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/73/2019

October 11, 2018

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 Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East),
Mumbai 400 051.

Scrip Code : CGPOWER

Dear Sir/Madam,

Sub: Annual Report for the financial year 2017-18

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the financial year ended March 31, 2018 duly adopted by the Members of the Company at the 81st Annual General Meeting held on September 28, 2018.

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

Thanking you,

Yours faithfully,
For CG Power and Industrial Solutions Limited

Shikha Kapadia
Company Secretary and Compliance Officer

CG Power And Industrial Solutions Limited * Mumbai - 400 030. *

Encl: As above

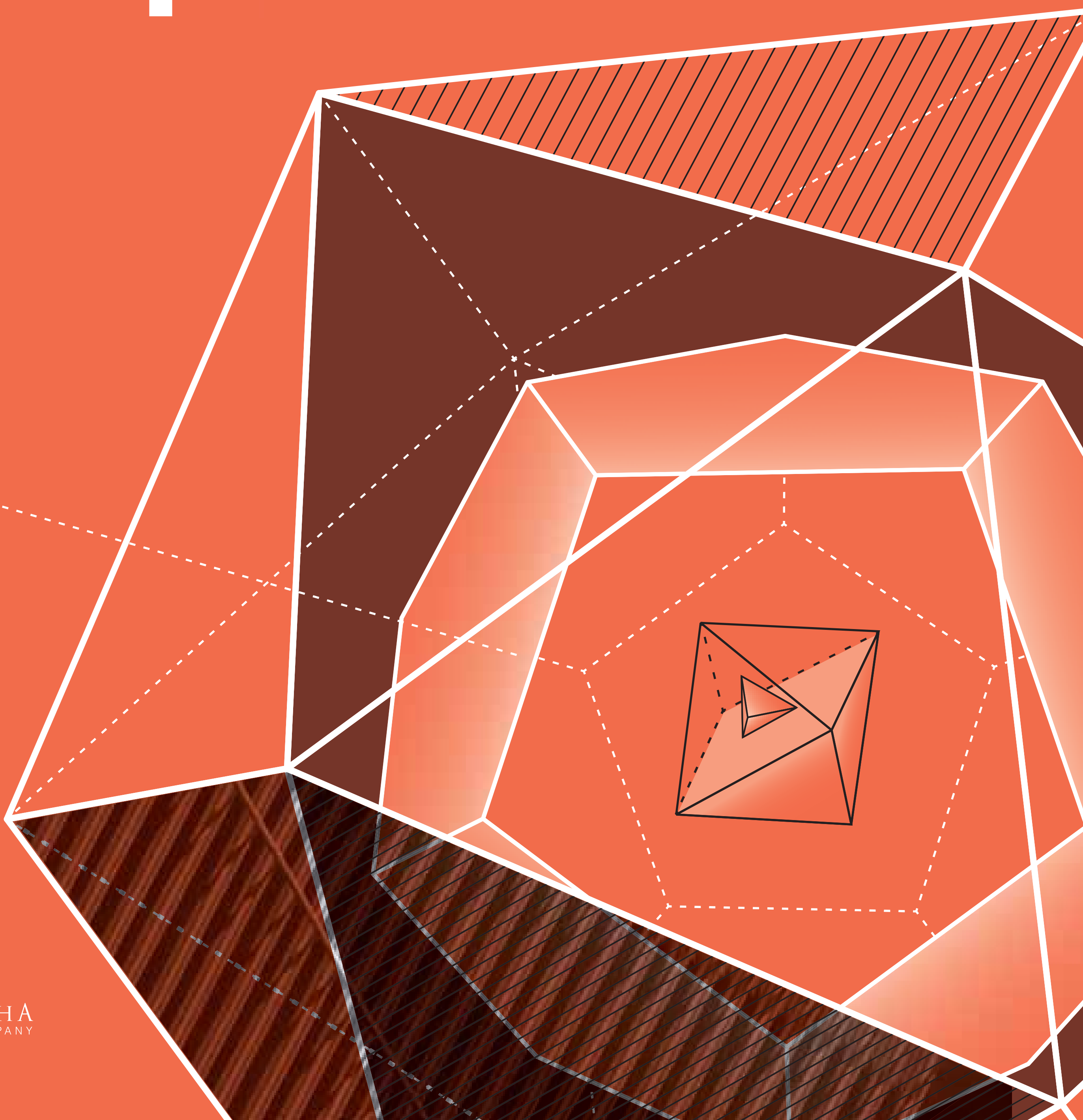
AVANTHA
GROUP COMPANY

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED [FORMERLY CROMPTON GREAVES LIMITED]

new dimensions annual report

2017
2018

Smart solutions.
Strong relationships.



AVANTHA
GROUP COMPANY

contents

corporate information

chairman
GAUTAM THAPAR

CEO and managing director
K N NEELKANT

chief financial officer
V R VENKATESH (w.e.f. 12 August 2017)

company secretary
SHIKHA KAPADIA (w.e.f. 12 February 2018)

non-executive directors
B HARIHARAN
OMKAR GOSWAMI
RAMNI NIRULA
SANJAY LABROO
VALENTIN VON MASSOW
JITENDER BALAKRISHNAN (w.e.f. 2 May 2017)
ASHISH KUMAR GUHA (w.e.f. 9 November 2017)

bankers
STATE BANK OF INDIA
AXIS BANK
BANK OF MAHARASHTRA
CORPORATION BANK
CANARA BANK
ICICI BANK
IDBI BANK
STANDARD CHARTERED BANK
YES BANK
BARCLAYS BANK
INDUSIND BANK

auditors
K.K. MANKESHWAR & CO.

registered office
6TH FLOOR, CG HOUSE
DR ANNIE BESANT ROAD
WORLI, MUMBAI 400 030

board of directors

chairman
GAUTAM THAPAR

CEO and managing director
K N NEELKANT

non-executive director
B HARIHARAN

non-executive director
OMKAR GOSWAMI

non-executive director
RAMNI NIRULA

non-executive director
SANJAY LABROO

non-executive director
VALENTIN VON MASSOW

non-executive director
JITENDER BALAKRISHNAN

non-executive director
ASHISH KUMAR GUHA

chairman's letter

Dear Shareholder,

At first glance, it may seem strange that in a year when it has incurred losses at both the stand-alone and consolidated levels why do I believe that your Company has actually done well. Let me explain this apparent anomaly at some level of detail.

First, consider the results of your Company's two business units, Power Systems BU and Industrial Systems BU.

In FY2018, despite serious competitive pressures faced by the Power Systems BU, it:

- Had an unexecuted order book (UEOB) of ₹3,127 crore as on 31 March 2018.
- Generated revenue (net of excise duty) of ₹3,633 crore.
- Earned an EBIDTA of ₹386 crore and an EBIT of ₹312 crore.
- Posted a return on capital employed (ROCE) of 20.4%, which is greater than any of the peers in the industry.

For the Industrial Systems BU, the results were better still. In FY2018:

- The UEOB increased by over 96% to ₹1,457 crore.
- Net revenue grew by 22% to ₹2,541 crore.
- EBIDTA was ₹220 crore, and EBIT was ₹166 crore.
- ROCE was 22%, which was also greater than any of the competitors in the business.

Second, look at the results at the consolidated level:

- Net revenue and income from operations was 12.1% higher at ₹6,189 crore.
- EBIDTA excluding 'other income', was 2.7% higher at ₹455 crore.
- Profits before taxes (PBT) including 'other income' but without exceptional items was ₹126 crore.
- Cash profit from continuing operations was ₹213 crore.

Abbreviations
'the Company', 'CG' refers to CG Power and Industrial Solutions Limited

These are creditable results and clearly demonstrate that your Company is now firmly on the path of profitable growth. Why then, you may ask, are the net profits negative?

The answer lies in four words: 'cleaning up the accounts'. In the last quarter of FY2018, your Company's management decided to examine the recoverability of certain overdue assets that had accumulated over the years. After detailed analysis, both the Risk and Audit Committee and Board of Directors opted for a clean-up and unanimously agreed to write these off. Such items included provisions for litigation claims, advances given to subsidiaries and their related foreign exchange gain / loss, other advances and overdue inventories. At the consolidated level, these non-cash items included provision for litigation claims, other advances and overdue inventories aggregated to ₹443 crore, and have been accounted for as 'exceptional items'.

Because of these exceptional items, net profit from continuing operations (after minority interests) turned to a net loss of ₹392 crore. And, after taking into account net losses from discontinued operations amounting to ₹772 crore, the overall net loss for your Company in FY2018 was ₹1,164 crore. At a standalone level, this was a net loss of ₹325 crore.

This cleaning up was painful but necessary. It has helped to create a leaner balance sheet that can financially accommodate the growth impetus that your Company is beginning to enjoy. The leverage ratio (long term debt to equity) of your Company is 0.3; the interest coverage ratio of continuing operations is a comfortable 2.3; and the ratio of net sales to net working capital of continuing operations is a very healthy 6.6. Simply put, your Company has all the levers in place to push for sustained profitable growth.

Your Company is now leaner, tighter and more focused than before. It has developed a strong performance-driven team. It now not only has the hunger for success but also a clear understanding of what needs to be done to deliver superior performance

From an operational perspective, CG India has done well. Despite competitive pressures, the power transformers business is performing satisfactorily, and distribution transformer sales as well as profitability have continued to increase. (Motors are doing very well—indeed well above the rest of the industry.) And your Company has performed excellently in securing its highest ever orders from Indian Railways. Internationally, the Indonesian operations have been satisfactory. Even the Belgian power transformer and systems operations, though still treated as discontinued, have turned around.

Significantly, your Company has continued with its focus on divesting non-core businesses as it re-engineers itself to being an India driven power, industrial and railways systems major—one that 'makes in India' best-in-class equipment and systems to sell to the world.

Thus, among the 'discontinued operations', CG sold its power transformer business in Canada in FY2016; sold the automation business under ZIV in March 2017; and exited from the distribution franchise business at Jalgaon, Maharashtra. In FY2018, your Company sold its wholly owned power business in the USA to WEG, a major Brazilian multinational in electric motors and other electro-electronic products. And serious efforts are being made to sell the Company's Hungarian power transformer and rotating machines business.

LOOKING AHEAD

At the time of calling off the sale of the International Business to First Reserve your Board had taken the decision to dispose off the various international assets, excluding Indonesia, separately as it was more beneficial for your Company. Subsequent disposals have vindicated the Board's decision.

Our European asset in Ireland and Belgium have since been restructured and are profitable. Your Board's decision to strategically focus on growing India, Asia and Africa / ME markets, will require us to redeploy resources from the slower growing European markets. In this respect, having taken the path of restructuring, we will accelerate our search for a buyer for rest of our European assets. Till the time a suitable buyer is found, these assets will form part of our Company business.

In India with significant over capacity in power transformer manufacturing, your Board has decided against any further investment in capacity in this business for the foreseeable future. This also includes winding down our transformer plant in Kanjur Marg and consolidating it in our plant in Bhopal. Our HV Switchgear and MV distribution continues to grow healthy and profitably and we will continue to make investments in capacity as needed. In the case of our other two manufacturing segments, motors and railways, we will also look at investments as required.

I have no doubt that CG is on a strong growth path. Your Company is now leaner, tighter and more focused than before. It has developed a strong performance-driven team. It now not only has the hunger for success but also a clear understanding of what needs to be done to deliver superior performance.

Last year I had written, "CG is better positioned to leverage business opportunities that come out of higher economic growth in both India and across South East Asia". After two successive years of strong operational performance, I am confident of even better operational results in FY2019, coupled with improved financial performance.

Thanks as always for your support.

Yours sincerely,

GAUTAM THAPAR
CHAIRMAN

consolidated financial highlights

FIGURES IN ₹ CRORE

494
EBIDTA from continuing operations
EARNINGS BEFORE INTEREST, DEPRECIATION, TAXES & AMORTISATION INCLUDING OTHER INCOME

(317)
profit/(loss) before taxes from continuing operations

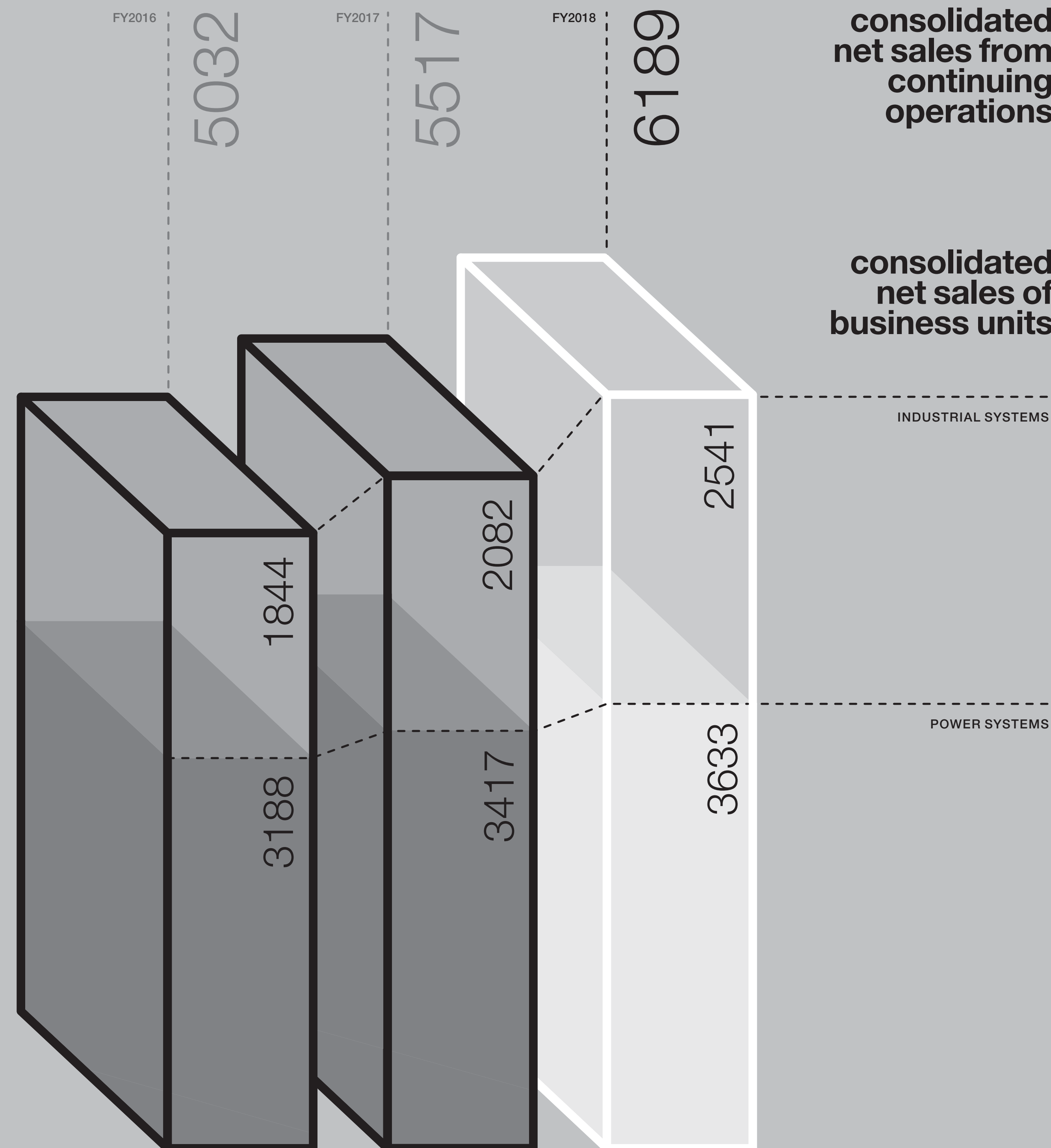
(392)
profit/(loss) after taxes

9%
ROCE from continuing operations
RETURN ON CAPITAL EMPLOYED

(42.9%)
RONW on total operations
RETURN ON NET WORTH

consolidated net sales from continuing operations

consolidated net sales of business units



new dimensions. new products. new technologies. new capabilities. new doors. new scope. new potential.

A slew of new products means a lot of things.

Foremost among these is a positive balance of energy. It requires stretching beyond the zone of the comforting and the routine. It uses, as fuel, restlessness.

It also signifies a continuity of the focus we adopted two years ago, when we redoubled our commitment to our strength, as a core electrical company. With these new products, CG also demonstrates its climb up the technology ladder.

Many of them represent firsts or near-firsts: examples of Indian designed, developed and manufactured products in fields once walked by a small set of largely global suppliers.

This commitment to growing both for and with India matters. In Indian utilities and industry, new standards are replacing the old; and it's for the Indian Industry to step up. Each of them opens up new business in the present and the future.

This shows a new dimension to CG: a vibrant company with a creative pulse. Enjoy its new side.

TRACTION ELECTRICS

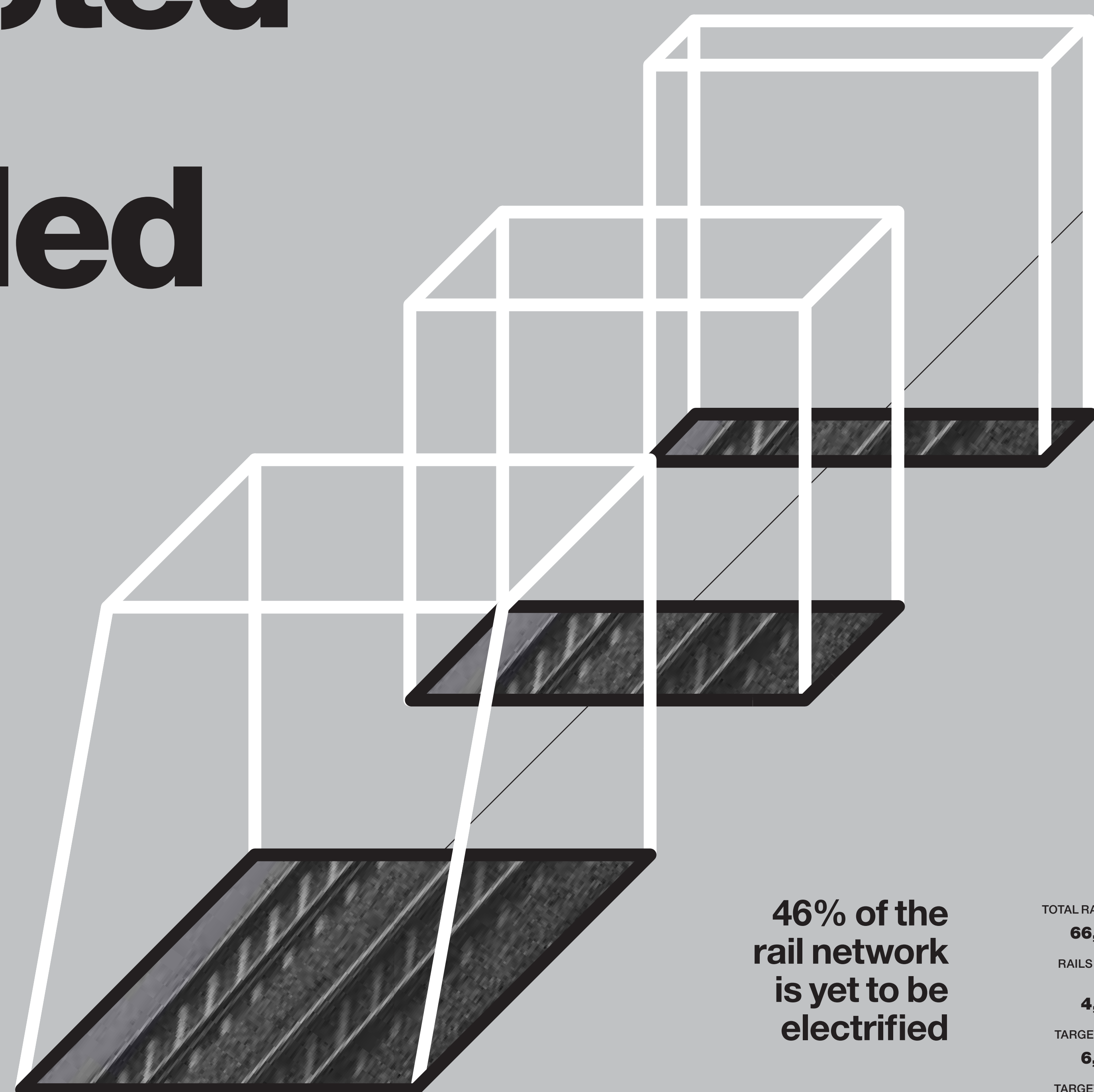
contracted time. expanded scope.

EXPECTED MARKET SIZE OVER 2-3 YEARS
₹150 crore

CURRENT MARKET SIZE
₹150 crore

SALES 2017–18
₹128 crore

sharing the load CG is partnering the Indian Railways to meet the government's aggressive targets for the modernisation and electrification of the country's extensive rail network



46% of the rail network is yet to be electrified

TOTAL RAIL NETWORK
66,687 kms

RAILS ELECTRIFIED IN FY2018
4,087 kms

TARGET FOR FY2019
6,000 kms

TARGET TILL FY2022 TO COMPLETE ELECTRIFICATION
6,200 kms per annum

a self-building, self-extending network

CG's newly developed Diesel Electric Tower Cars (DETCs) are self-propelled locomotives that not only help build new railway tracks but also inspect, maintain, and erect new masts and overhead electric lines to extend the electrified rail network across India.

from component supplier to project integrator

CG's rolling stock components have long been part of the Railway's new locomotives. Now CG is among the trusted partners the Railways are now turning to build complete locos, due to the sheer volume needed to revamp the network. The new challenge for CG: the integrated locomotive, from shell to propulsion.

a complex canvas

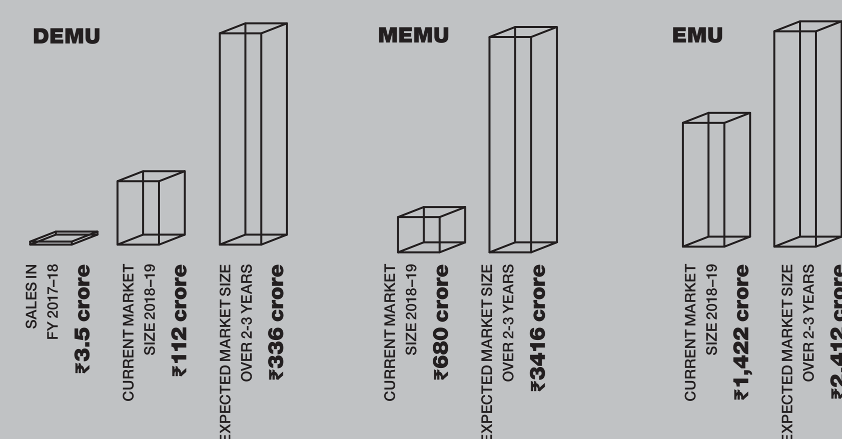
Traction motors, traction transformers, alternators, traction convertors, auxiliary convertors—building a DETC requires complex planning and coordination between various CG plants. Add on the management to integrate the diesel engine, rectifier, and driver desk from other vendors and there's an intricate, beautiful picture.

TRACTION ELECTRONICS

quick switching. better rides.

start, stop, reverse, repeat Advancements in power electronics and traction motors have given CG the opportunity to develop Multiple Unit traction systems for various trains, making daily commutes to the city smoother and faster

CG Power and Industrial Solutions Limited 2018 New Dimensions



a (rail)way for everyone

CG has indigenously developed technologies to build Mainline Electrical Multiple Units (MEMUs) and Diesel Electric Multiple Units (DEMUs) that run from rural areas to sub-urban areas. The fuel-powered DEMU is deployed in non-electrified regions. Electric Multiple Units (EMUs), similar to Metro trains, operate between urban and sub-urban areas.

space for more

Multiple units (MU) are coaches that haul and control the train. Unlike conventional locomotives, only a fraction of the MU houses the engine and driver. This leaves more than half of the coach for more passengers.

MUs at both ends of the train makes reversing direction practically immediate. With added capacity, this makes for a more efficient rail system for growing urban and sub-urban populations.

a switch for the better

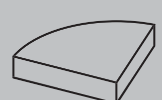
Modern traction systems use Insulated Gate Bipolar Transistors (IGBT) in place of the older Gate Turn-Off Thyristors. They enjoy faster switching frequency, increased acceleration, quicker braking, quieter traction, using less power with fewer losses.

HT MOTORS

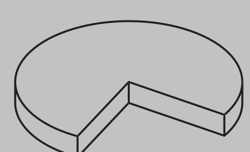
less dependence. more dependable.

more than just a copy

With an increasing demand for replacement motors, CG has found a niche in designing large, high rating, custom made motors—breaking the monopoly of the few indigenous suppliers



CURRENT MARKET SIZE
₹15 crore per annum



EXPECTED MARKET SIZE OVER 2-3 YEARS
₹50 crore

CG's circulating water pumps and boiler feed pumps for power plants will see them compete with Indian and Chinese companies.

x6

with one circulating water pump delivered to Talwandi Sabu Thermal Power Plant, CG is well placed to replace the remaining five

matching all parameters is no easy task

It takes a deep enquiry of identifying critical points, site constraints and ground-up thinking to replicate an existing motor. Matching weight, mechanical and mounting dimensions were crucial to ensure a perfect fit on the existing platform.

fits the bill, shrinks the spend

Apart from being lighter and more compact than the existing Chinese motor, this 5.25MW 16P 11kV motor manages to achieve a greater efficiency and power factor owing to CG's optimized design that has a higher power to weight ratio. Delays in repairs and servicing issues are a thing of the past, ending the frustration of dealing with a remote vendor. Bonus: CG's motor is more dependable to start with, and more economical than the import it replaces.

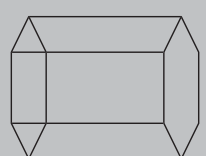
size matters: The largest motor to be produced by CG India

This HT motor is CG's most powerful yet. It puts CG at par with the very few Indian specialist companies, equalling or exceeding them on key specifications and freeing the customer from a near-monopoly.

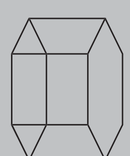
CG Power and Industrial Solutions Limited 2018 New Dimensions

HT MOTORS

less error. more certainty.



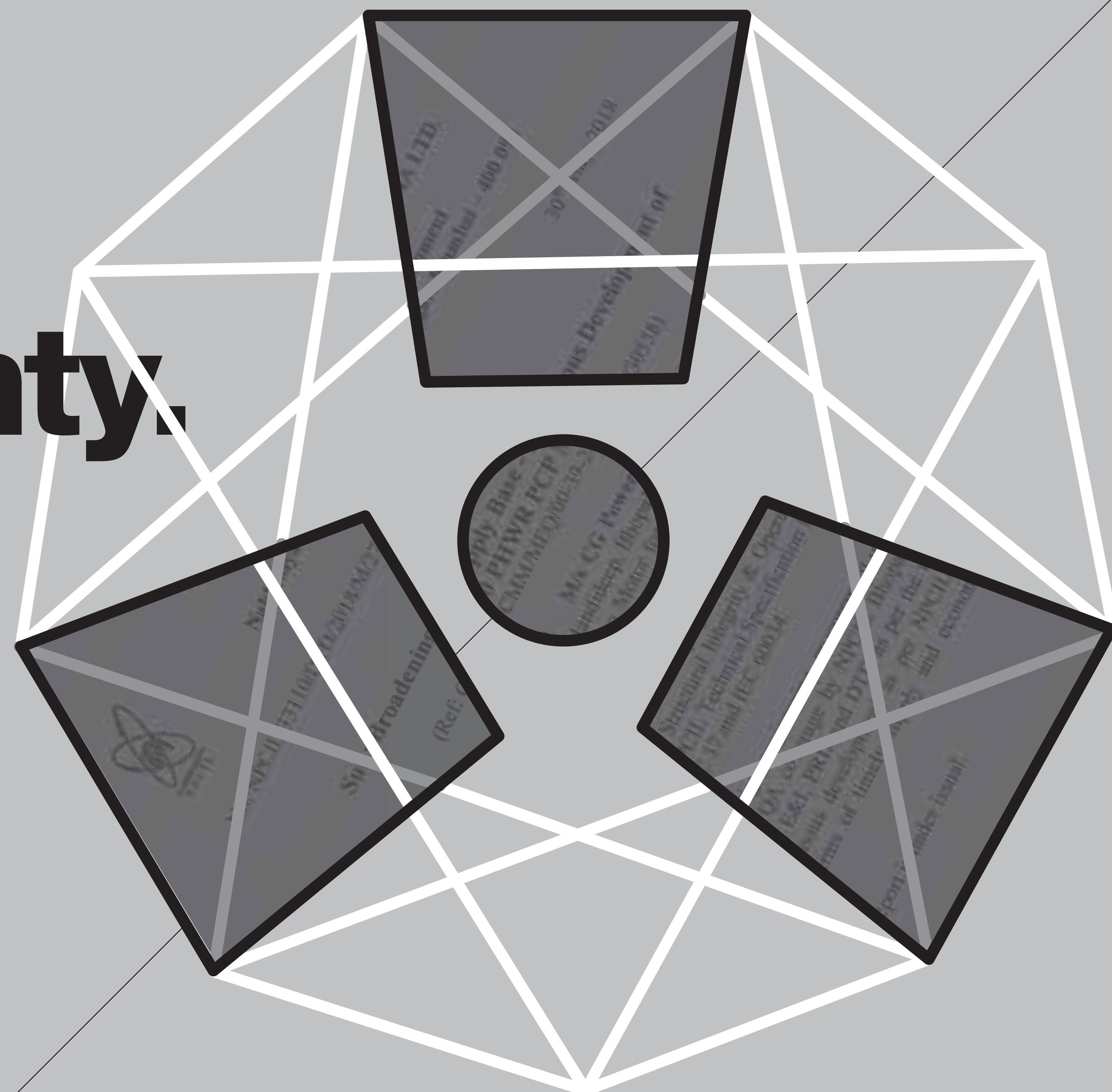
EXPECTED MARKET SIZE OVER 7 YEARS
₹600 crore



MARKET SIZE PRESENTLY
₹300 crore

too critical to fail

CG has exceeded expectations to build the expertise, pass all tests and approvals to be a certified vendor of NPCIL, building its first and most durable radiation zone motor



no servicing, please

Housed under tonnes of machinery under a nuclear reactor dome, this 6MW 4 pole 6.6kV motor pumps the primary coolant for the reactor a hundred feet below the ground. Its location in this highly restricted, unmanned zone makes servicing very impractical: it means stopping a nuclear fission reaction, losing days of service. This motor has been designed and built to critical parameters, to run without maintenance setbacks for up to 40 years.

heat, quakes, radiation

The motor has been thoroughly tested to ensure a long life, withstanding long term exposure to heat and radiation. A seismic analysis was done to check whether it is adequately earthquake proof. Passing these rigorous tests makes CG the second company in India to build such a durable motor indigenously, with no collaborators.

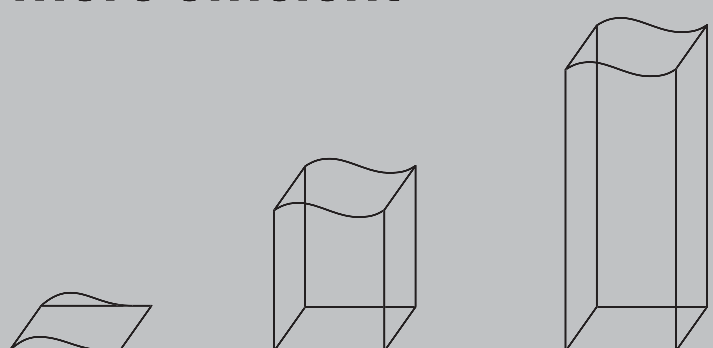
alert to risk

Specialized sensors monitor and control every important aspects of the motor's running condition—temperature, noise and vibrations—to ascertain its reliability at all times.

LT MOTORS

water in. heat out.

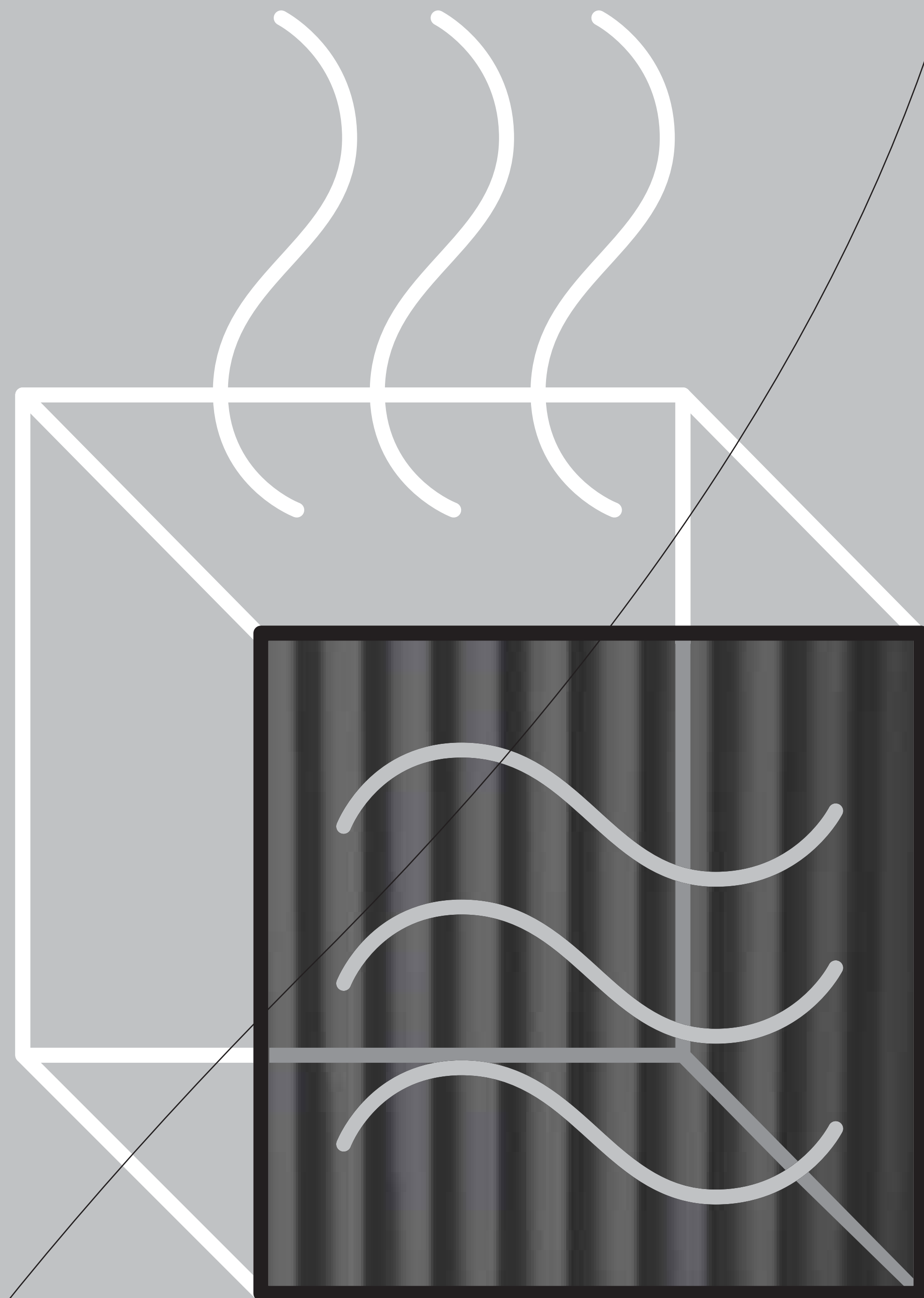
a small jacket that cools big CG has developed a new series of water cooled LT motors that are smaller, quieter and more efficient



SALES
2017–18
₹0.3 crore

MARKET SIZE
PRESENTLY
₹10 crore

EXPECTED
MARKET SIZE
OVER 2-3 YEARS
₹20 crore



water does the trick

Based on the pipe cooling system used to cool HT motors, CG has developed a compact water jacket system for small motors. The enhanced cooling—boosting efficiency by preventing temperature fluctuations—was achieved by engineering perfectly uniform water channels across the body.

save on space, heat and noise

CG's water cooled motors replace standard, air cooled motors. With the need for large internal spaces for air flow eliminated, these motors are compact, with a significant reduction in shell size and therefore, cost. With no heat dissipating from the body, they're also safer. Additionally, the elimination of a cooling fan reduces noise and wind-age losses.

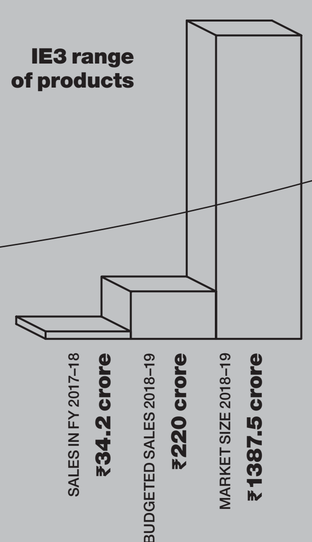
buses and mills feel the cool

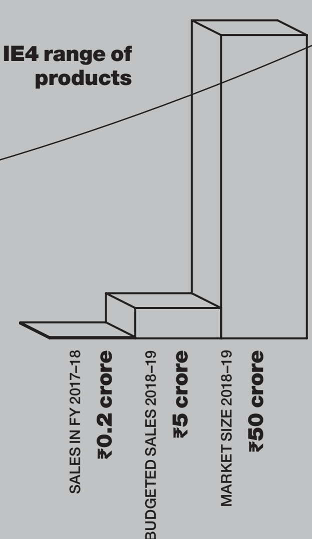
This quiet and compact technology suits electric engines used for mass transportation vehicles. The electric vehicle market is ripe to grow as the adoption of cleaner energy increases. The sugar and steel industries also hold great potential, for replacing bulky, outdated motors with more powerful and efficient ones with the same size envelope.

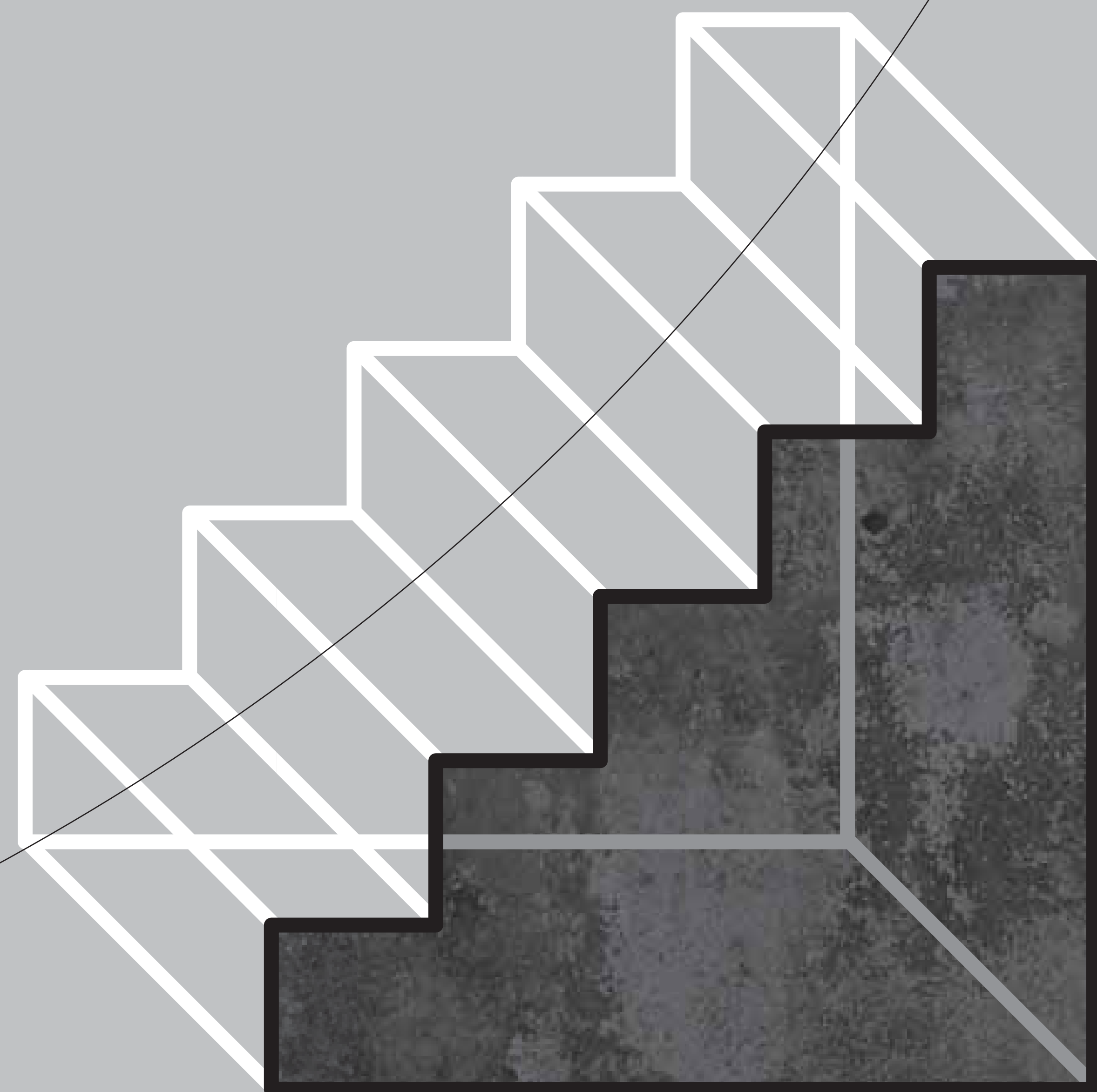
LT MOTORS

less energy. more work.

a big leap for smaller losses CG continuously raises the bar for energy efficient motors by meeting the standards of developed countries







even though the government mandate of January 2018 prescribes IE2 efficiency motors to be sold in India, CG is already manufacturing its IE3 range

reducing electrical losses

CG has manufactured a complete range of IE3 motors by optimizing their processes to balance copper, core and other mechanical losses using materials like plastic and aluminium. A further reduction in wind-age losses has been achieved by redesigning cooling fans.

CG's IE3 bombshell

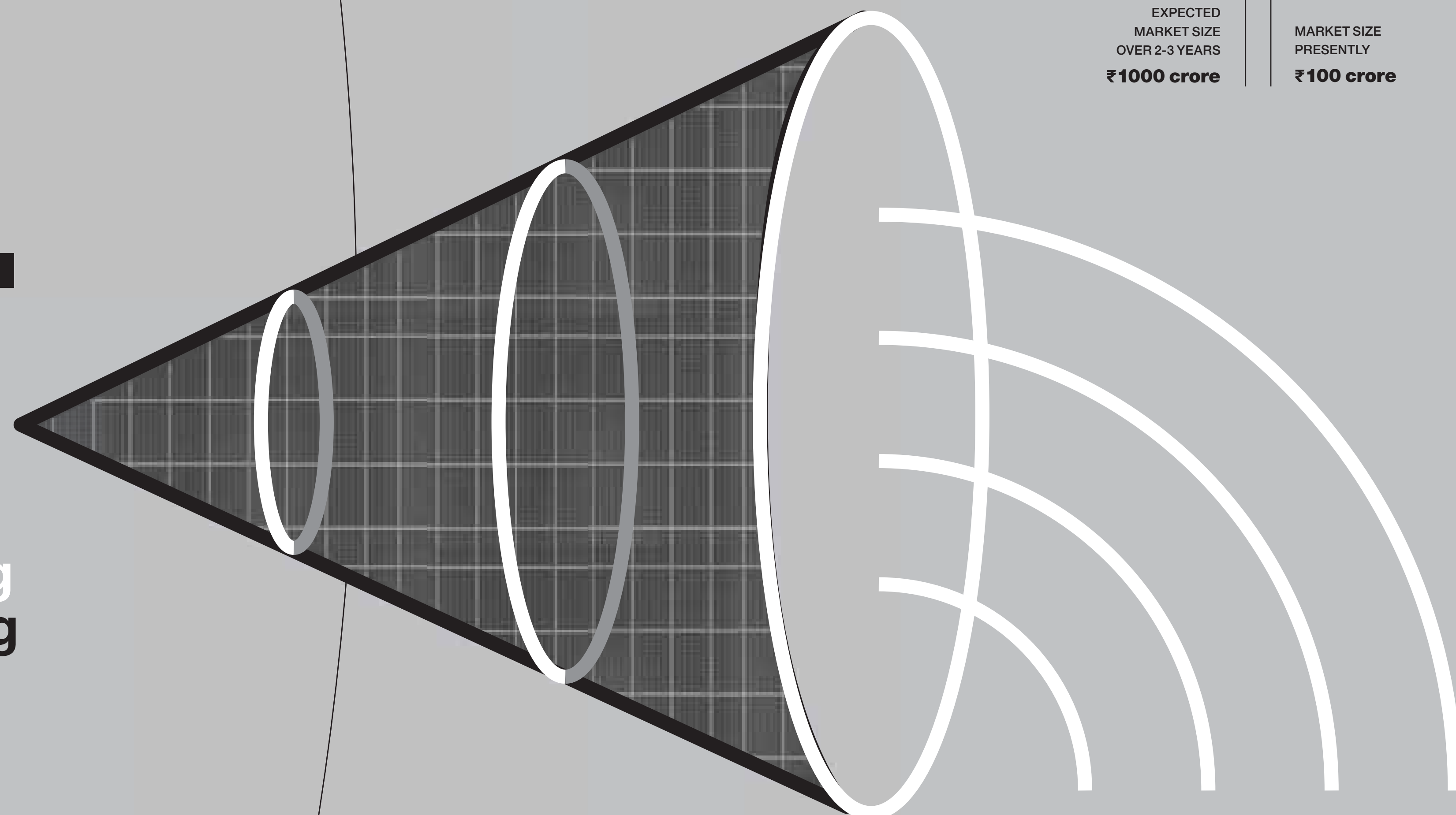
Motors designed for critical applications for the oil and gas industry require special casings that are capable of withstanding explosions and controlling fires in case sparking occurs. CG has taken swift action to become the first Indian company to go to market with a 350kW to 750kW range of IE3 explosion-proof motors by re-purposing the approved casings from its IE2 range of explosion proof motors.

looking ahead of the curve

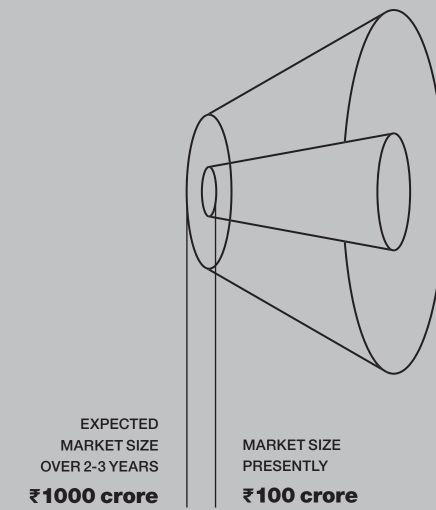
CG is preparing for the future by developing premium efficiency (IE4) Motors and has rolled out models up-to 55kW ahead of other multinational companies. Newer technologies are being explored to meet IE5 specifications: making smarter use of copper and magnetism to produce lighter, simpler and more sustainable designs.

DRIVES

less sun. more done.



a small part of a big future CG is playing its part in driving the adoption of renewable energy with the development of Suraj, a variable frequency drive that powers pumps in farms beyond the grid



CG and the world's largest solar pump scheme

KUSUM is a government initiative towards providing solar pumps to off grid farmers and reducing their dependence on diesel. This solar pump consists of a pumping system, photovoltaic cells, and CG's newly developed variable frequency drive (VFD) 'Suraj'. CG has successfully indigenised their VFD by using 90% Indian components. Giving them an advantage over the competition in terms of cost and reliability.

efficient overseeing algorithim

The VFD is key to the effectiveness of the solar pump system. It converts the DC current from the photovoltaic cell and converts it to usable AC current. The VFD uses an MPPT (Maximum Power Point Tracking) algorithm, which ensures that the pump gets a minimum power supply even under cloudy conditions, and uses the optimum power when the sun is at its fullest. Protected against the environment in a IP54 approved cabinet, Suraj is a reliable and smart route to renewable energy.

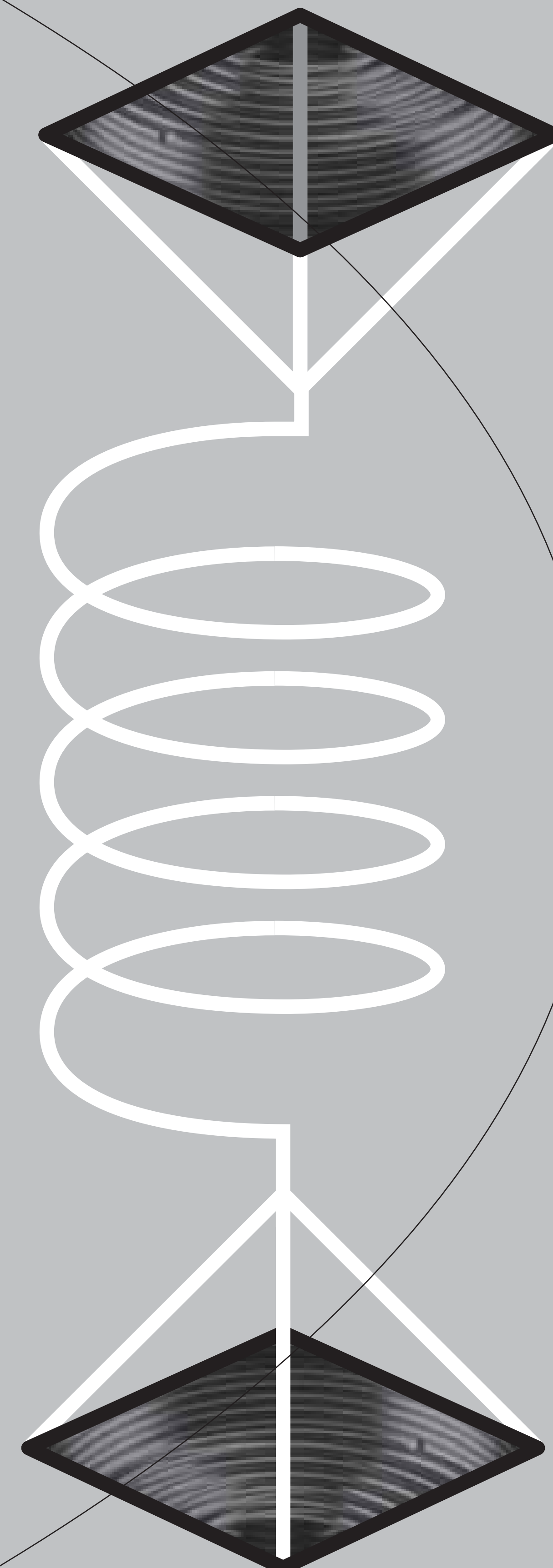
TRANSFORMERS

variably reactive. invariably available.

transforming power and countries. Always looking ahead, CG's newly introduced Variable Shunt Reactor will make long distance power transmission more stable

SALES 2017–18	MARKET SIZE PRESENTLY	EXPECTED MARKET SIZE OVER 2-3 YEARS
₹16 crore	₹30 crore	₹80 crore

CG Power and Industrial Solutions Limited 2018
New Dimensions



CG first to develop in India

Variable Shunt Reactors (VSR) are used to consume the excess reactive power and stabilize the voltage along the power line. CG has developed the 25MVAr, 225kV, 3phase Variable Shunt Reactor to ensure grid stability and efficiency. With carefully designed parameters CG's product is ready to meet the emerging demand for optimized power quality.

less space, more availability

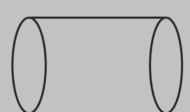
Traditionally, Fixed shunt Reactors (FSR) respond to load variation to a fixed degree. If the load variation exceeds a limit, they must be manually switched. This stresses the system, and requires more shunts along the line. VSRs respond in proportion to then load, and over a greater range of variation. One VSR will replace several circuit breakers and also shrink the installation footprint.

developing developing markets

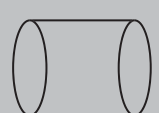
VSR is the ideal solution for developing nations due to its suitability to handle long power lines. Senegal, Africa is the first destination for CGs new VSR. Four have been executed, and orders for five more have been secured.

SWITCHGEARS

less supervision. more safety.



