

## 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



Smart solutions.  
Strong relationships.

Our Ref: COSEC/22/2020-21

June 27, 2020

**By portal**

### **The Corporate Relationship Department**

BSE Limited  
1<sup>st</sup> 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: Outcome of Board Meeting**

### **Ref: Intimation dated June 20, 2020 for schedule of Board Meeting**

In furtherance to our captioned letter, we wish to inform you that the Board of Directors of the Company, at their meeting held today i.e. June 27, 2020, has *inter alia* approved the Audited Financial Results, Segment-Wise Financial Report and Statement of Assets and Liabilities of the Company, both on standalone as well as consolidated basis, for the 4<sup>th</sup> quarter and year ended March 31, 2020 ("Financial Results") as recommended by the Audit Committee. A copy of the Financial Results is enclosed herewith for your information and records.

We also enclose herewith a copy of the Auditors Report on the Financial Results for the 4<sup>th</sup> quarter and year ended March 31, 2020, signed by M/s. S R B C & CO LLP, Chartered Accountants, the Statutory Auditors of the Company and the Statement on Impact of Audit Qualifications on Standalone and Consolidated Financial Results.

The meeting of the Board of Directors commenced at 3:00 p.m. (IST) and concluded at 7.00 p.m. (IST).

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

Thanking you

Yours faithfully,

**For CG Power and Industrial Solutions Limited  
on behalf of the Board of Directors**

SUDHIR  
MATHUR

Digitally signed by  
SUDHIR MATHUR  
Date: 2020.06.27  
22:42:02 +05'30'

**Sudhir Mathur**

Whole Time Executive Director  
(DIN: 1705609)

Encl: As above

Independent Auditor's Report on the Quarterly and Year to Date Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To  
The Board of Directors of  
CG Power and Industrial Solutions Limited

Report on the audit of the Standalone Financial Results

#### Disclaimer of Opinion

1. We were engaged to audit the accompanying statement of standalone financial results of CG Power and Industrial Solutions Limited (the "Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("the Standalone Financial Results"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph 2 below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the Standalone Financial Results:

- is presented in accordance with the requirements of the Listing Regulations in this regard; and
- gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India of the net loss and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020

#### 2. Basis for Disclaimer of Opinion

We draw attention to note 2(c) and note 3(a) of the Standalone Financial Results, National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen the books of accounts and recast the financial statements of the Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 1 and note 2, the Board of Directors of the Company, taking into significance of the basis of preparation and the matters described in notes to the Standalone Financial Results, believes that the accompanying Standalone Financial Results have not been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, hence could be materially misstated and thus, do not present a true and fair view.

We are unable to determine the consequential impact of the aforesaid Proposed Revision and the impact of certain specific transactions / matters and disclosures on the Standalone Financial Results. Such specific transactions / matters include:

- i. We draw attention to note 3(c), note 4 and note 6 of the Standalone Financial Results. There are certain outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating Rs. 2,439.94 crores and Rs. 320 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies, connected parties, and a subsidiary, and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP). Out of the above receivables during the year ended March 31, 2020, the Company has made provision of Rs. 68.50 crores in relation to receivables from a promoter affiliate company since that is subjected to insolvency process. Further, as more fully explained in the note 7, during the year ended March 31, 2020, the Company had extended loans and advances aggregating to Rs 137.59 crores to an erstwhile subsidiary and unrelated parties which were approved by the CIP and were in relation to the earlier year transactions. These balances were either provided or settled subsequently during the year and are not carried forward as at year end. The Board of Directors had initiated investigation to evaluate the business and commercial rationale of the underlying transactions and balances.

During the year ended March 31, 2020, the Board of Directors issued recovery notices to these promoter affiliate companies, connected parties and unrelated parties. Subsequent to the year end March 31, 2020, the management has filed suit against three of the identified promoter affiliate companies (including on behalf of a subsidiary), as more fully explained in note 3(d) and note 3(e) of the Standalone Financial Results.

During the year, the Board of Directors issued recovery notices to various unrelated parties, as more fully explained in note 3(f) of the Standalone Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery as explained in note 3(f) of the Standalone Financial Results, management has made provision of Rs. Nil and Rs. 266.40 crores during the quarter and year ended March 31, 2020, respectively.

As of the date of this report, investigations are ongoing and not yet concluded by the Board of Directors and thus we are unable to quantify the adjustments to the Standalone Financial Results in relation to such outstanding identified receivables aggregating to Rs. 2,371.44 crores and identified liabilities of Rs. 320 crores and provisions in relation to unrelated parties balances amounting to Rs. 266.40 crores as at year end.

- ii. We draw attention to note 5 of the Standalone Financial Results, which describes that during February 2020 the Court of Belgium has ordered bankruptcy proceedings against CG Holdings Belgium NV and CG Power Systems Belgium NV, subsidiaries located in Belgium, which in turn hold investments in four downstream wholly owned subsidiary companies ('Belgium Group'). The Company believes that carrying value of outstanding balances recoverable from CG International B. V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Thus, during the year, the Company has made a provision for impairment of Rs. 1,292.18 crores in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from CGIBV, pertaining to Belgium Group.

The Company however has not accounted provision towards corporate guarantees amounting to Rs. 642.29 crores extended to Belgium Group, as the management

CG Power and Industrial Solutions Limited

Page 3 of 6

believes, that the recoverable value of assets in the Belgium Group will be sufficient to meet all liabilities post liquidation process and the Company will not be liable to fulfil any further obligations for such liabilities / corporate guarantees. The Company has also not made provision towards corporate guarantees provided to other overseas subsidiaries other than Belgium Group amounting to Rs. 499.26 crores on the assumption that the recoverable

value of assets of operations other than Belgium Group will be sufficient to meet all related liabilities and the Company will not be liable to fulfil any further obligations for such liabilities / corporate guarantees.

Pending outcome of bankruptcy / liquidation proceedings and management assessment on obligation towards corporate guarantees, we are unable to obtain sufficient appropriate audit evidence in respect of potential impact of any unforeseen liabilities post liquidation, obligation towards corporate guarantees extended to these subsidiaries, impairment provision and its consequential impact on the Standalone Financial Results.

- iii. We draw attention to note 4 and note 6 of the Standalone Financial Results, the Company has entered into various transactions with certain identified connected parties wherein some of the Company's employees owned beneficial ownership in such connected parties and further certain senior management personnel of the Company were directors of these connected parties. Pending ongoing investigation, the Company has not yet completed its assessment to determine the nature of its relationship with these connected parties and whether the Company holds control over these connected parties.

We were unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties and the completeness of disclosure of related party transactions as disclosed in note 6 of the Standalone Financial Results.

- iv. As at March 31, 2020, we have sent independent balance confirmation to banks/ financial institutions for borrowings, details of securities, lien, collaterals, guarantees etc. and bank balances of the Company. Other than responses in relation to balances, we have not received responses in respect of the details of securities, lien, collaterals, guarantees etc. on confirmations from banks / financial institutions. We have also not received responses to our direct confirmation request from 24 legal counsels and 6 counsels handling indirect tax matters for the Company. Further direct confirmation request to 40 customers, identified on sample basis, having receivable balance as per books amounting to Rs. 122.69 crores were not delivered due to non-availability of communication details.

In the absence of independent confirmations from banks/ financial institutions towards details of securities, lien, collaterals, guarantees and unsent confirmations, pending response in respect of legal and tax matters and further considering the proposed restatement of prior years, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2020 and related disclosures in these Standalone Financial Results.

CG Power and Industrial Solutions Limited

Page 4 of 6

- v. We draw your attention to notes 3(c), 3(h), 3(i), 8, 12 and note 17 of the Standalone Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management and the management has not ascertained the legal position of the Company, the possible cash outflow and its consequential impact on these Standalone Financial Results.

Pending management evaluation of legal positions and possible cash outflows, we are unable to obtain sufficient appropriate audit evidence with respect to completeness and disclosure of litigation and contingencies and consequential impact on these Standalone Financial Results.

- vi. We draw your attention to note 16 to the Standalone Financial Results, which describes that the Board of Directors have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with respect to various provision of the Companies Act 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) Prevention of Money Laundering Act, 2002 and other regulations, as applicable to the Company (Applicable Laws). The Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

Further, as stated in note 3(a) of the Standalone Financial Results, there are investigations and enquiries been conducted, for reasons explained in the notes to the Standalone Financial Results, by Securities and Exchange Board of India, Serious Fraud Investigation Office and Enforcement Directorate. Further Department of Income Tax has also issued notices and seeking explanations by the Company. The Company is engaging and providing details and responses to all such investigations, enquiries and demands, as raised on the Company.

Pending outcome of the investigation initiated by the Company and conducted on the Company by regulators and management assessment thereon, we are unable to determine the potential impact of non-compliances with Applicable Laws and determine, outcome of such enquiries and any further adjustments that may be necessary to these Standalone Financial Results.

- vii. Going Concern Assessment

We draw attention to note 11 in the Standalone Financial Results which indicate that (a) the Company has incurred a net loss during the current and previous years; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date; (c) Certain lenders of the Company are yet to conclude the Inter Creditor Agreement ('ICA'), till the date of adoption of these standalone financial results

Pending the outcome of the matters described in the paragraph (i) to (vi) and the matters disclosed in (a) to (c) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Company will be able to service its debts, realize its assets and discharge its liabilities as and when they become due over the period of next 12 months. Accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.

CG Power and Industrial Solutions Limited

Page 5 of 6

### 3. Management's responsibility for the Standalone Financial Results

The Standalone Financial Results has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Standalone Financial Results that gives a true and fair view of the net loss and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting

principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

However, the Board of Directors taking into consideration the matters stated under the heading Basis of Disclaimer of Opinion, upon MCA appointing a firm for reopening and recasting previous year standalone financial information and basis the outcome of investigations and other related actions, may revise these Standalone Financial Results after making necessary adjustments to give a true and fair view of Standalone Financial Results of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

### 4. Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our responsibility is to express an audit opinion on these Standalone Financial Results. However, because of the significance of the matters described in paragraph 2 under the Basis for Disclaimer of Opinion section above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these Standalone Financial Results and hence we do not express an opinion on the aforesaid Standalone Financial Results.

We are independent of the Group in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.



CG Power and Industrial Solutions Limited

Page 6 of 6

## Other Matters


5. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act, 2013 to the Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.
6. The comparative Ind AS financial information for the quarter ended December 31, 2019 and for the quarter and year ended March 31, 2019 are included in these Standalone Financial Results, on which we have issued a disclaimer of conclusion dated February 14, 2020 and disclaimer of opinion dated August 30, 2019, respectively.
7. The figures for the quarter ended March 31, 2020 included in these Standalone Financial Results, represent the derived figures between the figures in respect of the financial year ended March 31, 2020 on which we have issued a Disclaimer of Opinion and the year to date figures up to December 31, 2019 prepared by the management being the date of the end of third quarter of the current financial year, on which we had previously issued a Disclaimer of conclusion for the quarter ended and year to date standalone financial results for December 31, 2019 vide our report dated February 14, 2020.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

SHYAMSUNDAR  
R PACHISIA



Digitally signed by SHYAMSUNDAR  
R PACHISIA  
DN: cn=SHYAMSUNDAR R  
PACHISIA, c=IN, o=Personal,  
email=shyamsundar.pachisia@srb.in  
Date: 2020.06.28 00:00:18 +05'30'

per Shyamsundar Pachisia

Partner

Membership No: 49237

UDIN:20049237AAAAAV7712

Place: Mumbai

Date: June 27, 2020

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)  
submitted along-with Annual Audited Financial Results – (Standalone)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	3226.36	Not determinable
	2.	Total Expenditure	5025.64	
	3.	Net Profit/(Loss)	(1799.20)	
	4.	Earnings Per Share	(28.71)	
	5.	Total Assets	4769.59	
	6.	Total Liabilities	4055.70	
	7.	Net Worth	713.89	
	8.	Any other financial item(s) (as felt appropriate by the management)		
II	<b>Audit Qualification (each audit qualification separately):</b>  a. <b>Details of Audit Qualification:</b> Nature of qualifications are as per paragraphs 1 and 2 of the Audit Report. b. <b>Type of Audit Qualification:</b> Disclaimer of Opinion  c. <b>Frequency of qualification:</b> Repetitive  d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not applicable  e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>  (i) Management's estimation on the impact of audit qualification: Not determinable  (ii) If management is unable to estimate the impact, reasons for the same:  In order to ascertain completeness of transactions recorded in these audited standalone financial results and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liabilities for the Company, the Board of Directors of the Company has initiated second phase of investigation subsequent to the outcome of Phase 1 investigation besides the additional investigations initiated by regulators which are ongoing. Also the second phase of investigation is still under progress. Further on March 5, 2020, the National Company Law			



Tribunal ('NCLT') has allowed re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for the 5 years ended March 31, 2019.

The same may result in revision/ restatement of financial results.

(iii) Auditors' Comments on (i) or (ii) above: Refer our report containing disclaimer of opinion.

