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

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Our Ref: COSEC/144/2020-21

November 17, 2020

By portal

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

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

Scrip Id : CGPOWER

Dear Sir/Madam,

Sub: Disclosure under SEBI (Prohibition of Insider Trading) Regulations, 2015

Pursuant to Regulation 3 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended), please find enclosed, an executive summary of certain information about the Company shared with Tube Investments of India Limited in connection with the potential investment in the Company.

The executive summary has also been made available on the Company's website i.e. www.cgglobal.com, to make such information generally available.

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

Thanking you

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

Alen Ferns
Company Secretary and Compliance Officer

CG Power And Industrial Solutions Limited Mumbai-400030

Encl. as above

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EXECUTIVE SUMMARY PURSUANT TO THE PROVISIONS OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015 FOR THE FINANCIAL DUE DILIGENCE OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED ("CG Power") IN RESPECT OF A POTENTIAL INVESTMENT IN CG POWER

1. CGPISL was incorporated in April 1937 and is primarily engaged in manufacture and sale of industrial and power equipment such as motors, transformers, switchgears etc.

2. CGPISL and its subsidiaries ("CG Group") has its presence in 21 countries worldwide.

3. Analysis of geographic spread of revenue was presented for FY19: 62% revenue is derived from India, 12% from Belgium, 10% from Indonesia, 5% from Ireland, 3% from Hungary and 7% from ROW

4. Based on the product portfolio, CG Group mainly operates in B2B segment across the following three business units ("BU"):

    - Industrial BU: Key products include AC motors, Fractional Horse Power ('FHP') motors, DC motors, traction machines for rail transportation and stamping;

    - Power BU: Key products include power transformers, switchgears and distribution transformers;

    - Engineering Projects Division ("EPD") BU. Key projects include765/400kV Bay Extension Package from Power Grid Corporation of India Limited ("PGCIL").

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5. Industrial BU contributed to 58% of FY19 revenue, Power 41% and EPD 1%; a brief snapshot of the BU overview is provided below:

Business Overview | Business Units ("BU") overview

Particulars	Motors	Railways	Stamping	Drives & Automation	Switchgears	Transformers	EPD	Corporate
Land type	Freehold and Leasehold	Leasehold	Leasehold	Leasehold	Leasehold	Freehold and Leasehold	n/a	Freehold and Leasehold
Land area (sq. mtr.)								
Freehold	2,988	n/a	n/a	n/a	n/a	32,494	n/a	[100,542]
Leasehold	192,742	55,722	39,180	51,893#	164,771	161,651	n/a	97,300
Headcount as at 30 September 2019@	944	289	107	56	709	812	91	529
Revenue as per MIS (INR in million)								
FY18	15,832	5,252	2,112	763	11,080	16.154	451	n/a
FY19	19,898	9,069	2,519	997	10,468	12,293	374	n/a
YTD20	9,712	3,335	1,202	446	3,789	3.474	424	n/a
EBITDA margin (MIS)								
FY18	10.4%	7.6%	6.0%	3.3%	10.5%	7.5%	(39.7%)	n/a
FY19	11.8%	13.4%	7.0%	(0.3%)	9.1%	2.4%	(58.4%)	n/.a
YTD20	13.4%	11.7%	5.5%	(3.8%)	6.7%	(3.2%)	(20.2%)	n/a
Customer type	• Dealer • Industrial entities	• Indian Railways • OEM / Contractors	• Primarily internal usage	• Dealer • Industrial entities	• Power utilities • Contractors • OEM's • Industrial entities	• Power utilities • EPC • State utilities	• Power utilities	n/a

Notes

Large industrial motors – M740 (Motors division), Traction Electronics – M730 (Railways division) and M720 (Drives and Automation) share a common campus and hence the land is shared between them (103,000 sq. mtr.) of which, an area measuring 9,924 sq. mtr. is used as common area between the three units and cannot be bifurcated. The same has been clubbed under M720.

Per Management, the segregation of the land area between M730 and M720 is not possible and hence the same has been clubbed under M720.

@ Excluding employees in common services (Mumbai - 4 employees and Switchgear - 68 employees)

n/a – not applicable

6. A brief overview of key terms and conditions for the raw material sourcing, sale terms, dealer relationship and an understanding of the inter-unit transactions

7. Standard diligence process involved evaluation of Quality of Earnings ('QoE') and debt and debt-like items; as of FY18, FY19 and YTD FY20. The analysis didn't reveal any material deviation from the reported and contingent liabilities figures

8. Working capital analysis was presented which indicated that significant working capital squeeze had taken place and Company has significantly high and stretched trade payables

9. Various margin trends analysis was performed by business units which showed correlation with the raw material cost and also impact on margins due to the working capital shortfall

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10. The Company had 10 registered labour unions (excluding T1) of technicians / workmen of CGPISL. Per Management, while CGPISL had cordial relation with labour union, headcount of unionized employees cannot be reduced without consent of union in spite decrease in production activity

11. Unexecuted orderbook situation was detailed out, as on Sep-19 was Rs. 4,025 Crore of which Motors Rs.715 Crore, Railways Rs.1,238 Crore, Power Rs.2,018 Crore and others Rs.54 Crore. Latest orderbook situation was disclosed as part of our FY20 results and it was at Rs.3060 Crore divided between Motors (Rs.536 Crore), Railways (Rs.907 Crore), Power (Rs.1532 Crore) and others Rs.84 Crore.

12. As reported in results also, of the total investment of Rs.1,607.7 Crore as at 30 September 2019, Management has provided for diminution in value of investment of Rs.1593 Crore.

13. Borrowings have increased substantially over the period of FY16 to current and Company is in non-compliance of various financial covenants and also in default of certain fund-based and non-fund-based facilities availed; details of which have been disclosed to the stock exchanged previously. The last disclosure made on this was on October 7, 2020.

14. There are significant tax claims against the Company, details of which have been provided in the financial results time to time.

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EXECUTIVE SUMMARY PURSUANT TO THE PROVISIONS OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015 FOR THE LEGAL DUE DILIGENCE OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED ("CG Power") IN RESPECT OF A POTENTIAL INVESTMENT IN CG POWER

1. CG Power is materially in compliance with regulations under the Foreign Exchange Management Regulations, 1999.

2. The Investor was provided with summaries of the financing documents executed by CG Power in relation to the fund-based and non-fund-based facilities availed by CG Power.

3. CG Power is in default of certain fund-based and non-fund-based facilities availed by CG Power, which have been disclosed to the stock exchanged previously. The last disclosure made by CG Power was on October 7, 2020.

4. The Investor was provided with summaries of certain customer contracts executed by the Company, on a sample-basis.

5. BSE Limited, on the Securities and Exchange Board of India's (**SEBI**) directions, had appointed MSA Probe Consulting Private Limited (**MSA**) to conduct a detailed forensic audit on the accounts of CG Power from financial year 2015-16 onwards. The report dated 18 March 2020 prepared by MSA was shared with the Investor, after receiving SEBI's prior approval in this regard on September 11, 2020

6. The Investor was provided with the final forensic investigation report dated October 28, 2020 from the Law Firm ("Report") and the report of Hon'ble Justice Mr. T. S. Thakur (Retd.) (former Chief Justice of India), who was appointed as the Head of Investigation to monitor the investigation, after his review of the findings and conclusions recorded in Report by the Law Firm.

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