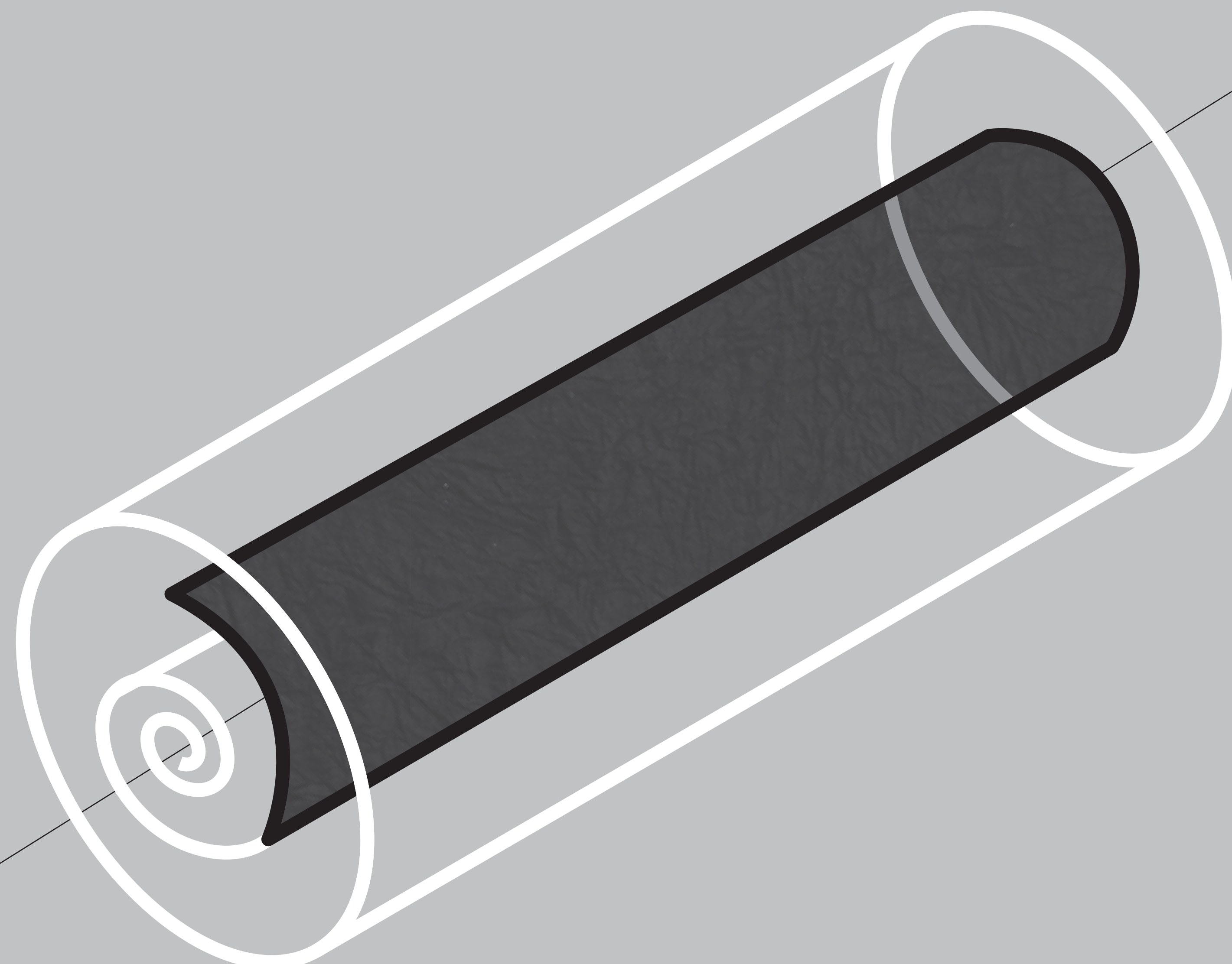
EXPECTED MARKET SIZE OVER 2-3 YEARS
₹145 crore



MARKET SIZE PRESENTLY
₹110 crore

CG's indigenous development created a stir in the international market and amongst fellow competitors

the delicate business of being tough For the first time in India CG has independently developed the intricate expertise to build resin impregnated bushings that are fire and explosion proof



CG Power and Industrial Solutions Limited 2018 New Dimensions

oil's well…

Resin impregnated paper (RIP) Bushings are much safer than oil impregnated paper (OIP) bushings since they are dry and free of flammable liquid that could leak or catch fire. There is much less risk involved in handling and installing these light weight bushings. Even in the case of a fault, added measures have been taken to prevent personal injury by making the external insulator out of a composite material that doesn't shatter like its porcelain predecessors.

curing a big problem

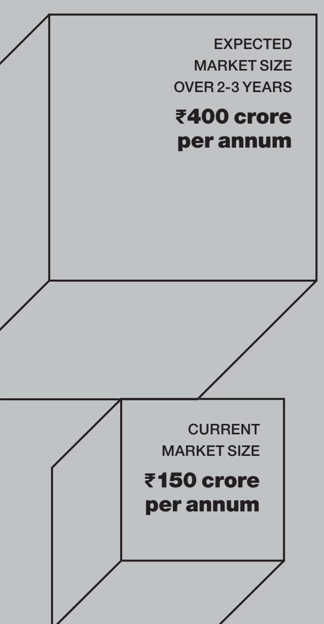
The development of RIP bushings demands an expertise in combining high voltage, mechanical, polymer and thermal engineering. In just six months the R&D team were able to master the intricacies in processing the resin systems and curing cycles to achieve excellent dielectric performance.

thank you, Elecrama 2018

CG's technological prowess and support of the Make in India vision were recognized on the international stage when this product was a runner up for the 'Best product developed by an Indian exhibitor' award at Elecrama earlier this year.

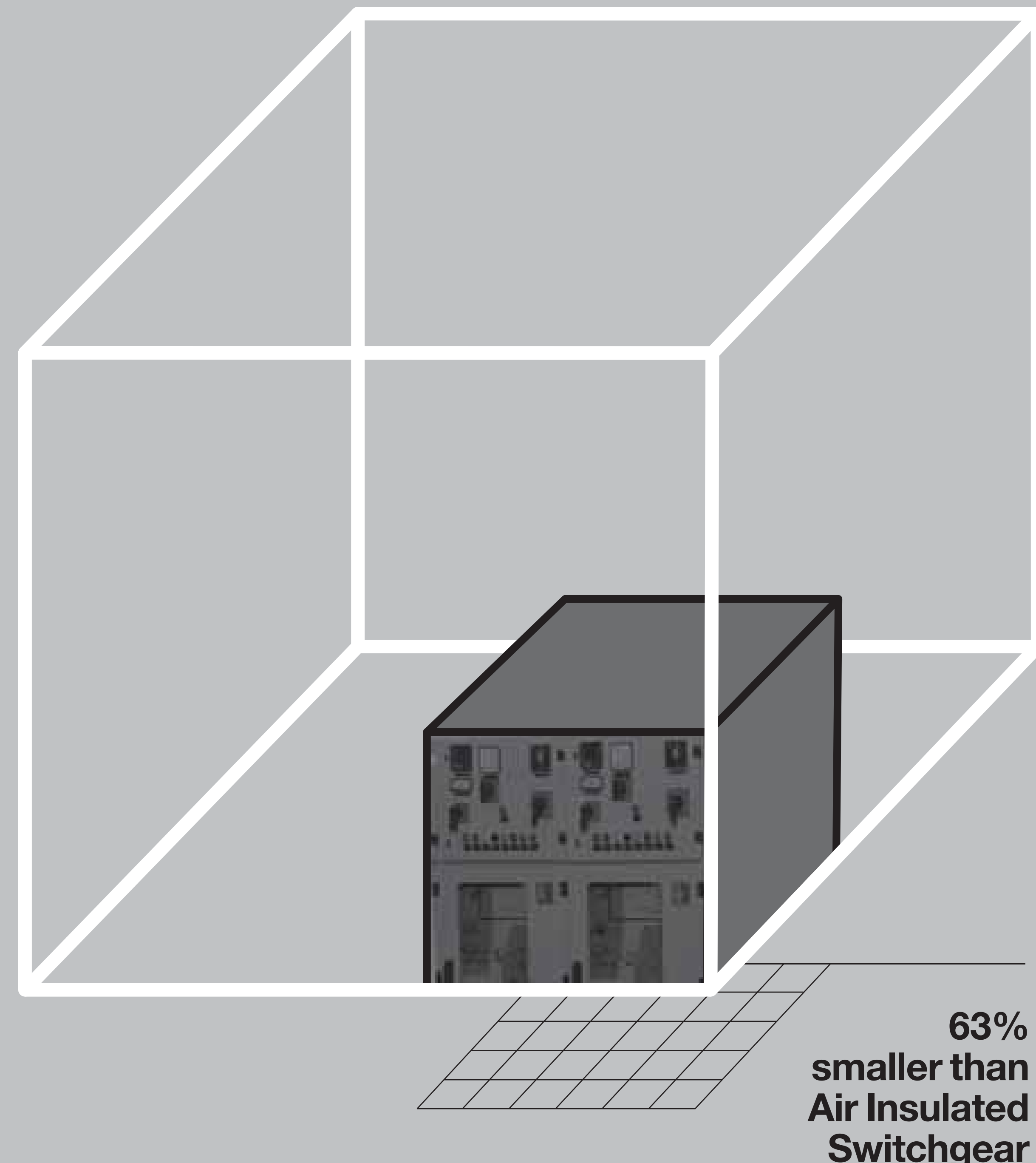
SWITCHGEARS

less room. more returns.



SALES
2017–18
₹0.9 crore

as the country grows, switchgears shrink Gas Insulated Switchgears are a compact solution to save on the cost of land while meeting the demands of India's expanding urban areas



made indigenously in a first for the country

CG's design and manufacturing teams employed unconventional materials and processes to tackle the challenging development of Arista— the space saving Indoor Medium Voltage 36kV Gas Insulated Switchgear (GIS)—which needed quality components that are highly reliable, yet compact. A development welcomed by Indian utilities and industries.

safe, automated and tamper-proof

The major current carrying and interrupting parts of the GIS are factory sealed in a robotically welded tank to protect it from nature and human tampering resulting in maintenance-free running. This ensures a high degree of reliability and safety for on-site personnel.

a smart investment that's cheaper from the start

While the initial cost of ownership of this GIS is higher that of Air Insulated Switchgear (AIS), significant savings come from the cost of land needed to house the equipment. Additionally, expenses saved in maintenance give GIS a lower life cycle cost.

management discussion and analysis

₹1 crore is ₹10 million

FY2018 stands for fiscal year 2017–18, i.e. from 1 April 2017 to 31 March 2018 Analogously, FY2017 and other fiscal years

CG Power and Industrial Solutions Limited ('CG' or 'the Company'), which is the erstwhile Crompton Greaves Limited after spinning off its consumer business, is a pure B2B company spanning two major businesses. These are:

(i) The Power Systems business unit, involving power transmission and distribution equipment and system solutions that cover many 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 and integrated solutions for railway transportation.

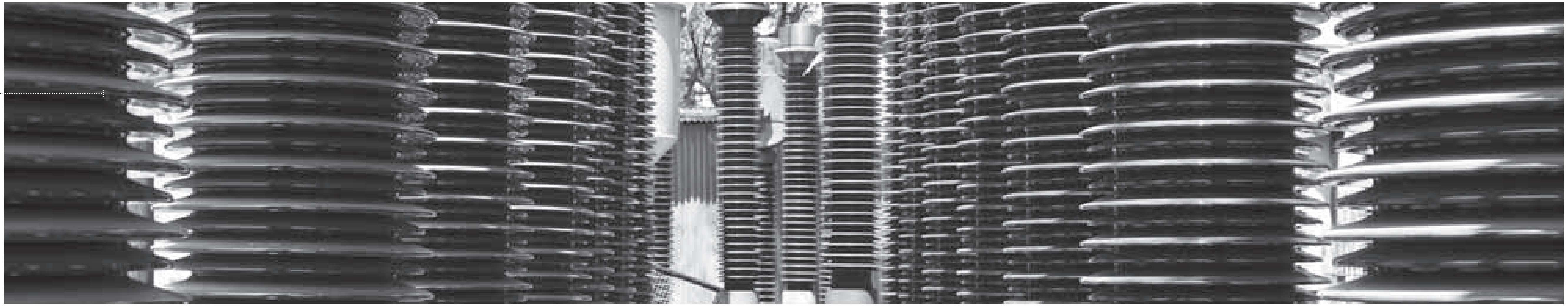
Customers consist of major utilities and industries across the globe spanning various sectors such as power generation, transmission, distribution and renewables, oil and gas, cement, metals and mining, and in railways and transportation.

Each of the two business units (BUs), Power and Industrial Systems, is treated as a profit centre and is responsible for generating revenue growth, profitability and capital efficiency.

CG Power and Industrial Solutions Limited 2018
Management Discussion and Analysis

switchgears

CG SWITCHGEARS ARE AN INTEGRAL PART OF THE INDIAN POWER INFRASTRUCTURE



continuing and discontinued operations

CG had opted to adopt the Indian Accounting Standards, or Ind AS, with effect from 1 April 2015. Under Ind AS 105, the reporting business entity has 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 FY2018, discontinued operations or businesses held for sale were as follows:

1. CG Holdings Belgium NV.
2. CG Power Systems Belgium NV.
3. CG Power Systems Ireland Ltd.
4. CG Sales Networks France SA.
5. CG Service Systems France SAS.
6. CG Electric Systems Hungary Zrt. The Company is in the process of disposing this business.
7. CG Electric Systems Hungary Zrt.—Rotating Machines Division. The Company is in the process of disposing this business as well.
8. CG Power Solutions UK Ltd. This business is being phased out.
9. CG Solutions Americas LLC (earlier CG Power Solutions USA Inc.). This business is also being phased out.
10. CG Power USA Inc. This was disposed off during the year.
11. CG Power Solutions Saudi Arabia Ltd.
12. CG Middle East FZE. This is under liquidation.
13. CG Power Solutions Limited.
14. CG Power Equipments Limited.
15. The Jalgaon franchise business of the Company, which was phased out during the year.

CONTINUING OPERATIONS

Continuing operations for FY2018 were as follows:

1. CG Power and Industrial Solutions Limited.
2. CG International BV.
3. CG Drives & Automation Netherlands BV.
4. CG Drives & Automation Germany GmbH.
5. CG Industrial Holdings Sweden AB.
6. CG Drives & Automation Sweden AB.
7. PT CG Power Systems Indonesia.
8. CG Ganz Generator and Motor LLC (formerly CG Holdings Hungary Kft.).
9. CG Holdings Americas, LLC.
10. CG Power Americas LLC (formerly CG Sales Networks Americas).
11. QEI, LLC (earlier CG Automation Solution USA).
12. CG-PPI Adhesive Products Limited.
13. Crompton Greaves Sales Network Malaysia Sdn.Bhd.
14. CG International Holdings Singapore PTE Limited.
15. PT Crompton Prima Switchgear Indonesia, a joint venture.

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 25 MW; low voltage (LV) motors ranging up to 1.5 MW; fractional horse power (FHP) motors; direct current (DC) motors; AC generators up to 70 MVA range and AC drives up to 3 MW; 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 FY2018

CG: consolidated financial highlights

- The unexecuted order book (UEOB) as on 31 March 2018 stood at ₹4,584 crore, representing a growth of 0.7% over a year earlier.

- Net sales and income from operations was ₹6,189 crore. This was 12.1% 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 ₹455 crore in FY2018. This was 2.7% higher than the comparable number for FY2017.

- Due to higher interest costs, profits before taxes (PBT) excluding 'other income' reduced by 23% to ₹87 crore. PBT including 'other income' but without exceptional items was ₹126 crore in FY2018.

- During the quarter ended 31 March 2018, the Company examined the recoverability of certain overdue / non-recoverable assets and, after this analysis, has written these off. These have been accounted for as exceptional items amounting to ₹443 crore (net) which also include provision for litigation claims.

- After incorporating these exceptional items, PBT turned negative—to a loss of ₹317 crore for FY2018.

- Consequently, profit after taxes (PAT) from continuing operations, after minority interests and share of profit or loss in associates and joint ventures, turned to a loss of ₹392 crore in FY2018.

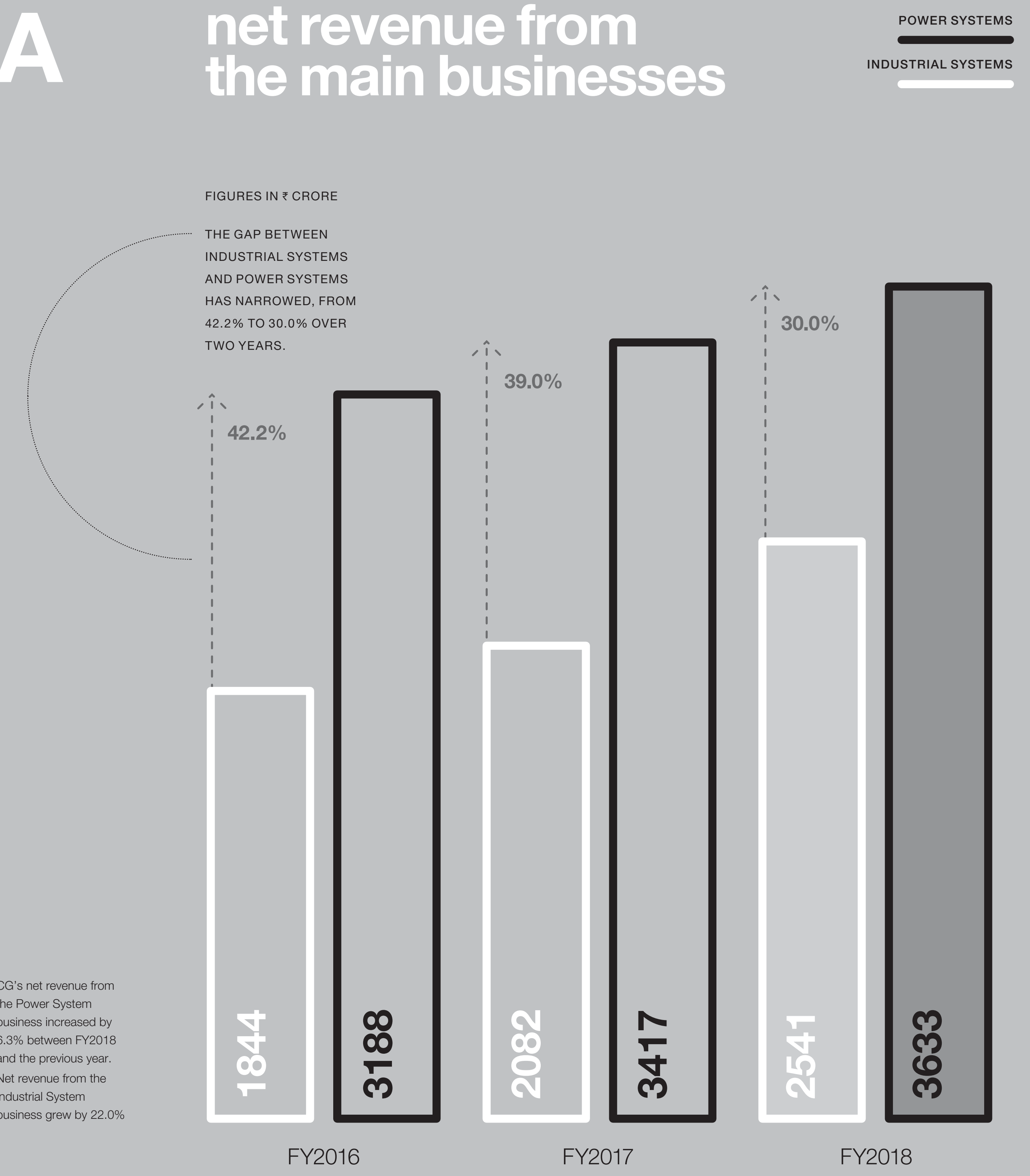
- PAT from discontinued operations was a loss of ₹772 crore.

- Overall PAT—for continuing and discontinued operations taken together—was a loss of ₹1,164 crore in FY2018, versus a loss of ₹491 crore in the previous year.

- Cash profit from continuing operations was ₹213 crore in FY2018 versus ₹246 crore in FY2017.

Chart A plots the change in revenues of the two main businesses.

A net revenue from the main businesses



CG's net revenue from the Power System business increased by 6.3% between FY2018 and the previous year. Net revenue from the Industrial System business grew by 22.0%

BUSINESS PERFORMANCE FY2018

power systems BU

Power Systems is the Company's largest BU. It 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.

DIVESTMENT OF THE US POWER SYSTEMS BUSINESS

The Board of Directors of CG accepted a binding offer from WEG S.A. for acquiring the Company's wholly owned power business in the USA, namely CG Power USA Inc., for an enterprise value of US$37 million. WEG is a Brazilian enterprise publicly listed in the Sao Paolo Stock Exchange. It is a significant global player in electric motors and other electro-electronic products. This divestment was completed on 31 July 2017. With this, CG Power USA Inc. ceased to be a wholly owned step-down overseas subsidiary of the Company.

PROPOSAL TO DIVEST CG'S BUSINESS IN HUNGARY

On 11 August 2017, CG's Board of Directors approved a binding offer from Ganz Villamossagi Zrt and Alester Holdings Ltd. (the 'Purchasers') for the assets and sale of shares of the Company's business in Hungary (excluding switchgears) owned by the Company's step-down subsidiary, CG Electric Systems Hungary Zrt. (ESHU), at an enterprise value of Euro 38 million. Subsequently, a Business Transfer Agreement as well as a Share Sale and Purchase Agreement have been signed with the Purchasers. These are subject to receiving regulatory and other approvals. Thereafter, the necessary documents for affecting transfer of all the shares of ESHU to the Purchasers have been executed. Considering certain conditions subsequent to be performed between the parties, the shares have been held in escrow and will be handed over to the Purchasers upon completion of such conditions. Consequent to this, ESHU will cease to be a step-down subsidiary of the Company. Hence, while these businesses are treated as discontinued as per Ind AS 105, these are in the process of divestment.

POWER SYSTEMS BU: CONSOLIDATED FINANCIAL PERFORMANCE

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

Although revenue of CG Power grew by 6.3% in FY2018 versus the previous year, there are a couple of issues that need highlighting.

The first is the decline in the business UEOB. Much of this is strategic: given our capacities, we did not want to take up a large number of orders for power transformers, especially those with lower profit margins. Equally, we need to de-bottleneck some of our capacities to enable greater throughput—so as to allow the business to bid for more profitable orders in the near future. We expect that to happen in FY2019 and thereafter.

The second concern is a slight drop in the EBITDA (with other income) margin—from 12.1% of revenue last year to 10.6% in FY2018. Though the difference is small, it reflects increasing competition, especially in power transformers in India. We will have to overcome this by successfully supplying higher value added power equipment with greater profit margins in the future.

POWER SYSTEMS BU: KEY DEVELOPMENTS IN FY2018

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

The Indian power transformer market is expected to grow, driven by the demand from

transformers

CG IS A LEADING MANUFACTURER OF 765 kV TRANSFORMERS AND REACTORS IN INDIA

01 consolidated financial performance: power systems business in ₹ crore

CG POWER SYSTEM BU	FY2017	FY2018	GROWTH
Unexecuted Order Book (UEOB)	3,808	3,127	(17.9%)
Net revenue	3,417	3,633	6.3%
EBIDTA (Including Other Income)	415	386	(6.8%)
EBIT	344	312	(9.3%)
Capital Employed	1,610	1,531	(4.9%)
Return on Capital Employed (ROCE)	21.4%	20.4%	Minus 1 percentage point

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

the Power Grid Corporation of India Limited (PGCIL), the National Thermal Power Corporation (NTPC) and some of the financially stronger State Electricity Boards. Dedicated freight corridors of the Indian Railways is also expected to create additional demand for trackside transformers.

In power distribution, the central government is taking over 75% of the debt of over-leveraged, cash strapped DISCOMs under the *Ujwal DISCOM Assurance Yojana* (UDAY) scheme—so long as these entities agree to adequately raise the price of electricity supplied to the final consumer. If this helps to sufficiently clean-up the accounts of many DISCOMs, it ought to create headroom to generate additional demand for distribution transformers. Early steps in this regard are visible: CG's sale of distribution transformers from T2, its Malanpur plant, has been a success story of the year.

POWER TRANSFORMERS (PT)

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

The T1 facility produces power transformers up to three-phase, 500 MVA, 500 kV, and three-phase reactors up to 125 MVAr, 400 kV. Some of its major customers have been PGCIL, NTPC, the National Hydro Power Corporation (NHPC), Larsen & Toubro (L&T), Techno Electric, Tata, Tenaga Nasional Berhad (TNB) of Malaysia, Galfar Engineering and Contracting in Oman, Societe National D'Electricitie (SENELEC), the national electricity company of Senegal, and Powertec, a major electrical equipment supply and engineering company in Greece.

T1 has had several successes in FY2018, among which are:

- Successful short circuit testing at KEMA (The Netherlands) of a 315 MVA / 400 kV transformer produced for the Uttar Pradesh Power Transmission Company Limited (UPPTCL).
- Commissioned India's first static synchronous compensator (STATCOM) transformer for PGCIL—through an order from L&T and Siemens. In the course of FY2018, four such STATCOM transformers were commissioned; eight were supplied; and another four were successfully tested.
- Designed and developed a 25 MVAr, 225 kV, three-phase variable shunt reactor for SENELEC, in Senegal. The order is for five such reactors.

The T3 facility at Mandideep is India's leading 765 kV manufacturing plant. It produces 765 kV single phase reactors up to 110 MVAr, single phase power transformer up to 500 MVA as well as three-phase transformers up to 500 MVA, 400 kV class. This unit also has dedicated bay to produce 25kV three phase locomotive transformers for Indian Railways. The key customers are PGCIL, NTPC, the Madhya Pradesh Power Transmission Company Limited (MPPTCL) and some key state-level power transmission corporations, the Bhakra

CG has full-fledged extra high voltage and medium voltage switchgear plants in India which command significant leadership position in the country

Beas Management Board (BBMB), L&T, Indian Railways, as well as the Korea Electric Power Corporation (KEPCO) and OVIT in Hungary.

FY2018 saw T3 achieve its highest ever dispatch of over 100 transformers. Equally satisfactory was the plant's manufacturing, air-lifting and commissioning of a 80 MVA, 132 kV transformer within 90 days. This transformer, manufactured for KEPCO and weighing over 90 metric tons, was air freighted from Mumbai to Jamaica.

Given growing orders from Indian Railways, T3 has created a dedicated facility for manufacturing railway transformers, with a capacity to produce 15 units per month. This facility indigenously designed, developed, manufactured, tested and dispatched a complex 1050 kVA—25 kV AC EMU transformer in line with stringent technical specifications and dimensional constraints.

CG's plant at Bogor (Indonesia) manufactures 20 MVA to 300 MVA, 20 kV to 275 kV three-phase and 167 MVA 500 kV single-phase power transformers. Its key customers are PT 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 500 kV, mobile sub-stations up to 100 MVA, 245 kV, as well as GIS sub-stations up to 300 kV. These are largely for PLN, as well as for TNB Malaysia.

CG also has a joint venture with PLN to manufacture switchgears in Indonesia.

DISTRIBUTION TRANSFORMERS (DT)

Distribution transformers (DT) are produced in India at the T2 facility at Malanpur. The products, among others, are ester oil transformers as well as large power transformers up to three-phase 40MVA, 132 kV. The major customers were: PGCIL, L&T, Sterling Wilson, SPML Infra, Siemens and the Nagpur Metro project.

After several years of making losses, T2 turned around in FY2017 with an EBIDTA of 7.3% to sales. It did better still in FY2018, with an EBIDTA of 8.5%, with a high order input and a comfortable order book position.

The plant's success has been in manufacturing ester-filled green DTs. It successfully tested an ester-filled 2 MVA, 33 / 0.433 kV transformer that was certified by the Electrical Research and Development Association (ERDA); and delivered another ester filled 8 MVA, 33 / 11 kV unit to the Central Public Works Department (CPWD). With its wide portfolio of products—including mineral oil filled, ester oil filled and cast resin dry transformers—for various applications such as power utilities, mines and metals, locomotive, EMU, and the automotive industry, T2 is now well placed to leverage growth opportunities throughout India and South Asia.

SWITCHGEARS

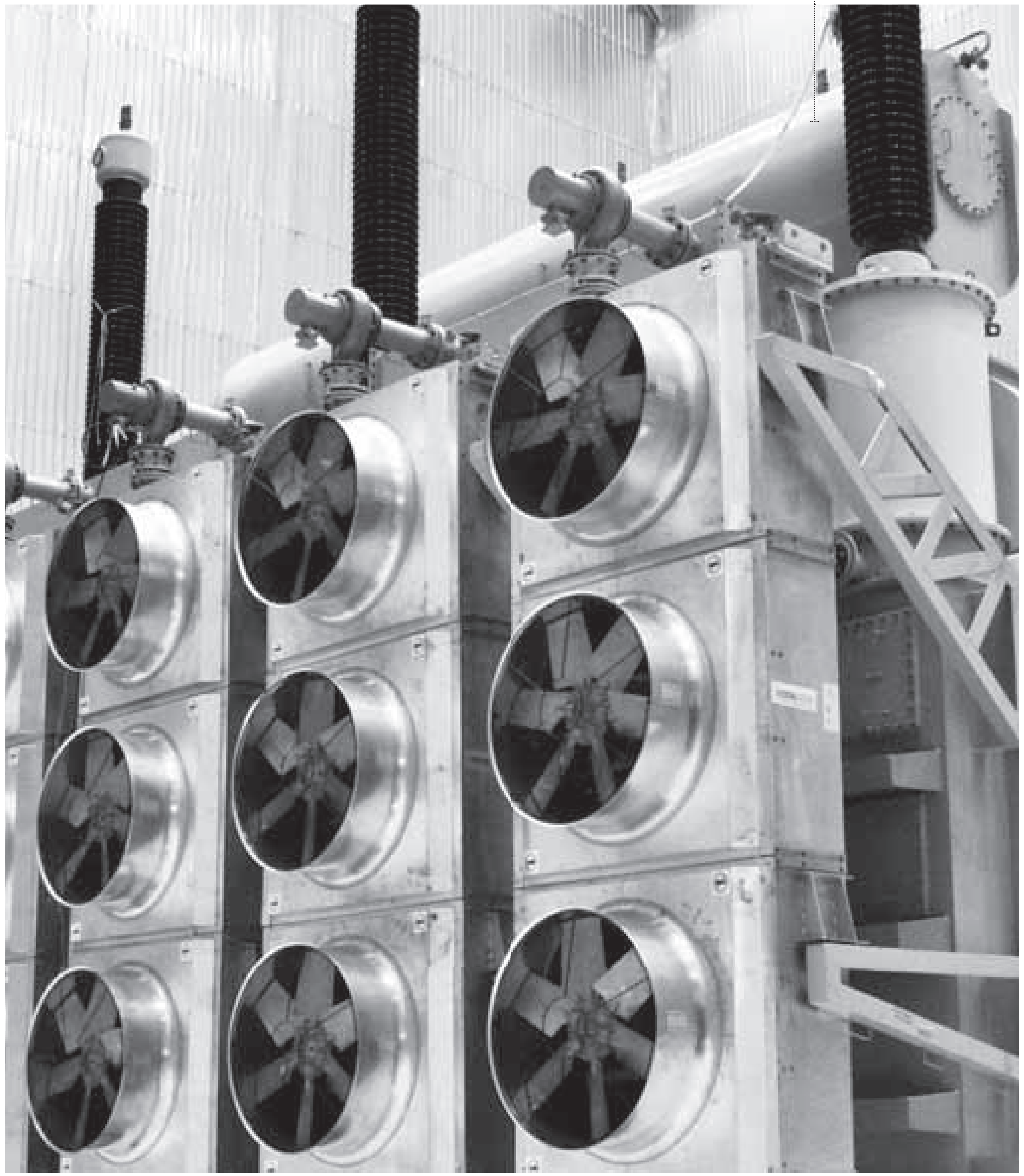
CG has full-fledged extra high voltage (EHV) and medium voltage (MV) switchgear plants in India which command significant leadership position in the country. Its facilities in Ambad (near Nashik, Maharashtra) and Aurangabad (Maharashtra) manufacture air insulated (AIS) and gas insulated (GIS) EHV switchgears, 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, AIS and GIS switchgears and electronic numerical relays. The Aurangabad unit manufactures vacuum interrupters, vacuum contactors and instrument transformers. All of India's power transmission and distribution utilities are customers to CG—the major domestic customers being PGCIL, the Nuclear Power Corporation of India Limited (NPCIL), NTPC, state-level transmission and distribution utilities, and international customers such as ANDE (Paraguay), ENEL (Italy), TNB (Malaysia), KEPCO (Korea), SSI (USA) and KPLC (Kenya), among others.

In FY2018, net sales from CG's switchgear facilities, including exports, stood at ₹1,108 crore, which was 4% above that of the previous year. Exports were ₹204 crore. Within India, CG's switchgear products accounted for over 26% of the market. The business earned an EBIDTA margin of 10.5% and an ROCE of 20.5%.

transformers

PGCIL, NTPC, NHPC, L&T ARE SOME OF THE MAJOR CUSTOMERS FOR CG TRANSFORMERS



CG developed resin impregnated paper (RIP) bushings upto 145 kV and won the runner–up award for the 'Best Product Developed by an Indian Exhibitor' in Elecrama 2018

Switchgears witnessed several key achievements. Some of these were:

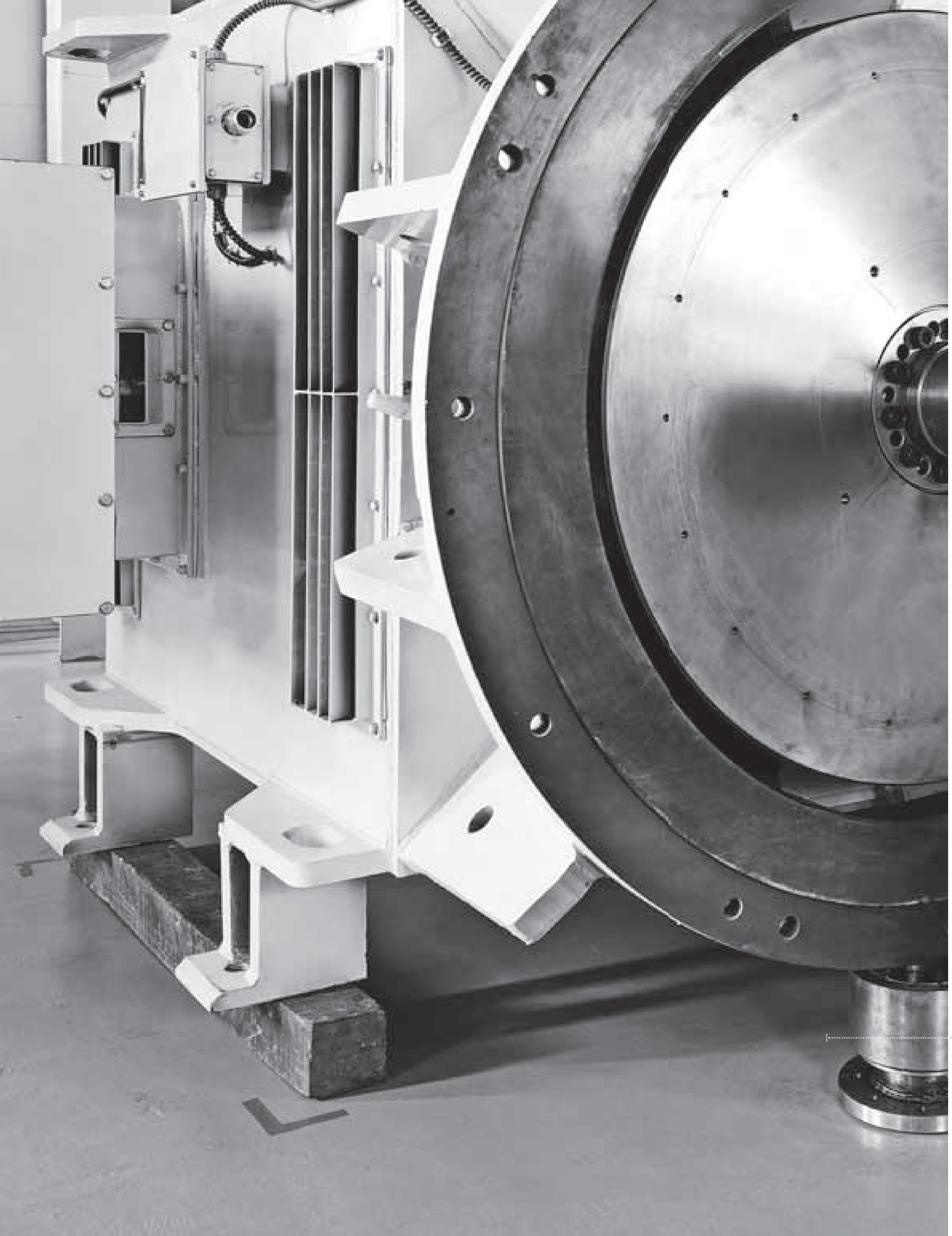
- Installation of 1 MW rooftop solar panels with associated instrumentation.
- The first Indian enterprise to get an approval from PGCIL for 765 kV bushings. Two such bushings were commissioned in November 2017; and a first order was received for 12 more of these bushings.
- Was the first to develop and produce a 765 kV current transformer (CT) with indigenous technology.
- Developed resin impregnated paper (RIP) bushings upto 145 kV and won the runner–up award for the 'Best Product Developed by an Indian Exhibitor' in Elecrama 2018.
- Produced technologically enhanced EHV current transformers such as 420 kV CTs with composite insulators in line with PGCIL's new specifications; and 420 kV CTs with cast tank for improved aesthetics as well as better performance.
- Retrofitted older hydraulic circuit breakers at PGCIL's Dadri sub-station with 400 kV gas circuit breakers.
- Commissioned a multi-axes robotic welding facility and clean room for manufacturing medium voltage GIS switchgears. Also commissioned at the same time a fully modernized state-of-the-art GIS manufacturing facility.
- GIS: Developed new and unique designs for 245 kV GIS orders from Andritz Hydro (Vietnam), Odessa Energo (Ukraine) and Torrent Power (Surat). Created a new market for GIS in West Bengal by securing orders from the West Bengal State Electric Transmission Company Limited (WBSETCL). And came up with a new application that linked a bank of medium voltage GIS with appropriate supervisory control and data acquisition (SCADA) panels for Maharashtra State Electricity Distribution Company Limited (MSEDCL) and the Haryana Vidyut Pariyojana Nigam Limited (HVPNL).
- Designed, built and successfully supplied feeder remote terminal units (FRTUs) to Torrent Power for Agra and Surat. FRTUs are intelligent electronic devices designed for use in feeder automation. More orders are in the pipeline. With this, CG has entered the area of distribution automation which has large upside potential in the world of smart grids.
- Secured the first order from Indian Railways for 13 bays of 72 kV GIS, which opens up this product to the railways and the Metro markets. Also got approval from the Research Design and Standards Organisation (RDSO) of the Indian Railways for 25 kV, 2,000 A single pole porcelain clad outdoor vacuum circuit breaker.
- New products: (i) Produced cost effective designs for 36 kV, 26.3 kA 630 A / 1,250 A single bus GIS; and for 36 kV / 40.5 kV, 31.5 kA, 2,500 A AIS vacuum circuit breaker panel. (ii) Enhanced reliability by manufacturing high cantilever 800 kV lightning arrestors, as well as 245 kV arc assisted gang operated gas circuit breakers. (iii) Produced new ranges of 145 kV and 245 kV GIS; and 420 kV, 2,500 A condenser bushings as well as EHV current transformers with a composite insulator.

ENGINEERING PROJECTS DIVISION (EPD)

EPD's offerings include:

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

In the past, EPD incurred losses on account of site completion issues that resulted in costs overruns. Most of these were due to factors beyond CG's control. Our current focus is on completing the projects at hand, which should be done by FY2019. We will only consider taking up projects that insulate the Company from potential losses and liquidated damages. In this context, we are evaluating some key EPD projects in association with state utilities.



BUSINESS PERFORMANCE FY2018

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 Industrial Systems over the last two years. As is evident, the BU has done well over the last two years.

- The unexecuted order book (UEOB) increased by over 96% to ₹1,457 crore.
- Net revenue of Industrial Systems grew by 22.0% to ₹2,541 crore.
- EBIDTA (including other income) declined by 3.9% to ₹220 crore.
- EBIT reduced by 5.2% to ₹166 crore.
- The return on capital employed (ROCE) increased by 0.9 percentage point to 22%.

HT motors

CG MANUFACTURES THE HT MOTORS AT ITS STATE-OF-THE–ART MANUFACTURING FACILITY AT MANDIDEEP (MADHYA PRADESH) IN INDIA AND TAPIOSZELE (HUNGARY)

INDUSTRIAL SYSTEMS BU: KEY DEVELOPMENTS IN FY2018

MOTORS

- Revenue from motors crossed ₹1,500 crore mark.
- CG is the clear leader in India in low tension (LT) motors, accounting for 30% of the domestic market. The market share of CG's AC motors stands at almost 37%. That of DC motors is over 50%. And CG's share of the market for alternators is almost 39%.
- Regarding FHP motors, CG's domestic market share was 13.2%.
- As far as large rotating machines and HT motors go, CG's products accounted for 18% of the Indian market.
- CG's LT motor manufacturing facility at Ahmednagar (Unit I) produces up to 25,000 machines per month. LT motors Unit II, also in Ahmednagar, manufactures 16,000 motors per month. Unit III in Goa produces up to 33,000 units per month.
- The FHP motors plant, also in Goa, manufactures up to 70,000 units per month.
- The new HT motors facility in Bhopal—which produces large machines up to 25 MW, generators up to 20 MW and made to order motors—can manufacture up to 100 equivalent motors per month.
- In FY2018, Energy Efficiency Services Limited (EESL), an energy services company of the Government of India to facilitate energy efficient projects, put out its largest ever tender worth approximately ₹215 crore for energy efficient LT motors. CG not only offered bids for all the ranges in the tender, but also won 53% of the quantity (63,500 units) and 49% (₹107 crore) of the tender value.
- Tested and successfully dispatched a vertical primary coolant pump HT motor of 6 MW 6.6 kV for NPCIL, Rajasthan. This is a primary coolant pump motor fitted inside the nuclear reactor dome, and is estimated to have a life of 40 years.
- Produced and type-tested for construction industry applications (i) liquid cooled motors; (ii) line start permanent magnet; (LSPM) motors that operate at a fixed synchronous speed irrespective of the load; and (iii) gearless traction motors for elevators and lifts.
- Introduced motors at the new IE4 efficiency level, and produced 8-pole motors in the IE2–IE3 range. Also produced drive mounted smart and intelligent motors.
- Launched IE4 AC motors—both induction and permanent magnet—of frame size varying from 80 mm to 225 mm for industrial applications. Was the first Indian manufacturer to produce flameproof (FLP) motors with a frame size of

02 consolidated financial performance: industrial systems business in ₹ crore

CG INDUSTRIAL	FY2017	FY2018	GROWTH
Unexecuted Order Book (UEOB)	743	1,457	96.1%
Net revenue	2,082	2,541	22.0%
EBIDTA (Including other income)	229	220	(3.9%)
EBIT	175	166	(5.2%)
Capital Employed	831	755	(9.2%)
Return on Capital Employed (ROCE)	21.1%	22.0%	0.9 percentage points

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

For the railways business, FY2018 saw CG recorded its highest ever sales of almost ₹623 crore, representing a 43% growth over the last year

400 mm. In a space of 45 days, developed and supplied underslung 500 kVA alternators for the Indian Railways.

- Was the first Indian manufacturer to produce water-cooled LT motors with 25% to 30% enhanced power output. Expanded the range of DC motors to a frame size of 355 mm. Was the first in India to manufacture FLP brake motors, which has a large market thanks to import substitution possibilities. Also developed a 160 KW motor for electric buses, which is under validation by the manufacturer.
- In the FHP category, the business launched: (i) 15" cooler fan motors suitable for 89 mm, 110 mm and 126 mm fans; (ii) pressure die cast aluminium (PDCA) motors across 10 ratings, from 0.12 kW to 3.7 kW; (iii) mild steel sheet body motors from 0.18 kW to 3.7 kW for exports to North and South America; (iv) high torque brushless DC (BLDC) motors of up to 300 rpm for European markets; (v) 500 W and 700 W motors for WILO pumps, which is an import substitute; and (vi) 500 W, 3,000 rpm BLDC blower motor for Indian Railways.
- Prototyped electric traction motors for propulsion of electrical vehicles. Secured a test order for four 160 kW / 215 kW, four-pole, pad mounted, water cooled, speed sensor fitted motors for use in an electric bus with a capacity for 26 seating and 21 standing passengers.

RAILWAYS

- For the railways business, FY2018 saw CG achieving its highest ever order input of over ₹917 crore, or a growth of 47% over the previous year. It also recorded its highest ever sales of almost ₹623 crore, representing a 43% growth over the last year.
- CG received the largest ever single order of 60 sets of AC-AC propulsion system worth ₹111 crore from the Chittaranjan Locomotive Works (CLW), which represented a 21% share of the total order.
- It also secured the highest order from CLW and the Diesel Locomotive Works (DLW at Varanasi) for 582 three-phase traction motors valued at ₹96.3 crore.
- In addition, it received the largest single order of 89 underslung motors for diesel electric tower cars (DETCs) worth ₹141.7 crore. Plus the highest order from CLW and DLW for 151 loco transformers worth ₹116.4 crore. In June 2018, CG bagged another order of ₹319 crore for underslung electrics for DETCs.
- CG enjoys a market share of 18% to 20% in rolling stock with CLW, DLW, Diesel Loco Modernisation Works (DMW at Patiala) and the Integral Coach Factory (ICF at Chennai); and a 52% share in relays and point machines across the zonal railways.

sales from new product development revenues from new products grew 107%

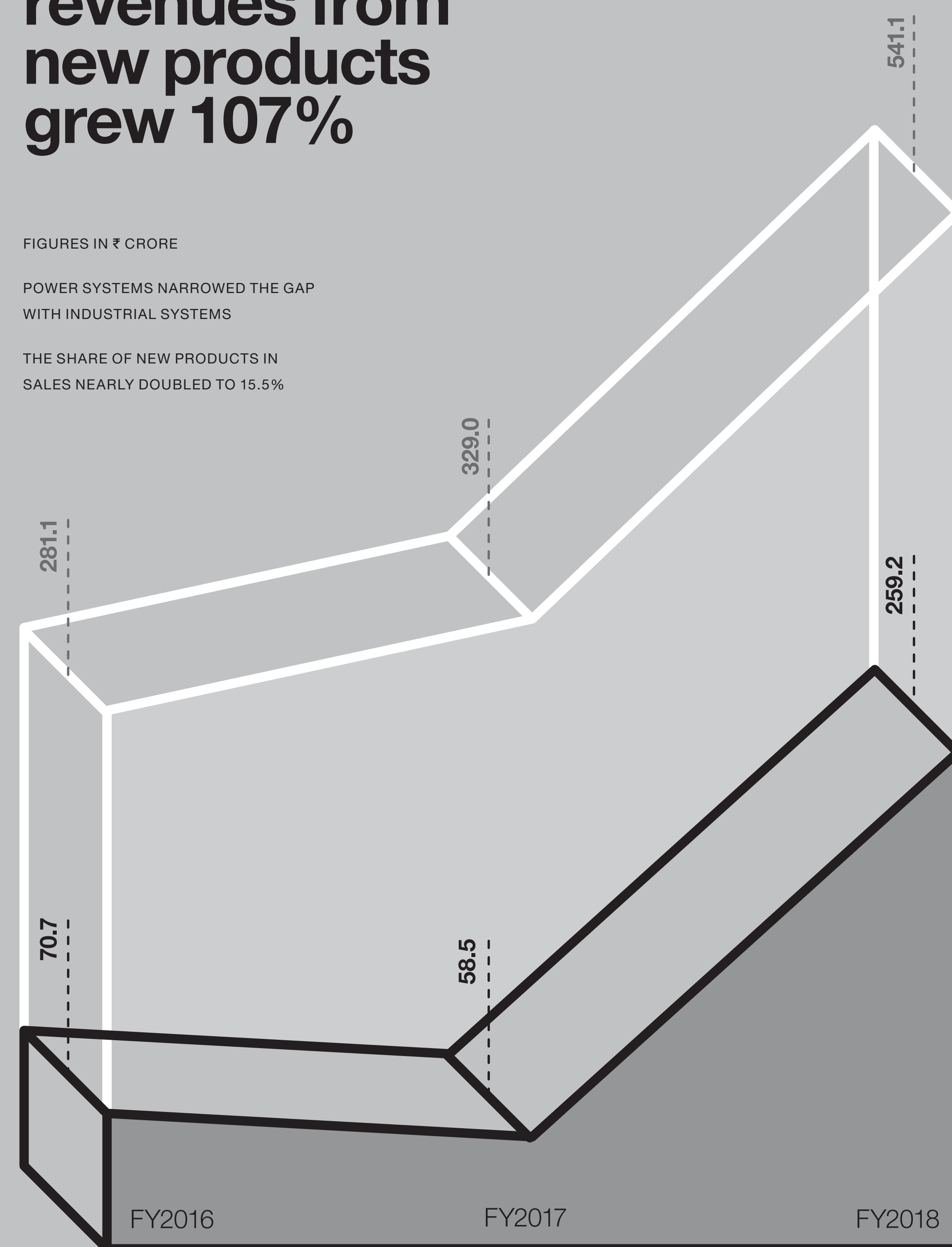
POWER SYSTEMS

INDUSTRIAL SYSTEMS

FIGURES IN ₹ CRORE

POWER SYSTEMS NARROWED THE GAP WITH INDUSTRIAL SYSTEMS

THE SHARE OF NEW PRODUCTS IN SALES NEARLY DOUBLED TO 15.5%



human resources (HR)

Last year, HR focused on top level leadership transitions as well as on managing people issues due to job rotation, retirements and changes because of divestments of parts of the global businesses. In doing so, CG continued to promote internal talent, wherever possible, to occupy vacant leaderships that needed to be filled. Moreover, the organisation transited from being matrix-based to one grounded on geography.

In 2016, CG had rolled out a large scale initiative with the Great Place to Work (GPTW) Institute to understand 'what employees feel is working well' and 'what could be improved'. These were CG's *Drishtikon* survey and covered both blue and white collared employees. Two such survey were conducted—one in 2016–17 involving 1,576 employee responses, and the other in 2017–18 involving responses from 1,674 people. For both, the participation rates exceeded 95%. The results of the *Drishtikon* surveys have been gratifying.

- Employee 'trust scores' across Indian operations jumped from 59% to 67% over the two surveys.

- The sense of CG's emotional connect with employees increased from 61% to 73%. This was one of the better performances in India as reported by the GPTW Institute.

We believe that the scores improved on account of two factors. First, the strong business performance in FY2017 and FY2018 in India compared to the immediately earlier years. And second, the impact of several corporate culture building initiatives that were launched since FY2016, which have continued since then and where all senior managers were trained in the engagement framework.

Several specific actions have been taking place within the framework of *Drishtikon*. These are typically unit-specific action plans revolving around improving workplace systems and processes, fun at work, collaboration and communication, company vision and career development activities. Focus on fairness in the annual Performance Management System and a more transparent compensation review has also helped us in improving the scores.

Engagement scores were used to evaluate people managers on their team management skills. Every manager with at least five reportees received such a scorecard with useful insights on the areas in which the leader should focus to further strengthen team engagement. We believe that this initiative has gone a long way in sensitising managers on effective team management and in helping them to become ambassadors of the CG organisation to their teams.

As of 31 March 2018, the Company had 3,377 permanent employees. During FY2018, CG hired fresh talent at the white collar levels. These comprised 55 graduate engineer trainees, six management trainees and six chartered accountants. While largely focusing on internal candidates to fill up organisationally important positions, we also made some senior external hires to add to the talent bandwidth.

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. In FY2018, the assessment for leadership promotions went up a notch when a carefully curated online process backed by an 'in-person' evaluation through a globally reputed agency was launched for assistant general managers and above. Key leaders were thereafter called for face-to-face interaction and interviews.

The online assessment data backed by an expert 'in-person' appraisal gave important insights into the potential and capabilities of the candidates. These were shared with the candidates to help them work on their career and behaviour development plans.

A fast-track promotion process was launched to revive the culture of building a young talent pool. High potentials with two years or less in the feeder grades have been promoted. They will now go through systematic developmental intervention followed by deployment to key roles to build future talent pipeline.

FY2018 also saw the launch of a programme called VRIDDHI for CG's sales team. In this, 75 sales employees were trained in a systematic programme rolled out in partnership with Mercuri Goldmann, which is a globally reputed sales training organisation. It consisted of four phases: (i) Phase 1: Initial engagement and appraising candidates of the fundamentals of programme through common telephone call; (ii) Phase 2: Two days training for enhancing sales effectiveness at CG's training centre at Mulshi; (iii) Phase 3: Project allocation followed by review; (iv) Phase 4: A two-day follow-up session.

To enhance managerial effectiveness, a 'Situational Leadership' programme was introduced in FY2018 for middle and senior level managers through the Ken Blanchard Institute, which is a globally rated training organisation. It focused on imparting flexibility in leadership style to help managers become effective in multiple contexts.

CG has been long implementing Seven Habits of Highly Effective People with more than 500 associates covered till date. We moved one step ahead and partnered with Franklin Covey to launch a new programme, 'Speed of Trust', which is aimed at building stronger skills to manage and inspire team, as well as enhance manager credibility and accountability.

During the Company's Annual Strategy Meet in May 2017, it was decided to sharpen the focus on the emerging markets of South East Asia, Middle East and Africa. Key internal talent were identified for deployment in these markets and to push our growth by getting into the profitable export business.

At CG, industrial relations (IR) set up new benchmarks in FY2018. Overall IR remained peaceful with a greater connect between the unions and management. Our LVRM Unit 1 saw the successful forming of an internal union. At LVRM Unit 2, there was a historic achievement of a 5-year wage settlement being signed before the due date. At Stampings M6 and T3, trade union agreements were signed in time. And at M7, the Large Motors and Traction Unit at Mandideep, two existing trade unions successfully merged to be recognised as a single union.