**III Signatories:**

**SUDHIR  
MATHUR** Digitally signed by  
SUDHIR MATHUR  
Date: 2020.06.27  
22:52:29 +05'30'

**Sudhir Mathur**  
Whole Time Executive Director

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm registration  
number:  
324982E/E300003

  
**Jitender Balakrishnan**  
Audit Committee Chairman

**SHYAMSUNDAR  
R PACHISIA** Digitally signed by SHYAMSUNDAR  
R PACHISIA  
DN: cn=SHYAMSUNDAR R  
PACHISIA, c=IN, o=Personal,  
email=shyamsundar.pachisia@erb.in  
Date: 2020.06.28 00:15:40 +05'30'

per Shyamsundar Pachisia  
Partner  
Membership No. 49237

Place: Mumbai  
Date: June 27, 2020

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com  
E: investorservices@cgglobal.com  
Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	465.41	558.12	1417.34	3169.48	5355.60
	(b) Other income	6.79	10.36	79.37	56.88	276.00
	<b>Total Income</b>	<b>472.20</b>	<b>568.48</b>	<b>1496.71</b>	<b>3226.36</b>	<b>5631.60</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of materials consumed	304.67	249.87	997.55	1947.34	3728.56
	(b) Purchases of stock-in-trade	9.97	5.95	13.75	60.92	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3.32)	134.62	(45.23)	171.29	(72.35)
	(d) Employee benefits expense	71.58	78.65	103.26	322.93	372.46
	(e) Finance costs	72.60	67.34	110.35	281.78	337.02
	(f) Depreciation and amortisation expense	21.38	22.79	26.19	90.54	103.90
	(g) Foreign exchange (gain) / loss (net)	15.21	2.71	34.76	25.81	62.95
	(h) Other expenses	125.98	91.30	282.59	537.80	930.41
	<b>Total Expenses</b>	<b>618.07</b>	<b>653.23</b>	<b>1523.22</b>	<b>3438.41</b>	<b>5497.74</b>
<b>3</b>	<b>Profit / (loss) before exceptional items and tax</b>	<b>(145.87)</b>	<b>(84.75)</b>	<b>(26.51)</b>	<b>(212.05)</b>	<b>133.86</b>
<b>4</b>	<b>Exceptional items (net)</b>	<b>(124.45)</b>	<b>(50.73)</b>	<b>(1477.51)</b>	<b>(1697.77)</b>	<b>(1518.27)</b>
<b>5</b>	<b>Loss before tax</b>	<b>(270.32)</b>	<b>(135.48)</b>	<b>(1504.02)</b>	<b>(1909.82)</b>	<b>(1384.41)</b>
<b>6</b>	<b>Tax expense / (credit) :</b>					
	Current tax	-	-	12.56	-	50.21
	Deferred tax	(85.96)	(8.80)	(58.72)	(110.62)	(39.17)
<b>7</b>	<b>Loss from continuing operations after tax</b>	<b>(184.36)</b>	<b>(126.68)</b>	<b>(1457.86)</b>	<b>(1799.20)</b>	<b>(1395.45)</b>
<b>8</b>	<b>Loss from discontinued operations before tax</b>	<b>-</b>	<b>-</b>	<b>(33.72)</b>	<b>-</b>	<b>(33.72)</b>
<b>9</b>	<b>Tax credit on discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(11.78)</b>	<b>-</b>	<b>(11.78)</b>
<b>10</b>	<b>Loss from discontinued operations after tax</b>	<b>-</b>	<b>-</b>	<b>(21.94)</b>	<b>-</b>	<b>(21.94)</b>
<b>11</b>	<b>Net loss for the period / year</b>	<b>(184.36)</b>	<b>(126.68)</b>	<b>(1479.80)</b>	<b>(1799.20)</b>	<b>(1417.39)</b>
<b>12</b>	<b>Other comprehensive income:</b>					
	(i) Items that will not be reclassified to profit or loss	2.70	(0.94)	(120.82)	(0.13)	(125.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.94)	0.33	0.26	0.05	1.21
<b>13</b>	<b>Total comprehensive income after tax</b>	<b>(182.60)</b>	<b>(127.29)</b>	<b>(1600.36)</b>	<b>(1799.28)</b>	<b>(1541.43)</b>
<b>14</b>	<b>Paid-up equity share capital</b> (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35	125.35
<b>15</b>	<b>Reserves excluding Revaluation Reserve</b>				588.54	2387.82
<b>16</b>	<b>Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	(2.94)	(2.03)	(23.26)	(28.71)	(22.27)
	(b) Diluted	(2.94)	(2.03)	(23.26)	(28.71)	(22.27)
	<b>Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	-	-	(0.35)	-	(0.35)
	(b) Diluted	-	-	(0.35)	-	(0.35)
	<b>Earnings Per Share (for continuing operations and discontinued operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	(2.94)	(2.03)	(23.61)	(28.71)	(22.62)
	(b) Diluted	(2.94)	(2.03)	(23.61)	(28.71)	(22.62)

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## **STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES** **FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020**

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1.	Segment Revenue:					
	(a) Power Systems	110.79	248.55	562.89	1117.28	2276.85
	(b) Industrial Systems	354.62	309.58	855.67	2052.48	3081.40
	<b>Total</b>	<b>465.41</b>	<b>558.13</b>	<b>1418.56</b>	<b>3169.76</b>	<b>5358.25</b>
	Less: Inter-Segment Revenue	-	0.01	1.22	0.28	2.65
	<b>Total income from operations</b>	<b>465.41</b>	<b>558.12</b>	<b>1417.34</b>	<b>3169.48</b>	<b>5355.60</b>
2.	Segment Results:					
	Profit / (loss) before tax and finance costs from each segment					
	(a) Power Systems	(49.26)	(14.76)	(7.71)	(61.70)	85.97
	(b) Industrial Systems	34.69	19.13	115.93	246.78	371.04
	<b>Total</b>	<b>(14.57)</b>	<b>4.37</b>	<b>108.22</b>	<b>185.08</b>	<b>457.01</b>
	Less:					
	(i) Finance costs	72.60	67.34	110.35	281.78	337.02
	(ii) Other un-allocable expenditure net of un-allocable income	43.49	19.07	(10.38)	89.54	(76.82)
	(iii) Foreign exchange (gain) / loss (net)	15.21	2.71	34.76	25.81	62.95
	Add:					
	(i) Exceptional items (net)	(124.45)	(50.73)	(1477.51)	(1697.77)	(1518.27)
	<b>Loss from ordinary activities before tax</b>	<b>(270.32)</b>	<b>(135.48)</b>	<b>(1504.02)</b>	<b>(1909.82)</b>	<b>(1384.41)</b>
3.	Segment Assets:					
	(a) Power Systems	860.90	1042.25	1481.15	860.90	1481.15
	(b) Industrial Systems	637.77	694.15	1154.35	637.77	1154.35
	(c) Unallocable	2991.07	3035.34	4339.01	2991.07	4339.01
	(d) Discontinued Operations	279.85	279.94	280.43	279.85	280.43
	<b>Total segment assets</b>	<b>4769.59</b>	<b>5051.68</b>	<b>7254.94</b>	<b>4769.59</b>	<b>7254.94</b>
4.	Segment Liabilities:					
	(a) Power Systems	828.95	814.06	1052.00	828.95	1052.00
	(b) Industrial Systems	784.48	852.93	906.34	784.48	906.34
	(c) Unallocable	2442.27	2488.20	2783.43	2442.27	2783.43
	(d) Discontinued Operations	-	-	-	-	-
	<b>Total segment liabilities</b>	<b>4055.70</b>	<b>4155.19</b>	<b>4741.77</b>	<b>4055.70</b>	<b>4741.77</b>

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

Particulars		As at 31.03.2020 Audited	As at 31.03.2019 Audited
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current Assets:</b>		
	(a) Property, plant and equipment	843.44	967.21
	(b) Capital work-in-progress	1.21	11.37
	(c) Intangible assets	39.17	39.69
	(d) Intangible assets under development	14.25	23.42
	(e) Financial assets		
	(i) Investments	14.80	898.86
	(ii) Trade receivables	4.23	6.24
	(iii) Loans	1225.39	1399.44
	(iv) Others	1172.78	1433.06
	(f) Other non-current assets	1.08	1.88
	<b>Total Non-current Assets</b>	<b>3316.35</b>	<b>4781.17</b>
<b>2</b>	<b>Current Assets:</b>		
	(a) Inventories	272.69	531.16
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	403.06	1178.53
	(iii) Cash and cash equivalents	100.94	104.04
	(iv) Bank balances other than (iii) above	39.68	16.37
	(v) Loans	35.64	40.18
	(vi) Others	2.79	40.72
	(c) Current tax assets (net)	42.35	32.41
	(d) Other current assets	276.23	249.92
	<b>Total Current Assets</b>	<b>1173.39</b>	<b>2193.34</b>
<b>3</b>	<b>Assets classified as held for sale and discontinued operations</b>	279.85	280.43
	<b>TOTAL - ASSETS</b>	<b>4769.59</b>	<b>7254.94</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	588.54	2387.82
	<b>Total Equity</b>	<b>713.89</b>	<b>2513.17</b>
	<b>Liabilities</b>		
<b>1</b>	<b>Non-current Liabilities:</b>		
	(a) Financial liabilities		
	(i) Borrowings	352.89	751.16
	(ii) Other financial liabilities	204.26	298.27
	(b) Provisions	33.33	54.83
	(c) Deferred tax liabilities (net)	21.14	131.81
	<b>Total Non-current Liabilities</b>	<b>611.62</b>	<b>1236.07</b>
<b>2</b>	<b>Current Liabilities:</b>		
	(a) Financial liabilities		
	(i) Borrowings	894.04	1036.61
	(ii) Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	120.06	123.73
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1069.90	1430.91
	(iii) Other financial liabilities	1057.30	672.47
	(b) Other current liabilities	185.81	166.15
	(c) Provisions	116.97	75.83
	<b>Total Current Liabilities</b>	<b>3444.08</b>	<b>3505.70</b>
<b>3</b>	<b>Liabilities associated with group of assets classified as held for sale and discontinued operations</b>	-	-
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>4769.59</b>	<b>7254.94</b>

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## **AUDITED STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

₹ crores

	Particulars	Year ended	
		31.03.2020	31.03.2019
<b>[A]</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	<b>Loss before tax from continuing operations</b>	<b>(1909.82)</b>	<b>(1384.41)</b>
	Adjustments for:		
	Depreciation and amortisation expense	<b>90.54</b>	103.90
	Allowances for doubtful receivables	<b>63.70</b>	14.54
	Bad debts written off	-	25.36
	(Gain) / loss arising on financial instruments designated as FVTPL	<b>(0.06)</b>	7.85
	Finance costs	<b>281.78</b>	337.02
	Interest income	<b>(11.25)</b>	(211.68)
	Dividend income from investment in subsidiary	<b>(0.38)</b>	(0.38)
	Unrealised exchange (gain) / loss (net)	<b>36.50</b>	50.89
	Intangible assets write off	<b>3.94</b>	-
	(Profit) / loss on sale of property, plant and equipment (net)	<b>0.08</b>	7.27
	Exceptional items (net)	<b>1670.46</b>	1518.27
		<b>2135.31</b>	1853.04
	<b>Operating profit before working capital changes</b>	<b>225.49</b>	468.63
	Adjustments for:		
	(Increase) / Decrease in trade and other receivables	<b>621.03</b>	446.02
	(Increase) / Decrease in inventories	<b>258.47</b>	(117.11)
	Increase / (Decrease) in trade and other payables	<b>(450.80)</b>	209.88
	Increase / (Decrease) in provisions	<b>7.86</b>	(10.04)
		<b>436.56</b>	528.75
	Cash (used in) / from operations	<b>662.05</b>	997.38
	Direct taxes paid (net of refunds)	<b>(9.94)</b>	(16.81)
	<b>Net cash flow (used in) / from continuing operating activities</b>	<b>652.11</b>	980.57
	<b>Net cash flow (used in) / from discontinued operating activities</b>	<b>0.49</b>	2.08
	<b>Net cash flow (used in) / from continuing and discontinued operating activities</b>	<b>652.60</b>	982.65
<b>[B]</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<b>Add: Inflows from investing activities</b>		
	Sale of property, plant and equipment	<b>6.69</b>	3.56
	Loans recovered from subsidiaries and related parties	<b>16.02</b>	658.65
	Interest received	<b>9.08</b>	211.37
	Dividend income from investments in subsidiary	<b>0.38</b>	0.38
		<b>32.17</b>	873.96
	<b>Less: Outflows from investing activities</b>		
	Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets	<b>(27.19)</b>	(73.05)
	Loans given to subsidiaries and related parties	<b>(144.71)</b>	(1408.94)
	Loans given to other than related parties	<b>(2.00)</b>	(33.48)
		<b>(173.90)</b>	(1515.47)
	<b>Net cash flow (used in) / from continuing investing activities</b>	<b>(141.73)</b>	(641.51)
	<b>Net cash flow (used in) / from discontinued investing activities</b>	-	-
	<b>Net cash flow (used in) / from continuing and discontinued investing activities</b>	<b>(141.73)</b>	(641.51)



# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

	Particulars	Year ended	
		31.03.2020	31.03.2019
[C]	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<b>Add: Inflows from financing activities</b>		
	Proceeds from long-term borrowings	-	72.20
	Proceeds from short-term borrowings	247.87	779.13
		247.87	851.33
	<b>Less: Outflows from financing activities</b>		
	Repayment of long-term borrowings	(162.09)	(353.92)
	Repayment of short-term borrowings	(420.14)	(628.70)
	Repayment of lease liability	(5.17)	-
	Interest paid	(174.44)	(298.96)
		(761.84)	(1281.58)
	<b>Net cash flow (used in) / from continuing financing activities</b>	(513.97)	(430.25)
	<b>Net cash flow (used in) / from discontinued financing activities</b>	-	-
	<b>Net cash flow (used in) / from continuing and discontinued financing activities</b>	(513.97)	(430.25)
	[C]		
	<b>NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)</b>	(3.10)	(89.11)
	<b>Cash and cash equivalents at beginning of the year</b>	104.04	193.15
	<b>Cash and cash equivalents at end of the year</b>	100.94	104.04
	<b>Cash and cash equivalents from continuing operations</b>	100.94	104.04
	<b>Cash and cash equivalents from discontinued operations</b>	-	-
	<b>Cash and cash equivalents from continuing and discontinued operations</b>	100.94	104.04

**Notes on the standalone financial results for the quarter and year ended March 31, 2020:**

1. These audited standalone financial results of CG Power and Industrial Solutions Limited ('the Company') read with Basis of preparation of financial results and other explanatory notes in the notes to the audited standalone financial results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on June 27, 2020. These standalone financial results of the Company are audited by the statutory auditors of the Company as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of standalone results for the quarter ended and year ended March 31, 2020 following the reasons explained in the basis of disclaimer of conclusion in their Audit Report.

