

Summary of the Proposed Combination

*[in terms of Regulation 13(1A) of the Competition Commission of India
(Procedure in regard to the Transaction of Business relating to Combinations)
Regulations, 2011 (as amended)]*

A. Name of the parties to the combination

1. The parties to the combination are:

- (a) Tube Investments of India Limited (“**TIIL**”); and
- (b) CG Power and Industrial Solutions Limited (“**CG Power**”).

TIIL and CG Power are collectively referred to as “**Parties**”.

B. The nature and purpose of the combination

2. The Proposed Transaction is an acquisition of more than 50% of the equity share capital of CG Power by TIIL pursuant to a preferential allotment of equity shares and warrants to TIIL as per the terms of the Securities Subscription Agreement dated 07 August 2020 and an Amendment to the SSA dated 02 September 2020 (“**Proposed Transaction**”). The lenders of CG Power had conducted the swiss challenge bid process for resolution of stress in CG Power as per the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (“**Stress Asset Directions**”) and have declared TIIL’s Binding Offer dated 11 August 2020 as the winning offer and TIIL as the winning bidder under the swiss challenge bid process by issuing the letter of intent dated 28 August 2020 to TIIL.

3. The Proposed Transaction is to be executed in two tranches of primary issuance of shares and warrants by CG Power in favour of TIIL such that TIIL will hold more than 50%¹ of the equity share capital of CG Power on a fully diluted basis.
4. Thus, the Proposed Transaction is in the nature of an acquisition within the meaning of Section 5(a) of the Competition Act, 2002 (“**Act**”).
5. CG Power is presently undergoing financial stress and is in immediate need of funds to continue its operations as a going concern for which the lenders of CG Power have initiated the process for resolution of stress in accordance with the Stressed Asset Directions. TIIL believes that it will be able to create value for shareholders of both Parties through better operational and financial performance and management. Thus, the Proposed Transaction will ensure continuation of operations of CG Power while ensuring that a legacy competitor continues to function in the market.

C. The products, services and business(es) of the parties to the combination

TIIL

6. TIIL is a public listed entity and forms part of and belongs to the Murugappa group. TIIL is engaged in the manufacture of a wide range of products for automotive, railway, construction, mining and agriculture industries. Its three business verticals are engineering, metal formed products and bicycles.

¹ TIIL will acquire approximately 58.6% equity share holding on a fully diluted basis in CG Power as a result of the SSA and the Amendment to the SSA post the closing of the Proposed Transaction.

7. The engineering vertical undertakes the manufacture and supply of high quality, safety-critical cold drawn welded tubes, electric resistance welded tubes and tubular components for automobile applications, large diameter tubes for hydraulic cylinders and off-road applications and special grade cold rolled steel strips. The metal formed products vertical undertakes the manufacture and supply of sheet metal formed products, industrial chains, fine blanked components, railway coach parts and motor casings. The bicycles vertical is involved in the manufacture and marketing of bicycles and accessories, including performance bicycles for the fitness and adventure space.

CG Power

8. CG Power is a public listed entity and presently has two major business units, power systems and industrial systems. The power systems business unit focuses on power transmission, distribution, power solutions, setting up of integrated power systems and associated services businesses. The industrial systems business unit consists of rotating machines (motors and alternators) across a wide spectrum of power and ratings, automated AC, DC and variable frequency drives and control systems as well as traction electronics and machines, signalling and coach products and integrated solutions for railway transportation.

- D. **The respective markets in which the parties to the combination operate**

9. There are no horizontal overlaps between the activities of the Parties. However, there are certain vertical overlaps between the activities of TIL and CG Power, as identified in the Notice.
