

## CG Power and Industrial Solutions Limited

Registered Office:

CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India

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Corporate Identity Number: L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

Our Ref: COSEC/50/2019-20

August 27, 2019

**By portal**

### The Corporate Relationship Department

BSE Limited

1<sup>st</sup> Floor, New Trading Ring

Rotunda Building,

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai 400 001

Scrip Code : 500093

### The Assistant Manager – Listing

National Stock Exchange of India Ltd.

Exchange Plaza, Bandra-Kurla Complex

Bandra (East)

Mumbai 400 051

Scrip Id : CGPOWER

Dear Sir/Madam,

### **Sub: Schedule of Analyst call and Investor Presentation**

Pursuant to Regulation 30 read with para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, we wish to inform you that conference call with analyst / institutional investors is scheduled to be held on Wednesday, August 28, 2019, 10:00 a.m. (IST) onwards. The investor presentation for the call is attached herewith.

Please note that the above schedule is subject to changes due to exigencies on part of the Analysts/ Institutional Investors/the Company.

We would appreciate if you could take the same on record.

Thanking you

Yours faithfully,

For **CG Power and Industrial Solutions Limited**

  
Shikha Kapadia  
Company Secretary and Compliance Officer  
ACS no. 20733



Encl: As above



AVANTHA  
GROUP COMPANY



Smart solutions.  
Strong relationships.

# CG Power and Industrial Solutions Limited

Company Update  
August 2019



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## **IV** Key Findings and Financial Impact

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# Key Updates

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# Key Updates in Last Few Months



## Leadership Update

- ◆ Narayan Seshadri has been appointed as independent director and chairman of operating committee
- ◆ Sudhir Mathur erstwhile independent director has been re-designated as a whole time executive director
- ◆ B Hariharan has resigned as non-executive director
- ◆ K. Neelkant, MD was away from day to day management during the period of investigation and continues to be away
- ◆ V. R. Venkatesh, CFO is serving notice period till the finalization of annual accounts for FY19

## Other Updates

- ◆ S R B C & CO LLP has been appointed as a Joint Auditor
- ◆ Kanjurmarg facility is in the process of being transferred to facilitate monetization of land
  - Some of the orders have been transitioned to Indonesian and Bhopal facilities
- ◆ Royalty payment to Avantha Holdings Limited (“AHL”) put in abeyance

## >40% Change in Shareholding

- ◆ Promoter shareholding has dropped to 8,574 shares (<0.01%) in May 2019
- ◆ Currently the Top 5 shareholders of the Company are the following
  - Vistra – 21.6%
  - Yes Bank – 12.8%
  - HDFC – 9.2%
  - Aditya Birla – 8.9%
  - Bharti (SBM) Holding – 8.3%

## Continued Business Momentum

- ◆ Consistent positioning as a top 2 supplier across major product categories
- ◆ Uptick in motors & railway orders driving order book growth
- ◆ Refocus on previously discontinued international operations to improve profitability, cash flows and drive synergies

# Scope and Rationale of the Review



## Key Events Timeline



**The Review has been performed by an Independent Legal Firm at the behest of Risk and Audit Committee and Operations Committee**

**Impact of the transactions/ entries identified in the Review has been included in the Management Compiled Financial Information**

**A full forensic investigation being initiated**

**Appropriate actions will be initiated against the involved parties under legal advice**

\*Management compilation of unaudited standalone and consolidated financial position and profit and loss of the Company for the years ended 31st March 2019 and restated financial information and profit and loss for the year ended 31st March 2018 and April 1, 2017 ("Management Compiled Financial Information"). Management Compiled Financial Information is also defined in the press release dated August 19th 2019"

# Financial Impact of Review Process



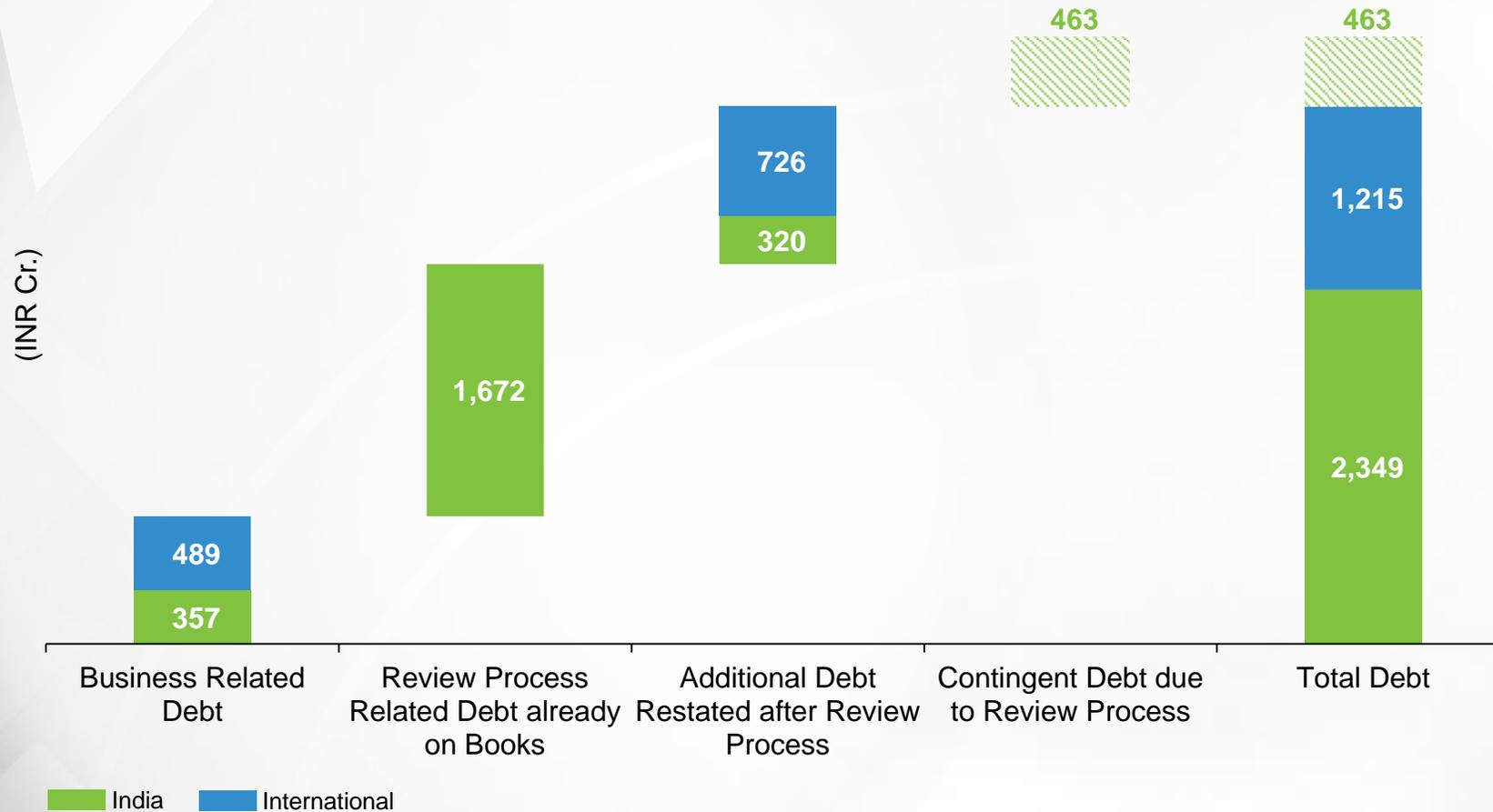
## Management Compiled Financial Information

- ◆ On consolidated basis Company delivered a revenue of INR 7,998 Cr. and EBITDA of INR 274 Cr. during FY19
- ◆ On a standalone basis Company delivered a revenue of INR 5,356 Cr. and EBITDA of INR 355 Cr. during FY19

## Financial Impact of Review Process

- ◆ Financial Statements have been restated to incorporate the impact of identified transactions
- ◆ The FY18 consolidated liability of the company has increased from INR 6,405 Cr. to INR 7,976 Cr. post the impact of the identified transactions
- ◆ The FY18 consolidated net worth of the company has increased from INR 2,714 Cr. to INR 2,912 Cr. post the impact of the identified transactions
- ◆ Total FY18 consolidated receivables balances from various subsidiaries, promoter affiliate companies and connected parties has increased from INR 131 Cr. to INR 2,657 Cr. post the impact of the identified transactions
- ◆ A detailed review will be undertaken to assess the recoverability from related parties and the resultant net worth impact, in parallel a detailed deleveraging plan has been drawn up to avoid any disruption in the business

