

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/106/2022-23

19th October, 2022

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 on approval of Draft Scheme of Arrangement between the Company and its shareholders.

We wish to inform you that the Board of Directors of the Company has, at its meeting held today (i.e. 19th October, 2022), *inter-alia*, considered and approved the draft Scheme of Arrangement between the Company and its shareholders (“**Scheme**”) pursuant to Section 230 and other applicable provisions of the Companies Act, 2013 (“**the Act**”) as recommended by the Audit Committee and Independent Directors of the Company. The draft Scheme provides for the reorganisation of capital of the Company, whereby it is proposed to transfer an amount of Rs. 400 Crores (Rs. Four Hundred Crores only) from the credit balance lying in General Reserves to the Retained Earnings account, in order to offset the accumulated losses of the Company from the past years with effect from the Appointed Date as mentioned in the draft Scheme.

The Scheme is subject to receipt of regulatory approvals/ clearances from the Hon’ble National Company Law Tribunal, Mumbai Bench, Securities and Exchange Board of India , BSE Limited and National Stock Exchange of India Limited and such other approvals/clearances as may be applicable. Upon filing the draft Scheme with all supporting documents to be filed with the designated Stock Exchange, the same shall be disclosed on the Company's website viz: www.cgglobal.com in accordance with provisions of applicable law.

In terms of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015, the requisite details are furnished in **Annexure A** hereto.

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

Thanking you

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

P Varadarajan
Company Secretary

Encl: as above

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Annexure A

Sr. No.	Particulars	Details
1.	Details and reasons for restructuring	<p>The Scheme provides for capital reorganisation of the Company, <i>inter alia</i>, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company.</p> <p><u>Rationale of the Scheme:</u></p> <p>1. The Company had gone through a turbulent phase in past. The Company had suffered substantial losses during the past few years under the old management.</p> <p>2. During the Financial Year 2020–21, the lenders of the Company and the Company had received a binding offer from Tube Investments of India Limited ('TIL') for resolving the debts of the Company and to infuse equity capital in the Company. The Company, its lenders and TIL had executed the Master Implementation cum Compromise Settlement Agreement ('Settlement Agreement') and the Company had discharged and settled the existing credit facilities including corporate guarantees. The Settlement Agreement also provided for change in management and promoters of the Company. With the infusion of the capital from TIL, the Company settled the outstanding dues of employees, vendors and other creditors as the first step of revival followed by restoring normalcy of operations across all the business divisions.</p> <p>3. Post change in the management control, the Company, generated profits in the financial year ended 31st March 2022.</p> <p>4. As per the audited financial statements of the Company on 31st March 2022, the Company continues to carry a negative balance of retained earnings, while it has unutilized balances lying under various other reserves more specifically under General Reserve.</p> <p>5. Despite profitability, the financial statements of the Company are not reflective of its true current financial position and therefore, it is necessary to reorganize the retained earnings of the Company.</p> <p>6. The proposed reclassification of reserves is in the interest of the Company and its shareholders, creditors and all other stakeholders of the Company.</p>
2.	Quantitative and/ or qualitative	In terms of the Scheme, an amount of Rs. 400 crores (Rs. Four Hundred Crores only) standing to the credit of

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	effect of restructuring	<p>the General Reserves as on the Appointed Date, shall be transferred to the Retained Earnings of the Company.</p> <p>There is no outflow of cash from the Company on account of the Scheme.</p> <p>The Scheme will not have any adverse impact on the interests of the shareholders, creditors or stakeholders of the Company.</p>
3.	Details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring	<p>The Scheme envisages capital reorganization of the Company, <i>inter alia</i>, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company. Pursuant to the Scheme, neither any consideration to be paid nor any securities are proposed to be issued to the shareholders (promoter or public) of the Company and hence, there will be no alteration in the rights or interest of any shareholder (promoter or public).</p> <p>Thus, no specific benefit is derived by the promoter/promoter group of the Company pursuant to the Scheme.</p>
4.	Brief details of change in the shareholding pattern (if any) of the all entities.	<p>Pursuant to the Scheme, there shall be no change in the shareholding pattern of the Company.</p>