Further taking into consideration the explanation provided in basis of preparation and related notes included in these standalone financial results, the Board of Directors of the Company believe that these standalone financial results do not include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions, including those disclosed in the audited standalone financial results for the year ended March 31, 2019, impacting standalone financial results and recoverability of receivables from the promoter affiliated companies (refer note 6) and connected parties (refer note 6). Hence these audited standalone financial results could be materially misstated to that extent and undergo change and thus, do not represent true and fair view.

2. Basis of preparation of standalone financial results:

- (a) These audited standalone financial results except as stated in the notes and read with subsequent paragraphs, have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

These standalone financial results have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of reporting period and certain identified transactions measured and recognised as stated in notes below.

- (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies as defined in note 3(g) and connected parties as specified in note 6, are stated at carrying value basis the transactions accounted in the books of the Company and as explained in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019.
- (c) In order to ascertain completeness of transactions recorded in these audited standalone financial results and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liabilities for the Company, the Board of Directors of the Company has initiated second phase of investigation ('Phase 2 investigation')

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

subsequent to the outcome of Phase 1 investigation besides the additional investigations initiated by regulators which are ongoing ("Investigations"). Further as detailed in note 3(a) below, on March 5, 2020, the National Company Law Tribunal ('NCLT') has allowed re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for the 5 years ended March 31, 2019. The Company is yet to receive communication from MCA pursuant to the order of NCLT.

3. (a) During the quarter and year ended March 31, 2020 and subsequent to that, below are the updates / key steps taken by the management of the Company, in relation to regulatory and recovery actions:

- Following the 1st phase of investigation,
  - detailed disclosures made by the Company in its audited standalone financial results for the year ended March 31, 2019, adopted by the Board of Directors of the Company on August 30, 2019
  - the Company has issued recovery notices to various entities demanding repayment of sum owed by them to the Company (Refer note 3(d) below)
  - the Company has filed the suits for recovery against identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs for recovery of sum towards the loss caused to the Company's subsidiary CG Power Solutions Limited (CG PSOL) by unauthorised transactions (Refer note 3(e) below).
- Pursuant to the Interim Order of SEBI dated September 17, 2019 ("Interim Order"), BSE had vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion / siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided details available with the Company. Forensic Auditor completed its audit and has submitted its report to SEBI. The Company is yet to receive a copy of the Report from SEBI.
- The Company and its subsidiary, CG Power Solutions Limited received notices from the Serious Fraud Investigation Office ('SFIO'), to investigate into the affairs of the Company and its 15 related / group companies. The Company is providing the information and documents as requisitioned from time to time and is extending full cooperation to the investigation.
- Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order') giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion/ siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated March 11, 2020 confirmed its interim order dated September 17, 2019. The Company has submitted all details as requested by SEBI during these proceedings.

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

- On March 5, 2020, the NCLT has passed its order allowing re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies for the 5 years ended as on March 31, 2019.
  - Certain further transactions (discussed elsewhere in the notes) related to the transactions which were part of 1st Phase of investigation, are included by the Company in the 2nd Phase of investigation which is in progress. The Board of Directors of the Company has appointed Hon'able Justice (Retd) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.
  - A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the mentioned Directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the Whole-time Executive Director of the Company was received. In response to the said summon, full response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended. The Company will continue to cooperate with authorities in providing the information requirements, as required.
  - The senior officials of the Company are engaging with varied regulatory bodies and authorities in India in relation to investigations and cooperating and providing details as been requested by them. (Refer note 3)
- (b) On March 8, 2019, the Board of Directors had approved a Scheme of Amalgamation ('Scheme') of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.
- On November 12, 2019, the Board of Directors of the Company resolved to call off the proposed merger given various issues unwinding from the discovery of irregular transactions and other detailed verification during the course of investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme and NCLT has approved the withdrawal of the said Scheme.
- (c) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. The Company and AHL had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on February 13, 2019 effective from 1st October 2018 (New Royalty Agreement). Further, during the quarter ended December 31, 2019, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void. Accordingly, the Company



does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of New Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

- (d) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1314.78 crores owed by them to the Company. 3 (three) notices sent by the Company (recovery amount of INR 452.12 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims of INR 74.63 crores owed to the Company could not be sent for want of requisite details including communication details ('Unsent Notices').

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount of INR 108.85 crores) seeking for particulars of the claim made by the Company; from 1 (one) entity (claim amount of INR 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking for particulars of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores which does not include INR 0.08 crore of trade receivable) has stated there is no amount outstanding ("Responses"). Based on the information available with Company, the Management believes the responses received are untenable and management will continue pursuing further legal options, in consultation with legal counsels of the Company. Further updates in this regard is provided in note 3(e) below.

- (e) The Company has filed the following suits for recovery:

- i. Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of INR 811.23 crores (Principal amount of INR 552.33 crores together with interest aggregating to INR 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CG Power Solutions Limited (CG PSOL) by unauthorised / illegal liquidation of its mutual funds.
- ii. Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of INR 399.30 crores - (principal INR 280.00 crores together with interest aggregating INR 119.30 crores at the rate of 18% p.a.) towards the loss caused to CG PSOL due to unauthorised / illegal liquidation of its fixed deposits.
- iii. Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of INR 478.93 crores - (principal INR 320.91 crores together with interest aggregating INR 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

In view of the national lockdown on account of COVID-19, the remaining recovery cases shall be filed upon normal functioning of the Courts.



## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

- (f) During the year, the Company has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Company has made a provision for such outstanding amount due from third parties / unrelated parties aggregating to INR 266.40 crores in the audited standalone financial results for the year ended March 31, 2020. However, the Company will continue with the recovery process for the said receivables. In view of the national lockdown on account of corona virus outbreak, the remaining recovery cases shall be filed upon normal functioning of the Courts.
- (g) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Company has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI. Pending the outcome of said application and pending the decision of SEBI, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.
- (h) During the year, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals), hereafter 'CIT(A)'. The Company had also filed an appeal before CIT(A) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Company had also filed a letter on January 24, 2020 to CIT(A) requesting for early disposal of appeal. The assessing officer has issued a letter on February 06, 2020 in response to our stay application and rejected Company's stay application. After careful consideration of all facts, the Company has filed writ petition before Bombay High Court contesting against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Bombay High Court vide its order dated March 13, 2020 had granted an interim stay until admission of appeal which was scheduled to be heard on June 12, 2020. In response to Company's prayer, the CIT(A) scheduled a hearing on June 16, 2020. In view of COVID-19 situation, the office of CIT(A) is not functioning and the Company awaits further communication from CIT(A) office and on next hearing date. Further in view of COVID-19 situation, the hearing scheduled on June 12, 2020 before the Bombay High Court could not be heard and therefore the Company awaits next hearing date for the admission of appeal from the Bombay High Court.



- (i) Four suppliers due to non-payment of their dues have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim is being contested by the Company due to a pre-existing dispute (refer note 8) and for other claims the Company is in discussions with the claimants for an amicable settlement.
4. During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of the Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). Till date, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

As a part of the discussion with the lenders to the Company, subsequent to the execution of the ICA, the lenders have commissioned various reports [with respect to forensic, valuation, techno-economic feasibility and security structure] which are expected to form the basis of the resolution framework between the Company and the lenders. The Company is not privy to these reports.

The Company believes that following the signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current. However pursuant to outbreak of COVID-19, the ICA stands extended up to September 20, 2020 under the RBI guidelines.

There were undisclosed transactions reported by the Company in the standalone financial results for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Company's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Company and Company had further extended those borrowings to one of the promoter affiliate company and to one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Company, as identified and defined in the audited standalone financial results of the Company for the year ended March 31, 2019. Further, the Company disclosed that the Directors of such connected parties were the employees of the Company and its subsidiaries. Pending the ongoing Phase 2 investigation, the Company has still not concluded whether such connected parties were controlled by the Company. However these borrowings availed by such connected parties are part of above referred ICA.

5. During the year, Company's subsidiaries, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE') have been referred to bankruptcy court in Belgium, upon application filed by the public prosecutor in view of outstanding payments to creditors in Belgium. The court has on February 3, 2020, declared HBE and PSBE as bankrupt, and appointed three Receiver who will proceed to auction their assets including their investments in PT CG Power Systems Indonesia ('PTID') and CG Power Systems Ireland Limited ('CGIE')

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

and CG Sales Network France SA ('SNFR') ['Realisable Entities'].HBE together with PSBE, PTID, CGIE, SNFR and CG Power Solutions Saudi Arabia Limited ('PSOL SA'), constitute HBE Group. The Company believes that carrying value of outstanding balances recoverable from CG International B. V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Thus, during the year, the Company has made a provision for impairment of INR 1246.13 crores in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from CGIBV, pertaining to Belgium entities and PTID. The Company has not considered provision for corporate guarantees extended in relation to these operations aggregating EURO 77.59 million (equivalent to INR 642.29 crores), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees. The Company has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

The Company has not made any provision towards corporate guarantees provided to certain overseas subsidiaries (other than those provided to HBE Group) amounting to INR 499.26 crores on the assumption that the recoverable value of assets of these operations will be sufficient to meet all related liabilities.

During the quarter, the Company made provision of INR 46.05 crores towards receivables outstanding from PT Crompton Prima Switchgear Indonesia (CPSI) due to financial liquidity issues.

6. The Company has certain non-current receivables from various subsidiaries, promoter affiliate companies and connected parties as at period end, and as explained in note 3(d), the Company has initiated recovery process in consultation with legal counsels including filing legal suits and will be taking further actions as may be legally advised. Further, no interest has been accrued on all such balances from April 1, 2019.

Following are the receivable balances from various subsidiaries, promoter affiliate companies as defined in note 3(g) and connected parties:

(₹ in crores)				
Name of the entity	Relationship	As at 31.03.2020	As at 31.12.2019	As at 31.03.2019
<b>A) Advance / Loan given</b>				
CG Power Solutions Limited	Subsidiary	1218.87	1218.87	1226.15
Avantha Holdings Limited *	Promoter affiliate company	680.47	680.47	685.32
Avantha Realty Limited	Promoter affiliate company	10.66	10.66	10.66
Ballarpur Industries Limited	Promoter affiliate company	-	-	68.50
Solaris Industrial Chemicals Limited	Promoter affiliate company	97.00	98.76	98.20
Acton Global Private Limited	Connected party	175.00	175.00	175.00
Blue Garden Estate Private Limited	Connected party	176.11	176.11	176.11
<b>Total</b>		<b>2358.11</b>	<b>2359.87</b>	<b>2439.94</b>
<b>B) Loan payable</b>				
Blue Garden Estate Private Limited	Connected party	320.00	320.00	320.00
<b>Total</b>		<b>320.00</b>	<b>320.00</b>	<b>320.00</b>



\* The balance with AHL has reduced on account of GST related to brand royalty for the period April-2018 to September-2018

7. During the year ended March 31, 2020, certain transactions were done / identified by the Company which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors have also subjected these transactions to the phase 2 investigation –

- the Company made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs and were provided for during the year.
- During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided for during the year.