# Debt\* Position as of 31<sup>st</sup> March 2019



## Key Steps Planned

**Initiate discussion with lenders to support the Company**

**Planned monetization to help deleverage the Company**

**Decide working capital allocation at India and International level**

**Management has undertaken initial discussions with lenders to establish completeness of the liability**

# Key Initiatives



## Improve Transparency, Governance and Streamline Corporate Structure

- ◆ “Top down” approach to a complete cultural change to regain trust, boost employee morale and set new standards of openness and cohesion
- ◆ Effective oversight through Board Committee
- ◆ Strengthening of Management Team – Appoint key top management positions such as Group CFO, COO, HR Head and any other critical positions
- ◆ Overall realignment of the corporate structure to optimize the ability to run the business more efficiently and improve transparency in the system

## Address Liquidity Challenges

- ◆ Normalize working capital to restore optimal liquidity in the operations to enable strong revenue and EBITDA growth by undertaking the following:
  - Put forth inherent strength of the Company’s businesses and resultant cash flows and seek lenders’ support for any interim liquidity mismatch ahead of the deleveraging process
  - Work with lender consortium for continued support

## Monetization of Non- Core assets and Fund-Raising Avenues

- ◆ Non-core Asset Monetization - Evaluation of divestments of non-core assets, including but not limited to sale of Kanjurmarg land and CG House, without hampering the capability to serve customers
- ◆ Consider other fund-raising avenues including a potential equity raise for bridging the cash flow gaps as well as working capital requirement to avoid any business disruption

# Key Initiatives (Cont'd.)



## Improving Operational Efficiencies

- ◆ Inject liquidity into the businesses to enable achievement of full utilization
- ◆ Improve margins through better pricing of raw materials by reducing creditor balances
- ◆ Focus on other process efficiencies and bringdown overall direct and overhead costs

## Strategic Review of International Operations

- ◆ Review the international business with a view to making it a coherent part of business and drive synergies
  - Belgium: Focus existing high margin, fast growing product segments like systems and services business, transformers for solar sector
  - Hungary: Evaluate increase in penetration in the market by leveraging the existing unutilized capacity and entry barriers
  - Indonesia: Consider expansion to new SEA markets such as Vietnam and Philippines and increase revenue share from systems and services business

## Recoveries and Other Steps

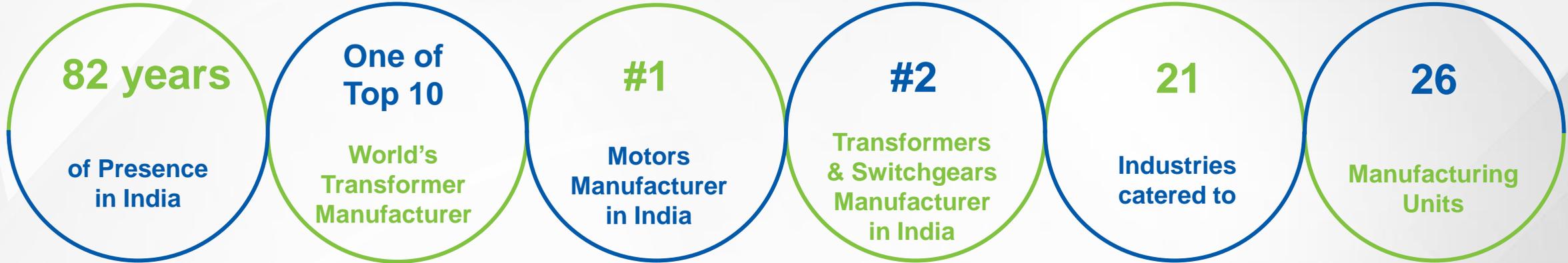
- ◆ Facilitate early completion of Phase 2 Forensic Investigation to establish accountability and the end use of funds diverted
- ◆ Obtain appropriate legal inputs for assumption of newly identified liabilities



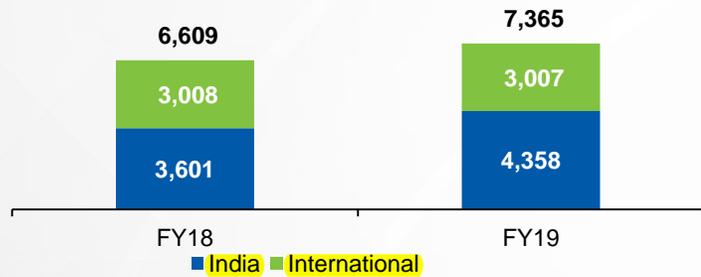
# Business Section



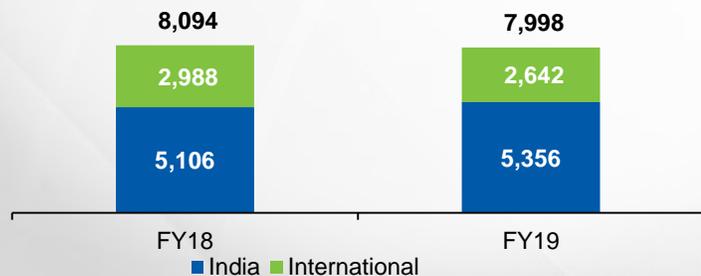
# CG at a Glance: Overview



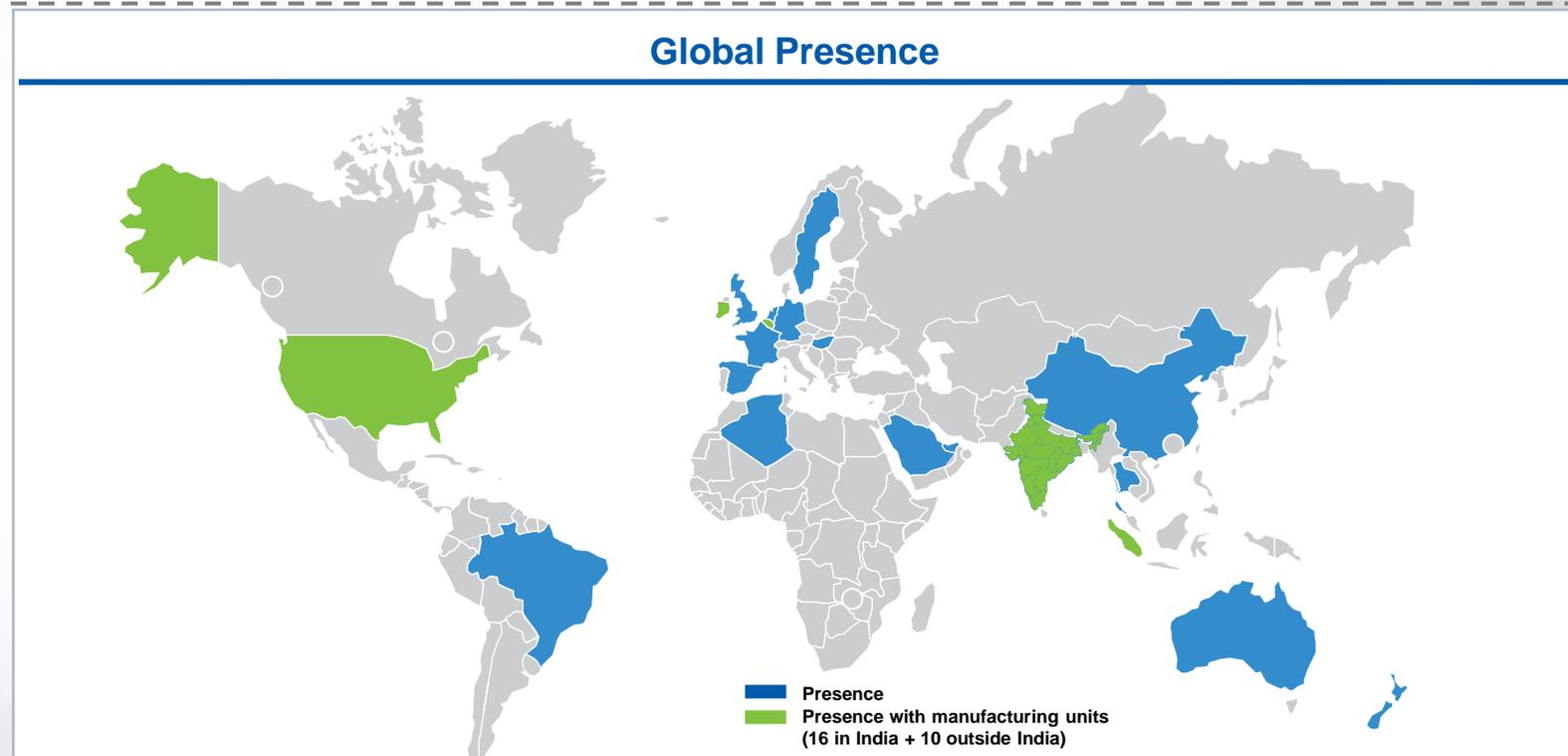
## Consolidated Order Book (INR Cr.)



