

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of CG International B.V.

A. Report on the audit of the financial statements for the year ended 31 March 2018 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2018 of CG International B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of CG International B.V. as at 31 March 2018, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 March 2018;
2. the profit and loss account for the year then ended; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of CG International B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Paragraph to emphasize certain matters

We draw attention to note disclosure of the differences in valuation between fiscal and commercial accounting principles to the financial statements which describes the uncertainty related to the transfer pricing policy.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

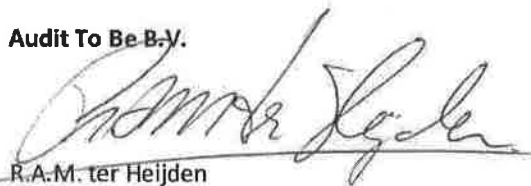
Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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;
- Obtaining an understanding of internal control relevant to the 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a 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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Voorburg, 28 May 2018

Audit To Be B.V.



R.A.M. ter Heijden

Accountant-Administratieconsulent

Annual Report - Year ended 31 March 2018
CG International B.V.
Amsterdam

Contents

Management board report

Annual accounts

Balance sheet as at 31 March 2018

Profit and loss account for the year ended 31 March 2018

Notes to the balance sheet and profit and loss account

Management Board report

CG International B.V., Amsterdam

Management Board report

The management Board herewith submits their annual report for the financial year ended 31 March 2018.

The Company

CG International B.V. ("the Company"), was incorporated on 1 April 2005 in Amsterdam, having its statutory seat in Amsterdam, The Netherlands as a private company with limited liability.

The ultimate holding company is CG Power and Industrial Solutions Limited (formerly known as Crompton Greaves Limited), India.

The registered office address of the Company is Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands.

The correspondence address of the Company is P.O. Box 23393, 1100 DW Amsterdam Zuidoost, The Netherlands.

The Company's registration number with the Trade Register of the Chamber of Commerce in Amsterdam is 34224124.

Activities

The Company's main activities during the year were holding and finance activities. These are in accordance with the Company's Articles of Incorporation.

The functions of the Company mainly include supervising / managing the operations, performing the activities of risk management & management support to the subsidiaries, namely: CG Holdings Belgium NV, CG Ganz Generator and Motor Limited liability Company (formerly CG Holdings Hungary Kft), CG Service Systems France SAS, CG Industrial Holdings Sweden AB, CG Middle East FZE, CG Drives & Automation Germany GmbH, CG Drives & Automation Netherlands BV, CG Electric System Hungary Zrt, CG Holdings USA LLC, CG Power Solutions UK and CG Power Systems Canada Inc

Directors

The directors who served during the year are as stated below:

Madhav Acharya	appointed on 17 October 2013 and resigned on 6 September 2017
R P S Puar	appointed on 1 April 2005
L.J.M. Duijsens	appointed on 6 May 2010
Venkatesh V R	appointed on 6 September 2017
K .N. Neelkant	appointed on 6 September 2017
B. Hariharan	appointed on 24 October 2017

Result for the year- (Euro' 000)

The result for the year amounts to a loss EUR 88,218 (31 March 2017: loss EUR 70,177), resulting in an equity of EUR 15,544 (31 March 2017: EUR 23,762).

Risks management

To control the main risks and uncertainties, the Company conducts analyses through discussions of the management Board as well as review of the investment portfolio and cash pool management of the Company.

The risks faced by the Company and the effect of these risks to the financials of the Company are the following:

Strategic risk includes risks related to investment strategy, cash pool strategy, and acquisitions or divestitures. This risk can affect the Company's financial statements by reduction in the carrying amount of financial fixed assets and loan receivables from subsidiaries and affiliates and other receivables aggregating to €'000 198,624 (31 March 2017: €'000 248,226).

Operational risk includes risks related to executing the strategic direction related to investment and financing activities. This risk can affect the Company's financial statements by reduction in interest income €'000 840 (31 March 2017: €'000 4,742).

Financial position & reporting risk includes risks related to compliance with credit facility covenants, currency fluctuations, liquidity, refinancing, budgeting, accuracy and timeliness of financial reporting, and compliance with Dutch accounting standards. This risk can affect the Company's financial statements by reduction in the carrying amount of loans payables and receivables as at reporting date. However, risk related to credit facility covenants would be mitigated by the guarantees of CG Power and Industrial Solutions Limited as it would be borne by it.