During the year ended March 31, 2020, on account of closure activity of T1, certain unexecuted orders were transferred to PTID. Accordingly, the Company made advance payment of INR 35.60 crores to PTID against the purchase order to execute the said shifted orders which have been shifted to PTID. Subsequently, the Company has received back amount of INR 2.84 crores from PTID. However during the quarter ended March 31, 2020, the Company has lost control over PTID due to ongoing bankruptcy proceeding at Belgium. Hence during the year, the Company has made provision for the balance amount receivable considering the remote possibility of recovery.

8. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy'), the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Company faced unresolved warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers. The Company was not provided counter bank guarantees against the bank guarantees provided by the Company to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism prescribed under the Distribution Agreement. However, Lucy, opted to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The Company is contesting this in the NCLT as a pre-existing contractual dispute. The application was last listed on March 20, 2020. However, in view of the COVID-19 the same has been adjourned by NCLT and fresh date is yet to be notified. Basis the Company's internal assessment, management believes that no additional provision is required at this stage and this case will be in favor of the Company.
9. In 2017 one of the customers of the Company raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory. Customer invoked arbitration before Arbitrator for a warranty claim. During the Arbitration Proceedings, Customer agreed to settle the dispute and the Arbitration proceeding was finally terminated during the year. Under the settlement agreement, the Company was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer latest by June 30, 2020 failing which the settlement agreement provided for payment of 2.9 million USD by the



## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

Company to the customer In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and at present the transformer is lying in Belgium facility over which the Company does not have control. Considering these facts, the Company has provided amount of INR 22.48 crores towards liability for reimbursement of sale proceeds in the quarter ended March 31, 2020. The Company however will contest claim, if any, arising out of the settlement agreement in view of the circumstances mentioned above.

### 10. Exceptional Items includes the following:

Particulars	Quarter ended			Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
Provision against loans given to subsidiaries	-	-	-	-	(40.61)
Provision against doubtful advances [refer note 3(f) and (b) below]	-	(68.58)	-	(334.98)	-
Impairment of investments in subsidiaries (refer note 5)	-	-	-	(884.12)	-
Provision against litigation (for trade receivable and claims)	(22.48)	-	(35.45)	(22.48)	(35.45)
Impairment of loan given to overseas subsidiaries (refer note 5)	-	-	(1325.00)	(315.75)	(1325.00)
Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries (refer note 5)	(43.64)	2.84	-	(92.31)	-
Curtailment of gratuity liability	-	-	3.16	-	17.16
Impairment of intangible assets under development	-	-	-	-	(14.15)
Short fall of provident fund liability	(0.78)	-	(24.83)	(0.78)	(24.83)
Post retirement medical benefit provision reversal	10.83	-	-	10.83	-
(Provision) / Reversal for interest towards delay in completion of land sale and expected restructuring cost	(53.23)	31.29	(95.39)	(21.94)	(95.39)
Professional and Consultancy fees due to ongoing investigations and debt resolution plan	(15.15)	(16.28)	-	(36.24)	-
<b>Total</b>	<b>(124.45)</b>	<b>(50.73)</b>	<b>(1477.51)</b>	<b>(1697.77)</b>	<b>(1518.27)</b>

Note: Amount for exceptional item in the nature of provision / expenses are shown in brackets in above table.

Below are additional details on exceptional items recognized in the quarter and year ended March 31, 2020:

- During the year, based on additional update, the Company has actualised and reversed exceptional provision of INR 31.29 crores related to expected restructuring cost towards closure, shifting of transformer manufacturing unit at Kanjurmarg, Mumbai and allied processes. Further as explained in note 12, in the quarter ended March 31, 2020, an amount INR 53.23 crores is provided for the period November 2019 till March 31, 2020 towards interest payable on delay in consummation of Kanjurmarg land sale. The Company continues to engage with EVIE and shall negotiate settlement of current and future interest liability.
- As stated in note 3(d), one of the promoter affiliate entity is under bankruptcy process at National Company Law Tribunal ('NCLT'). The Company has filed its claim before the NCLT in respect of the receivables of INR 68.58 crores including INR 0.08 crore of trade receivable. The management believes that it is more than certain that the outstanding receivables in such process may not be collected, in their totality, and hence have made a provision during the year for such amount.
- Following the actions taken by the Board of Directors, ongoing investigation in relation to matters identified and disclosed in the financial results for the quarter and year ended



## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

March 31, 2019 and the debt resolution process initiatives, the Company has incurred professional and consultancy charges of INR 36.24 crores during the year ended March 31, 2020 which are recognised as exceptional item.

- d. The Company has recognised provision of INR 0.78 crore towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of Company's contribution to provident fund as an exceptional item.
  - e. The Company has discontinued post-retirement medical benefit extended to employees from April 2020. Consequently, the accumulated provision of INR 10.83 crores has been reversed and recognised as an exceptional item in the quarter and year ended March 31, 2020.
  - f. As stated in note 9, in the quarter ended March 31, 2020, the Company has recognised a provision for an amount of INR 22.48 crores as an exceptional item towards liability for litigation claim toward reimbursement of sale proceeds in terms of settlement agreement with one of the customers.
11. The Company has incurred a net loss before exceptional item of INR 145.87 crores during the quarter ended and INR 212.05 crores during the year ended March 31, 2020 and also incurred losses during the previous year ended March 31, 2019. As at March 31, 2020, the Company's current liability exceeds its current assets by INR 2270.69 crores subject to classification of bank borrowings depending on conclusion of resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on ICA gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from March 31, 2019 explained elsewhere hereinafter, the going concern basis of preparation of these audited standalone financial results could be materially affected as at March 31, 2020.

However, the Company believes taking into consideration following mitigating factors and business updates available till date supports the going concern assumption for preparation of these standalone financial results, as at year ended March 31, 2020:

- The Company has been in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the Inter-Creditor Agreement, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Company and its lenders are in discussion with potential investors for infusion of capital in the Company.
  - The Company has an unexecuted business order book of over INR 2853 crores as of date
12. As a part of its asset optimisation initiative, the Company had entered into a definitive agreement for sale of remaining portion of its land at Kanjurmarg to M/S Evie Real Estate Private Limited (EVIE). Consequently, the Board had approved the closure of the Kanjurmarg factory for completion of the sale. However, consummation of sale transaction is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. As per contractual terms, interest @ 18% p.a.

## 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 7700 F: +91 22 2423 7733 W: [www.cgglobal.com](http://www.cgglobal.com)

E: [investorservices@cgglobal.com](mailto:investorservices@cgglobal.com)

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

is payable on such delay in consummation of sale. The Company has made provision for an amount INR 53.23 crores in the quarter ended March 31, 2020 towards interest provision from November 2019 till March 31, 2020. The Company continues to engage with EVIE and shall negotiate settlement of current and future interest liability.

13. The Company has not availed the option permitted under section 115BAA of the Income Tax Act, 1961 in current year. In view of this, the Company has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Company immediately before the amendment).
14. Effective April 1, 2019, the Company has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, the Company has recognised INR 17.11 crores as right-of-use (ROU) asset as at April 1, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial period to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on profit/(loss) after tax and earnings per share for the quarter ended March 31, 2020 and year ended March 31, 2020 on adoption of Ind AS 116.
15. Other comprehensive income is in respect of fair valuation of investment and employee benefits.
16. As a result of the transactions disclosed by the Company in its audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Income Tax Act, 1961 and other statutes and regulations as applicable to the Company. As described in note 2 above, the Company is in the process of investigation in respect of certain transactions and evaluating the implications of these potential non-compliances and the potential remedies available.
17. The Company has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating INR 69.08 Crore. As part of its working capital monitoring process, the Company has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.
18. The Company had on January 24, 2020, informed the stock exchanges of the Board's decision to apply to the Central Government for removal of M/s K K Mankeshwar & Co, one of the Joint Statutory Auditors of the Company under section 140 (1) of the Companies Act, 2013. Upon communication of the Board's decision, M/s K K Mankeshwar & Co had on January 25, 2020, sent their resignation. In view of the same, the Company has sought clarification from the Ministry of Corporate Affairs on filing of application under section 140(1) of the Companies Act or treating the resignation of M/s K K Mankeshwar & Co as vacation of office of one of the Joint Statutory Auditors. Since not response was received from MCA

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

as an abundant precaution, the Company has filed application for approval of the Central Government for removal of M/s K K Mankeshwar & Co as Joint Statutory Auditors of the Company.

19. Globally including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Company's operations in India were impacted in the month of March 2020, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India in view of COVID-19. The lockdown affected our partners and customers too, resulting in diminished sales, ordering and manufacturing activities. Subsequent to easing of lockdown and receipt of requisite approvals, the Company has commenced limited operations at all its plants from April 29, 2020 and is gradually ramping up production, sales and allied activities.

In view of the uncertainties regarding the extent and duration of current COVID situation, the Company is not able to predict the future impact on the business operations. However, even before this pandemic situation, the Company because of the various reasons discussed in notes above has been facing financial stress and is working on various options to avail the required financial support. The Company believes post requisite financial restructuring, there will be no significant impact on the recoverability of its financial and non-financial assets, subject to the past events and possible impact thereof, as discussed above.

20. Figures for the quarter ended March 31, 2020 and March 31, 2019 represents the difference between the audited figures for the full financial year and the limited reviewed figures for the nine months period ended December 31, 2019 and December 31, 2018, respectively.
21. Figures for the previous periods have been regrouped / reclassified to conform to the classification of the current periods.

For **CG Power and Industrial Solutions Limited**

**SUDHIR  
MATHUR**

Digitally signed by  
SUDHIR MATHUR  
Date: 2020.06.27  
22:25:57 +05'30'

Place: Mumbai  
Date: June 27, 2020

**By Order of Board  
Sudhir Mathur  
Whole Time Executive Director  
DIN: 01705609**

Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To  
The Board of Directors of  
CG Power and Industrial Solutions Limited

Report on the audit of the Consolidated Financial Results

Disclaimer of Opinion

1. We were engaged to audit the accompanying statement of consolidated financial results of CG Power and Industrial Solutions Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("the Consolidated Financial Results"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Consolidated Financial Results includes the results of the subsidiaries as listed down in Annexure 1 to this Report;

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph 2 below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the Consolidated Financial Results:

- is presented in accordance with the requirements of the Listing Regulations in this regard; and
- gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net loss and consolidated other comprehensive loss and consolidated other financial information of the Group for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

## 2. Basis for Disclaimer of Opinion

We draw attention to note 2(e) and note 3(a) of the Consolidated Financial Results. National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen the books of accounts and recast the financial statements of the Holding Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 1 and note 2, the Board of Directors of the Holding Company taking into significance of the basis of preparation and the matters described in notes to the Consolidated Financial Results, believes that the accompanying Consolidated Financial Results have not been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, hence could be materially misstated and thus, do not present a true and fair view.

## CG Power and Industrial Solutions Limited

Page 2 of 9

We are unable to determine the consequential impact of the aforesaid Proposed Revision and the impact of certain specific transactions / matters and disclosures on the Consolidated Financial Results. Such specific transactions / matters include:

- i. We draw attention to note 3(b), note 4 and note 6 of the Consolidated Financial Results. There are certain outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating Rs. 3,023.08 crores and Rs. 326.30 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies and connected parties and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP). Out of the above receivables during the year ended March 31, 2020, the Group has made provision of Rs. 68.50 crores in relation to receivables from a promoter affiliate company since that is subjected to insolvency process. Further, as more fully explained in the note 7, during the year ended March 31, 2020, the Group had extended loans and advances aggregating to Rs. 422.80 crores to promoter affiliate companies, related parties and unrelated parties which were approved by the CIP and were in relation to the earlier year transactions. These balances were either provided or settled subsequently during the year and are not carried forward as at year end. The Board of Directors of Holding Company had initiated investigation to evaluate the business and commercial rationale of the underlying transactions and balances.

During the year ended March 31, 2020, the Board of Directors of the Holding Company issued recovery notices to these promoter affiliate companies, connected parties and unrelated parties. Subsequent to the year end March 31, 2020, the management of Holding Company has filed suit against three of the identified promoter affiliate companies, as more fully explained in note 3(c) and note 3(d) of the Consolidated Financial Results.

During the year, the Board of Directors issued recovery notices to various unrelated parties, as more fully explained in note 3(e) and note 11 of the Consolidated Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery as explained in note 3(e) of the Consolidated Financial Results, management has made provision of Rs. Nil and Rs. 963.91 crores during the quarter and year ended March 31, 2020 respectively.

As of the date of this report, investigations are ongoing and not yet concluded by the Board of Directors and thus we are unable to quantify the adjustments to the Consolidated Financial Results in relation to such outstanding identified receivables aggregating to Rs. 2,954.58 crores and identified liabilities of Rs. 326.30 crores and provisions in relation to unrelated parties balances amounting to Rs. 963.91 crores as at year end.