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 FY2018. All CG units in India are certified for quality systems with ISO 9001:2015 Certification / ISO 14001:2015 Environmental Management System Certification and OHSAS 18001:2007 Certification. We are in process of upgrading to ISO 45001.

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, regional EHS network conference calls were used for EHS knowledge sharing, best practices and lesson learnt across businesses and regions.

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 8,617 corrective actions were reported and tracked in ERS, of which 6,116 are closed on time.

information technology (IT)

CG's Information Technology service strategy is to keep pace with needs of the Company's growth and its business model. Instead of 'make-it-all-in-house', we have opted for a process driven approach. Nine planks define CG's IT services. These are:

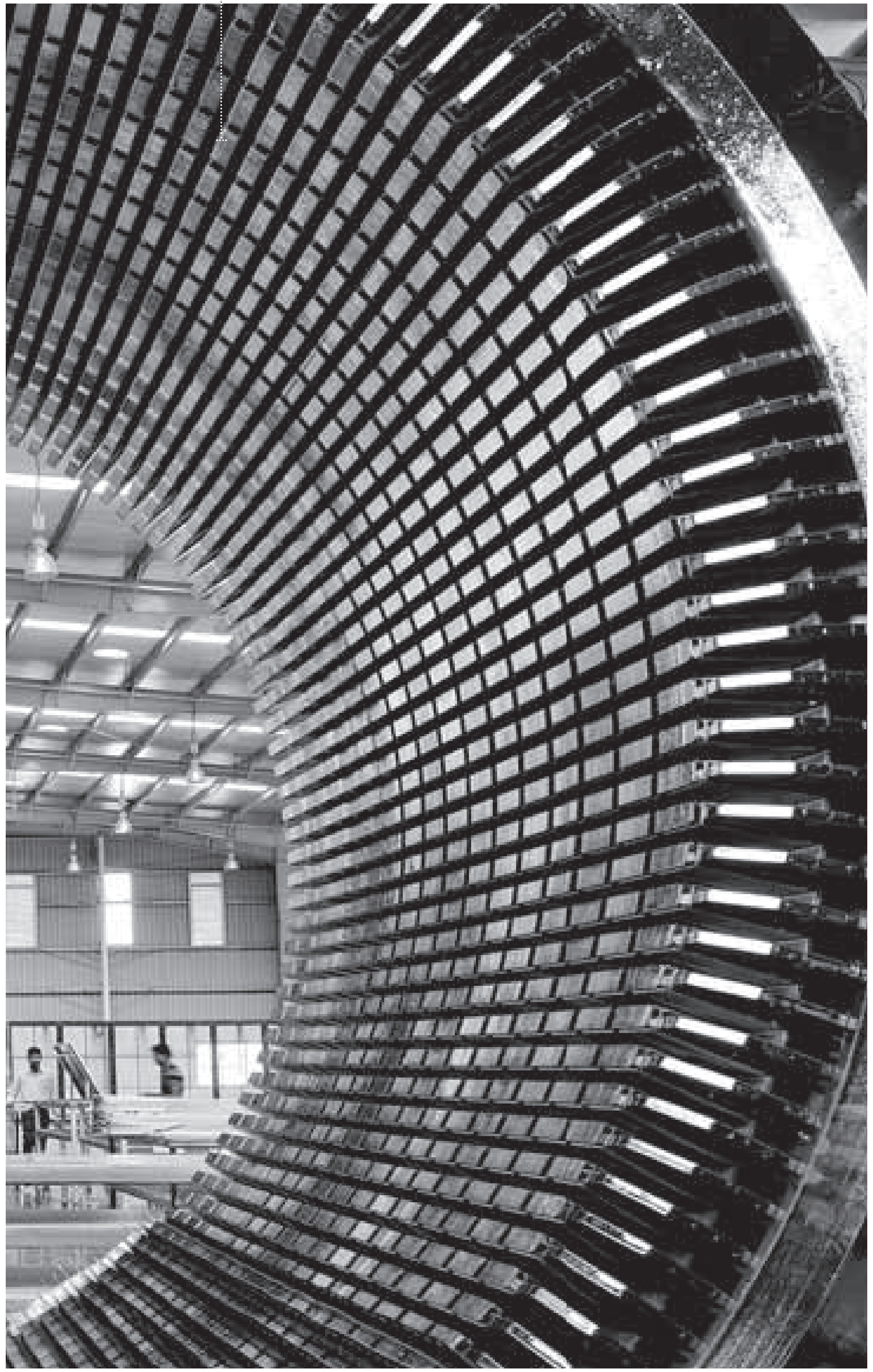
1. Increased business collaboration and partnership. The focus is on training and enhancement of resources and, when required, rationalising of the competence portfolio. Our emphasis is all-time service delivery, or what we call 'Keeping the lights on (KTLO)'. In this, we have moved towards service level agreement-based managed service as much as possible, with the governance and monitoring through in-house IT experts. We evaluate IT service request based on following principles: (i) buy or rent standard solutions, without over-customize these; and (ii) build innovative custom solutions, which are smarter and can grow.

2. SAP to be standard and basic platform in all locations of CG. The IT team focuses on implementation of standard SAP processes and onsite training across various locations for the re-skilling of SAP end-users. We have put in place a document management system in SAP for linking contracts / agreements in all purchase orders. Further enhancements are in progress to introduce contract management functionality across all contracts and agreements. Going forward, SAP will also serve as a legal repository for purchase and sale contracts.

3. Smart customised solutions. An example of this is the use of customer relationship management (CRM) software for LT and FHP motors as well as drives and automation. Used by over 350 active dealers as well as CG's marketing, sales and design teams, this portal has a direct interface with SAP and monitors several aspects of the business. Some of these are: (i) order input based on credit check, tracking of

HT motors

THE NEW HT MOTORS FACILITY IN BHOPAL PRODUCES LARGE MACHINES UP TO 25 MW, GENERATORS UP TO 20 MW AND MADE TO ORDER MOTORS



orders, dispatches and outstanding; (ii) discount approvals that go beyond standard policy; (iii) order target, quarterly tracking of commitment versus actual, dealer performance rating; (iv) repository of technical documents such as product specifications, test certificates, customer purchase orders, performance certificates, etc.; (v) documents relating to lead generation, enquiry bank, offer approval, standardized offer template, analysis of hit ratio, automation of the enquiry to offer process and a complete offer review before submission to a customer; (vi) manage asset and project related insurance claims, including generation to settlement process, policy repository, claims MIS, project policy reminders.

4. Product enhancement, EHS reporting, operations reporting. Some of these involve: (i) assessment of critical to quality items procured from vendors, which is being used by all CG India manufacturing units, and is integrated with the SAP procurement cycle; (ii) standard templates for recording EHS events such as major or minor accidents, safety observation rounds, EHS audits and environmental incidents, if any—all within the framework of a unit / enterprise balanced score card and the associated risk register; and (iii) Operations reporting system, involving incentives based on productivity calculations arising out of the CG production system norms and audits.

5. Technology enablement. Introduction of latest technology towards cost reduction and enhanced user experience.

6. IT infrastructure. Regarding global connectivity, we migrated from the traditional to the latest software defined application of a wide area network (SDWAN) technology. All locations were migrated in 14 weeks, and bandwidth increased by four times with higher service level agreements and traffic analytics. In the area of a social engagement platform within CG, we introduced a new intranet for CG India—an interactive platform to share news, events, and have discussion forums and chats for better engagement. A full disaster recovery drill was conducted in February 2018 for the global data centre at Mumbai. Critical services like SAP, CGHR4U, email and custom business applications are now synchronised in real-time with zero data loss. We went live with GST in the SAP system without any major impact on business continuity. In this, customer invoices were converted to A4 size layout as per industry standard, and an auto-email facility was also implemented.

7. IT security and compliance. We upgraded our IT security infrastructure to protect against emerging threats like ransomware, malware, etc. While no IT security is failproof, this upgrading has helped to reduce hacking risks.

8. Standardising IT procurement. This involved IT budget monitoring and reporting; vendor evaluation and reviews; new technology evaluation; re-negotiating rate contracts with OEM which resulted in a cost reduction of 10%; standardisation of equipment across the Company, such as laptops, desktops, office and network printers; and pooling of software license agreements which led to lower unit price plus enhanced support.

9. Transition of IT services in the divested entities. All transition service agreements were concluded without any major escalation or deviation. All carve-outs were handled by the internal IT team with no additional cost to CG.

corporate social responsibility (CSR)

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

CG Power and Industrial Solutions Limited 2018 Management Discussion and Analysis

FINANCIAL PERFORMANCE FY2018

standalone financial performance

The results have to be looked at in terms of Ind AS, especially the concept of continuing businesses and the 'to be sold' or discontinued operations.

Net sales and services increased by 14.3% to ₹4,981 crore.

Operating EBIDTA grew by 10.6% to ₹345 crore.

Because of a significant increase in finance costs in FY2018, operating PBT (excluding other income) reduced from ₹57 crore in FY2017 to ₹29 crore in FY2018. Including 'other income', PBT reduced from ₹257 crore in FY2017 to ₹227 crore in FY2018. The increase in finance cost was on account of larger loans taken in India to finance the losses in some international operations.

During the quarter ended 31 March 2018, the Company examined the recoverability of certain overdue / non-recoverable assets and, after analysis, chose to write these off. These have been accounted for as exceptional items amounting to ₹453 crore which also include provision for litigation claims, advances given to subsidiaries and related foreign exchange gain / loss.

Because of the size of the write off on account of exceptional items, net profit for the year swung from a profit of ₹125 crore in FY2017 to a loss of ₹325 crore in FY2018.

Net profit from continuing operations decreased from a profit of ₹146 crore in FY2017 to a net loss of ₹273 crore in FY2018.

Cash profit from continuing operations increased from ₹283 crore in FY2017 to ₹301 crore in FY2018.

Net loss from discontinued operations was ₹52 crore in FY2018 versus ₹21 crore in the previous financial year.

03 CG's standalone results, FY2017 and FY2018 ₹ crore

YEAR ENDED 31 MARCH	FY2017	FY2018
Gross Revenue from operations	4761	5079
Less: excise duty	405	98
Net sales and services	4356	4981
Cost of raw materials and components consumed and construction material	3202	3679
Employee benefits expense	358	363
Other expenses	484	594
EBIDTA excluding Other Income (OI)	312	345
Other income (OI)	200	198
EBIDTA Including OI	512	543
Finance costs	164	214
Depreciation and amortisation	91	102
PBT excluding OI	57	29
PBT Including OI (Before Exceptional Item)	257	227
Exceptional items net of income / (loss)	(100)	(453)
Profit / (loss) after Exceptional Items	157	(226)
Less: Tax expenses		
Current tax	37	-
Deferred Tax: MAT Credit Entitlement	(12)	-
Deferred tax (net)	(14)	47
Net Profit / (loss) for the year from continuing operation	146	(273)
Loss from discontinued operations before tax	(33)	(79)
Tax expense / (credit) on discontinued operations	(12)	(27)
Net loss from discontinued operations after tax	(21)	(52)
Net profit / (loss) for the year	125	(325)
Cash profit from continuing operations	283	301
Earnings Per Share Continued Operations (Basic And Diluted) (In ₹)	2.33	(4.35)
Earnings Per Share Discontinued Operations (Basic And Diluted) (In ₹)	(0.34)	(0.83)

(Face Value Of Equity Share of ₹2 each)

04 standalone performance: key ratios

YEAR ENDED 31 MARCH	FY2017	FY2018
Profitability Ratios		
EBIDTA excluding OI / Net sales from continuing operations	7.2%	6.9%
EBIDTA including OI / Net sales from continuing operations	11.8%	10.9%
PBT (excluding exceptional item) / Net sales from continuing operations	5.9%	4.6%
RONW on total operations	3.0%	(8.5%)
ROCE (excluding exceptional item) (at year-end capital employed) on continuing operations	7.5%	8.0%
Cash ROCE (excluding exceptional item) from continuing operations	9.2%	9.9%
EPS on the basis of total profits from continuing operations (In ₹ Per Share)	2.33	(4.35)
EPS on the basis of total profits from discontinued operations (In ₹ Per Share)	(0.34)	(0.83)
EPS on the basis of total profits (In ₹ Per Share)	1.99	(5.18)
Cash EPS from continuing operations (In ₹ Per Share)	4.52	4.81
Leverage Ratios		
Long term debt to equity	0.1	0.2
Interest coverage ratio of continuing operations	3.1	2.5
Assets Efficiency		
Net sales to Gross Working Capital (times)	0.8	1.0
Net sales to Net Working Capital (times)	1.4	2.2

Standalone results of CG for the year ended 31 March 2018 and 2017 are given in Table 3. Table 4 shows the key ratios (profitability, assets efficiency and leverage ratios) of CG for FY2018 and FY2017.

FINANCIAL PERFORMANCE FY2018

consolidated financial performance

The results have to be looked at in terms of Ind AS, especially the concept of continuing businesses and the 'to be sold' or discontinued operations.

Net sales and services: In rupees, it grew by 12.1% to ₹6,189 crore in FY2018. In US$, it increased by 16.6% to US$959 million.

Operating EBIDTA increased by 2.7% in rupees to ₹455 crore; and by 7.6% to US$71 million.

PBT including other income, but before exceptional items decreased by 30.4% to ₹126 crore in FY2018; and by 25.9% to US$20 million. This was largely on account of finance costs, which increased by almost 18% from ₹186 crore in FY2017 to ₹219 crore in FY2018. This rise in finance costs was on account of additional loans taken in India to meet the large losses incurred in some of the international subsidiaries.

As mentioned earlier, during the quarter ended 31 March 2018, the Company examined the recoverability of certain overdue / non-recoverable assets and, after analysis, chose to write these off. These have been accounted for as exceptional items amounting to ₹443 crore which also includes provision for litigation claims.

Due to these exceptional items, net profit from continuing operations (after minority interests) turned to a net loss of ₹392 crore. That translated to a net loss of US$60 million.

After taking into account net losses from discontinued operations amounting to ₹772 crore, or US$120 million, the overall net loss for the Company in FY2018 was ₹1,164 crore, or US$180 million.

It should be emphasised that cash profits for FY2018 from continuing operations was ₹213 crore, or US$33 million.

05 CG's consolidated financial performance

	FY2017		FY2018	
	₹ crore	US $ million	₹ crore	US $ million
Gross Revenue from operations	5924	883	6288	974
Less: excise duty	407	61	99	15
Net Sales and Services	5517	822	6189	959
Cost of raw materials and components consumed and construction material	3887	579	4410	683
Employee Benefits expense	513	77	532	82
Other Expenses	674	100	792	123
EBIDTA excluding Other Income (OI)	443	66	455	71
Other Income (OI)	67	10	39	6
EBIDTA Including OI	510	76	494	77
Finance Costs	186	28	219	34
Depreciation and Amortisation	143	21	149	23
PBT excluding OI	114	17	87	14
PBT Including OI (Before Exceptional Item)	181	27	126	20
Exceptional Item	(73)	(11)	(443)	(69)
PBT after Exceptional item	108	16	(317)	(49)
Less: Tax expenses				
Current tax	59	9	34	5
Deferred Tax: MAT Credit Entitlement	(12)	(2)	-	-
Deferred tax (net)	(19)	(3)	41	6
PAT	80	12	(392)	(60)
Minority Interest	-	-	2	0
Share of Profit / (Loss) of associates and joint venture	(1)	(0)	(2)	(0)
PAT after minority interest and share of associates and joint venture	79	12	(392)	(60)
Loss from discontinued operations before tax	(592)	(88)	(799)	(124)
Tax expense / (credit) on discontinued operations	(22)	(3)	(27)	(4)
Net loss from discontinued operations after tax	(570)	(85)	(772)	(120)
Net loss for the year	(491)	(73)	(1,164)	(180)
Cash profit for the year from continuing operations	246	37	213	33
Exchange rate for US$1 on respective year end dates		67.0978		64.5442

06 consolidated financial performance: key ratios

	FY2017	FY2018
Profitability Ratios		
EBIDTA excluding OI / Net sales from continuing operations	8.0%	7.4%
EBIDTA including OI / Net sales from continuing operations	9.2%	8.0%
PBT (excluding exceptional item) / Net sales	3.3%	2.0%
RONW on total operations	(11.9%)	(42.9%)
ROCE (excluding exceptional item) (terminal) of continuing operations	8.2%	9.0%
Cash ROCE (excluding exceptional item) (terminal) of continuing operations	11.3%	12.8%
Per Shares Ratios		
EPS on the basis of total profits from continuing operations (in ₹ Per share)	1.25	(6.28)
EPS on the basis of total profits from discontinued operations (in ₹ Per share)	(9.08)	(12.29)
Total EPS on the basis of total profits from continuing and discontinued operations (in ₹ Per share)	(7.83)	(18.57)
Cash EPS from continuing operations (in ₹ Per share)	3.93	3.41
Leverage Ratios		
Long term debt to equity	0.1	0.3
Interest coverage ratio of continuing operations	2.7	2.3
Assets Efficiency Ratios		
Net sales to gross working capital of continuing operations (times)	1.1	1.5
Net sales to net working capital of continuing operations (times)	2.9	6.6

Table 5 gives the consolidated performance of CG, while Table 6 gives the key ratios.

risk management

CG deploys a well-designed risk management framework. This is based upon a three-tiered approach taking into account (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 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 executives to CG's fiduciary Risk and Audit Committee (RAC) and then to the Board of Directors.

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 changes. 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 control 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.

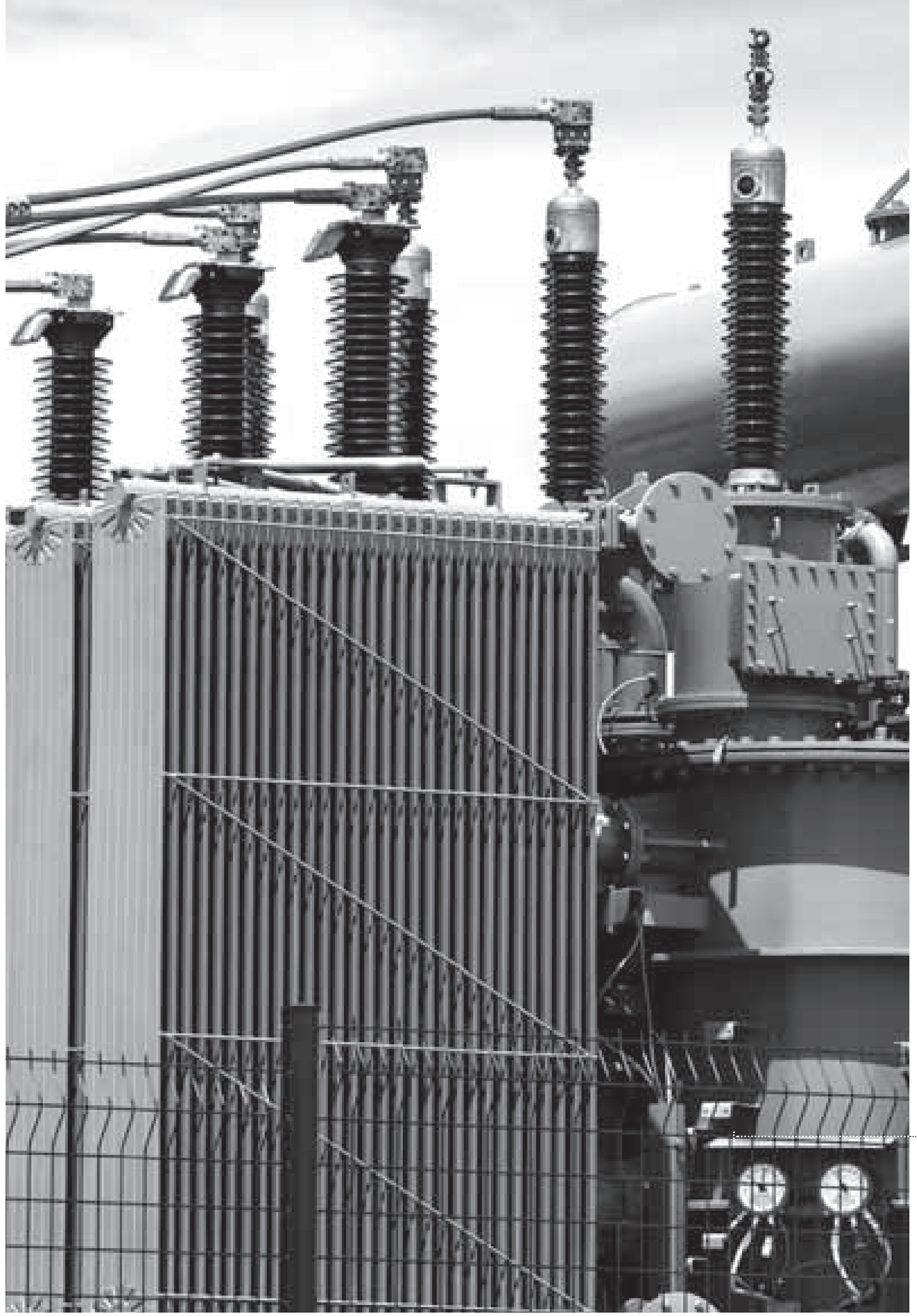
Annual internal audit plan covers key areas of operations. This is vetted by Board-level RAC, which is updated every quarter—and occasionally between successive quarters—of the significant internal audit observations, compliance with statutes, risk management and control systems. The RAC assesses the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

It is useful to begin with the legacy of the past. As we have discussed in the last few annual reports, CG suffered from losses incurred by some of its international operations—which needed to be made good by regular cash outflows from the parent Company.

Given these circumstances, the Board of Directors favoured selling these loss-making businesses at reasonable enterprise values to focus on CG's profitable core competency—one of producing transformers and industrial systems



transformers

THE TRANSFORMER MARKET IS EXPECTED TO GROW, DRIVEN BY THE DEMAND FROM THE PGCIL, NTPC AND SOME OF THE FINANCIALLY STRONGER STATE ELECTRICITY BOARDS

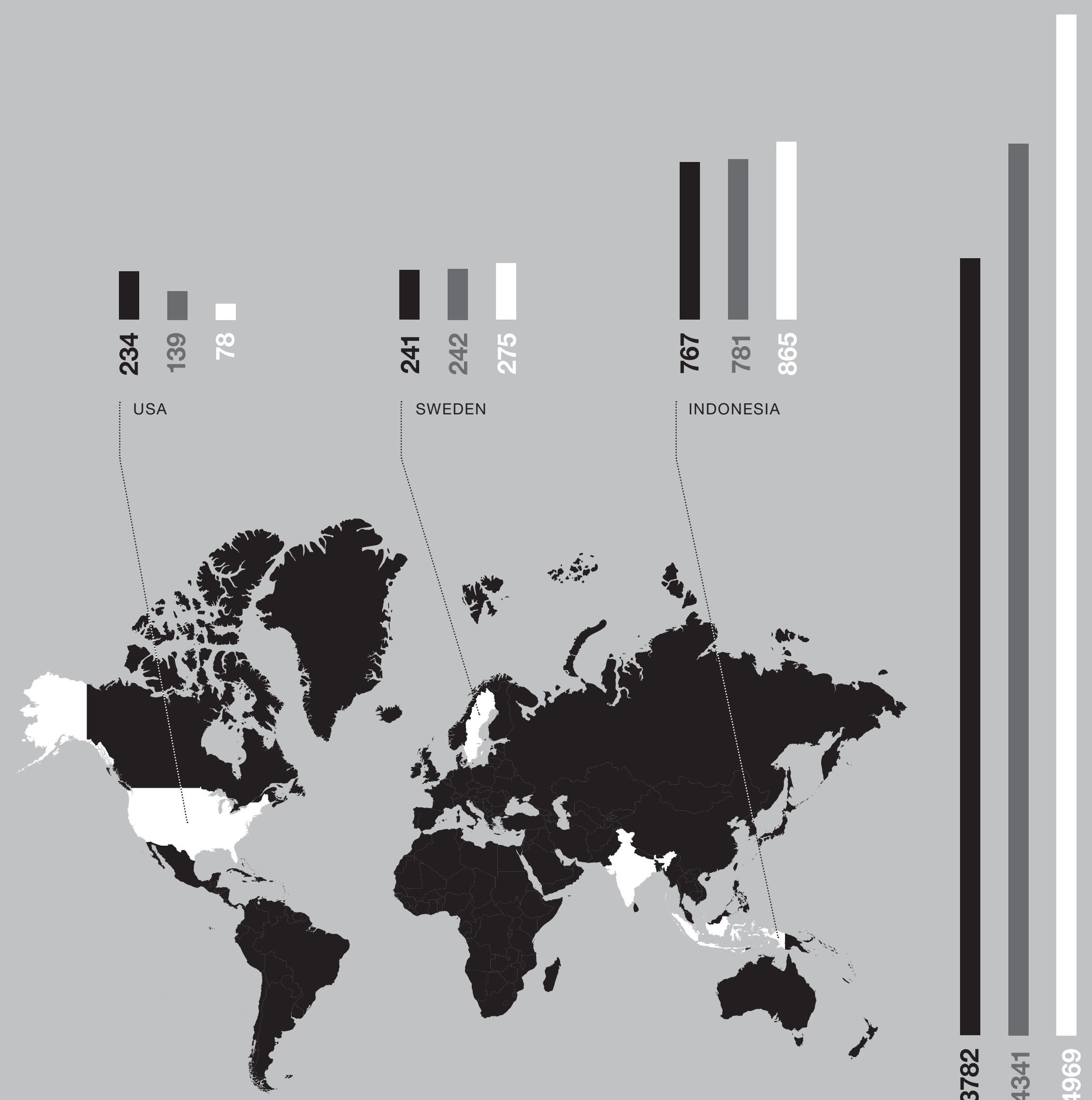
contribution to net revenue in…

FY2016
FY2017
FY2018

FIGURES IN ₹ CRORE

…other countries

…and India



Over the last two years, CG has become a leaner, better managed and a more profitable enterprise

out of profitable plants in India and Indonesia, and of selling these in India as well as to other parts of the world.

Thus, CG divested itself of the power transformer business in Canada in FY2016; sold the automation business under ZIV to Alfanar Electric LLC of Saudi Arabia in March 2017; and exited from the distribution franchise business at Jalgaon, Maharashtra. In FY2018, we sold the Company's wholly owned power business in the USA to WEG, a major Brazilian multinational in electric motors and other electro-electronic products, for an enterprise value of US$37 million. This divestment was completed on 31 July 2017. And, as we write, efforts are on to sell the Company's Hungarian business, excluding switchgears.

That was the pruning of loss-making or relatively unprofitable businesses. What about the Company's core businesses, namely power systems in India and Indonesia and its industrial systems business in India?

These have done well in FY2017 and FY2018. Order input has risen in FY2018 compared to the previous year, as has net sales, EBIDTA and the asset efficiency ratios. For the standalone entity covering Indian operations, the ratio of EBIDTA (with other income) to net sales stood at 10.9% in FY2018. In short, over the last two years, CG has become a leaner, better managed and a more profitable enterprise.

Adopting Ind AS also helped CG to generate a cleaner and tighter balance sheet. This year, the Company's management, its Risk and Audit Committee and Board of Directors decided that a further cleaning up was needed. This related to provisions for litigation claims, other advances and overdue inventories. The Risk and Audit Committee and the Board of Directors chose to write these off. These have been accounted for as *exceptional items* (net) amounting to ₹443 crore.

Although these exceptional items imposed a non-cash cost on the profit and loss accounts of both the standalone and consolidated entities, we believe that this clean-up was warranted. It has, over a longer term, helped to create a more sustainable financial architecture and a tighter balance sheet.

Operationally, CG India has done well. Power transformers are on a stable footing, and distribution transformer sales and profitability continue to rise. Motors are doing very well. And CG has performed excellently in securing its highest ever orders from Indian Railways.

The Indonesian operations have also done well. Even the Belgian power transformer and systems operations, though still treated as discontinued, have turned around.

Therefore, if we can complete the Hungarian divestment and some other relatively minor sales of overseas entities, and if the Indian economy grows at 7% per year or more as predicted by the Reserve Bank of India, we ought to see even better operational and financial performance of CG in FY2019.

K N NEELKANT
CEO AND MANAGING DIRECTOR
(DIN: 05122610)

New Delhi, 10 August 2018

ten years' highlights

CONSOLIDATED
STAND-ALONE
YEAR ENDED 31 MARCH, IN ₹ CRORE

earnings

	2009		2010		2011		2012		2013		2014		2015		2016		2017#		2018	
TOTAL INCOME	4940	9090	5585	9469	6356	10430	6901	11668	7624	12609	8064	14207	4589	5872	4451	5706	4961	5991	5277	6327
GROSS SALES AND SERVICES	4904	9031	5516	9376	6277	10331	6850	11615	7571	12533	7994	14058	4524	5800	4225	5595	4761	5924	5079	6288
NET SALES AND SERVICES	4611	8737	5284	9141	5951	10005	6485	11249	7135	12094	7571	13632	4230	5505	3901	5269	4356	5517	4981	6189
EBIDTA*	674	1054	927	1371	1012	1443	771	856	648	459	687	761	331	580	451	542	512	510	543	494
PBT@	614	867	870	1189	927	1229	677	550	596	185	713	495	342	355	313	180	257	108	227	(317)
PAT**@	397	560	617	860	694	889	505	374	446	(36)	521	244	345	368	(1184)	115	146	80	(273)	(392)
DIVIDEND PAY-OUT	73	73	81	81	141	141	90	90	77	77	75	75	50	50						

what the company owned

	2009		2010		2011		2012		2013		2014		2015		2016		2017#		2018	
GROSS BLOCK (INCL. CAPITAL WIP)	1124	3083	1204	3099	1651	3890	1424	4558	1560	5539	1662	6429	2357	7114	2186	4331	2145	3139	2295	3254
NET BLOCK (INCL. CAPITAL WIP)	523	1379	567	1376	923	1941	675	2258	775	3066	823	3459	1625	4237	1387	2677	1315	1766	1377	1780
INVESTMENTS	266	167	688	553	782	675	1053	786	1055	791	826	299	1166	436	483	231	446	209	1029	145
NET CURRENT ASSETS	570	969	620	1085	1139	1603	1552	1887	1825	1795	1810	1489	2840	2171	2282	1478	3006	1919	2236	940
NET ASSETS EMPLOYED	1359	2515	1875	3014	2458	3875	2802	4463	3173	5176	3481	5276	5547	6711	4205	4396	4819	3899	4670	2874

* 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.

what the company owed

	2009		2010		2011		2012		2013		2014		2015		2016		2017#		2018	
BORROWINGS	54	718	27	501	13	470	8	1044	14	2029	31	2396	68	2092	586	1528	1334	1502	1732	1880
TOTAL LIABILITIES	1570	3919	1627	3518	1712	3874	1826	5003	2163	6435	2157	7172	1523	5775	2227	3521	2976	3716	3562	4163

net worth of the company

	2009		2010		2011		2012		2013		2014		2015		2016		2017#		2018	
SHARE CAPITAL	73	73	128	128	128	128	128	128	128	128	125	125	125	125	125	125	125	125	125	125
RESERVES & SURPLUS	1169	1758	1637	2376	2176	3146	2573	3483	2929	3433	3231	3519	4490	4183	4003	4472	4074	3986	3715	2589
SHAREHOLDERS' FUNDS	1242	1831	1765	2504	2304	3275	2701	3611	3057	3561	3356	3644	4615	4308	4128	4597	4199	4111	3841	2714
TANGIBLE NET WORTH***	1242	1783	1765	2504	2304	3275	2701	3560	3057	3393	3356	3491	4615	4308	4128	4597	4199	4111	3841	2714

ratios

	2009		2010		2011		2012		2013		2014		2015		2016		2017#		2018	
BOOK VALUE PER SHARE (IN ₹)	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	61.3	43.3
EARNINGS PER SHARE (IN ₹)	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	2.33	1.25	(4.35)	(6.28)
CASH EARNINGS PER SHARE (IN ₹)	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	4.52	3.93	4.81	3.41
CURRENT RATIO	1.38:1	1.3:1	1.39:1	1.36:1	1.70:1	1.48:1	1.88:1	1.46:1	1.87:1	1.39:1	1.86:1	1.28:1	2.96:1	1.50:1	2.05:1	1.52:1	2.25:1	1.61:1	1.84:1	1.29:1
DEBT EQUITY RATIO	0.04:1	0.4:1	0.02:1	0.2:1	0.00	0.09:1	0.00	0.17:1	0.00	0.44:1	0.00	0.45:1	0.00	0.30:1	0.00	0.13:1	0.12:1	0.12:1	0.22:1	0.31:1
EBIDTA / NET SALES (IN %)	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	9.2	10.9	8.0
RETURN ON TANGIBLE NET WORTH (IN %)##	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)	(8.5)	(42.9)
FIXED ASSETS TURNOVER RATIO (IN TIMES)	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	3.1	3.6	3.5
NO. OF PERMANENT EMPLOYEES	5094	8564	5116	8647	5214	8702	5365	8966	5575	9575	5529	9433	4024	7854	3633	7233	3421	6288	3377	5655

*** Tangible Net Worth = Shareholders' Funds—Miscellaneous Expenses—Deferred Tax Asset.
# Figures of FY2017 have been regrouped / reclassified, wherever necessary to correspond with the figures of FY2018.
On Total operations.

directors' report

To,

The Members

Your Directors are pleased to present their Eighty-first 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 2018.

THE YEAR IN RETROSPECT

The stand-alone and consolidated financial statements of the Company represent the continuing operations for the year ended 31 March 2018. The discontinued operations have been presented under a separate head.

The Company achieved a stand-alone net turnover from continued operations of ₹4,981 crore, during the year under review, compared to ₹4,356 crore during the previous year, recording a growth of 14.3%. The consolidated net turnover of the Company during FY2018 from continued operations grew by 12.1% and stood at ₹6,189 crore, compared with ₹5,517 crore in the previous year.

Details of net 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 the Financial Performance of the Company for the continuing operations for the year ended 31 March 2018 is given in **Table 2**.

A detailed review of the operations and financial performance of the Company and each of the Businesses is contained in the section titled 'Management Discussion and Analysis' of this Annual Report.

DIVESTMENTS AND OTHER DEVELOPMENTS

The Company's overall strategy is to focus its synergies to core operations and markets including India and Indonesia which provides a significant growth opportunity. In line with this, during the year the Company successfully completed divestment of its power business in USA comprising its overseas step down subsidiary—CG Power USA Inc. on 31 July 2017 to WEG Electric Corp for an enterprise value of US$31 million. WEG Electric Corp is a nominee of WEG S.A., a Brazilian publicly listed company. Consequently, CG Power USA Inc. ceased to be a wholly owned step-down subsidiary of the Company and has been renamed as WEG Transformers USA Inc.

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
'SEBI' refers to the Securities and Exchange Board of India

01 net sales and profit before interest and tax (PBIT) in ₹ crore

BUSINESS UNIT	SALES		PBIT	
	2017–18	2016–17	2017–18	2016–17
Power Systems				
Stand-alone	2,700	2,505	185	208
Consolidated	3,633	3,417	312	344
Industrial Systems				
Stand-alone	2,282	1,852	187	190
Consolidated	2,541	2,082	166	175

Further with respect to the Company's business in Hungary, CG Electric Systems Hungary Zrt. (ESHU), the Company's step-down subsidiary and CG International BV, the Company's subsidiary have inter-alia entered into a Business Transfer Agreement and Share Sale and Purchase Agreement with Ganz Villamossagi Zrt. and Alester Holdings Limited ('the Purchasers') for sale of Assets (excluding switchgear business) and Shares of ESHU respectively for an enterprise value of Euro 38 Million with expected completion by 31 March 2018 subject to requisite approvals. Upon request of the Purchasers, the completion date has been extended pending the receipt of the requisite approvals. Thereafter, the necessary documents for effecting transfer of all the shares of ESHU to the Purchasers have been executed. Considering certain conditions subsequent to be performed between the parties, the shares have been held in escrow and will be handed over to the Purchasers upon completion of such conditions. Consequent to this, ESHU will cease to be a step-down subsidiary of the Company.

During the year CG Power Systems Belgium NV (PSBE), divested its 49% stake in its Joint Venture in Saudi Arabia, Saudi Power Transformer Co. Limited. CG Power Solutions Saudi Arabia Co. in which CG Holdings Belgium NV, a step down overseas subsidiary of the Company, holds 51% equity shareholding shall be liquidated upon completion of its open orders. During the year the Solutions businesses in US and UK and the Switchgear business in Hungary have been phased out.

The above divestments are in line with the Company's strategy to exit from identified geographies / products of its international businesses and focus its synergies on the retained ones including India and Indonesia with the objective of improving the overall operational efficiency, reducing debt and for enhancing shareholders' value.

02 financial highlights in ₹ crore

PARTICULARS	STAND-ALONE		CONSOLIDATED	
	2017–18	2016–17	2017–18	2016–17
Gross Revenue from Operations	5,079	4,761	6,288	5,924
Less: Excise Duty	98	405	99	407
Net Revenue from Operations	4,981	4,356	6,189	5,517
EBIDTA	543	512	494	510
Less: Finance Cost	214	164	219	186
Less: Depreciation	102	91	149	143
Profit Before Exceptional Items & Tax	227	257	126	181
Exceptional Items	(453)	(100)	(443)	(73)
Profit / (loss) Before Tax	(226)	157	(317)	108
Less: Tax expense / (Credit)	47	11	75	28
Profit / (loss) from continuing operations	(273)	146	(392)	80
Less: Minority Interest	-	-	2	-
Share of profit / (loss) in Associates / Joint Ventures	-	-	(2)	(1)
Profit / (loss) after minority interest and share of Associates and Joint Venture	(273)	146	(392)	79
Profit / (loss) before tax from discontinued operations	(79)	(33)	(799)	(592)
Tax expense / (Credit) from discontinued operations	(27)	(12)	(27)	(22)
Net profit / (loss) on discontinued operations	(52)	(21)	(772)	(570)
Total profit / (loss) for the year	(325)	125	(1,164)	(491)

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 one Executive Director and eight Non-Executive Directors of which five 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. Five other Non-Executive Directors—Mr Sanjay Labroo, Dr Valentin von Massow, Ms Ramni Nirula, Mr Jitender Balakrishnan and Mr Ashish Kumar Guha 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 Company, Mr Ashish Kumar Guha was appointed as an Additional Director (Non-Executive Independent) on the Board of Directors of the Company with effect from 9 November 2017. In accordance with Section 161 of the Act, Mr Guha holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member proposing candidature of Mr Guha for appointment as Director. Accordingly, your Directors recommend his appointment as Non-Executive Independent Director in the ensuing Annual General Meeting. Attention of Members is invited to relevant disclosures made in the Notice of the ensuing Annual General Meeting and explanatory statement thereto with respect to his appointment.

Mr Madhav Acharya, Executive Director, Finance and Chief Financial Officer of the Company was re-designated as Non-Executive Director w.e.f. close of business hours on 11 August 2017. Thereafter, he ceased to be a Director of the Company w.e.f. close of business hours on 30 September 2017.

The Board places on record its gratitude and appreciation for the valuable contributions made by Mr Acharya during his tenure.

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 K N Neelkant and Mr B Hariharan 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 K N Neelkant and Mr B Hariharan 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 FY2018, the Board of Directors met five 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). Details of the Board Meetings held and the attendance of the Directors 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. These are Risk and Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Securities Transfer Committee. Details of composition of the statutory Committees, their terms of reference, number of meetings held and attendance of the Committee Members thereof during the financial year is given in the section titled 'Report on Corporate Governance' forming part of this Annual Report.

All recommendations made by the Risk and Audit Committee were accepted by the Board of Directors.

During the year under review, the Board constituted a US Business Divestment Committee, a Hungary Business Divestment Committee and a Business Divestment Committee to evaluate, determine and review the proposals for divestment of identified business of the Company.

The US Business Divestment Committee consists of Mr Jitender Balakrishnan, Ms Ramni Nirula, and Mr K N Neelkant, held one meeting during the year under review on 20 June 2017. On completion of divestment of power business in USA, this Committee was dissolved.

The Hungary Business Divestment Committee consists of Mr Sanjay Labroo, Ms Ramni Nirula, Mr B Hariharan and Mr K N Neelkant. The Committee held two meetings during the year under review on 13 July 2017 and 6 February 2018.

The Business Divestment Committee consists of Mr Gautam Thapar, Mr K N Neelkant and Mr B Hariharan. No meetings were held during the year for this Committee.

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 V R Venkatesh, Chief Financial Officer
- Ms Shikha Kapadia, Company Secretary

During the year under review, Mr Madhav Acharya resigned as Chief Financial Officer of the Company w.e.f. close of business hours on 11 August 2017 and Mr V R Venkatesh was appointed as Chief Financial Officer of the Company w.e.f. 12 August 2017. Mr Manoj Koul resigned as Company Secretary w.e.f. the close of business hours on 23 August 2017 and Ms Shikha Kapadia was appointed as Company Secretary w.e.f. 12 February 2018.

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. This Policy also contains criteria for determining qualifications, positive attributes, independence of Directors, provisions relating to loans and advances to the employees of the Company. It also aims to attract and retain high caliber personnel from diverse educational fields and varied experience to serve on the Board of the Company. The Remuneration Policy of the Company is provided as **Annexure 6** to this Report.

The Company believes that diversity at Board level is a critical ingredient to maintain competitive advantage, to understand customers and stakeholders from different perspectives and to reap the benefits of a broader experience in decision making. With these in mind, 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

In line with the requirements of the Act and the Listing Regulations, the annual evaluation of performance of the Board, as well as the evaluation of the working of its Committees and individual Directors including Chairman of the Board was carried out during the year under review. A detailed questionnaire on various facets such as role and composition of the Board,

effectiveness of Board processes, relationships with external stakeholders, strategy and risk management, ethics and compliance of the Board, Committees and individual Directors, including self assessment forms were 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. The Chairman provides feedback on the individual and peer assessment of Directors.

Based on the feedback received from each Director including the Chairman, the Nomination and Remuneration Committee and the Board of Directors of the Company discussed the outcome of the annual evaluation and indentified Board competencies, compliances, ethics, the Company's Risk policies, the Board's interaction with management and the Chairman's leadership, as the key strengths. 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 12 February 2018 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 its 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. The Group has business interests in diverse areas, including pulp and paper, power transmission and distribution equipment and services, food processing, farm forestry, chemicals, energy, infrastructure, information technology (IT) and IT-enabled services. It is led by the Group's Founder & Chairman Mr Gautam Thapar.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31 March 2018, the Company has 3 Indian subsidiaries, 23 foreign subsidiaries, 1 joint venture and 2 associate companies. Details are provided in **Annexure 5** to this Report in Form MGT-9 (Extract of Annual Return).

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 make available the said audited annual accounts, on written request. Physical copies of these documents are also available at the Company's Registered Office for inspection during normal business hours on all working days, excluding Saturdays, up to 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 venture 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 under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

RELATED PARTY TRANSACTIONS

During the year, all related party transactions entered into by the Company, were at an arm's length basis and in the ordinary course of business. In terms of the India Related Party Transactions Policy of the Company, there are no material related party contracts, arrangements or transactions undertaken by the Company during the year 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 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 as well as by the Risk and Audit Committee, for transactions which are of 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 under *http://www.cgglobal.com/pdfs/policies/India%20Related%20Party%20Transactions%20Policy.pdf*

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees given and investments made by the Company during FY2018, 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, economic and governance, is available on the website of the Company under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPIMI=*

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 (ERM). In this regard, the Company has developed a comprehensive ERM framework to identifiy risk, conduct risk assessment and suggest 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 stakeholders' value.

The Company's ERM framework helps 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 the overall Business Unit, monitor and review risks and implement action plans to mitigate risk. These risks cover business strategy, technology, financial, operations, systems, IT, legal, regulatory and human resources. The Risk and Audit Committee reviews the key risks associated with the businesses of the Company and their mitigation measures.

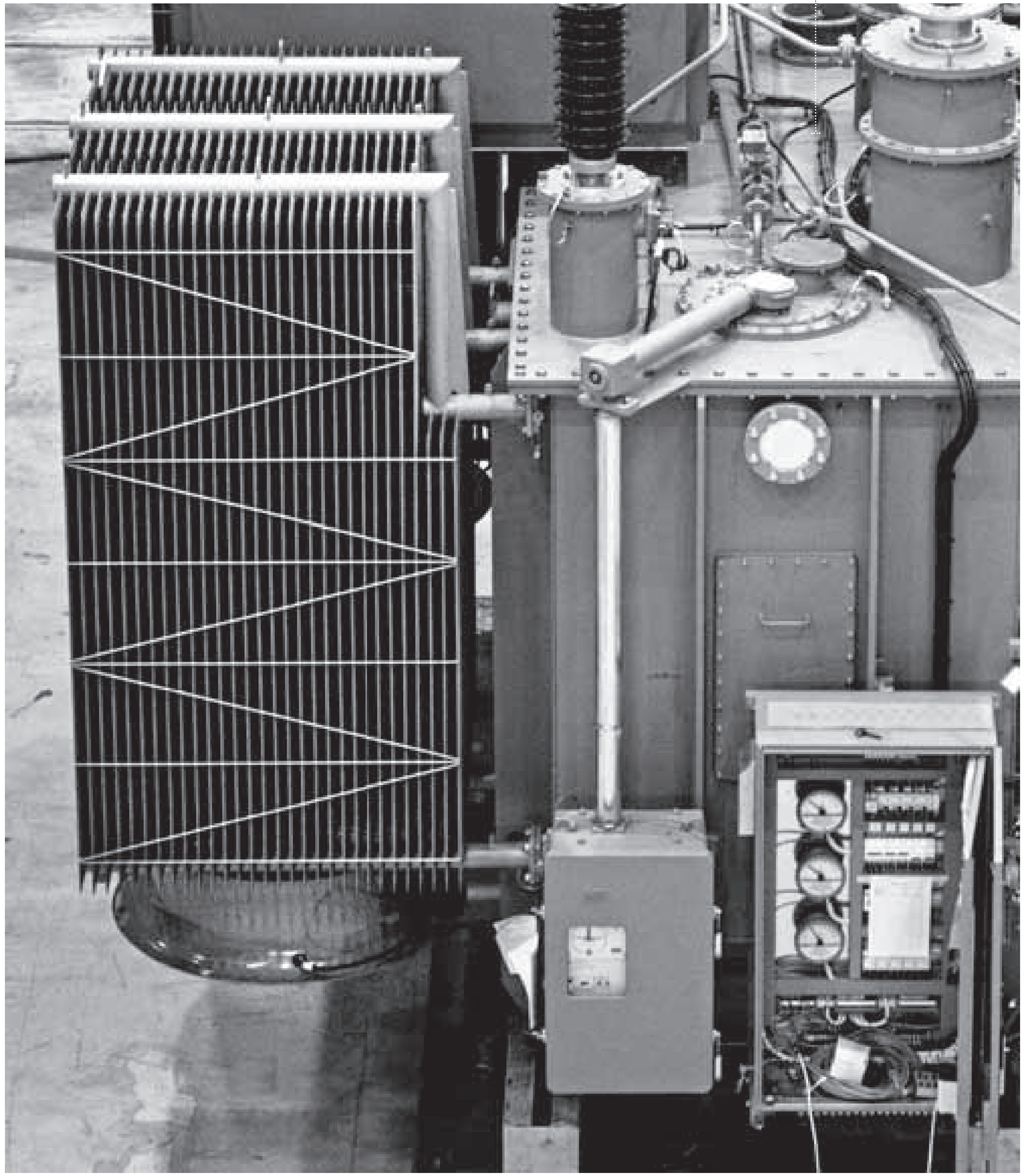
During the year under review, none of the risks identified threaten the existence of the Company.

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. Such systems have been designed to provide reasonable assurance with regard to maintaining of proper internal controls, monitoring of

transformers

CG TRANSFORMERS ARE WELL KNOWN FOR THEIR RELIABILITY AND EFFICIENCY ACROSS THE WORLD



operations, protecting assets from unauthorised use or losses, compliances with regulations, and the 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.

One of the significant achievements was the indigenous development and manufacture of 6 MW 6.6 kV vertical motor for Nuclear Power Corporation of India Limited (NPCIL) for use in its nuclear reactor. At present, the Company is the sole Indian manufacturer to develop this motor for NPCIL. It has undergone and passed inspection by NPCIL at every stage of development.

The Company's Transformers Division has developed ester oil filled transformers. The Division also developed 2 MVA 33 kV transformers with synthetic ester oil, and 8 MVA 33 kV transformers with natural ester oil. The Division also designed traction transformers of 30.24 MVA 132 / 27.5 kV for the Nagpur Metro.

The Switchgear Division indigenously designed and developed resin impregnated paper (RIP) bushings. RIP bushings are of a dry type without oil, encapsulated with composite insulators. In RIP bushings, the major insulation consists of a core wound from paper which is subsequently impregnated with epoxy resin. RIP bushings are becoming popular worldwide because of its advantages regarding safety. For this indigenous development we received the runner-up Award at Elecrama 2018 for the 'Best Product Category by an Indian Exhibitor'.

CG has been front runner in offering customized solutions and customer oriented approach. In line with this legacy, the Company has developed a 420 kV polymeric lightning arrestor with a cantilever load of 350 kgF—the highest ever load in the history of this product segment. Designed according to customer requirements, the development included designing and manufacturing of hollow core composite insulators and other critical components. The highlight of this product is that it weighs less compared to porcelain, has an explosion-proof design and enhanced reliability in extreme climates and polluted environments.

In line with CG's objective of offering customer centric and smart products, the Company developed a Digital Surge Counter to monitor the health of zinc oxide surge arresters. The product shakes hand with digital technology to measure vital parameters such as total leakage current and total surge counts. Overcoming the use of conventional analog circuits, this product offers real time data acquisition with reliable accuracy and performance.

There was also the development of 170 kV and 362 kV Externally Gapped Line Arresters which protect transmission lines from lightning and, thus, improve performance and reliability. The design is such that it can deal with insulation coordination in worst conditions.

The Company's Switchgear division has also developed sectionalisers, auto-reclosers, compact frame vacuum interrupters and a cost efficient range of instrument transformers.

The Low Tension Motors division of the Company developed the entire range of IE3 motors (80–355 frame, 0.37 kW to 250 kW) with an enclosure capable of withstanding the pressure of explosive gas and prevent transfer of flames. This division also developed under slung mounted 500 kVA DG sets for Indian Railways in order to utilize the coach onboard space for transporting goods as additional space.

CG Traction Electronics division, designs and develops Electric Multiple Unit / Mainline Electric Multiple Unit in collaboration with partners. Further CG has also tied up with Centre for Design & Advanced Computing (CDAC) for the project of Control & Monitoring System for locomotives. Recently CG has tied up with Indian Railways to supply Under Slung Electrics for Diesel Electric Tower Car (DETC). Large quantities of DETCs are required for massive track electrification drive taken up by Indian Railways across the country.

CG's 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.

CG's 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

CG Power and Industrial Solutions Limited 2018 Directors' Report

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

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

ENVIRONMENT, HEALTH & SAFETY (EHS)

CG is committed in conducting its business in a responsible manner that creates a sustained positive impact on society, improves the quality of life of the underserved communities and preserve the ecosystem that supports the communities and the Company.

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

All CG units in India are certified for quality systems with ISO 9001:2015 Certification / ISO 14001:2015 Environmental Management System Certification and OHSAS 18001:2007 Certification. We are in process of upgrading to ISO 45001. The Company business at Indonesia was certified for Integration Management System (IMS) for ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. All Units in India have clearance to operate from State Pollution Control Board Authorities and are complying over and above the conditions laid down in consent to operate.

Regular trainings on EHS awareness and sustainable growth are conducted at all manufacturing locations. National Safety Week and World Environment Day campaign is conducted under guidance of Directorate of Industrial Safety and Health and State Pollution Control Board. Fire safety week are also observed 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.

As a part of our continued efforts and commitment towards the environment, the Company has also initiated roof top solar system installations across all locations of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company believes in inclusive growth, diversity and equitable development of society. That being so, it has undertaken various CSR projects during the year under review in the areas of education, skill development and upliftment of underserved communities.

The details of the composition of CSR Committee, CSR Policy and projects undertaken by the Company during FY2018 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 2018 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 Business Solutions Limited (Formerly Datamatics Financial Services Ltd), (DBSL) as its Registrar & Share Transfer Agent who is registered with SEBI. The contact details of DBSL are mentioned in 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 as provided in **Annexure 7** of this Report and is also available on the website of the Company under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

PUBLIC DEPOSITS

The Company has not accepted any deposits from public or its members during the year under review as per Sections 73 and 76 of the Act and no deposits exists 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 accordance with the provisions of Section 197(12) of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees covered under the said rule are available at the Registered Office of the Company for inspection 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 of the Company.

COMPLAINTS RELATING TO SEXUAL HARASSMENT

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a Prevention of Sexual Harassment Policy for protection against sexual harassment and have also constituted Internal Complaint Committee presided by woman employee comprising of five to seven Company employees with an external member to which employees can address their complaints.

