



Smart solutions.  
Strong relationships.

# Gaining momentum

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED  
Annual Report 2021-22

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# Gaining momentum

FY22 has been a defining year for CG in many aspects. While each has its own significance, the social aspect has been the most critical and emotional for us. We saw a homecoming of confidence in us by our customers, vendors, investors and people, as we together prepared to rebuild CG’s glory of more than 84 years.

The limitless trust and confidence of all the stakeholders enabled us to realise a turnaround within the first year of operations under the new management and leadership. It speaks loud of our commitment and relationship built over years.

We have successfully resolved many of our legacy issues, and are firming our ground back to move ahead with determination and zeal to serve our customers and partners better.

**We are looking beyond the usual and gathering the learning of the past to chart a path of growth and sustainability. We are *Gaining Momentum*, with our inherent capabilities and robust relations, to attain newer highs.**



# We are CG

A Murugappa Group Company

## Key Highlights

17

Manufacturing Units

85

Years in Business

~2,600

Employees

₹5,159 crore

Standalone Turnover

₹3,686 crore

Order Book

₹387 crore

PAT (before exceptional items)

Long-Term Issuer Rating is 'IND AA-' with Stable outlook and Short-Term rating is 'IND A1+'

CG Power and Industrial Solutions Limited (CG) has been transforming under the able leadership and the vision of the new management. Established in 1937, we are an engineering conglomerate with an impressive and diverse portfolio of products, solutions and services for Power, Railways and Industrial equipment and solutions. A pioneer and leader in the management and application of electrical energy, our roots belong to India and branches across the world. In November 2020, Tube Investments of India (TII), a Murugappa Group company, acquired controlling stake in CG.

We are today one of the leading global organisations with permanent footprint and manufacturing facilities across Asia, Europe and North America. We are fast emerging as a first-choice supplier of high quality, "smart" electrical, industrial and consumer products and solutions all over the world.

Our unique and diverse portfolio ranges from transformers, switchgears, circuit breakers, network protection & control gear, project engineering, HT and LT motors, drives, Rail Transportation, Electrification and Signalling System, power automation products and turnkey solutions in all these areas.

## Our Vision



**To transform your needs into smart solutions for an enhanced quality of life.**



## Our Mission

To create value by providing integrated solutions and superior knowledge-based products and services in the domain of generation, transmission, distribution and utilisation of electrical energy.

To become the company of choice for utilities, industry and households in the global market, by leveraging technology and productivity through a highly empowered and engaged team.



## Our Values

**We are led by the Five Lights of the Murugappa Group**

### INTEGRITY

We value professional and personal integrity above all else. We achieve our goals by being honest and straight forward with all our stakeholders. We earn trust with every action, every minute of every day.

### RESPONSIBILITY

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

### QUALITY

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

### PAS2ION

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

### RESPECT

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.





# Our Business Segments

## Industrial Systems

Our Industrial Business is engaged in the business of power conversion equipment which includes a wide spectrum for all industrial applications of Medium and Low Voltage Rotating Machines (Motors, Generators, Alternators), Drives and Stampings for all industrial applications. We are a reputed supplier of equipments & solutions to the Indian Railways for rolling stock, railway electrification, coach and signalling segments for more than three decades. We are one of the oldest enterprises in the Indian electrical industry in existence since 1937.

## Our Portfolio



High / Low Voltage AC & DC Motors



Generators / Alternators - AC & DC



Drives and Automation



FHP / Commercial Motors



Stampings and Laminations



Domestic and Commercial Fans



Pumps



Services For Industrial Systems



Traction Machines & System (TMS)



Railway Transportation Traction Electronics



Railway Signaling (RS)

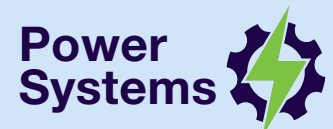
## Application Industries

- Agriculture
- Healthcare
- Construction
- Automotive
- Industrial Equipment
- Railways



To become a world-class provider of integrated solutions in the area of power conversion and utilisation of electrical energy, to consumers, industries and railways, by offering energy efficient, intelligent, e-enabled products and services.





CG is one of the largest Electric Equipment manufacturers for the Power and Industrial sector, and also offers turnkey solutions in Power Distribution and Generation.