- ii. We draw attention to note 2(d) and note 11(f) of the Consolidated Financial Results, which describes that during February 2020, the Court of Belgium has ordered bankruptcy proceedings against CG Holdings Belgium NV and CG Power Systems Belgium NV subsidiaries located in Belgium, which in turn hold investments in four downstream wholly owned subsidiary companies ('Belgium Group'). As the Holding Company does not have access to the financial information of the Belgium Group from January 01, 2020, the Group has consolidated the financial information for the period



## CG Power and Industrial Solutions Limited

Page 3 of 9

from April 1, 2019 to December 31, 2019. On deconsolidation, basis the assumed date as defined by the group, the group has accounted deconsolidation adjustments as stated in Note 2(d) and note 11(f) of the Consolidated Financial Results.

Consequent to the above, the Group has recorded a provision for net liabilities of Rs. 341.15 crores (net of assets Rs. 229.32 crores) payable by CG Group to Belgium group as per the balances as on December 31, 2019. In addition to this group has also accounted net loss of Rs.119.95 crores as deconsolidation adjustment as at January 01, 2020. The group has not accounted corporate guarantees amounting to Rs. 642.29 crores extended to Belgium Group as stated in note 2(d) of Consolidated Financial Results, as the management of Holding Company believes, that the recoverable value of assets in the Belgium Group will be sufficient to meet any possible obligations, if any arises in relation to these corporate guarantees.

Pending outcome of bankruptcy / liquidation proceedings, we are unable to obtain sufficient appropriate audit evidence for compliance with provisions of Ind AS 110 'Consolidated financial statements' in respect of date of loss of control effective assumed date of deconsolidation, netting off receivables and payables, completeness of financial information and potential impact of any unforeseen liabilities post liquidation, recoverability of assets which are currently netted off by the management against the liabilities, obligation towards corporate guarantees extended to these subsidiaries and any consequential disclosure impact on these Consolidated Financial Results.

- iii. We draw attention to note 5 of the Consolidated Financial Results, which describes that the Group has accounted impairment losses aggregating to Rs. 354.02 crores towards the net asset (including Goodwill) balances of certain overseas entities other than the Belgium Group as mentioned in paragraph ii above, which are based on management assumption that such balances may not be recovered. Without any underlying documentation to justify the basis of such impairment loss, we are unable to comment on the completeness, appropriateness of the impairment provision recorded in the Consolidated Financial Results.
- iv. We draw attention to note 4 and note 6 of the Consolidated Financial Results. The Group has entered into various transactions with certain identified connected parties wherein some of the Holding company's employees owned beneficial ownership in such connected parties and further certain senior management personnel of the Holding Company were directors of these connected parties. Pending ongoing investigation, the Holding Company has not yet completed its assessment to determine the nature of its relationship with these connected parties and whether the Group holds control over these connected parties, hence, the Holding Company has not concluded whether these parties should be consolidated at March 31, 2020.

We were unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties, disclosure of related party transactions and potential impact on consolidated financial statements as disclosed in note 6 of these Consolidated Financial Results.

## CG Power and Industrial Solutions Limited

Page 4 of 9

- v. As at March 31, 2020, we have sent independent balance confirmation to banks/ financial institutions for borrowings, details of securities, lien, collaterals, guarantees etc. and bank balances of the Holding Company and certain identified subsidiaries. Other than responses in relation to balances, we have not received responses in respect of the details of securities, lien, collaterals, guarantees etc. on confirmations from banks / financial institutions. We have also not received responses to our direct confirmation request from 24 legal counsels and 6 counsels handling indirect tax matters for the Holding Company. Further direct confirmation request to 40 customers, identified on sample basis, having receivable balance as per books amounting to Rs. 122.69 crores were not delivered due to non-availability of communication details.

In the absence of independent confirmations from banks/ financial institutions towards details of securities, lien, collaterals, guarantees and unsent confirmations, pending responses in respect of legal and tax matters and further considering the proposed restatement of prior years, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2020 and related disclosures in these Consolidated Financial Results.

- vi. We draw your attention to notes 3(b), 3(g), 3(h), 3(i), 8, 10, 13 and note 18 of the Consolidated Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management of the Holding Company and the management has not ascertained the legal position of the group, the possible cash outflow and its consequential impact on these Consolidated Financial Results.

Pending management evaluation of legal positions and possible cash outflows, we are unable to obtain sufficient appropriate audit evidence with respect to completeness and disclosure of litigation and contingencies and consequential impact on these Consolidated Financial Results.

- vii. We draw your attention to note 17 to the Consolidated Financial Results, which describes that the Board of Directors of the Holding Company have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with respect to various provision of the Companies Act 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, Prevention of Money Laundering Act, 2002, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and other regulations, as applicable to the Group (Applicable Laws). The Holding Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

Further, as stated in note 3(a) of the Consolidated Financial Results, there are investigations and enquiries been conducted, for reasons explained in the notes to the Consolidated Financial Results, by Securities and Exchange Board of India, Serious Fraud Investigation Office and Enforcement Directorate. Further Department of Income Tax has also issued notices and seeking explanations by the Holding Company. The Holding Company is engaging and providing details and responses to all such investigations, enquiries and demands, as raised on the Holding Company.

## CG Power and Industrial Solutions Limited

Page 5 of 9

Pending outcome of the investigation initiated by the Holding Company and conducted on the Group by regulators and Holding Company's management assessment thereon, we are unable to determine the potential impact of non-compliances with Applicable Laws and determine, outcome of such enquiries and any further adjustments that may be necessary to these Consolidated Financial Results.

- viii. We draw attention to the Basis of Preparation of these Consolidated Financial Results, which indicate that the accompanying Consolidated Financial Results include unaudited financial results and other unaudited financial information in respect of 11 subsidiaries, part of continued operations of the Group, whose financial statements / results and other financial information reflect total assets of Rs. 2,315.68 crores as at March 31, 2020, total revenues of Rs. 33.56 crores and Rs. 1,576.75 crores, total net loss after tax Rs. 69.56 crores and Rs. 980.39 crores, total comprehensive loss (net) of Rs. 69.56 crores and Rs. 980.39 crores for the quarter and year ended March 31, 2020 respectively and net cash outflows of Rs.68.84 crores for the year ended March 31, 2020, in respect of 4 subsidiaries, part of discontinued operations of the Group, whose financial statements / results and other financial information reflect total assets of Rs. 5.29 crores as at March 31, 2020, total revenues of Rs. Nil and Rs. 3.66 crores, total net loss after tax Rs. 0.08 crores and Rs. 0.04 crores, total comprehensive loss (net) of Rs. 0.08 crores and Rs. 0.04 crores for the quarter and year ended March 31, 2020 respectively and net cash outflows of Rs. 0.24 crores for the year ended March 31, 2020, as considered in the Consolidated Financial Results based on their financial statements and other financial information which have not been audited by their auditors. These unaudited financial statements and other financial information are considered by the management of Holding Company on the basis of financial information available with them (either approved or not approved by individual subsidiaries) for preparation of these Consolidated Financial Results including elimination of related party transactions and conversion of financial statements into accounting principles generally accepted in India. Our report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such financial statements / results and other financial information as available and considered by the management. We are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to an audit.
- ix. We draw attention to note 2(c) of these Consolidated Financial Results, which indicate non-compliance with the regulation 33(3)(h) of the Listing Regulations, which requires the Group to ensure audit of at least 80% of its operations with effect from April 01, 2019. Further elimination of intercompany transactions for preparation of these Consolidated Financial Results are made based on the unaudited financial statements / results available with the Holding Company.

Pending audit of identified subsidiaries and subject to the possible adjustments on account of ongoing investigations, we are unable to determine the potential impact of non-compliances with respect of regulation 33(3)(h) and determine any further adjustment that may be necessary to these Consolidated Financial Results.

## CG Power and Industrial Solutions Limited

Page 6 of 9

## x. Going concern assessment

We draw attention to note 12 in the Consolidated Financial Results which indicate that (a) the Group has incurred a net loss during the current and previous years and has negative net worth as at year end; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date; (c) Certain lenders of the Holding Company are yet to conclude the Inter Creditor Agreement ('ICA'), till the date of adoption of these Consolidated Financial Results.

Pending the outcome of the matters described in the paragraph (i) to (ix) and the matters disclosed in (a) to (c) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Group will be able to service its debts, realize its assets and discharge its liabilities as and when they become due over the period of next 12 months. Accordingly, we are unable to comment on whether the Group will be able to continue as Going Concern.

## 3. Management's responsibility for the Consolidated Financial Results

The Consolidated Financial Results has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Consolidated Financial Results that gives a true and fair view of the net loss and other comprehensive loss and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

However, the Board of Directors of the Holding Company taking into consideration the matters stated under the heading Basis of Disclaimer of Opinion, upon MCA appointing a

## CG Power and Industrial Solutions Limited

Page 7 of 9

firm for reopening and recasting previous year consolidated financial information and basis the outcome of investigations and other related actions, may revise these Consolidated Financial Results after making necessary adjustments to give a true and fair view of Consolidated Financial Results of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

#### 4. Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our responsibility is to express an audit opinion on these Consolidated Financial Results. However, because of the significance of the matters described in paragraph 2 under the Basis for Disclaimer of Opinion section, above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these Consolidated Financial Results and hence we do not express an opinion on the aforesaid Consolidated Financial Results.

We are independent of the Group in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.

#### Other Matters

#### 5. The accompanying Statement includes the audited financial results/statements and other financial information, in respect of:

- 10 subsidiaries which are part of continued operations of the Group, whose financial statements include total assets of Rs 1,653.14 crores as at March 31, 2020, total revenues of Rs 126.76 crores and Rs 543.42 crores, total net loss after tax of Rs. 773.59 crores and Rs. 1,363.65 crores, total comprehensive loss of Rs. 773.59 crores and Rs. 1,363.65 crores, for the quarter and the year ended on that date respectively, and net cash inflows of Rs. 47.51 crores for the year ended March 31, 2020, as considered in the Consolidated Financial Results which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements/financial results of these entities have been furnished to us by the Management and our disclaimer of opinion on the Consolidated Financial Results in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Certain of these subsidiaries are located outside India whose financial results / statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results / statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's



CG Power and Industrial Solutions Limited

Page 8 of 9

management. Our disclaimer of opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and read with paragraph 2 above and the conversion adjustments prepared by the management of the Holding Company.

6. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act 2013 to the Holding Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Holding Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.
7. The comparative Ind AS financial information for the quarter ended December 31, 2019 and for the quarter and year ended March 31, 2019 are included in these Consolidated Financial Results, on which we have issued a disclaimer of conclusion dated February 14, 2020 and disclaimer of opinion dated August 30, 2019, respectively.
8. The figures for the quarter ended March 31, 2020 included in these Consolidated Financial Results, represent the derived figures between the figures in respect of the financial year ended March 31, 2020 on which we have issued a Disclaimer of Opinion and the year to date figures up to December 31, 2019 prepared by the management being the date of the end of third quarter of the current financial year, on which we had previously issued a Disclaimer of conclusion for the quarter ended and year to date consolidated financial results for December 31, 2019 vide our report dated February 14, 2020.

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

SHYAMSUNDAR  
R PACHISIA

Digitally signed by SHYAMSUNDAR  
R PACHISIA  
DN: cn=SHYAMSUNDAR R  
PACHISIA, c=IN, o=Personal,  
email=shyamsundar.pachisia@srb.in  
Date: 2020.06.28 00:04:00 +05'30'

per Shyamsundar Pachisia

Partner

Membership No.: 49237

UDIN: 20049237AAAAAW8861

Place: Mumbai

Date: June 27, 2020

CG Power and Industrial Solutions Limited

Page 9 of 9

## Annexure 1 – List of entities included in the Consolidated Financial Results

Sr. No.	Name of Entity
1	CG PPI Adhesive Products Limited
2	CG International Holdings Singapore Pte Limited
3	CG Power Solutions Limited
4	CG Power Equipments Limited
5	CG Sales Networks Malaysia Sdn. Bhd.
6	PT Crompton Prima switchgear Indonesia
7	CG International BV
8	CG Drives & Automation Netherlands BV
9	CG Drives & Automation Germany GmbH
10	CG Industrial Holdings Sweden AB
11	CG Drives & Automation Sweden AB
12	CG Power Americas, LLC
13	CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. April 1, 2019)
14	QEI, LLC
15	PT CG Power Systems Indonesia (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
16	CG-Ganz Generator and Motor Limited Liability Company
17	CG Holdings Belgium NV (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
18	CG Power Systems Belgium NV (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
19	CG Power Systems Ireland Ltd (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
20	CG Sales Networks France SA (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
21	CG Service Systems France SAS
22	CG Electric Systems Hungary Zrt.
23	CG Power Solutions UK Ltd
24	CG Power Solutions Saudi Arabia Ltd (deconsolidated with effect from January 01, 2020 considering financial information as at December 31, 2019)
25	CG Middle East FZE
26	CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. April 1, 2019)
27	CG Power Systems Canada Inc
28	CG Power and Industrial Solutions Limited Middle East FZCO
29	CG International B.V. TR & Cont. Pvt. Co. LLC (Liquidated w.e.f. June 18, 2019)

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)  
submitted along-with Annual Audited Financial Results – (Consolidated)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	5158.01	Not determinable
	2.	Total Expenditure	7265.01	
	3.	Net Profit/(Loss)	(2166.94)	
	4.	Earnings Per Share	(34.45)	
	5.	Total Assets	6705.83	
	6.	Total Liabilities	6809.51	
	7.	Net Worth	(103.68)	
	8.	Any other financial item(s) (as felt appropriate by the management)		
II	<b>Audit Qualification (each audit qualification separately):</b>  a. <b>Details of Audit Qualification:</b> Nature of qualifications are as per paragraphs 1 and 2 of the Audit Report. b. <b>Type of Audit Qualification:</b> Disclaimer of Opinion  c. <b>Frequency of qualification:</b> Repetitive  d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not applicable  e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>  (i) Management's estimation on the impact of audit qualification: Not determinable  (ii) If management is unable to estimate the impact, reasons for the same:  In order to ascertain completeness of transactions recorded in these audited consolidated financial results and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liabilities for the Group the Board of Directors of the Company has initiated second phase of investigation subsequent to the outcome of Phase 1 investigation besides the additional investigations initiated by regulators which are ongoing. Also the second phase of investigation is still under progress. Further on March 5, 2020, the National Company Law Tribunal			

('NCLT') has allowed re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for the 5 years ended March 31, 2019. Further, during the year, management has deconsolidated Belgium group from assumed date with the assumption that management may not have any further liabilities towards the same. This will depend on the conclusion of bankruptcy process.