Legal and regulatory risk includes risks related to legislative and corporate governance environment. The Company has adequate mitigating control to prevent risks related to legal and regulatory environment.

Apart from above, the Company do not foresee any other risks and uncertainty which can adversely impact its financial results and position.

Future developments

During the previous year, the ultimate holding company has terminated the binding letter of offer from First Reserve International Limited, a US Private Equity Fund, for the acquisition of the transmission and distribution businesses at Europe, North America and Indonesia for the negotiated enterprise value of EUR 93 million. This business is held by CG Holdings Belgium NV through its subsidiaries located at respective countries.

The ultimate holding company, however, will continue to explore alternative geography/ product line options for sale of above power business except power business at Indonesia.

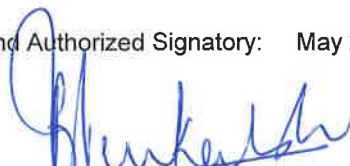
During the current year, the Company accepted a binding offer of M/s Ganz Villamossagi Zrt. and Alester Holdings Limited for sale of Assets and Shares of the Company's business in Hungary (excluding switchgear business) comprised in its wholly owned subsidiary, CG Electric Systems Hungary Zrt. (ESHU) for an Enterprise value of € 38 million. Pursuant to that, the Company executed a stock purchase agreement (SPA) and Business Transfer Agreement (BTA) on 12th February, 2018 for the said sale.

Apart from above, the management Board does not anticipate any major changes during the coming year and expects the Company to continue with its holding and finance activities at the same level.

The Board of Directors and Authorized Signatory: May 2018



R P S Puar
(Director)



Venkatesh V R
(Director)



K.N. Neelkant
(Director)



L.J.M. Duijsens
(Director)



B. Hariharan
(Director)

Balance sheet as at 31 March 2018

(Before profit appropriation)

		31 March 2018		31 March 2017	
	Note	€'000	€'000	€'000	€'000
<i>Assets and current liabilities</i>					
Fixed assets					
Financial fixed assets	4		166,868		200,373
Current assets					
Loans given and other receivables	5	31,756		47,853	
Cash and cash equivalents	6	5,641		10,028	
		<u>37,397</u>		<u>57,881</u>	
Current liabilities					
Short-term borrowings	7	173,721		210,292	
	8	15,000		-	
		<u>188,721</u>		<u>210,292</u>	
Current assets less current liabilities			(151,324)		(152,411)
Total			<u>15,544</u>		<u>47,962</u>
<i>Shareholders' equity and liabilities</i>					
Shareholders' equity					
Share capital	9	183,000		103,000	
Other equity		<u>(167,456)</u>		<u>(79,238)</u>	
			15,544		23,762
Long-term loan	10		-		24,200
Total			<u>15,544</u>		<u>47,962</u>

Profit and loss account for the year ended 31 March 2018

	Note	1 April 2017 to 31 March 2018		1 April 2016 to 31 March 2017	
		€'000	€'000	€'000	€'000
Operating income					
Interest income	12	840		4742	
Management fees	13	300		300	
			1,140		5,042
Other income					
Foreign exchange differences gains			841		826
Intercompany balances written-back	14		13515		-
Total income			15,496		5,868
Expenses					
Interest expenses	15		9,444		11,397
Operating and other expenses	16		6,990		9,325
Impairment of financial fixed assets - Charge / (reversal)	17		-		(30,000)
Loss on sale of shares of subsidiary	18		1,637		51,083
Intercompany balances write-off / provided for	19		85,643		34,240
Total expenses			103,714		76,045
Result for the year before taxation			(88,218)		(70,177)
Tax expenses	20		-		-
Result for the year after taxation			(88,218)		(70,177)

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

CG International B.V. ("the Company") operates as an intermediate holding company. The Company's principal source of income is dividends from subsidiaries, interest on inter-company loans given and management fees.

The registered office of the Company is Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands. The statutory seat of the Company is Amsterdam.

1.2 Group structure

The Company is a subsidiary of CG Power and Industrial Solutions Limited (formerly Crompton Greaves Limited, "the Ultimate Holding Company"), Mumbai, India. CG Power and Industrial Solutions Limited is an Avantha Group Company.