## Our Portfolio



Transformers and Reactors



Switchgear Products- MV / HV / EHV / UHV



Gas Insulated Switchgears (GIS)



Turnkey Solutions

## Application Industries

- Utilities
- Industries
- Power plants
- Railways
- Infrastructure Projects
- Renewables
- Smart city Projects
- Data Centres

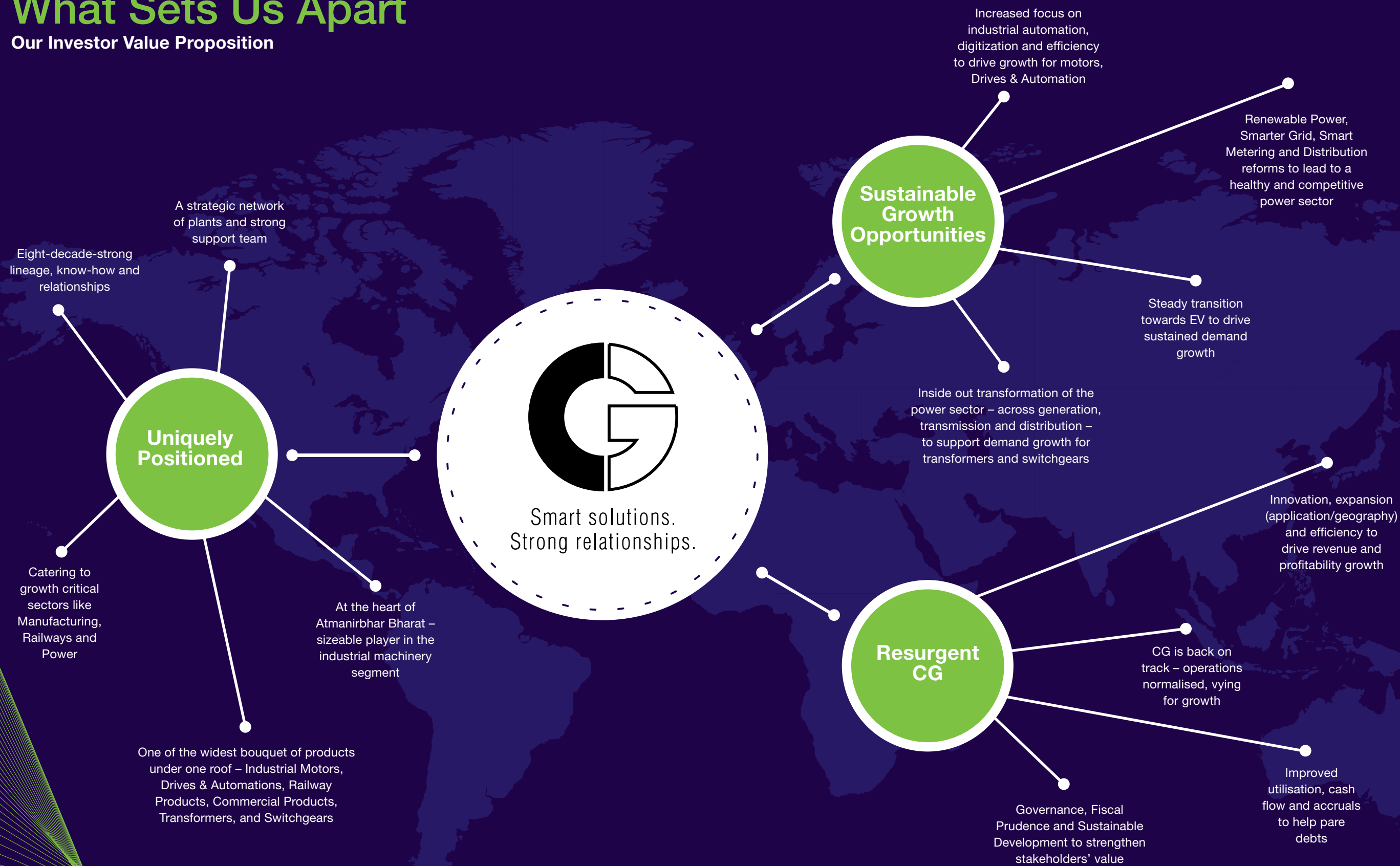


**To become a world-class provider of integrated solutions to our global customers in the domain of transmission and distribution of electrical energy, by offering reliable state-of-the-art products and services.**



# What Sets Us Apart

## Our Investor Value Proposition



# Snapshot FY22



## Traction Machines & System of CG's Railway Business commissioned 250<sup>th</sup> (DETC) Diesel Electric Tower Car in Kashmir Valley "Srinagar"

CG supplied Electrical Propulsion System equipped in a 8-Wheeler Diesel Electric Tower Car (DETC) manufactured at ICF, Chennai. This DETC was handed over to Indian Railway Construction Limited (IRCON, International) after commissioning at Budgam.