The same may result in revision/ restatement of financial results.

(iii) Auditors' Comments on (i) or (ii) above: Refer our report containing disclaimer of opinion.

**III Signatories:**

**SUDHIR  
MATHUR**

Digitally signed by  
SUDHIR MATHUR  
Date: 2020.06.27  
22:50:44 +05'30'

**Sudhir Mathur**  
Whole Time Executive Director



**Jitender Balakrishnan**  
Audit Committee Chairman

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm registration  
number:  
324982E/E300003

**SHYAMSUNDAR  
R PACHISIA**

Digitally signed by SHYAMSUNDAR  
R PACHISIA  
DN: cn=SHYAMSUNDAR R  
PACHISIA, c=IN, o=Personal,  
email=shyamsundar.pachisia@srb.in  
Date: 2020.06.28 00:14:19 +05'30'

per Shyamsundar Pachisia  
Partner  
Membership No. 49237

Place: Mumbai  
Date: June 27, 2020

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	616.25	1178.32	1988.86	5109.88	7997.91
	(b) Other income	20.42	12.15	16.98	48.13	50.91
	<b>Total Income</b>	<b>636.67</b>	<b>1190.47</b>	<b>2005.84</b>	<b>5158.01</b>	<b>8048.82</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of materials consumed	407.25	627.63	1335.69	3069.04	5075.09
	(b) Purchases of stock-in-trade	9.97	5.95	13.77	60.92	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	14.36	146.33	(58.17)	198.15	87.76
	(d) Employee benefits expense	120.81	237.74	267.09	867.13	1063.34
	(e) Finance costs	83.00	79.96	141.57	324.05	382.99
	(f) Depreciation and amortisation expense	40.60	61.99	49.16	211.48	225.25
	(g) Foreign exchange (gain) / loss (net)	19.17	18.31	42.25	72.53	97.12
	(h) Other expenses	147.33	178.95	288.74	845.20	1374.75
	<b>Total Expenses</b>	<b>842.49</b>	<b>1356.86</b>	<b>2080.10</b>	<b>5648.50</b>	<b>8341.09</b>
<b>3</b>	<b>Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax</b>	<b>(205.82)</b>	<b>(166.39)</b>	<b>(74.26)</b>	<b>(490.49)</b>	<b>(292.27)</b>
<b>4</b>	<b>Share of profit / (loss) in associates and joint venture</b>	<b>-</b>	<b>-</b>	<b>3.26</b>	<b>-</b>	<b>-</b>
<b>5</b>	<b>Exceptional items (net)</b>	<b>(172.85)</b>	<b>(53.57)</b>	<b>(152.96)</b>	<b>(1787.88)</b>	<b>(166.68)</b>
<b>6</b>	<b>Loss before tax</b>	<b>(378.67)</b>	<b>(219.96)</b>	<b>(223.96)</b>	<b>(2278.37)</b>	<b>(458.95)</b>
<b>7</b>	<b>Tax expense / (credit) :</b>					
	Current tax	2.17	1.40	18.72	2.64	82.98
	Deferred tax	(91.03)	(11.37)	(68.35)	(121.11)	(50.40)
<b>8</b>	<b>Loss from continuing operations after tax</b>	<b>(289.81)</b>	<b>(209.99)</b>	<b>(174.33)</b>	<b>(2159.90)</b>	<b>(491.53)</b>
<b>9</b>	<b>Profit / (loss) from discontinued operations before tax</b>	<b>1.75</b>	<b>0.04</b>	<b>(26.60)</b>	<b>(6.92)</b>	<b>(27.09)</b>
<b>10</b>	<b>Tax expense / (credit) on discontinued operations</b>	<b>-</b>	<b>0.12</b>	<b>(11.70)</b>	<b>0.12</b>	<b>(11.49)</b>
<b>11</b>	<b>Profit / (loss) from discontinued operations after tax</b>	<b>1.75</b>	<b>(0.08)</b>	<b>(14.90)</b>	<b>(7.04)</b>	<b>(15.60)</b>
<b>12</b>	<b>Net loss for the period / year</b>	<b>(288.06)</b>	<b>(210.07)</b>	<b>(189.23)</b>	<b>(2166.94)</b>	<b>(507.13)</b>
<b>13</b>	<b>Other comprehensive income:</b>					
	(a) (i) Items that will not be reclassified to profit or loss	3.30	(0.94)	(130.24)	(0.36)	(137.98)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(1.09)	0.33	(0.57)	0.11	1.21
	(b) (i) Items that will be reclassified to profit or loss	(6.33)	31.87	75.84	52.70	(12.11)
<b>14</b>	<b>Total comprehensive income after tax</b>	<b>(292.18)</b>	<b>(178.81)</b>	<b>(244.20)</b>	<b>(2114.49)</b>	<b>(656.01)</b>
<b>15</b>	<b>Total comprehensive income attributable to:</b>					
	(a) Equity holders of the parent	<b>(287.65)</b>	<b>(173.13)</b>	<b>(236.26)</b>	<b>(2107.00)</b>	<b>(652.38)</b>
	(b) Non-controlling interests	4.53	5.68	7.94	7.49	3.63
<b>16</b>	<b>Paid-up equity share capital (Face value of ₹ 2 each)</b>	<b>125.35</b>	<b>125.35</b>	<b>125.35</b>	<b>125.35</b>	<b>125.35</b>
<b>17</b>	<b>Reserves excluding Revaluation Reserve</b>				<b>(229.03)</b>	<b>2060.02</b>
<b>18</b>	<b>Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	(4.55)	(3.26)	(2.65)	(34.34)	(7.78)
	(b) Diluted	(4.55)	(3.26)	(2.65)	(34.34)	(7.78)
	<b>Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	0.03	(0.00)	(0.24)	(0.11)	(0.25)
	(b) Diluted	0.03	(0.00)	(0.24)	(0.11)	(0.25)
	<b>Earnings Per Share (for continuing and discontinued operations) (of ₹ 2 each) (not annualised)</b>					
	(a) Basic	(4.52)	(3.26)	(2.89)	(34.45)	(8.03)
	(b) Diluted	(4.52)	(3.26)	(2.89)	(34.45)	(8.03)



# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## **CONSOLIDATED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES** **FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020**

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1.	Segment Revenue:					
	(a) Power Systems	181.87	787.50	1057.37	2735.84	4610.33
	(b) Industrial Systems	431.84	387.51	928.07	2361.36	3373.17
	(c) Others	2.54	3.32	4.64	12.96	17.06
	<b>Total</b>	<b>616.25</b>	<b>1178.33</b>	<b>1990.08</b>	<b>5110.16</b>	<b>8000.56</b>
	Less: Inter-Segment Revenue	-	0.01	1.22	0.28	2.65
	<b>Total income from operations</b>	<b>616.25</b>	<b>1178.32</b>	<b>1988.86</b>	<b>5109.88</b>	<b>7997.91</b>
2.	Segment Results:					
	[Profit / (loss) before tax and finance costs from each segment]					
	(a) Power Systems	(94.08)	(65.99)	50.25	(222.30)	(22.87)
	(b) Industrial Systems	34.90	16.76	117.13	246.91	372.35
	(c) Others	(1.22)	(0.82)	(1.77)	(3.67)	(3.32)
	<b>Total</b>	<b>(60.40)</b>	<b>(50.05)</b>	<b>165.61</b>	<b>20.94</b>	<b>346.16</b>
	Less:					
	(i) Finance costs	83.00	79.96	141.57	324.05	382.99
	(ii) Other un-allocable expenditure net of un-allocable income	43.25	18.07	56.05	114.85	158.32
	(iii) Foreign exchange (gain) / loss (net)	19.17	18.31	42.25	72.53	97.12
	Add:					
	(i) Share of profit / (loss) in associates and joint venture	-	-	3.26	-	-
	(ii) Exceptional items (net)	(172.85)	(53.57)	(152.96)	(1787.88)	(166.68)
	<b>Loss from ordinary activities before tax</b>	<b>(378.67)</b>	<b>(219.96)</b>	<b>(223.96)</b>	<b>(2278.37)</b>	<b>(458.95)</b>
3.	Segment Assets:					
	(a) Power Systems	1830.46	3522.88	4695.40	1830.46	4695.40
	(b) Industrial Systems	979.82	1030.98	1503.71	979.82	1503.71
	(c) Others	12.75	12.64	19.24	12.75	19.24
	(d) Unallocable	3573.36	3649.71	3796.06	3573.36	3796.06
	(e) Discontinued Operations	309.44	323.04	321.46	309.44	321.46
	<b>Total segment assets</b>	<b>6705.83</b>	<b>8539.25</b>	<b>10335.87</b>	<b>6705.83</b>	<b>10335.87</b>
4.	Segment Liabilities:					
	(a) Power Systems	2409.88	3263.13	3191.52	2409.88	3191.52
	(b) Industrial Systems	1096.96	1154.50	950.66	1096.96	950.66
	(c) Others	4.26	3.75	4.33	4.26	4.33
	(d) Unallocable	3268.86	3709.53	3956.46	3268.86	3956.46
	(e) Discontinued Operations	29.55	41.38	47.53	29.55	47.53
	<b>Total segment liabilities</b>	<b>6809.51</b>	<b>8172.29</b>	<b>8150.50</b>	<b>6809.51</b>	<b>8150.50</b>

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

Particulars		As at 31.03.2020	As at 31.03.2019
		Audited	Audited
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current Assets:</b>		
	(a) Property, plant and equipment	1228.07	1746.72
	(b) Capital work-in-progress	11.88	67.63
	(c) Goodwill	150.16	140.87
	(d) Intangible assets	110.75	162.28
	(e) Intangible assets under development	15.74	23.42
	(f) Financial assets		
	(i) Investments	1.73	129.88
	(ii) Trade receivables	4.23	13.35
	(iii) Loans	6.52	6.96
	(iv) Others	2982.07	3770.04
	(g) Deferred tax assets (net)	14.53	25.31
	(h) Other non-current assets	10.03	9.85
	<b>Total Non-current Assets</b>	<b>4535.71</b>	<b>6096.31</b>
<b>2</b>	<b>Current Assets:</b>		
	(a) Inventories	384.34	1192.80
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	522.20	1695.78
	(iii) Cash and cash equivalents	210.89	233.98
	(iv) Bank balances other than (iii) above	50.38	36.78
	(v) Loans	41.67	30.66
	(vi) Others	232.11	9.33
	(c) Current tax assets (net)	46.87	33.67
	(d) Other current assets	372.21	685.09
	<b>Total Current Assets</b>	<b>1860.68</b>	<b>3918.10</b>
<b>3</b>	<b>Assets classified as held for sale and discontinued operations</b>	<b>309.44</b>	<b>321.46</b>
	<b>TOTAL - ASSETS</b>	<b>6705.83</b>	<b>10335.87</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	(229.03)	2060.02
	<b>Total Equity</b>	<b>(103.68)</b>	<b>2185.37</b>
	<b>Liabilities</b>		
<b>1</b>	<b>Non-current Liabilities:</b>		
	(a) Financial liabilities		
	(i) Borrowings	737.84	1447.54
	(ii) Other financial liabilities	209.87	298.37
	(b) Provisions	33.58	84.22
	(c) Deferred tax liabilities (net)	56.65	238.76
	(d) Other non-current liabilities	1.10	-
	<b>Total Non-current Liabilities</b>	<b>1039.04</b>	<b>2068.89</b>
<b>2</b>	<b>Current Liabilities:</b>		
	(a) Financial liabilities		
	(i) Borrowings	923.26	1282.89
	(ii) Trade payables	1305.62	2314.05
	(iii) Other financial liabilities	2040.31	914.24
	(b) Other current liabilities	973.56	1310.07
	(c) Provisions	498.17	212.83
	<b>Total Current Liabilities</b>	<b>5740.92</b>	<b>6034.08</b>
<b>3</b>	<b>Liabilities associated with group of assets classified as held for sale and discontinued operations</b>	<b>29.55</b>	<b>47.53</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>6705.83</b>	<b>10335.87</b>