1.3 Going concern

As the Company expects to sell the participation in CG Holdings Belgium NV and divestment of Power business at Hungary during the year 2018, the Company will be liquid enough to fulfill its liabilities. The financial statements are prepared according to going concern assumptions.

1.4 Consolidation exemption

The Company has not prepared consolidated annual financial statements for the year ended 31 March 2018 as it has decided to avail the exemption for consolidation permitted under Article 408, Title 9 Book 2 of The Netherlands Civil Code. A copy of the consolidated financial statements of the Ultimate Holding Company will be filed with the Chamber of Commerce for Amsterdam, The Netherlands.

1.5 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be related parties. Also, entities which can control the Company are considered related parties. In addition, statutory directors and their close relatives are regarded as related parties.

Step down subsidiary companies and subsidiaries of the Ultimate Holding Company's are referred to as affiliated entities.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if required to provide a true and fair view.

1.6 Estimates

The preparation of annual financial statements in conformity with the the Dutch GAAP requires the use of certain critical accounting estimates. It also requires the management of the Company to exercise its judgment in the process of applying the group's accounting policies. If necessary, for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, are disclosed in the notes to the financial statement items in question.

2 Principles of valuation of assets and liabilities

2.1 General

The annual financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board.

The Annual General Meeting of Shareholders has elected to prepare the financial statements in the English language.

2.2 Comparison with prior year

The accounting policies have been consistently applied to the current year and the comparative year presented.

2.3 Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle it simultaneously; and
- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

2.4 *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year end exchange rates are recognised in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognised using exchange rates prevailed at the dates of the transactions (or approximate rates on the dates of the transactions).

2.5 *Financial risks*

Currency risk

The currency risk for the Company largely concerns the transactions in US dollar. Management of the Company has determined, based on a risk assessments, that some of these currency risks need to be hedged. Forward exchange contracts are used for this purpose. No hedge accounting will be applied and therefore the available financial instruments are valued based on the fair market value as at the year end.

Interest rate risk

The interest rate risk is the risk of fluctuations of a financial instrument's value due to alterations in the market rate of interest. The policy is focused on minimizing this interest rate risk to which activities are exposed by fluctuations in rate of interest.

Credit risk

The Company has given loans to subsidiaries, affiliated companies. These counterparties do not have a history of non-performance.

Liquidity risk

The Company uses several banks in order to avail itself of a range of overdraft facilities.

2.6 *Financial fixed assets*

Participations in associated and subsidiary companies

Participations are carried at cost less impairment, if appropriate. Valuation at net asset value is not presented as the Company's management is of the opinion that in the light of the aforementioned application of article 408, disclosure of such information would not enhance the insight into the Company's financial position and results already provided by these accounts together with the consolidated accounts of the parent Company. Profits or losses arising from the sale of participations are included in net financial income.

Loans to subsidiaries and affiliated companies

Receivables disclosed under financial assets are stated at the fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary.

2.7 *Impairment of financial fixed assets*

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in profit and loss account.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal shall be recognised in profit and loss account.

2.8 *Receivables*

Receivables are valued at cost less a provision for possibly uncollectible accounts.

2.9 *Cash and cash equivalents*

Cash and cash equivalents represent, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.10 Long term loans

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in profit and loss account.

2.11 Payables

Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, except where the effect of discounting is immaterial.

2.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Share Capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of new shares (if any) are shown in equity as a deduction from the proceeds.

2.14 Assets held for sale

Financial fixed assets are classified as held for sale if their carrying amounts will be recovered principally through a sale of investee's business. Financial fixed assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Financial fixed assets that ceases to be classified as held for sale are measured at lower of (i) its carrying amount before the asset was classified as held for sale and (ii) its recoverable amount at the date when assets ceases to be classified as held for sale.

3 Principles of determination of result

3.1 General

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they become known before preparation of the financial statements

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

3.3 Dividend income

Dividends from subsidiaries are recognised when declared by the subsidiary, except where there are exchange control restrictions or similar factors, in which case dividends are recognised at the time of receipt.

3.4 Interest income

Interest income on loans given is calculated according to the conditions of the individual loan contracts.