## Consolidated Revenue (INR Cr.)



## Global Presence



# CG India at a Glance: Key Business Verticals



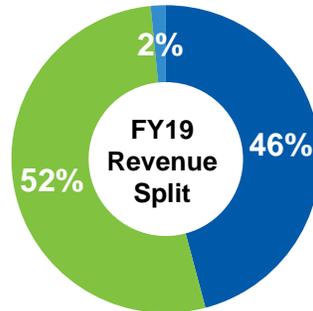
## POWER



EPD



Transformers and Reactors



■ Switchgear ■ Transformers ■ EPD



Switchgear



58% consolidated revenue contribution from Power Business

### Key Clientele



पावरग्रिड



## INDUSTRIALS



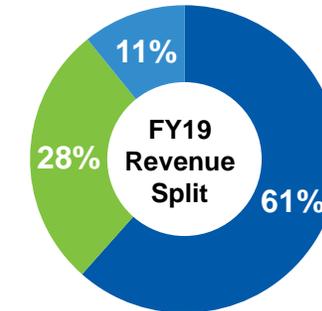
Drives & Automation



Stampings



Railways



■ Motors ■ Railways ■ Drives & Stamping



Motors

42% consolidated revenue contribution from Industrials

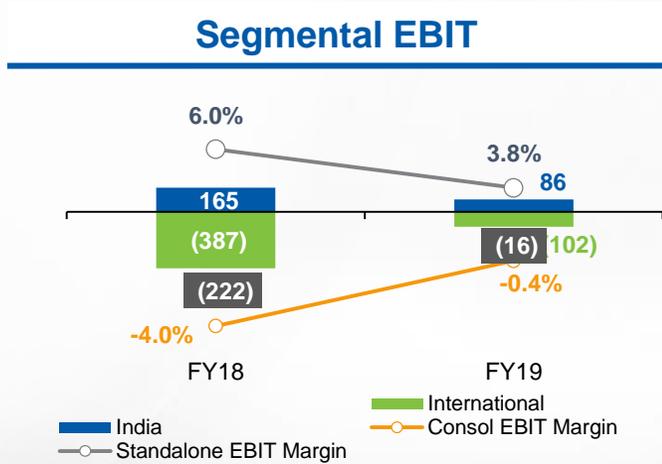
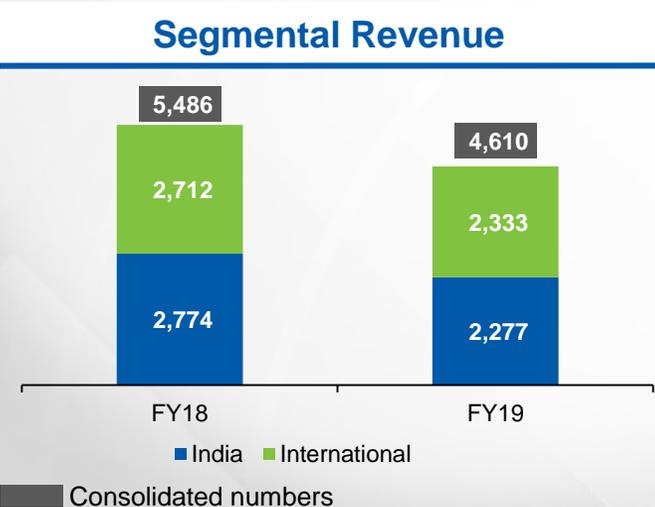
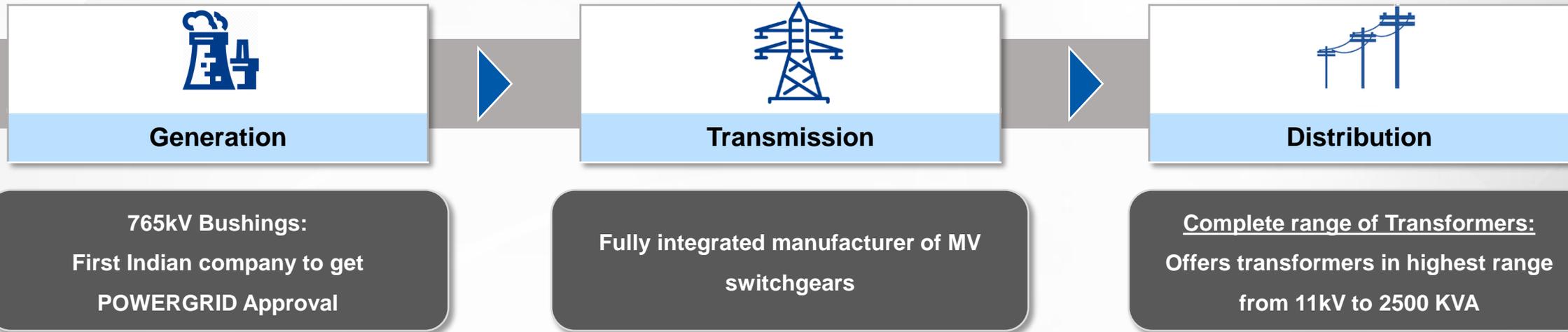
### Key Clientele



# Business Verticals: Power



## End-to-End Solutions: Technologies Cover The Entire Energy Value Chain



### Key Products Market Size and Share

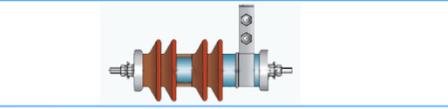
Product	Market Size	Market Share
Transformers	INR 11,300 Cr.	8%
Switchgears	INR 5,437 Cr.	15%

# Power: Consistently among the Top 5 Players



Switchgears

Transformers

	Products	Indicative Product Market Size (INR Cr.)	Indicative Product Market Share (%)	Indicative Rank (#)	Peers
		551	21%	#2	GE, ABB, BHEL
		88	48%	#1	OBLUM, Lamco
		755	26%	#2	GE, Siemens
		2,320	13%	#4	ABB, Schneider
		1,523	5%	#2	Siemens, ABB
		200	35%	#1	BEL, ABB
		6,600	9%	#3	GE, TBEA
		4,700	5%	#5	Voltamp, Tesla

# Business Verticals: Industrials



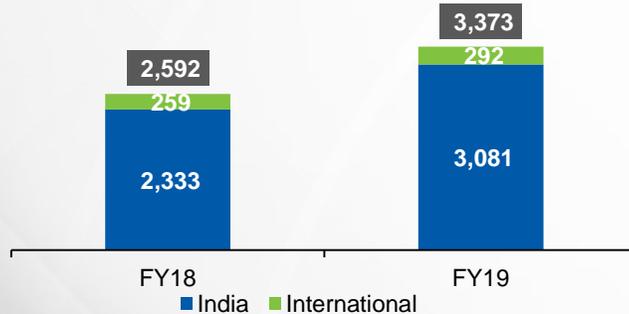
## Key Highlights - Railways

- ◆ Huge uptick in railways orders in FY19
  - Largest ever single order of 60 sets AC-AC propulsion system
  - Highest order from CLW & DLW for 582 nos. 3 phase traction motor
- ◆ 18-20% Market Share with CLW / DLW / DMW / ICF in rolling stock and 52% share in Relays & Point machines in zonal railways
- ◆ Market leader for relays, point machine and DETC

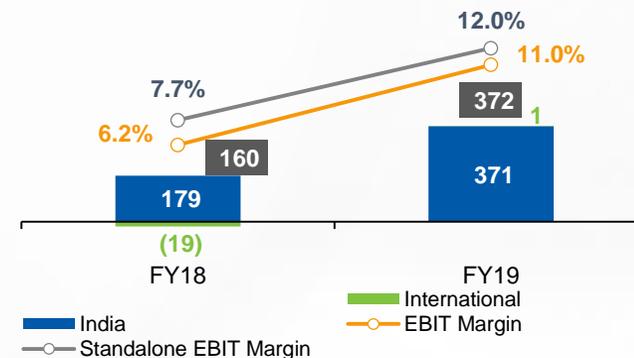
## Key Highlights - Motors

- ◆ Motors is a high growth, high margin and cash rich business segment
- ◆ CG has the ability to build large customized motors
- ◆ Largest channel partner network with high brand acceptance and numerous corporate approvals

