86**	221.50	(652.53)

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash Flows	2016-17	2015-16
Operating	**(29.71)**	189.30
Investing	**24.46**	(8.01)
Financing	**-**	(27.10)

52. EXCEPTIONAL ITEMS

Particulars	2016-17	2015-16
Amount paid towards Sales tax Amnesty scheme	**(9.12)**	-
Amount paid towards final settlement of litigation claims	**(20.00)**	-
Unrealised exchange gain / (loss) on loans and advances	**(70.68)**	57.02
Profit on sale of portion of land at Kanjurmarg, Mumbai	**-**	246.30
Liquidation of investment in subsidiary company - Crompton Greaves Holdings Mauritius Limited	**-**	31.63
Profit on sale of investment in joint venture - CG Lucy Switchgear Limited	**-**	39.51
Provision made against loan given to subsidiaries net of exchange gain	**-**	(1272.90)
Provision made against investment in subsidiaries	**-**	(545.86)
Compensation to employees pursuant to voluntary retirement scheme	**-**	(1.23)
One time payment to former CEO & Managing Director	**-**	(6.18)
Total	**(99.80)**	(1451.71)

53. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

(a) Gross amount required to be spent by the company during the year is ₹ 6.81 crore* (Previous year ₹ 13.10 crore)

(b) Amount spent during the year on :

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of asset	-	-	-
(ii)	On purposes other than (i) above	2.29	-	2.29

(c) Out of the above, the Company has paid ₹ 0.65 crore (Previous year ₹ 6.00 crore) to Avantha Foundation towards CSR activities.

* The profit attributable to the demerged consumer business of the Company has been excluded to arrive at the average net profits of the past three financial years for calculating the CSR obligation of the Company for financial year 2016-17.

54. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND 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. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

   The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

   Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Carrying amount	Fair value		
	As at 31-03-2017	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	**1480.37**	**-**	**-**	**-**
Financial Guarantee fees receivable	**77.88**	**-**	**-**	**79.60**
Loans and other receivables (non-current)	**6.64**	**-**	**-**	**5.55**
Loans and other receivables (current)	**1466.97**	**-**	**-**	**-**
Investments	**0.44**	**0.44**	**-**	**-**
Cash and bank balances	**555.75**	**-**	**-**	**-**
Bank deposits	**149.03**	**-**	**-**	**-**
Other financial receivables	**7.96**	**-**	**-**	**-**
Total	**3745.04**	**0.44**	**-**	**85.15**
Financial assets at fair value through profit or loss:				
Derivative instruments	**16.29**	**-**	**16.29**	**-**
Investments	**41.11**	**0.98**	**32.07**	**8.06**
Total	**57.40**	**0.98**	**48.36**	**8.06**
Financial assets at fair value through other comprehensive income:				
Investments	**151.80**	**-**	**-**	**151.80**
Total	**151.80**	**-**	**-**	**151.80**
Financial liabilities at amortised cost:				
Interest-free sales tax deferral loans	**0.12**	**-**	**-**	**-**
Long term loans from bank	**623.34**	**-**	**623.34**	**-**
Short term loans from bank	**710.23**	**-**	**-**	**-**
Trade and other payables	**1091.33**	**-**	**-**	**-**
Other financial liabilities (non-current)	**1.10**	**-**	**-**	**0.92**
Other financial liabilities (current)	**135.50**	**-**	**-**	**-**
Total	**2561.62**	**-**	**623.34**	**0.92**

54. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (Contd.)

	Carrying amount	Fair value		
	As at 31-03-2016	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	1642.99	-	-	-
Financial guarantee fees receivable	93.62	-	-	93.55
Loans and other receivables (non-current)	9.44	-	-	7.56
Loans and other receivables (current)	1051.05	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	512.03	-	-	-
Bank deposits	230.60	-	-	-
Other financial receivables	1.37	-	-	-
Total	3541.54	0.44	-	101.11
Financial assets at fair value through profit or loss:				
Derivative instruments	6.40	-	6.40	-
Investments	32.21	0.95	23.20	8.06
Total	38.61	0.95	29.60	8.06
Financial assets at fair value through other comprehensive income:				
Investments	198.62	-	-	198.62
Total	198.62	-	-	198.62
Financial liabilities at amortised cost:				
Interest-free sales tax deferral loans	0.12	-	-	-
Short term loans from bank	578.18	-	-	-
Finance lease obligations	7.87	-	-	8.17
Trade and other payables	1047.40	-	-	-
Other financial liabilities (non-current)	1.21	-	-	0.97
Other financial liabilities (current)	144.56	-	-	-
Total	1779.34	-	-	9.14

During the reporting period ending 31st March, 2017 and 31st March, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments

	As at 31-03-2017	As at 31-03-2016
Financial guarantee fees receivable	Discounted Cash flow method using risk adjusted discount rate	
Loans and other receivables (non-current)	Discounted Cash flow method using risk adjusted discount rate	
Investments	Discounted Cash flow method using risk adjusted discount rate	
Derivative Instruments	Based on quotes from Banks and Financial institutions	
Finance lease obligations	Discounted Cash flow method using risk adjusted discount rate	
Other financial liabilities (non-current)	Discounted Cash flow method using risk adjusted discount rate	

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	₹ crore
Balance as at 01-04-2015	227.00
Less : Fair value loss recognised in other comprehensive income	28.38
Balance as at 31-03-2016	198.62
Less : Fair value loss recognised in other comprehensive income	46.82
Balance as at 31-03-2017	**151.80**

₹ crore

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The corporate treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

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. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest risk

Particulars	As at 31-03-2017	As at 31-03-2016
Floating Rate borrowings	**665.24**	-

Interest rate sensitivity

Particulars	2016-17	2015-16
25 bps increase - Decrease in profit	**(1.66)**	-
25 bps decrease - Increase in profit	**1.66**	-

Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign currency exposure as at 31st March, 2017	USD	Euro	JPY	CHF	Others	Total
Trade receivables	**219.29**	**30.85**	**-**	**-**	**3.19**	**253.33**
Loans and other receivables	**1.15**	**1168.27**	**-**	**-**	**-**	**1169.42**
Bank balances in current accounts and term deposit accounts	**0.15**	**-**	**-**	**-**	**-**	**0.15**
Trade payables	**(78.73)**	**(32.43)**	**(2.01)**	**(1.23)**	**(2.03)**	**(116.43)**
Forward contracts for receivable	**7.99**	**-**	**-**	**-**	**-**	**7.99**
Forward contracts for loan	**-**	**8.30**	**-**	**-**	**-**	**8.30**

Foreign currency exposure as at 31st March, 2016	USD	Euro	JPY	CHF	Others	Total
Trade receivables	285.51	14.41	-	-	-	299.92
Loans and other receivables	0.46	823.50	-	-	-	823.96
Bank balances in current accounts and term deposit accounts	0.02	-	-	-	-	0.02
Trade payables	(88.72)	(62.09)	(3.06)	(1.01)	(3.99)	(158.87)
Forward contracts for receivable	7.05	-	-	-	-	7.05
Forward contracts for loan	-	(0.66)	-	-	-	(0.66)

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.

	2016-17		2015-16	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
USD	**0.12**	**(0.12)**	(1.07)	1.07
Euro	**10.15**	**(10.15)**	6.82	(6.82)
JPY	**(0.02)**	**0.02**	(0.03)	0.03
CHF	**(0.01)**	**0.01**	(0.01)	0.01
Others	**0.01**	**(0.01)**	(0.00)	0.00
Increase / (decrease) in profit or loss	**10.25**	**(10.25)**	5.71	(5.71)

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as :

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk	As at 31-03-2017	As at 31-03-2016
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Government or trust securities	**0.44**	0.44
Investments in Debentures or bonds	**8.05**	8.05
Other non-current investments	**27.83**	23.20
Long-term loans and advances	**6.64**	9.44
Other long-term financial assets	**46.89**	44.57
Cash and bank balances	**555.75**	512.03
Other short-term financial assets	**204.27**	287.42
Short-term loans and advances	**1466.97**	1051.05
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	**1572.22**	1765.28

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

	₹ crore
As at 31-03-2017	
Up to 3 months	929.44
3 to 6 months	135.67
More than 6 months	507.11
	1572.22
As at 31-03-2016	
Up to 3 months	1111.42
3 to 6 months	141.01
More than 6 months	512.85
	1765.28

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

	₹ crore
As at 1-04-2015	**157.77**
Provided during the year	15.94
Amounts written off	(7.23)
Reversals of provision	(5.15)
Transfer to discontinued operations	(33.19)
Unwinding of discount	(5.85)
As at 31-03-2016	**122.29**
Provided during the year	16.83
Amounts written off	(31.61)
Reversals of provision	(8.81)
Transfer to discontinued operations	(0.11)
Unwinding of discount	(6.74)
As at 31-03-2017	**91.85**

During the year 2015-16 the Company had recognised loss allowance of ₹ 1359.14 crores under 12 months expected credit loss model.

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31-03-2017	Less than 1 year	1 to 5 years	Total
Interest-free sales tax deferral loans from State Government	**0.12**	**-**	**0.12**
Finance lease obligation	**-**	**-**	**-**
Deposits payable	**-**	**1.10**	**1.10**
Long-term borrowings	**119.74**	**545.50**	**665.24**
Short-term borrowings	**710.23**	**-**	**710.23**
Trade payables	**1091.33**	**-**	**1091.33**
Other financial liabilities	**135.50**	**-**	**135.50**

As at 31-03-2016	Less than 1 year	1 to 5 years	Total
Interest-free sales tax deferral loans from State Government	0.12	-	0.12
Finance lease obligation	4.29	4.38	8.67
Deposits payable	-	1.21	1.21
Short-term borrowings	578.18	-	578.18
Trade payables	1047.40	-	1047.40
Other financial liabilities	144.56	-	144.56

Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

	As at 31-03-2017	As at 31-03-2016
Total debt	**1333.69**	586.17
Equity	**4199.29**	4128.05
Capital and net debt	**5532.98**	4714.22
Gearing ratio	**24.10%**	12.43%

₹ crore

56. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE

Particulars		2016-17	2015-16
Face value of equity share	₹	**2.00**	2.00
Weighted average number of equity shares outstanding	Nos.	**626746142**	626746142
Profit / (loss) for the year (continuing operations)	₹ crore	**157.73**	(1184.11)
Weighted average earnings per share (basic and diluted)	₹	**2.52**	(18.89)
Profit / (loss) for the year (discontinued operations)	₹ crore	**(33.27)**	85.39
Weighted average earnings per share (basic and diluted)	₹	**(0.53)**	1.36
Profit / (loss) for the year (total operations)	₹ crore	**124.46**	(1098.72)
Weighted average earnings per share (basic and diluted)	₹	**1.99**	(17.53)

57. PARTICULARS IN RESPECT OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 53(F) READ WITH PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

	Balance as at		Maximum outstanding during	
Name of the Company	31-03-2017	31-03-2016	2016-17	2015-16
(a) Loans and advances in the nature of loans given to subsidiaries				
CG Power Solutions Limited	**198.66**	186.54	**909.18**	227.94
CG International B.V.	**859.86**	614.61	**917.62**	1543.31
CG International Holdings Singapore Pte. Limited	**0.65**	-	**0.68**	-
(b) Loans and advances in the nature of loans where repayment schedule is not specified				
CG International B.V.	**859.86**	614.61	**917.62**	1543.31

58. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

Loans given and investments made are given under the respective heads.

Corporate guarantees given by the Company in respect of loans:

Name of the Company	As at 31-03-2017	As at 31-03-2016
CG International B.V.	**351.42**	601.64
CG Middle East FZE	**-**	150.82
CG Electric Systems Hungary Zrt.	**248.05**	162.06
CG Power Systems Belgium N.V.	**-**	26.31
CG Holdings Belgium N.V.	**-**	18.61
CG Power USA Inc.	**229.41**	74.53
PT Crompton Prima Switchgear Indonesia	**23.88**	-
CG Power Solutions Limited	**179.00**	-
	1031.76	1033.97

59. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Currently Ind AS 102 is not applicable to the company and hence there is no impact.

60. Amounts shown as 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

61. Figures for the previous year have been regrouped wherever necessary.

As per our report attached
SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached
CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY

New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

Form AOC-I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

₹ crore

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Name of Subsidiary	Date of Acquisition / Incorporation	Reporting year of the subsidiary ended on	Reporting Currency	Closing Exchange Rate	Capital: Equity Share Capital	Capital: Preference Share Capital	Reserves	Total Assets	Total Liabilities	Investment (except investments in subsidiaries)	Turnover (including Other income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding	Country
1	CG PPI Adhesive Products Limited	04-Nov-88	31-Mar-17	INR	1.00	3.90	-	12.26	21.25	5.09	-	20.20	1.97	0.72	1.25	-	81.42%	India
2	CG Power Solutions Limited	14-Mar-12	31-Mar-17	INR	1.00	0.05	-	(150.14)	533.26	683.35	314.11	71.08	(72.57)	-	(72.57)	-	100.00%	India
3	Crompton Greaves Sales Network Malaysia SDN.BHD.	30-Sep-13	31-Mar-17	MYR	14.64	0.30	-	2.86	7.06	3.90	-	13.90	2.36	0.32	2.04	-	100.00%	Malaysia
4	Crompton Greaves Consumer Products Limited	19-Sep-14	31-Mar-17	INR	1.00	3.18	-	(3.15)	0.05	0.02	-	-	(0.02)	-	(0.02)	-	100.00%	India
5	CG International B.V.	01-Apr-05	31-Mar-17	EUR	69.29	713.66	-	(549.02)	1415.78	1251.14	-	31.57	(486.24)	-	(486.24)	-	100.00%	The Netherlands
6	CG Holdings Belgium N.V.	13-May-05	31-Mar-17	EUR	69.29	673.70	-	218.17	1824.00	932.13	-	623.50	167.18	-	167.18	-	100.00%	Belgium
7	CG Power Systems Belgium N.V.	13-May-05	31-Mar-17	EUR	69.29	667.11	-	223.93	1809.51	918.47	-	919.89	(23.57)	-	(23.57)	-	100.00%	Belgium
8	CG Power Systems Ireland Limited	13-May-05	31-Mar-17	EUR	69.29	26.12	61.50	124.76	328.32	115.94	-	483.23	(9.57)	(0.91)	(8.66)	-	100.00%	Ireland
9	CG Sales Networks France SA	13-May-05	31-Mar-17	EUR	69.29	0.32	-	6.36	11.44	4.76	-	15.20	1.09	0.48	0.61	-	99.70%	France
10	CG Power Systems Canada Inc.	13-May-05	31-Mar-17	CAD	48.59	133.62	38.87	(188.98)	27.68	44.17	-	1.02	(4.36)	-	(4.36)	-	100.00%	Canada
11	PT. CG Power Systems Indonesia	13-May-05	31-Mar-17	USD	64.85	82.30	-	620.80	934.93	231.83	-	766.13	89.42	15.69	73.73	-	95.00%	Indonesia
12	CG- Ganz Generator and Motor LLC (formerly CG Holdings Hungary Kft.)	26-Sep-06	31-Mar-17	EUR	69.29	27.13	-	23.78	98.24	47.33	-	1.41	1.07	0.05	1.02	-	100.00%	Hungary
13	CG Electric Systems Hungary Zrt.	16-Oct-06	31-Mar-17	EUR	69.29	32.56	-	(18.25)	583.31	569.00	-	409.53	(72.27)	-	(72.27)	-	100.00%	Hungary
14	CG Service Systems France SAS	02-Jun-08	31-Mar-17	EUR	69.29	5.54	-	(6.77)	11.80	13.03	-	28.49	(4.45)	0.00	(4.45)	-	100.00%	France
15	CG Power USA Inc	13-May-05	31-Mar-17	USD	64.85	20.10	-	23.60	837.49	793.79	4.14	1073.36	(141.53)	(3.49)	(138.04)	-	100.00%	USA
16	CG Power Solutions UK Limited	01-Apr-10	31-Mar-17	GBP	80.95	0.00	-	(15.43)	38.76	54.19	-	16.64	(46.97)	-	(46.97)	-	100.00%	United Kingdom
17	CG Power Systems Brazil LTDA	26-Oct-10	31-Mar-17	REAL	20.59	129.48	-	(128.74)	0.74	-	-	0.47	2.01	(0.43)	2.44	-	100.00%	Brazil
18	CG Power Solutions Saudi Arabia Limited	21-Dec-10	31-Dec-16	SAR	17.29	19.45	-	(17.67)	103.47	101.69	-	28.11	(5.14)	-	(5.14)	-	51.00%	Saudi Arabia
19	CG International Holdings Singapore PTE Limited	06-Jun-11	31-Mar-17	EUR	69.29	218.00	-	(1.88)	226.61	10.49	-	0.01	(2.20)	-	(2.20)	-	100.00%	Singapore
20	CG Industrial Holdings Sweden AB	10-Jun-11	31-Mar-17	SEK	7.27	101.73	-	(1.07)	287.54	186.88	-	-	(3.15)	-	(3.15)	-	100.00%	Sweden
21	CG Drives and Automation Sweden AB	10-Jun-11	31-Mar-17	SEK	7.27	18.62	-	175.34	312.57	118.61	-	190.47	14.57	2.63	11.94	-	100.00%	Sweden
22	CG Drives and Automation Netherlands B.V.	10-Jun-11	31-Mar-17	EUR	69.29	4.12	-	15.05	23.90	4.73	-	34.91	1.26	0.27	0.99	-	100.00%	The Netherlands
23	CG Middle East FZE	14-Apr-13	31-Mar-17	EUR	69.29	1.43	-	102.41	204.08	100.24	-	143.96	101.02	-	101.02	-	100.00%	UAE
24	CG Drives and Automation Germany GmbH	10-Jun-11	31-Mar-17	EUR	69.29	0.18	-	7.83	36.06	28.05	-	106.64	0.92	0.22	0.70	-	100.00%	Germany
25	ZIV Aplicaciones y Tecnologia S.L.U	28-Jul-12	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	29.03	(12.52)	-	(12.52)	-	100.00%	Spain
26	ZIV Metering Solutions S.L.U	28-Jul-12	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	417.78	18.46	-	18.46	-	100.00%	Spain
27	ZIV Grid Automation S.L.U	28-Jul-12	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	72.85	(16.12)	-	(16.12)	-	100.00%	Spain
28	ZIV Communications S.A.U	28-Jul-12	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	79.36	3.12	0.03	3.09	-	100.00%	Spain
29	ZIV Do Brazil Ltda	28-Jul-12	06-Mar-17*	REAL	20.59	-	-	-	-	-	-	10.76	0.83	-	0.83	-	100.00%	Brazil
30	ZIV I+D Smart Energy Networks	28-Jul-12	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	12.92	1.03	-	1.03	-	100.00%	Spain
31	ZIV France SASU	03-Nov-15	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	4.60	(10.63)	-	(10.63)	-	100.00%	France
32	CG Power Automation Limited	08-Sep-16	06-Mar-17*	EUR	69.29	-	-	-	-	-	-	10.32	(2.62)	-	(2.62)	-	100.00%	Ireland
33	CG Automation Systems UK Limited	28-May-07	06-Mar-17*	GBP	80.95	-	-	-	-	-	-	28.52	(0.46)	-	(0.46)	-	100.00%	United Kingdom
34	ZIV Automation India Limited	18-Nov-16	06-Mar-17*	INR	1.00	-	-	-	-	-	-	8.43	0.08	(0.05)	0.13	-	100.00%	India

* Subsidiaries sold during the year on 6th March, 2017.

Notes:

1 Name of the subsidiaries which are yet to commence the business

CG Holdings Americas, LLC

QEI, LLC

CG Power Americas, LLC (formerly Bravin LLC)

CG Solutions Americas, LLC

Form AOC-I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'A' : Subsidiaries

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

2 Name of the subsidiaries which have been liquidated or sold during the year

ZIV Automation India Limited
CG Automation Systems UK Limited
ZIV Aplicaciones y Tecnologia S.L.U
ZIV Metering Solutions S.L.U
ZIV Grid Automation S.L.U
ZIV Communications S.A.U
ZIV Do Brazil Ltda
ZIV I+D Smart Energy Networks
ZIV France SASU
ZIV North America, LLC
CG Power Automation Limited, Ireland
CG Power Systems Brazil Ltda.

3 Name of the subsidiaries which have been demerged during the year

Nil

Madhav Acharya	K.N.Neelkant	Manoj Koul	Gautam Thapar
EXECUTIVE DIRECTOR - FINANCE & CFO	**CEO & MANAGING DIRECTOR**	**COMPANY SECRETARY**	**CHAIRMAN**
DIN: 02787445	**DIN: 05122610**		**DIN: 00012289**

New Delhi, 26th May, 2017

Form AOC-I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part 'B' : Associates and Joint Ventures

₹ crore

INFORMATION IN RESPECT OF ASSOCIATE COMPANIES AND JOINT VENTURES FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Name of Associate / Joint Venture	Date of Acquisition / Incorporation	Latest Audited Balance Sheet Date	Share of Associates held by company on the year end		Extent of Holding %	Description of How there is significant influence	Reason why the Associate is not consolidated	Networth attributable to shareholding as per latest audited balance sheet	Profit / (loss) for the year	
				Number of Shares held	Amount of Investment in Associates and Joint Venture					Considered in Consolidation	Not considered in Consolidation
	Associates										
1	Saudi Power Transformers Co. Limited	21-Dec-10	31-Dec-15	1479800	24.64*	49%	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not excercises and control more than one-half of total share capital	(21.39)	-	-
2	CG International BV Tr. & Cont. Pvt. Co. LLC (formerly Pauwels Middle East Tr. & Cont. Pvt. Co. LLC)	13-May-05	31-Mar-17	245	0.42*	49%	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not excercises and control more than one-half of total share capital	(0.06)	-	-
3	KK El-Fi Japan	10-Jun-11	NA	NA	NA*	40%	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not excercises and control more than one-half of total share capital	-	-	-
	Joint Venture										
1	PT Crompton Prima Switchgear Indonesia	12-May-14	31-Mar-17	3264	18.29	51%	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not excercises and control more than one-half of total share capital	17.79	(1.57)	-

** Carrying amount of investments in these associates have been reduced to nil.*

Notes:

1. Name of the associates which are yet to commence the business - NIL
2. Name of the associates which have been liquidated or sold during the year - NIL

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

K.N.Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Manoj Koul
COMPANY SECRETARY

Gautam Thapar
CHAIRMAN
DIN: 00012289

New Delhi, 26th May, 2017

FINANCIALS CONSOLIDATED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CG Power and Industrial Solutions Limited (Formerly known as Crompton Greaves Limited)** (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries constitute the "Group"), and its associates and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2017, 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 a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including Other Comprehensive Income and Consolidated Cash Flows and the Consolidated Changes in Equity of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2017, and their consolidated loss (including Other Comprehensive Income), their Consolidated Cash Flows and Consolidated Changes in Equity for the year ended on that date.