3.5 Interest expenses

Interest expenses on loans taken is calculated according to the conditions of the individual loan contracts.

3.6 Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purpose. Deferred tax assets (if applicable) are recognised only to the extent that realization is probable.

4. Financial fixed assets

	31 March 2018	31 March 2017
	€'000	€'000
Investments in Subsidiary companies	58,032	56,509
Investments in Associate company	0	0
Long term loan to subsidiary	6,650	6,634
Assets held for sale	102,186	137,230
	<u>166,868</u>	<u>200,373</u>

The Company has investment in the following subsidiary companies as at 31 March 2018:

Name of the subsidiary	Country of registration	% of shareholding	31 March 2018	31 March 2017
			€'000	€'000
CG Industrial Holdings Sweden AB	Sweden	100	30,006	30,006
CG Holdings USA LLC	USA	100	18,923	-
CG Ganz Generator and Motor Limited liability Company (formerly known as - CG Holdings Hungary Kft., Budapest)	Hungary	100	6,011	6,011
CG Drives & Automation Netherlands BV	The Netherlands	100	1,680	1,680
CG Drives & Automation Germany GmbH	Germany GmbH	100	740	740
CG Service Systems France SAS	France	100	465	465
CG Middle East FZE	UAE	100	207	207
CG Power Systems Canada Inc**	Canada	100	0.00	0.00
CG Power Solutions UK**	UK	100	0.00	0.00
CG Electric System Hungary Zrt (Refer note below under assets held for sale)		100	-	17,400
			<u>58,032</u>	<u>56,509</u>

The Company has investment in the following Associate company as at 31 March 2018:

CG International BV TR. & Cont. Pvt. Co. LLC. (formerly United Arab	49	0.00	0.00
Pauwels Middle East Trading & Contracting (Pvt) Co. LLC) Emirates			

** Carrying value Euro 1

According to the subsidiary companies annual financial statements as at 31 March 2018 the shareholders' equity and results are as follows:

Name of the subsidiary	Currency	Shareholders' equity		Results	
		31 March 2018	31 March 2017	2017-18	2016-17
CG Industrial Holdings Sweden AB	SEK'000	135,582	138,526	(100,501)	(4,337)
CG Holdings USA LLC	\$'000	(19,021)	-	(3,226)	-
CG Ganz Generator and Motor Limited liability Company (formerly known as - CG Holdings Hungary Kft., Budapest)	€'000	6,974	7,347	(374)	147
CG Drives & Automation Netherlands BV	€'000	2,833	2,766	67	142
CG Drives & Automation Germany GmbH	€'000	1,349	1,157	192	101
CG Service Systems France SAS	€'000	(188)	(177)	(11)	(643)
CG Middle East FZE	€'000	3,598	14,987	(11,389)	14,581
CG Power Systems Canada Inc	CAD'000	(4,420)	(3,394)	1,026	(897)
CG Power Solutions UK	£'000	(1,592)	(1,906)	313	(5,802)
CG Electric System Hungary Zrt	€'000	10,155	2,065	(1,909)	(10,430)
CG Holding Belgium NV	€'000	132,240	128,722	3,518	24,129

Long term loan to subsidiary

The following loan given by the Company are outstanding as at 31 March 2018:	31 March 2018	31 March 2017
	€'000	€'000
CG Ganz Generator and Motor Limited liability Company (formerly known as - CG Holdings Hungary Kft., Budapest)	6,650	6,634
	<u>6,650</u>	<u>6,634</u>

CG Ganz Generator and Motor Limited Liability Company

On 1 October 2006, the Company entered into a loan facility agreement with CG Ganz Generator and Motor Limited Liability Company to finance the working capital of its subsidiary. The loan is interest bearing at a rate of 3 months EURIBOR + 100 bps for the loans in Euro and 12 Libor + 100 bps for loans in USD. Interest is due and payable on a quarterly basis. The loans are repayable after the working capital needs have been met and/or the requirements of the terms of the loan facility have been satisfied.

4. Financial fixed assets (Contd.)

Assets held for sale

A During the previous year, the ultimate holding company had terminated Shares Purchase Agreement entered into with First Reserve, an offshore private equity (PE) for sale of overseas Power T&D businesses of the Company at Indonesia, Hungary, Ireland, France, US and Belgium. However, the Company has continued to identify new buyers for sale of these businesses (except power business at Indonesia) and hence, these businesses will continue to be reflected as discontinuing businesses.