## CG Railway Business showcased at 14<sup>th</sup> International Railway Equipment Exhibition (IREE 2021)

CG showcased the indigenously developed Traction Motors for MEMU On Board and 9000 HP high speed locomotives, along with compact, reliable and robust design of Hotel load Converter, used to meet auxiliary power requirements such as lighting, fans, HVAC, heating, battery charging etc. of complete train and Signalling Relays and Point Machines for track application and Surge Arrester for 6000HP locomotive.



## DAI introduced Emotron EmoSmart Human Machine Interface (HMI)

DAI introduced Emotron EmoSmart Human Machine Interface (HMI) which is a reliable, robust and durable solution for human-machine intervention in various fields and industrial automation.



## CG unveils its new range of Ceiling, Table & Pedestal Fans

CG's Commercial Motors Division, Goa launched a new array of Ceiling, Table & Pedestal Fans to their product basket. The product launch event took place at two different locations in India viz. Delhi on 22 October 2021 and Coimbatore on 25 October 2021. More than 300 Channel Partners attended the event and appreciated the quality, appearance and aesthetics of the fans. CG received on-spot order booking of approx. ₹5 crore during these events.



## Jharkhand's first ever 400kV Substation Commissioned at Patratu by EPD

EPD successfully commissioned 400/220kV Grid Substation at Patratu on Turnkey basis on 29 December 2021, the first ever 400kV Substation in Jharkhand, having state-of-the-art technology for Jharkhand Urja Sancharan Nigam Ltd. (JUSNL) under consultancy project of M/s. Power Grid Corporation of India Ltd.



## Switchgear Division, Nashik organizes a donation drive for the flood victims

CG's Switchgear Division, Nashik organized a donation drive for the flood victims of Konkan, Maharashtra in association with "Utthan Foundation Bahu Uddeshiya Sanstha, Nashik". They were overwhelmed with the generous donation received from all the Switchgear Division employees and vendors. Donations included clothes, toiletry items, mattresses, bed sheets, blankets and grocery items like rice, wheat bags, sugar, edible oil, spices, jaggery, dry snacks, biscuits, etc.





**CG's Industrial Division contributed 65 beds to "Covid Setu"**

CG's Industrial Division contributed 65 beds to the COVID Quarantine and Treatment Centre "Covid Setu" at Ahmednagar. The centre was formed by a reputable local Industrial body. Besides, 10 ceiling fans were also donated to Matoshri COVID Centre, Ahmednagar. This contribution was part of a local Industrial drive to create a well-equipped, accessible and large scale COVID centre.



**LIM exported first-ever Water Cooled IP44 Protection Synchronous Generator with Double Flywheel Construction**

CG's Large Industrial Machines (LIM) Division developed, manufactured and supplied the first-ever "Water Cooled IP44 Protection Synchronous Generator with Double Flywheel Construction" of rating 2000 Kw, 8p, 6.0 kV.



**LT Motor's new AerObix Sewage Treatment Plant (STP)**

On the occasion of World Environment Day, LT Motors (Unit 1) at Ahmednagar inaugurated its newly operationalized AerObix Sewage Treatment Plant (STP), acquired from M/s Jalshree Corporation Pvt. Ltd, Pune. This setup has an operational Sewage Treatment capacity of 150 cubic meters per day.



**LT Motors Unit 1 bags "Most Sustainable Partner Award"**

CG bagged the most sustainable partner award at the Burckhardt Compression (India) Pvt. Ltd. Supplier Meet for its various initiatives towards minimizing ecological footprints and paving steps towards sustainable growth.



**IRIS Certification for RTTE & TMS Units**

Railway Transportation Traction Electronics (RTTE) and Traction Machines & Systems (TMS) of Railway Business successfully received IRIS Certification. The certification audit took place in May and June 2021. The highlight of the audit was "Zero Non Conformity" as the standard requirements were very stringent and the team successfully fulfilled all the requirements.



**RTTE wins "Special Jury Award - Large Scale Manufacturing Operator Category"**

Rail Transportation Traction Electronics (RTTE) of Railway Business won "Special Jury Award- Large Scale Manufacturing Operator Category" at the 16<sup>th</sup> Online Continuous Improvement (Kaizen) Competition held in July 2021.