Other Matters

The consolidated Ind AS financial statements include the financial statement of one subsidiary which has been audited by Sharp & Tannan, Chartered Accountants, one of the joint auditors of the Company. In respect of this subsidiary, financial statements / financial information have been furnished to us by the management and our opinion on the Statement in so far as it related to this subsidiary is based on report of auditor of that subsidiary on which one of the Joint auditors of the Company have placed reliance, whose financial statement reflect total assets of ₹ 21.23 crore as at 31st March, 2017 and total revenue of ₹ 22.13 crore and net cash outflow of ₹ 2.09 crore for the year then ended as considered in the consolidated Ind AS financial statements.

The consolidated Ind AS financial statements and other financial information contains information on Holding Company's and 34 subsidiaries (including 25 subsidiaries classified as discontinued operation) and 3 associate companies incorporated outside India included in the consolidated Ind AS financial statements consist of:

9 subsidiary companies whose financial statements reflect total assets of ₹ 3804.16 crore as at 31st March, 2017 and total revenue of ₹ 1439.20 crore and net cash inflow of ₹ 46.73 crore for the year then ended from continuing operation and 13 companies whose total assets of ₹ 4949.06 crore as at 31st March, 2017 and total revenue of ₹ 3028.76 crore and net cash outflow of ₹ 13 crore for the year then ended from discontinued operation, these financial statements have been audited by their statutory auditors whose reports have been furnished to us by the management and

9 subsidiary companies which are disposed during the year whose total revenue is ₹ 681.29 crore and net cash outflow of ₹ 41.23 crore is not audited by the statutory auditors of the respective companies and are reviewed by one of the Joint Statutory Auditors of the Company whose report have been furnished to us by the management.

3 subsidiary companies whose total assets are ₹ 131.31 crore, total revenue is ₹ 29.33 crore and net cash inflow of ₹ 1.10 crore for the year ended 31st March, 2017 are not audited by statutory auditors of these companies and the financial statements of these companies are certified by the management of the Company.

3 Associate companies whose net profit / loss is ₹ Nil for the year ended 31st March, 2017 are not audited by statutory auditors of these companies and the financial statements of these companies are certified by the management of the Company.

The financial statements of these 34 subsidiary companies are drawn up in accordance with the generally accepted accounting principles of those respective countries ("the local GAAP"). For the purpose of preparation of the consolidated Ind AS financial statements, the aforesaid local GAAP financial statements have been restated by the management so that these confirm to the Indian Accounting Standards as per Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. These financial statements have been audited by Sharp & Tannan, Chartered Accountants, one of the joint auditors of the Company. In respect of these subsidiaries, financial statements / financial information have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements in so far as it related to these subsidiaries is based on audit report of one of the Joint auditor of the Company on which one of the Joint auditors of the Company have placed reliance.

We did not audit the financial statements of 3 subsidiaries located in India classified as discontinued operation included in the statement, whose financial statements reflect total assets of ₹ 533.32 crore as at 31st March, 2017 and total revenues of ₹ 51.23 crore and net cash outflow amounting to ₹ 30.10 crore for year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, to the extent they have been derived from such financial statements, is based solely on the reports of such auditors.

We did not audit the financial statements of 2 subsidiaries located outside India included in the consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 233.66 crore as at 31st March, 2017 and total revenues of ₹14.51 crore and net cash inflow amounting to ₹ 1.26 crore for year then ended and one jointly controlled entity located outside India in which the Group's share of loss after tax of ₹ 1.57 crore for the year ended 31st

March, 2017, 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, have been converted by the Company's management 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 Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and jointly controlled entity operations located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated Ind AS 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the 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 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2017 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 over financial reporting 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 'A'**; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      1) the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note 39 of the consolidated Ind AS financial statements);

      2) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      3) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and

      4) The Holding Company has provided requisite disclosures in Note 51 to these consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management.

For SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No.109982W

Vinayak M. Padwal
PARTNER
Membership No. 049639

For CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No.101720W

Parag D. Mehta
PARTNER
Membership No. 113904

Place: New Delhi
Dated: 26th May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 1(F) OF OUR REPORT OF EVEN DATE)

We have audited the internal financial controls over financial reporting of **CG Power and Industrial Solutions Limited (Formerly known as Crompton Greaves Limited)** (the "Holding Company") and its subsidiary companies which are incorporated in India as of 31st March, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 (the "Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No.109982W

Vinayak M. Padwal
PARTNER
Membership No. 049639

For CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No.101720W

Parag D. Mehta
PARTNER
Membership No. 113904

Place: New Delhi
Dated: 26th May, 2017

₹ crore

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-03-2017		As at 31-03-2016	
ASSETS					
1. NON-CURRENT ASSETS:					
(a) Property, plant and equipment	5	**1376.29**		1500.74	
(b) Capital work-in-progress	5	**28.18**		14.23	
(c) Investment property	6	**-**		-	
(d) Goodwill	7	**143.54**		468.41	
(e) Other intangible assets	7	**184.79**		618.51	
(f) Intangible assets under development	7	**33.30**		75.47	
(g) Financial assets					
(i) Investments	8	**203.92**		230.32	
(ii) Loans	9	**6.65**		9.44	
(h) Deferred tax assets	10	**26.62**		89.87	
(i) Other non-current assets	11	**3.21**		0.97	
			2006.50		3007.96
2. CURRENT ASSETS:					
(a) Inventories	12	**882.10**		585.01	
(b) Financial assets					
(i) Investments	13	**5.22**		0.95	
(ii) Trade receivables	14	**1877.15**		2077.01	
(iii) Cash and cash equivalents	15	**724.49**		792.41	
(iv) Bank balances other than (iii) above	16	**36.22**		4.48	
(v) Loans	17	**76.25**		31.95	
(vi) Others	18	**173.28**		238.37	
(c) Current tax assets (net)		**70.57**		38.31	
(d) Other current assets	19	**1212.48**		571.09	
			5057.76		4339.58
3. Assets classified as held for sale and discontinued operations	45		**3123.84**		3690.88
TOTAL ASSETS			**10188.10**		11038.42
EQUITY AND LIABILITIES					
EQUITY:					
(a) Equity share capital	20	**125.35**		125.35	
(b) Other equity		**3985.74**		4471.81	
			4111.09		4597.16
LIABILITIES:					
1. NON-CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	21	**503.80**		599.02	
(ii) Other financial liabilities	22	**1.14**		1.25	
			504.94		600.27
(b) Provisions	23		**71.21**		52.77
(c) Deferred tax liabilities	10		**262.30**		342.71
(d) Other non-current liabilities	24		**0.94**		6.34
2. CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	25	**710.67**		692.21	
(ii) Trade payables	26	**1383.14**		1302.65	
(iii) Other financial liabilities	27	**404.28**		365.93	
			2498.09		2360.79
(b) Other current liabilities	28		**556.24**		420.14
(c) Provisions	29		**84.08**		80.43
3. Liabilities associated with group of assets classified as held for sale and discontinued operations	45		**2099.21**		2577.81
TOTAL EQUITY AND LIABILITIES			**10188.10**		11038.42
CONTINGENT LIABILITIES AND COMMITMENTS	39				
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached

CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY

New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	2016-17		2015-16	
CONTINUING OPERATIONS					
INCOME:					
Revenue from operations	30	**6119.75**		5594.95	
Other income	31	**68.70**		111.49	
TOTAL INCOME			**6188.45**		5706.44
EXPENSES:					
Cost of materials consumed	32	**3945.88**		3476.67	
Purchases of stock-in-trade	33	**236.41**		118.16	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	**(168.17)**		16.78	
Employee benefits expense	35	**537.10**		559.01	
Finance costs	36	**188.03**		79.97	
Depreciation and amortisation expense	37	**149.99**		171.65	
Other expenses	38	**1098.32**		994.13	
TOTAL EXPENSES			**5987.56**		5416.37
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX			**200.89**		290.07
Share of profit / (loss) from associates and joint venture			**(1.57)**		1.20
Exceptional items (net)			**(72.73)**		(111.26)
PROFIT BEFORE TAX			**126.59**		180.01
TAX EXPENSE:					
Current tax	10	**47.52**		130.42	
Deferred tax - MAT credit entitlement	10	**(11.83)**		-	
Deferred tax (credit)	10	**(19.09)**		(63.69)	
			16.60		66.73
PROFIT FROM CONTINUING OPERATIONS AFTER TAX			**109.99**		113.28
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	45	**(611.47)**		(491.50)	
Tax expense / (credits) of discontinued operations	10	**(10.85)**		82.40	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX			**(600.62)**		(573.90)
LOSS FOR THE YEAR			**(490.63)**		(460.62)
Attributable to:					
Equity holders of the parent			**(490.86)**		(459.29)
Non-controlling interests			**(0.23)**		1.33
			(490.63)		(460.62)
OTHER COMPREHENSIVE INCOME:					
A (i) Items that will not be reclassified to profit or loss		**(57.77)**		(45.83)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		**2.44**		6.75	
B (i) Items that will be reclassified to profit or loss		**58.86**		136.56	
(ii) Income tax relating to items that will be reclassified to profit or loss		**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR			**3.53**		97.48
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**(487.10)**		(363.14)
Attributable to:					
Equity holders of the parent			**(487.33)**		(361.81)
Non-controlling interests			**(0.23)**		1.33
Earnings per share for continuing operations (₹) (Face value of equity share of ₹ 2 each)	49		**1.75**		1.83
Earnings per share for discontinued operations (₹) (Face value of equity share of ₹ 2 each)	49		**(9.58)**		(9.16)
Earnings per share (basic and diluted) (₹) (Face value of equity share of ₹ 2 each)	49		**(7.83)**		(7.33)
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached

CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY
New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

		2016-17	2015-16
[A] CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		**126.59**	180.01
Adjustments for:			
Impairment of goodwill		**43.61**	40.31
Depreciation and amortisation expense		**149.99**	171.65
Allowance for doubtful debts and advances		**28.99**	16.18
Finance costs		**188.03**	79.97
Interest income		**(39.37)**	(17.30)
Income from investments (net)		**-**	(0.01)
Profit on sale of investments (net)		**(7.21)**	(23.04)
Unrealised exchange (gain) / loss (net)		**27.80**	(155.19)
Unrealised exchange gain on consolidation (net)		**56.18**	291.59
Profit on sale of property, plant and equipment (net)		**(4.15)**	(278.89)
		443.87	125.27
Operating profit before working capital changes		**570.46**	305.28
Adjustments for:			
(Increase) / Decrease in trade and other receivables		**(379.37)**	(529.98)
(Increase) / Decrease in inventories		**(345.67)**	(30.52)
Increase / (Decrease) in trade and other payables		**178.73**	659.14
Increase / (Decrease) in provisions		**1.28**	23.52
		(545.03)	122.16
Cash (used in) / from operations		**25.43**	427.44
Direct taxes paid (net of refunds)		**(85.98)**	(124.17)
Non-controlling interest in (profit) / loss		**(0.23)**	1.33
Net cash (used in) / from operating activities		**(60.78)**	304.60
Net cash (used in) / from discontinued activities		**(479.17)**	(365.38)
Net cash (used in) / from continuing and discontinued activities	**[A]**	**(539.95)**	(60.78)
[B] CASH FLOWS FROM INVESTING ACTIVITIES			
Add: Inflows from investing activities			
Sale of property, plant and equipment and intangible assets		**14.78**	496.52
Unrealised exchange gain on consolidation (net)		**30.63**	-
Sale of investments in joint venture		**-**	40.11
Sale of investments in subsidiaries		**788.67**	-
Sale of current investments		**104.79**	169.15
Interest received		**32.78**	16.22
Income received from investments (net)		**-**	0.01
		971.65	722.01
***Less:* Outflows from investing activities**			
Purchase of property, plant and equipment and intangible assets		**(63.79)**	(143.66)
Unrealised exchange gain on consolidation (net)		**-**	(28.71)
Purchase of investments		**(106.47)**	-
		(170.26)	(172.37)
Net cash (used in) / from investing activities		**801.39**	549.64
Net cash (used in) / from discontinued activities		**(304.62)**	(117.67)
Net cash (used in) / from continuing and discontinued activities	**[B]**	**496.77**	431.97

₹ crore

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		2016-17	2015-16
[C] CASH FLOWS FROM FINANCING ACTIVITIES			
Add: Inflows from financing activities			
Proceeds from long-term borrowings		**647.91**	154.28
Proceeds from short-term borrowings		**1654.17**	489.16
Unrealised exchange loss on consolidation (net)		**-**	100.39
Changes in non-controlling interest		**0.23**	-
		2302.31	743.83
***Less:* Outflows from financing activities**			
Repayment of long-term borrowings		**(176.12)**	(447.77)
Repayment of short-term borrowings		**(1630.01)**	(156.36)
Unrealised exchange loss on consolidation (net)		**(30.39)**	-
Dividend paid		**(0.36)**	(0.33)
Interest paid		**(184.03)**	(83.73)
Changes in non-controlling interest		**-**	(1.33)
		(2020.91)	(689.52)
Net cash (used in) / from financing activities		**281.40**	54.31
Net cash (used in) / from discontinued activities		**(231.17)**	(276.74)
Net cash (used in) / from continuing and discontinued activities	**[C]**	**50.23**	(222.43)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)		**7.05**	148.76
Cash and cash equivalents at beginning of the year		**830.86**	682.10
Cash and cash equivalents at end of the year		**837.91**	830.86
Cash and cash equivalents from continuing operations		**724.49**	638.16
Cash and cash equivalents from discontinued operations		**113.42**	192.70
Cash and cash equivalents from continuing and discontinued operations		**837.91**	830.86

Notes:

1 The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

2 Additions to property, plant and equipment and intangible assets include movement of capital work-in-progress and intangible assets under development respectively during the year.

As per our report attached

SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached

CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
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Parag D. Mehta
PARTNER
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New Delhi, 26th May, 2017

Madhav Acharya
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Manoj Koul
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New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(A) EQUITY SHARE CAPITAL

For the year ended 31st March, 2017

Balance as at 1-04-2016	Changes in equity share capital during the year	Balance as at 31-03-2017
125.35	**-**	**125.35**

For the year ended 31st March, 2016

Balance as at 1-04-2015	Changes in equity share capital during the year	Balance as at 31-03-2016
125.35	-	125.35

(B) OTHER EQUITY

For the year ended 31st March, 2017

Particulars	Retained Earnings	Hedge Reserve	Foreign Currency Translation Reserve	FVOCI Reserve	Capital Reserve	Capital Reserve on Consolidation	Capital Redemption Reserve	Securities Premium Reserve	Statutory Reserve	Government Grant	Total	Non-Controlling interest	Total Equity
Balance as at 1st April, 2016	**3250.49**	**(4.74)**	**334.34**	**(45.69)**	**671.65**	**157.26**	**12.95**	**18.30**	**67.05**	**2.00**	**4463.61**	**8.20**	**4471.81**
Profit / (loss) for the year	**(490.86)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(490.86)**	**0.23**	**(490.63)**
Other comprehensive income for the year													
- Remeasurement gains / (loss) on defined benefit plans	**(8.51)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8.51)**	**-**	**(8.51)**
- Fair value loss on FVOCI financial asset	**-**	**-**	**-**	**(46.82)**	**-**	**-**	**-**	**-**	**-**	**-**	**(46.82)**	**-**	**(46.82)**
- Foreign currency translation differences	**-**	**-**	**55.15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55.15**	**-**	**55.15**
- Effective portion of cash flow hedge	**-**	**3.71**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.71**	**-**	**3.71**
Addition to government grant during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.03**	**1.03**	**-**	**1.03**
Transferred to retained earnings	**3.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.03)**	**-**	**-**	**-**
Balance as at 31st March, 2017	**2754.15**	**(1.03)**	**389.49**	**(92.51)**	**671.65**	**157.26**	**12.95**	**18.30**	**67.05**	**-**	**3977.31**	**8.43**	**3985.74**

For the year ended 31st March 2016

Particulars	Retained Earnings	Hedge Reserve	Foreign Currency Translation Reserve	FVOCI Reserve	Capital Reserve	Capital Reserve on Consolidation	Capital Redemption Reserve	Securities Premium Reserve	Statutory Reserve	Government Grant	Total	Non-Controlling interest	Total Equity
Balance as at 1st April, 2015	3720.48	(0.60)	193.64	(17.31)	19.12	157.26	12.95	18.30	67.05	1.59	4172.48	9.97	4182.45
Loss for the year	(459.29)	-	-	-	-	-	-	-	-	-	(459.29)	(1.33)	(460.62)
Other comprehensive income for the year													
- Remeasurement gains / (loss) on defined benefit plans	(10.70)	-	-	-	-	-	-	-	-	-	(10.70)	-	(10.70)
- Fair value loss on FVOCI financial asset	-	-	-	(28.38)	-	-	-	-	-	-	(28.38)	-	(28.38)
- Foreign currency translation differences	-	-	140.70	-	-	-	-	-	-	-	140.70	-	140.70
- Effective portion of cash flow hedge	-	(4.14)	-	-	-	-	-	-	-	-	(4.14)	-	(4.14)
Transferred on demerger	-	-	-	-	652.53	-	-	-	-	-	652.53	-	652.53
Addition to government grant during the year	-	-	-	-	-	-	-	-	-	0.41	0.41	-	0.41
Translation adjustments	-	-	-	-	-	-	-	-	-	-	-	(0.44)	(0.44)
Balance as at 31st March, 2016	**3250.49**	**(4.74)**	**334.34**	**(45.69)**	**671.65**	**157.26**	**12.95**	**18.30**	**67.05**	**2.00**	**4463.61**	**8.20**	**4471.81**

As per our report attached

SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached

CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY

New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

1. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited, formerly known as Crompton Greaves Limited (the 'Company' or 'Parent') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27th February, 2017.

The Company and its subsidiaries (the 'Group') is a global enterprise providing end-to-end solutions to utilities, industries and consumers for management and application of efficient and sustainable electrical energy. It offers products, services and solutions in three main business segments, viz. Power Systems, Industrial Systems and Automation Systems for the year ended 31st March 2017.

The consolidated financial statements of the Group for the year ended 31st March, 2017 were authorised for issue in accordance with a resolution of the directors on 26th May, 2017.

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation:

The 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 by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The 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 liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest crore, except when otherwise indicated.

2.2 Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Group and its associates and joint ventures as at 31st March, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights, and
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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 statement of profit and loss. Any investment retained is recognised at fair value.

2. BASIS OF PREPARATION AND CONSOLIDATION (Contd.)

The financial statements of the Parent and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting there from and are prepared, to the extent possible, in the same form and manner as the Parent's independent financial statements. The profit or loss and each component of other comprehensive income 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 interests having a deficit balance.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of parent Company, i.e., year ended on 31st March, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment:

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and it is depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on the property, plant and equipment is provided on straight-line method over the useful life of assets as specified in Schedule II to the Companies Act, 2013 which is in line with the management estimate of the useful life of the assets. On property, plant and equipment which are added / disposed off during the year, depreciation is provided on *pro-rata* basis with reference to the month of addition / deletion. However, in case of the following category of property, plant and equipment, the depreciation has been provided based on the technical evaluation of the remaining useful life which is different from the one specified in Schedule II to the Companies Act, 2013 based on the management estimate of useful life.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery - 1 to 21 years (Maximum)
- Furniture and fixtures - 1 to 15 years (Maximum)
- Office equipments - 1 to 15 years
- Buildings - 3 to 60 years
- Vehicles - 1 to 8 years
- Leasehold land - 24 to 999 years

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Leased assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

Vehicles acquired on finance leases are depreciated over the period of lease agreement or the useful life, whichever is shorter.

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.

3.2 Investment properties:

Investment properties comprise portions of freehold land and office buildings that are held for long-term rental yields and / or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each balance sheet date. The effects of any revision are included in the statement of profit and loss when the changes arise.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

3.3 Impairment of non-financial assets:

As at each balance sheet date, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. 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 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 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. 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (the 'OCI'), if any. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired.

3.4 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.

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. 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, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortised as follows:

(1)	Specialised software	:	Over a period of five to six years;
(2)	Technical know-how	:	Over a period of five years (from the date of availability for its use);
(3)	Technology	:	Over a period of five years (from the date of availability for its use);
(4)	Commercial rights	:	Over a period of ten years;
(5)	Brand name and customer lists	:	Over a period of ten years;
(6)	Other intangible assets	:	Over a period of three to fifteen years;
(7)	Concession rights	:	Over a period of ten years; and
(8)	Trade mark	:	Over a period of ten years.

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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development cost:

- Research cost:

  Revenue expenditure on research is expensed under the respective heads of accounts in the period in which it is incurred.

- Development cost:

  Development expenditure on new product is capitalised as intangible asset, if all of the following criteria can be demonstrated. Otherwise they are expensed in the period in which they are incurred.

  (i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

  (ii) The Group has intention to complete the development of intangible asset and use or sell it;

  (iii) The Group has ability to use or sell the intangible asset;

  (iv) The manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

  (v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

  (vi) The Group has ability to measure the expenditure attributable to the intangible asset during the development reliably.

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Development costs on the intangible assets, fulfilling the criteria are amortised over a period of expected future benefits which is three to ten years, otherwise are expensed in the period in which they are incurred. Amortisation of the asset begins when development is complete and the asset is available for use. During the period of development the asset is tested for impairment annually.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.5 Inventories:

Inventories are carried in the balance sheet as follows:

(a)	Raw materials, packing materials, construction materials, stores and spares	:	At lower of cost, on weighted average basis and net realisable value.
(b)	Work-in-progress – Manufacturing	:	At lower of cost of material, plus appropriate production overheads and net realisable value.
(c)	Finished goods – Manufacturing	:	At lower of cost of materials plus appropriate production overheads, including excise duty paid / payable on such goods and net realisable value.
(d)	Finished goods – Trading	:	At lower of cost, on weighted average basis and net realisable value.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. 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.

3.6 Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.7 Foreign currency transactions and foreign operations:

The Group's consolidated financial statements are presented in INR, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognised in statement of profit and loss. On disposal or partial disposal of the foreign subsidiary, the foreign exchange differences recognised in other comprehensive income is reclassified to Statement of profit and loss.

Any goodwill arising on the acquisition 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 closing rate of exchange at the reporting date.

3.8 Service concession arrangements:

The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix A to Ind AS 11 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Group receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group manages concession arrangements which include constructing power distribution assets for distribution of electricity. The Group maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

The right to consideration gives rise to an intangible asset and financial receivable and accordingly, both the intangible asset and financial receivable models are applied. Income from the concession arrangements earned under the intangible asset model consists of the (i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Group, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Financial receivable is recorded at a fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

3.9 Revenue recognition:

Sale of goods

Revenue from sale of goods is recognised, when all significant risks and rewards of ownership are transferred to the buyer, as per the terms of the contracts, the amount can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Further, revenue is recognised only if the Group retains neither managerial continuing involvement to the degree usually associated with ownership nor effective control over the goods sold, and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue also includes excise duty and price variations based on the contractual agreements and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discount, cash discount and volume rebates.

Rendering of services

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Revenue from construction contracts

Revenue from construction contracts is recognised by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date to the total estimated cost to complete. Foreseeable losses, if any, on the contracts is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of cost and related incidental income which is not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at realisable value thereafter. Claims are accounted as income in the year of acceptance by customer.

Power distribution

Revenue from power distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission. Interest is accounted on accrual basis on overdue bills.