This business is held by CG Holdings Belgium NV through its subsidiaries located at respective countries. Therefore, these businesses are continued to be qualified for classifying as assets held for sale as on 31 March, 2018. The carrying value of these assets is:

The following investment in subsidiary company has been held for sale:

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
CG Holdings Belgium NV		
Investment in share capital	155,535	155,535
Less: Impairment provision	<u>(57,000)</u>	<u>(57,000)</u>
Net investment	98,535	98,535
Loan given	3,651	38,695
	<u>102,186</u>	<u>137,230</u>

According to the subsidiary company's annual accounts, the shareholders equity amounts to €'000 132,240 and €'000 128,722 as on 31 March 2018 and 31 March 2017 respectively and earned profit amounts to €'000 3,518 and €'000 24,129 for the year ended 31 March 2018, and 31 March 2017 respectively.

B During the current year, the Company accepted a binding offer of M/s Ganz Villamossagi Zrt. and Alester Holdings Limited for sale of Assets and Shares of the Company's business in Hungary (excluding switchgear business) comprised in its wholly owned subsidiary, CG Electric Systems Hungary Zrt. (ESHU) for an Enterprise value of € 38 million. Pursuant to that, the Company executed a stock purchase agreement (SPA) and Business Transfer Agreement (BTA) on 12th February, 2018 for the said sale. During the current year, the investment and loans and advances in (ESHU) has been impaired as follows:

	<u>31 March 2018</u>
	€'000
CG Electric Systems Hungary Zrt. (ESHU)	
Investment in share capital	27,400
Loans and advances given	<u>15,472</u>
Total	42,872
Less: Impairment provision	<u>(42,872)</u>
Net	<u><u>-</u></u>

5. Loans given and other receivables

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
Loans and other receivable from subsidiary companies*	27,261	34,289
Loans and other receivable from affiliated companies*	4,010	3,732
Value-added tax	9	12
Withholding Tax	130	4
Other receivables	346	9,816
	<u>31,756</u>	<u>47,853</u>

*Balances have been classified as current since amounts are receivable on demand

Loans and other receivable from subsidiary companies

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
CG Middle East FZE	25,301	13,722
CG Electric Systems Hungary Zrt.	-	10,402
CG Drives & Automation Sweden AB	-	9,934
CG Holdings USA	1,340	-
CG Industrial Holdings Sweden AB	570	212
CG Service Systems France SAS	50	19
	<u>27,261</u>	<u>34,289</u>

Loans and other receivable from affiliated companies

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
CG International Holdings Singapore PTE Ltd	968	908
CG Power Systems Ireland Ltd	1,226	(1,284)
CG Power System Indonesia	361	1,266
CG Solutions Americas, LLC, USA	669	2,278
CG Holdings USA	786	564
	<u>4,010</u>	<u>3,732</u>

6. Cash and cash equivalents

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
Balances with banks in current accounts	654	5,028
Balances with banks in deposit accounts	4,987	5,000
	<u>5,641</u>	<u>10,028</u>

Cash at banks is at the Company's free disposal except a fixed deposit kept under escrow account of €'000 4,987 (31 March 2017 €'000 5,000) received under share purchase agreement executed on 6 March 2017 entered for sale of automation business.

7. Current liabilities

	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
Loans availed from subsidiary companies*	13,762	13,676
Loans availed from affiliated companies*	17,279	31,451
Amounts due to ultimate holding company*	142,381	163,580
Accrued expenses	299	1,585
	<u>173,721</u>	<u>210,292</u>

*Balances have been classified as current since amounts are repayable on demand

Loans availed from subsidiary companies	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
CG Ganz Generator and Motor Limited liability Company (formerly known as - CG Holdings Hungary Kft., Budapest)	13,620	13,534
CG Service Systems France SAS	142	142
	<u>13,762</u>	<u>13,676</u>

Loan payable to CG Ganz Generator and Motor Limited liability Company (formerly known as - CG Holdings Hungary Kft., Budapest)

On 19 October 2016, the Company has entered into cash pool agreement with CG Ganz Generator and Motor Limited liability Company. The loan is interest bearing at a rate of EURIBOR + 100 bps.

