

CG Industrial Holdings Sweden AB
556852-4119

Annual Report

for the Financial Year 2016-04-01 - 2017-03-31

The Board of Directors and the managing director for CG Industrial Holdings Sweden AB hereby submit the following annual financial statement.

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Seat of the Board of Directors: Helsingborg

The company's currency: Swedish Kronor (SEK).

Unless otherwise stated, all amounts are posted in thousands of Swedish Kronor (SEK '000).

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Directors' Report

Information about the operations

CG Industrial Holdings Sweden AB owns and manages companies that develops, manufactures and markets equipment for control and protection of industrial processes and equipment run by electrical engines. CG Industrial Holdings Sweden AB also provides administrative services to group companies.

Significant events during the financial year and after its closing

During the financial year we have moved 130 050 tkr from restricted share capital to non-restricted share equity.

Ownership

The Indian industrial company Crompton Greaves Limited (L99999MH1937PLC002641), listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. Crompton Greaves Limited owns via CG Internation B.V (34224124) in Holland, the smallest parent company in the group which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Årsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site: www.cgglobal.com.

Multi-year overview*	2016/17	2015/16	2014/15	2013/14
Profit/loss after financial items (tkr)	-4 337	-68	-18 754	-25 695
Balance sheet total (tkr)	395 716	395 159	394 627	395 780
Equity/asset ratio (%)	35,0%	36,2%	36,2%	40,9%
Number of employees	0	0	0	2

Proposals for loss allocation

The Board of Directors redommends the profit/loss and brought forward profits available for disposition:

Profit/loss carried forward	2 863
This year's loss	-4 337
	-1 474
to be distributed so that they are:	
carried over	-1 474
	-1 474

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Income Statement

	Not	2016-04-01 -2017-03-31	2015-04-01 -2016-03-31
Other operating income		1 621	1 585
		1 621	1 585
<i>Operating expenses</i>			
Other external costs		-1 801	-2 213
		-1 801	-2 213
Operating profit/loss	1	-180	-628
<i>Profit/loss from financial items</i>			
Other interest income and similar profit/loss items	2	0	1 863
Interest expense and similar profit/loss items	1,3	-4 157	-1 303
		-4 157	560
Profit/loss after financial items		-4 337	-68
Pre-tax profit/loss		-4 337	-68
Tax on profit for the financial year		-	-
Net profit/loss for the year		-4 337	-68

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Balance Sheet

	Note	2017-03-31	2016-03-31
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Shares in subsidiaries	4,5	391 728	391 728
		391 728	391 728
Total non-current assets		391 728	391 728
<i>Current assets</i>			
<i>Current receivables</i>			
Receivables from group companies		3 956	2 700
		3 956	2 700
<i>Cash and bank balances</i>		32	731
Total current assets		3 988	3 431
TOTAL ASSETS		395 716	395 159

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Balance Sheet

	Note	2017-03-31	2016-03-31
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted reserves</i>			
Share capital (270 050 000 shares)		140 000	270 050
		140 000	270 050
<i>Non-restricted equity</i>			
Retained earnings or losses		2 863	-127 119
Loss for the year		-4 337	-68
		-1 474	-127 187
Total equity		138 526	142 863
Non-current liabilities			
Liabilities to group companies	6	254 941	251 787
		254 941	251 787
Current liabilities			
Liabilities to group companies		2 054	390
Other liabilities		51	29
Accrued expenses and deferred income		144	90
		2 249	509
TOTAL EQUITY AND LIABILITIES		395 716	395 159

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Report for changes in equity

	<i>Restricted reserves</i>	<i>Non-restricted equity</i>		Total
	Share capital	Retained earnings	Profit/loss for the year	
Opening balance 2015-04-01	270 050	-108 365	-18 754	142 931
Transfer of previous year's gain/loss	0	-18 754	18 754	0
Profit/loss	0	0	-68	-68
Closing balance 2016-03-31	270 050	-127 119	-68	142 863
Transfer of previous year's gain/loss	0	-68	68	0
Write-down of share capital	-130 050	130 050	0	0
This year's loss	0	0	-4 337	-4 337
Closing balance 2017-03-31	140 000	2 863	-4 337	138 526

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Supplementary information

Accounting policies etc.

Accounting and valuation principles

Årsredovisningslagen (1995:1554) and BFNAR 2012:1 Årsredovisning och koncernredovisning (K3) have been implemented for the annual report.

Assessments and estimates

Each year the board evaluate the value of shares in subsidiaries and the valuation is done by a cash flow method, based on future forecasts. There are no other significant amounts in the financial statements that are based on the Board's assessments.

Group

The Indian industrial company Crompton Greaves Limited (L99999MH1937PLC002641), listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. Crompton Greaves Limited owns via CG Internation B.V (34224124) in Holland, the smallest parent company in the group which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Årsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site: www.cgglobal.com.