Dividend income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Lease income

Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised in the statement of profit and loss on straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

3.10 Employee benefits:

All employee benefits payable wholly within twelve months after the end of the reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The Group makes contribution towards provident fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Group making interest shortfall a defined benefit plan. Accordingly, the Group obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

Employee benefits including contributions towards social security and retirement benefit schemes are accounted for based on the regulatory framework in the respective countries and employment rules / contracts applicable to the specific companies.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability / (asset) are recognised immediately in the balance sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognised in the statement of profit and loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense in the period in which they are incurred.

3.11 Borrowing costs:

a) Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

b) All other borrowing costs are recognised as expense in the period in which they are incurred.

3.12 Segment accounting:

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 and loss and is measured consistently with profit and loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products / services.

1. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
2. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3. Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.
4. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.
5. 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.

Inter-Segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.13 Leases:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.14 Earnings per share:

Basic earnings per share is calculated by dividing the profit from continuing operations, discontinued operations and total profit, attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.15 Taxes on income:

1. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
2. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. 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 is provided using the balance sheet approach on temporary differences at the reporting date 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:

- 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,
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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:

- 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,
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances that existed at the acquisition date emerges. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in the statement of profit and loss.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the respective companies have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.16 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible; and
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion / purchase of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Liquidated damages

Provision for liquidated damages is recognised on contracts for which delivery dates are exceeded and computed in reasonable manner.

Environmental obligations

Provision for environmental obligations represents liabilities towards the costs expected to be incurred to treat contaminated soil / effluents at the Group's manufacturing locations, wherever required by local laws.

Other litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Group recognises impairment on the assets pertaining to the contract.

3.17 Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the statement of profit and loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

3.18 Exceptional items:

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group 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 in the notes accompanying to the financial statements.

3.19 Business combinations and goodwill:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value on acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised either in either profit and loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a Group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

3.20 Investment in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate 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 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 on the face of the statement of profit and loss outside operating profit and represents profit and loss after tax of the associate.

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 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 statement of profit and loss.

3.21 Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset 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 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.

Deferred tax assets / liabilities are classified as non-current.

All other liabilities are classified as non-current.

3.22 Fair value measurement:

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,

  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.23 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Also comparative Statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations,

  Or

- Is a subsidiary acquired exclusively with a view to resale.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.24 Financial instruments:

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where 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 recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit and loss under the fair value option.

- **Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit and loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  (a) The Group has transferred substantially all the risks and rewards of the asset, or
  (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost; and
- Financial assets measured at fair value through other comprehensive income (FVTOCI).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made 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 are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments and hedge accounting:

The Group enters into derivative contracts 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 on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit and loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss as other expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

4. 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Service concession arrangements:

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Group. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meet the criteria for recognition as service concession arrangements.

Discontinued operations:

Consumer products segment

In pursuance to the demerger of the Consumer Product business unit, the Board considered the consumer product business unit to meet the criteria to be classified as held for distribution at that date for the following reasons:

- The actions to complete the distribution were initiated and expected to be completed within one year from the date of commitment to demerger the business i.e.19th February, 2015,
- Consumer product represents a separate major line of business of operations,
- The shareholders approved the distribution in August 2015, and
- The Scheme of demerger was approved by the Honourable High court of judicature of Bombay, 20th November, 2015 (the Appointed date).

Power distribution business

In pursuant to the certain unresolved disputes arising out of the Distribution Franchisee Agreement (DFA) of the Group with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at Jalgoan in Maharashtra, MSEDCL has exercised its step in rights and taken over the Distribution Franchisee in Jalgoan from the Group with effect from 12th August, 2015. The operations were terminated with immediate effect and the final claim settlement between the Group and MSEDCL is in progress. The Group have classified the Power distribution business as held for disposal from 12th August, 2015 for the following reasons:

- Power distribution segment represents a separate major line of business of operations
- The operations were abandoned with immediate effect from 12th August, 2015 and hence the carrying amount will not be recovered principally through continuing use.

Transmission and distribution (T&D) business outside India

Pursuant to the Group's plan to dispose of the T&D business, the Group has classified the operations of T&D business as discontinued operation w.e.f. 9th March, 2016 based on:

- Receiving the binding letter of offer from First Reserve International Limited, a US Private Equity fund,
- Expectation to complete the transaction within a period of one year along with required approvals,
- The Company has terminated Share purchase agreement entered with First Reserve during the year ended 31st March 2017; and
- However the Company commits itself to a plan to sell and will continue to identify new buyers for sale of T&D business.

Automation business

Pursuant to the Group's plan to dispose of the Automation business, the Group has classified the operations of Automation business as discontinued operation during the year w.e.f. 7th November, 2016 based on:

- Receiving the binding letter of offer from Alfanar Electric Systems Company of the kingdom of Saudi Arabia,
- Expectation to complete the transaction within a period of one year along with required approvals; and
- The sale was concluded on 6th March 2017.

Lease of equipment not in legal form of lease

Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17: Determining whether an Arrangement contains a Lease. 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 Appendix C to Ind AS 17.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration are the probability of meeting each performance target and the discount factor.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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.

₹ crore

NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Plant and machinery leasehold	Furniture and fittings	Office equipments	Vehicles	Total	Capital work-in-progress
Cost:										
As at 1-04-2015	619.91	244.32	1724.96	1928.61	14.39	111.34	113.32	39.37	4796.22	51.45
Additions	-	56.60	10.09	29.85	-	2.27	2.80	1.29	102.90	2.32
Disposals / transfers	78.03	91.74	28.93	32.64	-	8.11	6.29	2.30	248.04	4.60
Less: translation adjustments	(5.41)	-	(30.74)	(44.49)	-	(5.60)	(2.47)	(0.77)	(89.48)	9.00
Transferred to discontinued operations	305.75	-	950.56	979.16	-	29.68	48.94	20.42	2334.51	25.94
As at 31-03-2016	**241.54**	**209.18**	**786.30**	**991.15**	**14.39**	**81.42**	**63.36**	**18.71**	**2406.05**	**14.23**
Additions	-	-	1.38	22.71	-	1.75	2.39	0.97	29.20	17.95
Disposals / transfers	-	-	2.08	13.92	14.39	8.18	7.11	2.14	47.82	1.75
Less: translation adjustments	1.25	-	5.89	11.03	-	0.11	0.44	0.58	19.30	1.55
Transferred to / (from) discontinued operations	28.53	-	51.75	(82.91)	-	24.88	11.13	(0.36)	33.02	0.70
As at 31-03 2017	**211.76**	**209.18**	**727.96**	**1071.82**	**-**	**50.00**	**47.07**	**17.32**	**2335.11**	**28.18**
Accumulated depreciation:										
As at 1-04-2015	-	1.48	487.27	1230.77	7.20	81.85	89.75	26.79	1925.11	
Depreciation charge for the year	-	2.40	27.30	47.92	2.40	4.90	3.83	1.37	90.12	
Disposals / transfers	-	0.16	5.55	18.84	-	5.40	4.76	1.32	36.03	
Less: translation adjustments	-	-	(10.74)	(60.08)	-	2.08	(8.82)	(0.46)	(78.02)	
Transferred to discontinued operations	-	-	407.36	663.11	-	20.33	44.44	16.67	1151.91	
As at 31-03-2016	**-**	**3.72**	**112.40**	**656.82**	**9.60**	**58.94**	**53.20**	**10.63**	**905.31**	**-**
Depreciation charge for the year	-	3.56	26.86	49.26	-	3.42	2.87	1.33	87.30	
Disposals / transfers	-	-	0.83	12.40	9.60	6.29	6.68	1.45	37.25	
Less: translation adjustments	-	-	2.58	8.15	-	0.04	0.49	0.43	11.69	
Transferred to / (from) discontinued operations	-	-	4.65	(50.77)	-	21.94	9.39	(0.36)	(15.15)	
As at 31-03-2017	**-**	**7.28**	**131.20**	**736.30**	**-**	**34.09**	**39.51**	**10.44**	**958.82**	**-**
Net book value										
As at 31-03-2016	241.54	205.46	673.90	334.33	4.79	22.48	10.16	8.08	1500.74	14.23
As at 31-03-2017	**211.76**	**201.90**	**596.76**	**335.52**	**-**	**15.91**	**7.56**	**6.88**	**1376.29**	**28.18**

₹ crore

6. INVESTMENT PROPERTY

Cost:	
As at 1-04-2015	7.08
Additions	-
Disposals / transfers	7.08
As at 31-03-2016	**-**
Additions	-
Disposals / transfers	-
As at 31-03-2017	**-**
Accumulated depreciation:	
As at 1-04-2015	1.52
Depreciation charge for the year	0.03
Disposals / transfers	1.55
As at 31-03-2016	**-**
Depreciation charge for the year	-
Disposals / transfers	-
As at 31-03-2017	**-**
Net book value	
As at 31-03-2016	-
As at 31-03-2017	**-**
Fair value	
As at 31-03-2016	NA
As at 31-03-2017	**NA**

	2016-17	2015-16
Rental income derived from investment properties	-	0.95
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Profit arising from investment properties	-	0.95

The Group's investment properties consists of commercial properties in India.

7. INTANGIBLE ASSETS

	Brand names and customer lists	Computer software	Trade marks	Technical know-how	Commercial rights	Research and development	Technology	Concession rights	Total	Goodwill	Intangible assets under development
Cost:											
As at 1-04-2015	627.70	245.99	121.38	141.67	43.52	352.81	175.07	28.14	1736.28	470.68	52.76
Additions	-	10.13	-	-	-	21.07	-	-	31.20	-	50.35
Disposals / transfers	-	-	-	-	-	12.84	-	-	12.84	-	7.13
Impairment of goodwill	-	-	-	-	-	-	-	-	-	40.31	-
Impaiment of Intangible asset under development	-	-	-	-	-	-	-	-	-	-	5.87
Less: Translation adjustments	(11.60)	(31.93)	(14.96)	-	-	(113.09)	(8.26)	-	(179.84)	(53.95)	11.09
Transferred to discontinued operations	26.36	187.05	-	11.53	-	131.21	183.33	28.14	567.62	15.90	3.55
As at 31-03-2016	**612.94**	**101.00**	**136.34**	**130.14**	**43.52**	**342.92**	**-**	**-**	**1366.86**	**468.41**	**75.47**
Additions	0.91	1.12	-	-	-	22.51	-	-	24.54	-	13.89
Disposals / transfers	2.22	1.51	-	-	-	0.08	-	-	3.81	-	20.04
Impaiment of goodwill	-	-	-	-	-	-	-	-	-	43.61	-
Impaiment of Intangible asset under development	-	-	-	-	-	-	-	-	-	-	-
Less: Translation adjustments	7.95	(4.26)	-	6.12	-	22.17	-	-	31.98	14.43	0.16
Transferred to discontinued operations	425.65	11.79	136.34	44.54	12.43	126.28	-	-	757.03	266.83	35.86
As at 31-03-2017	**178.03**	**93.08**	**-**	**79.48**	**31.09**	**216.90**	**-**	**-**	**598.58**	**143.54**	**33.30**
Accumulated amortisation:											
As at 1-04-2015	221.48	182.89	33.08	112.13	29.63	206.10	161.96	3.93	951.20		
Amortisation charge for the year	57.84	9.71	13.06	8.20	9.08	47.41	14.43	-	159.73		
Disposals / transfers	-	-	-	-	-	12.83	-	-	12.83		
Less: Translation adjustments	7.81	(38.68)	(4.00)	-	-	(58.39)	(6.93)	-	(100.19)		
Transferred to discontinued operations	26.35	161.49	-	2.94	-	71.91	183.32	3.93	449.94		
As at 31-03-2016	**245.16**	**69.79**	**50.14**	**117.39**	**38.71**	**227.16**	**-**	**-**	**748.35**		
Amortisation charge for the year	17.52	9.14	-	2.76	1.11	32.16	-	-	62.69		
Disposals / transfers	2.22	1.51	-	-	-	0.03	-	-	3.76		
Less: Translation adjustments	3.12	(1.53)	-	5.99	-	16.35	-	-	23.93		
Transferred to discontinued operations	159.16	7.73	50.14	34.68	12.43	105.42	-	-	369.56		
As at 31-03-2017	**98.18**	**71.22**	**-**	**79.48**	**27.39**	**137.52**	**-**	**-**	**413.79**		
Net book value											
As at 31-03-2016	367.78	31.21	86.20	12.75	4.81	115.76	-	-	618.51	468.41	75.47
As at 31-03-2017	**79.85**	**21.86**	**-**	**-**	**3.70**	**79.38**	**-**	**-**	**184.79**	**143.54**	**33.30**

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:

	As at 31-03-2017	As at 31-03-2016
CGUs /Segments		
Power Systems	**61.47**	105.10
Industrial Systems	**125.68**	136.79
Automation Systems	**266.83**	266.83
Total goodwill	**453.98**	508.72
Less: Impairment*	**(43.61)**	(40.31)
Less: Sale of Automation Business	**(266.83)**	-
Net goodwill	**143.54**	468.41

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 methods 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 the Company. 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 31-03-2017	As at 31-03-2016
Terminal value growth rate	**1%**	1%
Pre tax discount rate	**9.39%**	11.70%

* The pre tax discount rate (WACC) used 10.88% (previous year 14.50%)

No impairment was identified except the impairment of ₹ 43.61 crore (previous year ₹ 40.31 crore) for one of the Power Unit due to economic down turn, slow growth etc. 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.

₹ crore

	As at 31-03-2017	As at 31-03-2016
8. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS		
Quoted investments		
Investment in Government or trust securities	**0.44**	0.44
Unquoted investments		
Investment in equity instruments		
Joint venture	**15.79**	-
Investments in equity instruments		
Carried at fair value through other comprehensive income	**151.80**	198.62
Carried at fair value through profit and loss	**0.01**	0.01
Investments in debentures or bonds		
Others	**8.05**	8.05
Other non-current investments		
Others	**27.83**	23.20
	203.92	230.32
Note:		
Quoted investments		
Book value	**0.44**	0.44
Market value	**0.44**	0.44
Unquoted investments		
Book value	**203.48**	229.88

8(a) INVESTMENT IN ASSOCIATES

A General information

The Group has 49.00% of share holding in equity share capital of Saudi Power Transformers Co. Ltd. (SPTC). SPTC's principal place of business is Kingdom of Saudi Arabia.

The Group has 49.00% of share holding in equity share capital of CG International Bv Tr. & Cont. Pvt. Co. LLC (earlier known as Pauwels Middle East Trading & Contracting Pvt. Co. LLC). Its principal place of business is United Arab Emirates.

B Summarised financial information of the associates

	As at 31-03-2017	As at 31-03-2016
Current assets	**0.01**	63.50
Non-current assets	**-**	171.47
Current liabilities	**0.12**	153.74
Non-current liabilities	**-**	125.06
Equity	**(0.11)**	(43.83)
Group's share of net assets	**(0.06)**	(21.47)
Carrying amount of interest in associates	**-**	-

The above amount of equity includes accumulated losses of the associates of ₹ 0.11 crore (31-03-2016 : ₹ 43.83 crore) on which the Group has recognised its share to the extent of cost of its investments.

	2016-17	2015-16
Revenue	**-**	34.91
Pre-tax profit / (loss)	**0.06**	(18.64)
Income tax expense	**-**	(0.01)
Post-tax profit / (loss)	**0.06**	(18.65)
Other comprehensive income	**-**	-
Total comprehensive income	**0.06**	(18.65)
Group's share of total comprehensive income / (loss) recognised in the profit or loss	**-**	-
Dividends received from associates	**-**	-

C Contingent liabilities as at the reporting date

	As at 31-03-2017	As at 31-03-2016
Capital commitments	**-**	0.51
Group's share of capital commitments	**-**	0.25
Contingent liabilities incurred by the Group in relation to its interest in associates	**-**	6.00
Group's share of contingent liabilities	**-**	2.94

₹ crore

8(b) INVESTMENT IN JOINT VENTURE

A General information

The Group has 51.00% of share holding in equity share capital of PT Crompton Prima Switchgear Indonesia (PT Prima). PT Prima's principal place of business is Indonesia. As at 31st March 2016, the investment was treated as asset held for sale.During the current year, the Group has decided to continue with business of PT Crompton Prima Switchgear Indonesia (PT Prima) and therefore it has been treated as investment in continuing operation as on 31st March 2017.

The Group had 50.00% of share holding in equity share capital of CG Lucy Switchgear Limited (CG Lucy). CG Lucy's principal place of business is India. During the previous year, investments in CG Lucy was sold.

B Summarised financial information of the Joint Venture

	As at 31-03-2017	As at 31-03-2016
Current assets	**0.69**	-
Non-current assets	**85.94**	-
Current liabilities	**6.34**	-
Non-current liabilities	**43.71**	-
Equity	**36.58**	-
Foreign currency translation impact	**(2.86)**	-
Group's share of net assets	**15.79**	-
Carrying amount of interest in joint venture	**15.79**	-

	2016-17	2015-16
Revenue	**-**	53.52
Pre-tax profit / (loss)	**(4.11)**	1.88
Income tax expense	**(1.03)**	(0.56)
Post-tax profit / (loss)	**(3.08)**	2.44
Other comprehensive income	**-**	-
Total comprehensive income	**(3.08)**	2.44
Group's share of total comprehensive income	**(1.57)**	1.20
Dividends received from joint venture	**-**	-

9. NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31-03-2017	As at 31-03-2016
Unsecured, considered good, unless otherwise stated		
Deposits	**6.65**	9.44
	6.65	9.44

10. TAXATION

Income tax related to items charged or credited directly to profit and loss during the year:

	2016-17	2015-16
Statement of profit and loss		
Current income tax (continuing operations)	**47.52**	130.42
Current income tax (discontinued operations)	**(7.47)**	67.14
Deferred tax expense / (benefit):		
Minimum alternate tax (continuing operations)	**(11.83)**	-
Relating to origination and reversal of temporary differences (continuing operations)	**(19.09)**	(63.69)
Relating to origination and reversal of temporary differences (discontinued operations)	**(3.38)**	15.26
Total	**5.75**	149.13

₹ crore

10. TAXATION (Contd.)

Income Tax expense

	2016-17	2015-16
Reconciliation		
Profit / (loss) before tax from continuing operations	**126.59**	180.01
Profit / (loss) before tax from discontinued operations	**(611.47)**	(491.50)
Accounting profit /(loss) before income tax	**(484.88)**	(311.49)
Applicable tax rate	**34.608%**	34.608%
Computed tax expense	**(167.81)**	(107.80)
Exceptional items not considered for tax purpose	**15.26**	123.75
Income not considered for tax purpose	**(87.07)**	(101.61)
Expense not allowed for tax purpose	**9.11**	68.01
Additional allowances for tax purpose	**(14.80)**	(54.35)
Additional allowances for capital gain	**-**	(85.24)
Current year losses / brought forward losses on which deferred tax not recognised	**266.83**	342.52
Tax paid at lower rate	**(1.09)**	2.11
Other temporary differences	**(14.68)**	(38.26)
Income tax expense charged to the statement of profit and loss	**5.75**	149.13
Income tax attributable to continuing operations	**16.60**	66.73
Income tax attributable to discontinued operations	**(10.85)**	82.40
Total	**5.75**	149.13

Deferred tax relates to the following:

	Balance sheet		Recognised in statement of profit or loss	
	As at 31-03-2017	As at 31-03-2016	2016-17	2015-16
Expenses allowable on payment basis	**9.71**	2.48	**1.82**	(7.74)
Unused tax losses / depreciation	**14.72**	78.44	**(63.72)**	(21.75)
Other items giving rise to temporary differences	**38.73**	52.74	**(12.29)**	75.39
Accelerated depreciation for tax purposes	**(128.36)**	(202.44)	**95.22**	(46.73)
Finance lease	**-**	1.71	**(1.71)**	0.32
Service concession arrangements	**-**	0.45	**(0.45)**	0.03
Fair valuation of property, plant and equipment (PP&E)	**(204.82)**	(210.84)	**6.02**	50.94
Impairment of loan	**3.88**	3.88	**-**	-
Provision for loss allowance	**18.63**	20.74	**(2.42)**	(2.03)
Minimum alternate tax	**11.83**	-	**11.83**	-
Deferred tax asset / (liability)	**(235.68)**	(252.84)		
Net (income) / expense			**34.30**	48.43

Reconciliation of deferred tax assets / (liabilities) net:

	As at 31-03-2017	As at 31-03-2016
Opening balance as of 1st April	**(252.84)**	(437.73)
Tax income / (expense) during the period recognised in profit or loss	**19.09**	63.69
Tax income / (expense) during the period recognised in profit or loss from discontinued operations	**3.38**	(15.26)
Deferred tax - minimum alternate tax	**11.83**	-
Deferred tax transferred on discontinued operations	**(20.72)**	114.42
Translation adjustment	**3.58**	22.04
Closing balance	**(235.68)**	(252.84)

Deferred tax assets have not been recognised in respect of losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

₹ crore

NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2017	As at 31-03-2016
11. NON-CURRENT ASSETS-OTHERS		
Unsecured, considered good, unless otherwise stated		
Capital advances	**3.21**	0.95
Others	**-**	0.02
	3.21	0.97

	As at 31-03-2017		As at 31-03-2016	
12. INVENTORIES				
Raw materials	**370.23**		245.87	
Add: Goods-in-transit	**18.26**		9.61	
		388.49		255.48
Work-in-progress - manufacturing		**272.72**		261.60
Finished goods - manufacturing		**128.84**		62.18
Stock-in-trade		**88.83**		2.66
Stores, spares and packing materials		**3.19**		3.00
Loose tools		**0.03**		0.09
		882.10		585.01

	As at 31-03-2017	As at 31-03-2016
13. CURRENT FINANCIAL ASSETS-INVESTMENTS		
Quoted investments		
Investments in equity instruments		
Carried at fair value through profit and loss	**0.98**	0.95
Investments in mutual funds		
Carried at fair value through profit and loss	**4.24**	-
	5.22	0.95
Note:		
Quoted investments		
Book value	**5.22**	0.95
Market value	**5.22**	0.95

	As at 31-03-2017		As at 31-03-2016	
14. TRADE RECEIVABLES				
Unsecured				
Debts overdue for six months				
Considered good	**443.79**		395.79	
Considered doubtful	**109.83**		139.39	
	553.62		535.18	
Less: Allowance for doubtful debts	**109.83**		139.39	
		443.79		395.79
Other debts				
Considered good		**1433.36**		1681.22
		1877.15		2077.01

	As at 31-03-2017		As at 31-03-2016	
15. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents:				
Balances with banks:				
On current accounts	**569.18**		532.79	
On deposit accounts (Refer note below)	**155.10**		259.46	
		724.28		792.25
Cash on hand		**0.21**		0.16
		724.49		792.41

Note:

Deposits of ₹ 32.90 crore (Previous year ₹ 175.00 crore) with banks held as margin money or security against the borrowings, guarantees and other commitments.