Loan payable to CG Service Systems France SAS

On 30 March 2012, the Company has entered into cash pool agreement with CG Service Systems France SAS. The loan is interest bearing at a rate of EURIBOR + 100 bps.

Loans availed from affiliated companies	<u>31 March 2018</u>	<u>31 March 2017</u>
	€'000	€'000
CG Power System Ireland Ltd.	7,024	6,263
QEI, LLC, USA	1,605	3,210
CG Sales Network America	5,807	21,731
CG Drive & Automation Netherlands BV	151	150
CG Power Systems Ireland Limited	100	97
CG Drives & Automations Sweden	2,592	-
	<u>17,279</u>	<u>31,451</u>

Loan payable to CG Power System Ireland Ltd.

On 27 June 2007, the Company entered into a loan facility agreement with CG Power Holdings Ireland Ltd. to finance the working capital of its subsidiary. The loan is interest bearing at a rate of 1 month EURIBOR + 225 bps for the loans in Euro. As the CG Power Holdings Ireland Limited was liquidated, the said loan is transferred to CG Power Systems Ireland Limited as at 31st March, 2013. The loans are repayable after the working capital needs have been met and the requirements of the terms of the loan facility have been satisfied. The total principal amount outstanding is as on 31st March, 2018 and 31st March, 2017 is €'000 6,263 respectively.

Amount payable to ultimate holding company

Company has current liability towards amount payable to ultimate holding company. However, the Company has obtained a comfort letter dated 27 April 2018 from Ultimate Holding Company stating that payment will not be demanded and collected by it if the Company has unfavorable liquidity position.

8. Short term borrowings

	31 March 2018	31 March 2017
	€'000	€'000
Loans from bank	15,000	-
	<u>15,000</u>	<u>-</u>

The Company has availed a term loan of €'000 15,000 from Barclays Bank PLC, London Branch vide agreement dated 31 August 2017, repayable within year. The loan is interest bearing at the rate of EURIBOR + 350 bps per annum.

9. Shareholders' equity

Share capital

	2017-18		2016-17	
	Nos '000	€ '000	Nos '000	€ '000
Balance at the beginning of the year	1,030	103,000	1,030	103,000
Add: Shares issued pursuant to conversion of loan form ultimate holding company	800	80,000	-	-
Less: Buyback / Redemption during the year	-	-	-	-
Balance at end of year	<u>1,830</u>	<u>183,000</u>	<u>1,030</u>	<u>103,000</u>

Other equity

	Share Premium	Retained Earnings	Total Other Equity
	€'000	€'000	€'000
Opening Balance 01 April 2016	136,376	(145,437)	(9,061)
Result for the year	-	(70,177)	(70,177)
Balance at end of year 31 March 2017	<u>136,376</u>	<u>(215,614)</u>	<u>(79,238)</u>
Opening Balance 01 April 2017	136,376	(215,614)	(79,238)
Result for the year	-	(88,218)	(88,218)
Balance at end of year 31 March 2018	<u>136,376</u>	<u>(303,832)</u>	<u>(167,456)</u>

Retained Earnings

The retained earnings represent an accumulation of appropriated results in prior periods.

10. Long-term loan

	31 March 2018	31 March 2017
	€'000	€'000
Loan from bank	-	24,200
	<u>-</u>	<u>24,200</u>

11. Contingencies and commitments

Guarantees

On 6 October 2006, the Company had entered into a guarantee agreement with EXIM Bank ("EXIM") in Budapest in favour of Ganz Transelektro Villamossagi Zrt. (now known as CG Electric Systems Zrt). The maximum guaranteed amount was USD 2.13 million (31 March 2017 USD 2.13 million). During the current year, all payment obligations have been fully performed by Ganz Transelektro Villamossagi Zrt. and therefore outstanding guarantee amount as on 31 March 2018 is Nil.

On 17 October 2006, the Company entered into a guarantee agreement with MFB Bank ("MFB") in Budapest in favour of Ganz Transelektro Villamossagi ZRT. (now known as CG Electric Systems Zrt). The maximum guaranteed amount is € 28.85 million (31 March 2017 € 28.85 million).