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

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 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

The Board of Directors of the Company have, at its meeting held on 26 April 2018, approved the proposal for availing borrowings up to an amount of approximately US$250 million from a consortium of international lenders ('the Arrangers') at CG International BV (CGIBV), the wholly-owned subsidiary of the Company, for restructuring current debts of the Company and to avail the benefit of lower interest rate and deferred tenor. These funds will be used to retire the existing debt of the Company both in India and overseas. A condition prescribed by the Arrangers requires the Company to get its financial statements audited by one of the Big Four international auditors for the audit from the period ending September 2018 onwards.

Given the importance of this financial restructuring exercise to the Company and consequent to its discussions on this matter with M/s. Chaturvedi & Shah, Chartered Accountants, the then Statutory Auditors of the Company, they have submitted their resignation with immediate effect vide their letter dated 27 April 2018.

In order to fill the casual vacancy caused by the resignation of M/s. Chaturvedi & Shah, Chartered Accountants, based on the recommendation of

HT motors

CG IS ONE OF THE LEADING MANUFACTURERS OF LARGE ROTATING MACHINES IN INDIA

the Risk and Audit Committee and the Board of Directors, the shareholders of the Company had on 29 May 2018 in terms of the requirement of the Companies Act, 2013, appointed, M/s. K.K. Mankeshwar & Co., Chartered Accountants (with Firm Registration No.106009W), as the Statutory Auditors of the Company, to hold office till the conclusion of the ensuing 81st Annual General Meeting of the Company.

The proposal for appointment of Statutory Auditors of the Company from the conclusion of the ensuing 81st Annual General Meeting, pursuant to the recommendation of the Risk and Audit Committee and Board of Directors of the Company is contained in the accompanying Notice of Annual General Meeting and the explanatory statement thereto.

During the year under review, the Statutory Auditors have not reported any instances of offence or fraud committed by the officers or employees of the Company, to the Risk and Audit Committee or the Board of Directors of the Company.

COST AUDITOR

As per the requirement of Section 148(1) of the Act, the Company is required to maintain cost accounts and records. Accordingly, the Company has maintained cost accounts and records for FY2018 as applicable for its product range.

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 FY2018. The cost audit report for FY2017 has been filed with the Registrar of Companies, Mumbai within the prescribed statutory deadline.

Upon recommendation of the Risk & Audit Committee, the Board has re-appointed M/s. Ashwin Solanki & Associates as Cost Auditor of the Company for FY2019 at a remuneration of ₹600,000 p.a. plus out-of-pocket expenses and taxes, as applicable. The remuneration payable to M/s. Ashwin Solanki & Associates for FY2019 is recommended for ratification by the Members at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR

The Company had appointed M/s. Parikh & Associates, Practising Company Secretaries, Mumbai (Firm Registration No. P1988MH009800) to undertake the Secretarial Audit of the Company for FY2018. Secretarial Audit Report for FY2018 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 2018.

RESERVES

The Reserves, on standalone basis, at the beginning of the year amounted to ₹4,074 crore and at the end of the year stood at ₹3,715 crore.

SHARE CAPITAL

As on 31 March 2018:

- The authorised share capital of the Company was ₹4,076,000,000 (Rupees four hundred and seven crore and sixty lakh) divided into 2,038,000,000 equity shares of ₹2 (Rupees two) each.
- The subscribed and paid-up share capital of the Company stood at ₹1,253,492,284 (Rupees one hundred and twenty five crore, thirty four lakh, ninety two thousand, two hundred and eighty four) consisting of 626,746,142 equity shares of ₹2 (Rupees two) each.

The Company's equity shares are listed and traded 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 2018, 164,501 GDRs were outstanding, which represent 822,504 underlying equity shares of the Company.

CG Power and Industrial Solutions Limited 2018 Directors' Report

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is annexed as **Annexure 5** of this Report.

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 / 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, 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, 10 August 2018

annexure 1 information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo

Under Section 134 of the Act 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 efficient usage of power and investments in additional equipments for saving of electricity.

Illustrative measures taken towards energy conservation at Units were:

- Replacement of conventional lights with energy efficient LEDs and thereby considerable savings in cost and usage of power.
- Use of renewable sources of energy was encouraged against conventional sources across organisation and water sprinklers were installed to regulate temperature.
- Replacement of conventional roof with insulated MS roof for use of natural light and regulating temperature, thus control on power consumption.
- Installation of Variable Frequency Drives (VFD) in air handling unit of Extra High Voltage poles and fans in high voltage poles.
- Modification in tank testing process to eliminate crane use.
- Preventive maintenance of plant and equipments was observed to reduce the energy consumption.
- Energy consumption measures taken by the Company were continuously benchmarked against global standards and best practices were adopted for sustainable growth.
- Conducted energy audits to save energy and awareness on conservation were created among employees through leaflets, posters, seminars, etc.

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

- 350 KW solar power panels and solar energy plant were installed at Company's Switchgear division.
- Solar heater is being used at factory canteen of the Company's plant at Mandideep.
- Hot air from compressors was recycled to drive out compressed air for machines and tools to heat work areas and also to heat water in European locations.

3. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

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

- Installation of Variable Frequency Drives (VFD);
- Installation of retrofitted LED lights in offices and shop floors;
- Installation of solar power system and solar panel;
- Used fixed and variable capacitor bank for power factor improvement;
- Installation of Thyristor controlled ovens.

B. TECHNOLOGY ABSORPTION

1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

- Multiple validation tests were conducted to verify thermal gradients in arresters with composite insulators;
- Implementation of counter shielded winding type for 500 kV Transformer to improve winding quality and reduce winding manufacturing time.

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

The benefits derived from these efforts are:

- Enhanced product quality and efficient solutions thereby meeting specific customer requirements;
- Increased energy efficiency and reduced CO2 emissions;
- 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.

01 imported technology

DETAILS OF TECHNOLOGY IMPORTED	YEAR OF IMPORT	WHETHER THE TECHNOLOGY HAS BEEN FULLY ABSORBED	IF NOT FULLY ABSORBED, AREAS WHERE ABSORPTION HAS NOT TAKEN PLACE, AND THE REASONS THEREOF
Control electronics for IGBT based power converter from CAF P&A, SPAIN (ALT+D)	FY2017	Yes	Not Applicable

02 expenditure on R&D in ₹ crore

PARTICULARS	AMOUNT
A. Capital	13.92
B. Revenue	36.23
C. Total (A + B)	50.15
Total R&D expenditure	
—as a percentage of net turnover (continued operations)	1.01%
—as a percentage of profit / (loss) before tax (continued and discontinued operations)	(16.40)%

03 foreign exchange earnings and outgo in ₹ crore

PARTICULARS	AMOUNT
Total Foreign Exchange Earned	902.27
Total Foreign Exchange Used	483.52

3. IMPORTED TECHNOLOGY

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

4. EXPENDITURE ON RESEARCH &DEVELOPMENT

The Company's expenditure on Research & Development (R & D) on standalone basis for the year ended 31 March 2018 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, 10 August 2018

annexure 2 annual report on corporate social responsibility (CSR) initiatives for FY18

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 towards this end and intent to develop as better leaders.

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

Weblink to download the CSR Policy is available on the Company's website under *http://www.cgglobal.com/frontend/policytrf.aspx*

2. THE COMPOSITION OF THE CSR COMMITTEE

The Committee consists of the following Directors as on 31 March 2018:

- **Ms Ramni Nirula**
  Chairperson, Non-Executive Independent Director
- **Dr Valentin von Massow**
  Non-Executive Independent Director
- **Mr Gautam Thapar**
  Non-Executive Director
- **Mr K N Neelkant**
  CEO and Managing Director

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

₹250.95 crore *(Excluding profits of demerged Consumer Products Business)*

4. PRESCRIBED CSR EXPENDITURE

(Two percent of the amount as in item 3 above) ₹5.02 crore

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

a. Total amount to be spent for the financial year: ₹5.02 crore

b. Amount unspent, if any: ₹2.12 crore

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

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 AND 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 & employable skill enchancement	1. Maharashtra: Mumbai, Nashik, Ahmednagar, Aurangabad 2. Madhya Pradesh: Gwalior, Bhopal	2.80	1.69	5.12	Direct and through implementing agencies: Pratham Education Foundation, Teach To Lead, Sahayini and Agastya International Foundation
Community Development	Infrastructural support to community resources, women empowerment, health awareness and check ups, community events	1. Maharashtra: Mumbai, Nashik, Ahmednagar, Aurangabad 2. Madhya Pradesh: Gwalior, Bhopal	0.63	0.39	1.12	Direct and through implementing agencies: Amhi Amchya Arogyasathi, National Institute for Women and Child Development, Lok Kala Jagruti Manch
Sustainability	Rain water harvesting project, Construction of Water reservoir	1. Maharashtra: Mulshi, Pune 2. Madhya Pradesh: Gwalior	0.95	0.68	0.75	Direct and through implementing agencies: Yashwant Krushi va Panlot Vikas Sanstha
Health	Mother and Child Healthcare	1. Maharashtra: Nashik, Aurangabad, Ahmednagar 2. Madhya Pradesh: Bhopal	0.40	-	11.43	Through implementing agency: Avantha Foundation
Administrative Expenses	Co-ordinate and management of CSR initiatives	Pan India	0.24	0.14	1.37	Direct
Total			**5.02**	**2.90**	**19.79**	

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT

In FY18, CG has contributed in the areas of education and skill development for youth and women. As a part of CSR strategy, thrust is placed on building capacity of community stakeholders and project implementing partner organizations. Aiming vertical growth and sustainability of the existing projects, financial resources were utilized with prudence and were initiated on a small scale to learn from on ground realities and the feedback of the community. Also some new initiatives were in pipeline for next financial year.

7. RESPONSIBILITY STATEMENT

This is to confirm that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

overview of the programs and projects undertaken

Over 1,600 youth and women were trained through vocational skills training and assisted to develop their livelihood by promoting self-employment and placements in the industries. Quality education projects were implemented in rural and urban slums areas. Innovative teaching methodology, personality development, reading-writing skills, academic science experiments were implemented in identified schools and communities.

Key highlights of the CSR activities undertaken during FY18 are given below:

EDUCATION AND VOCATIONAL SKILLS DEVELOPMENT

EDUCATION

Supplementary education projects were implemented in Kanjurmarg (slum community of Mumbai) and in 25 rural communities. CG collaborated with Teach for India and Pratham Education Foundation and covered over 270 students in Kanjurmarg whereas Sahayini covered 250 children from NT & SC communities in Ahmednagar district. Innovative learning methods were implemented to develop subject knowledge and conceptual clarity. It was observed that the confidence level amongst these underprivileged children increased remarkably after these interventions. Agastya International Foundation organized several science fairs, academic science practicals in Zilla Parishad (Z.P.) schools at CG's Bhopal and Gwalior locations.

With an objective of quality education, CG also helped Hivrebazar Z.P. school in digitizing their existing 5 classrooms. A Computer lab was set up in Pimpalgaon Malvi ZP School with 5 old computers donated by CG. In the same way, 46 computers have been provided to different schools in Ahmednagar. CG has also contributed towards infrastructural development in Z.P. schools.

VOCATIONAL SKILLS DEVELOPMENT

CG has signed MOUs with the three ITIs located at Mulund: Mumbai, Satpur: Nashik and Gwalior for advance skills training for ITI students. CG has set up Transformer winding lab in Birla nagar ITI, Gwalior benefitting 250 students every year. 'National Employability Enhancement Mission' (NEEM)—a skill enhancement initiative of Government of India, was implemented at Nashik, Aurangabad and Goa. Under this scheme, youth are being trained by a blend of technical modules and self-developmental courses.

Over 1,600 youth and women were trained in vocational skills courses such as electrical, wiring, motor winding, tailoring, beautician, computer, and mobile repairing. CG encouraged beneficiaries to be entrepreneurs by applying skills acquired in goat rearing, cloth bag making, and organic manure.

COMMUNITY DEVELOPMENT, SUSTAINABILITY AND OTHER INITIATIVES

With the aim of improving lives of people in neighbouring communities CG's local units implemented community development projects such as rainwater harvesting, tree plantations, environment awareness, medical camps and solar street lamps.

way ahead

CG has been implementing vocational skills and quality education projects amongst marginalised community from past four years. CG has decided to replicate the success stories across its various locations in order to maximize the impact. Community participation and stakeholder engagements would be the key aspects of CSR initiatives. Interventions such as teacher trainings, strengthening parent-teacher associations and village education committees are planned for FY19. Employee volunteering has always been encouraged in CSR initiatives. While working on livelihood projects advance technical trainings will be continued with ITI students. Association with NABARD, DIC (District Industrial Center), and other government agencies will be explored to promote self employment and group entrepreneurship.

RAMNI NIRULA
CHAIRPERSON, CSR COMMITTEE
(DIN:00015330)

K N NEELKANT
CEO AND MANAGING DIRECTOR
(DIN:05122610)

New Delhi, 10 August 2018

annexure 3 ratio of the remuneration of each director to the median employee's remuneration and other details

In terms of Section 197 (12) of the Act 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 the Company.

1. Details of the ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the financial year ended 31 March 2018 are provided in **Table 1** of **Annexure 3**.

2. Details of percentage increase in remuneration of each Director, CEO and Managing Director, Chief Financial Officer and Company Secretary in the financial year under review are provided in **Table 1** of **Annexure 3**.

3. The median remuneration of employees increased by 8.36% as compared to previous financial year.

4. The number of permanent employees on the rolls of Company as on 31 March 2018: 3,377 (as against 3,421 as on 31 March 2017).

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 6.15% other than the managerial personnel and overall percentile increase in the managerial remuneration is 6.96% as 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, 10 August 2018

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 2018 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	0.47	(64.80)
Mr K N Neelkant	Executive; CEO and Managing Director	80.28	38.56
Mr Madhav Acharya*	Executive Director; Finance & Chief Financial Officer	97.41	Refer note 2
Mr Sanjay Labroo	Non-Executive; Independent	0.34	(88.51)
Dr Valentin von Massow	Non-Executive; Independent	0.30	(96.38)
Ms Ramni Nirula	Non-Executive; Independent	0.42	(85.59)
Mr Jitender Balakrishnan**	Non-Executive; Independent	0.47	Refer note 3
Mr Ashish Guha***	Non-Executive; Independent	0.17	Refer note 3
Dr Omkar Goswami	Non-Executive	0.42	(88.37)
Mr B Hariharan	Non-Executive	0.25	(92.77)
Mr V R Venkatesh#	Chief Financial Officer	57.95	Refer note 3
Mr Manoj Koul##	Company Secretary	7.69	Refer note 2
Ms Shikha Kapadia###	Company Secretary	1.58	Refer note 3

Notes:

* Resigned as an Executive Director; Finance & Chief Financial Officer of the Company and was re-designated as Non-Executive Director w.e.f. close of business hours on 11 August 2017. He ceased to be a Director of the Company with effect from 30 September 2017.

** Appointed w.e.f. 2 May 2017

*** Appointed w.e.f. 9 November 2017

Appointed w.e.f. 12 August 2017

Resigned w.e.f. close of business hours on 23 August 2017

Appointed w.e.f. 12 February 2018.

1. 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 2018, in all categories, whether workmen or white collar employees. Remuneration includes variable pay paid during the year under review.
2. Mr Madhav Acharya and Mr Manoj Koul were associated with the Company for a part of FY 2018. Hence, their remuneration figures are not comparable.
3. Mr Jitender Balakrishnan, Mr Ashish Guha, Mr V R Venkatesh and Ms Shikha Kapadia were appointed in FY 2018, hence their remuneration figures are not comparable.

annexure 4 form no. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018
[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
(formerly Crompton Greaves 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 (formerly Crompton Greaves Limited) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018. (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 made available to us and maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. The Company has spent an amount of ₹2.90 crores against the amount of ₹5.02 crores to be spent during the year towards Corporate Social Responsibility.

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 as on March 31, 2018. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system 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 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, guidelines.

We further report that during the Audit Period the following events occurred:

(a) The Company has completed divestment of its power business in USA comprised in its overseas step down subsidiary—CG Power USA Inc. on July 31, 2017 to WEG Electric Corp, a nominee of WEG S.A.—a Brazilian publicly listed company. Consequently, CG Power USA Inc. ceased to be a wholly owned step-down subsidiary of the Company.

(b) The Company's business in Hungary, CG Electric Systems Hungary Zrt. (ESHU), the Company's step-down subsidiary and CG International BV, the Company's subsidiary have inter-alia entered into a Business Transfer Agreement and Share Sale and Purchase Agreement with Ganz Villamossagi Zrt. and Alester Holdings Limited for sale of Assets (excluding switchgear business) and Shares of ESHU respectively subject to requisite approvals.

(c) The Solution businesses in US and UK and the switchgear business in Hungary have been phased out.

FOR PARIKH & ASSOCIATES
COMPANY SECRETARIES

P N PARIKH
PARTNER
FCS NO: 327 CP NO: 1228

Mumbai, 30 May, 2018

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

annexure A

To,
The Members
CG Power and Industrial Solutions Limited

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

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

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

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

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

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

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

FOR PARIKH & ASSOCIATES
COMPANY SECRETARIES

P N PARIKH
PARTNER
FCS NO: 327 CP NO: 1228

Mumbai, 30 May, 2018

annexure 5 form no. MGT-9

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2018
[Pursuant to Section 92(3) of the Act, 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 Annie Besant Road, Worli, Mumbai 400 030 Tel: +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 Business Solutions Limited (Formerly Datamatics Financial Services Limited) Unit: CG Power and Industrial Solutions Limited Address: Plot No B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai 400 093. Tel: + 91 22 6671 2001 to 6671 2006 Fax:+ 91 22 6671 2011 E-mail: cginvestors@datamaticsbpm.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 TURNOVER OF THE COMPANY
1.	Low Tension Motors	27103	37.48
2.	Power Transformers and Reactors	27102	37.08
3.	Switchgears	27900	16.86

III particulars of holding, subsidiary and associate companies

SR. NO.	NAME OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	CG Power Equipments 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 Holdings Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
15.	CG Power Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
16.	CG Solutions Americas, LLC	Not Applicable	Subsidiary	100.00	2(87)
17.	QEI, LLC	Not Applicable	Subsidiary	100.00	2(87)
18.	CG Power Systems Belgium NV	Not Applicable	Subsidiary	100.00	2(87)
19.	CG Power Systems Canada Inc	Not Applicable	Subsidiary	100.00	2(87)
20.	CG Power Systems Ireland Ltd	Not Applicable	Subsidiary	100.00	2(87)
21.	CG Sales Networks France SA	Not Applicable	Subsidiary	99.70	2(87)
22.	CG Service Systems France SAS	Not Applicable	Subsidiary	100.00	2(87)
23.	CG International Holdings Singapore PTE. LTD.	Not Applicable	Subsidiary	100.00	2(87)
24.	Crompton Greaves Sales Networks Malaysia Sdn. Bhd.	Not Applicable	Subsidiary	100.00	2(87)
25.	PT CG Power Systems Indonesia	Not Applicable	Subsidiary	95.00	2(87)
26.	CG Power Solutions Saudi Arabia Ltd.	Not Applicable	Subsidiary	51.00	2(87)
27.	PT Crompton Prima Switchgear Indonesia	Not Applicable	Joint Venture	51.00	2(87)
28.	CG International BV TR & Cont. Pvt. Co LLC.	Not Applicable	Associate	49.00	2(6)
29.	KK El-Fi Japan	Not Applicable	Associate	40.00	2(6)

Notes:
1. Crompton Greaves Consumer Products Limited changed its name to CG Power Equipments Limited w.e.f. 23 June 2017.
2. Microsol Ltd was dissolved w.e.f. 26 April 2017.
3. CG Power USA Inc ceased to be subsidiary of the Company w.e.f. 31 July 2017.
4. Saudi Power Transformers Co. Ltd. ceased to be subsidiary of the Company w.e.f. 10 October 2017.
5. Address of the entities mentioned herein above is provided in the section titled 'Establishments'of this Annual Report.

IV share holding pattern (equity share capital breakup as percentage of total equity)

IVA 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
	Sub Total (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	147,662,100	5,166	147,667,266	23.56	157,334,258	4,325	157,338,583	25.10	1.54
b.	Banks / FI	615,564	79,360	694,924	0.11	1,370,635	78,050	1,448,685	0.23	0.12
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	41,320,507	0	41,320,507	6.59	23,625,075	0	23,625,075	3.77	(2.82)
g.	FIIs	132,395,912	80,362	132,476,274	21.14	118,624,486	49,249	118,673,735	18.93	(2.20)
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	1,265,000	0	1,265,000	0.20	9,977,599	0	9,977,599	1.59	1.39
	Sub Total (B)(1)	323,259,083	164,888	323,423,971	51.60	310,932,053	131,624	311,063,677	49.63	(1.97)
2.	**Non-institutions**									
a.	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
i.	Indian	15,662,308	32,768	15,695,076	2.50	22,536,741	23,474	22,560,215	3.60	1.10
ii.	Overseas	61,250	350	61,600	0.01	61,250	0	61,250	0.01	0.00
b.	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i.	Individual shareholders holding nominal share capital up to ₹1 lakh	53,522,404	4,828,570	58,350,974	9.31	57,378,231	4,254,655	61,632,886	9.83	0.52
ii.	Individual shareholders holding nominal share capital in excess of ₹1 lakh	9,137,326	121,520	9,258,846	1.48	9,994,074	121,520	10,115,594	1.61	0.14
c.	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d.	Other (specify): IEPF Authority	0	0	0	0.00	1,053,280	0.00	1,053,280	0.17	0.17
i.	NRI Rept	2,409,937	7,652	2,417,589	0.39	2,353,670	3,242	2,356,912	0.38	(0.01)
ii.	NRI Non-Rept	1,149,809	51,895	1,201,704	0.19	1,572,380	47,420	1,619,800	0.26	0.07
iii.	Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
iv.	Foreign National	2,983	0	2,983	0.00	8,954	0	8,954	0.00	0.00
	Sub Total (B)(2)	81,946,017	5,042,755	86,988,772	13.88	94,958,580	4,450,311	99,408,891	15.86	1.98
	Total Public Shareholding (B)=(B)(1)+(B)(2)	405,205,100	5,207,643	410,412,743	65.48	405,890,633	4,581,935	410,472,568	65.49	0.01
	Total (A+B)	620,656,170	5,207,643	625,863,813	99.86	621,341,703	4,581,935	625,923,638	99.87	0.01
C.	**Custodians for GDRs and ADRs**	882,329	0	882,329	0.14	882,504	0	822,504	0.13	(0.01)
	GRAND TOTAL (A)+(B)+(C)	621,538,499	5,207,643	626,746,142	100.00	622,164,207	4,581,935	626,746,142	100.00	0.00

IVB shareholding of promoters

(fractions rounded off to three decimal places)

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AS ON 1 APRIL 2017 (ON THE BASIS OF SHAREHOLDING PATTERN OF 31 MARCH 2017)			SHAREHOLDING AS ON 31 MARCH 2018			% 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	34.375	215,442,496	34.375	34.375	0.000
2.	Varun Prakashan Private Limited	5,022	0.001	0.000	5,022	0.001	0.000	0.000
3.	Avantha Realty Limited	3,552	0.001	0.000	3,552	0.001	0.000	0.000

IVC change in promoters' shareholding

There has been no change in promoters' shareholding during the financial year ended 31 March 2018.

IVD 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 1 APRIL 2017 (ON THE BASIS OF SHAREHOLDING PATTERN OF 31 MARCH 2017)		CHANGE IN SHAREHOLDING (NO. OF SHARES) $		SHAREHOLDING AS ON 31 MARCH 2018	
		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	0	21,000	57,788,500	9.22
2.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	26,493,629	4.23	20,572,239	4,167,251	42,898,617	6.84
3.	Reliance Capital Trustee Co. Ltd.	57,717,660	9.21	408,071	27,853,443	30,272,288	4.83
4.	Samena Special Situations Mauritius	30,806,951	4.92	8,117,031	16,769,586	22,154,396	3.53
5.	Life Insurance Corporation of India	32,820,195	5.24	0	14,432,932	18,387,263	2.93
6.	WGI Emerging Markets Smaller Companies Fund, LLC	15,240,659	2.43	1,684,544	1,462,932	15,462,271	2.47
7.	Abu Dhabi Investment Authority-LGLINV	8,970,000	1.43	41,348	41,348	8,970,000	1.43
8.	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Fund	7,498,656	1.20	787,594	88,801	8,197,449	1.31
9.	Franklin Templeton Mutual Fund A/C Franklin India Prima Plus*	0	0.00	9,112,949	1,000,000	8,112,949	1.29
10.	IDFC Sterling Equity Fund*	3,350,337	0.53	4,376,127	1,054,464	6,672,000	1.06
11.	HSBC Global Investment Funds-Indian Equity**	7,021,315	1.12	0	7,021,315	0	0.00
12.	HDFC Standard Life Insurance Company Limited**	5,069,279	0.81	514,747	8,707	5,575,319	0.89

* Not in the list of top ten shareholders as on 1 April 2017 but is one of the top ten shareholders as on 31 March 2018.

** Not in the list of top ten shareholders as on 31 March 2018 but was one of the top ten shareholders as on 1 April 2017.

$ 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.

IVE shareholding of directors and key managerial personnel

SR. NO.	SHAREHOLDING OF EACH DIRECTORS AND EACH KEY MANAGERIAL PERSONNEL	SHAREHOLDING AS ON 1 APRIL 2017		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 1 April 2017	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 March 2018	657	0.00	657	0.00
2.	**Dr V von Massow, Independent Director**				
i.	As on 1 April 2017 [GDR]	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 March 2018	2,687	0.00	2,687	0.00

CG Power and Industrial Solutions Limited 2018 Directors' Report

V indebtedness of the company including interest outstanding / accrued but not due for payment amount in ₹

	SECURED LOAN EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness as on 1 April 2017				
(i) Principal amount	6,425,322,436	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
Changes in Indebtedness during the financial year				
Addition	7,559,660,473	4,575,370,390	-	12,135,030,863
Reduction	2,440,429,926	5,767,156,859	-	8,207,586,785
Net Changes	5,119,230,547	(1,191,786,469)	-	3,927,444,078
Indebtedness as on 31 March 2018				
(i) Principal amount	11,586,220,381	5,732,045,063	-	17,318,265,444
(ii) Interest due but not paid	-	-	-	
(iii) Interest accrued but not due	69,019,026	-	-	69,019,026
Total (i+ii+iii)	**11,655,239,407**	**5,732,045,063**	**-**	**17,387,284,470**

VI remuneration of directors and key managerial personnel

VIA remuneration of managing director, whole-time directors and / or manager amount in ₹

SR. NO.	PARTICULARS OF REMUNERATION	MR K N NEELKANT (CEO AND MANAGING DIRECTOR)	MR M ACHARYA* (EXECUTIVE DIRECTOR AND CFO)	TOTAL AMOUNT
1.	Gross salary :			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,356,032	33,118,354	60,474,386
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	12,000	51,600
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	as % of profit	-	-	-
	others (Variable Pay / Severance Pay)	8,840,000	12,240,000	21,080,000
5.	Others (Provident Fund / Gratuity Fund / Superannuation Fund)	1,682,685	643,119	2,325,804
	Total	**37,918,317**	**46,013,473**	**83,931,790**

Note: The remuneration paid to the Executive Directors of the Company was within the limits as prescribed under the Act. The above remuneration includes variable pay for FY2017 paid during the year. However, excludes provisions made by the Company towards variable pay for FY2018.

* Resigned as Executive Director and Chief Financial Officer w.e.f. close of the business hours on 11 August 2017.

VIB remuneration to other directors

amount in ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS								TOTAL AMOUNT
		Mr Gautam Thapar	Dr Omkar Goswami	Mr B Hariharan	Mr Sanjay Labroo	Dr Valentin von Massow	Ms Ramni Nirula	Mr J Balakrishnan#	Mr Ashish Kumar Guha##	
1.	**Independent Directors**									
	Fee for attending Board and Committee meetings	-	-	-	160,000	140,000	200,000	220,000	80,000	800,000
	Commission	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	160,000	140,000	200,000	220,000	80,000	800,000
2.	**Other Non-Executive Directors**									
	Fee for attending Board and Committee meetings	220,000	200,000	120,000	-	-	-	-	-	540,000
	Commission	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-
	Total (2)	220,000	200,000	120,000	-	-	-	-	-	540,000
	Total (B) = (1 + 2)	**220,000**	**200,000**	**120,000**	**160,000**	**140,000**	**200,000**	**220,000**	**80,000**	**1,340,000**

Note: The remuneration paid to other Directors was within the limits prescribed under the Act and Rules made thereunder.

Appointed w.e.f. 2 May 2017

Appointed w.e.f. 9 November 2017

VIC remuneration to key managerial personnel (KMP) (other than MD / WTD / Manager)

amount in ₹

SR. NO	PARTICULARS OF REMUNERATION	NAME OF KMP			TOTAL AMOUNT
		Mr V R Venkatesh** (Chief Financial Officer)	Mr Manoj Koul* (Company Secretary)	Ms Shikha Kapadia# (Company Secretary)	
1.	Gross salary:				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,114,059	2,187,732	556,460	29,858,251
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	138,978	-	138,978
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	as % of profit	-	-	-	-
	Others	-	-	-	-
5.	Others	-	-	-	-
	Variable pay / Joining Bonus	-	1,176,146	150,000	1,326,146
	Provident Fund, Gratuity, Superannuation Fund	260,345	128,724	37,638	426,707
	Total	**27,374,404**	**3,631,580**	**744,098**	**31,750,082**

Note: The above remuneration includes variable pay for FY2017 paid during the year. However, excludes provisions made by the Company towards variable pay for FY2018.

* Appointed w.e.f. 12 August 2017

** Resigned w.e.f. close of business hours on 23 August 2017

Appointed w.e.f. 12 February 2018

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, 10 August 2018

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 2nd February, 2015 and by the Board at its Meeting held on 3rd 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 8th 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 the 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 AND MANAGING DIRECTOR

Mumbai, 30 August 2016

report on corporate governance

This Report is pursuant to Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

PHILOSOPHY ON CORPORATE GOVERNANCE

The Company places great emphasis on adopting high standards of corporate governance and, in doing so, serve its shareholders, customers, employees and business partners with honesty, fairness and integrity. The 5 CG Values—Performance Excellence, Leading Edge Knowledge, Nurturance, Customer Orientation and Intellectual Honesty—are well entrenched in the performance culture of the Company. CG's operations strive to reflect the ethical conduct of management and employees, thereby enhancing trust and confidence of all its stakeholders.

The Company strives to achieve well-defined levels of business excellence by continuously benchmarking itself against global standards. It has adopted the 'CG Code of Conduct and Business Practices' which sets out high ethical and moral standards for all CG employees and the Board of Directors. It promotes innovation through its various research and development initiatives. And it believes that its actions must serve the society at large to create social and economic value.

As a responsible corporate citizen, CG has always focused on communities that surround its operations across various locations by supporting projects and sponsoring identified community causes. Employees are encouraged to participate in these programmes—and thus create 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 disseminating important information. It therefore, keeps all its stakeholders abreast with detailed information on issues concerning the Company's business and financial performance through various means of communication.

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
'SEBI' refers to the Securities and Exchange Board of India

BOARD OF DIRECTORS

COMPOSITION

As on the date of this report, the Company's Board comprises nine Directors. Details of the Board composition and representations of the Directors across Board and Committees of other companies are provided in **Table 1** forming part of this Report.

OTHER DIRECTORSHIPS

As on 31 March 2018, as per the disclosures received, none of the members of the Board is a Director in more than 20 companies (including 10 public limited companies) or is an Independent Director in more than seven listed companies. Further, none of the Directors is a member of more than 10 Committees or a chairperson of more than 5 Committees across all public limited companies. For the purpose of reckoning Committee Chairpersonship / Membership only Audit Committee and Stakeholders' Relationship Committee have been considered.

The CEO and Managing Director of the Company does not hold any position as an Independent Director on the Board of any other listed company.

BOARD MEETINGS

Dates of the Board meetings are pre-scheduled and communicated to the Directors in advance. The 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 along with 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 mergers and amalgamations, investments, financial performance, asset optimisation, management policies and their effectiveness. Additionally, the Board reviews the compliance processes, internal control systems, material occurrences, if any, in the areas of environment, health and safety, financial liabilities, regulatory claims and developments in human resources. The Board also has dedicated meetings for review of annual strategic and operating plans, capital allocation and annual budgets of businesses.

During the year five Board Meetings were held: on 25–26 May 2017, 11 August 2017, 9 November 2017, 12 February 2018 and 8 March 2018. The Company's last Annual General Meeting was held on 22 September 2017. Details of attendance of Directors at the Board meetings held during the year under review and the previous Annual General Meeting are provided in **Table 1** forming part of this Report.

SELECTION AND APPOINTMENT OF DIRECTORS

CG has adopted a policy on selection, appointment and remuneration of Directors as well as a remuneration policy on remuneration determination of the Directors, Key Managerial Personnel, senior management and other employees of the Company. In terms of the requirement of Regulation 46(2)(b) of the Listing Regulations, the Company has issued formal letters of appointment to the Independent Directors, whose terms and conditions are available on the Company's website and can be accessed at *http://www.cgglobal.com/pdfs/BOD/T&C- IndependentDirectorsAppt.pdfIndependentDirectorsAppt.pdf*

INDEPENDENT DIRECTORS' MEETING

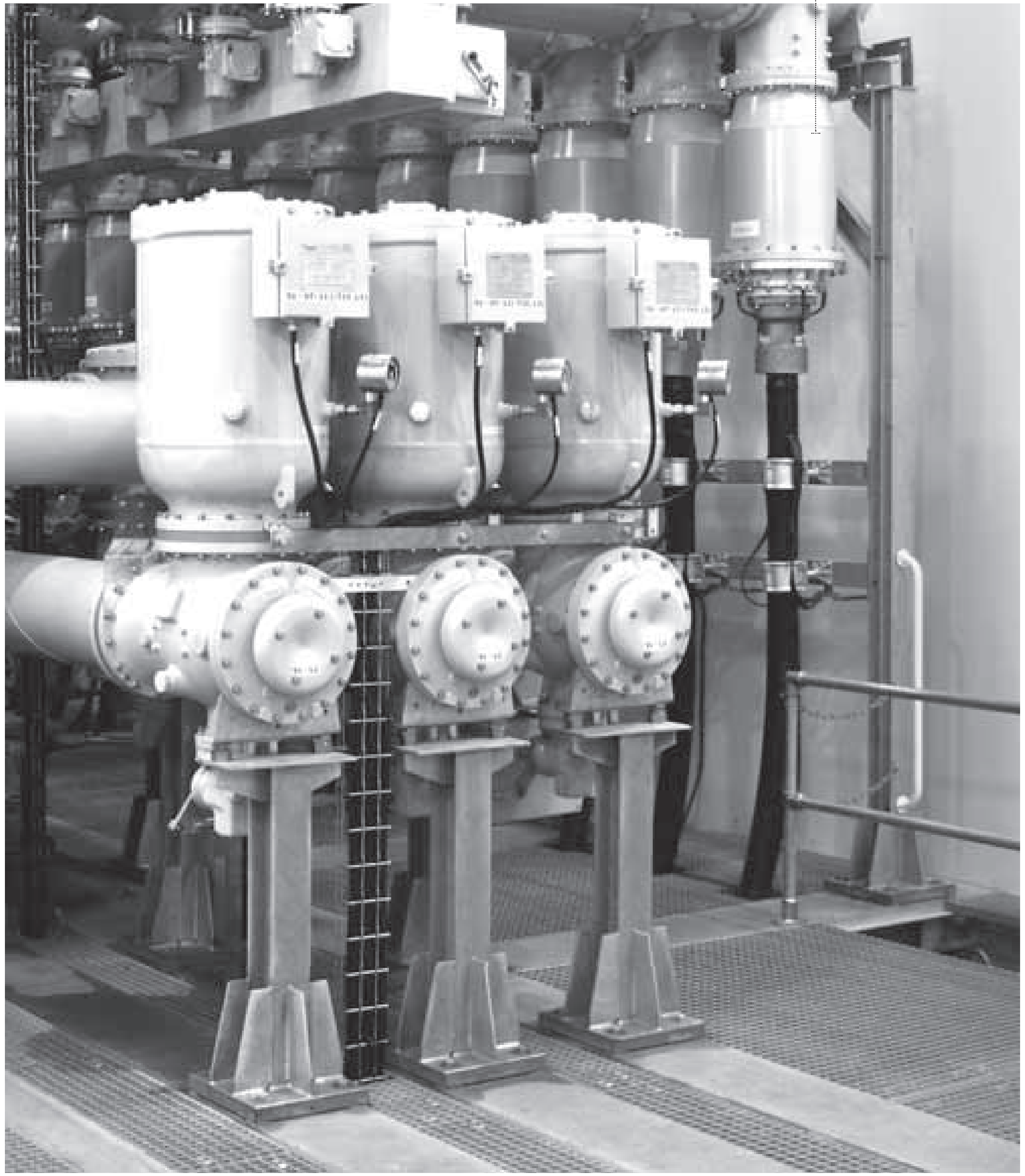
During FY2018, a meeting of the Independent Directors was held on 12 February 2018. The Independent Directors present at the meeting discussed the performance evaluation of the Board and Chairman, assessed the quality, quantity and timeliness of information flows from the management to the Board, and the current strategic and operational position of the Company.

DIRECTORS' SHAREHOLDING AND RELATIONSHIP INTER-SE

As on 31 March 2018, Mr B Hariharan held 657 equity shares of ₹2 each, and Dr Valentin von Massow held 2,687 Global Depository Receipts of the Company. None of the other Directors hold any shares in the Company. Further, none of the Directors on the Board is related to each other.

gas insulated switchgears

CG MANUFACTURES GIS UP TO 245KV AT ITS PLANT AT NASHIK, INDIA



CG Power and Industrial Solutions Limited 2018 | Report on Corporate Governance

01 details of the board of directors as on date of this report

NAME OF DIRECTOR	CATEGORY	NO. OF REPRESENTATIONS			ATTENDANCE AT BOARD AND COMMITTEE MEETINGS					
		Directorships@	Committee Chairperson#	Committee Membership#	Board Meetings	Risk and Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Attended Previous Annual General Meeting
Mr Gautam Thapar	Non-Executive; Chairman	9	NIL	3	5	NA	3	1	2	Yes
Mr K N Neelkant^	Executive; CEO and Managing Director	3	NIL	1	5	NA	NA	1	1	Yes
Dr Omkar Goswami	Non-Executive	10	NIL	7	5	5	NA	NA	NA	Yes
Mr B Hariharan	Non-Executive	10	3	5	5	5	NA	1	NA	Yes
Mr Sanjay Labroo	Non-Executive; Independent	16	1	3	3	3	2	NA	NA	No
Dr Valentin von Massow	Non-Executive; Independent	2	NIL	NIL	5	NA	NA	NA	2	No
Ms Ramni Nirula*	Non-Executive; Independent	10	4	5	4	4	1	NA	1	No
Mr Jitender Balakrishnan**	Non-Executive; Independent	11	3	5	5	4	2	NA	NA	Yes
Mr Ashish Kumar Guha***	Non-Executive; Independent	3	NIL	2	3	NA	1	NA	NA	NA

Notes:

^ Mr K N Neelkant was appointed as a member of the Corporate Social Responsibility Committee with effect from 12 June 2017.

* Ms Ramni Nirula ceased to be the chairperson and member of the Nomination and Remuneration Committee with effect from 12 June 2017.

** Mr Jitender Balakrishnan was appointed as a Non-Executive Independent Director of the Company with effect from 2 May 2017. He was appointed as the Chairperson of the Risk and Audit Committee and member of the Nomination and Remuneration Committee with effect from 12 June 2017.

*** Mr Ashish Kumar Guha was appointed as a Non-Executive Independent Director and as a member of the Nomination and Remuneration Committee with effect from 9 November 2017.

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

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

Mr Madhav Acharya ceased to be an Executive Director and CFO of the Company from the close of business hours on 11 August 2017. He was thereafter a Non-Executive Director on the Board from 12 August 2017, and resigned from the Board on 30 September 2017.

DIRECTORS' INDUCTION AND FAMILIARISATION

The Company has in place the practice of familiarising Independent Directors about CG's business through induction and regular updates. These provide 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 future 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 for the Independent Directors can be accessed 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 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 FY2018. 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 by Directors and Senior Management, which is annexed at the end of this Report.

COMMITTEES OF THE BOARD

RISK AND AUDIT COMMITTEE (RAC)

RAC consists of four Non–Executive Directors, of whom three are Independent. These are:

- **Mr Jitender Balakrishnan**
  Chairman, Independent Director
- **Mr Sanjay Labroo**
  Member, Independent Director
- **Ms Ramni Nirula**
  Member, Independent Director
- **Dr Omkar Goswami**
  Member, Non-Executive Director

During FY2018, the RAC met on five occasions: on 26 May 2017, 11 August 2017, 9 November 2017, 12 February 2018 and 8 March 2018. The attendance record of the Committee Members thereat is given in **Table 1** forming part of this Report.

Members of the RAC 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 RAC. The Company Secretary is the Secretary to this Committee. The Chairman of the RAC briefs the Board of Directors at every Board meeting on the discussions that take place at the RAC meeting. The minutes of meetings are placed before the Board.

CG has an independent in-house internal audit function with adequate professional resources and skills, and this is line with the Company's nature, size and complexity of business. The Head of Internal Audit reports to the RAC. The RAC provides assurance to the Board on the effectiveness of the Company's internal control environment.

The RAC monitors the financial reporting processes and other processes as per the regulatory requirements and functions in accordance with the terms of reference approved by the Board of Directors in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of Directors has constituted NRC in compliance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations. The NRC consists of the following four Non-Executive Directors, of which three, including the Chairperson, are Independent. These are:

- **Mr Sanjay Labroo**
  Chairman, Independent Director
- **Mr Jitender Balakrishnan**
  Member, Independent Director
- **Mr Ashish Kumar Guha**
  Member, Independent Director
- **Mr Gautam Thapar**
  Member, Non-Executive Director

The role of the NRC *inter-alia* includes the following:
a. Formulate evaluation policies for the performance appraisal of senior management and remuneration of Directors, Key Managerial Personnel and senior management.
b. Review all major aspects of CG's HR processes, including hiring, training, talent management, succession planning and the compensation structure of the Directors and senior management.
c. Identify persons who can be considered as Directors and who may be appointed in senior management.
d. Evaluate each Director's performance.
e. Set up a policy on Board diversity.

During FY2018, the NRC met three times: on 26 May 2017, 9 November 2017 and 12 February 2018. The attendance record of the Committee Members is given in **Table 1** forming part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee of the Board consists of the following four Directors among them are three Non-Executive Directors, two of whom are Independent including the Chairperson:

- **Ms Ramni Nirula**
  Chairperson, Independent Director
- **Dr Valentin von Massow**
  Member, Independent Director
- **Mr Gautam Thapar**
  Member, Non-Executive Director
- **Mr K N Neelkant**
  Member, CEO and Managing Director

CG's CSR Policy has been adopted by the Board and 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 CSR Committee and the Board annually approves the CSR expenditure budget and project plan. In the course of the year, the Committee reviews CSR expenditure, activities undertaken and the milestones achieved.

During FY2018, two CSR Committee Meetings were held: on 26 May 2017 and 12 February 2018. The attendance record of the Committee Members is given in **Table 1** forming part of this Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

SRC consists of the following Directors:

- **Mr B Hariharan**
  Chairman, Non-Executive Director
- **Mr Gautam Thapar**
  Member, Non-Executive Director
- **Mr K N Neelkant**
  Member, CEO and Managing Director

During FY2018, the SRC met on 12 February 2018, at which all the members were present.

The SRC 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 this Committee, the Company continues its 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 a high level of investor satisfaction, which is reflected in the very insignificant number of investor complaints. It received five shareholders' complaints during the financial year under review, which were of a routine nature and were satisfactorily resolved. There are no outstanding complaints or transfer request pending as on 31 March 2018.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the CEO and Managing Director and the Company Secretary to approve the share transfers / transmissions.

The Board of Directors has appointed Ms Shikha Kapadia, Company Secretary, as the Compliance Officer in compliance with Regulation 6 of the Listing Regulations with effect from 12 February 2018. Ms Kapadia also acts as a Secretary to all the Committees of the Board.

REMUNERATION OF DIRECTORS

The Company has no pecuniary relationship or transaction with its Non-Executive Directors other than payment of sitting fees for attending the Board and Committee meetings and profit based commission subject to the net profits of the standalone entity and within the limits as approved by the Shareholders.

The Executive Directors are paid remuneration as per the terms and conditions of their appointment in compliance with the Company's Remuneration Policy, and subject to applicable provisions of the Act and Rules made thereunder read with Schedule V of the Act and approval of the Shareholders. The Company does not have any employee stock option plan or scheme.

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

INFORMATION ON GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the Company held along with Special Resolutions passed are indicated in **Table 2** forming part of this Report. During FY2018, no resolution was put through by postal ballot.

MEANS OF COMMUNICATION

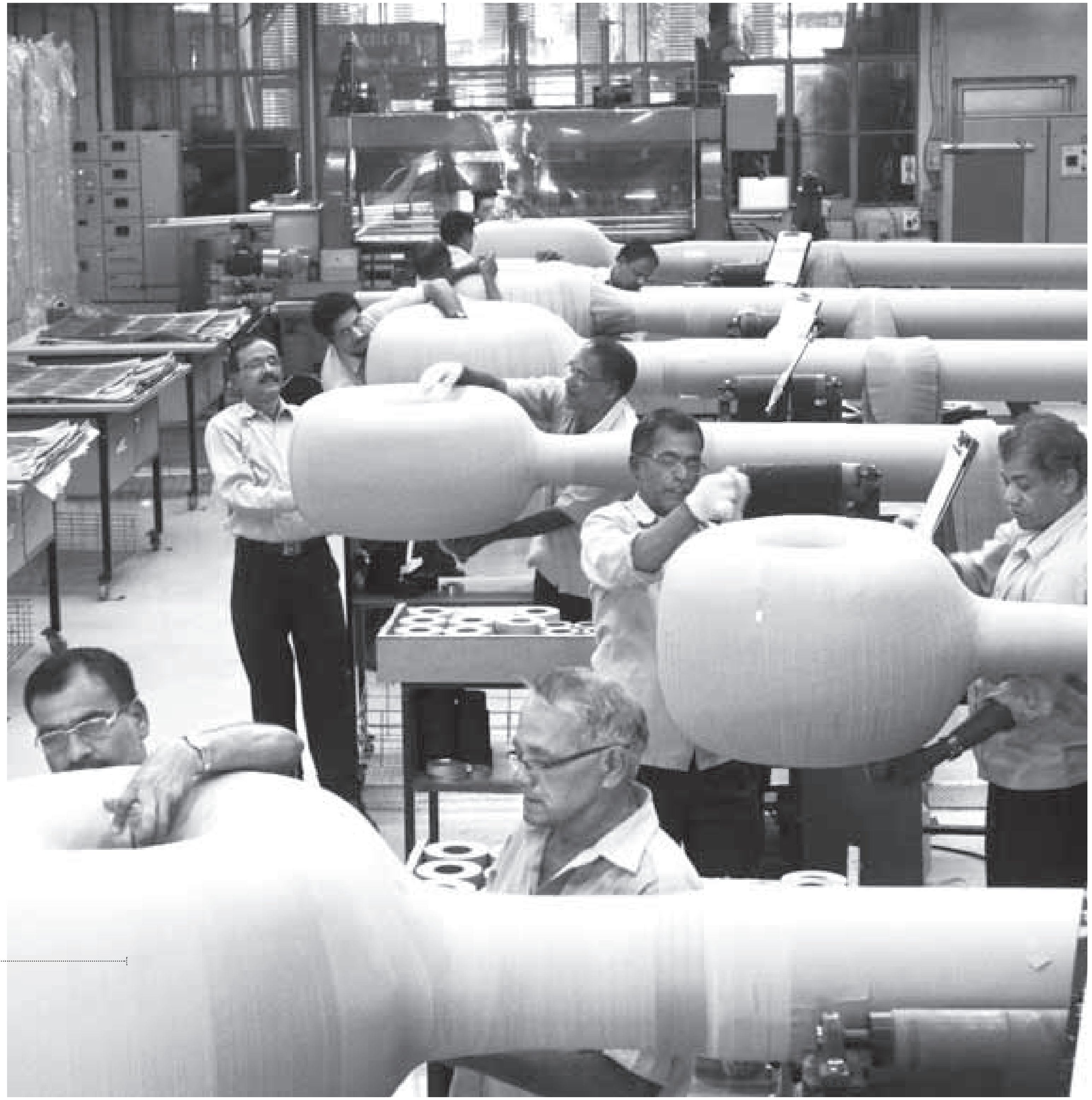
Full and timely disclosure of information regarding the Company's financial position and performance is an important part of CG's corporate governance ethos. To this end, it:

- Prepares and dispatches through permitted modes a full version of its Annual Report, despite an abridged version being allowed by the regulations.

- Submits standalone 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 within the prescribed timelines. These results are simultaneously published in two leading newspapers: Financial Express (in English) and Loksatta (in Marathi). The Company also files on-line information on financial results and other

02 last three Annual General Meetings held and special resolutions passed

FINANCIAL YEAR	LOCATION	DATE	TIME (IST)	SPECIAL RESOLUTIONS PASSED
2014–15	Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai 400 025	24 July 2015	3.00 p.m.	Adoption of new Articles of Association of the Company
2015–16	Swatantryaveer Savarkar Rashtriya Smarak, Dadar (W), Mumbai 400 028	30 August 2016	3.00 p.m.	Sale of Non-India Transmission and Distribution (T&D) Businesses
2016–17	Swatantryaveer Savarkar Rashtriya Smarak, Dadar (W), Mumbai 400 028	22 September 2017	3.00 p.m.	None



switchgears

CG HAS FULL-FLEDGED EXTRA HIGH VOLTAGE AND MEDIUM VOLTAGE SWITCHGEAR PLANTS AT NASHIK AND AURANGABAD IN INDIA

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 and operational performance. Transcripts of such 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 information and disclosures made to Stock Exchanges and investors are simultaneously displayed on the Company’s website: www.cgglobal.com

- Supports Shareholders through the CG’s Investor Query System, a web-based system for sending queries relating to any processing activity concerning their shareholding in the Company.

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

As reinforcement of its commitment towards the environment and to have e-enabled regulatory compliances, 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 such Member 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 ‘E-mail Registration Form’, enclosed with the Notice accompanying this Annual Report, to the Company / Depository Participant.

GENERAL SHAREHOLDER INFORMATION

81ST ANNUAL GENERAL MEETING

Date: 28 September 2018
Time: 3:00 p.m.
Venue: 4th Floor, Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400 028

FINANCIAL YEAR AND TENTATIVE CALENDAR FOR THE FINANCIAL YEAR ENDING 31 MARCH 2019

The Company’s accounting year is of a twelve months period from 1 April to 31 March. The tentative calendar of Board meetings for consideration of financial results for financial year ending 31 March 2019 is:

First quarter results
On / before 14 August 2018

Second quarter results
On / before 14 November 2018

Third quarter results
On / before 14 February 2019

Last quarter results and annual audited results
On / before 30 May 2019

NAME AND 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
Depository: National Securities Depository Limited and Central Depository Services (India) Limited
GDR Code: 5090318

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

MARKET PRICE DATA: BSE LIMITED

The market price data for BSE Limited is given in **Table 3** and **Chart A** forming part of this Report.

DISTRIBUTION AND CATEGORIES OF SHAREHOLDING

Data on the distribution and categories of shareholders is given in **Table 4** and **Table 5** respectively, forming part of this Report.

REGISTRAR AND SHARE TRANSFER AGENT

The Company's Registrar and Share Transfer Agent is Datamatics Business Solutions Limited, registered with SEBI and whose contact details are:

DATAMATICS BUSINESS SOLUTIONS LIMITED

(Formerly known as Datamatics Financial Services Limited)
Unit: CG Power and Industrial Solutions Limited
Plot No B-5, Part B Cross Lane, MIDC
Andheri (East) Mumbai 400 093
Tel: +91 (0) 22 6671 2001 to 6671 2006
Fax: +91 (0) 22 6671 2011
Email: *cginvestors@datamaticsbpm.com*

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, 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 / Company's Official duly authorised by the Board of Directors in this regard. During FY2018, 47 such approvals were granted.

DEMATERIALISATION OF SHARES

As on 31 March 2018, 99.27% of the total equity shares of the Company were held in dematerialised form, compared to 99.18% in the previous year.

As per the recent amendment made to Regulation 40 of Listing Regulations vide notification dated 8 June 2018 read with SEBI Circular dated 5 July 2018, it is mandatory to transfer the securities of the Company in dematerialised form w.e.f. 5 December 2018. Accordingly, shareholders of the Company who continue to hold shares in physical form are advised to dematerialize their shares on or before 4 December 2018 otherwise transfer of securities in physical form will not be permitted.