	As at 31-03-2017		As at 31-03-2016	
16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS				
Other balances:				
Earmarked balances with banks for:				
Unpaid dividends	**1.29**		1.65	
Others	**34.93**		-	
		36.22		1.65
Fixed deposits with banks		**-**		2.83
		36.22		4.48

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2017 and 31st March, 2016.

	As at 31-03-2017		As at 31-03-2016	
17. CURRENT FINANCIAL ASSETS - LOANS				
Unsecured, considered good, unless otherwise stated				
Advances recoverable in cash or in kind or for value to be received:				
Considered good		**3.08**		1.36
Security deposits:				
Considered good	**73.17**		30.59	
Considered doubtful	**0.05**		0.05	
	73.22		30.64	
Less: Allowance for bad and doubtful deposits	**0.05**		0.05	
		73.17		30.59
		76.25		31.95

	As at 31-03-2017	As at 31-03-2016
18. CURRENT FINANCIAL ASSETS - OTHERS		
Bank deposits (Refer note below)	**149.03**	230.60
Other financial receivables	**7.96**	1.37
Derivative instruments	**16.29**	6.40
	173.28	238.37

Note:

Deposits of ₹ 149.03 crore (Previous year ₹ 230.60 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

₹ crore

	As at 31-03-2017	As at 31-03-2016
19. OTHER CURRENT ASSETS		
Advance to suppliers	**587.23**	162.66
Advance to other related parties	**115.26**	96.56
Prepaid expenses	**22.76**	33.22
Due from customers (construction and project related activity)	**82.54**	42.11
Insurance receivables	**14.04**	3.38
Statutory and other receivables	**390.65**	233.16
	1212.48	571.09

	As at 31-03-2017	As at 31-03-2016
20. SHARE CAPITAL		
Authorised:		
2,03,80,00,000 Equity Shares of ₹ 2 each	**407.60**	407.60
(Previous year 2,03,80,00,000 equity shares of ₹ 2 each)		
Issued:		
62,67,88,442 Equity Shares of ₹ 2 each (Previous year 62,67,88,442 equity shares of ₹ 2 each)	**125.35**	125.35
Subscribed and paid-up:		
62,67,46,142 Equity Shares of ₹ 2 each (Previous year 62,67,46,142 equity shares of ₹ 2 each)	**125.35**	125.35
Forfeited shares:		
Amount paid-up on 42,300 Equity Shares of ₹ 2 each (Amount paid-up ₹ 32,175)	**0.00**	0.00
	125.35	125.35

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Authorised share capital	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
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 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
Balance at the beginning of the year	**626788442**	**125.35**	626788442	125.35
Balance at the end of the year	**626788442**	**125.35**	626788442	125.35

Subscribed and paid-up	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	**₹ crore**	No. of Shares	₹ crore
Balance at the beginning of the year	**626746142**	**125.35**	626746142	125.35
Balance at the end of the year	**626746142**	**125.35**	626746142	125.35

The Company has not issued any equity shares during the current and in the previous year.

(b) Terms / rights attached to equity shares:

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

20. SHARE CAPITAL (Contd.)

(c) Details of shareholders holding more than 5 % shares in the Company:

		As at 31-03-2017		As at 31-03-2016	
		%	**No. of Shares**	%	No. of Shares
1	Avantha Holdings Limited	**34.37**	**215442496**	34.37	215442496
2	Reliance Capital Trustee Co. Ltd A/c Reliance Equity Opportunities Fund	**9.21**	**57717660**	7.43	46569874
3	HDFC Trustee Company Limited - HDFC Equity Fund	**9.22**	**57809500**	9.22	57809500
4	Life Insurance Corporation of India	**5.24**	**32820195**	5.24	32820195

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

(e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	As at 31-03-2017	As at 31-03-2016
	No. of Shares	No. of Shares
Shares issued as fully paid-up bonus shares	**-**	-

(f) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	As at 31-03-2017	As at 31-03-2016
	No. of Shares	No. of Shares
Shares bought back	**14745394**	14745394

(g) Aggregate number of shares issued as GDRs

	As at 31-03-2017		As at 31-03-2016	
	%	**No. of Shares**	%	No. of Shares
The Bank of New York	**0.14**	**882329**	0.14	882329

(h) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2016-17 (Previous year 2015-16 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(i) Nature and purpose of reserves:

(1) Capital redemption reserve:

Capital redemption reserve was created on buy back of shares. A company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(2) Securities premium account:

Securities premium account is created when shares are issued at premium. A company may issue fully paid-up bonus shares to its members out of the securities premium reserve account, and company can use this reserve for buy-back of shares.

(3) Capital reserve:

The Group had paid certain deferred sales tax liabilities in accordance with the scheme formulated by the State Government of Maharashtra for such optional prepayments. The resultant surplus of ₹ 19.12 crore, representing the excess of the recorded liability over the amount paid was credited to Capital reserve.

During the financial year ended 31st March, 2016, the capital reserve of ₹ 652.53 crore is recognised due to demerger of consumer products segment pursuant to the transfer of all assets and liabilities to the resulting company i.e. Crompton Greaves Consumer Electricals Limited (Refer note 45).

(4) Statutory reserve:

Statutory reserve represents profits set aside as per the local statutory requirement of overseas subsidiaries and the same is not available for distribution.

(5) Capital reserve on consolidation:

Capital reserve on consolidation is on account of subsidiaries acquired.

(6) Government grant:

Grants are recognized as non-repayable when the requirements established for receiving them are met and are recognized directly in equity, net of corresponding tax effect.

₹ crore

	As at 31-03-2017	As at 31-03-2016
21. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS		
Secured loans		
Term loans from banks {Refer Note (a) below}	**390.61**	544.65
From financial Institutions {Refer Note (b) below}	**-**	50.18
Unsecured loans		
Term loans from banks {Refer Note (d) below}	**113.19**	-
Finance lease obligations {Refer Note (f) and (g) below}	**-**	4.19
	503.80	599.02

Notes:

Security created to the extent of:

(a) Secured term loans from banks:

(i) The term loan of ₹ 412.71 crore (as at 31-03-2016 ₹ Nil) availed by the Company, at an interest rate of 1 year Bank's MCLR (reset on the 1st day of the month falling after twelve calendar months from the date of relevant drawdown and every 12 months thereafter) plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3rd August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by first exclusive charge on plant and machinery and moveable fixed assets. (Current maturity pertaining to the said loan is ₹ 22.30 crore, refer note no. 27)

(ii) During the year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.08 crore from VW bank GmbH. The loan is repayable in forty eight equal monthly installments from the drawdown in December, 2016.

(iii) During the year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.12 crore from VW bank GmbH. The loan is repayable in forty eight equal monthly installments from the drawdown in January, 2017.

(iv) Term loan of ₹ Nil crore (as at 31-03-2016 ₹ 441.79 crore) was secured by pledge over 100% shares of ZIV group, mortgage of fixed assets located at Spain and guaranteed by the Company. This loan is repaid during the year. Current Maturities as at 31-03-2016 ₹ 79.64 crore is shown under note 27.

(v) Term loan of ₹ 167.67 crore (as at 31-03-2016 ₹ 182.50 crore) is repayable in full within two years from utilization date i.e. 15th March, 2016. The said outstanding of ₹ 167.67 crore is shown under current maturities of long term debt. (Refer Note 27).

(vi) Term loan of ₹ Nil crore (as at 31-03-2016 ₹ 14.69 crore) was secured by way of fixed and floating charge on all assets of CG Power Systems Ireland Limited. This loan is repaid during the year. Current maturities as at 31-03-2016 ₹ 2.01 crore. *

(vii) Term loan of ₹ 196.42 crore (as at 31-03-2016 ₹ 213.78 crore) is secured by way of fixed and floating charge on all assets of CG Electric Systems Hungary Zrt. Repayment of the loan will commence from December 2022 and will be repayable in four equal annual installments.*

(viii) Term loan of ₹ 11.08 crore (as at 31-03-2016 ₹ 21.70 crore) is secured by way of fixed and floating charge on all assets of CG Power Systems Belgium N.V and CG Holdings Belgium N.V. Repayment of the loan has commenced from 2015-16 and will be repayable in four unequal annual installments. Current maturity is ₹ 8.86 Crore (as at 31-03-2016 ₹ 9.65 crore). *

(ix) Term loan of ₹ 20.39 crore (as at 31-03-2016 ₹ 29.46 crore) availed by CG Power USA Inc. is secured by encumbrance on leased equipments. Current maturity is ₹ 8.82 Crore (as at 31-03-2016 ₹ 8.26 crore). *

(x) Term loan of ₹ Nil (as at 31-03-2016 ₹ 150.82 crore) availed by CG Middle East FZE was secured by way of Corporate Guarantee given by the Company . The loan is repaid during the year.

(b) Secured term loans from financial institutions consist of the following:

(i) Soft loans of ₹ Nil crore (as at 31-03-2016 ₹ 53.07 crore) from Government / Ministry of Spain. The loan is repaid during the year. Current maturity as at 31-03-2016 ₹ 2.89 crore. *

(ii) During the year, the facility of ₹ 200 crore (as at 31-03-2016 ₹ Nil) availed by CG Power Solutions Limited, at an interest rate equivalent to the Benchmark Rate (BR) + Spread. The said interest rate will be fixed till the moratorium period and will be linked to Benchmark Rate 1 year HDFC Bank MCLR Rate. The spread shall be defined on the date of first disbursement in a manner such that the applicable interest rate works out to 12.50% p.a. payable monthly. The repayment of the said loan will commence after 12 months from the date of disbursement, 20% of total repayment will be paid in 2nd & 3rd year of loan in 8 quarterly installments and the balance 80% will be paid in 4th & 5th year of the loan in 8 equal quarterly installments. The loan is secured by exclusive charge on movable and immovable fixed assets and Demand Promissory Note.*

(c) Unsecured Borrowings by way of bonds consist of the following:

BUILD Missouri revenue bonds, Series 2010 ₹ 4.13 crore (as at 31-03-2016 ₹ 4.65 crore) is repayable in semi-annual installments, maturing on December, 2024. Current maturity is ₹ 0.44 Crore (as at 31-03-2016 ₹ 0.41 crore).*

(d) Unsecured term loans from banks consist of the following:-

(i) The term loan of ₹ 210.63 crore (as at 31-03-2016 ₹ Nil) availed by the Company, at an interest rate of 10.15% p.a. linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11th July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity pertaining to the said loan is ₹ 97.44 crore, refer note no. 27)

(ii) Long term loan of ₹ Nil crore (as at 31-03-2016 ₹ 113.12 crore) is repaid by way of a single installment in August 2016. *

(iii) Working facility up to ₹ 72.92 crore (as at 31-03-2016 ₹ 74.40 crore) is availed by CG Power USA Inc. to meet its long term working capital requirement. This loan is repayable in October 2017 by way of bullet payment at the end of 24 months from the date of drawdown. The loan is supported by corporate guarantee of the Company. Current maturity is ₹ 72.92 Crore (as at 31-03-2016 ₹ Nil) *

(e) During the year, CG Power Solutions Limited issued 2,000 unsecured redeemable taxable non convertible debentures of ₹ 10,00,000/- each aggregating to ₹ 200.00 crore. The debenture amount is supported by corporate guarantee of the Company. The outstanding balance of the said debentures amounting to ₹ 179.00 crore is due within one year.*

(f) Finance lease obligations are repayable in equated monthly installments.

*** Borrowings pertaining to discontinued operations are included under the head 'Liabilities associated with group of assets classified as held for sale and discontinued operations' (Refer Note: 45)**

21. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS (Contd.)

(g) Finance lease:

The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

	As at 31-03-2017		As at 31-03-2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	**0.04**	**0.04**	4.33	3.76
After one year but not more than five years	**-**	**-**	4.43	4.19
More than five years	**-**	-	-	-
Total minimum lease payments	**0.04**	**0.04**	8.76	7.95
Less: amounts representing finance charges	**0.00**	-	0.81	-
Present value of minimum lease payments	**0.04**	**0.04**	7.95	7.95

During the financial year 2016-17, the Company has made reassessment of an arrangement after its inception, which was earlier assessed as containing a finance lease. The reassessment was necessitated on account of change in the contractual terms (which did not relate only to renewal or extension of the arrangement). The arrangement is now reassessed as not containing a lease and thus, lease accounting ceased to apply from the date when the change in circumstances giving rise to the reassessment occurred.

The difference between the carrying amount of the leased assets and the lease liability, amounting to ₹ 3.07 crore has been recognised in the Statement of profit and loss.

	As at 31-03-2017	As at 31-03-2016
22. NON-CURRENT - OTHER FINANCIAL LIABILITIES		
Deposits payable	**1.14**	1.25
	1.14	1.25

	As at 31-03-2017	As at 31-03-2016
23. NON-CURRENT PROVISIONS		
Employee benefits	**55.14**	40.69
Other provisions (Refer note 29)	**16.07**	12.08
	71.21	52.77

	As at 31-03-2017	As at 31-03-2016
24. OTHER NON-CURRENT LIABILITIES		
Others	**0.94**	6.34
	0.94	6.34

	As at 31-03-2017	As at 31-03-2016
25. CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Term loans		
From banks {Refer Note (i) and (ii) below}	**0.44**	114.03
Working capital demand loan		
From banks {Refer Note (iii) below}	**229.82**	127.27
Unsecured loans		
Working capital loan from bank:		
Demand loan	**391.79**	300.00
Factoring loan	**-**	95.71
Supplier finance facility	**88.62**	55.20
	710.67	692.21

Notes :

(i) Cash Credit facility amounting to ₹ 0.44 crore (as at 31-03-2016 ₹ 0.91 crore), availed by CG-PPI Adhesive Products Limited from bank is secured by hypothecation of stocks and book debts and is further secured by mortgage by deposit of title deeds in respect of its immovable properties, both present and future consisting of land, factory building structures, erections, godowns and furniture and fixtures.

(ii) Term loan amounting to ₹ 113.12 crore availed by the Group companies is repaid during the year.

(iii) Working capital demand loan amounting to ₹ 229.82 crore (as at 31-03-2016 ₹ 127.27 crore) availed by the Company is secured by hypothecation of inventories book debts and trade receivables, both present and future.

₹ crore

	As at 31-03-2017	As at 31-03-2016
26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
Acceptances	**108.93**	43.17
Due to others	**1274.21**	1259.48
	1383.14	1302.65

	As at 31-03-2017		As at 31-03-2016	
27. CURRENT-OTHER FINANCIAL LIABILITIES				
Financial Liabilities at amortised cost:				
Current maturities of long- term debts:				
From banks	**287.41**		230.46	
From financial institutions	**-**		2.89	
		287.41		233.35
Interest free sales tax deferral loans from State Government		**0.12**		0.12
Current maturities of finance lease obligations		**0.04**		3.76
Interest accrued but not due on borrowings		**5.62**		1.62
Investor Education and Protection Fund: (Refer note below)				
Unclaimed dividend		**1.29**		1.65
Financial guarantee obligations		**0.86**		-
Due to directors		**4.32**		5.84
Other payables:				
Due to erstwhile shareholders	**-**		0.11	
Security deposits	**7.47**		7.43	
Employee dues	**30.92**		31.71	
Others	**66.23**		80.34	
		104.62		119.59
		404.28		365.93

Note:

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2017 and 31st March, 2016.

	As at 31-03-2017		As at 31-03-2016	
28. OTHER CURRENT LIABILITIES				
Advances from customers		**447.29**		293.77
Due to customers		**62.86**		48.63
Balance with bank overdrawn as per books		**0.71**		-
Other payables:				
Statutory dues	**15.35**		27.94	
Others	**30.03**		49.80	
		45.38		77.74
		556.24		420.14

	As at 31-03-2017	As at 31-03-2016
29. SHORT-TERM PROVISIONS		
Employee benefits	**14.67**	19.80
Other provisions (Refer note below)	**69.41**	60.63
	84.08	80.43

₹ crore

Note:

Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets

(1) Movement in provisions:

Nature of provisions	Warranties		Sales tax / VAT		Excise duty / Customs duty / Service tax	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Carrying amount at the beginning of the year*	**43.50**	140.68	**11.93**	11.07	**3.50**	4.53
Amount transferred due to discontiuned operations / demerger	**(7.50)**	98.77	**-**	2.13	**-**	-
Additional provision made during the year #	**15.51**	17.62	**-**	3.00	**-**	-
Amounts used during the year	**0.75**	3.52	**-**	-	**-**	-
Unused amounts reversed during the year #	**8.91**	12.71	**3.61**	0.01	**-**	1.03
Translation adjustment	**(0.44)**	0.20	**-**	-	**-**	-
Carrying amount at the end of the year*	**56.41**	43.50	**8.32**	11.93	**3.50**	3.50

Nature of provisions	Liquidated damages		Other litigation claims		Environmental obligations	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Carrying amount at the beginning of the year*	**9.54**	47.43	**4.24**	96.71	**-**	15.82
Amount transferred due to discontiuned operations / demerger	**(2.67)**	39.24	**-**	89.61	**-**	15.82
Additional provision made during the year #	**-**	3.34	**4.97**	-	**-**	-
Amounts used during the year	**1.82**	1.11	**-**	-	**-**	-
Unused amounts reversed during the year #	**1.47**	1.08	**2.93**	2.86	**-**	-
Translation adjustment	**(0.09)**	0.20	**-**	-	**-**	-
Carrying amount at the end of the year*	**8.83**	9.54	**6.28**	4.24	**-**	-

Nature of provisions	Onerous contracts		Total	
	2016-17	2015-16	2016-17	2015-16
Carrying amount at the beginning of the year*	**-**	11.65	**72.71**	327.89
Amount transferred due to discontiuned operations / demerger	**-**	11.65	**(10.17)**	257.22
Additional provision made during the year #	**7.23**	-	**27.71**	23.96
Amounts used during the year	**5.02**	-	**7.59**	4.63
Unused amounts reversed during the year #	**-**	-	**16.92**	17.69
Translation adjustment	**(0.07)**	-	**(0.60)**	0.40
Carrying amount at the end of the year*	**2.14**	-	**85.48**	72.71

Additional provision made during the year and reversal of unused amount are included in the respective head of accounts.

* Carrying amounts comprise of non-current and current provisions.

(2) Nature of provisions:

(a) Product warranties: The Group gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for sales tax /VAT represents liability on account of non-collection of declaration forms and other legal matters which are in appeal under the Act / Rules.

(c) Provision for excise duty / customs duty / service tax represents the differential duty liability that is expected to materialise in respect of matters in appeal.

(d) Provision for liquidated damages has been made on contracts for which delivery dates are exceeded and computed in reasonable and prudent manner.

(e) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

(f) Provision for environmental obligations represents liabilities towards the costs expected to be incurred to treat contaminated soil / effluents at its manufacturing locations, wherever required by local law.

(g) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

₹ crore

NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2016-17		2015-16	
30. REVENUE FROM OPERATIONS				
Sale of products	**5628.87**		5235.44	
Sale of services	**80.62**		66.58	
Construction contracts	**410.26**		292.93	
		6119.75		**5594.95**

	2016-17	2015-16
CONTRACTS IN PROGRESS		
Contract revenue recognised for the financial year	**410.26**	292.93
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	**2816.15**	2405.89
Amount of customer advances outstanding for contracts in progress as at the reporting date	**62.93**	53.86
Retention amount due from customer for contract in progress as at the reporting date	**122.61**	146.41

	2016-17	2015-16
31. OTHER INCOME		
Interest income	**39.37**	17.30
Dividend income	**-**	0.01
Gain on sale of investments (net)	**2.52**	9.11
Fair value gain on financial instruments at fair value through profit or loss	**4.69**	0.02
Exchange gain (net)	**-**	15.13
Other non-operating income:		
Income from lease of premises / business service centers	**0.70**	5.90
Government grant	**0.03**	0.13
Profit on sale of property, plant and equipment (net)	**4.15**	32.59
Miscellaneous income	**17.24**	31.30
	68.70	111.49

	2016-17		2015-16	
32. COST OF MATERIALS CONSUMED				
Opening stock	**208.22**		230.64	
Add: Purchases	**3940.28**		3317.97	
Less: Closing stock	**388.49**		208.22	
	3760.01		3340.39	
Less: Scrap sales	**51.38**		54.37	
		3708.63		3286.02
Add: Sub-contracting charges		**237.25**		190.65
		3945.88		3476.67

Note:

Opening stock and closing stock excludes stock related to discontinued operations.

	2016-17	2015-16
33. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	**236.41**	118.16
	236.41	118.16

₹ crore

	2016-17		2015-16	
34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Changes in inventories of finished goods and work-in-progress:				
Closing stock:				
Finished goods	**128.84**		50.73	
Work-in-progress	**272.72**		268.83	
	401.56		319.56	
Opening stock:				
Finished goods	**50.73**		103.02	
Work-in-progress	**268.83**		233.96	
	319.56		336.98	
		(82.00)		17.42
Changes in inventories of stock-in-trade:				
Closing stock:				
Stock-in-trade	**88.83**		2.66	
Opening stock:				
Stock-in-trade	**2.66**		2.02	
		(86.17)		(0.64)
		(168.17)		16.78

Note:

Opening stock and closing stock excludes stock related to discontinued operations.

	2016-17	2015-16
35. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**451.38**	471.13
Contribution to provident and other funds	**49.35**	46.70
Post retirement medical benefits	**2.81**	2.28
Staff welfare expenses	**33.56**	38.90
	537.10	559.01

	2016-17	2015-16
36. FINANCE COSTS		
Interest on loans	**188.03**	79.08
Interest on finance lease	**-**	0.89
	188.03	79.97

	2016-17	2015-16
37. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense	**149.99**	171.65
	149.99	171.65

₹ crore

	2016-17	2015-16
38. OTHER EXPENSES		
Consumption of stores and spares	**27.01**	26.41
Power and fuel	**49.85**	50.05
Rent	**13.09**	19.23
Repairs to buildings	**7.08**	8.16
Repairs to machinery	**23.88**	21.36
Insurance	**16.24**	13.29
Rates and taxes	**16.17**	21.94
Freight and forwarding	**105.12**	132.12
Packing materials	**57.01**	57.35
After sales services including warranties	**47.31**	34.42
Sales promotion	**31.93**	35.94
Legal and professional charges	**69.08**	54.77
Excise duty on sales	**407.09**	326.36
Miscellaneous expenses	**227.46**	192.73
	1098.32	994.13

₹ crore

	As at 31-03-2017	As at 31-03-2016
39. CONTINGENT LIABILITIES AND COMMITMENTS		
A. Contingent liabilities: (to the extent not provided for)		
(a) Claims against the Group not acknowledged as debts	**9.01**	5.68
(b) Sales tax / VAT liability that may arise in respect of matters in appeal	**44.38**	46.47
(c) Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal	**6.53**	6.69
(d) Income tax liability that may arise in respect of matters in appeal preferred by the department	**4.58**	8.43
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**11.12**	15.74

Notes:

(a) The Group does not expect any reimbursement in respect of the above contingent liabilities.

(b) 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.