Group Financial Report

CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Årsredovisningslagen chapter 7, § 2.

Revenue recognition

The revenue is recognised at the fair value of what the company has received or will receive. In other words, the company reports revenues at nominal value (amount invoiced) if the company receives payment in the form of liquid funds upon delivery. Deductions are made for discounts.

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Re-calculation of posts in foreign currency

Receivables and liabilities in foreign currency has been valued to the exchange rate of the balance sheet date. Exchange rate gains and losses for operating receivables and liabilities are posted as operating income, while exchange rate gains and losses for financial receivables and liabilities are posted as financial posts.

Taxes

Total taxes are made up of current tax and deferred tax. Taxes are posted in the income statement, except for when transactions that are posted to equity, where the then occurring tax effect is also posted to equity.

Current tax

Current tax consists of income tax for the current year and previous years' income tax, if these have not been regulated. Current tax is calculated from the current tax rate per the balance sheet day.

Deferred tax

Deferred tax is an income tax for future years as a result of previous events. This is posted in accordance with the balance sheet method. According to this, deferred tax liability and deferred tax receivables for temporary differences is posted. Temporary differences arise when there is a difference between book value and taxation value for receivables or liabilities or for credits or fiscal losses. Deferred tax receivables and deferred tax liabilities are posted as a net only if they can be regulated through a net payment. Deferred tax liability is calculated according to the current tax rate at the balance sheet date. The effect of changes in current tax rate will effect the income statement in the period during which the tax rate has legally been changed. Deferred tax receivables are reduced by the part which is unlikely to be realized in the conceivable future. Deferred tax receivables are posted as a financial fixed asset and deferred tax liabilities as a provision.

Receivables, liabilities and provisions

When nothing else has been specified above, current receivables are valued to the lowest of acquisition value and the amount by which they are expected to be regulated. Non-current receivables and non-current liabilities are valued to accrued acquisition value. Other liabilities and provision are valued to the amount by which they are expected to be regulated. Other receivables are posted at acquisition value, provided nothing else is specified.

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Notes

Note 1 Transactions among group entities

The revenues and costs are mainly related to intercompany transactions of branding fee and interest.

Note 2 Other interest income and similar profit/loss items

	2016/17	2015/16
Other interest income	0	7
Exchange rate differences	0	1 856
Sum	0	1 863

Note 3 Interest expense and similar profit/loss items

	2016/17	2015/16
Interest expense from group entities	832	1 291
Other interest expense	1	0
Exchange rate differences	3 321	4
Other financial expenses	3	9
Sum	4 157	1 304

Note 4 Shares in subsidiaries

	2017-03-31	2016-03-31
Acquisition value, opening balance	391 728	391 728
Accumulated acquisition value, closing balance	391 728	391 728
Book value, closing balance	391 728	391 728

Note 5 Specification of shares in subsidiaries

Name	Share of equity	Share of voting power	Number of shares	Book value
CG Drives & Automation Sweden AB	100%	100%	25 631 985	391 728
				391 728

	Reg. No.	Seat of the Board of Directors	Total equity	Profit/loss for the year
CG Drives & Automation Sweden AB	556232-2643	Helsingborg	266 942	16 436

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Note 6 Non-current liabilities

	2017-03-31	2016-03-31
To be paid between 1 and 5 years		
Liabilities to group entities	254 941	251 787
Sum	254 941	251 787

Not 7 Memorandum items

	2017-03-31	2016-03-31
Collateral pledged	None	None
Contingent liabilities	None	None

Note 8 Key ratios

Adjusted equity

Equity deducted by deferred tax on untaxed reserves

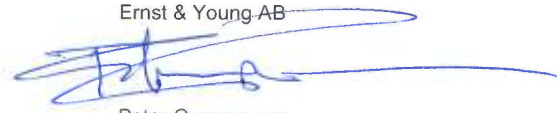
Equity/asset ration

Adjusted equity in percent of total balance

Helsingborg 9/5-2017


Mikael Samuelsson
CEO

Our audit opinion has been given 11/5-2017

Ernst & Young AB


Peter Gunnarsson
Authorized auditor



Auditor's report

To the general meeting of the shareholders of CG Industrial Holdings AB, corporate identity number 556852-4119

Report on the annual accounts

Opinions

We have audited the annual accounts of CG Industrial Holdings AB for the year 2016-04-01--2017-03-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the CG Industrial Holdings AB as of March 31, 2017 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the CG Industrial Holdings AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of CG Industrial Holdings AB for the year 2016-04-01--2017-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the member of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the CG Industrial Holdings AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether the member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

MALMÖ May 11, 2017

Ernst & Young AB



Peter Gunnarsson
Authorized Public Accountant