GLOBAL DEPOSITORY RECEIPTS (GDRs)

The Company 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 is equivalent to five shares. As on 31 March 2018, 164,501 GDRs were outstanding, which represented 822,504 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

The shareholders can direct their communication to the Company Secretary at:
CG House, 10th Floor
Dr Annie Besant Road
Worli, Mumbai 400 030

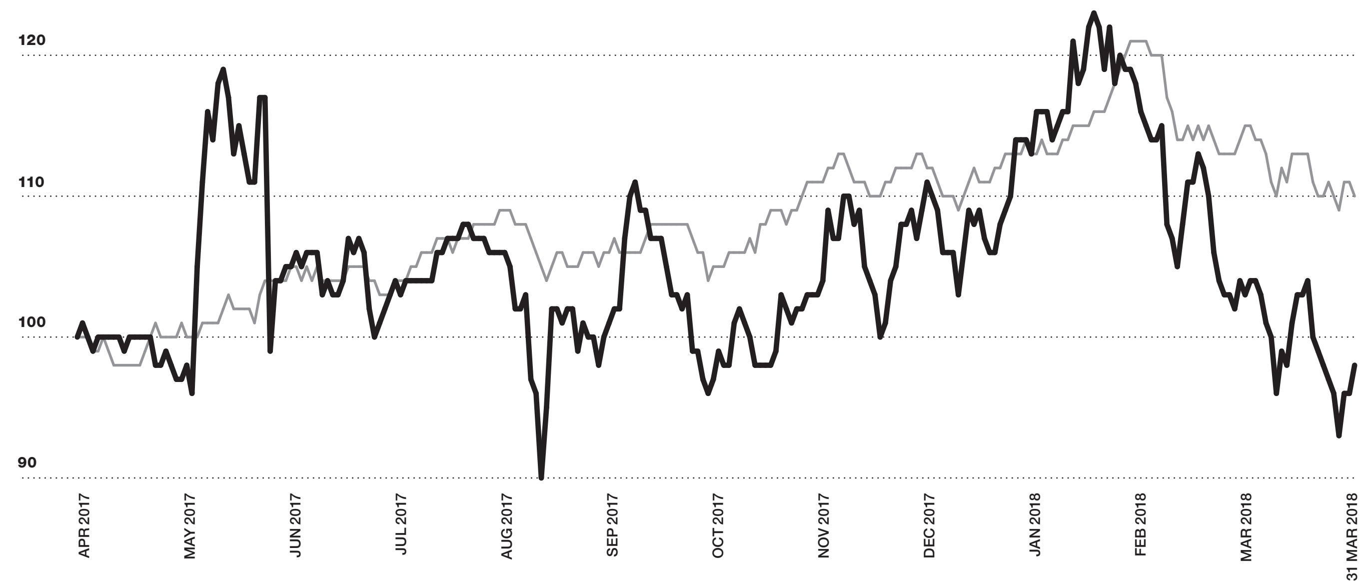
In addition to the Share Registrar and Transfer Agent, our Corporate Secretarial Department, which is located at the Company's Registered Office, is happy to assist, if investors experience any difficulties in their interaction with Datamatics Business Solutions Limited.
Time: 2.00 p.m. to 5.00 p.m. (IST) (Monday to Friday)
Tel: +91 (0) 22 2423 7806
Fax: +91 (0) 22 2423 7545
E-mail: ho.secretarial@cgglobal.com

CG Power and Industrial Solutions Limited 2018
Report on Corporate Governance

A CG share price on BSE versus BSE-Sensex

indexed to 100 on 1 April 2017

CG SHARE PRICE
SENSEX



03 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 2017	82.10	77.50	79.70	29910.22
May 2017	97.30	75.65	78.35	29921.18
June 2017	87.10	78.05	83.35	31137.59
July 2017	86.90	80.50	82.65	31221.62
August 2017	85.90	67.60	84.20	32575.17
September 2017	90.15	75.25	81.65	31892.23
October 2017	86.00	75.70	78.40	31497.38
November 2017	90.55	78.55	86.60	33600.27
December 2017	94.30	80.55	84.15	32832.94
January 2018	99.00	89.65	92.75	33812.75
February 2018	92.35	78.20	91.75	35906.66
March 2018	83.70	73.05	82.05	34046.94
			Share Price	**Sensex**
As on 31 March 2018			77.75	32968.68

04 distribution of shareholding

as on 31 March 2018

NO. OF SHARES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS
Upto 500	110,106	82.26
501–1000	9,105	6.80
1001–2000	7,905	5.91
2001–3000	2,361	1.76
3001–4000	1,164	0.87
4001–5000	834	0.62
5001–10000	1,313	0.98
10001 and above	1,072	0.80
Total	**133,860**	**100.00**

05 categories of shareholders

as on 31 March 2018

CATEGORY	NO. OF SHARES OF ₹2 EACH	% OF SHAREHOLDING
Promoters	215,451,070	34.38
Financial Institutions	853,858	0.14
Banks	576,452	0.09
Insurance Companies	23,625,075	3.77
Mutual Funds	157,338,583	25.10
Foreign Investors	133,539,129	21.31
Directors	657	0.00
Domestic Companies	23,613,495	3.76
Individuals	71,747,823	11.45
Total	**626,746,142**	**100.00**

06 details of unclaimed shares

BEGINNING OF THE YEAR				END OF THE YEAR	
NO. OF SHAREHOLDERS	NO. OF SHARES	NO. OF SHAREHOLDERS WHO APPROACHED FOR TRANSFER	NO. OF SHAREHOLDERS TO WHOM SHARES WERE TRANSFERRED	NO. OF SHAREHOLDERS	NO. OF SHARES
4,072	954,938	28	28	1,411	345,568

Note: During the year, 599,913 shares held by 2,633 shareholders were transferred to the Investor Education and Protection Fund (IEPF) Authority.

OTHER DISCLOSURES

DISCLOSURE OF MATERIAL RELATED PARTY TRANSACTIONS

During the year under review there were no related party transactions of a 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.

DISCLOSURE OF PENDING CASES AND INSTANCES OF NON-COMPLIANCE

There has been no instance of non-compliance by the Company; or of penalties and strictures imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market on the Company 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, except in respect of composition of Board of Directors caused briefly due to resignation of an Independent Director which was rectified by appointment of two Independent Directors during the year 2017–18.

WHISTLE BLOWER POLICY

The Company has set up a vigil mechanism i.e. Whistle Blower Policy for employees to report concerns of unethical behaviour and violation of the Company's Code of Business Practices. Details of the policy are contained in the 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 Company's subsidiaries are adequately empowered through delegation of the operational powers to local management at all locations. Management(s) of the subsidiary companies are responsible for statutory compliances, health and safety concerns, integrity of accounts and assurance on internal controls. Material contents of the minutes of the Board Meetings of all Indian as well as overseas subsidiaries 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 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 RISK AND HEDGING ACTIVITIES

The Company does not trade in commodities. Hence, disclosure relating to commodity price risks and commodity hedging activities is not given.

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 FY2018, 28 shareholders have claimed 9,457 shares, which were transferred to their respective demat account.

Details of unclaimed shares at the beginning of the year and at the end of the year and requests processed during the year are given in **Table 6**.

TRANSFER OF UNCLAIMED DIVIDENDS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend(s) which have remained unclaimed / unpaid for a period of seven years have been transferred to the IEPF. Details of the due dates for transfer of dividends pertaining to the financial years 2011–12 to 2014–15 which, if remain, unclaimed / unpaid for a period of seven consecutive years are given below.

DATE OF DECLARATION OF DIVIDEND	DUE DATE FOR TRANSFER TO THE IEPF
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
1 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 who are not related to each other.

c. The Internal Auditor of the Company functionally reports to the Risk and 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

The Report on Management Discussion and Analysis is given as a separate chapter in the Annual Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for FY2018 under Regulation 34 of the Listing Regulations is available on website of the Company at *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, CG maintains its books of accounts in electronic form. The Company hosts and manages all business applications and data in its own Tier 3 data centre located at Mumbai, and does not utilise any cloud or third party hosted environments for this service.

INSIDER TRADING

CG 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, while dealing with the securities of the Company. The Code on Insider Trading 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 16th of the third month of each quarter and continues until the financial results for the respective quarter are announced to the Stock Exchanges on which the Company's shares are listed. However, during the Quiet Period, the Company continues to address investor related issues and communications with the Stock Exchanges and other Regulatory Authorities as required by law.

CEO / CFO CERTIFICATION

For FY2018, Mr K N Neelkant, CEO and Managing Director and Mr V R Venkatesh, 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 the Listing Regulations and the said Certificate forms the part of this Report.

CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from M/s. Parikh & Associates, Practising Company Secretaries, Firm Registration Number P1988MH009800 regarding compliance with the provisions relating to Corporate Governance for FY2018, as prescribed by Regulation 34 of the Listing Regulations, which forms part of this Report.

On behalf of the Board of Directors

GAUTAM THAPAR
CHAIRMAN
(DIN: 00012289)

New Delhi, 10 August 2018

CEO-CFO annual certification

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

DECLARATION

We have reviewed the Standalone and Consolidated financial statements and the cash flow statement for the year ended March 31, 2018 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, if any, 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, if any;

(2) significant changes in accounting policies during the year, if any, 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

V R VENKATESH
CHIEF FINANCIAL OFFICER

Gurgaon, 30 May 2018

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,
Dr. Annie Besant Road, Worli,
Mumbai – 400 030

We have examined the compliance of the conditions of Corporate Governance by CG Power and Industrial Solutions Limited for the financial year ended March 31, 2018, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

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 as adopted by the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in the SEBI Listing Regulations for the year March 31, 2018 *except in respect of composition of Board of Directors caused briefly due to resignation of an Independent Director which was rectified by appointment of two Independent Directors during the year 2017–18*.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

FOR PARIKH & ASSOCIATES
PRACTISING COMPANY SECRETARIES

P.N. PARIKH
PARTNER
FCS: 327 CP NO.: 1228

Mumbai, 30 May 2018

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, 2018.

K N NEELKANT
CEO AND MANAGING DIRECTOR
(DIN: 05122610)

Gurgaon, 30 May 2018

financials

CG Power and Industrial
Solutions Limited 2018

stand-alone financials

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (FORMERLY KNOWN AS CROMPTON GREAVES LIMITED)

Report on the Standalone Financial Statements

1. 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 March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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

2. 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.

3. 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 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.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

5. 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.

6. 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.

7. 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 judgment, 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.

8. 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

9. 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 March 31, 2018, and its loss (including Other Comprehensive Income), the Changes in Equity and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

10. 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 **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. 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), Cash Flow Statement and 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 Ind AS 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 March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements. (Refer note 38 to the Standalone Ind AS Financial Statements);

        ii. The Company did not have any long-term contracts for which there were any material foreseeable losses; and

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Other Matter

12. The comparative Ind AS financial information of the Company for the year ended March 31, 2017, included in these Standalone Ind AS financial statements, have been audited by the previous auditor along with another firm of Chartered Accountants ("previous joint auditors"). The report of the previous joint auditors on the comparative financial information dated May 26, 2017 expressed an unmodified opinion.

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

ASHWIN MANKESHWAR
PARTNER
Membership No. 046219

Place: Gurgaon
Date: May 30, 2018

ANNEXURE 'A' REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (REFERRED TO IN PARAGRAPH 10 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 information and explanations given to us, the title deeds of immovable properties are held in 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. 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 interests of the Company;

   (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 accounts 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, income tax, duty of customs, duty of excise, sales tax, value added tax, entry tax, service tax, cess, goods and services tax and any other statutory dues have generally been regularly deposited with the appropriate authorities.

   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, goods and services tax, cess and other material statutory dues were in arrears as at March 31, 2018 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 taxes at March 31, 2018 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 are pending
Income Tax Act,1961	Tax, Interest & Penalty	14.64	2011-12, 2013-14, 2014-15	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, 2002-03, 2004-05 to 2007-08	High Court
		7.87	1991-92, 1999-2000 to 2014-15	CESTAT / Tribunal
		18.80	2002-03 to 2017-18	Commissionerate (Appeals)
The Central Sales Tax Act 1956, Local Sales Tax Acts and Works Contract Tax Act	Tax, Interest and Penalty	1.14	1989-90, 1991-92, 1996-97, 1999-2000, 2006-07	High Court
		44.92	1992-93, 1994-95, 1996-97, 2000-01 to 2003-04, 2005-06 to 2008-09, 2011-12, 2014-15	CESTAT / Tribunal
		163.18	1997-98 to 1999-2000, 2001-02 to 2015-16	Commissionerate (Appeals)

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

viii. According to 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.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

ix. According to 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 the management.

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

xii. According to 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 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 as required by the applicable Indian Accounting Standards.

xiv. According to 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 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 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.

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

ASHWIN MANKESHWAR
PARTNER
Membership No. 046219

Place: Gurgaon
Date: May 30, 2018

ANNEXURE 'B' REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

1. 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 March 31, 2018 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

2. 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").

Auditor's Responsibility

3. 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 the Institute of Chartered Accountants of India (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.

4. 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.

5. 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

6. 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

7. 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

8. 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 March 31, 2018, 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 Institute of Chartered Accountants of India (ICAI).

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

ASHWIN MANKESHWAR
PARTNER
Membership No. 046219

Place: Gurgaon
Date: May 30, 2018

₹ crore

BALANCE SHEET AS AT 31ST MARCH, 2018

	Note No.	As at 31-03-2018		As at 31-03-2017	
ASSETS					
1. NON-CURRENT ASSETS:					
(a) Property, plant and equipment	5	**1287.69**		1232.78	
(b) Capital work-in-progress	5	**8.19**		8.23	
(c) Other intangible assets	6	**49.18**		46.23	
(d) Intangible assets under development	6	**32.19**		28.01	
(e) Financial assets					
(i) Investments	7	**1028.51**		440.65	
(ii) Loans	8	**6.87**		6.64	
(iii) Others	9	**19.55**		46.89	
(f) Other non-current assets	10	**2.09**		3.18	
			2434.27		1812.61
2. CURRENT ASSETS:					
(a) Inventories	11	**414.05**		750.76	
(b) Financial assets					
(i) Investments	12	**0.01**		5.22	
(ii) Trade receivables	13	**1719.88**		1480.37	
(iii) Cash and cash equivalents	14	**593.15**		554.48	
(iv) Bank balances other than (iii) above	15	**0.98**		1.27	
(v) Loans	16	**1569.55**		1466.97	
(vi) Others	17	**45.55**		204.27	
(c) Current tax assets (net)		**84.27**		51.86	
(d) Other current assets	18	**478.93**		902.69	
			4906.37		5417.89
3. Assets classified as held for sale and discontinued operations	49		**74.80**		160.63
TOTAL ASSETS			**7415.44**		7391.13
EQUITY AND LIABILITIES					
EQUITY:					
(a) Equity share capital	19	**125.35**		125.35	
(b) Other equity		**3715.36**		4073.94	
			3840.71		4199.29
LIABILITIES:					
1. NON-CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	20	**836.65**		503.60	
(ii) Other financial liabilities	21	**1.46**		1.10	
			838.11		504.70
(b) Provisions	22		**53.30**		59.77
(c) Deferred tax liabilities (net)	23		**12.14**		214.75
2. CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	24	**631.14**		710.23	
(ii) Trade payables	25	**1252.83**		1091.33	
(iii) Other financial liabilities	26	**411.59**		255.36	
			2295.56		2056.92
(b) Other current liabilities	27		**273.62**		285.97
(c) Provisions	28		**101.12**		68.75
3. Liabilities associated with group of assets classified as held for sale and discontinued operations	49		**0.88**		0.98
TOTAL EQUITY AND LIABILITIES			**7415.44**		7391.13
CONTINGENT LIABILITIES AND COMMITMENTS	38				
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of financial statements

As per our report attached

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

Ashwin Mankeshwar
PARTNER
Membership No. 046219
Gurgaon, 30th May, 2018

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

Shikha Kapadia
COMPANY SECRETARY
Gurgaon, 30th May, 2018

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, 2018

	Note No.	2017-18		2016-17	
CONTINUING OPERATIONS					
INCOME:					
Revenue from operations	29	**5079.41**		4761.43	
Other income	30	**198.08**		200.41	
TOTAL INCOME			**5277.49**		4961.84
EXPENSES:					
Cost of materials consumed	31	**3452.99**		3144.71	
Purchases of stock-in-trade	32	**46.65**		225.12	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	**179.07**		(168.12)	
Excise Duty		**98.40**		404.60	
Employee benefits expense	34	**363.44**		358.32	
Finance costs	35	**213.98**		163.83	
Depreciation and amortisation expense	36	**102.10**		91.74	
Other expenses	37	**593.64**		484.81	
TOTAL EXPENSES			**5050.27**		4705.01
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX			**227.22**		256.83
Exceptional items (net)	50		**(453.40)**		(99.80)
PROFIT / (LOSS) BEFORE TAX			**(226.18)**		157.03
TAX EXPENSE :					
Current tax	23	**-**		36.31	
Deferred tax - MAT (credit) entitlement	23	**-**		(11.83)	
Deferred tax (credit)	23	**46.51**		(13.67)	
			46.51		10.81
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX			**(272.69)**		146.22
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	49	**(79.56)**		(33.27)	
Tax expense / (credit) on discontinued operations	23	**(27.53)**		(11.51)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX			**(52.03)**		(21.76)
PROFIT / (LOSS) FOR THE YEAR			**(324.72)**		124.46
OTHER COMPREHENSIVE INCOME:					
A (i) Items that will not be reclassified to profit or loss		**(35.90)**		(54.95)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		**2.04**		1.73	
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			**(33.86)**		(53.22)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**(358.58)**		71.24
Earnings per share for continuing operations (₹)	55		**(4.35)**		2.33
(Face value of equity share of ₹ 2 each)					
Earnings per share for discontinued operations (₹)	55		**(0.83)**		(0.34)
(Face value of equity share of ₹ 2 each)					
Earnings per share (basic and diluted) (₹)	55		**(5.18)**		1.99
(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

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

Ashwin Mankeshwar
PARTNER
Membership No. 046219
Gurgaon, 30th May, 2018

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

Shikha Kapadia
COMPANY SECRETARY
Gurgaon, 30th May, 2018

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

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

		2017-18	2016-17
[A] CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before tax from continuing operations		(226.18)	157.03
Adjustments for:			
Depreciation and amortisation expense		102.10	91.74
Provision for impairment on financial assets		67.81	19.10
Finance costs		213.98	163.83
Interest income		(180.21)	(168.57)
Income from investments (net)		(0.38)	(0.38)
Profit on sale of investments (net)		(0.41)	(7.21)
Unrealised exchange (gain) / loss (net)		(94.38)	109.31
(Profit) / loss on sale of property, plant and equipment (net)		4.36	(4.41)
		112.87	203.41
Operating profit / (loss) before working capital changes		(113.31)	360.44
Adjustments for:			
(Increase) / Decrease in trade and other receivables		68.25	(712.21)
(Increase) / Decrease in inventories		336.72	(357.60)
Increase / (Decrease) in trade and other payables		160.63	60.76
Increase / (Decrease) in provisions		19.99	(4.69)
		585.59	(1013.74)
Cash (used in) / from operations		472.28	(653.30)
Direct taxes paid (net of refunds)		(32.41)	(50.20)
Net cash (used in) / from operating activities		439.87	(703.50)
Net cash (used in) / from discontinued activities		6.15	(29.71)
Net cash (used in) / from continuing and discontinued activities	[A]	446.02	(733.21)
[B] CASH FLOWS FROM INVESTING ACTIVITIES			
Add: Inflows from investing activities			
Sale of property, plant and equipment		0.85	14.97
Sale of investments		32.43	104.76
Sale of Investments in subsidiary		-	31.71
Interest received		187.57	161.69
Income received from investments		0.38	0.38
		221.23	313.51
***Less:* Outflows from investing activities**			
Purchase of property, plant and equipment and intangible assets		(169.31)	(41.91)
Purchase of investments		-	(106.47)
Conversion of loans and advances into equity		(644.68)	-
Investment in subsidiary		-	(0.05)
		(813.99)	(148.43)
Net cash (used in) / from investing activities		(592.76)	165.08
Net cash (used in) / from discontinued activities		-	24.46
Net cash (used in) / from continuing and discontinued activities	[B]	(592.76)	189.54

₹ crore

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

		2017-18	2016-17
[C] CASH FLOWS FROM FINANCING ACTIVITIES			
Add: Inflows from financing activities			
Proceeds from long-term borrowings		582.36	647.70
Proceeds from short-term borrowings		631.14	1654.17
		1213.50	2301.87
***Less:* Outflows from financing activities**			
Repayment of long-term borrowings		(105.13)	(32.23)
Repayment of short-term borrowings		(710.23)	(1522.12)
Dividend paid		(0.29)	(0.35)
Interest paid		(212.47)	(159.54)
		(1028.12)	(1714.24)
Net cash (used in) / from financing activities		185.38	587.63
Net cash (used in) / from discontinued activities		-	-
Net cash (used in) / from continuing and discontinued activities	[C]	185.38	587.63
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)		38.64	43.96
Cash and bank balances at beginning of the year		554.51	510.55
Cash and bank balances at end of the year		593.15	554.51
Cash and cash equivalents from continuing operations		593.15	554.48
Cash and cash equivalents from discontinued operations		-	0.03
Cash and cash equivalents from continuing and discontinued operations		593.15	554.51

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 loss of ₹ 6.84 crore (Previous year gain of ₹ 1.75 crore) on account of translation of foreign currency bank balances.

As per our report attached

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

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

Ashwin Mankeshwar
PARTNER
Membership No. 046219
Gurgaon, 30th May, 2018

Shikha Kapadia
COMPANY SECRETARY
Gurgaon, 30th May, 2018

Gautam Thapar
CHAIRMAN
DIN: 00012289

₹ crore

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(A) EQUITY SHARE CAPITAL

For the year ended 31st March, 2018

Balance as at 1-04-2017	Changes in equity share capital during the year	Balance as at 31-03-2018
125.35	**-**	**125.35**

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

(B) OTHER EQUITY

For the year ended 31st March, 2018

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	FVOCI Reserve	Total Equity
Balance as at 1st April, 2017	**3029.52**	**415.89**	**672.49**	**12.95**	**18.29**	**(75.20)**	**4073.94**
Loss for the year	**(324.72)**	**-**	**-**	**-**	**-**	**-**	**(324.72)**
Other comprehensive income for the year							
- Remeasurements gains / (loss) on defined benefit plans	**(3.86)**	**-**	**-**	**-**	**-**	**-**	**(3.86)**
- Fair value loss on FVOCI financial asset	**-**	**-**	**-**	**-**	**-**	**(30.00)**	**(30.00)**
Balance as at 31st March, 2018	**2700.94**	**415.89**	**672.49**	**12.95**	**18.29**	**(105.20)**	**3715.36**

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

As per our report attached

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

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

Ashwin Mankeshwar
PARTNER
Membership No. 046219
Gurgaon, 30th May, 2018

Shikha Kapadia
COMPANY SECRETARY
Gurgaon, 30th May, 2018

Gautam Thapar
CHAIRMAN
DIN: 00012289

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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 two main business segments, viz. Power Systems and Industrial Systems for the year ended 31st March, 2018.

The financial statements of the Company for the year ended 31st March, 2018 were authorised for issue in accordance with a resolution of the directors on 30th May, 2018.

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 thereafter.

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. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. 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.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

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's 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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

- Plant and machinery - 1 to 21 years (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 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the 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.

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:

  (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.

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); and

(3) Commercial 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 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.

3.5 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 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).

3.7 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.

3.8 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 / goods and services 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.

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 other income in the statement of profit and loss.

3.9 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.

Provident Fund

The Company makes contribution to Crompton Greaves Limited Provident Fund 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.

Gratuity

The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with the Gratuity Trust. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

Termination benefits

Termination benefits are recognised as an expense in the period in which they are incurred.

3.10 Borrowing costs:

Borrowing cost consists of interest and other costs that the Company incurs in connection with borrowing of funds. 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are recognised as expense in the period in which they are incurred.

3.11 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 the 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.

3.12 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, an 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.

3.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3.14 Taxes on income:

Current tax

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 tax liabilities and the deferred taxes relate to the same taxable entity and levied by 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.

Minimum alternate tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.15 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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, whose occurrence is not yet certain and is based on one or more future event 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 and adjusted to reflect current best estimates.

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.

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 recognised when expected benefits to be derived by the Company are lower than unavoidable costs of meeting future obligation under contract. Provision 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.16 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 the financial statements.

3.17 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period,or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

Operating cycle:

A portion of the Company activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

3.18 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.

External valuation is used for valuation of unquoted financial assets. Involvement of external valuer is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company external valuer, which valuation techniques and inputs to use for each case.

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 assets or liability and the level of fair value hierarchy as explained above.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.19 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. 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.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

3.20 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 as per Ind AS 27, except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

Impairment of financial assets

The Company 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.

CG Power and Industrial
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NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.21 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

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

Discontinued operations:

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 has 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.

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.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

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 1-04-2016	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**
Additions	-	-	2.35	95.78	-	34.55	4.65	2.01	139.34	7.58
Disposals / transfers	-	-	5.52	12.42	-	0.39	0.81	1.07	20.21	7.62
As at 31-03-2018	**192.63**	**209.03**	**612.10**	**910.76**	**-**	**78.41**	**43.79**	**11.29**	**2058.01**	**8.19**
Accumulated depreciation:										
As at 1-04-2016	-	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**	
Depreciation charge for the year	-	3.56	28.33	39.73	-	2.90	2.46	2.24	79.22	
Disposals / transfers	-	-	1.82	11.39	-	0.35	0.74	0.70	15.00	
As at 31-03-2018	**-**	**10.72**	**88.12**	**594.51**	**-**	**33.78**	**35.64**	**7.55**	**770.32**	
Net book value										
As at 31-03-2017	192.63	201.87	553.66	261.23	-	13.02	6.03	4.34	1232.78	8.23
As at 31-03-2018	**192.63**	**198.31**	**523.98**	**316.25**	**-**	**44.63**	**8.15**	**3.74**	**1287.69**	**8.19**

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

6. OTHER INTANGIBLE ASSETS

	Computer software	Technical know-how	Commercial rights	Development cost	Total	Intangible assets under development
Cost:						
As at 1-04-2016	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**
Additions	14.66	1.99	-	9.18	25.83	13.36
Disposals / transfers	-	-	-	-	-	9.18
As at 31-03-2018	**70.33**	**12.26**	**31.09**	**82.44**	**196.12**	**32.19**
Accumulated amortisation:						
As at 1-04-2016	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**	
Amortisation charge for the year	8.91	0.25	1.11	12.61	22.88	
As at 31-03-2018	**49.76**	**10.52**	**28.50**	**58.16**	**146.94**	
Net book value						
As at 31-03-2017	14.82	-	3.70	27.71	46.23	28.01
As at 31-03-2018	**20.57**	**1.74**	**2.59**	**24.28**	**49.18**	**32.19**

7. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31-03-2018	As at 31-03-2017
Quoted investments		
Investment in Government or trust securities	**0.44**	0.44
	0.44	0.44
Unquoted investments		
Investments in equity instruments		
Subsidiary companies (Carried at cost)	**896.05**	251.37
Investments in equity instruments		
Carried at fair value through other comprehensive income	**121.80**	151.80
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	**1.01**	27.83
Investment in joint venture		
Carried at cost	**1.15**	1.15
	1028.07	440.21
	1028.51	440.65
Notes:		
Quoted investments		
Book value	**0.44**	0.44
Market value	**0.37**	0.44
Unquoted investments		
Book value	**1028.07**	440.21

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

7. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

	Face value per unit in ₹ unless otherwise specified	No. of shares / units As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
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 International B.V.	EUR 100	**1530000**	**1190.54**	545.86
Less : Provision for diminution in value of investment			**(545.86)**	(545.86)
			644.68	-
2 CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited)	2	**250000**	**0.05**	0.05
Less : Provision for diminution in value of investment			**(0.05)**	(0.05)
			-	-
3 CG International Holdings Singapore Pte. Limited	USD 1	**44121460**	**238.29**	238.29
4 CG PPI Adhesive Products Limited	10	**3175520**	**13.03**	13.03
5 CG Power Solutions Limited	10	**50000**	**0.05**	0.05
Partly paid equity shares				
1 CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited)	**0.20**	**156436537**	**3.13**	3.13
Less : Provision for diminution in value of investment			**(3.13)**	(3.13)
			-	-
			896.05	251.37
Carried at fair value				
Through other comprehensive income				
1 Avantha Power & Infrastructure Limited	10	**213300228**	**121.80**	151.80
			121.80	151.80
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 Hybrid Equity Fund - Dividend Plan - Payout	10	**55909**	**0.16**	0.12
Power Equipment Limited	USD 10	**20600**	**0.00**	0.00
Exide Life Traditional Employee Benefits Plan Scheme		**1**	**0.10**	15.81
HDFC Life Secure Managed Fund		**313393**	**0.71**	10.40
IndiaFirst Employee Benefit Plan Equity Advantage Fund		**23171**	**0.04**	1.50
			1.01	27.83
Investment in Joint Venture				
PT Crompton Prima Switchgear Indonesia			**1.15**	1.15
			1.15	1.15
Total (B)			**1028.07**	440.21
Total (A+B)			**1028.51**	440.65

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
8. NON-CURRENT FINANCIAL ASSETS - LOANS		
Unsecured, considered good, unless otherwise stated		
Deposits	6.87	6.64
	6.87	6.64

	As at 31-03-2018	As at 31-03-2017
9. NON-CURRENT FINANCIAL ASSETS - OTHERS		
Financial guarantee fees receivable (Refer note 48)	19.55	46.89
	19.55	46.89

	As at 31-03-2018	As at 31-03-2017
10. NON-CURRENT ASSETS - OTHERS		
Unsecured, considered good, unless otherwise stated		
Capital advances	2.09	3.18
	2.09	3.18

	As at 31-03-2018		As at 31-03-2017	
11. INVENTORIES				
Raw materials	172.34		330.28	
Add: Goods-in-transit	4.64		5.50	
		176.98		335.78
Work-in-progress - manufacturing		191.65		201.31
Finished goods - manufacturing		40.45		121.63
Stock-in-trade		0.60		88.83
Stores, spares and packing materials		4.24		3.18
Loose tools		0.13		0.03
		414.05		750.76

	As at 31-03-2018	As at 31-03-2017
12. CURRENT FINANCIAL ASSETS - INVESTMENTS		
Quoted investments		
Investments in equity instruments		
Carried at fair value through profit and loss	0.01	0.98
Investments in mutual funds		
Carried at fair value through profit and loss	-	4.24
	0.01	5.22
Note:		
Quoted investments		
Book value	0.01	5.22
Market value	0.01	5.22

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

12. CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

	Face value per unit in ₹ unless otherwise specified	No. of shares / units As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
Details of investments:				
Investments in equity instruments				
1 Nicco Corporation Limited	2	330390	0.01	0.02
2 JCT Electronics Limited	1	250000	0.00	0.00
3 IDBI Bank Limited			-	0.96
			0.01	0.98
Investments in mutual fund				
Birla Sunlife Saving Fund Growth Direct Plan			-	4.24
			-	4.24
			0.01	5.22

	As at 31-03-2018		As at 31-03-2017	
13. TRADE RECEIVABLES				
Unsecured				
Considered good	1719.88		1480.37	
Considered doubtful	102.25		91.85	
		1822.13		1572.22
Less: Allowance for doubtful debts		102.25		91.85
		1719.88		1480.37

	As at 31-03-2018		As at 31-03-2017	
14. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents:				
Balances with banks:				
On current accounts	586.18		399.52	
On deposit accounts (Refer note below)	6.91		154.90	
		593.09		554.42
Cash on hand		0.06		0.06
		593.15		554.48

Note:

Deposits of ₹ 3.00 crore (Previous year ₹ 32.90 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other balance:		
Earmarked balance with banks for:		
Unpaid dividends	**0.98**	1.27
	0.98	1.27

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

	As at 31-03-2018		As at 31-03-2017	
16. CURRENT FINANCIAL ASSETS - LOANS				
Unsecured, considered good, unless otherwise stated				
Loans to subsidiaries (Refer note 48)		**1539.76**		1437.86
Security deposits:				
Considered good	**29.79**		29.11	
Considered doubtful	**0.05**		0.05	
	29.84		29.16	
Less: Allowance for doubtful advances	**0.05**		0.05	
		29.79		29.11
		1569.55		1466.97

There are no outstanding loans due from directors of the Company.

	As at 31-03-2018	As at 31-03-2017
17. CURRENT FINANCIAL ASSETS - OTHERS		
Bank deposits (Refer note below)	**-**	149.03
Financial guarantee fees receivable (Refer note 48)	**45.23**	30.99
Derivative instruments	**-**	16.29
Other financial receivables	**0.32**	7.96
	45.55	204.27

Note:

Deposits of ₹ Nil (Previous year ₹ 149.03 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

	As at 31-03-2018	As at 31-03-2017
18. OTHER CURRENT ASSETS		
Advance to suppliers	**105.53**	508.44
Advance to other related parties (Refer note 48)	**127.16**	115.26
Prepaid expenses	**5.89**	22.73
Due from customer (constructions and project related activity)	**7.52**	17.93
Insurance receivables	**0.63**	14.04
Statutory and other receivables	**232.20**	224.29
	478.93	902.69

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
19. SHARE CAPITAL		
Authorised:		
2,03,80,00,000 Equity Shares of ₹ 2 each (Previous year 2,03,80,00,000 Equity Shares of ₹ 2 each)	**407.60**	407.60
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 31-03-2018		As at 31-03-2017	
	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 31-03-2018		As at 31-03-2017	
	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 share capital	As at 31-03-2018		As at 31-03-2017	
	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 31-03-2018		As at 31-03-2017	
		%	**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
3	HDFC Trustee Company Limited - HDFC Equity Fund	**9.22**	**57788500**	9.22	57809500
4	Life Insurance Corporation of India	**-**	**-**	5.24	32820195
5	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund	**6.84**	**42898617**	-	-

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

19. SHARE CAPITAL (Contd.)

(e) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	As at 31-03-2018	As at 31-03-2017
	No. of Shares	No. of Shares
Shares bought back	14745394	14745394

(f) Aggregate number of shares issued as GDRs:

	As at 31-03-2018		As at 31-03-2017	
	%	No. of Shares	%	No. of Shares
The Bank of New York	0.13	822504	0.14	882329

(g) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2017-18 (Previous year 2016-17 ₹ Nil) or after the Financial year but before the financial statements were approved for issue.

(h) Nature and purpose of reserves:

(i) 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.

(ii) 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.

(iii) 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 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.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
20. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Term loans from banks {Refer note (a) below}	799.80	390.41
Unsecured loans		
Term loans from banks {Refer note (b) below}	36.85	113.19
	836.65	503.60

Notes:

Security created to the extent of:

(a) Secured term loans from banks:

(i) The term loan of ₹ 402.02 crore (as at 31-03-2017 ₹ 412.71 crore) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3rd August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on identified plant and machinery and immovable fixed assets. (Current maturity pertaining to the said loan is ₹ 44.60 crore (Previous year ₹ 22.30 crore), Refer note 26).

(ii) The term loan of ₹ 159.51 crore and ₹ 43.50 crore respectively (as at 31-03-2017 ₹ Nil) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crore and 13 months for ₹ 43.50 crore respectively. The loan is secured by First charge on movable and immovable property. (Current maturity pertaining to the said loan is ₹ 65.63 crore (Previous year ₹ Nil), Refer note 26).

(iii) The term loan of ₹ 305.00 crore (as at 31-03-2017 ₹ Nil) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24th July, 2017, in 36 equal monthly instalments after a moratorium of 2 years. The loan is secured by second charge on identified plant and machinery and immovable fixed assets.

(b) Unsecured term loans from banks:

(i) The term loan of ₹ 119.30 crore (as at 31-03-2017 ₹ 210.63 crore) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 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 (Previous year ₹ 97.44 crore), Refer note 26).

(ii) The term loan of ₹ 71.24 crore (as at 31-03-2017 ₹ Nil) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16th May, 2017, in 15 structured monthly installments with first starting after 9 months from the date of disbursement. (Current maturity of the said loan is ₹ 56.25 crore (Previous year ₹ Nil), Refer note 26).

Finance lease commitments

The Company has during the financial year 2017-18, 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 ₹ Nil (Previous year ₹ 3.07 crore) has been recognised in the Statement of profit and loss.

	As at 31-03-2018	As at 31-03-2017
21. NON-CURRENT OTHER FINANCIAL LIABILITIES		
Deposits payable	1.46	1.10
	1.46	1.10

	As at 31-03-2018	As at 31-03-2017
22. NON-CURRENT PROVISIONS		
Provision for post retirement medical benefit	10.18	23.39
Provision for leave encashment	22.09	20.31
Other provisions (Refer note 28)	21.03	16.07
	53.30	59.77

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

23. TAXATION

Income tax related to items charged or credited directly to profit and loss during the year:

	2017-18	2016-17
Statement of profit or loss		
Current income tax (continuing operations)	-	36.31
Current income tax (discontinued operations)	-	(11.51)
Deferred tax expense / (benefit):		
Minimum alternate tax (continuing operations)	-	(11.83)
Relating to origination and reversal of temporary differences (continuing operations)	46.51	(13.67)
Relating to origination and reversal of temporary differences (discontinued operations)	(27.53)	-
Total	18.98	(0.70)
Statement of Other Comprehensive Income		
Current tax related to items recognised in OCI during in the year	-	1.73
Deferred tax related to items recognised in OCI during in the year	(2.04)	-
Total	(2.04)	1.73

Income Tax expense:

	2017-18	2016-17
Reconciliation:		
Profit / (loss) before tax from continuing operations	(226.18)	157.03
Loss before tax from discontinued operations	(79.56)	(33.27)
Accounting profit / (loss) before income tax	(305.74)	123.76
Applicable tax rate	34.608%	34.608%
Computed tax expense	(105.81)	42.83
Income not considered for tax purpose	(0.12)	(2.30)
Expense not allowed for tax purpose	0.87	3.46
Additional allowances for tax purpose	(7.76)	(15.61)
Tax paid at lower rate	-	(20.16)
Other temporary differences	(87.75)	(8.92)
Total income tax expense	(200.57)	(0.70)
Tax on exceptional items	219.55	-
Net income tax expense charged to statement of profit and loss	18.98	(0.70)
Income tax attributable to continued operations	46.51	10.81
Income tax attributable to discontinued operations	(27.53)	(11.51)
Total	18.98	(0.70)

Deferred tax relates to the following:

	Balance sheet		Recognised in statement of profit or loss	
	As at 31-03-2018	As at 31-03-2017	2017-18	2016-17
Expenses allowable on payment basis	1.46	2.14	(0.68)	(0.34)
Other items giving rise to temporary differences	30.17	34.60	(4.43)	(7.56)
Accelerated depreciation for tax purposes	(81.11)	(81.01)	(0.10)	19.82
Finance lease	-	-	-	(1.71)
Service concession arrangements	-	-	-	(0.45)
Fair valuation of property, plant and equipment (PP&E)	(196.38)	(204.82)	8.44	6.02
Impairment of loan	3.88	3.88	-	-
Provision for loss allowance	17.45	18.63	(1.18)	(2.11)
Minimum alternate tax	11.83	11.83	-	11.83
Unabsorbed losses and Unabsorbed depreciation	200.56	-	(18.99)	-
Deferred tax asset / (liability)	(12.14)	(214.75)		
Tax on exceptional items			219.55	-
Net (income) / expense			202.61	25.50

Reconciliation of deferred tax assets / (liabilities) net:

	As at 31-03-2018	As at 31-03-2017
Opening balance as on 1st April	(214.75)	(240.25)
Tax income / (expense) during the period recognised in profit or loss	(46.51)	13.67
Tax income / (expense) during the period recognised in profit or loss from discontinued operations	27.53	-
Deferred tax on Other Comphrensive Income	2.04	-
Unabsorbed losses and Unabsorbed depreciation	219.55	-
Deferred Tax - Minimum alternate tax	-	11.83
Closing balance	(12.14)	(214.75)

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

24. CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31-03-2018	As at 31-03-2017
Secured loans		
From Bank, Cash Credit, Packing Credit, etc. (Refer note below)	248.59	229.82
Unsecured loans		
Working capital loan from bank:		
Demand loan	292.84	391.79
Supplier finance facility	89.71	88.62
	631.14	710.23

Note:

Secured by hypothecation of inventories, book debts and trade receivables, both present and future.

25. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31-03-2018	As at 31-03-2017
Acceptances	102.27	81.62
Due to micro and small enterprises	81.55	59.88
Due to other than micro and small enterprises	1056.40	933.51
Due to subsidiaries (Refer note 48)	12.61	16.32
	1252.83	1091.33

Note:

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31st March, 2018.

The disclosure pursuant to the said Act is as under:

	2017-18	2016-17
(a) Principal amount due to suppliers under MSMED Act, 2006	81.55	59.88
(b) Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	0.06	0.02
(c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	14.70	12.68
(d) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(e) Interest paid to suppliers under MSMED Act (Section 16)	0.04	0.03
(f) Interest due and payable towards suppliers under MSMED Act for payments already made	0.00	-
(g) Interest accrued and remaining unpaid at the end of each of the year to suppliers under MSMED Act	0.06	0.02

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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

26. CURRENT-OTHER FINANCIAL LIABILITIES

	As at 31-03-2018		As at 31-03-2017	
Current maturities of long- term debts		**263.92**		119.74
Interest-free sales tax deferral loans from State Government		**0.12**		0.12
Interest accrued but not due on borrowings		**6.90**		5.39
Due to related parties:				
Due to subsidiaries (Refer note 48)		**4.80**		5.07
Investor Education and Protection Fund: (Refer note below)				
Unclaimed dividend		**0.98**		1.27
Security deposits		**8.48**		7.47
Due to directors		**2.54**		4.32
Financial guarantee obligations		**65.35**		78.74
Derivative Instruments		**11.85**		-
Other payables:				
Employee dues	**13.08**		13.61	
Others	**33.57**		19.63	
		46.65		33.24
		411.59		255.36

Note:

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

27. OTHER CURRENT LIABILITIES

	As at 31-03-2018		As at 31-03-2017	
Advances from customers		**220.61**		236.28
Due to customers		**16.68**		24.18
Balance with banks overdrawn as per books		**-**		0.71
Other payables:				
Statutory dues	**14.83**		5.98	
Others	**21.50**		18.82	
		36.33		24.80
		273.62		285.97

28. SHORT-TERM PROVISIONS

	As at 31-03-2018	As at 31-03-2017
Provision for gratuity	**7.68**	10.01
Provision for post retirement medical benefit	**0.39**	1.44
Provision for leave encashment	**2.48**	3.14
Other provisions (Refer note below)	**90.57**	54.16
	101.12	68.75

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

28. SHORT-TERM PROVISIONS (Contd.)

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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Carrying amount at the beginning of the year*	**44.44**	40.63	**8.32**	11.93	**3.50**	3.50
Amount transferred due to demerger	**-**	0.94	**-**	-	**-**	-
Additional provision made during the year #	**22.19**	13.61	**1.08**	-	**-**	-
Amounts used during the year	**1.50**	-	**-**	-	**-**	-
Unused amounts reversed during the year #	**6.05**	8.86	**0.59**	3.61	**1.83**	-
Carrying amount at the end of the year*	**59.08**	44.44	**8.81**	8.32	**1.67**	3.50

Nature of provisions	Liquidated damages		Other litigation claims		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Carrying amount at the beginning of the year*	**7.69**	7.69	**6.28**	4.24	**70.23**	67.99
Amount transfered due to demerger	**-**	-	**-**	-	**-**	0.94
Additional provision made during the year #	**-**	-	**28.57**	4.97	**51.84**	18.58
Amounts used during the year	**-**	-	**-**	-	**1.50**	-
Unused amounts reversed during the year #	**-**	-	**0.50**	2.93	**8.97**	15.40
Carrying amount at the end of the year*	**7.69**	7.69	**34.35**	6.28	**111.60**	70.23

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 / custom 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 THE FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
29. REVENUE FROM OPERATIONS		
Sale of products	4863.64	4379.10
Sale of services	43.03	46.43
Construction contracts	172.74	335.90
	5079.41	4761.43

	2017-18	2016-17
CONTRACTS IN PROGRESS		
Contract revenue recognised for the year	172.74	335.90
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	1916.37	2374.61
Amount of customer advances outstanding for contracts in progress as at the reporting date	8.72	28.37
Retention amount due from customer for contract in progress as at the reporting date	98.29	122.61

	2017-18	2016-17
30. OTHER INCOME		
Interest income:		
Subsidiaries (Refer note 48)	159.16	129.45
Others	21.05	39.12
Dividend income:		
Subsidiaries	0.38	0.38
Gain on sale of investments (net)	0.41	2.52
Exchange gain (net)	3.74	4.98
Fair value gain on financial instruments at fair value through profit or loss	0.00	4.69
Other non-operating income:		
Income from business service centers	1.21	0.70
Profit on sale of property, plant and equipment (net)	-	4.41
Miscellaneous income	12.13	14.16
	198.08	200.41

	2017-18		2016-17	
31. COST OF MATERIALS CONSUMED				
Opening stock	335.78		146.43	
Add: Purchases	3157.58		3164.27	
Less: Closing stock	176.98		335.78	
	3316.38		2974.92	
Less: Scrap sales	78.87		50.30	
		3237.51		2924.62
Add: Sub-contracting charges		215.48		220.09
		3452.99		3144.71

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
32. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	46.65	225.12
	46.65	225.12

	2017-18		2016-17	
33. 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	40.45		121.63	
Work-in-progress	191.65		201.31	
	232.10		322.94	
Opening stock:				
Finished goods	121.63		43.25	
Work-in-progress	201.31		199.89	
	322.94		243.14	
		90.84		(79.80)
Changes in inventories of stock-in-trade:				
Closing stock:				
Stock-in-trade	0.60		88.83	
Opening stock:				
Stock-in-trade	88.83		0.51	
		88.23		(88.32)
		179.07		(168.12)

	2017-18	2016-17
34. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	326.32	307.52
Contribution to provident and other funds	20.51	19.88
Post retirement medical benefits	(14.37)	2.81
Staff welfare expenses	30.98	28.11
	363.44	358.32

	2017-18	2016-17
35. FINANCE COSTS		
Interest on loans	213.98	163.83
	213.98	163.83

	2017-18	2016-17
36. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense (Refer note 5 and 6)	102.10	91.74
	102.10	91.74

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
37. OTHER EXPENSES		
Consumption of stores and spares	28.56	25.64
Power and fuel	40.26	41.04
Rent	6.45	4.43
Repairs to buildings	6.38	5.73
Repairs to machinery	22.81	19.81
Insurance	7.97	8.59
Rates and taxes	14.79	14.49
Freight and forwarding	83.51	74.86
Packing materials	48.96	55.41
After sales services including warranties	53.97	46.97
Sales promotion	53.78	26.17
Directors' sitting fees	0.13	0.10
Allowance for doubtful debts and advances	54.48	9.91
Corporate social responsibility expenses	2.90	2.29
Legal and professional charges	48.71	41.32
Miscellaneous expenses (Refer note below)	119.98	108.05
	593.64	484.81

Note:

	2017-18	2016-17
MISCELLANEOUS EXPENSES INCLUDES THE FOLLOWING:		
Auditors' remuneration (excluding service tax)		
Audit fees	0.85	1.08
Tax audit fees	0.10	0.10
Certification work	1.17	0.86
Other services	0.04	0.01
Expenses reimbursed	0.18	0.70
	2.34	2.75

	As at 31-03-2018	As at 31-03-2017
38. CONTINGENT LIABILITIES AND COMMITMENTS		
A. Contingent liabilities: (to the extent not provided for)		
(a) Claims against the Company not acknowledged as debts	7.25	9.01
(b) Sales tax / VAT liability that may arise in respect of matters in appeal	47.48	42.06
(c) Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal	6.25	6.35
(d) Income tax liability that may arise in respect of matters in appeal preferred by the department	4.27	4.27
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.47	10.96

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.

39. 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.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
40. Expenses capitalised during the year:		
(a) Raw materials consumed	0.07	-
(b) Employee benefits expense	6.21	5.89
(c) Other expenses	7.17	5.12
41. Value of imports (on C.I.F. basis):		
(a) Raw materials	406.03	482.02
(b) Spare parts	4.39	4.45
(c) Capital goods	5.19	2.23
42. Expenditure in foreign currency:		
(a) Technical know-how fees	9.89	8.27
(b) Professional charges	1.39	0.48
(c) Interest	7.20	2.86
(d) Commission, travelling and others	49.43	27.61
43. Earnings in foreign exchange:		
(a) Export of goods (on F.O.B. basis) including deemed exports ₹ 43.10 crore; (Previous year ₹ 49.15 crore)	755.65	669.46
(b) Service income	2.73	6.18
(c) Interest	63.53	57.85
(d) Others	80.36	72.93
44. Expenditure on research and development:		
(a) Capital expenditure:		
Plant and equipments	0.28	0.01
Furniture and fixtures	0.01	-
Vehicles	0.10	-
Intangible assets	0.17	-
Intangible assets under development	13.36	10.54
Sub-total (a)	13.92	10.55
(b) Revenue expenditure:		
Raw materials consumed	1.18	0.82
Employee benefits	14.61	14.29
Depreciation and amortisation	16.22	14.19
Other expenses		
Consumption of stores and spares	0.14	0.17
Power and fuel	0.21	0.16
Rent	0.10	0.08
Repairs to buildings	0.00	0.01
Repairs to machinery	0.03	0.05
Insurance	0.09	0.00
Rates and taxes	0.01	0.04
Miscellaneous expenses	3.64	4.87
Sub-total (b)	36.23	34.68
Total (a) + (b)	50.15	45.23

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

45. COST OF MATERIALS CONSUMED

	2017-18		2016-17	
	Percentage of total Consumption	**₹ crore**	Percentage of total Consumption	₹ crore
Raw materials and construction materials:				
Imported	12.04	399.30	15.85	471.38
Indigenous	87.96	2917.08	84.15	2503.54
	100.00	3316.38	100.00	2974.92
Spare parts:				
Imported	9.70	2.76	7.85	2.01
Indigenous	90.30	25.68	92.15	23.60
	100.00	28.44	100.00	25.61
Loose tools:				
Indigenous	100.00	0.12	100.00	0.03
	100.00	0.12	100.00	0.03

Note: Disclosures reported in Notes 39 to 45 are with respect to continuing operations.

46. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 16.27 crore (Previous year ₹ 15.51 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

	2017-18	2016-17
Benefits (Contribution to):		
Provident fund	11.31	10.99
Superannuation fund	4.45	4.22
Employee state insurance scheme	0.50	0.28
Labour welfare scheme	0.01	0.02
Total	16.27	15.51

(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 ₹ 0.20 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 Fund, which is funded defined benefit plan for qualifying employees.

The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Post-retirement medical 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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

46. 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	
		2017-18	2016-17	2017-18	2016-17
		(Funded)	(Funded)	(Non-funded)	(Non-funded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present Value of defined benefit obligation at the beginning of the year	61.62	52.90	25.03	23.12
2	Interest cost	4.71	4.34	1.89	1.92
3	Current service cost	3.47	3.05	1.03	0.89
4	Curtailment	-	-	(17.29)	-
5	Past service cost	-	-	-	-
6	Liability transferred out / divestment	-	(0.67)	-	(0.74)
7	Benefits paid directly by employer	(1.93)	(0.92)	(0.51)	(1.64)
8	Benefits paid	(7.26)	(8.75)	-	-
9	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
10	Actuarial changes arising from changes in financial assumptions	(0.87)	1.77	(0.32)	4.47
11	Actuarial changes arising from changes in experience adjustments	3.86	9.90	0.85	(2.99)
12	Present Value of defined benefit obligation at the end of the year	63.60	61.62	10.68	25.03
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	51.61	36.86	NA	NA
2	Interest income	3.94	3.03	NA	NA
3	Contributions paid by the employer	10.02	16.04	NA	NA
4	Benefits paid from the fund	(7.26)	(8.75)	NA	NA
5	Assets transferred out / divestments	-	(0.67)	NA	NA
6	Return on plan assets excluding interest income	(2.39)	5.10	NA	NA
7	Fair value of plan assets at the end of the year	55.92	51.61	NA	NA
III	**Net asset / (liability) recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	(63.60)	(61.62)	(10.68)	(25.03)
2	Fair value of plan assets at the end of the year	55.92	51.61	-	-
3	Amount recognised in the balance sheet	(7.68)	(10.01)	(10.68)	(25.03)
4	Net (liability) / asset current	(7.68)	(10.01)	(0.50)	(1.64)
	Net (liability) / asset non-current	-	-	(10.18)	(23.39)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	3.47	3.05	1.03	0.89
2	Interest cost on benefit obligation (net)	0.77	1.32	1.89	1.92
3	Curtailment	-	-	(17.29)	-
4	Total expenses included in employee benefits expense	4.24	4.37	(14.37)	2.81
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	(0.87)	1.77	(0.32)	4.47
3	Actuarial changes arising from changes in experience adjustments	3.86	9.90	0.85	(2.99)
4	Return on plan assets excluding interest income	2.39	(5.10)	NA	NA
5	Recognised in other comprehensive income	5.38	6.57	0.53	1.48
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	9.20	12.69	0.81	1.88
2	Between 2 and 5 years	26.60	26.10	3.42	7.99
3	Between 6 and 10 years	30.06	24.96	4.81	12.33

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

46. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

	Gratuity		Post Retirement Medical Benefits	
	2017-18	2016-17	2017-18	2016-17
	(Funded)	(Funded)	(Non-funded)	(Non-funded)
VII Quantitative sensitivity analysis for significant assumption is as below:				
1 Increase / (decrease) in present value of defined benefits obligation at the end of the year				
(i) One percentage point increase in discount rate	**(3.38)**	(3.03)	**(1.26)**	(2.57)
(ii) One percentage point decrease in discount rate	**3.79**	3.40	**1.58**	3.19
(i) One percentage point increase in rate of salary Increase	**3.90**	3.49	**NA**	NA
(ii) One percentage point decrease in rate of salary Increase	**(3.53)**	(3.16)	**NA**	NA
(i) One percentage point increase in employee turnover rate	**1.05**	0.86	**NA**	NA
(ii) One percentage point decrease in employee turnover rate	**(1.17)**	(0.97)	**NA**	NA
(i) One percentage point increase in medical Inflation rate	**NA**	NA	**1.60**	3.22
(ii) One percentage point decrease in medical Inflation rate	**NA**	NA	**(1.28)**	(2.60)

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 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
	(Funded)	(Funded)	(Non-funded)	(Non-funded)
VIII The major categories of plan assets as a percentage of total plan assets				
Insurer managed funds	**100%**	100%	**NA**	NA
IX Weighted average duration of the defined benefit obligation (in years)	**6**	7	**30**	30
X Actuarial assumptions				
1 Discount rate	**7.88% p.a.**	7.64% p.a.	**7.76% p.a.**	7.54% p.a.
2 Salary escalation	**6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year**	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	**NA**	NA
3 Mortality rate during employment	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

46. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

	2017-18	2016-17
Expected contribution to the defined benefit plan for the next annual reporting period	**7.65**	7.22

Notes :

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2018. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

(c) Provident Fund:

The Company makes contribution towards provident fund to Crompton Greaves Limited Provident Fund No. 1, 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 31-03-2018	As at 31-03-2017
Plan assets at period end, at fair value	**319.18**	312.16
Present value of defined obligation at period end	**288.63**	281.59

Assumptions used in determining the present value of obligation:

	As at 31-03-2018	As at 31-03-2017
Rate of Discounting	**7.88% p.a.**	7.64% 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	**8.55% p.a.**	8.65% p.a.
Whilst in service withdrawal	**5.00% p.a.**	5.00% p.a.