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES

(a) In terms of Indian Accounting Standard (Ind AS) 24 Related Party Disclosures, Indian Accounting Standard (Ind AS) 110 Consolidated Financial Statements and Indian Accounting Standard (Ind AS) 28 Investment in Associates and Joint Ventures in Consolidated Financial Statements specified by the Companies (Accounting Standards) Rules, 2015 (as amended), the Consolidated Financial Statements present the Consolidated Financial Statements of CG Power and Industrial Solutions Limited (the Parent Company) with its subsidiaries and associates as under:

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest	
			As at 31-03-2017	As at 31-03-2016
(i)	**Subsidiaries:**			
1	CG Power Solutions Limited	India	100.00	100.00
2	Crompton Greaves Consumer Products Limited	India	100.00	100.00
3	Crompton Greaves Consumer Electricals Limited (demerged w.e.f. 23rd March 2016)	India	-	-
4	CG International B.V.	The Netherlands	100.00	100.00
5	CG-PPI Adhesive Products Limited	India	81.42	81.42
6	ZIV Automation India Limited (incorporated on 18th November 2016 and demerged w.e.f. 6th March 2017)	India	-	-
7	CG Holdings Belgium N.V.	Belgium	100.00	100.00
8	CG Power Systems Belgium N.V.	Belgium	100.00	100.00
9	CG Power Systems Ireland Limited	Ireland	100.00	100.00
10	CG Sales Networks France SA	France	99.70	99.40
11	CG Power Systems Canada Inc.	Canada	100.00	100.00
12	PT. CG Power Systems Indonesia	Indonesia	95.00	95.00
13	CG- Ganz Generator and Motor Limited Liability Company (formerly known as CG Holdings Hungary Kft.)	Hungary	100.00	100.00
14	CG Electric Systems Hungary Zrt.	Hungary	100.00	100.00
15	Microsol Limited (ceased w.e.f. 26th April 2017)	Ireland	100.00	100.00
16	CG Automation Systems UK Limited (ceased w.e.f. 6th March 2017)	United Kingdom	-	100.00
17	CG Service Systems France SAS	France	100.00	100.00
18	CG Power USA Inc. (formerly known as CG Power Solutions USA)	USA	100.00	100.00
19	CG Power Solutions UK Limited	United Kingdom	100.00	100.00
20	CG Power Systems Brazil Ltda (ceased w.e.f. 19th December 2016)	Brazil	-	100.00
21	CG Power Solutions Saudi Arabia Limited	Saudi Arabia	51.00	51.00
22	Crompton Greaves Holdings Mauritius Limited (liquidated w.e.f. 14th December 2015)	Mauritius	-	-
23	CG International Holdings Singapore Pte. Limited	Singapore	100.00	100.00
24	CG Industrial Holdings Sweden AB	Sweden	100.00	100.00
25	CG Drives and Automation Sweden AB	Sweden	100.00	100.00
26	CG Drives and Automation Netherlands B.V.	The Netherlands	100.00	100.00
27	CG Drives and Automations Germany GmbH	Germany	100.00	100.00
28	ZIV Aplicaciones y Tecnologia S.L. (ceased w.e.f. 6th March 2017)	Spain	-	100.00
29	ZIV Metering Solutions S.L. (ceased w.e.f. 6th March 2017)	Spain	-	100.00
30	ZIV Grid Automation S.L.U (ceased w.e.f. 6th March 2017)	Spain	-	100.00
31	ZIV Communications S.A.U (ceased w.e.f. 6th March 2017)	Spain	-	100.00
32	ZIV Do Brazil Ltda (ceased w.e.f. 6th March 2017)	Brazil	-	100.00
33	ZIV I+D Smart Energy Networks (ceased w.e.f. 6th March 2017)	Spain	-	100.00
34	CG Middle East FZE	UAE	100.00	100.00
35	ZIV France, SASU (incorporated on 3rd November, 2015 and ceased w.e.f. 6th March 2017)	France	-	100.00
36	CG Holdings Americas, LLC (incorporated on 7th October, 2016)	USA	100.00	-
37	QEI, LLC (incorporated on 15th April, 2015)	USA	100.00	100.00
38	CG Power Automation Limited (incorporated on 8th September, 2016 and ceased w.e.f. 6th March 2017)	Ireland	-	-
39	CG Power Americas, LLC (formerly Bravin LLC) (incorporated on 8th January, 2016)	USA	100.00	100.00
40	CG Solutions Americas, LLC (incorporated on 7th October, 2016)	USA	100.00	-
41	ZIV North America, LLC (incorporated on 22nd July, 2016 and ceased w.e.f. 6th March 2017)	USA	-	-
42	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	Malaysia	100.00	100.00

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2017	% Equity Interest As at 31-03-2016
(ii)	**Associates:**			
1	CG International BV TR. & Cont. Pvt. Co. LLC (formely Pauwels Middle East Trading & Contracting (Pvt) Co. LLC)	Sharjah	49.00	49.00
2	Saudi Power Transformers Company Ltd.	Saudi Arabia	49.00	49.00
3	K.K. El fi Japan	Japan	40.00	40.00
(iii)	**Joint Ventures:**			
1	CG Lucy Switchgear Limited (ceased w.e.f. 8th October, 2015)	India	-	-
2	PT Crompton Prima Switchgear Indonesia	Indonesia	51.00	51.00

Note:

The % voting rights that Parent Company holds in all its subsidiaries is equal to the % of corresponding shareholding except in case of Serial No. 12 PT CG Power Systems Indonesia. The Parent Company holds 95% of shareholding in PT CG Power Systems Indonesia through its subsidiary CG Power Systems Belgium N.V., and balance 5% is held by other partner. However, the Parent Company through its subsidiary CG Power Systems Belgium N.V., has 100% voting rights since 5% shares held by other partner has no voting rights.

In the case of CG Power Solutions Saudi Arabia Limited and Saudi Power Transformers Co. Ltd., the financial statements as at 31st December, 2016 have been considered. There were no material adjustments required for any significant events or transactions for the three months upto 31st March, 2017.

For the purposes of consolidation, the financial statements of the foreign subsidiaries and associates as at 31st March, 2017, have been restated to comply with Generally Accepted Principles in India.

(iv) Key Management Personnel:

1	Gautam Thapar	- Non- Executive Director, Chairman and Promoter Director
2	K. N. Neelkant	- Executive Director, CEO & Managing Director
3	Madhav Acharya	- Exceutive Director-Finance & CFO
4	Manoj Koul	- Company Secretary
5	Omkar Goswami	- Non- Executive Director
6	B. Harirahan	- Non- Executive Director
7	Sanjay Labroo	- Non- Executive Director and Independent Director
8	Valentin Von Massow	- Non- Executive Director and Independent Director
9	Ramni Nirula	- Non- Executive Director and Independent Director
10	Shirish Apte	- Non- Executive Director and Independent Director (ceased to be a Director w.e.f. 1st April 2017)
11	Meher Pudumjee	- Non- Executive Director and Independent Director (ceased to be a Director w.e.f. 28th May 2016)

(v) Other Related Parties in which directors are interested:

1 Ballarpur Industries Limited
2 Solaris ChemTech Industries Limited
3 BILT Graphic Paper Products Limited
4 Avantha Holdings Limited (entity with significance influence over the Company)
5 Avantha Business Solutions Limited
6 Avantha Realty Limited
7 Malanpur Captive Power Limited
8 Corella Investments Limited
9 Ambuja Cements Limited
10 Asahi India Glass Limited
11 Crompton Greaves Consumer Electricals Limited (ceased w.e.f. 26th August 2016)
12 Avantha Foundation
13 Thermax Limited (ceased w.e.f. 28th May 2016)
14 Infosys Limited
15 Varun Prakashan Private Limited
16 Korba West Power Company Limited
17 KEC International Limited
18 Jhabua Power Limited
19 Avantha Power & Infrastructure Limited

₹ crore

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties in the ordinary course of business:

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
1	**Purchase of goods and services**		
	Joint Venture		
	CG Lucy Switchgear Limited	-	39.82
	Other Related Parties		
	BILT Graphic Paper Products Limited	-	0.05
	Total	-	39.87
2	**Sales of goods and services**		
	Joint Venture		
	CG Lucy Switchgear Limited	-	4.45
	Other Related Parties		
	Ballarpur Industries Limited	-	0.01
	BILT Graphic Paper Products Limited	-	0.10
	Korba West Power Company Limited	**0.54**	0.02
	Asahi India Glass Limited	**0.01**	0.01
	Thermax Limited	**0.05**	2.38
	Crompton Greaves Consumer Electricals Limited	**11.61**	0.61
	Jhabua Power Limited	**0.14**	1.09
	Total	**12.35**	8.67
3	**Investment in financial guarantee**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**1.15**	-
	Total	**1.15**	-
4	**Interest expenses**		
	Joint Venture		
	CG Lucy Switchgear Limited	-	0.08
	Total	-	0.08
5	**Rental income**		
	Other Related Parties		
	BILT Graphic Paper Products Limited	-	0.74
	Thermax Limited	-	0.04
	Total	-	0.78
6	**Interest income**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**0.29**	-
	Total	**0.29**	-
7	**Other income**		
	Other Related Party		
	Crompton Greaves Consumer Electricals Limited	**6.97**	1.69
	Total	**6.97**	1.69
8	**Payment of salaries, commission and perquisites**		
	Key Management Personnel		
	Gautam Thapar	**0.06**	3.61
	Laurent Demortier	-	18.61
	K. N. Neelkant*	**5.02**	0.41
	Madhav Acharya*	**5.05**	3.26
	Omkar Goswami	**0.17**	0.21
	Colette Lewiner	-	0.37
	B. Harirahan	**0.17**	0.19
	Sanjay Labroo	**0.14**	0.16
	Valentin Von Massow	**0.39**	0.48
	Shirish Apte	**0.35**	0.83
	Ramni Nirula	**0.14**	-
	Meher Pudumjee	**0.01**	0.12
	Minal Bhosale*	-	0.11
	Manoj Koul*	**0.56**	0.31
	Total	**12.06**	28.67

₹ crore

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties in the ordinary course of business: (Contd.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16
9	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	**2.04**	2.04
	Jhabua Power Limited	**1.48**	0.41
	Total	**3.52**	2.45
10	**Other expenses**		
	Other Related Parties		
	Avantha Holdings Limited	**44.28**	55.97
	Avantha Business Solutions Limited	**-**	0.13
	Avantha Foundation	**0.65**	6.00
	Avantha Realty Limited	**0.58**	1.15
	Jhabua Power Limited	**0.72**	0.07
	Total	**46.23**	63.32
11	**Loans and advances given (net of repayments) during the year**		
	Other Related Parties		
	Avantha Holdings Limited	**6.14**	96.56
	Avantha Realty Limited	**12.56**	-
	Total	**18.70**	96.56

*Remuneration does not include the provisions made for gratuity, leave and post retirement medical benefits, as they are determined on an actuarial basis for the Company as a whole.

(c) Amount due to / from related parties

Sr. No.	Nature of transaction / relationship	As at 31-03-2017	As at 31-03-2016
1	**Accounts payable**		
	Other Related Parties		
	Avantha Business Solutions Limited	**0.03**	0.02
	Jhabua Power Limited	**-**	0.50
	Crompton Greaves Consumer Electricals Limited	**-**	0.01
	Total	**0.03**	0.53
2	**Accounts receivable**		
	Other Related Parties		
	Ballarpur Industries Limited	**0.23**	0.23
	Solaris ChemTech Industries Limited	**0.11**	0.11
	BILT Graphic Paper Products Limited	**3.55**	3.55
	Asahi India Glass Limited	**0.01**	-
	Thermax Limited	**-**	1.21
	Avantha Power and Infrastructure Limited	**0.00**	-
	Korba West Power Company Limited	**3.58**	0.25
	Jhabua Power Limited	**4.44**	8.18
	Crompton Greaves Consumer Electricals Limited	**-**	7.93
	Total	**11.92**	21.46
3	**Loans and advances receivable**		
	Other Related Parties		
	Avantha Holdings Limited	**102.70**	96.56
	Avantha Realty Limited	**12.56**	-
	Total	**115.26**	96.56

₹ crore

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties (Contd.)

Sr. No.	Nature of transaction / relationship	As at 31-03-2017	As at 31-03-2016
4	**Loans and advances payable**		
	Other Related Parties		
	Solaris ChemTech Industries Limited	**0.10**	0.10
	Jhabua Power Limited	**-**	0.75
	Avantha Realty Limited	**-**	4.86
	Crompton Greaves Consumer Electricals Limited	**-**	13.76
	Total	**0.10**	19.47
5	**Due to Key Management Personnel**		
	Gautam Thapar	**0.04**	3.59
	K. N. Neelkant	**1.77**	-
	Madhav Acharya	**1.22**	-
	Omkar Goswami	**0.16**	0.19
	Colette Lewiner	**-**	0.36
	B. Harirahan	**0.16**	0.18
	Sanjay Labroo	**0.12**	0.14
	Valentin Von Massow	**0.38**	0.46
	Shirish Apte	**0.34**	0.81
	Ramni Nirula	**0.12**	-
	Meher Pudumjee	**0.01**	0.11
	Total	**4.32**	5.84
6	**Guarantees outstanding**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	**23.88**	-
	Total	**23.88**	-

Compensation of key management personnel of the Group

Nature of transaction / relationship	2016-17	2015-16
Short-term employee benefits	**10.38**	16.24
Post-employment pension, provident fund and medical benefits	**0.25**	0.28
Termination benefits	**-**	6.18
Commission and other benefits paid to non-executive independent directors	**1.43**	5.97
Total compensation paid to key management personnel	**12.06**	28.67

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

₹ crore

41. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 112 DISCLOSURE OF INTEREST IN OTHER ENTITIES

Material non-controlling interest for continuing operations

Name of Subsidiary	Principal place of business /Country of incorporation	Proportion of interest held by Non-controlling entities as at 31-03-2017 %	Proportion of interest held by Non-controlling entities as at 31-03-2016 %
CG-PPI Adhesive Products Limited	India	**18.58**	18.58

The proportion of voting rights held by non controlling interest does not differ from the proportion of ownership interest.

Summarised Statement of Profit and Loss:

	CG-PPI Adhesive Products Limited	
	2016-17	2015-16
Revenue	**22.72**	19.98
Cost of material consumed	**(11.12)**	(9.29)
Other expenses	**(9.50)**	(8.39)
Finance costs	**(0.13)**	(0.12)
Pre-tax profit / (loss) from continuing operations	**1.97**	2.18
Income tax expense	**0.72**	0.81
Post-tax profit / (loss) from continuing operations (A)	**1.25**	1.37
Other comprehensive income (B)	**-**	-
Total comprehensive income (A+B) = C	**1.25**	1.37
Attributable to non- controlling interest	**0.23**	0.26
Dividend paid to non-controlling interest	**0.03**	0.09

Summarised Balance Sheet:

	CG-PPI Adhesive Products Limited	
	As at 31-03-2017	As at 31-03-2016
Current assets	**16.08**	17.44
Non-current assets	**5.15**	3.66
Current liabilities	**(4.91)**	(5.88)
Non-current liabilities	**(0.15)**	(0.13)
Total equity	**16.17**	15.09
Attributable to:		
Equity holders of parent	**13.17**	12.29
Non-controlling interest	**3.00**	2.80

Summarised cash flow information:

	CG-PPI Adhesive Products Limited	
	2016-17	2015-16
Operating	**0.07**	(0.05)
Investing	**(1.16)**	(0.25)
Financing	**(1.00)**	0.24
Net increase / (decrease) in cash and cash equivalents	**(2.09)**	(0.06)

There were no additional acquisition or disposal of interest in subsidiaries

		2016-17	2015-16
42. EXPENSES CAPITALISED DURING THE YEAR			
(a)	Raw material consumed	**1.24**	4.17
(b)	Employee benefits	**5.89**	6.26
(c)	Other expenses	**19.42**	23.64

43. EMPLOYEE BENEFITS

(a) Defined contribution plans:

Amount of ₹ 44.95 crore (Previous year ₹ 62.67 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

	2016-17	2015-16
Benefits (Contribution to):		
Provident fund	**11.07**	11.05
Superannuation fund	**4.24**	4.29
Employee state insurance scheme	**0.31**	0.27
Labour welfare scheme	**0.02**	0.03
Family pension	**29.31**	47.03
Total	**44.95**	62.67

(b) Defined benefit plans:

Gratuity

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 to 30 days' salary for each completed year of service subject to a maximum of ₹ 0.10 crore. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Group makes annual contributions to the Crompton Greaves Limited Gratuity Trust, which is funded defined benefit plan for qualifying employees.

Post-retirement medical benefit

Post-retirement medical benefit includes hospitalization cover & benefits on cessation of employment for the policy. This cover is applicable only to employee and spouse as per the limits specified for the last grade while in employment. This coverage does not form part of essential terms and condition of employment, and is a benefit extended by the Group as a part of its social benefit policies. The policies of Medical, Health and Hospitalization insurance are subject to change based on contemporary market trends and practices.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

		Gratuity		Post Retirement Medical Benefits	
		2016-17	2015-16	2016-17	2015-16
		(Funded)	(Funded)	(Nonfunded)	(Nonfunded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present value of defined benefit obligation at the beginning of the year	**53.22**	58.29	**23.12**	23.00
2	Interest cost	**4.37**	4.10	**1.92**	1.63
3	Current service cost	**3.07**	3.64	**0.89**	0.91
4	Past service cost	**-**	-	**-**	-
5	Liability transferred out / divestment	**(0.67)**	(15.43)	**(0.74)**	(5.53)
6	Benefits paid directly by the employer	**(0.93)**	(2.45)	**(1.64)**	(1.64)
7	Benefits paid	**(8.76)**	(6.67)	**-**	-
8	Actuarial changes arising from changes in demographic assumptions	**0.01**	-	**-**	-
9	Actuarial changes arising from changes in financial assumptions	**1.77**	(7.19)	**4.47**	(0.96)
10	Actuarial changes arising from changes in experience adjustments	**9.90**	18.93	**(2.99)**	5.71
11	Present value of defined benefit obligation at the end of the year	**61.98**	53.22	**25.03**	23.12

₹ crore

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2016-17	2015-16	2016-17	2015-16
		(Funded)	(Funded)	(Nonfunded)	(Nonfunded)
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	**37.11**	58.13	**NA**	NA
2	Interest Income	**3.03**	4.09	**NA**	NA
3	Contributions paid by the employer	**16.07**	-	**NA**	NA
4	Benefits paid from the fund	**(8.76)**	(6.67)	**NA**	NA
5	Assets transferred out / divestments	**(0.67)**	(15.43)	**NA**	NA
6	Return on plan assets excluding interest income	**5.12**	(3.00)	**NA**	NA
7	Fair value of plan assets at the end of the year	**51.90**	37.12	**NA**	NA
III	**Net asset / (liability) recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	**(61.98)**	(53.22)	**(25.03)**	(23.12)
2	Fair value of plan assets at the end of the year	**51.90**	37.12	**-**	-
3	Amount recognised in the balance sheet	**(10.08)**	(16.10)	**(25.03)**	(23.12)
4	Net (liability)/ asset- Current	**(10.08)**	(16.10)	**(1.64)**	(1.64)
	Net (liability)/ asset- Non-current	**-**	-	**(23.39)**	(21.48)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	**3.07**	3.64	**0.89**	0.91
2	Interest cost on benefit obligation (net)	**1.33**	0.01	**1.92**	1.63
3	Total expenses included in employee benefits expense	**4.40**	3.65	**2.81**	2.54
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in demographic assumptions	**0.01**	-	**-**	-
2	Actuarial changes arising from changes in financial assumptions	**1.77**	(7.19)	**4.47**	(0.96)
3	Actuarial changes arising from changes in experience adjustments	**9.90**	18.93	**(2.99)**	5.71
4	Return on plan assets excluding interest income	**(5.12)**	3.00	**NA**	NA
5	Recognised in other comprehensive income	**6.56**	14.74	**1.48**	4.75
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	**12.69**	8.06	**1.88**	1.64
2	Between 2 and 5 years	**26.10**	30.15	**7.99**	6.84
3	Between 6 and 10 years	**24.96**	32.13	**12.33**	9.65
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)**	(2.51)	**(2.57)**	(2.19)
	(ii) One percentage point decrease in discount rate	**3.40**	2.80	**3.19**	2.69
	(i) One percentage point increase in rate of salary increase	**3.49**	2.89	**NA**	NA
	(ii) One percentage point decrease in rate of salary increase	**(3.16)**	(2.63)	**NA**	NA
	(i) One percentage point increase in employee turnover rate	**0.86**	0.86	**NA**	NA
	(ii) One percentage point decrease in employee turnover rate	**(0.97)**	(0.95)	**NA**	NA
	(i) One percentage point increase in medical inflation rate	**NA**	NA	**3.22**	2.72
	(ii) One percentage point decrease in medical inflation rate	**NA**	NA	**(2.60)**	(2.22)

2 **Sensitivity Analysis Method**

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

₹ crore

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		As at 31-03-2017 (Funded)	As at 31-03-2016 (Funded)	As at 31-03-2017 (Nonfunded)	As at 31-03-2016 (Nonfunded)
VIII	**The major categories of plan assets as a percentage of total**				
	Insurer managed funds	**100%**	100%	**NA**	NA
IX	**Weighted average duration of the defined benefit obligation (in years)**	**7**	12	**30**	30
X	**Actuarial assumptions**				
1	Discount rate	**7.64% - 8.00% p.a.**	8.00% - 8.21%p.a.	**7.54% p.a.**	8.30%p.a.
2	Salary escalation	**6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year**	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	**NA**	NA
3	Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
4	Mortality post retirement rate	**NA**	NA	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
5	Rate of employee turnover	**4.00% p.a.**	4.00% p.a.	**4.00% p.a.**	4.00% p.a.
6	Future benefit cost inflation	**0% p.a.**	0% p.a.	**0% p.a.**	NA
7	Medical premium inflation rate	**NA**	NA	**2.00 % p.a.**	2.00% p.a.

	2016-17	2015-16
Expected contribution to the defined benefit plan for the next annual reporting period	**7.22**	7.78

Pension obligation

The Group operates post retirement pension plan for its eligible employees, a defined benefit retirement plan with assets held in a separately administered funds. The scheme provides retirement benefits on the basis of members' final salary.

