

Independent Auditor's Report on the Statement showing non-applicability of Para 10(a) of Part I of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 pursuant to the requirements in a Scheme of Arrangement

The Board of Directors
CG Power and Industrial Solutions Limited
CG House, 6th Floor, Dr. Annie Besant Road, Worli,
Mumbai – 400030, India

1. This Report is issued in accordance with the terms of our service scope letter dated October 12, 2022, master engagement agreement ("MEA") dated April 11, 2022 and addendum to MEA dated October 12, 2022 with the CG Power and Industrial Solutions Limited (hereinafter the "Company").
2. We have examined the accompanying Statement exhibiting undertaking by Management of the Company stating reasons on non-applicability of Para 10(a) of Part I of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 ("Circular") in respect of Scheme of Arrangement ("Scheme") among the Company and its shareholders under section 230 and other applicable provisions of Companies Act, 2013 (the "Statement"). The Statement together with our Report thereon is required by the Company to be submitted to the SEBI or any other authority as required pursuant to Para 10(c) of Part I of the Circular and has been initialled by us for identification purposes only.

Management's Responsibility

3. The preparation of proposed Scheme and the Statement is the responsibility of the Management including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The proposed Scheme has been approved by the Board of Directors.
4. The Management is also responsible for ensuring that the Company complies with requirements of the Circular and the Scheme and provides all relevant information to the SEBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Circular, our responsibility is to provide a limited assurance and conclude as to whether the attached Statement provides reasons for non-applicability of Para 10(a) of Part I of the Circular.
6. We have audited the financial statements of the Company as of and for the financial year ended March 31, 2022, on which we issued an unmodified audit opinion vide our report dated May 2, 2022. Our audit of these financial statements was conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures in relation to Statement include the following:
 - a. Obtained and read the reasons provided by the management of the Company in the attached Statement.
 - b. Obtained the management certified shareholding Pattern, list of Promoters and Promoter Group as on September 30, 2022.
 - c. Inquired from the management whether additional shares have been or will be allotted under the Proposed Scheme to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company.
 - d. Obtained and read the Proposed Scheme, compared the same with the list provided in para 10(b) above and checked:
 - i. whether the Proposed Scheme involves the Company and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.
 - ii. whether the subsidiary being merged with the Company under the Proposed Scheme was acquired by the Company, either directly or indirectly, from any of the Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company.
 - iii. whether the Proposed Scheme involves merger of an unlisted entity with the Company or not. If yes, checked whether the merger results in reduction in the voting share of pre-scheme public shareholders of the Company in the transferee / resulting company by more than 5% of the total capital of the merged entity.
 - e. Read the Scheme and checked whether the Proposed Scheme involves transfer of whole or substantially the whole of the undertaking of the Company and the consideration for such transfer is not in the form of listed equity shares.
 - f. Performed necessary inquiries with the Management and obtained necessary representations. Further, we have relied on management representations and inquiries for the purpose of examining the reasons stated in the Statement and performed no independent procedure in this regard.



S R B C & CO LLP

Chartered Accountants

Conclusion

11. Based on the procedures performed by us under paragraph 10 above, and according to information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the attached Statement does not provide reasons for non-applicability of Para 10(a) of Part I of the Circular.

Restriction on use

12. This Report is addressed to and provided to the Board of Directors of the Company solely in connection with the purpose mentioned in paragraph 2 above and to submit the accompanying Statement to the SEBI or any other authority as required and should not be used by any other person or for any other purpose or distributed to any other parties. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Bharath N S

Partner

Membership Number: 210934



UDIN: 22210934BAFTCU4041

Place of Signature: Mumbai

Date: October 19, 2022

CG Power and Industrial Solutions Limited

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UNDERTAKING IN RELATION TO NON-APPLICABILITY OF PARAGRAPH 10(b) READ WITH PARAGRAPH 10(a) OF PART I OF SEBI MASTER CIRCULAR NO. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 DATED NOVEMBER 23, 2021 ("SEBI MASTER CIRCULAR")

1. Background

- 1.1. This is with reference to the proposed Scheme of Arrangement between CG Power and Industrial Solutions Limited ("Company") and their respective shareholders ("Scheme") under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act").
- 1.2. The scheme inter alia provides for capital reorganisation of the Company pursuant to the provisions of section 230 and other applicable provisions of the Companies Act, 2013 along with various other matters consequential thereto or otherwise integrally connected therewith.

2. No consideration under the Scheme

The Scheme does not entail any discharge of consideration by the Company in form of cash, shares or otherwise.

3. Requirement of SEBI Master Circular

- 3.1. SEBI Master Circular mandates all the listed companies to ensure that the scheme submitted with the jurisdictional National Company Law Tribunal for sanction, shall be acted upon in certain cases as mentioned in of Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular, if the votes cast by public shareholders in favour of the Scheme are more than the votes cast by the public shareholders against the Scheme.
- 3.2. The SEBI Master Circular further provides that in cases where the Scheme does not fall within the cases mentioned in Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular, the listed entity shall furnish an undertaking certified by the auditor and duly approved by the Board of the company, clearly stating the reasons for non-applicability of the aforesaid requirement.
- 3.3. In terms of the Scheme and as mentioned in Paragraph 2 above, no consideration shall be issued pursuant to the Scheme.
- 3.4. Thus, in terms of Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular, the Company hereby undertakes that the requirements under the SEBI Master Circular pertaining to obtaining approval of the majority of public shareholders of the Company to the Scheme is not applicable to the Company.

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4. Reasons for non-applicability:

The detailed reasons for non-applicability of obtaining approval of the majority of public shareholders to the Scheme are as follows:

4.1. Paragraph 10 (b)(i):

"Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity, or"

Reason for non – applicability

This requirement of the SEBI Master Circular is not applicable as the Scheme does not contemplate any issue of consideration.

4.2. Paragraph 10 (b)(ii)

"Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group."

Reasons for non-applicability

This requirement of SEBI Master Circular is not applicable as the proposed Scheme is an arrangement between the Company and its shareholders only and it is not a transaction between Company and Promoter/Promoter group.

4.3. Paragraph 10 (b)(iii)

Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme.

Reasons for non-applicability

This requirement of the SEBI Master Circular is not applicable as the Scheme only provides for reorganization of capital of the Company, further no merger is proposed under the Scheme.

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4.4. Paragraph 10 (b)(iv)

"Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity;"

Reasons for non-applicability

This requirement of the SEBI Master Circular is not applicable as the Scheme does not involve any merger of unlisted entity, further there would be no reduction in the voting share of the public shareholders pursuant to the Scheme.

4.5. Paragraph 10(b)(v)

"Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares"

Reasons for non-applicability

This requirement of the SEBI Master Circular is not applicable as the Scheme does not involve any transfer of whole or substantially whole of the undertaking.

In view of the aforesaid, the requirement of obtaining consent of majority of public shareholders voting, as stated at Paragraph 10(b) read with Paragraph 10(a) of the SEBI Master Circular is not applicable to the proposed Scheme.

For CG Power and Industrial Solutions Limited

P Varadarajan
Company Secretary

Place: Mumbai

Date: 19th October, 2022