47. 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.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

47. 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, 2018 is as follows:

Particulars	Power Systems	Industrial Systems	Discontinued Operations	Eliminations / Unallocable Expenditure / Assets*	Total
Revenue					
External sales (Gross Sales)	2742.49	2336.92	-	-	5079.41
Add : Inter segment sales	0.40	0.10	-	(0.50)	-
Total revenue	2742.89	2337.02	-	(0.50)	5079.41
Segment results	184.98	186.65	-	-	371.63
Less: Finance costs					213.98
Less: Other unallocable expenditure net of unallocable income					(69.57)
Profit after finance cost but before exceptional items and tax					227.22
Exceptional items (net)					(453.40)
Tax expense					46.51
Loss from continuing operations after tax					(272.69)
Loss from discontinued operations after tax					(52.03)
Loss for the year					(324.72)
Capital Employed:					
Segment assets	2024.65	999.79	74.80	4316.20	7415.44
Segment liabilities	915.07	553.16	0.88	361.65	1830.76
Net Assets	1109.58	446.63	73.92	3954.55	5584.68
Capital expenditure #	62.70	62.62	-	43.99	169.31
Depreciation and amortisation #	54.06	27.95	-	20.09	102.10
Non-cash expenses other than depreciation #	55.17	5.64	-	7.00	67.81

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)					10.81
Profit from continuing operations after tax					146.22
Loss from discontinued operations after tax					(21.76)
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

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Deferred tax credit assets / liabilities are not considered in capital employed.

The disclosure pertains to continuing business segments.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

47. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 108 OPERATING SEGMENTS (Contd.)

Segment revenue by location of customers:

Particulars	2017-18		2016-17	
Sales and service revenue:				
Domestic		4332.06		4104.23
Overseas:				
Asia	465.93		411.47	
Africa	98.73		114.83	
North America	80.36		36.98	
South America	44.21		37.27	
Europe	55.72		52.93	
Australia	2.40		3.72	
		747.35		657.20
Total		5079.41		4761.43

Cost incurred on acquisition of tangible and intangible assets:

Particulars	2017-18	2016-17
Domestic	169.31	41.91
Overseas	-	-
Total	169.31	41.91

The carrying amount of non-current operating assets by location of assets:

Particulars	As at 31-03-2018	As at 31-03-2017
Domestic	1379.34	1318.43
Overseas	-	-
Total	1379.34	1318.43

Reconciliation of segment liabilities:

Particulars	As at 31-03-2018	As at 31-03-2017
Liabilities from segments	1830.76	1643.40
Long-term borrowings	836.65	503.60
Deferred tax liabilities (net)	12.14	214.75
Short-term borrowings	631.14	710.23
Current maturities of long-term debt	264.04	119.86
Total	3574.73	3191.84

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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 31-03-2018	% Equity Interest As at 31-03-2017
(a)	**List of related parties**			
(i)	**Subsidiaries:**			
1	CG Power Solutions Limited	India	100.00	100.00
2	CG-PPI Adhesive Products Limited	India	81.42	81.42
3	CG Power Equipments Limited (*formerly* known as Crompton Greaves Consumer Products Limited)	India	100.00	100.00
4	CG International Holdings Singapore Pte. Limited	Singapore	100.00	100.00
5	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	Malaysia	100.00	100.00
6	CG International B.V.	The Netherlands	100.00	100.00
7	CG Holdings Belgium N.V.	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	PT. CG Power Systems Indonesia	Indonesia	95.00	95.00
11	CG Sales Networks France SA	France	99.70	99.70
12	CG Power Solutions Saudi Arabia Limited	Saudi Arabia	51.00	51.00
13	CG Electric Systems Hungary Zrt.	Hungary	100.00	100.00
14	CG Power Solutions UK Limited	United Kingdom	100.00	100.00
15	CG Power Systems Canada Inc.	Canada	100.00	100.00
16	CG- Ganz Generator and Motor Limited Liability Company (*formerly* known as CG Holdings Hungary Kft.)	Hungary	100.00	100.00
17	CG Service Systems France SAS	France	100.00	100.00
18	CG Industrial Holdings Sweden AB	Sweden	100.00	100.00
19	CG Drives and Automation Sweden AB	Sweden	100.00	100.00
20	CG Drives and Automations Germany GmbH	Germany	100.00	100.00
21	CG Drives and Automation Netherlands B.V.	The Netherlands	100.00	100.00
22	CG Middle East FZE	UAE	100.00	100.00
23	Microsol Limited (ceased w.e.f. 26th April, 2017)	Ireland	-	100.00
24	CG Holdings Americas, LLC	USA	100.00	100.00
25	QEI, LLC	USA	100.00	100.00
26	CG Power Americas, LLC	USA	100.00	100.00
27	CG Solutions Americas, LLC	USA	100.00	100.00
28	CG Power USA Inc. (ceased w.e.f. 31st July, 2017)	USA	-	100.00
29	ZIV Automation India Limited (demerged w.e.f. 6th March, 2017)	India	-	-
30	ZIV Grid Automation S.L.U (ceased w.e.f. 6th March, 2017)	Spain	-	-
(ii)	**Associates:**			
1	CG International BV TR. & Cont. Pvt. Co. LLC. (*formerly* Pauwels Middle East Trading & Contracting (Pvt) Co. LLC)	Sharjah	49.00	49.00
2	Saudi Power Transformers Company Limited (disinvested w.e.f. 10th October, 2017)	Saudi Arabia	-	49.00
3	K.K. El fi Japan	Japan	40.00	40.00
(iii)	**Joint Venture:**			
1	PT Crompton Prima Switchgear Indonesia	Indonesia	51.00	51.00

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

(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	- Executive Director-Finance & CFO (ceased to be CFO & Executive Director w.e.f. 12th August, 2017 & ceased to be a Non-Executive Director w.e.f. 30th September, 2017)
4	Manoj Koul	- Company Secretary (ceased w.e.f. 23rd August, 2017)
5	V. R. Venkatesh	- Chief Financial Officer (appointed w.e.f. 12th August, 2017)
6	Shikha Kapadia	- Company Secretary and Compliance Officer (appointed w.e.f. 12th February, 2018)
7	Omkar Goswami	- Non-Executive Director
8	B. Hariharan	- Non-Executive Director
9	Sanjay Labroo	- Non-Executive Director and Independent Director
10	Valentin Von Massow	- Non-Executive Director and Independent Director
11	Ramni Nirula	- Non-Executive Director and Independent Director
12	Shirish Apte	- Non-Executive Director and Independent Director (ceased to be a Director w.e.f. 1st April, 2017)
13	Jitendra Balakrishnan	- Non-Executive Director and Independent Director (appointed w.e.f. 2nd May, 2017)
14	Ashish Guha	- Non-Executive Director and Independent Director (appointed w.e.f. 9th November, 2017)

(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 significant influence over the Company)
5 Avantha Business Solutions Limited
6 Avantha Realty Limited
7 Asahi India Glass Limited
8 Crompton Greaves Consumer Electricals Limited (ceased w.e.f. 26th August, 2016)
9 Avantha Foundation
10 Thermax Limited (ceased w.e.f. 28th May, 2016)
11 Varun Prakashan Private Limited
12 Korba West Power Company Limited
13 Jhabua Power Limited
14 Avantha Power & Infrastructure Limited

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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	2017-18	2016-17
1	**Purchase of goods and services**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	3.93	1.55
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	-	0.07
	CG Power Systems Belgium N.V.	4.11	-
	CG Electric Systems Hungary Zrt.	1.78	13.53
	CG Drives and Automation Sweden AB	0.97	1.70
	ZIV Grid Automation S.L.U	-	0.12
	Total	10.79	16.97
2	**Sales of goods and services**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	-	0.00
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	0.22	0.08
	CG Holdings Belgium N.V.	2.90	-
	PT. CG Power Systems Indonesia	0.55	2.40
	CG Sales Networks France SA	0.00	5.11
	CG Electric Systems Hungary Zrt.	0.03	0.00
	CG Drives & Automation Sweden AB	11.85	9.02
	CG Drives and Automations Germany GmbH	3.83	2.56
	CG Drives & Automation Netherland	0.02	-
	CG Power Americas, LLC	9.23	-
	CG Power USA Inc.	-	15.20
	Other Related Parties		
	BILT Graphic Paper Products Limited	0.04	-
	Asahi India Glass Limited	0.07	0.01
	Crompton Greaves Consumer Electricals Limited	-	11.61
	Thermax Limited	-	0.05
	Korba West Power Company Limited	0.03	0.54
	Jhabua Power Limited	-	0.14
	Total	28.77	46.72
3	**Subscription to equity shares**		
	Subsidiary		
	ZIV Automation India Limited	-	30.85
	Total	-	30.85
4	**Investment in financial guarantee**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	-	1.15
	Total	-	1.15
5	**Interest expenses**		
	Subsidiary		
	CG-PPI Adhesive Products Limited	0.42	0.48
	Other Related Party		
	Varun Prakashan Private Limited	0.50	-
	Total	0.92	0.48
6	**Dividend received**		
	Subsidiary		
	CG-PPI Adhesive Products Limited	0.38	0.38
	Total	0.38	0.38
7	**Liability / Amount written back**		
	Subsidiary		
	CG Electric Systems Hungary Zrt.	8.41	-
	Total	8.41	-

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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	2017-18	2016-17
8	**Guarantee fee**		
	Subsidiaries		
	CG Power Solutions Limited	3.39	1.54
	CG International Holdings Singapore Pte. Limited	2.45	-
	CG International B.V.	44.69	42.97
	PT CG Power Systems Indonesia	2.44	-
	Total	52.97	44.51
9	**Interest income**		
	Subsidiaries		
	CG Power Solutions Limited	95.63	62.17
	CG International Holdings Singapore Pte. Limited	0.05	0.04
	CG International B.V.	63.48	67.24
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	-	0.29
	Total	159.16	129.74
10	**Other income**		
	Subsidiary		
	CG Drives & Automation Sweden AB	0.27	-
	Other Related Party		
	Crompton Greaves Consumer Electricals Limited	-	6.97
	Total	0.27	6.97
11	**Payment of salaries, commission and perquisites**		
	Key Management Personnel		
	Gautam Thapar	-	0.06
	K. N. Neelkant*	4.52	5.02
	Madhav Acharya*	2.01	5.05
	V. R. Venkatesh*	2.73	-
	Omkar Goswami	-	0.17
	B. Hariharan	-	0.17
	Sanjay Labroo	-	0.14
	Valentin Von Massow	-	0.39
	Shirish Apte	-	0.35
	Ramni Nirula	-	0.14
	Meher Pudumjee	-	0.01
	Shikha Kapadia*	0.07	-
	Manoj Koul*	0.36	0.56
	Total	9.69	12.06
12	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	2.19	2.04
	Jhabua Power Limited	1.42	1.48
	Total	3.61	3.52
13	**Commission Paid**		
	Subsidiary		
	Crompton Greaves Sales Network Malaysia Sdn. Bhd.	5.00	-
	Total	5.00	-

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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	2017-18	2016-17
14	**Other expenses**		
	Subsidiaries		
	CG Power Solutions Limited	-	0.64
	CG Power Systems Belgium N V	0.17	-
	PT. CG Power Systems Indonesia	-	0.00
	CG Electric Systems Hungary Zrt.	-	0.07
	CG Drives & Automation Sweden AB	0.03	-
	CG Drives & Automation Germany Gmbh	0.03	-
	Other Related Parties		
	Avantha Holdings Limited	79.77	44.28
	Avantha Business Solutions Limited	0.03	-
	Avantha Realty Limited	-	0.58
	Avantha Foundation	0.05	0.65
	Jhabua Power Limited	0.65	0.72
	Total	80.73	46.94
15	**Recovery of expenses**		
	Subsidiaries		
	CG International B.V.	30.46	20.53
	PT. CG Power Systems Indonesia	13.86	-
	Total	44.32	20.53
16	**Provision against advances**		
	Subsidiary		
	CG International B.V.	105.00	-
	Total	105.00	-
17	**Loans and advances given (net of repayments / conversion) during the year**		
	Subsidiaries		
	CG Power Solutions Limited	118.77	68.69
	CG International Holdings Singapore Pte. Limited	2.49	0.69
	Crompton Greaves Sales Network Malaysia Sdn. Bhd.	0.00	-
	CG International B.V.	(18.41)	349.98
	CG Holdings Belgium N.V.	(1.42)	0.46
	CG Power Systems Belgium N.V.	0.42	1.01
	PT CG Power Systems Indonesia	0.07	-
	CG Electric Systems Hungary Zrt.	(0.14)	(5.11)
	CG Industrial Holdings Sweden AB	0.03	0.03
	CG Drives and Automation Sweden AB	0.09	-
	Other Related Parties		
	Avantha Holdings Limited	14.23	6.14
	Avantha Realty Limited	(2.33)	12.56
	Total	113.80	434.45

*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.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties

Sr. No.	Nature of balance / relationship	As at 31-03-2018	As at 31-03-2017
1	**Trade payable**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	2.04	0.94
	Crompton Greaves Sales Network Malaysia Sdn. Bhd.	0.47	0.07
	CG Holdings Belgium N.V.	4.45	0.26
	CG Power Systems Belgium N.V.	0.34	0.16
	CG Electric Systems Hungary Zrt.	-	9.90
	CG Power Systems Canada Inc.	0.04	0.04
	CG Drives and Automation Sweden AB	1.42	1.12
	CG Holdings Americas, LLC	0.17	-
	CG Power Americas, LLC	3.68	-
	CG Power USA Inc.	-	3.83
	Other Related Parties		
	Avantha Holdings Limited	0.01	-
	Avantha Business Solutions Limited	-	0.03
	Jhabua Power Limited	1.47	-
	Total	14.09	16.35
2	**Trade receivable**		
	Subsidiaries		
	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	-	0.09
	CG Holdings Belgium N.V.	3.13	0.16
	CG Power Systems Belgium N.V.	0.44	0.38
	CG Sales Networks France SA	-	1.24
	CG Electric Systems Hungary Zrt.	-	2.37
	CG Power Systems Canada Inc.	0.03	0.03
	CG Drives and Automation Sweden AB	6.05	4.84
	CG Drives & Automation Germany GmbH	0.17	2.69
	CG Holdings Americas, LLC	0.13	-
	CG Power Americas, LLC	13.23	-
	CG Solutions Americas, LLC	0.25	-
	CG Power USA Inc.	-	13.65
	Other Related Parties		
	Ballarpur Industries Limited	0.23	0.23
	Solaris ChemTech Industries Limited	0.01	0.11
	BILT Graphic Paper Products Limited	3.57	3.55
	Asahi India Glass Limited	-	0.01
	Korba West Power Company Limited	-	3.58
	Jhabua Power Limited	0.41	4.44
	Avantha Power and Infrastructure Limited	-	0.00
	Total	27.65	37.37

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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 balance / relationship	As at 31-03-2018	As at 31-03-2017
3	**Conversion of loan into equity**		
	Subsidiary		
	CG International B.V.	644.68	-
	Total	644.68	-
4	**Loans and advances receivable**		
	Subsidiaries		
	CG Power Solutions Limited	378.21	259.44
	CG International Holdings Singapore Pte. Limited	3.18	0.69
	Crompton Greaves Sales Network Malaysia Sdn. Bhd.	0.00	-
	CG International B.V.	1150.31	1168.72
	CG Holdings Belgium N.V.	-	1.42
	CG Power Systems Belgium N.V.	7.65	7.23
	PT CG Power Systems Indonesia	0.07	-
	CG Electric Systems Hungary Zrt.	-	0.14
	CG Industrial Holdings Sweden AB	0.06	0.03
	CG Drives and Automation Sweden AB	0.28	0.19
	Other Related Parties		
	Avantha Holdings Limited	116.93	102.70
	Avantha Realty Limited	10.23	12.56
	Total	1666.92	1553.12
5	**Financial guarantee fees receivable**		
	Subsidiaries		
	CG Power Solutions Limited	-	3.12
	CG International B.V.	64.78	74.76
	Total	64.78	77.88
6	**Loans and advances payable**		
	Subsidiaries		
	CG Holdings Belgium N.V.	0.71	-
	CG Electric Systems Hungary Zrt.	-	0.01
	CG Drives and Automation Sweden AB	0.01	0.01
	CG Holdings Americas, LLC	0.08	-
	CG Power Americas, LLC	3.23	-
	CG Solutions Americas, LLC	0.77	-
	CG Power USA Inc.	-	5.05
	Other Related Party		
	Solaris ChemTech Industries Limited	-	0.10
	Total	4.80	5.17
7	**Due to Key Management Personnel**		
	Gautam Thapar	-	0.04
	K. N. Neelkant	2.54	1.77
	Madhav Acharya	-	1.22
	Omkar Goswami	-	0.16
	B. Hariharan	-	0.16
	Sanjay Labroo	-	0.12
	Valentin Von Massow	-	0.38
	Shirish Apte	-	0.34
	Ramni Nirula	-	0.12
	Meher Pudumjee	-	0.01
	Total	2.54	4.32

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

48. 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 balance / relationship	As at 31-03-2018	As at 31-03-2017
8	**Guarantees outstanding (utilized)**		
	Subsidiaries		
	CG Power Solutions Limited	-	179.00
	CG International B.V.	683.67	351.42
	CG Electric Systems Hungary Zrt.	260.31	248.05
	CG Drives & Automation Sweden AB	21.01	-
	CG Power USA Inc.	-	229.41
	PT CG Power Systems Indonesia	97.00	-
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	28.40	23.88
	Total	1090.39	1031.76

(d) **Compensation of key management personnel of the Company**

Nature of transaction / relationship	2017-18	2016-17
Short-term employee benefits	9.49	10.38
Post-employment pension, provident fund and medical benefits	0.20	0.25
Commission and other benefits paid to non-executive / independent directors	-	1.43
Total compensation paid to key management personnel	9.69	12.06

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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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 incurred 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:

	2017-18	2016-17
Revenue from operations	-	-
Other Income	-	-
Total (A)	-	-
Expenses related to Power distribution business		
Material Cost	-	-
Other expense	79.56	27.72
Employee benefits expenses	-	-
Amortisation of intangible assets	-	-
Total (B)	79.56	27.72
Loss before tax recognised during the period (C)= (A)-(B)	(79.56)	(27.72)

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 has 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.

In respect of discontinued Distribution Franchise business (Jalgaon), the Company and Maharashtra State Electricity Distribution Company Limited (MSEDCL) have entered into final settlement on 16th February, 2018. Based on the same, the Company has written off amount of ₹ 79.56 crore towards receivable from MSEDCL during the year ended 31st March, 2018 respectively, which is disclosed under Discontinued Operations. The balance of ₹ 74.80 crore is subject to receivable from MSEDCL as an when the MSEDCL receives the dues from the Customers.

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 manufacturing 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.

Statement of profit and loss of the discontinued operations:

	2017-18	2016-17		
	Power Distribution	Automation Systems	Power Distribution	Total
Revenue from operations	-	51.01	-	51.01
Expenses (net of other income)	79.56	49.41	27.72	77.13
Profit / (loss) before tax	(79.56)	1.60	(27.72)	(26.12)
Tax income / (expense)	27.53	(0.55)	9.59	9.04
Total	(52.03)	1.05	(18.13)	(17.08)
Loss on demerger of Automation Business	-	(7.15)	-	(7.15)
Tax income / (expense)	-	2.47	-	2.47
Loss after tax from discontinued operations	(52.03)	(3.63)	(18.13)	(21.76)

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

49. 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 31-03-2018 Power Distribution	As at 31-03-2017 Power Distribution
Assets		
Property, plant and equipment	-	-
Other intangible assets	-	-
Intangible assets under development	-	-
Non-current financial assets loans-others	-	-
Inventories	-	0.10
Trade receivables	74.80	130.90
Cash and cash equivalents	-	0.03
Current financial assets- loans	-	-
Other current assets	-	29.60
Assets classified as held for sale (A)	74.80	160.63
Liabilities		
Trade payables	0.68	0.69
Other current liabilities	0.00	-
Provisions	0.20	0.29
Liabilities directly associated with assets classified as held for sale (B)	0.88	0.98
Net assets / (liabilities) directly associated with disposal group (A-B)	73.92	159.65

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash Flows	2017-18	2016-17
Operating	6.15	(29.71)
Investing	-	24.46
Financing	-	-

50. EXCEPTIONAL ITEMS

Particulars	2017-18	2016-17
Amount paid towards sales tax amnesty scheme	-	(9.12)
Amount paid towards final settlement of litigation claims	(27.94)	(20.00)
Inventories, trade advances and unbilled dues from customers and exchange gain / (loss) (net of deferred tax)	(320.46)	(70.68)
Amount written off against loan given to subsidiaries	(105.00)	-
Total	(453.40)	(99.80)

51. 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 ₹ 5.02 crore* (Previous year ₹ 6.81 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	2.90	-	2.90

(c) Out of the above, the Company has paid ₹ 0.05 crore (Previous year ₹ 0.65 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.

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

52. 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 31-03-2018	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	1719.88	-	-	-
Financial guarantee fees receivable	64.78	-	-	64.78
Loans and other receivables (non-current)	6.87	-	-	6.87
Loans and other receivables (current)	1569.55	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	594.13	-	-	-
Other financial receivables	0.32	-	-	-
Total	3955.97	0.44	-	71.65
Financial assets at fair value through profit or loss:				
Investments	9.08	0.01	1.01	8.06
Total	9.08	0.01	1.01	8.06
Financial assets at fair value through other comprehensive income:				
Investments	121.80	-	-	121.80
Total	121.80	-	-	121.80
Financial liabilities at amortised cost:				
Interest-free sales tax deferral loans	0.12	-	-	-
Long-term loans from bank	1100.57	-	1100.57	-
Short-term loans from bank	631.14	-	-	-
Trade and other payables	1252.83	-	-	-
Other financial liabilities (non-current)	1.46	-	-	1.46
Other financial liabilities (current)	147.55	-	-	-
Total	3133.67	-	1100.57	1.46

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

52. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (Contd.)

	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	-	-	77.88
Loans and other receivables (non-current)	6.64	-	-	6.64
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	-	84.52
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	-	-	1.10
Other financial liabilities (current)	135.50	-	-	-
Total	2561.62	-	623.34	1.10

During the reporting period ending 31st March, 2018 and 31st March, 2017, 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 31-03-2018	As at 31-03-2017
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 & Financial institutions	
Other financial liabilities (non-current)	Discounted Cash flow method using risk adjusted discount rate	

The following table shows a reconciliation from opening balance to closing balance of an investment recognised through other comprehensive income which is covered under fair value Level 3 measurement.

	₹ crore
Balance as at 1-04-2016	198.62
Less : Fair value loss recognised in other comprehensive income	46.82
Balance as at 31-03-2017	151.80
Less : Fair value loss recognised in other comprehensive income	30.00
Balance as at 31-03-2018	**121.80**

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

53. 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 rate risk

Particulars	As at 31-03-2018	As at 31-03-2017
Floating Rate borrowings	**1131.75**	665.24

Interest rate sensitivity

Particulars	2017-18	2016-17
25 bps increase - Decrease in profit	**(2.83)**	(1.66)
25 bps decrease - Increase in profit	**2.83**	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, 2018	USD	Euro	JPY	CHF	Others	Total
Trade receivables	**225.98**	**14.51**	**-**	**-**	**2.59**	**243.08**
Loans and other receivables	**3.63**	**1149.85**	**-**	**-**	**-**	**1153.48**
Trade payables	**(61.65)**	**(31.97)**	**(3.06)**	**(4.07)**	**(2.36)**	**(103.11)**
Forward contracts for receivable	**(0.09)**	**-**	**-**	**-**	**-**	**(0.09)**
Forward contracts for loan	**-**	**(11.75)**	**-**	**-**	**-**	**(11.75)**

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 sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax

	2017-18		2016-17	
Particulars	1 % Increase	1 % decrease	1 % Increase	1 % decrease
USD	**1.22**	**(1.22)**	0.12	(0.12)
Euro	**7.22**	**(7.22)**	10.15	(10.15)
JPY	**(0.03)**	**0.03**	(0.02)	0.02
CHF	**(0.04)**	**0.04**	(0.01)	0.01
Others	**0.00**	**(0.00)**	0.01	(0.01)
Increase / (decrease) in profit or loss	**8.37**	**(8.37)**	10.25	(10.25)

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

53. 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 forward 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 increase 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 eligible for evaluation of expected credit losses when a debtor fails to make contractual payments greater than 2 years past due. In case the loans or receivables are 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 31-03-2018	As at 31-03-2017
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	**1.01**	27.83
Long-term loans and advances	**6.87**	6.64
Other long-term financial assets	**19.55**	46.89
Cash and bank balances	**594.13**	555.75
Other short-term financial assets	**45.55**	204.27
Short-term loans and advances	**1569.55**	1466.97
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	**1822.13**	1572.22

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.

As at 31-03-2018	
Up to 3 months	**1311.56**
3 to 6 months	**73.93**
More than 6 months	**436.64**
	1822.13
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

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

As at 1-04-2016	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
Provided during the year	**67.81**
Amounts written off	**(38.71)**
Reversals of provision	**(12.56)**
Unwinding of discount	**(6.14)**
As at 31-03-2018	**102.25**

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 31-03-2018	Less than 1 year	1 to 5 years	Total
Interest-free sales tax deferral loans from State Government	**0.12**	**-**	**0.12**
Deposits payable	**-**	**1.46**	**1.46**
Long term borrowings	**263.92**	**867.83**	**1131.75**
Short-term borrowings	**631.14**	**-**	**631.14**
Trade payables	**1252.83**	**-**	**1252.83**
Other financial liabilities	**147.55**	**-**	**147.55**

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
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

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 31-03-2018	As at 31-03-2017
Total debt	**1731.83**	1333.69
Equity	**3840.71**	4199.29
Total debt and equity	**5572.54**	5532.98
Gearing ratio	**31.08%**	24.10%

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

54. DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 7 STATEMENT OF CASH FLOWS - CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at 1-04-2017	Cash Inflows / (Outflows)	Effect of reclassification of non-current portion to current	Finance cost charged during the year	As at 31-03-2018
Non-current financial liabilities-borrowings:					
Secured loans					
Term loans from banks	390.41	519.62	(110.23)	-	**799.80**
Unsecured loans					
Term loans from banks	113.19	77.35	(153.69)	-	**36.85**
Current financial liabilities-borrowings:					
Secured loans					
Term loans from banks, cash credit, packing credit, etc.	229.82	18.77	-	-	**248.59**
Unsecured loans					
Working capital loan from banks:					
Demand loan	391.79	(98.95)	-	-	**292.84**
Supplier finance facility	88.62	1.09	-	-	**89.71**
Current-other financial liabilities:					
Current maturity of long-term borrowings	119.74	(119.74)	263.92	-	**263.92**
Interest-free sales tax deferral loans from State Government	0.12	-	-	-	**0.12**
Interest accrued but not due on borrowings	5.39	(212.47)	-	213.98	**6.90**
Unclaimed dividend	1.27	(0.29)	-	-	**0.98**
Total liabilities from financing activities	1340.35	185.38	-	213.98	**1739.71**

55. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE

Particulars		2017-18	2016-17
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	**(272.69)**	146.22
Weighted average earnings per share (basic and diluted)	₹	**(4.35)**	2.33
Loss for the year (discontinued operations)	₹ crore	**(52.03)**	(21.76)
Weighted average earnings per share (basic and diluted)	₹	**(0.83)**	(0.34)
Profit / (loss) for the year (total operations)	₹ crore	**(324.72)**	124.46
Weighted average earnings per share (basic and diluted)	₹	**(5.18)**	1.99

56. 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

Name of the Company	Balance as at 31-03-2018	Balance as at 31-03-2017	Maximum outstanding during 2017-18	Maximum outstanding during 2016-17
(a) Principal outstanding of loans and advances in the nature of loans given to subsidiaries				
CG Power Solutions Limited	**354.38**	198.66	**1323.28**	909.18
CG International B.V. (Net of provision)	**680.30**	859.86	**1190.58**	917.62
CG International Holdings Singapore Pte. Limited	**0.65**	0.65	**0.65**	0.68
(b) Loans and advances in the nature of loans where repayment schedule is not specified				
CG International B.V.	**680.30**	859.86	**1190.58**	917.62

57. 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 31-03-2018	As at 31-03-2017
CG International B.V.	**1009.89**	351.42
CG Electric Systems Hungary Zrt.	**290.11**	248.05
CG International Holdings Singapore Pte. Limited	**362.59**	-
CG Drives & Automation Sweden AB	**84.83**	-
PT CG Power Systems Indonesia	**143.37**	-
CG Power USA Inc.	**-**	229.41
PT Crompton Prima Swtichgear Indonesia	**44.87**	23.88
CG Power Solutions Limited	**-**	179.00
	1935.66	1031.76

₹ crore

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

58. Revenue from operations for period up to 30th June, 2017 includes excise duty. From 1st July, 2017 onwards the excise duty and most indirect taxes in India have been replaced by the Goods and Services Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended 31st March, 2018 is not comparable with that for the year ended 31st March, 2017.

The comparable figures for revenue from operations (net of excise duty) are as under:

Particulars	2017-18	2016-17
Net revenue from operations	**4981.01**	4356.83

There is no impact of the above on the profit before tax and profit after tax.

59. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', superseding Ind AS 11, 'Construction Contracts' and Ind AS 18, 'Revenue' and other amendments. The amendments are applicable to the Company from 1st April, 2018.

Ind AS 115 Revenue from Contracts with customers:

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company on and from the financial year beginning 1st April, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st April, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company has chosen to apply the modified retrospective method. The Company has identified following areas where Ind AS 115 will impact, however there is no material impact of these:

(a) Sale of goods:

Contracts with customers in which the sale of equipment is generally expected to be the only performance obligation are not expected to have any significant impact on the Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing for Ind AS 115, the Company is considering the following:

(i) Variable consideration:

Some contracts with customers provide trade discounts, volume rebates, penalties (liquidated damages), price adjustment clause, etc. Currently, the Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under Ind AS 115, and will be required to be estimated at contract inception.

Ind AS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Company expects that application of the constraint may result in more revenue being deferred than under current Ind AS, however, that deferment is not significant.

(ii) Warranty obligations:

The Company provides warranties for general repairs, and in a few contracts, provides extended warranties or maintenance services. As such, the Company expects that the former type of warranties will be assurance-type warranties which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

The service-type warranties / extended warranties are treated as a separate performance obligation, with a part of the transaction price allocated to the stand alone selling price of the warranty obligation. The revenue is deferred and recognized over the period of warranty.

(b) Presentation and disclosure requirements:

Ind AS 115 provides presentation and disclosure requirements, which are more detailed than under current Ind AS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Company's financial statements. Many of the disclosure requirements in Ind AS 115 are completely new.

(c) Contract costs:

The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. However, the change is not significant.

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

K. K. MANKESHWAR & CO.	V. R. Venkatesh	K.N. Neelkant
CHARTERED ACCOUNTANTS	**CHIEF FINANCIAL OFFICER**	**CEO & MANAGING DIRECTOR**
Firm's Registration No. 106009W		DIN: 05122610
by the hand of		
Ashwin Mankeshwar	Shikha Kapadia	Gautam Thapar
PARTNER	**COMPANY SECRETARY**	**CHAIRMAN**
Membership No. 046219		DIN: 00012289
Gurgaon, 30th May, 2018	Gurgaon, 30th May, 2018	

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, 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, 2018

Sr. No.	Name of Subsidiary	Date of Acquisition / Incorporation	Reporting year of the subsidiary ended on	Reporting Currency	Exchange Rate		Capital		Reserves	Total Assets	Total Liabilities	Investment (except investments in subsidiaries)	Turnover (including Other income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding	Country
					Closing	Average	Equity Share Capital	Preference Share Capital											
1	CG PPI Adhesive Products Limited	04-Nov-88	31-Mar-18	INR	1.00	1.00	3.90	-	13.57	21.31	3.84	-	23.17	2.72	0.90	1.82	-	81.42%	India
2	CG Power Solutions Limited	14-Mar-12	31-Mar-18	INR	1.00	1.00	0.05	-	(328.94)	292.84	621.72	-	58.85	(178.80)	-	(178.80)	-	100.00%	India
3	Crompton Greaves Sales Network Malaysia Sdn. Bhd.	30-Sep-13	31-Mar-18	MYR	16.86	15.96	0.34	-	3.29	5.44	1.81	-	7.26	1.61	0.47	1.14	-	100.00%	Malaysia
4	CG Power Equipments Limited (*formerly* Crompton Greaves Consumer Products Limited)	19-Sep-14	31-Mar-18	INR	1.00	1.00	3.18	-	(3.15)	0.03	0.00	-	-	-	-	-	-	100.00%	India
5	CG International Holdings Singapore Pte. Limited	06-Jun-11	31-Mar-18	EUR	80.79	77.60	206.20	-	3.09	302.58	93.29	-	0.07	(2.77)	-	(2.77)	-	100.00%	Singapore
6	CG International B.V.	01-Apr-05	31-Mar-18	EUR	80.79	77.60	1478.47	-	(1352.89)	1516.90	1391.32	-	4.46	(789.47)	-	(789.47)	-	100.00%	The Netherlands
7	CG Holdings Belgium N.V.	13-May-05	31-Mar-18	EUR	80.79	77.60	785.56	-	282.82	2105.38	1037.00	-	587.10	27.33	0.03	27.30	-	100.00%	Belgium
8	CG Power Systems Belgium N.V.	13-May-05	31-Mar-18	EUR	80.79	77.60	777.87	-	(11.94)	1801.46	1035.53	9.77	852.97	(262.28)	-	(262.28)	-	100.00%	Belgium
9	CG Power Systems Ireland Limited	13-May-05	31-Mar-18	EUR	80.79	77.60	30.45	71.71	111.28	320.18	106.74	-	427.24	(31.54)	0.29	(31.83)	-	100.00%	Ireland
10	CG Sales Networks France SA	13-May-05	31-Mar-18	EUR	80.79	77.60	0.37	-	7.94	11.21	2.90	-	9.45	0.99	0.48	0.51	-	99.70%	France
11	CG Power Systems Canada Inc.	13-May-05	31-Mar-18	CAD	50.61	50.96	139.18	40.49	(202.03)	26.11	48.47	-	0.01	(5.23)	-	(5.23)	-	100.00%	Canada
12	PT CG Power Systems Indonesia	13-May-05	31-Mar-18	IDR	0.00475	0.00476	80.10	-	671.08	1019.91	268.73	-	881.41	151.37	28.94	122.43	-	95.00%	Indonesia
13	CG- Ganz Generator and Motor LLC (*formerly* CG Holdings Hungary Kft.)	26-Sep-06	31-Mar-18	EUR	80.79	77.60	31.63	-	24.71	110.08	53.74	-	0.71	(2.88)	0.02	(2.90)	-	100.00%	Hungary
14	CG Electric Systems Hungary Zrt.	16-Oct-06	31-Mar-18	EUR	80.79	77.60	38.78	-	43.27	609.80	527.75	-	368.98	(14.82)	-	(14.82)	-	100.00%	Hungary
15	CG Service Systems France SAS	02-Jun-08	31-Mar-18	EUR	80.79	77.60	0.24	-	(1.76)	16.42	17.94	-	31.87	(0.08)	0.00	(0.08)	-	100.00%	France
16	CG Power Solutions UK Limited	01-Apr-10	31-Mar-18	GBP	92.23	87.64	0.00	-	(14.69)	37.76	52.45	-	32.29	2.75	-	2.75	-	100.00%	United Kingdom
17	CG Power Solutions Saudi Arabia Limited	21-Dec-10	31-Dec-17	SAR	17.38	17.21	19.55	-	(23.24)	9.77	13.46	-	2.98	(4.70)	0.09	(4.79)	-	51.00%	Saudi Arabia
18	CG Industrial Holdings Sweden AB	10-Jun-11	31-Mar-18	SEK	7.86	7.86	110.06	-	(3.47)	237.37	130.78	-	-	(79.03)	-	(79.03)	-	100.00%	Sweden
19	CG Drives and Automation Sweden AB	10-Jun-11	31-Mar-18	SEK	7.86	7.86	20.15	-	180.65	258.53	57.73	-	191.89	(9.05)	-	(9.05)	-	100.00%	Sweden
20	CG Drives and Automation Netherlands B.V.	10-Jun-11	31-Mar-18	EUR	80.79	77.60	4.80	-	18.09	27.04	4.15	-	39.17	0.60	0.08	0.52	-	100.00%	The Netherlands
21	CG Drives and Automation Germany GmbH	10-Jun-11	31-Mar-18	EUR	80.79	77.60	0.21	-	10.69	39.78	28.88	-	131.43	2.20	0.71	1.49	-	100.00%	Germany
22	CG Middle East FZE	14-Apr-13	31-Mar-18	EUR	80.79	77.60	1.67	-	27.40	245.14	216.07	-	45.13	(88.38)	-	(88.38)	-	100.00%	UAE

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, 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, 2018 (Contd.)

Sr. No.	Name of Subsidiary	Date of Acquisition / Incorporation	Reporting year of the subsidiary ended on	Reporting Currency	Exchange Rate		Capital		Reserves	Total Assets	Total Liabilities	Investment (except investments in subsidiaries)	Turnover (including Other income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding	Country
					Closing	Average	Equity Share Capital	Preference Share Capital											
23	CG Holdings Americas, LLC	07-Oct-16	31-Mar-18	USD	65.17	64.54	-	-	(113.22)	15.81	129.03	-	-	(13.75)	0.06	(13.81)	-	100.00%	USA
24	QEI, LLC	15-Apr-15	31-Mar-18	USD	65.17	64.54	-	-	4.24	150.33	146.09	-	64.08	4.22	0.02	4.20	-	100.00%	USA
25	CG Power Americas, LLC	08-Jan-16	31-Mar-18	USD	65.17	64.54	-	-	(9.35)	63.22	72.57	-	16.21	(6.84)	-	(6.84)	-	100.00%	USA
26	CG Solutions Americas, LLC	07-Oct-16	31-Mar-18	USD	65.17	64.54	-	-	(3.92)	2.33	6.25	-	1.06	(4.38)	0.00	(4.38)	-	100.00%	USA
27	CG Power USA Inc.*	13-May-05	31-Jul-17*	USD	64.18	64.47	-	-	-	-	-	-	237.10	(52.00)	0.10	(52.10)	-	100.00%	USA

* Subsidiary sold during the year on 31st July, 2017.

Notes:

1 **Name of the subsidiaries which are yet to commence the business**
Nil

2 **Name of the subsidiaries which have been liquidated or sold during the year**
CG Power USA Inc.

3 **Name of the subsidiaries which have been demerged during the year**
Nil

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

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

Shikha Kapadia
COMPANY SECRETARY

Gautam Thapar
CHAIRMAN
DIN: 00012289

Gurgaon, 30th May, 2018

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, 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, 2018

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	-	-	-	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not exercise and control more than one-half of total share capital	-	-	-
2	CG International BV Tr. & Cont. Pvt. Co. LLC (*formerly* Pauwels Middle East Tr. & Cont. Pvt. Co. LLC)	13-May-05	31-Mar-18	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 exercise and control more than one-half of total share capital	(0.12)	-	-
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 exercise and control more than one-half of total share capital	-	-	-
	Joint Venture										
1	PT Crompton Prima Switchgear Indonesia	12-May-14	31-Dec-17	3264	21.32	51%	Control of more than 26% of total share capital	Do not control the composition of Board of Directors and do not exercise and control more than one-half of total share capital	16.34	(1.74)	-

** 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 - Saudi Power Transformers Co. Limited

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

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

Shikha Kapadia
COMPANY SECRETARY

Gautam Thapar
CHAIRMAN
DIN: 00012289

Gurgaon, 30th May, 2018

consolidated financials

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (FORMERLY KNOWN AS CROMPTON GREAVES LIMITED)

Report on the Consolidated Financial Statements

1. 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 together referred to as "the Group") and its associates and jointly controlled entity, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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

2. 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, Consolidated Cash flows and Consolidated changes in equity of the group including its associate 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.

3. 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 Consolidated Ind AS 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

4. 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.

5. 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.

6. 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 judgment, 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.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report 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

8. 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 March 31, 2018, and their Consolidated loss (including Other Comprehensive Income), their Consolidated Cash Flows and Consolidated Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(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 by the Company so far as it appears from our examination of those books and reports of 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 Ind AS specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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 March 31, 2018 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group. (Refer note 38 of the Consolidated Ind AS Financial Statements);

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. 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.

Other Matters

10. The Consolidated Ind AS Financial Statements and other financial information contains information on Holding Company and its 28 subsidiaries (including 13 subsidiaries classified as discontinued operations), 3 associate companies and 1 jointly controlled entity included in the statement consist of:

   a) The Financial Statements and other financial information, in respect of 12 subsidiary companies' which reflect total assets of ₹ 3,465.86 crore as at March 31, 2018 and total revenue of ₹ 1,333.33 crore and net cash outflow of ₹ 45.09 crore for the year then ended from continuing operation and 13 subsidiary companies' financial results having total assets of ₹ 5,446.91 crore as at March 31, 2018 and total revenue of ₹ 2,164.74 crore and net cash inflow of ₹ 20.62 crore for the year then ended from discontinued operations. These Financial Statements and other financial information have been audited by other auditors, which Financial Statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, is based solely on the report of such other auditors. Our opinion is not modified in respect of this matter.

   The Group's share of net loss of ₹ 1.74 crore for the year ended March 31, 2018, in respect of one Jointly controlled entity, is audited by the statutory auditors of this Jointly controlled entity and the Financial Statements are provided to us by the Management.

   Certain of these subsidiaries and the jointly controlled entity mentioned above are located outside India whose Financial Statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the Financial Statements of such subsidiaries and the jointly controlled entity located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management.

   b) One subsidiary whose total assets are ₹ 302.58 crore, total revenue is ₹ Nil and net cash inflow of ₹ 5.27 crore for the year ended March 31, 2018 is audited by us and the report has been furnished by us to the Management.

   c) One subsidiary which is disposed of during the year whose total revenue is ₹ 237.00 crore and net cash outflow of ₹ 4.27 crore is audited by their statutory auditors whose report has been furnished to us by the Management of the Company.

   d) One subsidiary whose total assets are ₹ 26.10 crore, total revenue is ₹ Nil and net cash inflow of ₹ 0.26 crore for the year ended March 31, 2018 are not audited and the Financial Statements is certified by the Management.

   e) The Group's share of net profit / loss of ₹ Nil for the year ended March 31, 2018, in respect of one associate company which is audited by their statutory auditors and the Financial Statements of this company are furnished to us by the Management of the Company.

   f) The Group's share of net profit / loss of ₹ Nil for the year ended March 31, 2018, in respect of one associate company which is not audited and the Financial Statements of this company are certified by the Management.

   g) The Group's share of net profit / loss of ₹ Nil for the year ended March 31, 2018, in respect of one associate company in which the Group has disinvested during the year, which is not audited and the Financial Statements of this company are certified by the Management.

11. The comparative Ind AS financial information of the Group for the year ended March 31, 2017, included in these Consolidated Ind AS Financial Statements, have been audited by the previous auditor along with another firm of Chartered Accountants ("previous joint auditors"). The report of the previous joint auditors on the comparative financial information dated May 26, 2017 expressed an unmodified opinion.

12. Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements, 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.

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

ASHWIN MANKESHWAR
PARTNER
Membership No. 046219

Place: Gurgaon
Date: May 30, 2018

ANNEXURE 'A' REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

1. 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 March 31, 2018 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

2. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

Auditor's Responsibility

3. 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 the Institute of Chartered Accountants of India (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.

4. 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.

5. 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

6. 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

7. 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

8. 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 March 31, 2018, 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 Institute of Chartered Accountants of India (ICAI).

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

ASHWIN MANKESHWAR
PARTNER
Membership No. 046219

Place: Gurgaon
Date: May 30, 2018

₹ crore

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

	Note No.	As at 31-03-2018		As at 31-03-2017	
ASSETS					
1. NON-CURRENT ASSETS:					
(a) Property, plant and equipment	5	1379.17		1376.29	
(b) Capital work-in-progress	5	38.75		28.18	
(c) Goodwill	6	167.37		143.54	
(d) Other intangible assets	6	160.85		184.79	
(e) Intangible assets under development	6	33.69		33.30	
(f) Financial assets					
(i) Investments	7	145.37		203.92	
(ii) Loans	8	6.87		6.65	
(g) Deferred tax assets	9	27.68		26.62	
(h) Other non-current assets	10	2.19		3.21	
			1961.94		2006.50
2. CURRENT ASSETS:					
(a) Inventories	11	587.60		882.10	
(b) Financial assets					
(i) Investments	12	0.01		5.22	
(ii) Trade receivables	13	2009.23		1877.15	
(iii) Cash and cash equivalents	14	651.84		724.49	
(iv) Bank balances other than (iii) above	15	41.60		36.22	
(v) Loans	16	43.89		76.25	
(vi) Others	17	0.32		173.28	
(c) Current tax assets (net)		97.16		70.57	
(d) Other current assets	18	766.66		1212.48	
			4198.31		5057.76
3. Assets classified as held for sale and discontinued operations	44		2959.17		3123.84
TOTAL ASSETS			9119.42		10188.10
EQUITY AND LIABILITIES					
EQUITY:					
(a) Equity share capital	19	125.35		125.35	
(b) Other equity		2588.79		3985.74	
			2714.14		4111.09
LIABILITIES:					
1. NON-CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	20	837.20		503.80	
(ii) Other financial liabilities	21	1.55		1.14	
			838.75		504.94
(b) Provisions	22		65.78		71.21
(c) Deferred tax liabilities	9		35.72		262.30
(d) Other non-current liabilities	23		0.40		0.94
2. CURRENT LIABILITIES:					
(a) Financial liabilities					
(i) Borrowings	24	778.99		710.67	
(ii) Trade payables	25	1423.68		1383.14	
(iii) Other financial liabilities	26	477.15		404.28	
			2679.82		2498.09
(b) Other current liabilities	27		459.06		556.24
(c) Provisions	28		119.58		84.08
3. Liabilities associated with group of assets classified as held for sale and discontinued operations	44		2206.17		2099.21
TOTAL EQUITY AND LIABILITIES			9119.42		10188.10
CONTINGENT LIABILITIES AND COMMITMENTS	38				
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

K. K. MANKESHWAR & CO.	V. R. Venkatesh	K.N. Neelkant
CHARTERED ACCOUNTANTS	**CHIEF FINANCIAL OFFICER**	**CEO & MANAGING DIRECTOR**
Firm's Registration No. 106009W		DIN: 05122610
by the hand of		
Ashwin Mankeshwar	Shikha Kapadia	Gautam Thapar
PARTNER	**COMPANY SECRETARY**	**CHAIRMAN**
Membership No. 046219		DIN: 00012289
Gurgaon, 30th May, 2018	Gurgaon, 30th May, 2018	

₹ crore

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Note No.	2017-18		2016-17	
CONTINUING OPERATIONS					
INCOME:					
Revenue from operations	29	6287.54		5923.60	
Other income	30	39.53		67.56	
TOTAL INCOME			6327.07		5991.16
EXPENSES:					
Cost of materials consumed	31	4227.37		3820.41	
Purchases of stock-in-trade	32	46.65		236.41	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	135.35		(169.99)	
Excise duty		98.91		407.09	
Employee benefits expense	34	531.95		513.34	
Finance costs	35	219.30		186.11	
Depreciation and amortisation expense	36	149.21		142.94	
Other expenses	37	792.31		673.94	
TOTAL EXPENSES			6201.05		5810.25
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX			126.02		180.91
Share of profit / (loss) from associates and joint venture			(1.74)		(1.57)
Exceptional items (net)	49		(442.78)		(72.73)
PROFIT / (LOSS) BEFORE TAX			(318.50)		106.61
TAX EXPENSE:					
Current tax	9	33.92		59.03	
Deferred tax - MAT (credit) entitlement	9	-		(11.83)	
Deferred tax (credit)	9	40.93		(19.09)	
			74.85		28.11
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX			(393.35)		78.50
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	44	(799.10)		(591.49)	
Tax expense / (credit) on discontinued operations	9	(26.55)		(22.36)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX			(772.55)		(569.13)
LOSS FOR THE YEAR			(1165.90)		(490.63)
Attributable to:					
Equity holders of the parent			(1163.90)		(490.86)
Non-controlling interests			2.00		(0.23)
			(1165.90)		(490.63)
OTHER COMPREHENSIVE INCOME:					
A (i) Items that will not be reclassified to profit or loss		(40.31)		(57.77)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		3.14		2.44	
B (i) Items that will be reclassified to profit or loss		(111.54)		58.86	
(ii) Income tax relating to items that will be reclassified to profit or loss		-		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR			(148.71)		3.53
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			(1314.61)		(487.10)
Attributable to:					
Equity holders of the parent			(1312.61)		(487.33)
Non-controlling interests			2.00		(0.23)
Earnings per share for continuing operations (₹) (Face value of equity share of ₹ 2 each)	48		(6.28)		1.25
Earnings per share for discontinued operations (₹) (Face value of equity share of ₹ 2 each)	48		(12.29)		(9.08)
Earnings per share (basic and diluted) (₹) (Face value of equity share of ₹ 2 each)	48		(18.57)		(7.83)
SIGNIFICANT ACCOUNTING POLICIES	3				

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

K. K. MANKESHWAR & CO.	V. R. Venkatesh	K.N. Neelkant
CHARTERED ACCOUNTANTS	**CHIEF FINANCIAL OFFICER**	**CEO & MANAGING DIRECTOR**
Firm's Registration No. 106009W		DIN: 05122610
by the hand of		
Ashwin Mankeshwar	Shikha Kapadia	Gautam Thapar
PARTNER	**COMPANY SECRETARY**	**CHAIRMAN**
Membership No. 046219		DIN: 00012289
Gurgaon, 30th May, 2018	Gurgaon, 30th May, 2018	

₹ crore

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

		2017-18	2016-17
[A] CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before tax from continuing operations		(318.50)	106.61
Adjustments for:			
Impairment of goodwill		-	43.61
Depreciation and amortisation expense		149.21	142.94
Provision for impairment on financial / non-financial assets		66.58	28.42
Finance costs		219.30	186.11
Interest income		(14.27)	(39.37)
Profit on sale of investments (net)		(0.41)	(7.21)
Unrealised exchange (gain) / loss (net)		-	27.80
Unrealised exchange gain on consolidation (net)		(108.44)	56.18
Capital reserve on consolidation		(12.63)	-
(Profit) / loss on sale of property, plant and equipment (net)		4.35	(4.15)
		303.69	434.33
Operating profit / (loss) before working capital changes		(14.81)	540.94
Adjustments for:			
(Increase) / Decrease in trade and other receivables		(50.23)	(287.95)
(Increase) / Decrease in inventories		286.06	(347.34)
Increase / (Decrease) in trade and other payables		275.55	130.09
Increase / (Decrease) in provisions		26.01	2.65
		537.39	(502.55)
Cash (used in) / from operations		522.58	38.39
Direct taxes paid (net of refunds)		(60.51)	(85.98)
Non-controlling interest in (profit) / loss		2.00	(0.23)
Net cash (used in) / from operating activities		464.07	(47.82)
Net cash (used in) / from discontinued activities		(824.18)	(492.12)
Net cash (used in) / from continuing and discontinued activities	[A]	(360.11)	(539.94)
[B] CASH FLOWS FROM INVESTING ACTIVITIES			
Add: Inflows from investing activities			
Sale of property, plant and equipment and intangible assets		0.90	11.87
Unrealised exchange gain on consolidation (net)		-	30.63
Sale of investments in subsidiaries		200.60	788.67
Sale of current investments		32.41	104.79
Interest received		21.91	32.78
		255.82	968.74
***Less:* Outflows from investing activities**			
Purchase of property, plant and equipment and intangible assets		(192.85)	(63.79)
Unrealised exchange loss on consolidation (net)		(37.97)	-
Purchase of investments		-	(106.47)
		(230.82)	(170.26)
Net cash (used in) / from investing activities		25.00	798.48
Net cash (used in) / from discontinued activities		322.27	(301.71)
Net cash (used in) / from continuing and discontinued activities	[B]	347.27	496.77

₹ crore

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

		2017-18	2016-17
[C] CASH FLOWS FROM FINANCING ACTIVITIES			
Add: Inflows from financing activities			
Proceeds from long-term borrowings		582.74	647.91
Proceeds from short-term borrowings		784.71	1654.17
Unrealised exchange loss on consolidation (net)		-	(6.16)
Changes in non-controlling interest		(2.00)	0.23
		1365.45	2296.15
***Less:* Outflows from financing activities**			
Repayment of long-term borrowings		(272.87)	(176.12)
Repayment of short-term borrowings		(710.67)	(1630.01)
Unrealised exchange loss on consolidation (net)		(5.72)	(29.37)
Dividend paid		(0.29)	(0.36)
Interest paid		(217.16)	(182.12)
Changes in non-controlling interest		-	-
		(1206.71)	(2017.98)
Net cash (used in) / from financing activities		158.74	278.17
Net cash (used in) / from discontinued activities		(199.96)	(227.95)
Net cash (used in) / from continuing and discontinued activities	[C]	(41.22)	50.22
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)		(54.06)	7.05
Cash and cash equivalents at beginning of the year		837.91	830.86
Cash and cash equivalents at end of the year		783.85	837.91
Cash and cash equivalents from continuing operations		651.84	651.90
Cash and cash equivalents from discontinued operations		132.01	186.01
Cash and cash equivalents from continuing and discontinued operations		783.85	837.91

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

K. K. MANKESHWAR & CO.	V. R. Venkatesh	K.N. Neelkant
CHARTERED ACCOUNTANTS	**CHIEF FINANCIAL OFFICER**	**CEO & MANAGING DIRECTOR**
Firm's Registration No. 106009W		DIN: 05122610
by the hand of		
Ashwin Mankeshwar	Shikha Kapadia	Gautam Thapar
PARTNER	**COMPANY SECRETARY**	**CHAIRMAN**
Membership No. 046219		DIN: 00012289
Gurgaon, 30th May, 2018	Gurgaon, 30th May, 2018	

₹ crore

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(A) EQUITY SHARE CAPITAL

For the year ended 31st March, 2018

Balance as at 1-04-2017	Changes in equity share capital during the period	Balance as at 31-03-2018
125.35	**-**	**125.35**

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

(B) OTHER EQUITY

For the year ended 31st March, 2018

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, 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**
Profit / (loss) for the year	(1163.90)	-	-	-	-	-	-	-	-	-	(1163.90)	(2.00)	(1165.90)
Other comprehensive income for the year													
- Remeasurement gains / (loss) on defined benefit plans	(7.17)	-	-	-	-	-	-	-	-	-	(7.17)	-	(7.17)
- Fair value loss on FVOCI financial asset	-	-	-	(30.00)	-	-	-	-	-	-	(30.00)	-	(30.00)
- Foreign currency translation differences	-	-	(108.43)	-	-	-	-	-	-	-	(108.43)	-	(108.43)
- Effective portion of cash flow hedge	-	(3.11)	-	-	-	-	-	-	-	-	(3.11)	-	(3.11)
Transferred to Statement of profit and loss	-	-	(69.71)	-	-	(12.63)	-	-	-	-	(82.34)	-	(82.34)
Balance as at 31st March, 2018	**1583.08**	**(4.14)**	**211.35**	**(122.51)**	**671.65**	**144.63**	**12.95**	**18.30**	**67.05**	**-**	**2582.36**	**6.43**	**2588.79**

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

As per our report attached

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
Firm's Registration No. 106009W
by the hand of

Ashwin Mankeshwar
PARTNER
Membership No. 046219
Gurgaon, 30th May, 2018

V. R. Venkatesh
CHIEF FINANCIAL OFFICER

Shikha Kapadia
COMPANY SECRETARY
Gurgaon, 30th May, 2018

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

Gautam Thapar
CHAIRMAN
DIN: 00012289

CG Power and Industrial Solutions Limited 2018 Financials

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

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 (collectively 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 two main business segments, viz. Power Systems and Industrial Systems for the year ended 31st March, 2018.