The Group also provides other post-employment termination benefits, which is separation pay. The separation pay benefit is paid to employees in the case of voluntary resignation, subject to a minimum number of years of service. This benefit has been accounted for using the same methodology as for the defined benefit pension plan.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

		2016-17	2015-16
I	**The movement in the present value of defined benefit obligation:**		
1	Present value of defined benefit obligation at the beginning of the year	**218.47**	210.95
2	Liability transferred out / divestment	**(117.86)**	-
3	Current service cost	**8.46**	8.49
4	Interest cost	**4.70**	6.27
5	Benefits paid	**(2.16)**	(7.36)
6	Actuarial changes arising from changes in demographic assumptions	**-**	-
7	Actuarial changes arising from changes in financial assumptions	**1.88**	(5.14)
8	Actuarial changes arising from changes in experience adjustments	**0.62**	(9.19)
9	Past service cost / (gain)	**-**	0.36
10	Settlement payment	**-**	(0.33)
11	Employee contributions	**0.99**	0.95

₹ crore

43. EMPLOYEE BENEFITS (Contd.)

		2016-17	2015-16
12	Translation difference	**(6.21)**	13.47
13	Present value of defined benefit obligation at the end of the year	**108.89**	218.47
II	**The movement in fair value of plan assets:**		
1	Fair value of plan assets at the beginning of the year	**217.18**	200.77
2	Assets transferred out / divestment	**(121.34)**	-
3	Interest income	**4.35**	5.27
4	Return on plan assets excluding interest income	**(0.12)**	(11.47)
5	Employer contributions	**3.18**	16.39
6	Benefit paid	**(1.28)**	(7.36)
7	Past service cost	**(1.53)**	(0.33)
8	Translation difference	**(5.67)**	13.91
9	Fair value of plan assets at the end of the year	**94.77**	217.18
III	**Net (asset) / liability recognised in the balance sheet:**		
1	Present value of defined benefit obligation at the end of the year	**108.89**	218.47
2	Fair value of plan assets at the end of the year	**94.77**	217.18
3	Net pension liability / (asset)	**14.12**	1.29
4	Past service cost not yet recognized	**-**	-
5	Net pension liability / (asset) recognised in the balance sheet	**14.12**	1.29
IV	**Expenses recognised in the statement of profit and loss for the year:**		
1	Current service cost	**8.46**	8.49
2	Interest cost on benefit obligation (Net)	**0.35**	1.00
3	Past service cost	**1.53**	0.36
4	Actuarial (gain) / losses	**(0.20)**	-
5	Total expenses included in employee benefits expense	**10.14**	9.85
V	**Recognised in other comprehensive income for the year:**		
1	Actuarial changes arising from changes in demographic assumptions	**-**	-
2	Actuarial changes arising from changes in financial assumptions	**1.81**	(5.14)
3	Actuarial changes arising from changes in experience adjustments	**0.76**	(9.19)
4	Return on plan assets excluding interest income	**1.79**	11.47
5	Recognised in other comprehensive income	**4.36**	(2.86)

		As at 31-03-2017	As at 31-03-2016
VI	**The major categories of plan assets as a percentage of total plan assets:**		
1	Insurer managed funds	**40.05%**	17.81%
2	Equity instruments	**14.99%**	10.35%
3	Debt instruments	**43.16%**	23.30%
4	Annuity Buy in	**0.00%**	47.49%
5	Cash	**1.80%**	1.05%
	Total	**100.00%**	100.00%
VII	**Actuarial assumptions:**		
1	Discount rate	**1.70% - 8.35% p.a.**	1.9% - 8.75% p.a.
2	Future salary and pension increases	**2.20% - 7.50% p.a.**	1.70% - 7.50% p.a.

Above defined benefit plans for pension obligation forms part of continuing and discontinued operations as at 31st March, 2017

₹ crore

43. EMPLOYEE BENEFITS (Contd.)

(c) Provident Fund

The Group makes contribution towards provident fund which is administered by the trustees. The Rules of the Group's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Group making interest shortfall a defined benefit plan. Accordingly, the Group has obtained actuary valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

Particulars	As at 31-03-2017	As at 31-03-2016
Plan assets at period end, at fair value	**312.16**	307.12
Present value of defined obligation at period end	**281.59**	278.45

Assumptions used in determining the present value of obligation

Particulars	As at 31-03-2017	As at 31-03-2016
Rate of discounting	**7.64% p.a.**	8.21% p.a.
Mortality rate	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition rate	**4.00% p.a.**	4.00% p.a.
Guaranteed rate of interest	**8.65% p.a.**	8.80% p.a.
Whilst in service withdrawal	**5.00% p.a.**	5.00% p.a.

44. SEGMENT INFORMATION

Operating Segments:

Power Systems : Transformer, Switchgear 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 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.

₹ crore

NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

44. SEGMENT INFORMATION (Contd.)

Summary of the Segmental Information as at and for the year ended 31st March, 2017 is as follows:

Particulars	Power Systems	Industrial Systems	Others	Discontinued operations	Eliminations /Unallocable Expenditure / Assets*	Total 2016-17
Revenue						
External sales (Gross Sales)	3738.89	2360.50	20.36	-	-	6119.75
Add: Inter segment sales	0.51	0.11	-	-	(0.62)	-
Total revenue	3739.40	2360.61	20.36	-	(0.62)	6119.75
Segment results	384.36	156.49	0.08	-	-	540.93
Less: Finance costs (net)						188.03
Less: Other unallocable expenditure net of unallocable income						152.01
Profit after finance cost but before share of loss from associates and joint venture, exceptional items and tax						200.89
Share of profit / (loss) from associates and joint venture						(1.57)
Exceptional items (net)						(72.73)
Tax expense						16.60
Profit after tax from continuing operations						109.99
Loss after tax from discontinued operations						(600.62)
Loss for the year						(490.63)
Capital Employed:						
Segment assets	3321.21	1437.71	34.11	3017.08	2244.61	10054.72
Segment liabilities	1514.64	482.27	6.84	1151.53	209.72	3365.00
Net Assets	1806.57	955.44	27.27	1865.55	2034.89	6689.72
Capital expenditure#	30.21	24.92	1.98	-	6.68	63.79
Depreciation and amortisation#	70.73	61.09	0.33	-	17.84	149.99
Impairment of goodwill#	43.61	-	-	-	-	43.61
Non-cash expenses other than depreciation#	23.35	5.51	0.13	-	-	28.99

Summary of the Segmental Information as at and for the year ended 31st March 2016 is as follows:

Particulars	Power Systems	Industrial Systems	Others	Discontinued operations**	Eliminations /Unallocable Expenditure / Assets*	Total 2015-16
Revenue						
External sales (Gross Sales)	3474.19	2107.16	13.60	-	-	5594.95
Add: Inter segment sales	0.03	11.64	-	-	(11.67)	-
Total revenue	3474.22	2118.80	13.60	-	(11.67)	5594.95
Segment results	328.63	138.87	(1.00)	-	-	466.50
Less: Finance costs (net)						79.97
Less: Other unallocable expenditure net of unallocable income						96.46
Profit after finance cost but before share of profit from associates and joint venture, exceptional items and tax						290.07
Share of profit / (loss) from associate and joint venture						1.20
Exceptional items (net)						(111.26)
Tax expense						66.73
Profit after tax from continuing operations						113.28
Loss after tax from discontinued operations						(573.90)
Loss for the year						(460.62)
Capital Employed:						
Segment assets	3218.17	1385.33	33.03	4276.85	1928.38	10841.76
Segment liabilities	1475.01	408.78	6.01	1725.72	119.78	3735.30
Net Assets	1743.16	976.55	27.02	2551.13	1808.60	7106.46
Capital expenditure#	48.69	27.43	0.65	-	66.89	143.66
Depreciation and amortisation#	74.81	72.99	4.45	-	19.40	171.65
Impairment of goodwill#	40.31	-	-	-	-	40.31
Non-cash expenses other than depreciation#	6.84	9.05	0.29	-	-	16.18

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Tax credit assets / liabilities are not considered in capital employed.

** Discontinued operations include segment assets of ₹ 1477.43 crore and segment liabilities of ₹ 231.47 crore pertaining to Automation Systems business which was sold out during the financial year 2016-17.

The disclosure pertains to continuing business segments.

₹ crore

44. SEGMENT INFORMATION (Contd.)

(a) Segment revenue by location of customers:

	2016-17		2015-16	
Sales and service revenue:				
Domestic		**4104.23**		3394.72
Overseas:				
Asia	**1348.78**		1425.41	
Africa	**117.10**		195.44	
North America	**152.47**		242.74	
South America	**63.45**		198.38	
Europe	**289.28**		125.53	
Australia	**44.44**		12.73	
		2015.52		2200.23
Total		**6119.75**		5594.95

(b) Cost incurred on acquisition of tangible and intangible assets:

Particulars	2016-17	2015-16
Domestic	**43.89**	110.28
Overseas	**19.90**	33.38
Total	**63.79**	143.66

(c) The carrying amount of non current assets by location of assets:

Particulars	As at 31-03-2017	As at 31-03-2016
Domestic	**1322.96**	1390.26
Overseas	**446.35**	1288.07
Total	**1769.31**	2678.33

(d) Reconciliation of Segment Assets

Particulars	As at 31-03-2017	As at 31-03-2016
Assets from reportable segments	**10054.72**	10841.76
Deferred tax assets*	**133.38**	196.66
Total	**10188.10**	11038.42

(e) Reconciliation of Segment Liabilities

Particulars	As at 31-03-2017	As at 31-03-2016
Liabilities from reportable segments	**3365.00**	3735.30
Long-term borrowings*	**926.27**	939.22
Deferred tax liabilities*	**464.05**	563.92
Short-term borrowings*	**763.28**	818.85
Current maturities of long-term debt*	**558.41**	383.97
Total	**6077.01**	6441.26

* includes amounts pertaining to discontinued operations

₹ crore

45. DISCONTINUED OPERATIONS

Sale of Automation Business

The Board of Directors of the Group vide resolution dated 7th November, 2016, accepted an offer for the sale of Group's B2B Automation business, comprising of ZIV Aplicaciones y Technologia, S.L, (Spain), its subsidiaries alongwith the related Automation business in United Kingdom, Ireland, France and India at an enterprise value of EUR 120 million from Alfanar Electric Systems Group ('Alfanar') of the Kingdom of Saudi Arabia. Alfanar is a major player in the electrical manufacturing business, including the manufacturing of electrical construction products as well as related engineering services.

Subsequently, on 6th March, 2017, the Group along with its subsidiary, CG International BV, completed the sale upon execution of Share Purchase Agreements and other related transactional documents with Alfanar Electric LLC and ZIV Aplicaciones y Technologia, S.L. Thus, ZIV automation India Limited, the wholly owned subsidiary housing the India Automation Business ceased to be a subsidiary of the Company.

The Discontinued operations have been disclosed as 'Automation Systems' segment separately.

Sale of Transmission and Distribution (T&D) business

During the previous year ended 31st March 2016, the Group entered into binding transaction agreement with First Reserve for sale of transmission and distribution (T&D) businesses at Indonesia, Hungary, Ireland, France, North America and Belgium at an enterprise value of €115 million. First Reserve is a leading global private equity and infrastructure investor exclusively focused on energy.

However, the Group could not complete the disposal of T&D business as the Group terminated Share Purchase Agreement entered into with First Reserve, an offshore private equity (PE) firm for sale of overseas Power T&D businesses of the Group at Hungary, Ireland, France, US and Belgium. The Group will continue to identify new buyers for the sale of these businesses in near future and hence, these businesses will continue to be reflected as discontinued operations.

Moreover, during the year ended 31st March, 2017 the Group has decided to continue with business at Indonesia and accordingly the profit and loss statement of the previous year has been restated.

Further, the Group announced the decision of its Board of Directors to sell CG Power Solutions Ltd (India). Business of Power Systems focuses on power transmission, distribution, power solutions, setting up of integrated on shore and off shore power systems and associated services businesses. At 31 March 2017, Power Solutions Ltd (India) has been classified as a discontinued operation.

Consumer Products

The Group demerged its Consumer products business unit into a separate company (wholly owned subsidiary of Crompton Greaves till 23rd March, 2016), Crompton Greaves Consumer Electricals Limited ('CGCEL') with effect from 1st October, 2015. For the year ended 31st March, 2016, results up to 30th September, 2015 have been presented under profit or loss from discontinued operations.

The Discontinued operations have been disclosed as 'Consumer Products' segment separately.

Power Distribution

On 1st June 2011, the Group had entered into Power Distribution Franchisee Agreement ('DFA') with Maharashtra State Electricity Distribution Company Ltd ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India.

As per the terms of the arrangement, the Group had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large.

MSEDCL shall supply / sale electricity to the Group at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Group shall distribute and supply the electricity at the tariff determined by the regulatory authorities.

The Group shall conduct normal maintenance activities of network and other assets to maintain uninterrupted service. The Group is a private operator and MSEDCL is a Government body. The Group undertakes obligation of public service granted by MSEDCL. Thus, the arrangement is a public-to-private service concession. The electricity distribution service is totally regulated by the MSEDCL or other Government regulatory authorities.

MSEDCL had given right to the Group to use its distribution assets which will always belong to MSEDCL. During the tenure of the arrangement, if the Group incurs any capital expenditure, the same shall vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Group for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Group had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

Therefore, the arrangement is a Service concession arrangement under Appendix A to Ind-AS 11. The Group had a contractual right to receive the residual value of the capital expenditure incurred under the arrangement and accordingly, will recognise financial asset. Further, the Group had right to charge the consumers for the services and therefore, there was an intangible asset.

The revenues and losses in respect of Service concession arrangements recognised during the year are as follows:

Particulars	2016-17	2015-16
Revenue from operations	-	160.53
Other income	-	6.70
Total (A)	-	167.23
Expenses related to Power distribution business		
Material cost	-	183.33
Other expense	**27.72**	7.43
Employee benefits expense	-	2.50
Amortisation of intangible assets	-	1.11
Total (B)	**27.72**	194.37
Loss before tax recognised during the period (C)= (A)-(B)	**(27.72)**	(27.14)

Consequent to the certain unresolved disputes arising out of the Distribution Franchisee Agreement (DFA) of the Group with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at Jalgaon in Maharashtra, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee in Jalgaon from the Group with effect from 12th August, 2015. Accordingly, the Group has classified Power Distribution Segment as discontinued operations.

The Group and MSEDCL have raised demand on each other and the matter is under dispute. The Group and MSEDCL are in process of constituting the Permanent Dispute Resolution Body (PDRB). The financial impact of the dispute will be known after the final outcome from PDRB.

Others

The Group announced the decision of its Board of Directors to sell Crompton Greaves Consumer Products Limited (CGCPL). At 31st March 2017, CGCPL has been classified as a discontinued operation and disclosed as 'Others' segment separately.

₹ crore

45. DISCONTINUED OPERATIONS (Contd.)

Statement of profit and loss of the discontinued operations

	2016-17					2015-16					
	T&D	Automation Systems	Power Distribution	Others	Total	T&D	Automation Systems	Consumer Products	Power Distribution	Others	Total
Revenue	**2661.21**	**637.22**	**-**	**-**	**3298.43**	3363.46	777.80	1828.98	160.53	-	6130.77
Expenses (net of other income)	**2948.47**	**693.91**	**27.72**	**0.02**	**3670.12**	3986.89	799.40	1648.30	187.67	0.01	6622.27
Profit / (loss) before tax from discontinued operation	**(287.26)**	**(56.69)**	**(27.72)**	**(0.02)**	**(371.69)**	(623.43)	(21.60)	180.68	(27.14)	(0.01)	(491.50)
Tax income / (expense)	**4.72**	**6.13**	**-**	**-**	**10.85**	(40.35)	19.01	(59.95)	(0.03)	(1.08)	82.40
Profit / (loss) after tax from discontinued operation	**(282.54)**	**(50.56)**	**(27.72)**	**(0.02)**	**(360.84)**	(663.78)	(2.59)	120.73	(27.17)	(1.09)	(573.90)
Loss on sale of Automation Business (net of tax expense ₹ Nil)	**-**	**239.78**	**-**	**-**	**239.78**	-	-	-	-	-	-
Profit / (loss) after tax from discontinued operations	**(282.54)**	**(290.34)**	**(27.72)**	**(0.02)**	**(600.62)**	**(663.78)**	**(2.59)**	**120.73**	**(27.17)**	**(1.09)**	**(573.90)**

The major classes of assets and liabilities of the discontinued operation are as under

	As at 31.03.2017 T&D	As at 31.03.2017 Power Distribution	As at 31.03.2017 Others	As at 31.03.2016 T&D	As at 31.03.2016 Power Distribution	As at 30.09.2015 Consumer Products
Assets						
Property, plant and equipment	**970.07**	**-**	**-**	1087.07	-	80.37
Other Intangible assets	**67.09**	**-**	**-**	105.41	23.64	3.50
Goodwill	**16.41**	**-**	**-**	17.86	-	-
Intangible assets under development	**-**	**-**	**-**	-	-	0.18
Non-current financial assets-loans	**3.70**	**-**	**-**	4.34	7.32	10.73
Inventories	**526.52**	**0.10**	**-**	748.77	0.10	159.75
Investment	**314.11**	**-**	**-**	-	-	-
Trade receivables	**441.21**	**130.90**	**-**	838.20	189.17	430.61
Cash and cash equivalents	**113.34**	**0.03**	**0.05**	38.30	0.14	3.23
Deferred tax assets	**106.76**	**-**	**-**	106.79	-	-
Current financial assets- loans	**112.60**	**-**	**-**	79.17	0.02	21.47
Other current assets	**291.35**	**29.60**	**-**	413.37	31.21	1.98
Assets classified as held for sale (A)	**2963.16**	**160.63**	**0.05**	3439.28	251.60	711.82
Liabilities						
Non-current financial liabilities – borrowings	**422.47**	**-**	**-**	340.20	-	570.46
Deferred tax liabilities	**201.76**	**-**	**-**	221.21	-	0.62
Other long term liabilities	**17.48**	**-**	**-**	-	-	0.48
Current financial liabilities – borrowings	**52.61**	**-**	**-**	126.64	-	-
Trade payables	**554.99**	**0.69**	**0.02**	918.11	29.82	571.28
Other current financial liabilities	**305.13**	**-**	**-**	-	-	-
Other current liabilities	**361.84**	**-**	**0.00**	678.44	-	189.25
Provisions	**181.93**	**0.29**	**-**	263.11	0.28	32.26
Liabilities directly associated with assets classified as held for sale (B)	**2098.21**	**0.98**	**0.02**	2547.71	30.10	1364.35
Net assets / (liabilities) directly associated with disposal group (A-B)	**864.95**	**159.65**	**0.03**	891.57	221.50	(652.53)

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash Flows	2016-17	2015-16
Operating	**(479.17)**	(365.38)
Investing	**(304.62)**	(117.67)
Financing	**(231.17)**	(276.74)

₹ crore

45. DISCONTINUED OPERATIONS (Contd.)

Disposal of Automation business

Consideration received

Particulars	2016-17
Consideration received in cash and cash equivalents	**788.67**
Total consideration received	**788.67**

Analysis of assets and liabilities over which control was lost w.e.f. 06th March, 2017

	2016-17
Assets	
Non-current assets	
Property, plant and equipment	**133.24**
Capital work-in-progress	**0.37**
Other Intangible assets	**307.42**
Goodwill	**258.19**
Intangible assets under development	**58.75**
Non-current financial assets-loans	**1.88**
Deferred tax assets	**108.94**
Current assets	
Inventories	**146.03**
Trade receivables	**172.26**
Current financial assets- loans	**0.70**
Other current assets	**81.75**
Total assets (A)	**1269.53**
Liabilities	
Non-current liabilities	
Deferred tax liabilities	**97.69**
Current liabilities	
Trade payables	**120.00**
Other current liabilities	**14.26**
Provisions	**2.26**
Total liabilities (B)	**234.21**
Net assets disposed of (A - B)	**1035.32**

Gain / (loss) on disposal of subsidiaries

	2016-17
Consideration received	**788.67**
Net assets disposed of	**1035.32**
Amounts recognised in OCI in relation to subsidiaries reclassified to statement of profit and loss	**6.87**
Gain / (loss) on disposal	**(239.78)**

₹ crore

46. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND 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. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current financial liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

   The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

   Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	Carrying amount	Fair value		
	As at 31-03-2017	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	1877.15	-	-	-
Loans and other receivables (non-current)	6.65	-	-	5.55
Loans and other receivables (current)	76.25	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	760.71	-	-	-
Bank deposit	149.03	-	-	-
Other financial receivables	7.96	-	-	-
Total	2878.19	0.44	-	5.55
Financial assets at fair value through profit or loss:				
Derivative instruments	16.29	-	16.29	-
Investments	41.11	0.98	32.07	8.06
Total	57.40	0.98	48.36	8.06
Financial assets at fair value through other comprehensive income:				
Investments	151.80	-	-	151.80
Total	151.80	-	-	151.80
Financial liabilities at amortised cost:				
Long term loans from bank	791.21	-	791.21	-
Interest-free sales tax deferral loans	0.12	-	-	-
Finance lease obligation	0.04	-	-	0.04
Short term loans from bank	710.67	-	-	-
Trade and other payables	1383.14	-	-	-
Other financial liabilities (non-current)	1.14	-	-	0.95
Other financial liabilities (current)	116.71	-	-	-
Total	3003.03	-	791.21	0.99

46. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (Contd.)

	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	2077.01	-	-	-
Loans and other receivables (non-current)	9.44			7.56
Loans and other receivables (current)	31.95	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	796.89	-	-	-
Bank deposit	230.60	-	-	-
Other financial receivables	1.37	-	-	-
Total	3147.70	0.44	-	7.56
Financial assets at fair value through profit or loss:				
Derivative instruments	6.40	-	6.40	-
Investments	32.21	0.95	23.20	8.06
Total	38.61	0.95	29.59	8.06
Financial assets at fair value through other comprehensive income:				
Investments	198.62	-	-	198.62
Total	198.62	-	-	198.62
Financial liabilities at amortised cost:				
Long term loans from bank and financial institution	828.18	-	828.18	-
Interest-free sales tax deferral loans	0.12	-	-	-
Finance lease obligation	7.95	-	-	8.17
Short term loans from bank	692.21	-	-	-
Trade and other payables	1302.65	-	-	-
Other financial liabilities (non-current)	1.25	-	-	1.00
Other financial liabilities (current)	128.70	-	-	-
Total	2961.06	-	828.18	9.17

During the reporting period ending 31st March, 2017 and 31st March, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments

	As at 31-03-2017	As at 31-03-2016
Interest-bearing loans and borrowings	Discounted Cash flow method using risk adjusted discount rate	
Loans and other receivables (non-current)	Discounted Cash flow method using risk adjusted discount rate	
Investments	Discounted Cash flow method using risk adjusted discount rate	
Derivative instruments	Based on quotes from Banks & Financial institutions	
Finance leases obligations	Discounted Cash flow method using risk adjusted discount rate	
Other financial liabilities (non-current)	Discounted Cash flow method using risk adjusted discount rate	

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	₹ crore
Balance as at 1-04-2015	227.00
Less : Fair value loss recognised in Other Comprehensive Income	28.38
Balance as at 31-03-2016	**198.62**
Less : Fair value loss recognised in Other Comprehensive Income	46.82
Balance as at 31-03-2017	**151.80**

₹ crore

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

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. In order to optimize the Group's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

Particulars	As at 31-03-2017	As at 31-03-2016
Floating rate borrowings	**1190.46**	1453.19

Interest rate sensitivity

A change of 25 basis points in interest rates would have following impact on profit before tax.