## Segmental Revenue



## Segmental EBIT



## Key Products Market Size and Share

Market	Market Size	Market Share
Motors	INR 5,540 Cr.	30%
Railways	INR 3,626 Cr.	34%
Drives	INR 1,450 Cr.	7%

**Industrials Revenue has grown by 30% in the last 1 year**

Consolidated numbers

Source: Management Compiled Financial Information as defined in the press release dated August 19th 2019; Management estimates

# Industrials: Consistently among the Top 5 Players

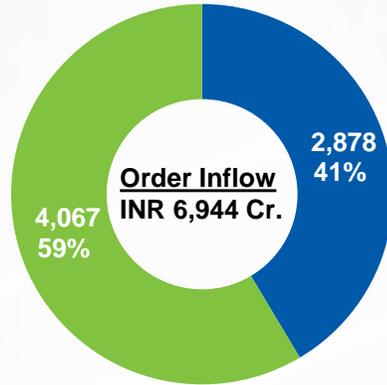


	Products	Indicative Product Market Size (INR Cr.)	Indicative Product Market Share (%)	Indicative Rank (#)	Peers
Motors	LT Motors 	3,820	34%	#1	ABB, Siemens
	Large Motors 	970	17%	#2	Bhel, ABB
	FHP Motors 	750	29%	#1	Marathon, Lawkim
Railways	AC Traction Motor TM 6068 	485	31%	#2	Bhel, Saini
	Propulsion Electrics 	863	66%	#1	Bhel
	IGBT Propulsion System 	1,514	17%	#5	BTIL, Bhel, ABB
	Loco Transformer 	481	22%	#3	ABB, Bhel
	Relay 	90	59%	#1	AEW
	Point Machine 	88	60%	#1	Vossloh
	Carriage Fan (BLDC) 	105	40%	#1	Kanwar

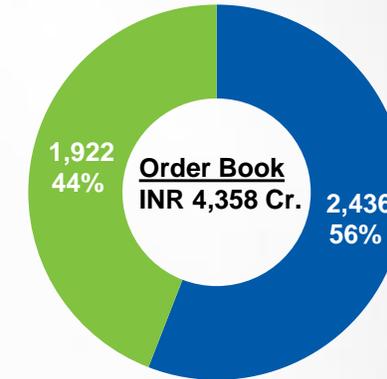
# Order Inflows & Order Book Breakup



Order Inflow\*



Order Book\*

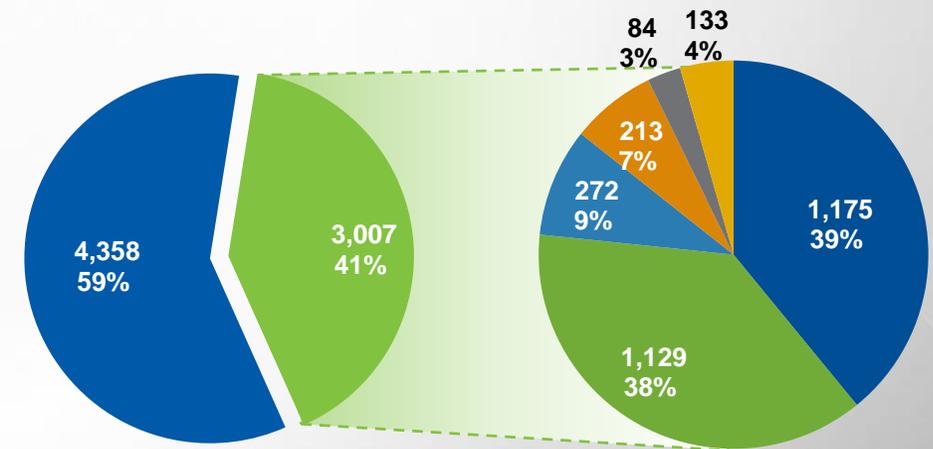
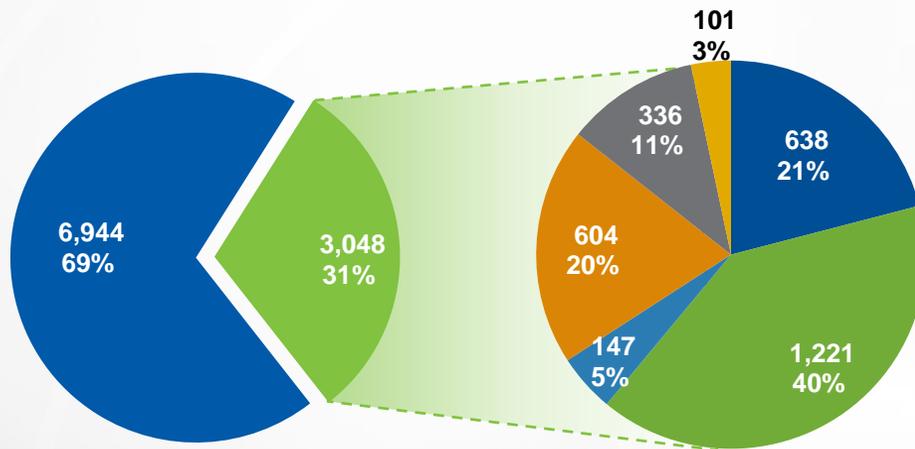


- Power
- Industrials

By Segment  
(India Operations)

Order book growth is largely driven by Railways and Motors in Industrials Segment

By Geography  
(Consolidated)



- India
- International

- Belgium
- Indonesia
- Hungary
- Ireland
- Sweden
- Others

- India
- International

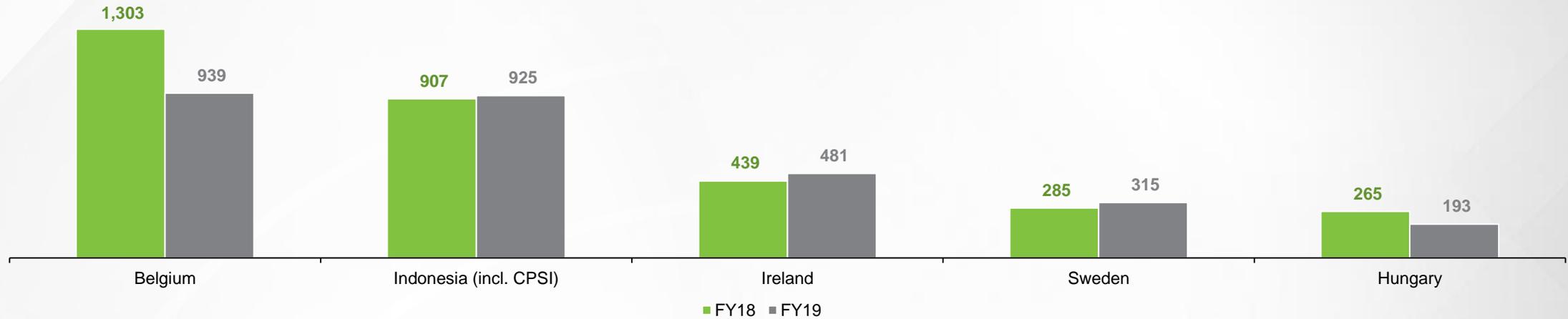
- Belgium
- Indonesia
- Hungary
- Ireland
- Sweden
- Others