The consolidated financial statements of the Group for the year ended 31st March, 2018 were authorised for issue in accordance with a resolution of the directors on 30th May, 2018.

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 thereafter.

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, 2018. 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 2018, except financial statements in respect of overseas subsidiary and joint venture (refer note no 39) drawn for the period ended 31st December 2017. The effect of significant transactions and other events that occur between 1st January 2018 and 31st March 2018 are considered in the consolidated financial statements if they are material in nature.

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. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in the 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.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

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's 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.

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

CG Power and Industrial Solutions Limited 2018 Financials

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 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. Intangible assets acquired 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. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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.

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.
  (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, if any. 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.

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; and
(7) Trade mark	:	Over a period of ten years.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

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 Inventories:

Inventories are carried in the balance sheet as follows:

(a)	Raw materials, packing materials, construction materials, stores and spares loose tools	: 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 up to 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. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.6 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 profit or 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.

3.7 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.

3.8 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 / goods and services 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.

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 other income in the statement of profit or loss.

3.9 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.

Provident fund

The Group makes contribution to Crompton Greaves Limited Provident Fund 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 or loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Gratuity

Gratuity is a defined benefit obligation plan operated by the Holding Company and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with the Gratuity trust. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently. Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date.

Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company and its Indian subsidiaries treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

Termination benefits

Termination benefits are recognised as an expense in the period in which they are incurred.

3.10 Borrowing costs:

Borrowing cost consists of interest and other costs that the Group incurs in connection with borrowing of funds. 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are recognised as expense in the period in which they are incurred.

3.11 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. 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

3.12 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 or 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, an 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.

3.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3.14 Taxes on income:

Current tax

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 or 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 or 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 tax liabilities and the deferred taxes relate to the same taxable entity and levied by 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.

Minimum alternate tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

3.15 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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, whose occurrence not yet certain and is based on one or more future event 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 and adjusted to reflect current best estimate.

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 recognised when expected benefits to be derived by the Company are lower than unavoidable costs of meeting future obligation under contract. Provision 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.16 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.

3.17 Exceptional items:

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the 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 the financial statements.

3.18 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 or 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 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.

3.19 Investment in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 and joint venture.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate or a joint venture' in the statement of profit and loss.

3.20 Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

Operating cycle:

A portion of the Group's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

3.21 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.

External valuation is used for valuation of unquoted financial assets. Involvement of external valuer is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

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.

3.22 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 and loss after tax from discontinued operations in the statement of profit or 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.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

3.23 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.

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 of 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 or 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 or 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 or 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 or 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 or loss.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(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 or 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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Discontinued operations:

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 has 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.
- However the Company commits itself to a plan to sell and will continue to identify prospective buyers for sale of its overseas T&D business.

Pursuant to the Group's plan to dispose of its Power business in the United States of America, comprised in the Company's step-down subsidiary, CG Power USA Inc. (PSUS), the Group has:

- Received the binding letter of offer from M/s WEG S.A.
- Executed stock purchase agreement on 20th June, 2017 for sale of its 100% stake in PSUS.
- Concluded the sale on 31st July, 2017.

Pursuant to the Group's plan to dispose of its business in Hungary (excluding switchgear business) comprised in the Company's wholly owned step-down subsidiary, CG Electric Systems Hungary Zrt. (ESHU), the Group has:

- Received the binding letter of offer from Ganz Villamossagi Zrt. and Alester Holdings Limited (the "prospective buyers").
- Signed with the prospective buyers a Business Transfer Agreement and Share Purchase Agreement for the said sale, on 12th February, 2018.

On 11th August, 2017, the Company decided to identify prospective buyer(s) for divestment and sale of business in Middle East. Hence with effect from that date, CG Middle East FZE has been classified as Discontinued Operations.

Automation business

Pursuance 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 previous 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.

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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

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.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

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 taken 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.

Change in functional currency of foreign subsidiary

Effective from 1st April, 2017, the PT CG Power Systems Indonesia (a subsidiary of the Company) changed its functional currency from US Dollar (USD) to Rupiah (IDR), in view of the following:

- its major incoming cash flows occurred domestically and originated in Rupiah
- the currency that mainly influences sales prices of goods and services are denominated and settled in Rupiah
- the currency that mainly influences labour and other costs of providing goods or services are denominated and settled in Rupiah

As such, the Board of Directors of PT CG Power Systems Indonesia believe that the change will result in a more appropriate presentation of its transactions in the financial statements.

The change in functional currency has been accounted for in accordance with Ind AS 21, "The Effects of Changes in Foreign Exchange Rates", prospectively from 1st April, 2017.

₹ crore

NOTES ACCOMPANYING 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 1-04-2016	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**
Additions	-	-	3.11	103.31	-	35.20	4.91	2.51	149.04	18.33
Disposals / transfers	-	-	5.54	12.42	-	0.47	0.84	1.18	20.45	9.37
Less: translation adjustments	(1.92)	-	1.08	(0.44)	-	0.07	(0.42)	(0.10)	(1.73)	(1.61)
Transferred to / (from) discontinued operations	0.58	-	50.31	39.64	-	0.68	1.14	5.86	98.21	-
As at 31-03-2018	**213.10**	**209.18**	**674.14**	**1123.51**	**-**	**83.98**	**50.42**	**12.89**	**2367.22**	**38.75**
Accumulated depreciation:										
As at 1-04-2016	-	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**	**-**
Depreciation charge for the year	-	3.56	30.91	50.14	-	3.36	2.75	2.37	93.09	
Disposals / transfers	-	-	1.83	11.38	-	0.41	0.76	0.81	15.19	
Less: translation adjustments	-	-	1.12	(0.20)	-	0.04	(0.39)	(0.05)	0.52	
Transferred to / (from) discontinued operations	-	-	14.75	28.87	-	0.44	0.50	3.59	48.15	
As at 31-03-2018	**-**	**10.84**	**144.41**	**746.39**	**-**	**36.56**	**41.39**	**8.46**	**988.05**	**-**
Net book value										
As at 31-03-2017	211.76	201.90	596.76	335.52	-	15.91	7.56	6.88	1376.29	28.18
As at 31-03-2018	**213.10**	**198.34**	**529.73**	**377.12**	**-**	**47.42**	**9.03**	**4.43**	**1379.17**	**38.75**

CG Power and Industrial
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₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

6. INTANGIBLE ASSETS

	Brand names and customer lists	Computer software	Trade marks	Technical know-how	Commercial rights	Development cost	Total	Goodwill	Intangible assets under development
Cost:									
As at 1-04-2016	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
Impairment of goodwill	-	-	-	-	-	-	-	43.61	-
Impairment of Intangible asset under development	-	-	-	-	-	-	-	-	-
Less: translation adjustments	7.95	(4.26)	-	6.12	-	22.17	31.98	14.43	0.16
Transferred to / (from) 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**
Additions	-	15.00	-	1.99	-	16.30	33.29	-	15.97
Disposals / transfers	-	-	-	-	-	-	-	-	14.40
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Impairment of Intangible asset under development	-	-	-	-	-	-	-	-	-
Less: translation adjustments	(17.96)	(0.90)	-	(11.49)	-	(8.94)	(39.29)	(23.83)	0.01
Transferred to / (from) discontinued operations	1.63	0.31	-	-	-	21.82	23.76	-	1.17
As at 31-03-2018	**194.36**	**108.67**	**-**	**92.96**	**31.09**	**220.32**	**647.40**	**167.37**	**33.69**
Accumulated amortisation:									
As at 1-04-2016	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 / (from) 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**	**-**	**-**
Amortisation charge for the year	18.05	10.83	-	0.25	1.11	25.88	56.12	-	-
Disposals / transfers	-	-	-	-	-	-	-	-	-
Less: translation adjustments	(10.95)	(0.64)	-	(11.49)	-	(5.91)	(28.99)	-	-
Transferred to / (from) discontinued operations	0.78	0.27	-	-	-	11.30	12.35	-	-
As at 31-03-2018	**126.40**	**82.42**	**-**	**91.22**	**28.50**	**158.01**	**486.55**	**-**	**-**
Net book value									
As at 31-03-2017	79.85	21.86	-	-	3.70	79.38	184.79	143.54	33.30
As at 31-03-2018	**67.96**	**26.25**	**-**	**1.74**	**2.59**	**62.31**	**160.85**	**167.37**	**33.69**

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 31-03-2018	As at 31-03-2017
CGUs / Segments		
Power Systems	**20.82**	61.47
Industrial Systems	**146.55**	125.68
Power / Automation Systems	**-**	266.83
Total goodwill	**167.37**	453.98
Less: Impairment*	**-**	(43.61)
Less: Sale of Automation Business	**-**	(266.83)
Net goodwill	**167.37**	143.54

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value in use and fair value less cost to sell. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Group's operating segment.

The Group generally uses discounted cash flow based method to determine the recoverable amount. These discounted cash flow calculations use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.. The discount rate calculation is derived from weighted average cost of capital (WACC) of CGU's. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use / fair value less costs to sell for impairment test purposes.

	As at 31-03-2018	As at 31-03-2017
Terminal value growth rate	**2%**	1%
Pre tax discount rate	**10.88%**	9.39%

* The pre tax discount rate (WACC) used 10.88% (previous year 9.39%)

No impairment was identified (previous year ₹ 43.61 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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
7. 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	14.05	15.79
Investments in equity instruments		
Carried at fair value through other comprehensive income	121.80	151.80
Carried at fair value through profit and loss	0.01	0.01
Investments in debentures or bonds		
Others	8.06	8.05
Other non-current investments		
Others	1.01	27.83
	145.37	203.92
Notes:		
Quoted investments		
Book value	0.44	0.44
Market value	0.37	0.44
Unquoted investments		
Book value	144.93	203.48

7(a) INVESTMENT IN ASSOCIATES

A General information

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.

The Group had 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. During the year, Group has divested its holding in SPTC.

B Summarised financial information of the associates

	As at 31-03-2018	As at 31-03-2017
Current assets	0.02	0.01
Non-current assets	-	-
Current liabilities	0.26	0.12
Non-current liabilities	-	-
Equity	(0.24)	(0.11)
Group's share of net assets	(0.12)	(0.06)
Carrying amount of interest in associates	-	-

The above amount of equity includes accumulated losses of the associates of ₹ 0.24 crore (Previous year ₹ 0.11 crore) on which the Group has recognised its share to the extent of cost of its investments.

	2017-18	2016-17
Revenue	-	-
Pre-tax profit / (loss)	(0.12)	0.06
Income tax expense	-	-
Post-tax profit / (loss)	(0.12)	0.06
Other comprehensive income	-	-
Total comprehensive income	(0.12)	0.06
Group's share of total comprehensive income / (loss) recognised in the profit or loss	-	-
Dividends received from associates	-	-

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

7(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.

B Summarised financial information of the Joint Venture

	As at 31-03-2018	As at 31-03-2017
Current assets	0.24	0.69
Non-current assets	104.47	85.94
Current liabilities	69.83	6.34
Non-current liabilities	2.85	43.71
Equity	32.03	36.58
Foreign currency translation impact	(2.29)	(2.86)
Group's share of net assets	14.05	15.79
Carrying amount of interest in Joint Venture	14.05	15.79

	2017-18	2016-17
Revenue	-	-
Pre-tax profit / (loss)	(3.93)	(4.11)
Income tax expense	(0.51)	(1.03)
Post-tax profit / (loss)	(3.42)	(3.08)
Other comprehensive income	-	-
Total comprehensive income	(3.42)	(3.08)
Group's share of total comprehensive income	(1.74)	(1.57)
Dividends received from Joint venture	-	-

	As at 31-03-2018	As at 31-03-2017
8. NON-CURRENT FINANCIAL ASSETS - LOANS		
Unsecured, considered good, unless otherwise stated		
Deposits	6.87	6.65
	6.87	6.65

9. TAXATION

Income tax related to items charged or credited directly to profit and loss during the year:

	2017-18	2016-17
Statement of profit or loss		
Current income tax (continuing operations)	33.92	59.03
Current income tax (discontinued operations)	1.10	(18.98)
Deferred tax expense / (benefit):		
Minimum alternate tax (continuing operations)	-	(11.83)
Relating to origination and reversal of temporary differences (continuing operations)	40.93	(19.09)
Relating to origination and reversal of temporary differences (discontinued operations)	(27.65)	(3.38)
Total	48.30	5.75
Statement of Other Comprehensive Income		
Current tax related to items recognised in OCI during in the year	-	2.44
Deferred tax related to items recognised in OCI during in the year	3.14	-
Total	3.14	2.44

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

9. TAXATION (Contd.)

Income Tax expense:

	2017-18	2016-17
Reconciliation:		
Profit / (loss) before tax from continuing operations	(318.50)	106.61
Loss before tax from discontinued operations	(799.10)	(591.49)
Accounting profit / (loss) before income tax	(1117.60)	(484.88)
Applicable tax rate	34.608%	34.608%
Computed tax expense	(386.78)	(167.81)
Income not considered for tax purpose	(293.90)	(87.07)
Expense not allowed for tax purpose	145.57	9.11
Additional allowances for tax purpose	(7.76)	(14.80)
Current year losses / Brought forward losses on which deferred tax not recognised	309.95	266.83
Tax paid at lower rate	144.77	(1.09)
Other temporary differences	(83.10)	(14.68)
Total income tax expense	(171.25)	(9.51)
Tax on exceptional items	219.55	15.26
Net income tax expense charged to statement of profit and loss	48.30	5.75
Income tax attributable to continuing operations	74.85	28.11
Income tax attributable to discontinued operations	(26.55)	(22.36)
Total	48.30	5.75

Deferred tax relates to the following:

	Balance sheet		Recognised in statement of profit or loss	
	As at 31-03-2018	As at 31-03-2017	2017-18	2016-17
Expenses allowable on payment basis	11.50	9.71	1.67	1.82
Other items giving rise to temporary differences	32.38	38.73	(3.77)	(12.29)
Accelerated depreciation for tax purposes	(104.40)	(128.36)	2.15	95.22
Finance lease	-	-	-	(1.71)
Service concession arrangements	-	-	-	(0.45)
Fair valuation of property, plant and equipment (PP&E)	(196.38)	(204.82)	8.44	6.02
Impairment of loan	3.88	3.88	-	-
Provision for loss allowance	17.44	18.63	(1.18)	(2.42)
Minimum alternate tax	11.83	11.83	-	11.83
Unabsorbed losses and Unabsorbed depreciation	215.71	14.72	9.11	(63.72)
Deferred tax asset / (liability)	(8.04)	(235.68)		
Tax on exceptional items			219.55	-
Net (income) / expense			235.97	34.30

Reconciliation of deferred tax assets / (liabilities) net:

	As at 31-03-2018	As at 31-03-2017
Opening balance as of 1st April	(235.68)	(252.84)
Tax income / (expense) during the period recognised in profit or loss	(40.93)	19.09
Tax income / (expense) during the period recognised in profit or loss from discontinued operations	27.65	3.38
Deferred tax on Other Comprehensive Income	3.14	-
Deferred Tax - Minimum alternate tax	-	11.83
Unabsorbed losses and Unabsorbed depreciation	219.55	-
Deferred tax transferred on discontinued operation	20.26	(20.72)
Translation adjustment	(2.03)	3.58
Closing balance	(8.04)	(235.68)

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 THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

10. NON-CURRENT ASSETS-OTHERS

	As at 31-03-2018	As at 31-03-2017
Unsecured, considered good, unless otherwise stated		
Capital advances	2.19	3.21
	2.19	3.21

11. INVENTORIES

	As at 31-03-2018		As at 31-03-2017	
Raw materials	223.08		370.23	
Add: Goods-in-transit	10.28		18.26	
		233.36		388.49
Work-in-progress - manufacturing		299.87		272.72
Finished goods - manufacturing		49.39		128.84
Stock-in-trade		0.60		88.83
Stores, spares and packing materials		4.25		3.19
Loose tools		0.13		0.03
		587.60		882.10

12. CURRENT FINANCIAL ASSETS-INVESTMENTS

	As at 31-03-2018	As at 31-03-2017
Quoted investments		
Investments in equity instruments		
Carried at fair value through profit and loss	0.01	0.98
Investments in mutual funds		
Carried at fair value through profit and loss	-	4.24
	0.01	5.22
Note:		
Quoted investments		
Book value	0.01	5.22
Market value	0.01	5.22

13. TRADE RECEIVABLES

	As at 31-03-2018		As at 31-03-2017	
Unsecured				
Considered good	2009.23		1877.15	
Considered doubtful	113.83		109.83	
		2123.06		1986.98
Less: Allowance for doubtful debts		113.83		109.83
		2009.23		1877.15

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018		As at 31-03-2017	
14. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents:				
Balances with banks:				
On current accounts	644.60		569.18	
On deposit accounts (Refer note below)	7.12		155.10	
		651.72		724.28
Cash on hand		0.12		0.21
		651.84		724.49

Note:

Deposits of ₹ 3.00 crore (Previous year ₹ 32.90 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

	As at 31-03-2018	As at 31-03-2017
15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other balances:		
Earmarked balances with banks for:		
Unpaid dividends	1.00	1.29
Others	40.60	34.93
	41.60	36.22

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

	As at 31-03-2018		As at 31-03-2017	
16. 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		12.68		3.08
Security deposits:				
Considered good	31.21		73.17	
Considered doubtful	0.05		0.05	
	31.26		73.22	
Less: Allowance for doubtful deposits	0.05		0.05	
		31.21		73.17
		43.89		76.25

	As at 31-03-2018	As at 31-03-2017
17. CURRENT FINANCIAL ASSETS - OTHERS		
Bank deposits (Refer note below)	-	149.03
Derivative instruments	-	16.29
Other financial receivables	0.32	7.96
	0.32	173.28

Note:

Deposits of ₹ Nil (Previous year ₹ 149.03 crore) are held as margin money or security against borrowings, guarantees, other commitments and under lien with banks.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
18. OTHER CURRENT ASSETS		
Advance to suppliers	174.86	587.23
Advance to other related parties (Refer note 39)	127.16	115.26
Prepaid expenses	7.87	22.76
Due from customers (construction and project related activity)	109.40	82.54
Insurance receivables	0.63	14.04
Statutory and other receivables	346.74	390.65
	766.66	1212.48

	As at 31-03-2018	As at 31-03-2017
19. SHARE CAPITAL		
Authorised:		
2,03,80,00,000 Equity Shares of ₹ 2 each (Previous year 2,03,80,00,000 Equity Shares of ₹ 2 each)	407.60	407.60
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 31-03-2018		As at 31-03-2017	
	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 31-03-2018		As at 31-03-2017	
	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 share capital	As at 31-03-2018		As at 31-03-2017	
	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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

19. SHARE CAPITAL (Contd.)

(c) Details of shareholders holding more than 5% shares in the Company:

		As at 31-03-2018		As at 31-03-2017	
		%	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
3	HDFC Trustee Company Limited - HDFC Equity Fund	9.22	57788500	9.22	57809500
4	Life Insurance Corporation of India	-	-	5.24	32820195
5	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund	6.84	42898617	-	-

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

(e) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	As at 31-03-2018	As at 31-03-2017
	No. of Shares	No. of Shares
Shares bought back	14745394	14745394

(f) Aggregate number of shares issued as GDRs:

	As at 31-03-2018		As at 31-03-2017	
	%	No. of Shares	%	No. of Shares
The Bank of New York	0.13	822504	0.14	882329

(g) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2017-18 (Previous year 2016-17 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(h) Nature and purpose of reserves:

(i) 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.

(ii) Securities premium account:

Securities 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 securities premium reserve account, and Company can use this reserve for buy-back of shares.

(iii) 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.

(iv) 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.

(v) Capital reserve on consolidation:

Capital reserve on consolidation is on account of subsidiaries acquired.

(vi) 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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2018	As at 31-03-2017
20. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS		
Secured loans		
Term loans from banks {Refer note (a) below}	800.35	390.61
Unsecured loans		
Term loans from banks {Refer note (d) below}	36.85	113.19
	837.20	503.80

Notes:

Security created to the extent of:

(a) Secured term loans from banks consist of the following:

(i) The term loan of ₹ 402.02 crore (as at 31-03-2017 ₹ 412.71 crore) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3rd August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on identified plant and machinery and immoveable fixed assets. (Current maturity pertaining to the said loan is ₹ 44.60 crore (Previous year ₹ 22.30 crore), Refer note 26).

(ii) The term loan of ₹ 159.51 crore and ₹ 43.50 crore respectively (as at 31-03-2017 ₹ Nil) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crore and 13 months for ₹ 43.50 crore respectively. The loan is secured by First charge on movable and immovable property. (Current maturity pertaining to the said loan is ₹ 65.63 crore (Previous year ₹ Nil), Refer note 26).

(iii) The term loan of ₹ 305.00 crore (as at 31-03-2017 ₹ Nil) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24th July, 2017, in 36 equal monthly instalments after a moratorium of 2 years. The loan is secured by second charge on identified plant and machinery and immovable fixed assets.

(iv) During the year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.24 crore from VW Bank GmbH. The loan is repayable in forty eight equal monthly instalments from the drawdown in April, 2017.

(v) During the year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.14 crore from VW Bank GmbH. The loan is repayable in thirty six equal monthly instalments from the drawdown in April, 2017.

(vi) During the previous year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.07 crore (as at 31-03-2017 ₹ 0.08 crore) from VW bank GmbH. The loan is repayable in forty eight equal monthly installments from the drawdown in December, 2016.

(vii) During the year, CG Drives & Automation Germany GmbH availed a loan having an outstanding amount of ₹ 0.10 crore (as at 31-03-2017 ₹ 0.12 crore) from VW bank GmbH. The loan is repayable in forty eight equal monthly installments from the drawdown in January, 2017.

(viii) Term loan of ₹ Nil crore (as at 31-03-2017 ₹ 167.67 crore) was repayable in full within two years from utilization date i.e. 15th March, 2016. The said outstanding as at 31-03-2017 of ₹ 167.67 crore is shown under current maturities of long term debt. (Refer note 26).

(ix) Term loan of ₹ 229.03 crore (as at 31-03-2017 ₹ 196.42 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.*

(x) Term loan of ₹ 2.58 crore (as at 31-03-2017 ₹ 11.08 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 ₹ 2.58 crore (as at 31-03-2017 ₹ 8.86 crore). *

(xi) Term loan of ₹ Nil crore (as at 31-03-2017 ₹ 20.39 crore) availed by CG Power USA Inc. is secured by encumbrance on leased equipments. Current maturity as at 31-03-2017 ₹ 8.82 crore. *

(b) Secured term loans from financial institutions consist of the following:

The facility of ₹ 195.00 crore (as at 31-03-2017 ₹ 200.00 crore) 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. 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 of CG Power Solutions Limited.*

(c) Unsecured borrowings by way of bonds consist of the following:

BUILD Missouri revenue bonds, Series 2010 ₹ Nil (as at 31-03-2017 ₹ 4.13 crore) was repayable in semi-annual installments, maturing on December, 2024. Current maturity as at 31-03-2017 is ₹ 0.44 crore. During current year, this borrowing was transferred to purchaser of Group's power business in United States of America.*

(d) Unsecured term loans from banks consist of the following:-

(i) The term loan of ₹ 119.30 crore (as at 31-03-2017 ₹ 210.63 crore) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 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 (Previous year ₹ 97.44 crore), Refer note 26).

(ii) The term loan of ₹ 71.24 crore (as at 31-03-2017 ₹ Nil) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16th May, 2017, in 15 structured monthly installments with first starting after 9 months from the date of disbursement. (Current maturity of the said loan is ₹ 56.25 crore (Previous year ₹ Nil), Refer note 26).

(iii) Working capital facility of ₹ Nil (as at 31-03-2017 ₹ 72.92 crore) was availed by CG Power USA Inc. to meet its long term working capital requirement. This loan is repaid during the year. The loan was supported by Corporate Guarantee of CG Power and Industrial Solutions Limited (formerly Crompton Greaves Limited).Current maturity as at 31-03-2017 was ₹ 72.92 crore. *

(e) During the previous 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 was supported by corporate guarantee of the Company. During the current year, debentures have been redeemed and entire amount has been repaid.*

(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 44)**

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

20. NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS (Contd.)

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 31-03-2018		As at 31-03-2017	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	-	-	0.04	0.04
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
Total minimum lease payments	-	-	0.04	0.04
Less: amounts representing finance charges	-	-	0.00	-
Present value of minimum lease payments	-	-	0.04	0.04

During the financial year 2017-18, the Group 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 ₹ Nil (Previous year ₹ 3.07 crore) has been recognised in the Statement of profit and loss.

21. NON-CURRENT OTHER FINANCIAL LIABILITIES	As at 31-03-2018	As at 31-03-2017
Deposits payable	1.55	1.14
	1.55	1.14

22. NON-CURRENT PROVISIONS	As at 31-03-2018	As at 31-03-2017
Employee benefits	44.75	55.14
Other provisions (Refer note 28)	21.03	16.07
	65.78	71.21

23. OTHER NON-CURRENT LIABILITIES	As at 31-03-2018	As at 31-03-2017
Others	0.40	0.94
	0.40	0.94

24. CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at 31-03-2018	As at 31-03-2017
Secured loans		
Term loans		
From banks {Refer note (i) below}	0.00	0.44
Working capital demand loan		
From banks {Refer note (ii) , (iii) and (iv) below}	396.44	229.82
Unsecured loans		
Working capital loan from bank:		
Demand loan	292.84	391.79
Supplier finance facility	89.71	88.62
	778.99	710.67

Notes :

(i) Cash Credit facility amounting to ₹ 0.00 (as at 31-03-2017 ₹ 0.44 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 of CG-PPI Adhesive Products Limited.

(ii) Working capital demand loan amounting to ₹ 254.31 crore (as at 31-03-2017 ₹ 229.82 crore) availed by the Group is secured by hypothecation of inventories, book debts and trade receivables, both present and future.

(iii) During the year, CG International B.V. has availed a loan having an outstanding amount of ₹ 121.19 crore from Barclays Bank PLC, London Branch vide agreement dated 31st August 2017. The loan is repayable within a year. The loan is interest bearing at the rate of EURIBOR +350 bps p.a.

(iv) During the year, CG Drives and Automation Sweden AB has availed a working capital facility having a outstanding amount of ₹ 20.94 crore to meet its long term working capital requirement. Facilitiy is secured by way of fixed and floating charge on all assets of CG Drives and Automation Sweden AB, utilised fund based limit is repayable within a year.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

25. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at 31-03-2018	As at 31-03-2017
Acceptances	115.91	108.93
Due to others	1307.77	1274.21
	1423.68	1383.14

26. CURRENT-OTHER FINANCIAL LIABILITIES	As at 31-03-2018		As at 31-03-2017	
Financial liabilities at amortised cost:				
Current maturities of long- term debts		263.92		287.41
Interest free sales tax deferral loans from State Government		0.12		0.12
Current maturities of finance lease obligations		-		0.04
Interest accrued but not due on borrowings		7.76		5.62
Investor Education and Protection Fund: (Refer note below)				
Unclaimed dividend		1.00		1.29
Financial guarantee obligations		0.57		0.86
Due to directors		2.54		4.32
Derivative Instruments		11.85		-
Other payables:				
Security deposits	8.48		7.47	
Employee dues	34.34		30.92	
Others	146.57		66.23	
		189.39		104.62
		477.15		404.28

Note:

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

27. OTHER CURRENT LIABILITIES	As at 31-03-2018		As at 31-03-2017	
Advances from customers		338.50		447.29
Due to customers		61.34		62.86
Balance with banks overdrawn as per books		-		0.71
Other payables:				
Statutory dues	30.23		15.35	
Others	28.99		30.03	
		59.22		45.38
		459.06		556.24

28. SHORT-TERM PROVISIONS	As at 31-03-2018	As at 31-03-2017
Employee benefits (Refer note below)	10.56	14.67
Other provisions	109.02	69.41
	119.58	84.08

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Carrying amount at the beginning of the year*	56.41	43.50	8.32	11.93	3.50	3.50
Amount transferred due to discontiuned operations / demerger	0.57	(7.50)	-	-	-	-
Additional provision made during the year #	23.59	15.51	1.08	-	-	-
Amounts used during the year	2.04	0.75	-	-	-	-
Unused amounts reversed during the year #	7.41	8.91	0.59	3.61	1.83	-
Translation adjustment	(0.16)	(0.44)	-	-	-	-
Carrying amount at the end of the year*	69.82	56.41	8.81	8.32	1.67	3.50

Nature of provisions	Liquidated damages		Other litigation claims		Onerous contracts	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Carrying amount at the beginning of the year*	8.83	9.54	6.28	4.24	2.14	-
Amount transferred due to discontiuned operations / demerger	0.73	(2.67)	-	-	-	-
Additional provision made during the year #	5.46	-	28.57	4.97	-	7.23
Amounts used during the year	-	1.82	-	-	-	5.02
Unused amounts reversed during the year #	-	1.47	0.50	2.93	0.23	-
Translation adjustment	(0.02)	(0.09)	-	-	(0.05)	(0.07)
Carrying amount at the end of the year*	13.54	8.83	34.35	6.28	1.86	2.14

Nature of provisions	Total	
	2017-18	2016-17
Carrying amount at the beginning of the year*	85.48	72.71
Amount transferred due to discontiuned operations / demerger	1.30	(10.17)
Additional provision made during the year #	58.70	27.71
Amounts used during the year	2.04	7.59
Unused amounts reversed during the year #	10.56	16.92
Translation adjustment	(0.24)	(0.60)
Carrying amount at the end of the year*	130.05	85.48

Additional provision made during the year and reversal of unused amounts 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 / custom 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 onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
29. REVENUE FROM OPERATIONS		
Sale of products	5867.35	5444.69
Sale of services	67.71	68.65
Construction contracts	352.48	410.26
	6287.54	5923.60

	2017-18	2016-17
CONTRACTS IN PROGRESS		
Contract revenue recognised for the year	352.48	410.26
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	2466.56	2816.15
Amount of customer advances outstanding for contracts in progress as at the reporting date	53.37	62.93
Retention amount due from customer for contract in progress as at the reporting date	98.29	122.61

	2017-18	2016-17
30. OTHER INCOME		
Interest income	14.27	39.37
Gain on sale of investments (net)	0.41	2.52
Exchange gain (net)	10.97	-
Fair value gain on financial instruments at fair value through profit or loss	0.00	4.69
Other non-operating income:		
Income from business service centers	1.21	0.70
Government grant	-	0.03
Profit on sale of property, plant and equipment (net)	-	4.15
Miscellaneous income	12.67	16.10
	39.53	67.56

	2017-18		2016-17	
31. COST OF MATERIALS CONSUMED				
Opening stock	385.23		205.14	
Add: Purchases	3916.43		3817.54	
Less: Closing stock	233.36		385.23	
	4068.30		3637.45	
Less: Scrap sales	79.14		51.09	
		3989.16		3586.36
Add: Sub-contracting charges		238.21		234.05
		4227.37		3820.41

Note:

Opening stock and closing stock excludes stock related to discontinued operations.

	2017-18	2016-17
32. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	46.65	236.41
	46.65	236.41

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2017-18		2016-17	
33. 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	49.39		128.75	
Work-in-progress	299.87		267.63	
	349.26		396.38	
Opening stock:				
Finished goods	128.75		50.65	
Work-in-progress	267.63		261.91	
	396.38		312.56	
		47.12		(83.82)
Changes in inventories of stock-in-trade:				
Closing stock:				
Stock-in-trade	0.60		88.83	
Opening stock:				
Stock-in-trade	88.83		2.66	
		88.23		(86.17)
		135.35		(169.99)

Note:

Opening stock and closing stock excludes stock related to discontinued operations.

	2017-18	2016-17
34. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	462.71	433.32
Contribution to provident and other funds	49.62	47.32
Post retirement medical benefits	(14.37)	2.81
Staff welfare expenses	33.99	29.89
	531.95	513.34

	2017-18	2016-17
35. FINANCE COSTS		
Interest on loans	219.30	186.11
	219.30	186.11

	2017-18	2016-17
36. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense (Refer note 5 and 6)	149.21	142.94
	149.21	142.94

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2017-18	2016-17
37. OTHER EXPENSES		
Consumption of stores and spares	29.67	27.01
Power and fuel	45.91	47.53
Rent	22.18	11.49
Repairs to buildings	7.73	7.08
Repairs to machinery	27.86	23.88
Insurance	15.17	15.86
Rates and taxes	15.46	14.92
Freight and forwarding	109.81	102.80
Packing materials	49.93	56.25
After sales services including warranties	55.24	47.80
Sales promotion	67.25	31.93
Directors' sitting fees	0.24	0.20
Allowance for doubtful debts and advances	53.26	19.35
Legal and professional charges	74.42	68.01
Miscellaneous expenses	218.18	199.83
	792.31	673.94

	As at 31-03-2018	As at 31-03-2017
38. CONTINGENT LIABILITIES AND COMMITMENTS		
A. Contingent liabilities: (to the extent not provided for)		
(a) Claims against the Group not acknowledged as debts	7.25	9.01
(b) Sales tax / VAT liability that may arise in respect of matters in appeal	50.23	44.38
(c) Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal	6.44	6.53
(d) Income tax liability that may arise in respect of matters in appeal preferred by the department	4.34	4.58
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7.49	11.12

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.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

39. 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 (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, assiciates and joint venture as under:

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2018	% Equity Interest As at 31-03-2017
(i)	**Subsidiaries:**			
1	CG Power Solutions Limited	India	100.00	100.00
2	CG-PPI Adhesive Products Limited	India	81.42	81.42
3	CG Power Equipments Limited (*formerly* known as Crompton Greaves Consumer Products Limited)	India	100.00	100.00
4	CG International Holdings Singapore Pte. Limited	Singapore	100.00	100.00
5	Crompton Greaves Sales Network Malaysia Sdn.Bhd.	Malaysia	100.00	100.00
6	CG International B.V.	The Netherlands	100.00	100.00
7	CG Holdings Belgium N.V.	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	PT. CG Power Systems Indonesia	Indonesia	95.00	95.00
11	CG Sales Networks France SA	France	99.70	99.70
12	CG Power Solutions Saudi Arabia Limited	Saudi Arabia	51.00	51.00
13	CG Electric Systems Hungary Zrt.	Hungary	100.00	100.00
14	CG Power Solutions UK Limited	United Kingdom	100.00	100.00
15	CG Power Systems Canada Inc.	Canada	100.00	100.00
16	CG- Ganz Generator and Motor Limited Liability Company (*formerly* known as CG Holdings Hungary Kft.)	Hungary	100.00	100.00
17	CG Service Systems France SAS	France	100.00	100.00
18	CG Industrial Holdings Sweden AB	Sweden	100.00	100.00
19	CG Drives and Automation Sweden AB	Sweden	100.00	100.00
20	CG Drives and Automations Germany GmbH	Germany	100.00	100.00
21	CG Drives and Automation Netherlands B.V.	The Netherlands	100.00	100.00
22	CG Middle East FZE	UAE	100.00	100.00
23	Microsol Limited (ceased w.e.f. 26th April, 2017)	Ireland	-	100.00
24	CG Holdings Americas, LLC	USA	100.00	100.00
25	QEI, LLC	USA	100.00	100.00
26	CG Power Americas, LLC	USA	100.00	100.00
27	CG Solutions Americas, LLC	USA	100.00	100.00
28	CG Power USA Inc. (ceased w.e.f. 31st July, 2017)	USA	-	100.00
29	ZIV Automation India Limited (demerged w.e.f. 6th March, 2017)	India	-	-
30	ZIV Grid Automation S.L.U (ceased w.e.f. 6th March, 2017)	Spain	-	-

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

39. 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 31-03-2018	% Equity Interest As at 31-03-2017
(ii)	**Associates:**			
1	CG International BV TR. & Cont. Pvt. Co. LLC. (*formerly* Pauwels Middle East Trading & Contracting (Pvt) Co. LLC)	Sharjah	49.00	49.00
2	Saudi Power Transformers Company Limited (disinvested w.e.f. 10th October, 2017)	Saudi Arabia	-	49.00
3	K.K. El fi Japan	Japan	40.00	40.00
(iii)	**Joint Venture:**			
1	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. 10 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 PT Crompton Prima Switchgear Indonesia, the financial statements as at 31st December, 2017 have been considered. There were no material adjustments required for any significant events or transactions for the three months upto 31st March 2018.

For the purposes of consolidation, the financial statements of the foreign subsidiaries and associates as at 31st March, 2018, have been restated to comply with Indian Accounting Standard (Ind AS).

(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 (ceased to be CFO & Executive Director w.e.f. 12th August, 2017 & ceased to be a Non-Executive Director w.e.f. 30th September, 2017)
4	Manoj Koul	-	Company Secretary (ceased w.e.f. 23rd August, 2017)
5	V. R. Venkatesh	-	Chief Financial Officer (appointed w.e.f. 12th August, 2017)
6	Shikha Kapadia	-	Company Secretary and Compliance Officer (appointed w.e.f. 12th February, 2018)
7	Omkar Goswami	-	Non-Executive Director
8	B. Hariharan	-	Non-Executive Director
9	Sanjay Labroo	-	Non-Executive Director and Independent Director
10	Valentin Von Massow	-	Non-Executive Director and Independent Director
11	Ramni Nirula	-	Non-Executive Director and Independent Director
12	Shirish Apte	-	Non-Executive Director and Independent Director (ceased to be a Director w.e.f. 1st April, 2017)
13	Jitendra Balakrishnan	-	Non-Executive Director and Independent Director (appointed w.e.f. 2nd May, 2017)
14	Ashish Guha	-	Non-Executive Director and Independent Director (appointed w.e.f. 9th November, 2017)

(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 significant influence over the Company)
5 Avantha Business Solutions Limited
6 Avantha Realty Limited
7 Asahi India Glass Limited
8 Crompton Greaves Consumer Electricals Limited (ceased w.e.f. 26th August, 2016)
9 Avantha Foundation
10 Thermax Limited (ceased w.e.f. 28th May, 2016)
11 Varun Prakashan Private Limited
12 Korba West Power Company Limited
13 Jhabua Power Limited
14 Avantha Power & Infrastructure Limited

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

39. 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	2017-18	2016-17
1	**Sales of goods and services**		
	Other Related Parties		
	BILT Graphic Paper Products Limited	0.04	-
	Asahi India Glass Limited	0.07	0.01
	Crompton Greaves Consumer Electricals Limited	-	11.61
	Thermax Limited	-	0.05
	Korba West Power Company Limited	0.03	0.54
	Jhabua Power Limited	-	0.14
	Total	0.14	12.35
2	**Investment in financial guarantee**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	-	1.15
	Total	-	1.15
3	**Interest expenses**		
	Other Related Party		
	Varun Prakashan Private Limited	0.50	-
	Total	0.50	-
4	**Interest income**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	-	0.29
	Total	-	0.29
5	**Other income**		
	Other Related Party		
	Crompton Greaves Consumer Electricals Limited	-	6.97
	Total	-	6.97
6	**Payment of salaries, commission and perquisites**		
	Key Management Personnel		
	Gautam Thapar	-	0.06
	K. N. Neelkant*	4.52	5.02
	Madhav Acharya*	2.01	5.05
	V. R. Venkatesh*	2.73	-
	Omkar Goswami	-	0.17
	B. Hariharan	-	0.17
	Sanjay Labroo	-	0.14
	Valentin Von Massow	-	0.39
	Shirish Apte	-	0.35
	Ramni Nirula	-	0.14
	Meher Pudumjee	-	0.01
	Shikha Kapadia*	0.07	-
	Manoj Koul*	0.36	0.56
	Total	9.69	12.06
7	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	2.19	2.04
	Jhabua Power Limited	1.42	1.48
	Total	3.61	3.52
8	**Other expenses**		
	Other Related Parties		
	Avantha Holdings Limited	79.77	44.28
	Avantha Business Solutions Limited	0.03	-
	Avantha Realty Limited	-	0.58
	Avantha Foundation	0.05	0.65
	Jhabua Power Limited	0.65	0.72
	Total	80.50	46.23

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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	2017-18	2016-17
9	**Loans and advances given (net of repayments) during the year**		
	Other Related Parties		
	Avantha Holdings Limited	14.23	6.14
	Avantha Realty Limited	(2.33)	12.56
	Total	11.90	18.70

*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 balance / relationship	As at 31-03-2018	As at 31-03-2017
1	**Trade payable**		
	Other Related Parties		
	Avantha Holdings Limited	0.01	-
	Avantha Business Solutions Limited	-	0.03
	Jhabua Power Limited	1.47	-
	Total	1.48	0.03
2	**Trade receivable**		
	Other Related Parties		
	Ballarpur Industries Limited	0.23	0.23
	Solaris ChemTech Industries Limited	0.01	0.11
	BILT Graphic Paper Products Limited	3.57	3.55
	Asahi India Glass Limited	-	0.01
	Korba West Power Company Limited	-	3.58
	Jhabua Power Limited	0.41	4.44
	Avantha Power and Infrastructure Limited	-	0.00
	Total	4.22	11.92
3	**Loans and advances receivable**		
	Other Related Parties		
	Avantha Holdings Limited	116.93	102.70
	Avantha Realty Limited	10.23	12.56
	Total	127.16	115.26
4	**Loans and advances payable**		
	Other Related Party		
	Solaris ChemTech Industries Limited	-	0.10
	Total	-	0.10

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 balance / relationship	As at 31-03-2018	As at 31-03-2017
5	**Due to Key Management Personnel**		
	Gautam Thapar	-	0.04
	K. N. Neelkant	2.54	1.77
	Madhav Acharya	-	1.22
	Omkar Goswami	-	0.16
	B. Hariharan	-	0.16
	Sanjay Labroo	-	0.12
	Valentin Von Massow	-	0.38
	Shirish Apte	-	0.34
	Ramni Nirula	-	0.12
	Meher Pudumjee	-	0.01
	Total	2.54	4.32
6	**Guarantees outstanding (utilized)**		
	Joint Venture		
	PT Crompton Prima Switchgear Indonesia	28.40	23.88
	Total	28.40	23.88

(d) Compensation of key management personnel of the Group

Nature of transaction / relationship	2017-18	2016-17
Short-term employee benefits	9.49	10.38
Post-employment pension, provident fund and medical benefits	0.20	0.25
Commission and other benefits paid to non-executive / independent directors	-	1.43
Total compensation paid to key management personnel	9.69	12.06

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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

40. 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 31-03-2018 %	Proportion of interest held by Non-controlling entities as at 31-03-2017 %
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	
	2017-18	2016-17
Revenue	23.17	22.72
Cost of materials consumed	(11.21)	(11.12)
Other expenses	(9.11)	(9.49)
Finance costs	(0.13)	(0.13)
Pre-tax profit / (loss) from continuing operations	2.72	1.98
Income tax expense	0.90	0.72
Post-tax profit / (loss) from continuing operations (A)	1.82	1.26
Other comprehensive income (B)	0.05	(0.01)
Total comprehensive income (A+B) = C	1.87	1.25
Attributable to non-controlling interest	0.35	0.23
Dividend paid to non-controlling interest	0.09	0.03

Summarised Balance Sheet:

	CG-PPI Adhesive Products Limited	
	As at 31-03-2018	As at 31-03-2017
Current assets	16.87	16.08
Non-current assets	4.44	5.15
Current liabilities	(3.61)	(4.91)
Non-current liabilities	(0.24)	(0.15)
Total equity	17.46	16.17
Attributable to:		
Equity holders of parent	14.22	13.17
Non-controlling interest	3.24	3.00

Summarised cash flow information:

	CG-PPI Adhesive Products Limited	
	2017-18	2016-17
Operating	0.98	0.07
Investing	(0.02)	(1.16)
Financing	(1.05)	(1.00)
Net increase / (decrease) in cash and cash equivalents	(0.09)	(2.09)

There were no additional acquisition or disposal of interest in subsidiaries

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

		2017-18	2016-17
41. EXPENSES CAPITALISED DURING THE YEAR			
(a)	Raw materials consumed	0.87	1.24
(b)	Employee benefits expense	6.21	5.89
(c)	Other expenses	16.36	19.42

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS

(a) **Defined contribution plans:**

Amount of ₹ 45.35 crore (Previous year ₹ 44.95 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

	2017-18	2016-17
Benefits (Contribution to):		
Provident fund	11.70	11.07
Superannuation fund	4.46	4.24
Employee state insurance scheme	0.56	0.31
Labour welfare scheme	0.01	0.02
Family pension	28.62	29.31
Total	45.35	44.95

(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 ₹ 0.20 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 Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Post-retirement medical 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	
		2017-18 (Funded)	2016-17 (Funded)	2017-18 (Non-funded)	2016-17 (Non-funded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present value of defined benefit obligation at the beginning of the year	61.98	53.22	25.03	23.12
2	Interest cost	4.74	4.37	1.89	1.92
3	Current service cost	3.49	3.07	1.03	0.89
4	Curtailment	-	-	(17.29)	-
5	Past service cost	-	-	-	-
6	Liability transferred out / divestment	-	(0.67)	-	(0.74)
7	Benefits paid directly by the employer	(1.93)	(0.93)	(0.51)	(1.64)
8	Benefits paid	(7.29)	(8.76)	-	-
9	Actuarial changes arising from changes in demographic assumptions	-	0.01	-	-
10	Actuarial changes arising from changes in financial assumptions	(0.94)	1.77	(0.32)	4.47
11	Actuarial changes arising from changes in experience adjustments	3.86	9.90	0.85	(2.99)
12	Present value of defined benefit obligation at the end of the year	63.91	61.98	10.68	25.03

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2017-18 (Funded)	2016-17 (Funded)	2017-18 (Non-funded)	2016-17 (Non-funded)
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	51.90	37.11	NA	NA
2	Interest income	3.96	3.03	NA	NA
3	Contributions paid by the employer	10.04	16.07	NA	NA
4	Benefits paid from the fund	(7.29)	(8.76)	NA	NA
5	Assets transferred out / divestments	-	(0.67)	-	NA
6	Return on plan assets excluding interest income	(2.38)	5.12	NA	NA
7	Fair value of plan assets at the end of the year	56.23	51.90	NA	NA
III	**Net (liability) / asset recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	(63.91)	(61.98)	(10.68)	(25.03)
2	Fair value of plan assets at the end of the year	56.23	51.90	-	-
3	Amount recognised in the balance sheet	(7.68)	(10.08)	(10.68)	(25.03)
4	Net (liability) / asset- Current	(7.68)	(10.08)	(0.50)	(1.64)
	Net (liability) / asset- Non-current	-	-	(10.18)	(23.39)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	3.49	3.07	1.03	0.89
2	Interest cost on benefit obligation (net)	0.78	1.33	1.89	1.92
3	Curtailment	-	-	(17.29)	-
4	Total expenses included in employee benefits expense	4.27	4.40	(14.37)	2.81
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	(0.94)	1.77	(0.32)	4.47
3	Actuarial changes arising from changes in experience adjustments	3.86	9.90	0.85	(2.99)
4	Return on plan assets excluding interest income	2.38	(5.12)	NA	NA
5	Recognised in other comprehensive income	5.30	6.56	0.53	1.48
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	9.20	12.69	0.81	1.88
2	Between 2 and 5 years	26.60	26.10	3.42	7.99
3	Between 6 and 10 years	30.06	24.96	4.81	12.33
VII	**Quantitative sensitivity analysis for significant assumption is as below:**				
1	**Increase / (decrease) in present value of defined benefits obligation at the end of the year**				
	(i) One percentage point increase in discount rate	(3.38)	(3.03)	(1.26)	(2.57)
	(ii) One percentage point decrease in discount rate	3.79	3.40	1.58	3.19
	(i) One percentage point increase in rate of salary increase	3.90	3.49	NA	NA
	(ii) One percentage point decrease in rate of salary increase	(3.53)	(3.16)	NA	NA
	(i) One percentage point increase in employee turnover rate	1.05	0.86	NA	NA
	(ii) One percentage point decrease in employee turnover rate	(1.17)	(0.97)	NA	NA
	(i) One percentage point increase in medical inflation rate	NA	NA	1.60	3.22
	(ii) One percentage point decrease in medical inflation rate	NA	NA	(1.28)	(2.60)

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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
		(Funded)	(Funded)	(Non-funded)	(Non-funded)
VIII	**The major categories of plan assets as a percentage of total plan assets**				
	Insurer managed funds	**100%**	100%	**NA**	NA
IX	**Weighted average duration of the defined benefit obligation (in years)**	**6**	7	**30**	30
X	**Actuarial assumptions**				
1	Discount rate	**7.88%- 8.00% p.a.**	7.64%- 8.00% p.a.	**7.76% p.a.**	7.54% p.a.
2	Salary escalation	**6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year**	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	**NA**	NA
3	Mortality rate during employment	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
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.