# Corporate Information

## Chairman

Vellayan Subbiah

## Managing Director

Natarajan Srinivasan

## Non-Executive Directors

M A M Arunachalam

P S Jayakumar

Shailendra Roy

Sasikala Varadachari

Sriram Sivaram (w.e.f. 11 June 2021)

Kalyan Kumar Paul (w.e.f. 11 June 2021)

## Chief Financial Officer

Susheel Todi

## Company Secretary

P Varadarajan

## Auditors

S R B C & Co. LLP

## Bankers

State Bank of India

## Registered Office

6<sup>th</sup> Floor, CG House,  
Dr. Annie Besant Road, Worli,  
Mumbai 400 030

## Chairman's Letter

# Bouncing Back – Stronger, Bigger & Hungrier



Dear Shareholders,

I am extremely happy to share with you that we have successfully turned around CG Power and Industrial Solutions (CG) in the first full year of operations. About 18 months ago, when we welcomed CG as a subsidiary of Tube Investments of India (TI), in the Murugappa Group, we decided to focus on bringing back the glory of CG. Today, I am filled with excitement and confidence as I see the successful building blocks back together. My heartfelt thanks to all our stakeholders – vendors, partners, customers, our people, bankers, management team and well-wishers, who have believed in us and reinstated their confidence in us.

The world order is changing, and we are aligning to the needs and demands of it. The geo-political situation arising on account of the COVID-19 pandemic and the Russia-Ukraine war, provides us with an opportunity to not only make India self-reliant, but also become a



manufacturing hub for supplies to other countries. From the railway offerings to the power system, CG continues to innovate and become a strategic partner for customers in India and globally. As a subsidiary of TI and part of the Murugappa Group, your Company has been led by the Group's strong ethics and governance. This has enabled us to rise like a phoenix from the ashes and gather speed.

FY 2022 has been a defining year for us. We have managed to resolve many legacy issues impacting our Company, and have achieved a complete operational and financial turnaround this year. Our teams have worked round the clock to regain confidence of our vendors, customers and investors. All our businesses have performed to their potential with highest ever sales reported by Motor, Railways, and Transformer Divisions. On a standalone basis, the total sales for the year were at ₹5,159 crore, recording a growth of 104% YoY, and Profit Before Tax (before exceptional items) for the year stood at ₹502 crore as against loss of ₹91 crore in the previous year. Free cash flow generated for the year was at ₹392 crore.

CG is bouncing back – stronger, bigger and hungrier. Our inherent strengths are navigating our paths as we look at tapping newer opportunities and avenues in the years to come.

I would like to keep my letter short and let the results speak for themselves. Hope you enjoy reading our Annual Report 2021-22. The team has put in efforts to bring you well-structured and detailed information of your Company's businesses and operations. The theme, this year, is **Gaining Momentum** - highlights our commitment, values, and faith in our people and the market.

I would like to once again thank each one of you for trusting us and our purpose. We will continue to build across the blocks and become stronger than ever before.

Wishing all good health and prosperity!

**Vellayan Subbiah**  
Chairman



MD's Message

# A Defining Year



Dear Shareholders,

The Financial year 2021-22 is the first full year of operations of your Company after the new Promoter, Tube Investments of India took over the Company in November 2020. I am happy to inform to you that the Company made all round progress and staged a big come back during the year under report. Let me share some details.

### Operational performance

Your Company has two businesses – Industrial and Power Systems. Within a month of taking over the Company, the new management initiated several steps to revive the operations of the businesses. All the vendors' payments were settled and need based working capital funds were provided without any interruption. Number of meetings with vendors and customers were held to give the confidence that your Company would deliver on all its future commitments. These enablers coupled with a good demand environment helped the businesses improve their performance substantially. The Industrial Systems segment, consisting of the Motor business and Railway business clocked a turnover of ₹3,644 crore, registering a growth of 103% over last year. The Power systems segment, which gets its orders mostly against

tenders, bounced back to clock in a turnover of ₹1,516 crore, registering a growth of 107% over last year. It has been possible for the businesses to regain customers and a large part of the market share that was lost in the earlier years. Several new landmarks were achieved during the year:

- 1. Highest ever sales by Motor business
- 2. Highest ever sales by Railway business
- 3. Highest ever Order booking for the Transformer business

It is also gratifying to see the growing Order book of your Company that stood at ₹3,686 crore at the end of the financial year, signalling the confidence regained by your Company among its customers.