Note: Order Inflow & Order Book information is for FY19

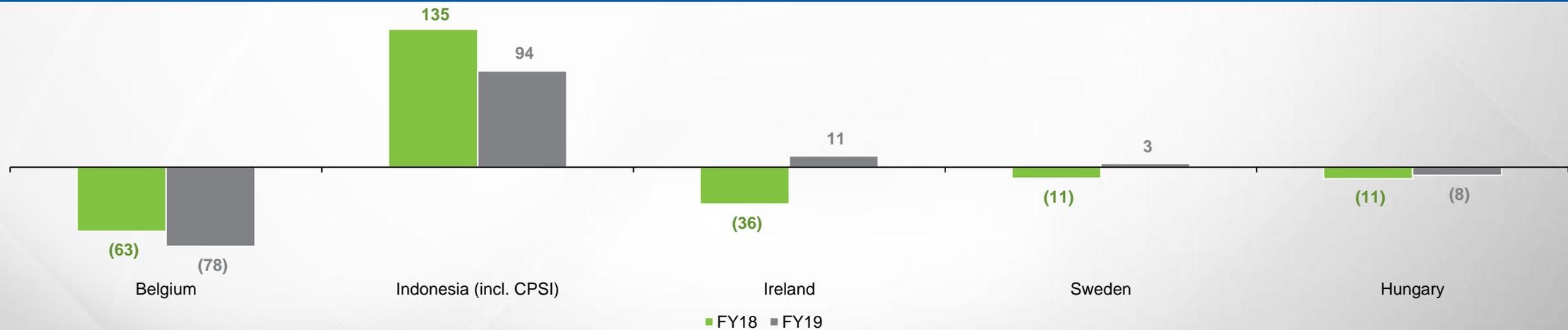
# Performance of International Subsidiaries



## Revenue (INR Cr.)



## EBIT (INR Cr.)





# Leadership & Shareholding



# Leadership Team



## Sudhir Mathur

*Whole Time Executive Director*



- ◆ MBA, Cornell University & Economics graduate, SRCC
- ◆ Work Experience: 32+ Years
- ◆ Experience in operations, finance and strategic planning across high-growth sectors like Oil & Gas, Telecom and Infrastructure

## Ramesh Kumar

*Head – Rotating Machines*



- ◆ BE Electrical, MNIT Allahabad
- ◆ Work Experience: 36 Years (29 years with CG)
- ◆ Managed several key roles in CG like AIMM – Motors, Head – Pumps & Lighting and All India Sales Head

## Ranjan Singh

*Head - Railways*



- ◆ MBA - CRIM, Bhopal & BE - DAVV, Indore
- ◆ Work Experience: 33 Years (25 years with CG)
- ◆ Has experience in Marketing, Business Development and after sales service

## Lloyd Pinto

*Head of Region – SEAP*



- ◆ Business Excellence Assessor, CII, Bangalore
- ◆ Work Experience: 30 years with CG
- ◆ Experience across functions like International Sales and Marketing, P&L Head, Country Head and HR

## Ananidya Basu

*Head - Transformers*



- ◆ ME, IISc & BE, Jadhavpur University
- ◆ Work Experience: 34 Years (26 years with CG)
- ◆ Experience across functions and companies like BNIPL and EMCO in the Transformer space

## Mukul Srivastava

*Head - Switchgears*

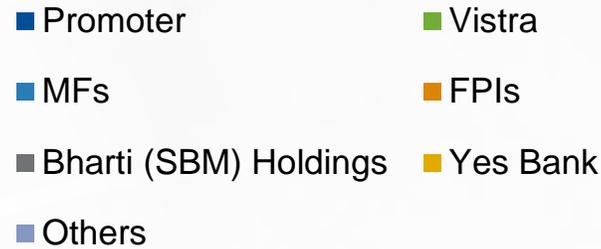
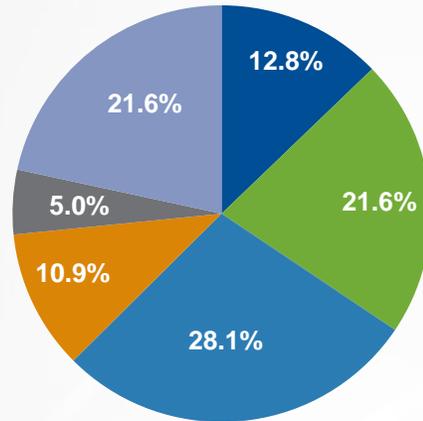


- ◆ M.Tech, IIT Kanpur
- ◆ Work Experience: 27 Years with CG
- ◆ Played instrumental role in turning around the CG LUCY plant during his stint as CEO at CG Lucy JV

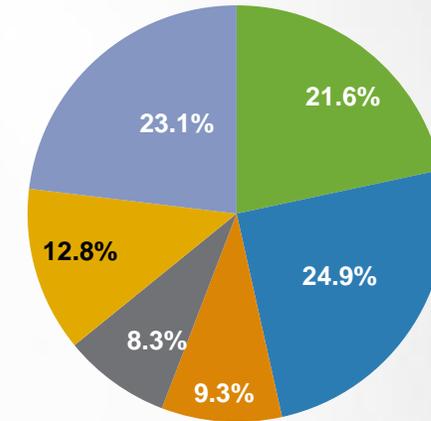
# Shareholding Pattern



Mar-19



Jun-19



## Key Shareholders with >1% shareholding as of Jun-19

Vistra	21.6%
Yes Bank	12.8%
HDFC	9.2%
Aditya Birla	8.9%
Bharti (SBM) Holdings	8.3%
Franklin Templeton	3.2%
LIC	2.2%
Reliance Cap	2.0%
IDFC	1.5%
Van Guard	1.1%

- ◆ Vistra invoked Pledge in Mar-19
- ◆ Yes Bank invoked pledge in May-19
- ◆ Promoter Shareholding dropped down to 8,574 shares (<0.01%) after Yes Bank invoked Pledge
- ◆ Bharti (SBM) Holdings Private Limited acquired 8.3% stake from start of 2019