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

## AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

₹ crores

Particulars	Year ended	
	31.03.2020	31.03.2019
<b>[A] CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxes from continuing operations</b>	<b>(2278.37)</b>	<b>(458.95)</b>
Adjustments for:		
Depreciation and amortisation expense	211.48	225.25
Allowances for doubtful receivables	55.84	28.08
Bad debts written off	6.61	28.73
(Gain) / loss arising on financial instruments designated as FVTPL	(0.06)	7.85
Finance costs	324.05	382.99
Interest income	(7.77)	(32.26)
Unrealised exchange (gain) / loss (net)	(8.12)	2.43
Unrealised exchange (gain) / loss on consolidation (net)	60.51	0.51
Intangible assets write off	3.94	-
(Profit)/ loss on sale of property, plant and equipment (net)	0.08	6.69
Exceptional items (net)	1760.57	166.68
	<b>2407.13</b>	<b>816.95</b>
<b>Operating profit before working capital changes</b>	<b>128.76</b>	<b>358.00</b>
Adjustments for:		
(Increase) / Decrease in trade and other receivables	711.74	356.05
(Increase) / Decrease in inventories	292.24	33.58
Increase / (Decrease) in trade and other payables	(409.02)	101.27
Increase / (Decrease) in provisions	(2.58)	(49.56)
	<b>592.38</b>	<b>441.34</b>
Cash (used in) / from operations	721.14	799.34
Direct taxes paid (net of refunds)	(19.22)	(38.17)
Non-controlling interest in (profit) / loss	(7.49)	12.07
Net cash (used in) / from continuing operating activities	<b>694.43</b>	<b>773.24</b>
Net cash (used in) / from discontinued operating activities	(12.80)	37.62
<b>Net cash (used in) / from continuing and discontinued operating activities</b>	<b>[A] 681.63</b>	<b>810.86</b>
<b>[B] CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Add: Inflows from investing activities</b>		
Sale of property, plant and equipment and intangible assets	9.17	6.30
Interest received	5.61	31.95
	<b>14.78</b>	<b>38.25</b>
<b>Less: Outflows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(51.84)	(135.37)
Unrealised exchange gain on consolidation (net)	(55.05)	(2.45)
Loans given to other related parties	-	(309.99)
Loans given to other than related parties	(14.94)	(249.53)
Recognition of fixed assets on classification of joint venture to subsidiary	-	(85.85)
	<b>(121.83)</b>	<b>(783.19)</b>
Net cash (used in) / from continuing investing activities	<b>(107.05)</b>	<b>(744.94)</b>
Net cash (used in) / from discontinued investing activities	-	-
<b>Net cash (used in) / from continuing and discontinued investing activities</b>	<b>[B] (107.05)</b>	<b>(744.94)</b>

# 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

Particulars	Year ended	
	31.03.2020	31.03.2019
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Add: Inflows from financing activities</b>		
Recognition of borrowing on classification of joint venture to subsidiary	-	63.21
Proceeds from long-term borrowings	-	419.66
Proceeds from short-term borrowings	<b>307.18</b>	850.98
Changes in non-controlling interest	<b>7.49</b>	3.63
	<b>314.67</b>	1337.48
<b>Less: Outflows from financing activities</b>		
Repayment of long-term borrowings	<b>(339.87)</b>	(359.38)
Repayment of short-term borrowings	<b>(364.34)</b>	(806.85)
Repayment of lease liability	<b>(12.72)</b>	-
Unrealised exchange loss / (gain) on consolidation (net)	<b>65.58</b>	(23.63)
Interest paid	<b>(190.94)</b>	(360.48)
	<b>(842.29)</b>	(1550.34)
Net cash (used in) / from continuing financing activities	<b>(527.62)</b>	(212.86)
Net cash (used in) / from discontinued financing activities	-	-
<b>Net cash (used in) / from continuing and discontinued financing activities [C]</b>	<b>(527.62)</b>	(212.86)
<b>NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)</b>	<b>46.96</b>	(146.94)
<b>Less: Reduction in cash and cash equivalents on account of deconsolidation of subsidiaries</b>	<b>(70.60)</b>	-
<b>NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(23.64)</b>	(146.94)
<b>Cash and bank balances at beginning of the year</b>	<b>234.58</b>	381.52
<b>Cash and bank balances at end of the year</b>	<b>210.94</b>	234.58
<b>Cash and cash equivalents from continuing operations</b>	<b>210.89</b>	233.98
<b>Cash and cash equivalents from discontinued operations</b>	<b>0.05</b>	0.60

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



### Notes on the consolidated financial results for the quarter and year ended March 31, 2020:

1. These audited consolidated financial results of CG Power and Industrial Solutions Limited ('the Company') and its subsidiaries (collectively 'the Group') read with Basis of preparation of consolidated financial results and other explanatory notes in the notes to the audited consolidated financial results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on June 27, 2020. These consolidated financial results of the Company are audited by the statutory auditors of the Company as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of the consolidated results for the quarter ended and year ended March 31, 2020 following the reasons explained in the basis of disclaimer of conclusion in their Audit Report.

Further taking into consideration the explanation provided in basis of preparation and related notes included in these consolidated financial results, the Board of Directors of the Company believe that these consolidated financial results do not include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions, including those disclosed in the audited consolidated financial results for the year ended March 31, 2019, impacting consolidated financial results and recoverability of receivables from the promoter affiliated companies (refer note 6) and connected parties (refer note 6). Hence these audited consolidated financial results could be materially misstated to that extent and undergo change and thus, do not represent true and fair view.

2. Basis of preparation of the consolidated financial results:

- (a) These audited consolidated financial results except as stated in the notes and read with subsequent paragraphs, have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

These consolidated financial results have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of reporting period and certain identified transactions measured and recognised as stated in notes below.

- (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies, as defined in note 3(f) and connected parties as specified in note 6, are stated at carrying value basis the transactions accounted in the books of accounts of the Group and as explained in the audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019.
- (c) (i) During the year end, the following entities of the Group had either no officers or directors on account of either their removal or resignation:
  1. CG Power Solutions Limited



## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

2. CG Middle East FZE Ltd.
3. CG- Ganz Generator and Motor LLC
4. CG Electric Systems Hungary Zrt.

However, for the purpose of these consolidated financial results, the financial information of these subsidiaries have been consolidated basis the financial information obtained by the management although the said financial results have not been approved individually.

(ii) During the current year the following entities have not been audited by their auditors and have been consolidated based on the management accounts

Name of the subsidiary	Country
CG Holdings Belgium NV*	Belgium
CG Power Systems Belgium NV*	Belgium
CG Sales Networks France SAS*	France
CG Power Solutions UK Ltd	UK
CG Power & Industrial Solutions Limited Middle East FZCO	Dubai
CG Power Systems Canada Inc	Canada
CG Power Solutions Saudi Arabia Ltd*	Saudi Arabia
PT CG Prima Switchgear Indonesia	Indonesia
CG Power Equipments Limited	India

\* Consolidated upto December 31, 2019 (for reasons explained in note (d) below)

(iii) Following entities have not been subject to audit by the management and have been consolidated based on the 9 months unaudited financial information of these entities, subjected to limited review by their respective auditors:

Name of the subsidiary	Country
CG Power Systems Ireland Limited*	Ireland
PT CG Power Systems Indonesia*	Indonesia

\* Consolidated upto December 31, 2019 (for reasons explained in note (d) below)

All above has led to non-compliance with regulation 33(3)(h) of the Listing Regulations, for the year ended March 31, 2020. For the purposes consolidated financial results for the year ended March 31, 2020, 71% of the consolidated revenue, 65% of the consolidated assets and 43% of the consolidated loss, respectively have been subject to audit.

- (d) During the year, the Group has deconsolidated the accounts of its subsidiaries CG Holdings Belgium NV (HBE) and CG Power Systems Belgium NV (PSBE), and also of the step down subsidiaries of PSBE, CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia, CG Sales Networks France SA and CG Power Solutions Saudi Arabia Ltd (collectively 'HBE Group'), consequent to the HBE and PSBE being declared



bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on February 3, 2020, which then appointed Receivers upon application filed by the public prosecutor. Based on the legal advice obtained by the management of the Company, the Group believes that it no longer retains control over the operations of the above-mentioned subsidiaries with effect from the date of bankruptcy. The Group's legal counsels in Belgium have further advised that bankruptcy date could be advanced to a date six months prior to February 03, 2020 based on such determination by the Court. However, the management of the Company has not received any communication in this regard. In view of the above, the management of the Company has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries with effect from January 1, 2020 (assumed date) considering the financial information available with the management of the Company as at December 31, 2019 due to reasons stated below. The Board of Directors of the Company –

- i. does not have access to the books of accounts of these subsidiaries effective from date of declaration of bankruptcy
- ii. has the available financial information till the period ended December 31, 2019 which was been presented in the quarterly results for the nine months period ended December 31, 2019
- iii. has not been able to obtain the information for period from January 1, 2020 till the date of bankruptcy in respect of the above subsidiaries in spite of its requests sent to the Receivers

The management of the Company has not considered provision for corporate guarantees extended in relation to these operations aggregating EURO 77.59 million (equivalent to INR 642.29 crores), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees..

After considering effects of deconsolidation on assumed date, the Group has accounted loss of INR 461.09 crores associated with deconsolidation.

As per the update available with the management of the Company, bankruptcy proceedings are yet to be concluded by the Receivers. The Group shall account for final settlement of bankruptcy proceedings, upon conclusion by the Receivers.

- (e) In order to ascertain completeness of transactions recorded in these audited consolidated financial results and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liabilities for the Group, the Board of Directors of the Company has initiated second phase of investigation ('Phase 2 investigation') subsequent to the outcome of Phase 1 investigation besides the additional investigations initiated by regulators which are ongoing ("Investigations"). Further as detailed in note 3(a) below, on March 5, 2020, the National Company Law Tribunal ('NCLT') has allowed re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for the 5 years ended March 31, 2019. The Company is yet

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

to receive communication from Ministry of Corporate Affairs ('MCA') pursuant to the order of NCLT.

3. (a) During the quarter and year ended March 31, 2020 and subsequent to that, below are the updates / key steps taken by the management of the Company, in relation to regulatory and recovery actions:

- Following the 1st phase of investigation,
  - detailed disclosures made by the Group in its audited consolidated financial results for the year ended March 31, 2019, adopted by the Board of Directors of the Company on August 30, 2019
  - the Group has issued recovery notices to various entities demanding repayment of sum owed by them to the Company and its identified subsidiaries (Refer note 3(c) below)
  - the Company has filed the suits for recovery against identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs for recovery of sum towards the loss caused to the Company's subsidiary CG Power Solutions Limited (CG PSOL) by unauthorised transactions (Refer note 3(d) below).
- Pursuant to the Interim Order of SEBI dated September 17, 2019 ("Interim Order"), BSE had vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion/ siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided details available with the Group. Forensic Auditor completed its audit and has submitted its report to SEBI. The Company is yet to receive a copy of the Report from SEBI.
- The Company and its subsidiary, CG Power Solutions Limited received notices from the Serious Fraud Investigation Office ('SFIO'), to investigate into the affairs of the Company and its 15 related / group companies. The Company is providing the information and documents as requisitioned from time to time and is extending full cooperation to the investigation.
- Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order') giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion/ siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated March 11, 2020 confirmed its interim order dated September 17, 2019. The Company has submitted all details as requested by SEBI during these proceedings.
- On March 5, 2020, the NCLT has passed its order allowing re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies for the 5 years ended as on March 31, 2019.

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

- Certain further transactions (discussed elsewhere in the notes) related to the transactions which were part of 1<sup>st</sup> Phase of investigation, are included by the Company in the 2<sup>nd</sup> Phase of investigation which is in progress. The Board of Directors of the Company has appointed Hon'able Justice (Retd) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.
  - A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the mentioned Directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the Whole-time Executive Director of the Company was received. In response to the said summon, full response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended. The Company will continue to cooperate with authorities in providing the information requirements, as required.
  - The senior officials of the Company are engaging with varied regulatory bodies and authorities in India in relation to investigations and cooperating and providing details as been requested by them. (Refer note 3)
- (b) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. The Company and AHL had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on February 13, 2019 effective from 1<sup>st</sup> October 2018 (New Royalty Agreement). Further, during the quarter ended December 31, 2019, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void. Accordingly, the Group does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of New Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.
- (c) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1,314.78 crores owed by them to the Company. Besides, the Company's legal counsel on instruction of the Company, have issued 23 recovery notices on behalf of the Company's subsidiaries - CG Power Solutions Limited, CG Middle East FZE ('CGME') and CG International Holdings Singapore Pte Ltd ('CG Singapore') ("Subsidiaries") for recovery of an aggregate sum of INR 2,095.64 crores owed by various entities. Three notices sent by the Company (recovery amount of INR 452.12 crores) and 9 (nine) notices sent on behalf of the Subsidiaries (recovery amount of INR 429.85 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims INR 74.63 crores owed to the Company and INR 395.18





crores owed to certain Subsidiaries could not be sent for want of requisite details including communication details ('Unsent Notices').