### Standalone Financial performance

The year witnessed increase in commodity prices and supply chain disruptions that contributed to margin pressures. Your Company managed to ride over the impact and meet the commitments of the customers. For the year ended 31 March, 2022, your Company recorded a turnover of ₹5,159 crore, a growth of 104% over last year, and reported a PAT (before exceptional items) of ₹387 crore, a growth of 272% over the last year. The sales recorded during the year is the highest sales recorded by the Company in the last three years, and also the Profit after tax recorded in the year was the highest recorded by your Company in the past eight years.

### Consolidated Financial performance

Consolidated financial statements include the performance of the operating subsidiaries at USA (QEI Inc.) and in Sweden, Germany and Netherlands (Drives and Automation Europe) and other non-operating and

holding subsidiaries. For the year ended 31 March, 2022, your Company recorded a turnover of ₹5,561 crore, a growth of 88% over last year and reported a PAT (before exceptional items) of ₹405 crore, a growth of 254% over the last year.

### Resolution of Legacy issues

The year also witnessed substantial resolution of legacy issues. Some of the major issues resolved were:

a. **Recasting of accounts**

Your Company was directed by the Hon'ble NCLT to recast and reaudit its Annual accounts (including that of subsidiaries) for the past five years from FY 2014-15 to FY 2018-19 and in aggregate 148 Accounts had to be reopened, recast and reaudited by Independent chartered accountants appointed by the Ministry of Corporate Affairs ("MCA"). The teams worked round the clock and completed the exercise during the year. The audited recast financial statements, were submitted by the MCA to Hon'ble NCLT and the same were taken on record by the Hon'ble NCLT vide its order dated 26 October 2021 marking the completion of this mammoth exercise. The auditors issued an unmodified Audit opinion on the recast Accounts. Under the provisions of the Companies Act 2013, the Accounts recast shall be final. To give effect to the recasting, your Company undertook voluntary revision of accounts for FY 2019-20 and FY 2020-21.

b. **Settlement of Guarantee obligations of the Company**

During the year, your Company settled its obligations aggregating to ₹1,406 crore, arising out of the guarantees extended by your Company, to secure the loans given to its subsidiaries.

c. **Sale of property at Kanjurmarg**

The previous management had entered into an agreement in the year 2015 to sell the property at Kanjurmarg but the sale could not be completed and some disputes arose between the parties. This was pursued, the dispute settled, the sale completed in December 2021 and your Company realised proceeds of ₹402 crore.

Utilising the sale proceeds and the operational free cash flows, your Company could prepay a debt of ₹650 crore during the financial year. The aggregate Debt outstanding as on 31 March, 2022 was ₹302 crore as against ₹945 crore as on 31 March, 2021.

The sustained improvement in operational and financial performance and the deleveraging led to an improvement in your Company's financials. The Company's financial ratings improved to AA-/ Stable (Long term) and to A1+/ Stable for the short-term credit.

### Outlook

All the businesses of your Company have multiple opportunities for growth. The Industrial Business, given the massive investments in the infra sector and the starting of the Capex cycle, is expected to have a sustained organic growth. Besides, the EV segment is another big opportunity to cater to for the next several years.

In the Railways Business, the Ministry of Railways have unveiled the roadmap for the next decade with significant outlay. The introduction of Vande Bharat trains, setting up dedicated freight corridors, and measures to improve passenger safety, etc., are all new business opportunities for your Company.

Significant investments are committed in the energy sector. Development of solar parks and ultra mega solar power projects with proposals to set up 25 solar parks targeting over 20,000 MW of solar power over 5 years have been announced. These will result in increased requirement of your Company's products under the Power Systems business.

Your Company today is strongly positioned, both operationally and financially, to grow and seize these potential opportunities. The medium to long-term opportunities and the outlook remains strong. However, in the immediate year, your Company needs to face the consequences of the Russia-Ukraine war. The continued disruption in supply chain, high inflation leading to high input costs and margin pressure are challenges to reckon with.

As we take the steps towards cementing our momentum, I express my sincere thanks to all our employees for their commitment and resolve, Directors for their guidance and to our Lenders, Dealers, Customers and the our shareholders for their continued support.

Natarajan Srinivasan  
Managing Director



Your Company today is strongly positioned, both operationally and financially, to grow and seize the potential opportunities. The medium to long-term opportunities and the outlook remains strong.