# Key Findings and Financial Impact



# Summary: Key Findings



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
1.	Consolidated Notes – 4 (a)  Standalone Notes – 4 (a)	<b>Assignment of Nashik Property</b> <ul style="list-style-type: none"> <li>◆ Transaction was for sale and assignment of Nashik Property to connected party</li> <li>◆ Advance of INR 200 Cr. received from connected party towards consideration for assignment</li> <li>◆ Advances amounting to INR 198 Cr. made by the Company to a related party and a connected party</li> <li>◆ Transactions not approved by the Board</li> </ul>	<ul style="list-style-type: none"> <li>◆ Recognized receivables and liability pursuant to restatement</li> </ul>
2.	Consolidated Notes – 4 (b)  Standalone Notes – 4 (b)	<b>Sale of Kanjurmarg Property</b> <ul style="list-style-type: none"> <li>◆ Transaction was for sale of Kanjurmarg Property to connected party</li> <li>◆ Advance of INR 190 Cr. received from connected party towards sale consideration</li> <li>◆ Advances amounting to INR 192 Cr. made by the Company to connected party</li> <li>◆ Transactions not approved by the Board</li> </ul>	<ul style="list-style-type: none"> <li>◆ Standalone - Recognized receivables and liability pursuant to restatement</li> <li>◆ Standalone - Interest paid on amounts received from connected party has now been reclassified as finance cost from Professional fees amounting to INR 16 Cr. and exchange gain and loss amounting to INR 33 Cr. and advance to promoter amounting to INR 14 Cr. in FY18</li> </ul>
3.	Consolidated Notes – 4 (f)  Standalone Notes – 4 (m)	<b>Cheques issued by Company in favor of a bank</b> <ul style="list-style-type: none"> <li>◆ Credit facility sanctioned to the promoter group on back of Post-dated Cheques and Comfort Letter issued by the Company without authorization of the board of directors</li> <li>◆ Post-dated Cheques were returned as dishonored due to insufficient funds</li> </ul>	<ul style="list-style-type: none"> <li>◆ Company is seeking legal advice from independent law firm on the matter</li> <li>◆ Disclosed contingent liability worth INR 392 Cr.</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
4.	Consolidated Notes – 4 (k)	<p><b>EUR 44mn borrowing by CG Singapore from a bank and guaranteed by CG</b></p> <ul style="list-style-type: none"> <li>◆ Wholly-owned subsidiary availed term loan and utilized the same for unauthorized purposes</li> <li>◆ Entire amount was remitted immediately to an overseas non-CG affiliate company</li> </ul>	<ul style="list-style-type: none"> <li>◆ Recognized receivables and liability worth INR 342 Cr. in FY19</li> </ul>
5.	Consolidated Notes – 4 (l)	<p><b>US\$ 40 Mn FC Term Loan by CG Middle East from a bank and guaranteed by a corporate guarantee from CG IBV</b></p> <ul style="list-style-type: none"> <li>◆ Indirect wholly-owned subsidiary availed term loan on back of pledge of inventory &amp; corporate guarantee from CG IBV, a wholly owned subsidiary of the Company</li> <li>◆ No resolution at CG IBV for the corporate guarantee</li> <li>◆ Entire amount was remitted immediately to an affiliate company through series of transactions</li> </ul>	<ul style="list-style-type: none"> <li>◆ Recognized borrowings &amp; receivable worth INR 261 Cr.</li> <li>◆ Recognized accrued interest expenses of INR 4 Cr. in FY18</li> </ul>
6.	<p>Consolidated Notes – 4 (c)</p> <p>Standalone Notes – 4 (k)</p>	<p><b>Outstanding Trade Receivables from Identified Customers</b></p> <ul style="list-style-type: none"> <li>◆ Entered into tri-partite agreement with certain suppliers and related party</li> <li>◆ Liability to supplier was assigned to related party</li> <li>◆ Goods supplied were sold to certain customers which in turn got classified as bad debts</li> </ul>	<ul style="list-style-type: none"> <li>◆ As at 1<sup>st</sup> Apr-17, inventory &amp; trade payables worth INR 258 Cr. have been reversed</li> <li>◆ In FY18 financials, followings reversals have been recorded- a) Revenue of INR 52 Cr, INR 2 Cr. of central service tax and cost of goods sold of 66 Cr. pertaining to sales made to specific customers, b) Cost of goods sold worth INR 102 Cr. c) Provision for slow-moving inventory worth INR 156 Cr.</li> <li>◆ In FY19 financials, provision created on trade receivables worth INR 120 Cr. has been reversed</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
 Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
7.	Consolidated Notes – 4 (o)	<p><b>Advances to vendors in CG Singapore</b></p> <ul style="list-style-type: none"> <li>◆ Advances paid to related parties for creating new business opportunities for a wholly-owned subsidiary</li> <li>◆ Related parties did not possess requisite expertise for creating new business opportunities</li> <li>◆ No clear defined scope of work/ targets</li> <li>◆ No correspondence between related party and wholly-owned subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>◆ Group has decided to disclose transaction in related party transactions</li> </ul>
8.	Consolidated Notes – 4 (m)	<p><b>Advances o/s in the books of CG Middle East</b></p> <ul style="list-style-type: none"> <li>◆ Advances given to suppliers who didn't have the expertise to deliver the specialized services</li> <li>◆ Contracts for such services were not approved by Board or Management</li> </ul>	<ul style="list-style-type: none"> <li>◆ Initiated the process of recovery of advances</li> </ul>
9.	Consolidated Notes – 4 (g) Standalone Notes – 4 (c)	<p><b>INR 229 cr paid to related party</b></p> <ul style="list-style-type: none"> <li>◆ Promoter Group entered in agreement to pay the company INR 229 Cr. to be kept into a fixed deposit</li> <li>◆ Company to return the whole deposit amount if royalty payment not met by the given deadline</li> <li>◆ Royalty payment to be made through the fixed deposit</li> <li>◆ Interest income was booked by the company &amp; whole deposit amount with the interest was paid back to the Promoter Group</li> <li>◆ Company has received a copy of the assignment cum put agreement from the bank</li> </ul>	<ul style="list-style-type: none"> <li>◆ Company is in discussion with the lender as well as with its independent legal counsel with respect to tenability of the INR 71 Cr. outstanding liability and proposes to disclose this as a contingent liability</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
10.	Consolidated Notes – 4 (i)  Standalone Notes – 4 (e)	<p><b>Affiliate entities issued cheques of INR 300 Cr. (as on FY17) &amp; INR 400 Cr. (as on FY18) in spite of insufficient funds</b></p> <ul style="list-style-type: none"> <li>◆ Affiliate entities issued cheques in favor of Company in spite of insufficient funds</li> <li>◆ Company recorded past-dated cheques as bank balances before presenting for payment</li> <li>◆ Advanced monies to the affiliate entities &amp; presented cheques post funding</li> </ul>	<ul style="list-style-type: none"> <li>◆ Company has decided to increase the receivable balance from affiliate entities for FY17 and FY18 by INR 300 Cr. and INR 400 Cr. respectively and reduce the balances with banks by the same amount</li> <li>◆ Recognized accrued interest income of INR 8 Cr. in FY18 and INR 16 Cr. in FY19 in standalone financials</li> </ul>
11.	Consolidated Notes – 4 (h)  Standalone Notes – 4 (d)	<p><b>Co-borrowing INR 200 Cr. with subsidiary in FY17</b></p> <ul style="list-style-type: none"> <li>◆ INR 200 Cr. was co-borrowed along with subsidiary which the company used for its own purpose</li> <li>◆ The debt was classified as “Liabilities associated with Group of assets classified as held for sale and discontinued operations” as on 31<sup>st</sup> March 2017 (INR 200 Cr.) and 31<sup>st</sup> March 2018 (INR 195 Cr.)</li> <li>◆ Subsidiary was unable to service the debt</li> </ul>	<ul style="list-style-type: none"> <li>◆ Company has reclassified the debt to borrowing</li> <li>◆ Accordingly, INR 25 Cr. in FY18 was reclassified as interest cost from “Loss from discontinued operations before tax”</li> </ul>
12.	Consolidated Notes – 4 (d)	<p><b>Inappropriate recording of sales transaction and related purchase</b></p> <ul style="list-style-type: none"> <li>◆ Inappropriate recording of sales transactions with certain specific customers aggregating to INR 41 Cr. Recorded purchase of INR 38 Cr. pertaining to these sales transactions</li> <li>◆ Lack of adequate documentation evidencing the receipt and dispatch of goods and requisite approvals for these transactions</li> <li>◆ Unable to trace and establish the existence of counter-parties</li> </ul>	<p>Following reversals have been recorded</p> <ul style="list-style-type: none"> <li>◆ Revenue of INR 41 Cr.</li> <li>◆ Purchases of INR 38 Cr.</li> </ul> <p>This has led to decrease in PBT of INR 2 Cr. in FY18</p>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
13.	Consolidated Notes – 4 (j)  Standalone Notes – 4 (f)	<b>Inappropriate offsetting of liabilities and receivables</b> <ul style="list-style-type: none"> <li>◆ Group availed short term borrowings from certain banks of INR 245 Cr. in FY18</li> <li>◆ These borrowings were inappropriately offset against the receivables from related parties</li> </ul>	<ul style="list-style-type: none"> <li>◆ Group has restated the balances in FY18 financials</li> </ul>
14.	Consolidated Notes – 4 (n)	<b>Inappropriate offsetting of investments against borrowings</b> <ul style="list-style-type: none"> <li>◆ INR 133 Cr. (Eur 16.5 mn) were invested in mutual funds in FY18</li> <li>◆ These investments were inappropriately offset against borrowings during FY18</li> </ul>	<ul style="list-style-type: none"> <li>◆ Restatement of investments and borrowings</li> </ul>
15.	Consolidated Notes – 4(p)  Standalone Notes – 4 (n)	<b>Write-off of receivables from promoter, promoter affiliate company and third parties amounting to INR 519 Cr. in FY18</b> <ul style="list-style-type: none"> <li>◆ Receivables worth INR 519 Cr. were written off and an expense was recognized under the head of “Exceptional Items” in FY18 due to lack of sufficient documentation explaining the nature and purpose of these advances</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reversal of these write offs and restating the balances</li> </ul>
16.	Consolidated Notes – 4(r)	<b>Inappropriate offsetting of advances and receivables</b> <ul style="list-style-type: none"> <li>◆ During FY18 Group received unexplained advances from various parties amounting to INR 421 Cr.</li> <li>◆ These advances were inappropriately offset against receivables from affiliate companies</li> </ul>	<ul style="list-style-type: none"> <li>◆ Group has restated the balances in financials</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
17.	Consolidated Notes – 4(s)	<p><b>Advances to third parties</b></p> <ul style="list-style-type: none"> <li>◆ During FY17, FY18 and FY19 Group gave advances to third parties</li> </ul>	<ul style="list-style-type: none"> <li>◆ Group has plans to initiate the process for recovery of advances</li> </ul>
18.	Consolidated Notes – 4(t)	<p><b>Non-controlling interest in Indonesian subsidiary</b></p> <ul style="list-style-type: none"> <li>◆ 5% share with minority shareholders in line with Management and Support Services agreement</li> </ul>	<ul style="list-style-type: none"> <li>◆ Liability towards Non-controlling shareholders of INR 26 Cr. is restated as of April 1, 2017 with corresponding decrease in retained earnings</li> <li>◆ Profit share pertaining to minority is also restated by INR 6 Cr. for FY18</li> </ul>
19.	Standalone Notes – 4 (g)	<p><b>Reclassification of advances to wholly owned subsidiary</b></p> <ul style="list-style-type: none"> <li>◆ Company gave some advances to the wholly owned subsidiary which were to be paid back on sale of the power transformer business of the wholly owned subsidiary</li> <li>◆ Due to termination of the agreement of sale of transformer business, the wholly owned subsidiary was not in a position to repay the advances</li> <li>◆ Although the advances were expected to be collected after 12 months they were classified under current advances</li> </ul>	<ul style="list-style-type: none"> <li>◆ The advances of INR 1,150 Cr. have been reclassified under non-current advances from current advances</li> </ul>
20.	Standalone Notes – 4 (h)	<p><b>Impairment of investments in wholly owned subsidiary</b></p> <ul style="list-style-type: none"> <li>◆ Company had total exposure/receivable of INR 2,352 Cr. towards wholly owned subsidiary</li> <li>◆ Company carried out an impairment assessment for this exposure and evaluated the recoverability</li> </ul>	<ul style="list-style-type: none"> <li>◆ Recognized an impairment provision of INR 1,325 Cr. in FY19</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Summary: Key Findings (Cont'd.)