Particulars	2016-17	2015-16
25 bp increase - Decrease in profit	**(2.97)**	(3.48)
25 bp decrease - Increase in profit	**2.97**	3.48

Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign currency exposure as at 31st March, 2017	USD	Euro	GBP	Others	Total
Trade receivables	**355.06**	**195.55**	**3.19**	**96.54**	**650.34**
Loans and other receivables	**8.71**	**0.23**	**-**	**42.25**	**51.19**
Bank balances in current accounts and term deposit accounts	**50.73**	**102.26**	**1.53**	**43.90**	**198.42**
Trade payables	**(147.61)**	**(182.00)**	**(0.38)**	**(65.35)**	**(395.34)**
Long-term borrowings	**-**	**(0.20)**	**-**	**-**	**(0.20)**
Short term borrowings	**-**	**-**	**-**	**-**	**-**
Other short term financial liabilities	**(17.68)**	**(230.79)**	**-**	**(5.31)**	**(253.78)**
Forward contracts for receivable	**7.99**	**-**	**-**	**-**	**7.99**
Forward contracts for loan	**-**	**(8.30)**	**-**	**-**	**(8.30)**

Foreign currency exposure as at 31st March, 2016	USD	Euro	GBP	Others	Total
Trade receivables	365.02	397.57	6.99	5.45	775.03
Loans and other receivables	0.66	12.55	-	-	13.21
Bank balances in current accounts and term deposit accounts	1.38	149.85	12.17	2.07	165.47
Trade payables	(135.86)	(310.42)	(8.25)	(10.44)	(464.97)
Long-term borrowings	(0.04)	(594.80)	-	-	(594.84)
Short term borrowings	-	(113.12)	-	-	(113.12)
Other short-term financial liabilities	(1.32)	(309.28)	(0.36)	(6.67)	(317.63)
Forward contracts for receivable	7.05	-	-	-	7.05
Forward contracts for loan	-	(0.66)	-	-	(0.66)

₹ crore

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.

	2016-17		2015-16	
Particulars	1 % increase	1 % decrease	1 % increase	1 % decrease
USD	**0.53**	**(0.53)**	(1.11)	1.11
Euro	**9.97**	**(9.97)**	10.15	(10.15)
GBP	**(0.02)**	**0.02**	0.33	(0.33)
Others	**1.28**	**(1.28)**	(0.08)	0.08
Increase / (decrease) in profit or loss	**11.76**	**(11.76)**	9.29	(9.29)

1 % increase or decrease in foreign exchange rates will have the following impact on equity

	2016-17		2015-16	
Particulars	1 % increase	1 % decrease	1 % increase	1 % decrease
USD	**1.14**	**(1.14)**	1.64	(1.64)
Euro	**(12.82)**	**12.82**	0.26	(0.26)
GBP	**0.01**	**(0.01)**	(16.01)	16.01
Others	**1.11**	**(1.11)**	(0.17)	0.17
Increase / (decrease) in equity	**(10.56)**	**10.56**	(14.28)	14.28

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

Particulars	As at 31-03-2017	As at 31-03-2016
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Government or trust securities	**0.44**	0.44
Investments in debentures or bonds	**8.05**	8.05
Other non-current investments	**27.83**	23.20
Long-term loans and advances	**6.65**	9.44
Other long term financial assets	**-**	-
Cash and bank balances	**760.50**	796.73
Other short term financial assets	**173.28**	238.37
Short-term loans and advances	**76.25**	31.95
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	**1986.98**	2216.40

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Particulars	₹ crore
31-03-2017	
Up to 3 months	1152.10
3 to 6 months	281.26
More than 6 months	553.62
	1986.98
31-03-2016	
Up to 3 months	1317.82
3 to 6 months	363.40
More than 6 months	535.18
	2216.40

The following table summarizes the change in the loss allowances measured using life time expected credit loss model:

Particulars	₹ crore
As at 1-04-2015	**189.30**
Provided during the year	15.93
Amounts written off	(7.23)
Reversals of provision	(5.15)
Unwinding of discount	(5.85)
Translation adjustments	-
Transfer to discontinued operations	(47.61)
As at 31-03-2016	**139.39**
Provided during the year	25.04
Amounts written off	(31.61)
Reversals of provision	(8.82)
Unwinding of discount	(7.14)
Translation adjustments	(0.24)
Transfer to discontinued operations	(6.79)
As at 31-03-2017	**109.83**

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

As at 31st March, 2017	Less than one year	1 to 5 years	> 5 years	Total
Long term borrowings	**287.41**	**545.70**	**-**	**833.11**
Interest-free sales tax deferral loans from State Government	**0.12**	**-**	**-**	**0.12**
Finance lease obligation	**0.04**	**-**	**-**	**0.04**
Other financial liabilities (non-current)	**-**	**1.14**	**-**	**1.14**
Short term loans from banks	**710.67**	**-**	**-**	**710.67**
Trade and other payables	**1383.14**	**-**	**-**	**1383.14**
Other financial liabilities (current)	**116.71**	**-**	**-**	**116.71**

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

As at 31st March, 2016	Less than one year	1 to 5 years	> 5 years	Total
Long term borrowings	**233.81**	**586.40**	**7.97**	**828.18**
Interest-free sales tax deferral loans from State Government	**0.12**	**-**	**-**	**0.12**
Finance lease obligation	**4.33**	**4.43**	**-**	**8.76**
Other financial liabilities (non-current)	**-**	**1.25**	**-**	**1.25**
Short term loans from banks	**692.21**	**-**	**-**	**692.21**
Trade and other payables	**1302.65**	**-**	**-**	**1302.65**
Other financial liabilities (current)	**128.70**	**-**	**-**	**128.70**

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.

	As at 31-03-2017	As at 31-03-2016
Total debt	**1502.04**	1528.46
Equity	**4111.09**	4597.16
Total debt and equity	**5613.13**	6125.62
Gearing ratio	**26.76%**	24.95%

Hedging activities and derivatives

	As at 31-03-2017		As at 31-03-2016	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	**1.96**	**1.49**	0.62	5.76

The fair value of derivative liabilities have been determined using rates quoted by the Group's bankers at the reporting date which are calculated by reference to the market interest rates and foreign exchange rates.

The Group entered into forward exchange and commodity contracts to manage its exposure to the variability of cash flows, primarily related to future sales and purchases of inventories denominated in foreign currencies over the next 12 months.

As at 31st March, 2017, the gain on derivatives of ₹ 3.71 crore (31st March, 2016: net loss of ₹ 4.14 crore) incurred from changes in the fair value of forward foreign exchange and commodity contracts that are highly effective, has been recognized in hedging reserve.

The Group expects that substantially all of this amount will be credited into the profit or loss within 12 months from the reporting date.

48. DISCLOSURES OF LEASES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 17 "LEASES"

(a) Operating lease commitments - Group as lessor

The Group has not entered into operating leases.

(b) Operating lease commitments - Group as lessee

(i) The Group has taken various residential/ commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

(ii) The Group has taken certain assets on non cancellable operating lease, the future minimum lease payment in respect of which are as follows:

	Minimum Lease Payments	
	As at 31-03-2017	As at 31-03-2016
Due within one year	**3.24**	16.11
Due one to five years	**1.29**	33.22
Due beyond five years	**-**	-

The lease agreement provide for an option to the Group to renew the lease period at the end of the non-cancellable period. There are no exceptional/ restrictive covenants in the lease agreements.

Lease rental expense in respect of operating leases is ₹ 4.11 crore (Previous year ₹ 11.98 crore)

49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 33 EARNINGS PER SHARE

Particulars		2016-17	2015-16
Face value of equity share	₹	**2.00**	2.00
Weighted average number of equity shares outstanding	Nos.	**626746142**	626746142
Profit for the year (continuing operations)	₹ crore	**109.76**	114.61
Weighted average earnings per share (basic and diluted)	₹	**1.75**	1.83
Loss for the year (discontinued operations)	₹ crore	**(600.62)**	(573.90)
Weighted average earnings per share (basic and diluted)	₹	**(9.58)**	(9.16)
Loss for the year (total operations)	₹ crore	**(490.86)**	(459.29)
Weighted average earnings per share (basic and diluted)	₹	**(7.83)**	(7.33)

50. EXCEPTIONAL ITEMS

Particulars	2016-17	2015-16
Amount paid towards Sales tax Amnesty scheme	**(9.12)**	-
Amount paid towards final settlement of litigation claims	**(20.00)**	-
Impairment of goodwill	**(43.61)**	(40.31)
Profit on sale of portion of land at Kanjurmarg, Mumbai	**-**	246.30
Profit on sale of investment in Joint Venture - CG Lucy Switchgear Limited	**-**	13.93
Provision made against loan given to subsidiaries net of exchange gain	**-**	(323.77)
Compensation to employees pursuant to voluntary retirement scheme	**-**	(1.23)
One time payment to former CEO & Managing Director	**-**	(6.18)
Exceptional Items (net)	**(72.73)**	(111.26)

51. DISCLOSURE OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016 AS REQUIRED BY MCA NOTIFICATION G.S.R. 308(E), DATED 30TH MARCH 2017:

	Specified Bank Notes (₹)	Other Denomination notes (₹)	Total (₹)
Closing cash in hand as on 8-11-2016	434000.00	237223.00	671223.00
Add : Permitted receipts	-	1037129.00	1037129.00
Less: Permitted payments	-	685834.00	685834.00
Less : Amount deposited in Banks	434000.00	10.00	434010.00
Closing cash in hand as on 30-12-2016	-	588508.00	588508.00

The term 'Specified Bank Notes' shall have same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

52. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Currently Ind AS 102 is not applicable to the Group and hence there is no impact.

53. Amounts shown as 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

54. Figures for the previous year have been regrouped wherever necessary.

As per our report attached
SHARP & TANNAN
CHARTERED ACCOUNTANTS
Firm's Registration No. 109982W
by the hand of

Vinayak M. Padwal
PARTNER
Membership No. 049639
New Delhi, 26th May, 2017

As per our report attached
CHATURVEDI & SHAH
CHARTERED ACCOUNTANTS
Firm's Registration No. 101720W
by the hand of

Parag D. Mehta
PARTNER
Membership No. 113904
New Delhi, 26th May, 2017

Madhav Acharya
EXECUTIVE DIRECTOR - FINANCE & CFO
DIN: 02787445

Manoj Koul
COMPANY SECRETARY
New Delhi, 26th May, 2017

K.N. Neelkant
CEO & MANAGING DIRECTOR
DIN: 05122610

Gautam Thapar
CHAIRMAN
DIN: 00012289

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31st MARCH 2017

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 ₹ crore	As % of consolidated profit or loss	Amount ₹ crore	As % of consolidated other comprehensive income	Amount ₹ crore	As % of consolidated total comprehensive income	Amount ₹ crore
Parent :								
CG Power and Industrial Solutions Limited	96.04	3948.40	(39.77)	195.14	(3509.79)	(123.90)	(14.62)	71.24
Indian subsidiaries:								
CG-PPI Adhesive Products Limited	0.32	13.16	(0.21)	1.02	(13.34)	(0.47)	(0.11)	0.55
CG Power Solutions Limited	(3.65)	(150.08)	14.79	(72.57)	-	-	14.90	(72.57)
Crompton Greaves Consumer Products Limited	0.00	0.04	0.00	(0.02)	-	-	0.00	(0.02)
Foreign Subsidiaries :								
CG International B.V.	(22.02)	(905.39)	71.41	(350.33)	2212.73	78.11	55.89	(272.22)
CG Holdings Belgium N.V.	(6.64)	(272.86)	5.67	(27.83)	2151.19	75.94	(9.88)	48.11
CG Power Systems Belgium N.V.	(0.83)	(34.16)	(14.83)	72.77	2683.88	94.74	(34.39)	167.51
CG Power Systems Ireland Limited	6.12	251.49	4.32	(21.18)	(721.56)	(25.47)	9.58	(46.65)
CG Sales Networks France SA	0.16	6.71	(0.14)	0.67	(15.85)	(0.56)	(0.02)	0.11
CG Power Systems Canada Inc.	(0.27)	(11.17)	0.92	(4.53)	208.80	7.37	(0.58)	2.84
PT. CG Power Systems Indonesia	16.61	682.66	(8.72)	42.77	(200.02)	(7.06)	(7.33)	35.71
CG Ganz Generator and Motor LLC (formerly CG Holdings Hungary Kft.)	1.24	50.91	(0.21)	1.06	(126.03)	(4.45)	0.70	(3.39)
CG Electric Systems Hungary Zrt.	0.70	28.62	20.00	(98.13)	(161.42)	(5.70)	21.32	(103.83)
CG Service Systems France SAS	0.13	5.32	0.90	(4.41)	(19.14)	(0.68)	1.04	(5.09)
CG Power USA Inc	3.25	133.81	25.47	(124.96)	(123.97)	(4.38)	26.55	(129.34)
CG Power Solutions UK Limited	0.45	18.65	(3.76)	18.43	(434.92)	(15.35)	(0.63)	3.08
CG Power Systems Brazil LTDA	0.02	0.74	(0.50)	2.46	(1265.75)	(44.68)	8.67	(42.22)
CG Power Solutions Saudi Arabia Limited	0.12	4.92	0.50	(2.44)	0.04	0.00	0.50	(2.44)
CG Industrial Holdings Sweden AB	(0.41)	(16.82)	3.01	(14.76)	219.40	7.74	1.44	(7.02)
CG Drives and Automation Sweden AB	4.72	194.00	(2.50)	12.28	(651.95)	(23.01)	2.20	(10.73)
CG Drives and Automation Netherlands B.V.	0.47	19.17	(0.21)	1.02	(46.60)	(1.64)	0.13	(0.62)
CG Drives and Automation Germany GmbH	0.19	8.01	(0.15)	0.72	(19.08)	(0.67)	(0.01)	0.05
CG Middle East FZE	2.53	103.84	(34.34)	168.48	(28.93)	(1.02)	(34.38)	167.46
CG International Holdings Singapore PTE Limited	0.09	3.75	0.46	(2.28)	(24.63)	(0.87)	0.65	(3.15)
Crompton Greaves Sales Network Malaysia SDN.BHD.	0.08	3.15	(0.43)	2.13	(13.06)	(0.46)	(0.34)	1.67

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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 ₹ crore	As % of consolidated profit or loss	Amount ₹ crore	As % of consolidated other comprehensive income	Amount ₹ crore	As % of consolidated total comprehensive income	Amount ₹ crore
CG Automation Systems UK Limited	-	-	9.22	(45.26)	-	-	9.29	(45.26)
ZIV Aplicaciones y Tecnologia S.L.U	-	-	(20.94)	102.73	-	-	(21.09)	102.73
ZIV Metering Solutions S.L.U	-	-	24.96	(122.47)	-	-	25.14	(122.47)
ZIV Grid Automation S.L.U	-	-	20.54	(100.75)	-	-	20.68	(100.75)
ZIV Communications S.A.U	-	-	8.11	(39.81)	-	-	8.17	(39.81)
ZIV Do Brazil Ltda	-	-	3.05	(14.96)	-	-	3.07	(14.96)
ZIV I+D Smart Energy Networks	-	-	(0.13)	0.66	-	-	(0.14)	0.66
ZIV France SASU	-	-	9.90	(48.58)	-	-	9.97	(48.58)
CG Power Automation Limited	-	-	3.34	(16.36)	-	-	3.36	(16.36)
Non-controlling interests in all subsidiaries	0.20	8.43	(0.05)	0.23	-	-	(0.05)	0.23
Foreign associates:								
(Investment as per the equity method)								
Saudi Power Transformers Co Ltd	-	-	-	-	-	-	-	-
CG International BV Tr. & Cont. Pvt. Co LLC (formerly Pauwels Middle East Tr. & Cont. Pvt. Co LLC)	-	-	-	-	-	-	-	-
KK El-Fi Japan	-	-	-	-	-	-	-	-
Foreign joint venture:								
(Investment as per the equity method)								
PT Crompton Prima Switchgear Indonesia	0.38	15.79	0.32	(1.57)	-	-	0.32	(1.57)

ACCOUNTS IN FOREIGN CURRENCY

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31-03-2017		As at 31-03-2016	
	USD million	USD million	USD million	USD million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	**190.12**		195.63	
(b) Capital work-in-progress	**1.27**		0.30	
(c) Investment property	**-**		-	
(d) Other intangible assets	**7.13**		7.63	
(e) Intangible assets under development	**4.32**		5.73	
(f) Financial assets				
(i) Investments	**67.95**		72.70	
(ii) Loans	**1.02**		1.42	
(iii) Others	**7.23**		6.73	
(g) Other non-current assets	**0.49**		0.10	
		279.53		290.24
2. CURRENT ASSETS:				
(a) Inventories	**115.77**		61.46	
(b) Financial assets				
(i) Investments	**0.80**		0.14	
(ii) Trade receivables	**228.29**		248.01	
(iii) Cash and cash equivalents	**85.51**		77.04	
(iv) Bank balances other than (iii) above	**0.20**		0.24	
(v) Loans	**226.23**		158.65	
(vi) Others	**31.50**		43.38	
(c) Current tax assets (net)	**8.00**		3.99	
(d) Other current assets	**139.21**		78.90	
		835.51		671.81
3. Assets classified as held for sale and discontinued operations		**24.77**		37.98
TOTAL ASSETS		**1139.81**		1000.03
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	**19.33**		18.92	
(b) Other equity	**628.26**		604.18	
		647.59		623.10
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**77.66**		0.63	
(ii) Other financial liabilities	**0.17**		0.18	
		77.83		0.81
(b) Provisions		**9.22**		7.96
(c) Deferred tax liabilities (net)		**33.12**		36.26
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**109.53**		87.27	
(ii) Trade payables	**168.30**		158.10	
(iii) Other financial liabilities	**39.37**		22.40	
		317.20		267.77
(b) Other current liabilities		**44.10**		48.18
(c) Provisions		**10.60**		11.41
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		**0.15**		4.54
TOTAL EQUITY AND LIABILITIES		**1139.81**		1000.03

Note: Closing exchange rate considered for 1 USD as at 31st March, 2017 is ₹ 64.8450 and as at 31st March, 2016 is ₹ 66.2500

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	2016-17		2015-16	
	USD million	USD million	USD million	USD million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	**709.62**		645.88	
Other income	**29.87**		34.61	
TOTAL INCOME		**739.49**		680.49
EXPENSES:				
Cost of materials consumed	**468.68**		423.03	
Purchases of stock-in-trade	**33.55**		18.08	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(25.06)**		(9.72)	
Employee benefits expense	**53.40**		55.45	
Finance costs	**24.42**		6.08	
Depreciation and amortisation expense	**13.67**		15.08	
Other expenses	**132.55**		124.65	
TOTAL EXPENSES		**701.21**		632.65
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**38.28**		47.84
Exceptional items (net)		**(14.87)**		(221.93)
PROFIT / (LOSS) BEFORE TAX		**23.41**		(174.09)
TAX EXPENSE:				
Current tax	**3.70**		16.12	
Deferred tax - MAT credit entitlement	**(1.76)**		-	
Deferred tax (credit)	**(2.04)**		(9.19)	
		(0.10)		6.93
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		**23.51**		(181.02)
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX	**(4.96)**		22.42	
Tax expense of discontinued operations	**-**		9.37	
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS AFTER TAX		**(4.96)**		13.05
PROFIT / (LOSS) FOR THE YEAR		**18.55**		(167.97)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	**(8.19)**		(7.32)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.26**		1.03	
B (i) Items that will be reclassified to profit or loss	**-**		-	
(ii) Income tax relating to items that will be reclassified to profit or loss	**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(7.93)**		(6.29)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10.62**		(174.26)
Earnings per share for continuing operations (in USD)		**0.04**		(0.29)
Earnings per share for discontinued operations (in USD)		**(0.01)**		0.02
Earnings per share (basic and diluted) (in USD)		**0.03**		(0.27)

Note: Average exchange rate considered for 1 USD in 2016-17 is ₹ 67.0978 and in 2015-16 is ₹ 65.4117

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31-03-2017		As at 31-03-2016	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	**177.92**		171.86	
(b) Capital work-in-progress	**1.19**		0.27	
(c) Investment property	**-**		-	
(d) Other intangible assets	**6.67**		6.70	
(e) Intangible assets under development	**4.04**		5.03	
(f) Financial assets				
(i) Investments	**63.60**		63.88	
(ii) Loans	**0.96**		1.25	
(iii) Others	**6.77**		5.91	
(g) Other non-current assets	**0.46**		0.08	
		261.61		254.98
2. CURRENT ASSETS:				
(a) Inventories	**108.36**		53.99	
(b) Financial assets				
(i) Investments	**0.75**		0.13	
(ii) Trade receivables	**213.66**		217.87	
(iii) Cash and cash equivalents	**80.03**		67.68	
(iv) Bank balances other than (iii) above	**0.18**		0.21	
(v) Loans	**211.72**		139.38	
(vi) Others	**29.48**		38.11	
(c) Current tax assets (net)	**7.48**		3.51	
(d) Other current assets	**130.29**		69.31	
		781.95		590.19
3. Assets classified as held for sale and discontinued operations		**23.18**		33.36
TOTAL ASSETS		**1066.74**		878.53
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	**18.09**		16.62	
(b) Other equity	**587.98**		530.78	
LIABILITIES:		**606.07**		547.40
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**72.68**		0.55	
(ii) Other financial liabilities	**0.16**		0.16	
		72.84		0.71
(b) Provisions		**8.63**		6.99
(c) Deferred tax liabilities (net)		**30.99**		31.86
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**102.51**		76.67	
(ii) Trade payables	**157.51**		138.89	
(iii) Other financial liabilities	**36.86**		19.68	
		296.88		235.24
(b) Other current liabilities		**41.27**		42.32
(c) Provisions		**9.92**		10.02
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		**0.14**		3.99
TOTAL EQUITY AND LIABILITIES		**1066.74**		878.53

Note: Closing exchange rate considered for 1 Euro as at 31st March, 2017 is ₹ 69.2870 and as at 31st March 2016 is ₹ 75.4120

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	2016-17		2015-16	
	Euro million	Euro million	Euro million	Euro million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	**661.96**		584.90	
Other income	**27.86**		31.34	
TOTAL INCOME		**689.82**		616.24
EXPENSES:				
Cost of materials consumed	**437.20**		383.08	
Purchases of stock-in-trade	**31.30**		16.38	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(23.37)**		(8.80)	
Employee benefits expense	**49.81**		50.21	
Finance costs	**22.78**		5.51	
Depreciation and amortisation expense	**12.75**		13.65	
Other expenses	**123.65**		112.89	
TOTAL EXPENSES		**654.12**		572.92
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**35.70**		43.32
Exceptional items (net)		**(13.87)**		(200.98)
PROFIT / (LOSS) BEFORE TAX		**21.83**		(157.66)
TAX EXPENSE:				
Current tax	**3.45**		14.59	
Deferred tax - MAT credit entitlement	**(1.65)**		-	
Deferred tax (credit)	**(1.90)**		(8.32)	
		(0.10)		6.27
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		**21.93**		(163.93)
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX	**(4.63)**		20.31	
Tax expense of discontinued operations	**-**		8.49	
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS AFTER TAX		**(4.63)**		11.82
PROFIT / (LOSS) FOR THE YEAR		**17.30**		(152.11)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	**(7.64)**		(6.63)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.24**		0.93	
B (i) Items that will be reclassified to profit or loss	**-**		-	
(ii) Income tax relating to items that will be reclassified to profit or loss	**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(7.40)**		(5.70)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9.90**		(157.81)
Earnings per share for continuing operations (in Euro)		**0.04**		(0.26)
Earnings per share for discontinued operations (in Euro)		**(0.01)**		0.02
Earnings per share (basic and diluted) (in Euro)		**0.03**		(0.24)