	2017-18	2016-17
Expected contribution to the defined benefit plan for the next annual reporting period	**7.65**	7.22

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:

		2017-18	2016-17
I	**The movement in the present value of defined benefit obligation:**		
1	Present value of defined benefit obligation at the beginning of the year	**49.28**	159.25
2	Liability transferred out / divestment	**-**	(117.86)
3	Current service cost	**5.89**	5.23
4	Interest cost	**3.92**	3.63
5	Benefits paid	**(1.67)**	(1.56)
6	Actuarial changes arising from changes in demographic assumptions	**-**	-
7	Actuarial changes arising from changes in financial assumptions	**3.90**	1.88
8	Actuarial changes arising from changes in experience adjustments	**0.09**	(0.08)
9	Past service cost / (gain)	**(0.82)**	-
10	Translation difference	**(1.35)**	(1.21)
11	Present value of defined benefit obligation at the end of the year	**59.24**	49.28

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

		2017-18	2016-17
II	**The movement in fair value of plan assets:**		
1	Fair value of plan assets at the beginning of the year	**37.96**	160.03
2	Assets transferred out / divestment	**-**	(121.34)
3	Interest income	**3.09**	3.29
4	Return on plan assets excluding interest income	**(0.31)**	(0.95)
5	Employer contributions	**8.09**	-
6	Benefit paid	**(0.93)**	(0.68)
7	Past service cost	**-**	(1.53)
8	Translation difference	**(1.03)**	(0.86)
9	Fair value of plan assets at the end of the year	**46.87**	37.96
III	**Net (liability) / asset recognised in the balance sheet:**		
1	Present value of defined benefit obligation at the end of the year	**(59.24)**	(49.28)
2	Fair value of plan assets at the end of the year	**46.87**	37.96
3	Net pension (liability) / asset	**(12.37)**	(11.32)
4	Past service cost not yet recognized	**-**	-
5	Net pension (liability) / asset recognised in the balance sheet	**(12.37)**	(11.32)
IV	**Expenses recognised in the statement of profit and loss for the year:**		
1	Current service cost	**5.89**	5.23
2	Interest cost on benefit obligation (net)	**0.83**	0.34
3	Past service cost	**(0.82)**	1.53
4	Actuarial (gain) / losses	**(0.18)**	(0.20)
5	Total expenses included in employee benefits expense	**5.72**	6.90
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	**3.74**	1.81
3	Actuarial changes arising from changes in experience adjustments	**0.43**	0.06
4	Return on plan assets excluding interest income	**0.31**	0.95
5	Recognised in other comprehensive income	**4.48**	2.82

		As at 31-03-2018	As at 31-03-2017
VI	**The major categories of plan assets as a percentage of total plan assets:**		
	Insurer managed funds	**100.00%**	100.00%
VII	**Actuarial assumptions:**		
1	Discount rate	**7.50% p.a.**	8.35% p.a.
2	Future salary and pension increases	**7.50% p.a.**	7.50% p.a.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS (Contd.)

(c) Provident Fund

The Group makes contribution towards provident fund to Cromptom Greaves Limited Provident Fund No. 1. which is administered by the trustees. The Rules of the Group's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Group making interest shortfall a defined benefit plan. Accordingly, the Group has obtained actuary valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

	As at 31-03-2018	As at 31-03-2017
Plan assets at period end, at fair value	**319.18**	312.16
Present value of defined obligation at period end	**288.63**	281.59

Assumptions used in determining the present value of obligation

	As at 31-03-2018	As at 31-03-2017
Rate of discounting	**7.88% p.a.**	7.64% 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	**8.55% p.a.**	8.65% p.a.
Whilst in service withdrawal	**5.00% p.a.**	5.00% p.a.

43. 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

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 THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

44. 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, 2018 is as follows:

Particulars	Power Systems	Industrial Systems	Others	Discontinued operations	Eliminations/ Unallocable Expenditure / Assets*	Total
Revenue						
External sales (Gross Sales)	**3675.21**	**2595.67**	**16.66**	**-**	**-**	**6287.54**
Add: Inter segment sales	**0.40**	**0.10**	**-**	**-**	**(0.50)**	**-**
Total revenue	**3675.61**	**2595.77**	**16.66**	**-**	**(0.50)**	**6287.54**
Segment results	**312.01**	**165.91**	**2.99**	**-**	**-**	**480.91**
Less: Finance costs						**219.30**
Less: Other unallocable expenditure net of unallocable income						**135.59**
Profit after finance cost but before share of profit / (loss) from associates and joint venture, exceptional items and tax						**126.02**
Share of profit / (loss) from associates and joint venture						**(1.74)**
Exceptional items (net)						**(442.78)**
Tax expense						**74.85**
Loss from continuing operations after tax						**(393.35)**
Loss from discontinued operations after tax						**(772.55)**
Loss for the year						**(1165.90)**
Capital Employed:						
Segment assets	**2853.33**	**1353.12**	**111.65**	**2880.56**	**1814.47**	**9013.13**
Segment liabilities	**1322.25**	**598.36**	**66.48**	**1373.45**	**296.07**	**3656.61**
Net Assets	**1531.08**	**754.76**	**45.17**	**1507.11**	**1518.40**	**5356.52**
Capital expenditure#	**73.66**	**74.92**	**0.28**	**-**	**43.99**	**192.85**
Depreciation and amortisation#	**74.21**	**54.45**	**0.46**	**-**	**20.09**	**149.21**
Non-cash expenses other than depreciation#	**55.17**	**6.13**	**(1.72)**	**-**	**7.00**	**66.58**

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
Revenue						
External sales (Gross Sales)	3595.27	2307.97	20.36	-	-	5923.60
Add: Inter segment sales	0.51	0.11	-	-	(0.62)	-
Total revenue	3595.78	2308.08	20.36	-	(0.62)	5923.60
Segment results	343.87	175.08	0.08	-	-	519.03
Less: Finance costs						186.11
Less: Other unallocable expenditure net of unallocable income						152.01
Profit after finance cost but before share of profit / (loss) from associates and joint venture, exceptional items and tax						180.91
Share of profit / (loss) from associates and joint venture						(1.57)
Exceptional items (net)						(72.73)
Tax expense						28.11
Profit from continuing operations after tax						78.50
Loss from discontinued operations after tax						(569.13)
Loss for the year						(490.63)
Capital Employed:						
Segment assets	3119.10	1277.36	34.11	3379.54	2244.61	10054.72
Segment liabilities	1509.48	446.48	6.84	1192.48	209.72	3365.00
Net Assets	1609.62	830.88	27.27	2187.06	2034.89	6689.72
Capital expenditure#	30.21	24.92	1.98	-	6.68	63.79
Depreciation and amortisation#	70.67	54.10	0.33	-	17.84	142.94
Impairment of goodwill#	43.61	-	-	-	-	43.61
Non-cash expenses other than depreciation#	23.35	4.94	0.13	-	-	28.42

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Deferred tax credit assets / liabilities are not considered in capital employed.

** Discontinued operations include segment assets of ₹ 537.41 crore and segment liabilities of ₹ 334.69 crore pertaining to Power System USA Inc. business which was sold out during the financial year 2017-18.

The disclosure pertains to continuing business segments.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

43. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 108 OPERATING SEGMENTS (Contd.)

Segment revenue by location of customers:

Particulars	2017-18		2016-17	
Sales and service revenue:				
Domestic		4332.06		4104.23
Overseas:				
Asia	1321.09		1348.78	
Africa	99.55		117.10	
North America	153.59		152.47	
South America	49.12		63.45	
Europe	284.94		93.13	
Australia	47.19		44.44	
		1955.48		1819.37
Total		6287.54		5923.60

Cost incurred on acquisition of tangible and intangible assets:

Particulars	2017-18	2016-17
Domestic	169.59	43.89
Overseas	23.26	19.90
Total	192.85	63.79

The carrying amount of non-current assets by location of assets:

Particulars	As at 31-03-2018	As at 31-03-2017
Domestic	1383.78	1322.96
Overseas	398.24	446.35
Total	1782.02	1769.31

Reconciliation of Segment Assets

Particulars	As at 31-03-2018	As at 31-03-2017
Assets from reportable segments	9013.13	10054.72
Deferred tax assets*	106.29	133.38
Total	9119.42	10188.10

Reconciliation of Segment Liabilities

Particulars	As at 31-03-2018	As at 31-03-2017
Liabilities from reportable segments	3656.61	3365.00
Long-term borrowings*	1248.75	926.27
Deferred tax liabilities*	210.85	464.05
Short-term borrowings*	1004.66	763.28
Current maturities of long-term debt*	284.41	558.41
Total	6405.28	6077.01

* Includes amounts pertaining to discontinued operations

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

44. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Sale of Transmission and Distribution (T&D) business

The Company accepted a binding offer of M/s WEG S.A., for acquisition of the Company's Power business in United States of America comprised in the Company's step down subsidiary, CG Power USA Inc. (PSUS), at an Enterprise value of USD 37 million. Pursuant to that the Company executed a stock purchase agreement (SPA) on 20th June, 2017 with WEG Electric Corp, for sale of its 100% stake in PSUS. The Company concluded this sale transaction on 31st July, 2017. The CG Power USA Inc. ceased to be an overseas subsidiary of the Company and the rest of businesses, i.e. Automation, trading and system, have been transferred into CG Holding Americas LLC, a wholly owned subsidiary of CG International B.V., Netherland.

The Company accepted a binding offer of M/s Ganz Villamossagi Zrt. and Alester Holdings Limited for sale of Assets and Shares of the Company's business in Hungary (excluding switchgear business) comprised in its overseas wholly owned step-down subsidiary, CG Electric Systems Hungary Zrt. (ESHU) for an Enterprise value of Euro 38 million. Pursuant to that, the Company executed a stock purchase agreement (SPA) and Business Transfer Agreement (BTA) on 12th February, 2018 for the said sale.

The Company continues to identify prospective buyer(s) for its overseas power T&D business at Ireland, France, Belgium and Middle East and its Indian subsidiary namely CG Power Solutions Limited Hence, the same will continue to be reflected as Discontinued Operations.

Power Distribution

On 1st June 2011, the Group 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 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:

	2017-18	2016-17
Revenue from operations	-	-
Other income	-	-
Total (A)	-	-
Expenses related to Power distribution business		
Material cost	-	-
Other expense	79.56	27.72
Employee benefits expense	-	-
Amortisation of intangible assets	-	-
Total (B)	79.56	27.72
Loss before tax recognised during the period (C)= (A)-(B)	79.56	27.72

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.

In respect of discontinued Distribution Franchise business (Jalgaon), the Group and Maharashtra State Electricity Distribution Company Limited (MSEDCL) have entered into final settlement on 16th February 2018. Based on the same, the Group has written off amount of ₹ 79.56 crore towards receivable from MSEDCL during year ended 31st March, 2018, which is disclosed under Discontinued Operations. The balance of ₹ 74.80 crore is subject to receivable from MSEDCL as an when the MSEDCL receives the dues from the Customers.

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 overseas automation businesses along with ZIV automation India Limited, the wholly owned subsidiary housing the India Automation Business ceased to be a subsidiary of the Company.

Others

The Group continues to identify prospective buyer(s) for its Indian subsidiary namely CG Power Equipments Limited (formerly Crompton Greaves Consumer Products Limited). Hence the business will continue to be reflected as discontinued operations and disclosed as 'Others' segment separately.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

44. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

Statement of profit and loss of the discontinued operations

	2017-18					2016-17				
	T&D	Automation Systems	Power Distribution	Others	Total	T&D	Automation Systems	Power Distribution	Others	Total
Revenue	2082.82	-	-	-	2082.82	2857.36	637.22	-	-	3494.58
Expenses (net of other income)	2893.03	-	79.56	0.01	2972.60	3124.64	693.91	27.72	0.02	3846.29
Loss before tax from discontinued operation	(810.21)	-	(79.56)	(0.01)	(889.78)	(267.28)	(56.69)	(27.72)	(0.02)	(351.71)
Tax income / (expense)	(0.98)	-	27.53	-	26.55	4.72	5.58	9.59	-	19.89
Loss after tax from discontinued operation	(811.19)	-	(52.03)	(0.01)	(863.23)	(262.56)	(51.11)	(18.13)	(0.02)	(331.82)
Loss on sale of Automation Business	-	-	-	-	-	-	(239.78)	-	-	(239.78)
Gain on sale of Power system USA Business	90.68	-	-	-	90.68	-	-	-	-	-
Tax income / (expense)	-	-	-	-	-	-	2.47	-	-	2.47
Loss after tax from discontinued operations	(720.51)	-	(52.03)	(0.01)	(772.55)	(262.56)	(288.42)	(18.13)	(0.02)	(569.13)

The major classes of assets and liabilities of the discontinued operation are as under

	As at 31-03-2018 T&D	As at 31-03-2018 Power Distribution	As at 31-03-2018 Others	As at 31-03-2017 T&D	As at 31-03-2017 Power Distribution	As at 31-03-2017 Others
Assets						
Property, plant and equipment	931.78	-	-	970.07	-	-
Other intangible assets	69.39	-	-	67.09	-	-
Goodwill	19.26	-	-	16.41	-	-
Intangible assets under development	-	-	-	-	-	-
Non-current financial assets-loans	16.85	-	-	3.70	-	-
Inventories	638.77	-	-	526.52	0.10	-
Investment	9.77	-	-	314.11	-	-
Trade receivables	570.97	74.80	-	441.21	130.90	-
Cash and cash equivalents	131.97	-	0.04	113.34	0.03	0.05
Deferred tax assets	78.61	-	-	106.76	-	-
Current financial assets- loans	0.83	-	-	112.60	-	-
Other current assets	416.13	-	-	291.35	29.60	-
Assets classified as held for sale (A)	2884.33	74.80	0.04	2963.16	160.63	0.05
Liabilities						
Non-current financial liabilities – borrowings	411.55	-	-	422.47	-	-
Deferred tax liabilities	175.13	-	-	201.75	-	-
Other long-term liabilities	11.42	-	-	17.48	-	-
Current financial liabilities – borrowings	225.67	-	-	52.61	-	-
Trade payables	636.11	0.68	0.00	554.99	0.69	0.02
Other current financial liabilities	348.34	-	-	305.14	-	-
Other current liabilities	225.13	0.00	-	361.84	-	0.00
Provisions	171.94	0.20	-	181.93	0.29	-
Liabilities directly associated with assets classified as held for sale (B)	2205.29	0.88	0.00	2098.21	0.98	0.02
Net assets / (liabilities) directly associated with disposal group (A-B)	679.04	73.92	0.04	864.95	159.65	0.03

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash Flows	2017-18	2016-17
Operating	(824.18)	(492.12)
Investing	322.27	(301.71)
Financing	(199.96)	(227.95)

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

44. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 105 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

Disposal of Power Systems USA / Automation business

Consideration received

	2017-18 Power USA Business	2016-17 Automation Business
Consideration received in cash and cash equivalents	200.60	788.67
Total consideration received	200.60	788.67

Analysis of assets and liabilities over which control was lost

	2017-18 Power USA Business	2016-17 Automation Business
Assets		
Non-current assets		
Property, plant and equipment	228.13	133.24
Capital work-in-progress	17.44	0.37
Other Intangible assets	0.57	307.42
Goodwill	-	258.19
Intangible assets under development	-	58.75
Non-current financial assets-loans	-	1.88
Deferred tax assets	-	108.94
Investments	3.44	-
Current assets		
Inventories	119.31	146.03
Trade receivables	95.71	172.26
Cash and cash equivalents	2.34	-
Current financial assets-loans	-	0.70
Other current assets	49.71	81.75
Total assets (A)	516.65	1269.53
Liabilities		
Non-current liabilities		
Non-current financial liabilities-borrowings	3.44	-
Deferred tax liabilities	35.71	97.69
Current liabilities		
Trade payables	144.79	120.00
Other current liabilities	113.45	14.26
Provisions	27.00	2.26
Total liabilities (B)	324.39	234.21
Net assets disposed of (A - B)	192.26	1035.32

Gain / (loss) on disposal of subsidiaries

	2017-18 Power USA Business	2016-17 Automation Business
Consideration received	200.60	788.67
Net assets disposed of	192.26	1035.32
Cumulative exchange gain / (loss) reclassified from foreign currency translation reserve to statement of profit or loss	69.71	6.87
Amounts recognised in capital reserve in relation to subsidiaries reclassified to profit or loss	12.63	-
Gain / (loss) on disposal	90.68	(239.78)

The gain / (loss) on disposal is included in the profit / (loss) for the year from discontinued operations.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

45. 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 31-03-2018	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	2009.23	-	-	-
Loans and other receivables (non-current)	6.87	-	-	6.87
Loans and other receivables (current)	43.89	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	693.44	-	-	-
Other financial receivables	0.32	-	-	-
Total	2754.19	0.44	-	6.87
Financial assets at fair value through profit or loss:				
Investments	9.09	0.01	1.01	8.07
Total	9.09	0.01	1.01	8.07
Financial assets at fair value through other comprehensive income:				
Investments	121.80	-	-	121.80
Total	121.80	-	-	121.80
Financial liabilities at amortised cost:				
Long-term loans from bank	1101.12	-	1101.12	-
Interest-free sales tax deferral loans	0.12	-	-	-
Short-term loans from bank	778.99	-	-	-
Trade and other payables	1423.68	-	-	-
Other financial liabilities (non-current)	1.55	-	-	1.55
Other financial liabilities (current)	213.11	-	-	-
Total	3518.57	-	1101.12	1.55

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

45. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (Contd.)

	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	-	-	6.65
Loans and other receivables (current)	76.25	-	-	-
Investments	0.44	0.44	-	-
Cash and bank balances	760.71	-	-	-
Bank deposits	149.03	-	-	-
Other financial receivables	7.96	-	-	-
Total	2878.19	0.44	-	6.65
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	-	-	1.14
Other financial liabilities (current)	116.71	-	-	-
Total	3003.03	-	791.21	1.18

During the reporting period ending 31st March, 2018 and 31st March, 2017, 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 31-03-2018	As at 31-03-2017
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 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 opening balance to closing balance of an investment recognised through other comprehensive income which is covered under fair value Level 3 measurement.

Balance as at 1-04-2016	198.62
Less : Fair value loss recognised in other comprehensive income	46.82
Balance as at 31-03-2017	151.80
Less : Fair value loss recognised in other comprehensive income	30.00
Balance as at 31-03-2018	**121.80**

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

46. 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 31-03-2018	As at 31-03-2017
Floating rate borrowings	1363.36	1190.46

Interest rate sensitivity

A change of 25 basis points in interest rates would have following impact on profit before tax.

Particulars	2017-18	2016-17
25 bp increase - Decrease in profit	(3.41)	(2.97)
25 bp decrease - Increase in profit	3.41	2.97

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, 2018	USD	Euro	GBP	Others	Total
Trade receivables	410.87	57.81	-	74.77	543.45
Loans and other receivables	32.06	(10.96)	-	53.75	74.85
Bank balances in current accounts and term deposit accounts	(14.59)	45.97	(0.00)	61.44	92.82
Trade payables	(117.97)	(76.59)	(0.15)	(119.61)	(314.32)
Long-term borrowings	-	(35.81)	-	0.00	(35.81)
Short-term borrowings	(2.32)	(992.47)	-	6.36	(988.43)
Other short-term financial liabilities	(102.58)	(319.74)	-	72.55	(349.77)
Forward contracts for receivable	(0.09)	-	-	-	(0.09)
Forward contracts for loan	-	(11.75)	-	-	(11.75)

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)

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

46. 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

Particulars	2017-18		2016-17	
	1% increase	1% decrease	1% increase	1% decrease
USD	2.49	(2.49)	0.53	(0.53)
Euro	6.70	(6.70)	9.97	(9.97)
GBP	(0.00)	0.00	(0.02)	0.02
Others	(0.01)	0.01	1.28	(1.28)
Increase / (decrease) in profit or loss	9.18	(9.18)	11.76	(11.76)

1% increase or decrease in foreign exchange rates will have the following impact on equity

Particulars	2017-18		2016-17	
	1% increase	1% decrease	1% increase	1% decrease
USD	0.55	(0.55)	1.14	(1.14)
Euro	(12.51)	12.51	(12.82)	12.82
GBP	(0.00)	0.00	0.01	(0.01)
Others	(0.02)	0.02	1.11	(1.11)
Increase / (decrease) in equity	(11.98)	11.98	(10.56)	10.56

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 eligible for evaluation of expected credit losses when a debtor fails to make contractual payments greater than 2 years past due. In case the loans or receivables are 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 31-03-2018	As at 31-03-2017
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	8.06	8.05
Other non-current investments	1.01	27.83
Long-term loans and advances	6.87	6.65
Other long term financial assets	-	-
Cash and bank balances	693.32	760.50
Other short term financial assets	0.32	173.28
Short-term loans and advances	43.89	76.25
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	2123.06	1986.98

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

46. 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	
As at 31-03-2018	
Up to 3 months	1548.71
3 to 6 months	91.71
More than 6 months	482.64
	2123.06
As at 31-03-2017	
Up to 3 months	1152.10
3 to 6 months	281.26
More than 6 months	553.62
	1986.98

The following table summarizes the change in the loss allowances measured using life time expected credit loss model:

Particulars	
As at 1-04-2016	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
Provided during the year	68.00
Amounts written off	(40.56)
Reversals of provision	(17.30)
Unwinding of discount	(6.14)
Translation adjustments	-
Transfer to discontinued operations	-
As at 31-03-2018	**113.83**

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, 2018	Less than one year	1 to 5 years	> 5 years	Total
Long-term borrowings	**263.92**	**868.39**	-	**1132.30**
Interest-free sales tax deferral loans from State Government	**0.12**	-	-	**0.12**
Other financial liabilities (non-current)	-	**1.55**	-	**1.55**
Short-term borrowings	**778.99**	-	-	**778.99**
Trade and other payables	**1423.68**	-	-	**1423.68**
Other financial liabilities (current)	**213.11**	-	-	**213.11**

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

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 borrowings	710.67	-	-	710.67
Trade and other payables	1383.14	-	-	1383.14
Other financial liabilities (current)	116.71	-	-	116.71

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 31-03-2018	As at 31-03-2017
Total debt	**1880.23**	1502.04
Equity	**2714.14**	4111.09
Total debt and equity	**4594.37**	5613.13
Gearing ratio	**40.92%**	26.76%

Hedging activities and derivatives

	As at 31-03-2018		As at 31-03-2017	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	**-**	**(4.35)**	1.96	1.49

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, 2018, the net loss on derivatives of ₹ 3.11 crore (as at 31st March, 2017: net gain of ₹ 3.71 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.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

47. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 17 LEASES

Operating lease commitments:

(a) Group as lessor:

The Group has not entered into operating leases.

(b) 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, wherever required.

(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 31-03-2018	As at 31-03-2017
Due within one year	3.81	3.24
Due one to five years	1.18	1.29
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 ₹ 4.57 crore (Previous year ₹ 4.11 crore)

48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE

Particulars		2017-18	2016-17
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	(393.70)	78.27
Weighted average earnings per share (basic and diluted)	₹	(6.28)	1.25
Loss for the year (discontinued operations)	₹ crore	(770.20)	(569.13)
Weighted average earnings per share (basic and diluted)	₹	(12.29)	(9.08)
Loss for the year (total operations)	₹ crore	(1163.90)	(490.86)
Weighted average earnings per share (basic and diluted)	₹	(18.57)	(7.83)

49. EXCEPTIONAL ITEMS

Particulars	2017-18	2016-17
Amount paid towards Sales tax Amnesty scheme	-	(9.12)
Amount paid towards final settlement of litigation claims	(27.94)	(20.00)
Impairment of goodwill	-	(43.61)
Inventories, trade advances and unbilled dues from customers (net of deferred tax)	(414.84)	-
Total	(442.78)	(72.73)

50. Revenue from operations for periods up to 30th June, 2017 includes excise duty. From 1st July, 2017 onwards the excise duty and most indirect taxes in India have been replaced by the Goods and Services Tax (GST). The Group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended 31st March, 2018 is not comparable with that for the year ended 31st March, 2017.

The comparable figures for revenue from operations (net of excise duty) are as under:

Particulars	2017-18	2016-17
Net revenue from operations	6188.63	5516.51

There is no impact of the above on the profit before tax and profit after tax.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

51. DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 7 STATEMENT OF CASH FLOWS - CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at 1-04-2017	Cash Inflows / (Outflows)	Foreign exchange movement impact	Effect of reclassification o(f non-current portion to current	Finance cost charged during the year	As at 31-03-2018
Non-current financial liabilities - borrowings:						
Secured loans						
Term loans from banks	390.61	519.97	-	(110.23)		**800.35**
Unsecured loans						
Term loans from banks	113.19	77.35	-	(153.69)		**36.85**
Current financial liabilities - borrowings:						
Secured loans						
Term loans from banks	0.44	(0.44)	-			**0.00**
Working capital demand loan from banks	229.82	172.34	(5.72)			**396.44**
Unsecured loans						
Working capital o loan from banks:						
Demand loan	391.79	(98.95)	-			**292.84**
Supplier finance facility	88.62	1.09	-			**89.71**
Current - other financial liabilities:						
Current maturity of long term borrowings	287.41	(307.54)	20.13	263.92		**263.92**
Interest-free sales tax deferral loans from State Government	0.12	-	-	-		**0.12**
Current maturities of finance lease obligations	0.04	(0.04)				**-**
Interest accrued but not due on borrowings	5.62	(217.16)	-		219.30	**7.76**
Unclaimed dividend	1.29	(0.29)				**1.00**
Non-controlling interest	8.43	(2.00)				**6.43**
Total liabilities from financing activities	**1517.38**	**144.33**	**14.41**	**-**	**219.30**	**1895.43**

52. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', superseding Ind AS 11, 'Construction Contracts' and Ind AS 18, 'Revenue' and other amendments. The amendments are applicable to the Group from 1st April, 2018.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Group. Ind AS 115 is effective for the Group on and from the financial year beginning 1st April, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st April, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group has chosen to apply the modified retrospective method. The Group has identified following areas where Ind AS 115 will impact:

(a) Sale of goods:

Contracts with customers in which the sale of equipment is generally expected to be the only performance obligation are not expected to have any significant impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing for Ind AS 115, the Group is considering the following:

(i) Variable consideration:

Some contracts with customers provide trade discounts, volume rebates, penalties (liquidated damages), price adjustment clause, etc. Currently, the Group recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under Ind AS 115, and will be required to be estimated at contract inception.

Ind AS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group expects that application of the constraint may result in more revenue being deferred than under current Ind AS, however, that deferment is not significant.

(ii) Warranty obligations:

The Group provides warranties for general repairs, and in a few contracts, provides extended warranties or maintenance services. As such, the Group expects that the former type of warranties will be assurance-type warranties which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

The service-type warranties / extended warranties are treated as a separate performance obligation, with a part of the transaction price allocated to the stand alone selling price of the warranty obligation. The revenue is deferred and recognized over the period of warranty.

₹ crore

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

52. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Contd.)

(b) Presentation and disclosure requirements:

Ind AS 115 provides presentation and disclosure requirements, which are more detailed than under current Ind AS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in Ind AS 115 are completely new.

(c) Contract costs:

The Group also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. However, the change is not significant.

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

K. K. MANKESHWAR & CO.	V. R. Venkatesh	K.N. Neelkant
CHARTERED ACCOUNTANTS	**CHIEF FINANCIAL OFFICER**	**CEO & MANAGING DIRECTOR**
Firm's Registration No. 106009W		DIN: 05122610
by the hand of		
Ashwin Mankeshwar	Shikha Kapadia	Gautam Thapar
PARTNER	**COMPANY SECRETARY**	**CHAIRMAN**
Membership No. 046219		DIN: 00012289
Gurgaon, 30th May, 2018	Gurgaon, 30th May, 2018	

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE FOR THE YEAR ENDED 31st MARCH 2018

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	52.11	1,414.29	49.86	(581.26)	22.77	(33.86)	46.79	(615.12)
Indian Subsidiaries :								
CG PPI Adhesive Products Limited	0.56	15.24	0.22	(2.52)	(0.03)	0.05	0.19	(2.47)
CG Power Solutions Limited	1.82	49.33	6.85	(79.92)	-	-	6.08	(79.92)
CG Power Equipment Limited (formerly Crompton Greaves Consumer Products Limited)	0.00	0.03	(0.00)	0.00	-	-	(0.00)	0.00
Foreign Subsidiaries :								
CG International B.V.	11.87	322.06	22.86	(266.46)	(273.19)	406.25	(10.63)	139.79
CG Holdings Belgium N.V.	(9.63)	(261.44)	(5.31)	61.86	114.39	(170.11)	8.23	(108.25)
CG Power Systems Belgium N.V.	0.87	23.74	11.39	(132.83)	(41.93)	62.35	5.36	(70.48)
CG Power Systems Ireland Limited	10.00	271.48	1.69	(19.65)	34.78	(51.72)	5.43	(71.37)
CG Sales Networks France SA	0.31	8.39	(0.05)	0.55	0.08	(0.12)	(0.03)	0.43
CG Power Systems Canada Inc.	(0.62)	(16.83)	0.45	(5.23)	(13.00)	19.34	(1.07)	14.11
PT CG Power Systems Indonesia	26.56	720.80	(11.47)	133.76	118.01	(175.50)	3.18	(41.74)
CG-Ganz Generator and Motor LLC (formerly CG Holdings Hungary Kft.)	2.08	56.34	0.25	(2.90)	(1.82)	2.71	0.01	(0.19)
CG Electric Systems Hungary Zrt.	(5.18)	(140.65)	17.95	(209.32)	44.34	(65.94)	20.94	(275.26)
CG Service Systems France SAS	0.23	6.33	(0.03)	0.37	0.44	(0.65)	0.02	(0.28)
CG Power USA Inc.	-	-	(3.88)	45.23	54.44	(80.96)	2.72	(35.73)
CG Power Americas, LLC	(0.60)	(16.25)	(0.20)	2.39	(0.24)	0.36	(0.21)	2.75
CG Solutions Americas, LLC	0.26	7.08	0.36	(4.24)	(3.04)	4.53	(0.02)	0.29
CG Holdings Americas, LLC	(3.49)	(94.62)	1.18	(13.81)	7.48	(11.12)	1.90	(24.93)
QEI, LLC	(0.93)	(25.26)	(0.36)	4.20	-	-	(0.32)	4.20
CG Power Solutions UK Limited	0.77	20.95	(0.24)	2.75	14.77	(21.97)	1.46	(19.22)
CG Power County LLC	-	-	-	-	(6.92)	10.29	(0.78)	10.29
CG Power Systems Brazil LTDA	0.03	0.70	-	-	(15.70)	23.35	(1.78)	23.35
CG Power Solutions Saudi Arabia Limited	(0.01)	(0.39)	0.39	(4.53)	(0.11)	0.17	0.33	(4.36)

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE FOR THE YEAR ENDED 31st MARCH 2018 (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 Industrial Holdings Sweden AB	2.20	59.71	0.83	(9.66)	22.54	(33.53)	3.28	(43.19)
CG Drives and Automation Sweden AB	7.35	199.45	(0.18)	2.07	7.14	(10.61)	0.65	(8.54)
CG Drives and Automation Netherlands B.V.	0.84	22.89	(0.05)	0.55	0.03	(0.05)	(0.04)	0.50
CG Drives and Automation Germany GmbH	0.40	10.90	(0.46)	5.32	(0.31)	0.46	(0.44)	5.78
CG Middle East FZE	1.07	29.13	7.58	(88.32)	13.47	(20.03)	8.24	(108.35)
CG International Holdings Singapore Pte. Limited	0.48	13.13	(0.01)	0.13	1.17	(1.74)	0.12	(1.61)
Crompton Greaves Sales Network Malaysia sdn.bhd.	0.13	3.56	0.26	(2.97)	0.44	(0.66)	0.28	(3.63)
Non-controlling interests in all subsidiaries	(0.00)	-	0.20	(2.35)	-	-	0.18	(2.35)
<u>Foreign associates:</u>								
(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	-	-	-	-	-	-	-	-
<u>Foreign joint venture:</u>								
(Investment as per the equity method)								
PT Crompton Prima Switchgear Indonesia	0.52	14.05	(0.08)	0.90	-	-	(0.07)	0.90

accounts in foreign currency

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

	As at 31-03-2018		As at 31-03-2017	
	USD million	USD million	USD million	USD million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	197.59		190.12	
(b) Capital work-in-progress	1.26		1.27	
(c) Other intangible assets	7.55		7.13	
(d) Intangible assets under development	4.94		4.32	
(e) Financial assets				
(i) Investments	157.82		67.95	
(ii) Loans	1.05		1.02	
(iii) Others	3.00		7.23	
(f) Other non-current assets	0.32		0.49	
		373.53		279.53
2. CURRENT ASSETS:				
(a) Inventories	63.53		115.77	
(b) Financial assets				
(i) Investments	0.00		0.80	
(ii) Trade receivables	263.91		228.29	
(iii) Cash and cash equivalents	91.01		85.51	
(iv) Bank balances other than (iii) above	0.15		0.20	
(v) Loans	240.84		226.23	
(vi) Others	6.99		31.50	
(c) Current tax assets (net)	12.93		8.00	
(d) Other current assets	73.49		139.21	
		752.85		835.51
3. Assets classified as held for sale and discontinued operations		11.48		24.77
TOTAL ASSETS		1137.86		1139.81
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	19.23		19.33	
(b) Other equity	570.10		628.26	
		589.33		647.59
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	128.38		77.66	
(ii) Other financial liabilities	0.22		0.17	
		128.60		77.83
(b) Provisions		8.18		9.22
(c) Deferred tax liabilities (net)		1.86		33.12
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	96.85		109.53	
(ii) Trade payables	192.23		168.30	
(iii) Other financial liabilities	63.16		39.37	
		352.24		317.20
(b) Other current liabilities		41.99		44.10
(c) Provisions		15.52		10.60
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		0.14		0.15
TOTAL EQUITY AND LIABILITIES		1137.86		1139.81

Note: Closing exchange rate considered for 1 USD as at 31st March, 2018 is ₹ 65.1700 and as at 31st March, 2017 is ₹ 64.8450

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017-18		2016-17	
	USD million	USD million	USD million	USD million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	786.97		709.62	
Other income	30.69		29.87	
TOTAL INCOME		817.66		739.49
EXPENSES:				
Cost of materials consumed	534.99		468.68	
Purchases of stock-in-trade	7.23		33.55	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27.74		(25.06)	
Excise duty	15.24		60.30	
Employee benefits expense	56.31		53.40	
Finance costs	33.15		24.42	
Depreciation and amortisation expense	15.82		13.67	
Other expenses	91.97		72.25	
TOTAL EXPENSES		782.45		701.21
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		35.21		38.28
Exceptional items (net)		(70.25)		(14.87)
PROFIT / (LOSS) BEFORE TAX		(35.04)		23.41
TAX EXPENSE:				
Current tax	-		5.42	
Deferred tax - MAT (credit) entitlement	-		(1.76)	
Deferred tax (credit)	7.21		(2.04)	
		7.21		1.62
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		(42.25)		21.79
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	(12.33)		(4.96)	
Tax expense / (credit) of discontinued operations	(4.27)		(1.72)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		(8.06)		(3.24)
PROFIT / (LOSS) FOR THE YEAR		(50.31)		18.55
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	(5.56)		(8.19)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.31		0.26	
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		(5.25)		(7.93)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(55.56)		10.62
Earnings per share for continuing operations (in USD)		(0.07)		0.03
Earnings per share for discontinued operations (in USD)		(0.01)		(0.00)
Earnings per share (basic and diluted) (in USD)		(0.08)		0.03

Note: Average exchange rate considered for 1 USD in 2017-18 is ₹ 64.5442 and in 2016-17 is ₹ 67.0978

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

	As at 31-03-2018		As at 31-03-2017	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	159.39		177.92	
(b) Capital work-in-progress	1.01		1.19	
(c) Other intangible assets	6.09		6.67	
(d) Intangible assets under development	3.98		4.04	
(e) Financial assets				
(i) Investments	127.30		63.60	
(ii) Loans	0.85		0.96	
(iii) Others	2.42		6.77	
(f) Other non-current assets	0.26		0.46	
		301.30		261.61
2. CURRENT ASSETS:				
(a) Inventories	51.25		108.36	
(b) Financial assets				
(i) Investments	0.00		0.75	
(ii) Trade receivables	212.88		213.66	
(iii) Cash and cash equivalents	73.42		80.03	
(iv) Bank balances other than (iii) above	0.12		0.18	
(v) Loans	194.27		211.72	
(vi) Others	5.64		29.48	
(c) Current tax assets (net)	10.43		7.48	
(d) Other current assets	59.28		130.29	
		607.29		781.95
3. Assets classified as held for sale and discontinued operations		9.26		23.18
TOTAL ASSETS		917.85		1066.74
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	15.51		18.09	
(b) Other equity	459.87		587.98	
LIABILITIES:		475.38		606.07
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	103.56		72.68	
(ii) Other financial liabilities	0.18		0.16	
		103.74		72.84
(b) Provisions		6.60		8.63
(c) Deferred tax liabilities (net)		1.50		30.99
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	78.12		102.51	
(ii) Trade payables	155.07		157.51	
(iii) Other financial liabilities	50.94		36.86	
		284.13		296.88
(b) Other current liabilities		33.87		41.27
(c) Provisions		12.52		9.92
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		0.11		0.14
TOTAL EQUITY AND LIABILITIES		917.85		1066.74

Note: Closing exchange rate considered for 1 Euro as at 31st March, 2018 is ₹ 80.7910 and as at 31st March 2017 is ₹ 69.2870

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017-18		2016-17	
	Euro million	Euro million	Euro million	Euro million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	654.55		661.96	
Other income	25.53		27.86	
TOTAL INCOME		680.08		689.82
EXPENSES:				
Cost of materials consumed	444.97		437.20	
Purchases of stock-in-trade	6.01		31.30	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.08		(23.37)	
Excise duty	12.68		56.25	
Employee benefits expense	46.83		49.81	
Finance costs	27.57		22.78	
Depreciation and amortisation expense	13.16		12.75	
Other expenses	76.50		67.40	
TOTAL EXPENSES		650.80		654.12
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		29.28		35.70
Exceptional items (net)		(58.43)		(13.87)
PROFIT / (LOSS) BEFORE TAX		(29.15)		21.83
TAX EXPENSE:				
Current tax	-		5.05	
Deferred tax - MAT (credit) entitlement	-		(1.65)	
Deferred tax (credit)	5.99		(1.90)	
		5.99		1.50
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		(35.14)		20.33
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	(10.25)		(4.63)	
Tax expense / (credit) of discontinued operations	(3.55)		(1.60)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		(6.70)		(3.03)
PROFIT / (LOSS) FOR THE YEAR		(41.84)		17.30
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	(4.63)		(7.64)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.26		0.24	
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		(4.37)		(7.40)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(46.21)		9.90
Earnings per share for continuing operations (in Euro)		(0.06)		0.03
Earnings per share for discontinued operations (in Euro)		(0.01)		(0.00)
Earnings per share (basic and diluted) (in Euro)		(0.07)		0.03

Note: Average exchange rate considered for 1 Euro in 2017-18 is ₹ 77.6015 and in 2016-17 is ₹ 71.9290

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

	As at 31-03-2018		As at 31-03-2017	
	USD million	USD million	USD million	USD million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	211.63		212.24	
(b) Capital work-in-progress	5.95		4.35	
(c) Goodwill	25.68		22.14	
(d) Other intangible assets	24.68		28.50	
(e) Intangible assets under development	5.17		5.13	
(f) Financial assets				
(i) Investments	22.31		31.45	
(ii) Loans	1.05		1.02	
(g) Deferred tax assets	4.25		4.10	
(h) Other non-current assets	0.33		0.50	
		301.05		309.43
2. CURRENT ASSETS:				
(a) Inventories	90.16		136.03	
(b) Financial assets				
(i) Investments	0.00		0.81	
(ii) Trade receivables	308.31		289.48	
(iii) Cash and cash equivalents	100.02		111.73	
(iv) Bank balances other than (iii) above	6.38		5.59	
(v) Loans	6.74		11.76	
(vi) Others	0.05		26.72	
(c) Current tax assets (net)	14.91		10.88	
(d) Other current assets	117.64		186.98	
		644.21		779.98
3. Assets classified as held for sale and discontinued operations		454.07		481.74
TOTAL ASSETS		1399.33		1571.15
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	19.23		19.33	
(b) Other equity	397.24		614.66	
		416.47		633.99
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	128.46		77.69	
(ii) Other financial liabilities	0.24		0.18	
		128.70		77.87
(b) Provisions		10.09		10.98
(c) Deferred tax liabilities		5.48		40.45
(d) Other non-current liabilities		0.06		0.14
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	119.53		109.59	
(ii) Trade payables	218.46		213.30	
(iii) Other financial liabilities	73.22		62.35	
		411.21		385.24
(b) Other current liabilities		70.44		85.78
(c) Provisions		18.35		12.97
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		338.53		323.73
TOTAL EQUITY AND LIABILITIES		1399.33		1571.15

Note: Closing exchange rate considered for 1 USD as at 31st March, 2018 is ₹ 65.1700 and as at 31st March, 2017 is ₹ 64.8450

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017-18		2016-17	
	USD million	USD million	USD million	USD million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	974.15		882.83	
Other income	6.12		10.07	
TOTAL INCOME		980.27		892.90
EXPENSES:				
Cost of materials consumed	654.96		569.38	
Purchases of stock-in-trade	7.23		35.23	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.97		(25.33)	
Excise duty	15.32		60.67	
Employee benefits expense	82.41		76.51	
Finance costs	33.98		27.74	
Depreciation and amortisation expense	23.12		21.30	
Other expenses	122.75		100.44	
TOTAL EXPENSES		960.74		865.94
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX		19.53		26.96
Share of profit / (loss) from associates and joint venture		(0.27)		(0.23)
Exceptional items (net)		(68.60)		(10.84)
PROFIT / (LOSS) BEFORE TAX		(49.34)		15.89
TAX EXPENSE:				
Current tax	5.26		8.80	
Deferred tax - MAT credit entitlement	-		(1.76)	
Deferred tax / (credit)	6.34		(2.85)	
		11.60		4.19
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		(60.94)		11.70
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	(123.80)		(88.15)	
Tax expense / (credits) of discontinued operations	(4.11)		(3.33)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		(119.69)		(84.82)
LOSS FOR THE YEAR		(180.63)		(73.12)
Attributable to:				
Equity holders of the parent		(180.32)		(73.15)
Non-controlling interests		0.31		(0.03)
		(180.63)		(73.12)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	(6.25)		(8.60)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.49		0.36	
B (i) Items that will be reclassified to profit or loss	(17.28)		8.77	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(23.04)		0.53
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(203.67)		(72.59)
Attributable to:				
Equity holders of the parent		(203.36)		(72.62)
Non-controlling interests		0.31		(0.03)
Earnings per share for continuing operations (in USD)		(0.97)		0.18
Earnings per share for discontinued operations (in USD)		(1.91)		(1.35)
Earnings per share (basic and diluted) (in USD)		(2.88)		(1.17)

Note: Average exchange rate considered for 1 USD in 2017-18 is ₹ 64.5442 and in 2016-17 is ₹ 67.0978

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

	As at 31-03-2018		As at 31-03-2017	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, plant and equipment	170.71		198.63	
(b) Capital work-in-progress	4.80		4.07	
(c) Goodwill	20.72		20.72	
(d) Other intangible assets	19.91		26.67	
(e) Intangible assets under development	4.17		4.81	
(f) Financial assets				
(i) Investments	17.99		29.43	
(ii) Loans	0.85		0.96	
(g) Deferred tax assets	3.42		3.84	
(h) Other non-current assets	0.27		0.46	
		242.84		289.59
2. CURRENT ASSETS:				
(a) Inventories	72.73		127.31	
(b) Financial assets				
(i) Investments	0.00		0.75	
(ii) Trade receivables	248.70		270.92	
(iii) Cash and cash equivalents	80.68		104.56	
(iv) Bank balances other than (iii) above	5.15		5.23	
(v) Loans	5.43		11.01	
(vi) Others	0.04		25.01	
(c) Current tax assets (net)	12.03		10.19	
(d) Other current assets	94.89		174.99	
		519.65		729.97
3. Assets classified as held for sale and discontinued operations		366.28		450.86
TOTAL ASSETS		1128.77		1470.42
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital	15.52		18.09	
(b) Other equity	320.43		575.25	
		335.95		593.34
LIABILITIES:				
1. NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	103.63		72.71	
(ii) Other financial liabilities	0.19		0.16	
		103.82		72.87
(b) Provisions		8.14		10.28
(c) Deferred tax liabilities		4.42		37.86
(d) Other non-current liabilities		0.05		0.14
2. CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	96.42		102.57	
(ii) Trade payables	176.22		199.62	
(iii) Other financial liabilities	59.06		58.35	
		331.70		360.54
(b) Other current liabilities		56.82		80.28
(c) Provisions		14.80		12.14
3. Liabilities associated with group of assets classified as held for sale and discontinued operations		273.07		302.97
TOTAL EQUITY AND LIABILITIES		1128.77		1470.42

Note: Closing exchange rate considered for 1 Euro as at 31st March, 2018 is ₹ 80.7910 and as at 31st March, 2017 is ₹ 69.2870

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017-18		2016-17	
	Euro million	Euro million	Euro million	Euro million
CONTINUING OPERATIONS				
INCOME:				
Revenue from operations	810.23		823.53	
Other income	5.10		9.39	
TOTAL INCOME		815.33		832.92
EXPENSES:				
Cost of materials consumed	544.75		531.14	
Purchases of stock-in-trade	6.01		32.87	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.44		(23.63)	
Excise duty	12.75		56.59	
Employee benefits expense	68.55		71.37	
Finance costs	28.26		25.87	
Depreciation and amortisation expenses	19.23		19.87	
Other expenses	102.10		93.69	
TOTAL EXPENSES		799.09		807.77
PROFIT BEFORE SHARE OF PROFIT / (LOSS) FROM ASSOCIATES AND JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX		16.24		25.15
Share of profit / (loss) from associates and joint venture		(0.22)		(0.22)
Exceptional items (net)		(57.06)		(10.11)
PROFIT / (LOSS) BEFORE TAX		(41.04)		14.82
TAX EXPENSE:				
Current tax	4.37		8.21	
Deferred tax - MAT credit entitlement	-		(1.65)	
Deferred tax / (credit)	5.28		(2.65)	
		9.65		3.91
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAX		(50.69)		10.91
LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX	(102.97)		(82.23)	
Tax expense / (credits) of discontinued operations	(3.42)		(3.11)	
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX		(99.55)		(79.12)
LOSS FOR THE YEAR		(150.24)		(68.21)
Attributable to:				
Equity holders of the parent		(149.98)		(68.24)
Non-controlling interests		0.26		(0.03)
		(150.24)		(68.21)
OTHER COMPREHENSIVE INCOME:				
A (i) Items that will not be reclassified to profit or loss	(5.19)		(8.03)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.40		0.34	
B (i) Items that will be reclassified to profit or loss	(14.37)		8.18	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(19.16)		0.49
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(169.40)		(67.72)
Attributable to:				
Equity holders of the parent		(169.14)		(67.75)
Non-controlling interests		0.26		(0.03)
Earnings per share for continuing operations (in Euro)		(0.81)		0.17
Earnings per share for discontinued operations (in Euro)		(1.58)		(1.26)
Earnings per share (basic and diluted) (in Euro)		(2.39)		(1.09)

Note: Average exchange rate considered for 1 Euro in 2017-18 is ₹ 77.6015 and in 2016-17 is ₹ 71.9290

products and services

power systems

CG INDIA

TRANSFORMERS

- Auto Transformers (up to 1200kV)
- Distribution Transformers
- Energy Efficient Transformers
- Dry Type Transformers (Cast Resin)
- Locomotive Transformers
- Solar Inverter application Transformers
- Converter Application Transformers
- Traction Transformers
- Furnace Transformers
- Rectifier Transformers
- Shunt Reactors (upto 800kV)
- Generator Transformers (up to 800kV)
- Systems Transformers
- Phase Shifting Transformers
- Earthing Transformers
- Isolation Transforvmers
- 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 Protection Relays, Substation Automation & Control Products
- Gas Insulated Switchgear (GIS) 66-145-245kV
- Dead Tank Circuit Breaker (DTB) 72.5kV
- MV Electrical soft starters upto 12kV/100KW-20MW
- Automatic Circuit Reclosers up to 36kV
- Gas Insulated Sectionalizer/Load Break Switch upto 36kV

ENGINEERING PROJECTS

Projects on turnkey basis from concept to commissioning:

- Turnkey Air Insulated Substation upto 765kV
- Turnkey Gas Insulated Substation upto 400kV
- 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 Power Transformers (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 Gid Solutions
- Substation Control and Automation Systems
- Distribution Automation Systems
- Transmission MV and HV SCADA projects
- HV Substation refurbishment projects

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 10000kVA
- Rectifier Transformers
- SLIM® Transformers (up to 36kV)
- Solar Application Transformers
- Tidal Application Transformers
- Battery Storage 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
- Self-protecting Distribution Transformers (upto 1000kVA)
- Earthing Transformers and Combined Earthing Transformers with Auxiliary
- Series Reactors
- Pad-Mounted Transformers
- Transformers for Electric Vehicle Charging Stations
- Phase Shifting Transformers

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 AMERICAS LLC

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

EHV SWITCHGEAR

- 72.5kV Outdoor Gas Circuit Breaker (Dead Tank)
- 36kV–800kV Live Gas Circuit Breaker (Live Tank)
- 12kV–800kV Current Transformer
- 12kV–420kV Inductive Voltage Transformer
- 72.5kV–1200kV Capacitive Voltage Transformer
- 52kV–800kV Condenser Bushing (Oil Impregnated)
- 52kV–145kV Resin Impregnated Paper Bushing
- Gas Insulated Switchgear (Up to 245kV)
- Off Load Disconnector (Up to 245kV)

ARRESTORS

- Distribution Class (Up to 36kV)
- Station Class (Up to 1200kV)

*Available both in Porcelain and Polymeric Housing

MV SWITCHGEAR

- Indoor & Outdoor Vacuum Circuit Breaker (Up to 36 kV)
- Gas Insulated Switchgear (Up to 36 kV)

- Auto Recloser (Up to 36kV)
- Sectionalizer (15.5kV)
- Vacuum Contactor (Up to 12kV)
- Numerical Digital Protection Relay (Complaint to IEC61850)

SERVICES

Maintenance, Repair and Retrofit Services for Transformers

QEI INC.

AUTOMATION SOLUTIONS

QEI (formerly CG Automation Solutions) is the oldest and most experienced U. S. based supplier of SCADA systems for Electric, Transit and Water/Wastewater utilities. CG Automation is a full service company, with the engineering, manufacturing, training, and service personnel to support each customer's SCADA requirements from inception to completion.

- Tone Telemetry Devices
- Remote Telemetry Unit
- Substation Automation
- 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 systems

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, 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 for Hydro, Steam and Gas
- Service: refurbishment and overhauling upto 300MVA

LT MOTORS (INDIA)

- AC Motors, Frame 63 to 500 (0.18kW to 630kW)
- TEFC Motors available in Squirrel cage & Slipring constructions, suitable for Safe Area & Hazardous Area
- AC Motors Apex Series, Frame 80 to 355LX (0.75 to 315kW) IE 2 Efficiency and Frame 80 to 355LX (0.75 to 315KW) IE 3 Efficiency
- AC Motor NEMA Range 56 to 504 (0.75 to 150KW) EPACT & OWP and AC Motor NEMA Range 143 to 405 (0.75 to 75KW) Premium
- AC Motor Kibosh Series, Frame 80 to 200L (0.37kW to 30kW)

- Laminated Yoke DC Motors Frame 100 to 355 (2.2kW to 550kW)
- Solid Yoke DC motors Frame 180 to 315 (1.1KW to 75KW)
- Mill duty motors DC motors Frame 802 to 816 (7.5KW to 200KW)
- Alternators Brushless Series Frame 132 to 450 (5kVA to 2250kVA)
- Alternator Ustad Series: Slipring Alternators from 5kVA to 82.5kVA

FHP MOTORS

- NEMA B42, B48 Frame: 30 to 370W, 2/4/6/8 Pole Sheet Metal Body Motors
- M50 Frame (NEMA B56/143T/184): 187 to 2250W, 2/4/6/8 Pole Sheet Metal Body Motors
- 100S Frame: 1100 to 2250W, 4/6 Pole Sheet Metal Body Motors
- IEC 80–160 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 & TRACTION ELECTRONICS

- AC & DC Traction Motors for AC Locos, Diesel Locos, EMUs, DEMUs & DETCs
- Traction Alternators for Diesel Locos, DEMUs & DETCs
- Traction Electrics for AC Locos, DEMUs & DETCs

RAILWAY SIGNALLING

- Signalling Relays
- Point Machines
- Data Logger
- BLDC Fan
- Integrated Power Supply System
- 25KVA Underslung Inverter
- EMX Motor B15
- Switch Board Panels

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

establish-ments

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power systems

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industrial systems

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