Sr. No.	Reference	Transaction Summary	Adjustments* made in the Management Compiled Financial Information
21.	Consolidated Notes – 4(q)  Standalone Notes – 4 (i)	<p><b>Inappropriate classification of receivables to subsidiary financials</b></p> <ul style="list-style-type: none"> <li>◆ Advances of INR 332 Cr. were made to promoter in FY17 and subsequently erroneously assigned to third parties</li> <li>◆ In FY19 advances of INR 44 Cr. and INR 26 Cr. were made to connected party and a related party respectively and were erroneously assigned to subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>◆ Restated the receivable as receivable from promoter</li> <li>◆ Reversed the effect of such assignment in financial statements</li> </ul>
22.	Standalone Notes – 4 (j)	<p><b>Reclassification of advances to subsidiary</b></p> <ul style="list-style-type: none"> <li>◆ Company gave some advances to subsidiary which were classified under current advances for the period of 31<sup>st</sup> March 2018 and 30<sup>th</sup> September 2018</li> <li>◆ Company expects to realize the balances after 12 months from the reporting date</li> </ul>	<ul style="list-style-type: none"> <li>◆ Company has reclassified INR 1,226 Cr. from current to non-current for the period ended 31<sup>st</sup> March 2019</li> </ul>
23.	Consolidated Notes – 4 (e)  Standalone Notes – 4 (l)	<p><b>Discontinued Operations in Jalgaon</b></p> <ul style="list-style-type: none"> <li>◆ Settlement was done with MSEDCL in FY18</li> </ul>	<ul style="list-style-type: none"> <li>◆ Assessment of recoverability of dues</li> <li>◆ Written off INR 34 Cr. receivables in FY19</li> <li>◆ Restated FY18 financials to reflect fair value of receivables</li> </ul>
24.	Consolidated Notes – 4 (u)  Standalone Notes – 4 (o)	<p><b>Tax effect of adjustments</b></p>	<ul style="list-style-type: none"> <li>◆ Tax effect of INR 22 Cr. for the above adjustments had been recorded in the financial statements of FY18 and INR 2 Cr. for prior years has been recorded in retained earnings as at 1 April 2017</li> </ul>

Source: Management Compiled Financial Information as defined in the press release dated August 19<sup>th</sup> 2019;

\* Adjustments are subject to further investigation as stated in the detailed Notes to Consolidated and Standalone Management Compiled Financial Information  
Consolidated and Standalone notes refer to notes to Consolidated and Standalone Management Compiled Financial Information respectively

# Financial Performance: Consolidated



Particulars (INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
Revenue from operations	6,288	8,094	7,998
EBITDA <sup>1</sup>	455	110	274
<i>EBITDA %</i>	7.2%	1.4%	3.4%
EBIT <sup>2</sup>	306	(142)	49
<i>EBIT %</i>	4.9%	-1.7%	0.6%
Profit / Loss after tax from continuing operations	(393)	(662)	(469)
<i>PAT %</i>	-6.3%	-8.2%	-5.9%
Total Comprehensive Income after Tax	(1,315)	(890)	(635)

Source: Management Compiled Financial Information as defined in the press release dated August 19th 2019

Note: (1): EBITDA = Profit before share of profit/loss from associates & joint venture, exceptional items & tax + Depreciation & amortization + Finance Costs – Other Income

(2): EBIT = EBITDA – Depreciation & amortization

# Financial Performance: Consolidated (Cont'd.)



Particulars (INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Assets</b>			
Total Non-Current Assets	1,962	4,600	4,568
Total Current Assets	4,198	4,718	3,984
Assets for discontinued operations	2,959	1,571	1,703
<b>Total Assets</b>	<b>9,119</b>	<b>10,889</b>	<b>10,254</b>
<b>Equities and Liabilities</b>			
Total Equity	2,714	2,912	2,191
Total Non-Current Liabilities	941	2,360	1,987
Total Current Liabilities	3,258	5,042	5,449
Liabilities for discontinued operations	2,206	574	627
<b>Total Equity and Liabilities</b>	<b>9,119</b>	<b>10,889</b>	<b>10,254</b>

# Financial Performance: Standalone



Particulars (INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
Revenue from operations	5,079	5,106	5,356
EBITDA <sup>1</sup>	345	474	355
<i>EBITDA %</i>	6.8%	9.3%	6.6%
EBIT <sup>2</sup>	243	372	251
<i>EBIT %</i>	4.8%	7.3%	4.7%
Profit / Loss after tax from continuing operations	(273)	86	(1,381)
<i>PAT %</i>	-5.4%	1.7%	-25.8%
Total Comprehensive Income	(359)	(15)	(1,527)

Source: Management Compiled Financial Information as defined in the press release dated August 19th 2019

Note: (1): EBITDA = Profit before share of profit/loss from associates & joint venture, exceptional items & tax + Depreciation & amortization + Finance Costs – Other Income

(2): EBIT = EBITDA - Depreciation & amortization

# Financial Performance: Standalone (Cont'd.)



Particulars (INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Assets</b>			
Total Non-Current Assets	2,434	6,081	4,607
Total Current Assets	4,906	2,650	2,295
Assets for discontinued operations	75	52	280
<b>Total Assets</b>	<b>7,415</b>	<b>8,783</b>	<b>7,183</b>
<b>Equities and Liabilities</b>			
Total Equity	3,841	4,154	2,527
Total Non-Current Liabilities	904	1,692	1,155
Total Current Liabilities	2,670	2,935	3,500
Liabilities for discontinued operations	1	1	-
<b>Total Equity and Liabilities</b>	<b>7,415</b>	<b>8,783</b>	<b>7,183</b>



# Annexure

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# Consolidated Profit & Loss Statement



(INR Cr.)	FY18		FY19
	(Reported)	(Restated)	
<b>Income from operations</b>			
Revenue from operations	6,288	8,094	7,998
Other income	40	39	49
<b>Total Income</b>	<b>6,327</b>	<b>8,133</b>	<b>8,047</b>
<b>Expenses</b>			
(a) Cost of materials consumed	4,227	5,296	5,038
(b) Purchases of stock-in-trade	47	47	35
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	135	(134)	125
(d) Excise duty	99	99	-
(e) Employee benefits expense	532	1,081	1,063
(f) Finance costs	219	321	383
(g) Depreciation and amortization expense	149	252	225
(h) Foreign exchange (gain) / loss (net)	-	(71)	97
(i) Other expenses	792	1,666	1,365
<b>Total Expenses</b>	<b>6,201</b>	<b>8,556</b>	<b>8,331</b>
<b>Loss before share of loss in associates and joint venture, exceptional items and tax</b>	<b>126</b>	<b>(423)</b>	<b>(284)</b>
Share of loss in associates and joint venture	(2)	(2)	-
Exceptional items (net)	(443)	(135)	(167)
<b>Loss before tax</b>	<b>(319)</b>	<b>(560)</b>	<b>(451)</b>
<b>Tax expense / (credit) :</b>			
Current tax		64	83
Deferred tax charge / (credit)	75	38	(65)
<b>Loss from continuing operations after tax</b>	<b>(393)</b>	<b>(662)</b>	<b>(469)</b>
<b>Loss from discontinued operations before tax</b>	<b>(799)</b>	<b>(102)</b>	<b>(29)</b>
Tax credit on discontinued operations	(27)	(35)	(11)
<b>Loss from discontinued operations after tax</b>	<b>(773)</b>	<b>(67)</b>	<b>(18)</b>
<b>Net loss for the year</b>	<b>(1,166)</b>	<b>(729)</b>	<b>(487)</b>
<b>Other comprehensive income:</b>			
(a) (i) Items that will not be reclassified to profit or loss	(40)	(39)	(138)
(ii) Income tax relating to items that will not be reclassified to profit or loss	3	3	1
(b) (i) Items that will be reclassified to profit or loss	(112)	(126)	(12)
<b>Total comprehensive income after tax</b>	<b>(1,315)</b>	<b>(890)</b>	<b>(635)</b>
<b>Total comprehensive income attributable to:</b>			
(a) Equity holders of the parent	<b>(1,313)</b>	<b>(894)</b>	<b>(632)</b>
(b) Non-controlling interests	2	(4)	4