Note: Average exchange rate considered for 1 Euro in 2016-17 is ₹ 71.9290 and in 2015-16 is ₹ 72.2315

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31-03-2017		As at 31-03-2016	
	USD million	USD million	USD million	USD million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	**212.24**		226.53	
(b) Capital work-in-progress	**4.35**		2.15	
(c) Investment property	**-**		-	
(d) Goodwill	**22.14**		70.70	
(e) Other intangible assets	**28.50**		93.36	
(f) Intangible assets under development	**5.13**		11.39	
(g) Financial assets				
(i) Investments	**31.45**		34.76	
(ii) Loans	**1.02**		1.42	
(h) Deferred tax assets	**4.10**		13.57	
(i) Other non-current assets	**0.50**		0.15	
		309.43		454.03
2. CURRENT ASSETS:				
(a) Inventories	**136.03**		88.30	
(b) Financial assets				
(i) Investments	**0.81**		0.14	
(ii) Trade receivables	**289.48**		313.51	
(iii) Cash and cash equivalents	**111.73**		119.61	
(iv) Bank balances other than (iii) above	**5.59**		0.68	
(v) Loans	**11.76**		4.83	
(vi) Others	**26.72**		35.98	
(c) Current tax assets (net)	**10.88**		5.78	
(d) Other current assets	**186.98**		86.20	
		779.98		655.03
3. Assets classified as held for sale and discontinued operations		**481.74**		557.11
TOTAL ASSETS		**1571.15**		1666.17
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	**19.33**		18.92	
(b) Other equity	**614.66**		674.99	
		633.99		693.91
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**77.69**		90.42	
(ii) Other financial liabilities	**0.18**		0.19	
		77.87		90.61
(b) Provisions		**10.98**		7.97
(c) Deferred tax liabilities		**40.45**		51.73
(d) Other non-current liabilities		**0.14**		0.96
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**109.59**		104.48	
(ii) Trade payables	**213.30**		196.63	
(iii) Other financial liabilities	**62.35**		55.23	
		385.24		356.34
(b) Other current liabilities		**85.78**		63.41
(c) Provisions		**12.97**		12.14
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		**323.73**		389.10
TOTAL EQUITY AND LIABILITIES		**1571.15**		1666.17

Note: Closing exchange rate considered for 1 USD as at 31st March, 2017 is ₹ 64.8450 and as at 31st March, 2016 is ₹ 66.2500

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	2016-17		2015-16	
	USD million	USD million	USD million	USD million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	**912.06**		855.34	
Other income	**10.24**		17.05	
TOTAL INCOME		**922.30**		872.39
EXPENSES:				
Cost of materials consumed	**588.08**		531.51	
Purchases of stock-in-trade	**35.23**		18.06	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(25.06)**		2.57	
Employee benefits expense	**80.05**		85.46	
Finance costs	**28.02**		12.22	
Depreciation and amortisation expense	**22.35**		26.24	
Other expenses	**163.69**		151.98	
TOTAL EXPENSES		**892.36**		828.04
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX		**29.94**		44.35
Share of profit / (loss) from associates and joint venture		**(0.23)**		0.18
Exceptional items (net)		**(10.84)**		(17.01)
PROFIT BEFORE TAX		**18.87**		27.52
TAX EXPENSE:				
Current tax	**7.08**		19.94	
Deferred tax - MAT credit entitlement	**(1.76)**		-	
Deferred tax (credit)	**(2.84)**		(9.74)	
		2.48		10.20
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		**16.39**		17.32
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	**(91.13)**		(75.14)	
Tax expense / (credits) of discontinued operations	**(1.62)**		12.60	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		**(89.51)**		(87.74)
LOSS FOR THE YEAR		**(73.12)**		(70.42)
Attributable to:				
Equity holders of the parent		**(73.15)**		(70.22)
Non-controlling interests		**(0.03)**		0.20
		(73.12)		(70.42)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	**(8.60)**		(7.01)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.36**		1.03	
B (i) Items that will be reclassified to profit or loss	**8.77**		20.88	
(ii) Income tax relating to items that will be reclassified to profit or loss	**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**0.53**		14.90
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(72.59)**		(55.52)
Attributable to:				
Equity holders of the parent		**(72.63)**		(55.32)
Non-controlling interests		**(0.04)**		0.20
Earnings per share for continuing operations (in USD)		**0.26**		0.28
Earnings per share for discontinued operations (in USD)		**(1.43)**		(1.40)
Earnings per share (basic and diluted) (in USD)		**(1.17)**		(1.12)

Note: Average exchange rate considered for 1 USD in 2016-17 is ₹ 67.0978 and in 2015-16 is ₹ 65.4117

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31-03-2017		As at 31-03-2016	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	**198.63**		199.00	
(b) Capital work-in-progress	**4.07**		1.89	
(c) Investment property	**-**		-	
(d) Goodwill	**20.72**		62.11	
(e) Other intangible assets	**26.67**		82.02	
(f) Intangible assets under development	**4.81**		10.01	
(g) Financial assets				
(i) Investments	**29.43**		30.54	
(ii) Loans	**0.96**		1.25	
(h) Deferred tax assets	**3.84**		11.92	
(i) Other non-current assets	**0.46**		0.13	
		289.59		398.87
2. CURRENT ASSETS:				
(a) Inventories	**127.31**		77.57	
(b) Financial assets				
(i) Investments	**0.75**		0.13	
(ii) Trade receivables	**270.92**		275.42	
(iii) Cash and cash equivalents	**104.56**		105.08	
(iv) Bank balances other than (iii) above	**5.23**		0.59	
(v) Loans	**11.01**		4.24	
(vi) Others	**25.01**		31.61	
(c) Current tax assets (net)	**10.19**		5.08	
(d) Other current assets	**174.99**		75.73	
		729.97		575.45
3. Assets classified as held for sale and discontinued operations		**450.86**		489.43
TOTAL ASSETS		**1470.42**		1463.75
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	**18.09**		16.62	
(b) Other equity	**575.25**		592.98	
		593.34		609.60
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**72.71**		79.43	
(ii) Other financial liabilities	**0.16**		0.17	
		72.87		79.60
(b) Provisions		**10.28**		7.00
(c) Deferred tax liabilities		**37.86**		45.44
(d) Other non-current liabilities		**0.14**		0.84
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	**102.57**		91.79	
(ii) Trade payables	**199.62**		172.74	
(iii) Other financial liabilities	**58.35**		48.52	
		360.54		313.05
(b) Other current liabilities		**80.28**		55.72
(c) Provisions		**12.14**		10.67
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		**302.97**		341.83
TOTAL EQUITY AND LIABILITIES		**1470.42**		1463.75

Note: Closing exchange rate considered for 1 Euro as at 31st March, 2017 is ₹ 69.2870 and as at 31st March, 2016 is ₹ 75.4120

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	2016-17		2015-16	
	Euro million	Euro million	Euro million	Euro million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	**850.81**		774.59	
Other income	**9.55**		15.43	
TOTAL INCOME		**860.36**		790.02
EXPENSES:				
Cost of materials consumed	**548.58**		481.33	
Purchases of stock-in-trade	**32.87**		16.36	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(23.38)**		2.32	
Employee benefits expense	**74.67**		77.39	
Finance costs	**26.14**		11.07	
Depreciation and amortisation expenses	**20.85**		23.77	
Other expenses	**152.70**		137.63	
TOTAL EXPENSES		**832.43**		749.87
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX		**27.93**		40.15
Share of profit / (loss) from associates and joint venture		**(0.22)**		0.17
Exceptional items (net)		**(10.11)**		(15.40)
PROFIT BEFORE TAX		**17.60**		24.92
TAX EXPENSE:				
Current tax	**6.61**		18.06	
Deferred tax - MAT credit entitlement	**(1.65)**		-	
Deferred tax (credit)	**(2.65)**		(8.82)	
		2.31		9.24
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		**15.29**		15.68
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	**(85.01)**		(68.05)	
Tax expense / (credits) of discontinued operations	**(1.51)**		11.40	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		**(83.50)**		(79.45)
LOSS FOR THE YEAR		**(68.21)**		(63.77)
Attributable to:				
Equity holders of the parent		**(68.24)**		(63.59)
Non-controlling interests		**(0.03)**		0.18
		(68.21)		(63.77)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	**(8.03)**		(6.34)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.34**		0.93	
B (i) Items that will be reclassified to profit or loss	**8.18**		18.91	
(ii) Income tax relating to items that will be reclassified to profit or loss	**-**		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**0.49**		13.50
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(67.72)**		(50.27)
Attributable to:				
Equity holders of the parent		**(67.75)**		(50.09)
Non-controlling interests		**(0.03)**		0.18
Earnings per share for continuing operations (in Euro)		**0.24**		0.25
Earnings per share for discontinued operations (in Euro)		**(1.33)**		(1.27)
Earnings per share (basic and diluted) (in Euro)		**(1.09)**		(1.02)

Note: Average exchange rate considered for 1 Euro in 2016-17 is ₹ 71.9290 and in 2015-16 is ₹ 72.2315

PRODUCTS AND SERVICES

POWER

CG INDIA

TRANSFORMERS

- Auto Transformers (up to 1200kV)
- Distribution Transformers
- Energy Efficient Transformers
- Dry Type Transformers (Cast Resin & VPI)
- Locomotive Transformers
- Traction Transformers
- Furnace Transformers
- Rectifier Transformers
- Shunt Reactors (upto 800kV)
- Generator Transformers (up to 800kV)
- Systems Transformers
- Phase Shifting Transformers
- Earthing Transformers
- Isolation Transformers
- Coupling Transformers for STATCOM

SWITCHGEAR

- Current Transformers upto 800kV (with Porcelain and Composite Insulators)
- Capacitive Voltage Transformer upto 1200kV (with Porcelain and Composite Insulators)
- Inductive Voltage Transformers up to 420kV
- Condenser Bushings upto 800kV
- Coupling / Grading Capacitors upto 420kV
- Indoor & Outdoor Vacuum Circuit Breakers up to 36kV
- Indoor GIS up to 36kV
- Gas Circuit Breakers upto 800kV
- Lightning Arresters upto 1200kV along with allied accessories(Porcelain as well as Polymer Insulators)
- Disconnectors upto 245kV
- Vacuum Interrupters upto 72.5kV
- LV & MV Vacuum Contactors upto 12kV
- Automatic Vacuum Capacitor Switch / Outdoor Vacuum Contactor Upto 12kV
- Numerical Distribution System Protection Relays
- SF6 Insulated Vacuum Ring Main Units upto 36kV
- Oil Ring Main Units up to 12kV
- Gas Insulated Switchgear (GIS) 66-145-245kV

- Dead Tank Circuit Breaker (DTB) 72.5kV

ENGINEERING PROJECTS

Projects on turnkey basis from concept to commissioning:

- Turnkey Air Insulated Substation upto 765kV
- Turnkey Gas Insulated Substation upto 220kV
- Control and Automation Projects
- Engineered Packages
- Construction Packages for own EHV Equipments

CG POWER SYSTEM SERVICE

- Site Services
- Repair & Refurbishment
- Condition Monitoring and Diagnostics of Power Apparatus

CG POWER SYSTEMS BELGIUM NV

TRANSFORMERS

- Three phase liquid filled Distribution and Small PowerTransformers (up to 30MVA and 132kV)
- Single phase transformers for pole—and platform mounting (up to 400kVA and 36kV)
- Liquid filled Power Transformers (up to 500kV)
- Mobile Transformers (up to 230kV)
- Energy efficient Transformers (as per the EU Eco-design, US DOE regulations and Indian Star program)
- Amorphous Metal Transformers
- Smart Grid Distribution Transformers (up to 4500kVA and 24kV)
- Cast Resin Dry Type Transformers (up to 10MVA and 36kV)
- Compact SLIM® Transformer (up to 10MVA and 36kV)
- Compact Bio-SLIM® Transformers (up to 15MVA and 36kV)
- Green City Transformers (up to 30MVA and 72.5kV)
- Self-protecting Distribution Transformers (upto 1000kVA)
- Transformers for hazardous areas like ATEX (up to 30MVA)
- Auto Transformers
- Neutral grounding Transformers
- Reactors and Neutral Point Reactors
- Traction Transformers (Stationary (track side) and Locomotive)
- Phase Shifting Transformers
- Converter Transformers
- Generator step-up Transformers
- Compact Unit Substations (up to 2.8MVA and 36kV)
- Micro-Substations (up to 315kVA and 36kV)
- Primary Unit Substations (IEEE type up to 30MVA and 138kV)
- Secondary Unit Substations (IEEE type up to 30MVA and 34.5kV)
- Pad mounted Transformers (up to 10MVA and 36kV)
- Modular Distribution Transformer (IEEE type up to 10MVA and 34.5kV)

CG HOLDINGS BELGIUM NV

SERVICES DIVISION: EMEA

- Installation, Commissioning, Maintenance, Repair & Refurbishment of complete substations, Transformers, On Line Tap Changers, GIS, AIS, of own make and other brands
- Site intervention Services and a Dedicated Repair Shop for Transformers up to 400kV, all brands, Shell and Core type
- Reverse engineering, refurbishment and repair of On Line Tap Changers in a dedicated repair workshop
- 24 / 7 Operations and Maintenance service for onshore / offshore substations
- Quick delivery of spare parts
- Fast service for refurbishment of Distribution Transformers
- Oil and SF6 treatment
- Condition Based Monitoring
- Asset Assessment and Diagnostics
- Lifetime Extension Programs
- Customer training
- Dedicated Service entities in
    - Belgium (North & South)
    - France (North & South)
    - Hungary
    - Kuwait
    - Saudi Arabia
    - United Arab Emirates (Dubai)
    - UK (North & South)

SYSTEMS DIVISION

- High Voltage Transmission Systems Engineering and Supervisory services
- Engineering Consultancy for transmission grid operators and Grid compliance analysis
- Turnkey AIS and GIS Transmission Projects up to 765kV, including:
    - Rural Greenfield Electrification projects
    - Transmission Grid connections and Substations for On and Offshore wind parks
    - Industrial HV & MV Substation Installations up to 765kV
    - Modular HV and MV substations up to 220kV
    - Mobile GIS and AIS Substations and Capacitor Banks up to 220kV
    - Mobile HV Circuit Breakers up to 220kV
    - Mobile MV Switchgear up to 220kV
    - Transmission Line Projects up to 400kV
    - Submarine cable and underground cable transmission projects up to 220kV
    - Flexible AC Transmission Systems (FACTS)
- Transmission project asset leasing and renting
- Smart Grid Solutions
- Substation Control and Automation Systems
- Distribution Automation Systems
- Transmission MV and HV SCADA projects
- HV Substation refurbishment projects

CG POWER SYSTEMS IRELAND LIMITED.

DISTRIBUTION TRANSFORMER DIVISION

- Single phase Distribution Transformers 15kVA to 200kVA up to 36kV
- Three phase Distribution Transformers 25kVA to 5000kVA up to 72kV
- Mini, Micro & PRCS self-protected package substations up to 315kVA
- Unit substations with or without protection up to 1000kVA
- MV Distribution System stations complete with MV & LV protection up to 5000kVA
- Interface Transformers up to 5000kVA
- Auto Transformers up to 5000kVA
- Rectifier Transformers
- SLIM® Transformers (up to 36kV)
- Solar Application Transformers
- House Transformers up to 40kV
- Three Phase Very Low Loss Transformers
- Refurbishment of Transformers
- Amorphous Core Transformers
- Insulating Liquids: Mineral Oil, Silicon Oil, Synthetic Ester & Natural Ester

CG ELECTRIC SYSTEMS HUNGARY ZRT

TRANSFORMERS DIVISION

- High Voltage Power Transformers (up to 800kV)
- Power Transformers filled with mineral oil (upto 500MVA)
- Power Transformers filled with biodegradable liquid
- Track side Transformers
- Locomotive Transformers
- Traction Transformers
- Mobile Transformers
- Furnace Transformers
- Rectifier Transformers
- Special Purpose Transformers
- Phase Shifting Transformers

SWITCHGEAR DIVISION

- SF6 Gas Circuit Breakers
- Gas Insulated Switchgear (GIS) up to 300kV
- Dead Tank Breaker 72.5kV

SYSTEMS DIVISION

- GIS and AIS Substations up to 750kV
- Industrial and Generation HV & MV Substations Installations up to 765kV
- Transmission Line Projects up to 400kV
- Submarine and underground cable transmission projects up to 220kV
- Transmission project asset leasing and renting
- Transmission MV and HV SCADA projects
- Substation refurbishment projects
- High Voltage Transmission Systems Engineering
- Engineering Consultancy for transmission grid operators

SERVICES DIVISION

- Site erection and maintenance of Power Transformers and Gas Insulated Switchgear

CG POWER USA INC

DISTRIBUTION TRANSFORMERS

- Pad-Mount Modular Distribution Centres
- Three-phase Pole or Platform Type
- Three-phase Pad-Mounted
- Secondary Unit Substations Transformers
- Primary Unit Substation Transformers
- Converter Transformer
- Three-Phase Station Type
- Three-Phase WindPAD
- Three-Phase SolarPAD

POWER TRANSFORMERS

- Small Power Transformers
- Large Power Transformers
- Auto Transformers
- Generator-Step-up Transformers
- Mobile Transformers
- Shunt reactors
- Medium Power Transformers
- Regulating Power Transformers
- System / Two Winding Transformers

HV SWITCHGEAR

- 72.5kV Outdoor GCB (Dead Tank)
- 72.5kV – 800kV Live GCB (Live Tank)
- 38kV – 500kV Instrument Transformers

ARRESTORS

- ZnO Porcelain Clad ZLA2
- ZnO Porcelain Clad ZLA3
- ZnO Porcelain Clad ZLA4
- ZnO Polymer Housed ZPL2

SERVICES

Maintenance, Repair and Retrofit Services for Transformers

CG POWER USA INC

- Remote Telemetry Unit
- Substation Automation Solutions

PT CG POWER SYSTEMS INDONESIA

TRANSFORMERS

- 3-phase Power Transformers up to 350MVA – 150kV
- Single phase Transformers up to 200MVA, 500kV
- Phase Shifting Transformers
- Mobile Transformers (up to 90MVA, 220kV)
- Special Purpose Transformers

SYSTEMS DIVISION

- AIS Switchyards up to 500kV
- GIS Switchyards up to 275kV
- Refurbishment / Extension of GIS
- Mobile and Compact Substation up to 100MVA, 220kV
- Mobile Capacitor Banks
- Substation Automation and SCADA projects
- Substation refurbishment projects
- Engineering Consultancy for transmission grid operators

INDUSTRIAL

MV MOTORS & GENERATORS: CG INDIA

- MV & LV Induction Motor including safe area and all type of hazardous area machines upto 12MW, Polarity upto 24 poles, Voltage up to 13.2kV and in frame Size 315 to 1250 (both horizontal and vertical frame), Squirrel Cage and Slip Ring Induction motors in enclosure type TEFC, CACA, CACW, SPDP & TETV.

- Synchronous Generators from 1MVA to 25MVA in frame size 500 to 1250, upto13.2kV in enclosures type CACA,CACW & SPDP
- Industrial duty DC machines upto 2000kW, in frame size from 315 to 710, Voltage upto 800V, in enclosures type CACA,CACW & SPDP

MV MOTORS: CG HUNGARY

- MV Motors power upto 25MW, Pole number upto 16 in standardised and non standard designs in very low speeds, voltage upto 15kV
- Service: MV Motor refurbishment and overhauling at site and factory Stator and Rotor rewinding, balancing, testing and complete diagnostic at factory and site.

GENERATORS: CG HUNGARY

- Synchronous Generators power from 1MVA upto 70MVA, Voltage upto 13.2kV, in high speed 2 pole and very low speed even till 48 poles for Hydro, Steam and Gas
- Service: refurbishment and overhauling at site and factory upto 300MVA

LT MOTORS (INDIA)

- AC Motors, Frame 63 to 400 (0.18kW to 450kW)
- TEFC Motors available in Squirrel cage & Slipring constructions, suitable for Safe Area & Hazardous Area
- AC Motors Apex Series, Frame 80 to 355LX (0.75 to 250kW) IE 2 Efficiency and Frame 80 to 132M (0.75 to 7.5kW) IE 3 Efficiency
- AC Motor NEMA Range 56 to 504 (0.75 to 150kW) EPACT & OWP
- AC Motor Kibosh Series, Frame 80 to 200L (0.37kW to 30kW)
- DC Motors Frame 100 to 315 (2.2kW to 550kW)
- Alternators Brushless Series Frame 132 to 400 (5kVA to 1010kVA)
- Alternator Ustad Series: Slipring Alternators from 5kVA to 82.5kVA

FHP MOTORS

- NEMA B42, B48 Frame: 30 to 370W, 2 / 4 / 6 / 8 Pole Sheet Metal Body Motors
- M50 Frame (NEMA B56 / 143T / 184): 187 to 2250W, 2 / 4 /6 / 8 Pole Sheet Metal Body Motors
- 100S Frame: 1100 to 2250W, 4 / 6 Pole Sheet Metal Body Motors
- IEC 80–160 Frame: 370 to 5500W, 4 Pole CI Body Single Phase Motors
- Flame Proof Enclosure: 370 to 750W, 4 Pole Motors
- IEC 63–112 Frame: 187 to 2250W, 2 / 4 Pole Aluminum Body Single Phase Motors
- Open Construction / Customized frames: 20 to 1500W, 2 / 4 / 6 / 8 Pole Motors for Domestic Appliance

INDUSTRIAL DRIVES AND AUTOMATION

- LV Drives Systems upto 3MW, Voltage upto 690VAC
- LV Softstarters upto 1.6MW, upto 690V
- DC Drives System upto 5400kW, Voltage upto 1000VDC
- Shaft Power Monitors
- Rotating Heat Exchanger Drives with Switched Reluctance Motors
- CG is into solution business for Sector wise application specific solutions & projects, including Inverter Duty Transformer, Variable Frequency Drives, Switchgear Panels and Rotating Machines as complete package

RAIL TRANSPORTATION AND TRACTION

PROPULSION EQUIPMENTS

- AC & DC Traction motors for AC Locos, Diesel Locos, EMUs & DEMUs
- Traction Alternators for Diesel Locos & DEMUs
- Electrical Traction Controls for Diesel Electric, Tower Car and Multiple Units

TRACTION ELECTRONICS

- Auxillary Converters—GTO
- Power Converters—GTO
- Control Electronics
- 180kVA Static Inverter
- 3X130KVA IGBT based Auxillary Converter
- IGBT based Power Converter

RAILWAY SIGNALLING

- Signalling Relays
- Point Machines
- Data Logger
- BLDC Fan
- Integrated Power Supply System
- 25KVA Underslung Inverter EMX Motor B15

STAMPING AND LAMINATION

- 0.5mm, 0.65mm thick lamination from 65mm (2.6inches) to 1300mm (51inches) diameter in CRNGO and CRCA material in all grades & coatings for guaranteed watt loss & permeability as per customer requirement
- High speed up to 425mm diameter with additional features like air gap cutting, auto stacked stators and stacked & skew rotors
- Notching operation up to 1300mm (51 inches) diameter by single point notching

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