As at balance sheet date, the amount at risk under the guarantee is € 28.35 million (31 March 2017 € 28.35 million).

On 04 September 2017, the Company entered into a guarantee agreement with Monte Paschi Belgio Bank ("BMP Bank") in Budapest in favour of CG Holdings Belgium NV. The maximum guaranteed amount is € 8.1 million.

As at balance sheet date, the amount at risk under the guarantee is € 6.0 million.

Contingent liabilities

There are no commitments of contingent liabilities which have not been provided for on the balance sheet.

12. Interest income

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
from loans given to subsidiary companies	724	2,890
from loans given to affiliated companies	116	1,852
	<u>840</u>	<u>4,742</u>

13. Other operating income

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Management fee	300	300
	<u>300</u>	<u>300</u>

14. Intercompany balances written-back

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Intercompany balances written-back	13,515	-
	<u>13,515</u>	<u>-</u>

Intercompany balance payable to ultimate holding company was written back and credited to profit and loss account as this amount is no longer payable.

15. Interest expenses

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
On loans from		
-subsidiary companies	87	96
-affiliated companies	353	188
-ultimate holding company	8,369	7,913
-banks	635	3,200
	<u>9,444</u>	<u>11,397</u>

16. Operating and other expenses

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Brand Royalty & License fee expense	3,960	2,819
Brand Royalty & sub-license fee income	(3,960)	(2,819)
Bank Charges	4,886	7,207
Legal fees	1,337	1,668
Rent expense	486	75
Audit fees	148	182
Administrative and accounting fees	24	24
Management fee expense	14	12
Tax advise fees	0	13
General expense	95	144
	<u>6,990</u>	<u>9,325</u>

Bank charges include bank guarantee charges of **EUR '000s 4,867** (previous year EUR '000s **7,199**) payable to the Ultimate Holding Company for the guarantees provided by it to banks.

17. Impairment of financial fixed assets - Charge / (reversal)

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Impairment of financial fixed assets - reversals	-	30,000
	<u>-</u>	<u>30,000</u>

During the previous year, company reversed impairment loss provided towards investment in CG Holdings Belgium NV by € 000 30,000 based on improved profitability leading to improvement in its business valuations of its Indonesian business.

18. Loss on sale of shares of subsidiary

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Loss on sale of Shares - ZIV Aplicaciones y Tecnologia, S.L.	1,637	51,083
	<u>1,637</u>	<u>51,083</u>

€'000 1,637 relates to final settlement on account of working capital adjustment on closure of sale deal.

19. Intercompany balances write-off / provided for

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
Due from subsidiary companies written off / provided for	85,643	34,240

Certain intercompany balances from subsidiary companies were write-off and charged to profit and loss account as these balances were not recoverable. The break down is given below.

	<u>1 April 2017 - 31 March 2018</u>	<u>1 April 2016 - 31 March 2017</u>
	€'000	€'000
CG Electric Systems Hungary Zrt	42,872	5,000
CG Power Solution UK	-	9,240
CG Middle East FZE	32,781	20,000
CG Industrial Holdings Sweden	9,990	-
	<u>85,643</u>	<u>34,240</u>

20. Taxation

The estimated amount of tax losses available for carry forward amounts to € '000 48,833 pertaining to 31 March 2017 (31 March 2016: € '000 29,737). Tax losses are not valued because it is uncertain that there will be enough taxable profits in the (near) future to compensate with. Corporate income tax is calculated in accordance with the applicable tax laws and regulations in the Netherlands.

21. Personnel information

Employees

As at 31 March 2018 the Company had no employees (31 March 2017: None).

Directors remuneration

The Company has 5 directors, one of them received a remuneration of € '000 10 (31 March 2017 €'000 10) in that capacity during the year.

22. Figures for the previous year have been regrouped wherever necessary.

Amsterdam, May 2018

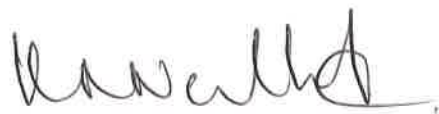
The Management Board



R.P.S. Puar
(Director)



Venkatesh V R
(Director)



K .N. Neelkant
(Director)



L.J.M. Duijsens
(Director)



B. Hariharan
(Director)