# Consolidated Balance Sheet – Assets



(INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Non-current Assets:</b>			
(a) Property, plant and equipment	1,379	2,034	1,747
(b) Capital work-in-progress	39	50	68
(c) Goodwill	167	147	141
(d) Intangible assets	161	184	162
(e) Intangible assets under development	34	35	23
<b>(f) Financial assets</b>			
(i) Investments	145	279	130
(ii) Trade receivable	-	-	13
(ii) Loans	7	7	7
(iv) Others	-	1,801	2,246
(g) Deferred tax assets (net)	28	62	23
(h) Other non-current assets	2	2	7
<b>Total Non-current Assets</b>	<b>1,962</b>	<b>4,600</b>	<b>4,568</b>
<b>Current Assets:</b>			
(a) Inventories	588	1,226	1,193
<b>(b) Financial assets</b>			
(i) Investments	0	0	0
(ii) Trade receivables	2,009	2,364	1,696
(iii) Cash and cash equivalents	652	380	242
(iv) Bank balances other than (iii) above	42	45	21
(v) Loans	44	48	34
(vi) Others	0	4	6
(c) Current tax assets (net)	97	78	34
(d) Other current assets	767	572	758
<b>Total Current Assets</b>	<b>4,198</b>	<b>4,718</b>	<b>3,984</b>
Assets classified as held for sale and discontinued operations	2,959	1,571	1,703
<b>TOTAL - ASSETS</b>	<b>9,119</b>	<b>10,889</b>	<b>10,254</b>

# Consolidated Balance Sheet – Equity & Liabilities



(INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Equity</b>			
(a) Equity Share capital	125	125	125
(b) Other equity	2,589	2,787	2,066
<b>Total Equity</b>	<b>2,714</b>	<b>2,912</b>	<b>2,191</b>
<b>Liabilities</b>			
<b>Non-current Liabilities:</b>			
(a) Financial liabilities			
(i) Borrowings	837	1,495	1,382
(ii) Other financial liabilities	2	392	298
(b) Provisions	66	76	84
(c) Deferred tax liabilities (net)	36	398	223
(d) Other non-current liabilities	0	0	0
<b>Total Non-current Liabilities</b>	<b>941</b>	<b>2,360</b>	<b>1,987</b>
<b>Current Liabilities:</b>			
(a) Financial liabilities			
(i) Borrowings	779	1,243	1,283
(ii) Trade payables	1,424	1,839	2,450
(iii) Other financial liabilities	477	769	773
(b) Other current liabilities	459	928	731
(c) Provisions	120	263	213
<b>Total Current Liabilities</b>	<b>3,258</b>	<b>5,042</b>	<b>5,449</b>
<b>Liabilities associated with group of assets classified as held for sale and discontinued operations</b>	<b>2,206</b>	<b>574</b>	<b>627</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>9,119</b>	<b>10,889</b>	<b>10,254</b>

# Standalone Profit & Loss Statement



(INR Cr.)	FY18		FY19
	(Reported)	(Restated)	
<b>Income from operations</b>			
Revenue from operations	5,079	5,106	5,356
Other income	198	225	220
<b>Total Income</b>	<b>5,277</b>	<b>5,331</b>	<b>5,576</b>
<b>Expenses</b>			
(a) Cost of materials consumed	3,453	3,368	3,729
(b) Purchases of stock-in-trade	47	47	35
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	179	91	(72)
(d) Excise duty	98	98	-
(e) Employee benefits expense	363	328	372
(f) Finance costs	214	302	337
(g) Depreciation and amortization expense	102	102	104
(h) Foreign exchange (gain) / loss (net)	-	(131)	63
(i) Other expenses	594	831	875
<b>Total Expenses</b>	<b>5,050</b>	<b>5,036</b>	<b>5,442</b>
<b>Profit before exceptional items and tax</b>	<b>227</b>	<b>295</b>	<b>134</b>
Exceptional items (net)	(453)	(133)	(1,518)
<b>Profit / (loss) before tax</b>	<b>(226)</b>	<b>162</b>	<b>(1,384)</b>
<b>Tax expense / (credit) :</b>			
Current tax	-	29	50
Deferred tax	47	47	(53)
<b>Profit / (loss) from continuing operations after tax</b>	<b>(273)</b>	<b>86</b>	<b>(1,381)</b>
<b>Loss from discontinued operations before tax</b>	<b>(80)</b>	<b>(102)</b>	<b>(34)</b>
Tax credit on discontinued operations	(28)	(35)	(12)
<b>Loss from discontinued operations after tax</b>	<b>(52)</b>	<b>(67)</b>	<b>(22)</b>
<b>Net loss for the year</b>	<b>(325)</b>	<b>19</b>	<b>(1,403)</b>
<b>Other comprehensive income:</b>			
(i) Items that will not be reclassified to profit or loss	(36)	(36)	(125)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2	2	1
<b>Total comprehensive income after tax</b>	<b>(359)</b>	<b>(15)</b>	<b>(1,527)</b>

# Standalone Balance Sheet – Assets



(INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Non-current Assets:</b>			
(a) Property, plant and equipment	1,288	1,288	967
(b) Capital work-in-progress	8	8	11
(c) Intangible assets	49	49	40
(d) Intangible assets under development	32	32	23
(e) Financial assets			
(i) Investments	1,029	1,029	899
(ii) Trade receivables		-	6
(iii) Loans	7	2,381	1,378
(iv) Others	20	1,292	1,281
(f) Other non-current assets	2	2	2
<b>Total Non-current Assets</b>	<b>2,434</b>	<b>6,081</b>	<b>4,607</b>
<b>Current Assets:</b>			
(a) Inventories	414	414	531
(b) Financial assets			
(i) Investments	0	0	0
(ii) Trade receivables	1,720	1,600	1,179
(iii) Cash and cash equivalents	593	193	125
(iv) Bank balances other than (iii) above	1	1	1
(v) Loans	1,570	41	62
(vi) Others	46	46	41
(c) Current tax assets (net)	84	65	32
(d) Other current assets	479	291	325
<b>Total Current Assets</b>	<b>4,906</b>	<b>2,650</b>	<b>2,295</b>
Assets classified as held for sale and discontinued operations	75	52	280
<b>TOTAL - ASSETS</b>	<b>7,415</b>	<b>8,783</b>	<b>7,183</b>

# Standalone Balance Sheet – Equity & Liabilities



(INR Cr.)	FY18 (Reported)	FY18 (Restated)	FY19
<b>Equity</b>			
(a) Equity Share capital	125	125	125
(b) Other equity	3,715	4,029	2,402
<b>Total Equity</b>	<b>3,841</b>	<b>4,154</b>	<b>2,527</b>
<b>Liabilities</b>			
Non-current Liabilities:			
(a) Financial liabilities			
(i) Borrowings	837	1,012	684
(ii) Other financial liabilities	1	391	298
(b) Provisions	53	53	55
(c) Deferred tax liabilities (net)	12	236	118
<b>Total Non-current Liabilities</b>	<b>904</b>	<b>1,692</b>	<b>1,155</b>
<b>Current Liabilities:</b>			
(a) Financial liabilities			
(i) Borrowings	631	876	1,037
(ii) Trade payables			
-Total outstanding dues of micro enterprises and small enterprises	82	82	124
-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,171	1,171	1,567
(iii) Other financial liabilities	412	432	531
(b) Other current liabilities	274	274	166
(c) Provisions	101	101	76
<b>Total Current Liabilities</b>	<b>2,670</b>	<b>2,935</b>	<b>3,500</b>
Liabilities associated with group of assets classified as held for sale and discontinued operations	1	1	-
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>7,415</b>	<b>8,783</b>	<b>7,183</b>



Smart solutions.  
Strong relationships.

# THANK YOU