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount of INR 108.85 crores) seeking particulars of the claim made by the Company; from 1 (one) entity (claim amount of INR 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking particulars of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores which does not include INR 0.08 crore of trade receivable) has stated there is no amount outstanding and for the recovery notices sent on behalf of Subsidiaries, 4 entities (claim amount of INR 322.72 crores) have requested for full particulars / account statements and bank statements for their perusal; 1 entity (claim amount of INR 320.91 crores) has stated that it would be entitled to offset the concerned Subsidiary's claim against the monies owed by the Company to that entity, and from 2 entities (claim amount of INR 9.20 crores) have rejected the claim of the concerned Subsidiaries ('Responses'). Based on the information available with the Company, the Management believes the responses received are untenable. The Company has filed certain recovery proceedings and will continue pursuing further legal options, in consultation with legal counsels of the Group.

(d) The Company has filed the following suits for recovery:

- i. Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of INR 811.23 crores (Principal amount of INR 552.33 crores together with interest aggregating to INR 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CG Power Solutions Limited (CG PSOL) by unauthorised / illegal liquidation of its mutual funds.
- ii. Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of INR 399.30 crores - (principal INR 280.00 crores together with interest aggregating INR 119.30 crores at the rate of 18% p.a.) towards the loss caused to CG PSOL due to unauthorised / illegal liquidation of its fixed deposits.
- iii. Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of INR 478.93 crores - (principal INR 320.91 crores together with interest aggregating INR 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

In view of the national lockdown on account of COVID-19, the remaining recovery cases shall be filed upon normal functioning of the Courts.

(e) During the year, the Group has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for



## 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 7700 F: +91 22 2423 7733 W: [www.cgglobal.com](http://www.cgglobal.com)

E: [investorservices@cgglobal.com](mailto:investorservices@cgglobal.com)

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Group has made a provision for such outstanding amount due from third parties / unrelated parties aggregating to INR 963.91 crores in the consolidated financial results for the year ended March 31, 2020. However, the Group will continue with the recovery process for the said receivables.

- (f) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Group has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters, read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending for consideration of SEBI. Pending the outcome of said application, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.
- (g) During the year, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals) , hereafter 'CIT(A)'. The Company had also filed an appeal before CIT(A) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Company had also filed a letter on January 24, 2020 to CIT(A) requesting for early disposal of appeal. The assessing officer has issued a letter on February 06, 2020 in response to our stay application and rejected Company's stay application. After careful consideration of all facts, the Company has filed writ petition before Bombay High Court contesting against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Bombay High Court vide its order dated March 13, 2020 had granted an interim stay until admission of appeal which was scheduled to be heard on June 12, 2020. In response to Company's prayer, the CIT(A) scheduled a hearing on June 16, 2020. In view of COVID-19 situation, the office of CIT(A) is not functioning and the Company awaits further communication from CIT(A) office and on next hearing date. Further in view of COVID-19 situation, the hearing scheduled on June 12, 2020 before the Bombay High Court could not be heard and therefore the Company awaits next hearing date for the admission of appeal from the Bombay High Court.
- (h) During the year, CGPSOL has received assessment order u/s 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18). Along with the



order, the CGPSOL received notice u/s 274 read with section 270A from income tax department for levy of penalty. However, in the absence of availability of any director or officer, CGPSOL could not attend the penalty hearing and has not yet filed appeal before Commissioner of Income Tax (Appeals) contesting the order and penalty. Assessing officer is updated about CGPSOL's inability to file an appeal.

- (i) Four suppliers due to non-payment of their dues have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim is being contested by the Company due to a pre-existing dispute (refer note 8) and for other claims the Company is in discussions with the claimants for an amicable settlement.
4. During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of the Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). Till date, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

As a part of the discussion with the lenders to the Company, subsequent to the execution of the ICA, the lenders have commissioned various reports [with respect to forensic, valuation, techno-economic feasibility and security structure] which are expected to form the basis of the resolution framework between the Company and the lenders. The Company is not privy to these reports.

The Group believes that following the signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Group has continued to classify such borrowings as Non-Current. However pursuant to outbreak of COVID-19, the ICA stands extended up to September 20, 2020 under the RBI guidelines.

There were undisclosed transactions reported by the Group in the consolidated financial results for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Group's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Group and Group had further extended those borrowings to one of the promoter affiliate company and one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Group, as identified and defined in the audited consolidated financial results of the Group for the year ended March 31, 2019. Further, the Group disclosed that the Directors of such connected parties were the employees of the Group. Pending the ongoing Phase 2 investigation, the Group has still not concluded whether such connected parties were controlled by the Group. However these borrowings availed by such connected parties are part of above referred ICA.

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

5. During the year ended, the Group has accounted net asset provision (net assets includes goodwill of INR 150.16 crore) for international operations (other than HBE and its subsidiaries) aggregating to INR 354.02 crores. The Group believes certain receivables in CGME and CG Singapore are recoverable as the Group has right to recover those receivables and recovery proceedings are initiated on behalf of such receivables (disclosed in note 6 below).

The Company has not made any provision towards corporate guarantees provided to certain overseas subsidiaries (other than those provided to HBE Group) amounting to INR 499.26 crores on the assumption that the recoverable value of assets of these operations will be sufficient to meet all related liabilities.

6. The Group has reclassified identified receivables from various promoter affiliate companies as defined in note 3(f) and connected parties as non-current assets as at year end consequent to the ongoing investigation and potential delays in recovery. As explained in note 3, the Group has initiated recovery process in consultation with legal counsels and has filed certain recovery suits (refer note 3) and will be taking further actions as may be legally advised. Further, no interest has been accrued on all such balances from 1 April, 2019.

Following are the receivable balances from various promoter affiliate companies and connected parties:

(INR crores)

Name of the entity	Relationship	As at 31.03.2020	As at 31.03.2019
<b>A) Advances / Loan given</b>			
Avantha Holdings Limited *	Promoter affiliate company	1,001.37	1,006.22
Avantha International Assets BV	Promoter affiliate company	350.74	350.74
Avantha Realty Limited	Promoter affiliate company	10.65	10.65
Avantha Power & Infrastructure Ltd	Promoter affiliate company	15.00	15.00
Ballarpur Industries Limited	Promoter affiliate company	-	68.50
Ballarpur Graphics Paper Product Limited	Promoter affiliate company	552.33	552.33
Ballarpur International Holdings BV	Promoter affiliate company	85.37	85.37
Mirabelle Trading PTE Ltd	Promoter affiliate company	93.33	93.33
Solaris Industrial Chemicals Limited	Promoter affiliate company	377.00	378.20
Blue Garden Estate Private Limited	Connected party	287.74	287.74
Acton Global Private Limited	Connected party	175.00	175.00
<b>Total</b>		<b>2,948.53</b>	<b>3,023.08</b>
<b>B) Advances / Loan payable</b>			
Mirabelle Trading PTE Ltd	Promoter affiliate company	6.30	6.30
Blue Garden Estate Private Limited	Connected party	320.00	320.00
<b>Total</b>		<b>326.30</b>	<b>326.30</b>

\* The balance with AHL has reduced on account of GST related to brand royalty for the period April-2018 to September-2018

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

7. During the year ended March 31, 2020, certain transactions were done / identified by the Group which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors of the Company have also subjected these transactions to the phase 2 investigation –
- i. the Group made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs and were provided for in the period.
  - ii. During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided for in the period.
  - iii. CG Singapore made payment of INR 68.52 crores (USD 9.6 million) to a third party, which was outstanding balance even as on March 31, 2019, to comply with the contractual terms and to honour the commitment towards outstanding liability. The said transaction was carried out at the behest of erstwhile KMP.
  - iv. PSBE entered into Advance Payment and Supply Agreement ('APSA') in March 2019 with one of its customers for supply of material. PSBE and CGIBV had a non-fund based facility with its banker which was utilized by PSBE to issue stand by letter of credit ('SBLC') in favour of the aforesaid customer. Basis the SBLC and APSA entered, the customer had made advance payment of INR 160.22 crores (EURO 20 million) to CGME on behalf PSBE in April 2019. Upon receipt of the said advance, CGME remitted the payment of INR 144.20 crores (EURO 18 million) to Avantha International Assets ('AIA'). AIA in turn remitted the amount to CG Singapore which was utilised by CG Singapore for prepayment of instalment of its borrowing. The advance received from customer is considered to be in the nature of financing arrangement and hence has been treated as borrowing in the Consolidated Statement of Assets and Liabilities. Also, CGME has made payment of INR 15.22 crores (EURO 1.90 million) to an unknown third party for which there appears to be no business rationale. The said transactions were carried out at the behest of an erstwhile KMP.
  - v. The repayments of INR 53.54 crores (USD 7.5 million) for nine months were made to avoid a default on a loan booked in CGME. The said loan has been investigated in Phase 1 and its determination as liability is yet to be made.

During the period, PTID, being profitable business unit and as a part of cash pool arrangement, made certain advances to CG International B. V. ('CGIBV') amounting to INR 35.69 crores (USD 5.00 million) which in turn was transferred to PSBE amounting to INR 6.78 crores (USD 0.95 million) and CG Electric Systems Hungary Zrt. ('ESHU') amounting to INR 6.78 crores (USD 0.95 million) for the purpose of business operations. Further, INR 22.41 crores (USD 3.14 million) was transferred by CGIBV to CGME for repayment of certain borrowings.





8. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy'), the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Company faced unresolved warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers. The Company was not provided counter bank guarantees against the bank guarantees provided by the Company to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism prescribed under the Distribution Agreement. However, Lucy, opted to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The Company is contesting this in the NCLT as a pre-existing contractual dispute. The application was last listed on March 20, 2020. However, in view of the COVID-19 the same has been adjourned by NCLT and fresh date is yet to be notified. Basis the Company's internal assessment, management believes that no additional provision is required at this stage and this case will be in favor of the Company.
9. In 2017 one of the customers of the Company raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory. Customer invoked arbitration before Arbitrator for a warranty claim. During the Arbitration Proceedings, Customer agreed to settle the dispute and the Arbitration proceeding was finally terminated during the year. Under the settlement agreement, the Company was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer latest by June 30, 2020 failing which the settlement agreement provided for payment of 2.9 million USD by the Company to the customer. In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and at present the transformer is lying in Belgium facility over which the Company does not have control. Considering these facts, the Group has provided amount of INR 22.48 crores towards liability for reimbursement of sale proceeds in the quarter ended March 31, 2020. The Company however will contest claim, if any, arising out of the settlement agreement in view of the circumstances mentioned above.
10. The Subsidiary of the Company, CG Electric Systems Hungary Zrt. ('ESHU') has received through one of its associates in Kuwait, notice of a proceeding filed for alleged non-performance of a GIS substation contract entered into in 2012, seeking to claim KD 9,494,181 by one of its customers which appears to have been filed in 2016. It has been advised that the present proceeding is for substitution of the customer with its successor entity and determination of the value of damage due to alleged non-performance. ESHU will contest the claim upon receipt of notice of such determined claim from the Court. ESHU has not received any notice of the determined claim from the Court.



## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

### 11. Exceptional Items includes the following:

Particulars	Quarter ended			Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(₹ in crores)				
Provision against litigation (for trade receivable and claims)	(22.48)	-	(35.45)	(22.48)	(35.45)
Curtailment of gratuity liability	-	-	3.16	-	17.16
Provision for impairment of tangible and intangible assets	(34.33)	-	-	(34.33)	(14.15)
Short fall of provident fund liability	(0.78)	-	(24.83)	(0.78)	(24.83)
(Provision) / Reversal for interest towards delay in completion of land sale and expected restructuring cost	(53.23)	31.29	(95.39)	(21.94)	(95.39)
Provision for expected cost towards closure of factory	-	-	-	(23.26)	-
Provision for doubtful advances	-	(68.58)	-	(905.00)	-
Provision for impairment of investment	-	-	-	(127.49)	-
Reserves transferred to statement of profit or loss on deconsolidation of subsidiaries:					
- Foreign currency translation reserve	181.41	-	-	181.41	-
- Hedge reserve	0.83	-	-	0.83	-
Reversal / (provision) of net assets of subsidiaries	101.20	-	-	(468.28)	-
Liability on deconsolidation of HBE Group	(341.15)	-	-	(341.15)	-
Professional and consultancy fees due to ongoing investigations and debt resolution plan	(15.15)	(16.28)	-	(36.24)	-
Retrenchment cost	-	-	(0.45)	-	(14.02)
Post retirement medical benefit provision reversal	10.83	-	-	10.83	-
<b>Total</b>	<b>(172.85)</b>	<b>(53.57)</b>	<b>(152.96)</b>	<b>(1,787.88)</b>	<b>(166.68)</b>

Note: Amount for exceptional item in the nature of provision / expenses are shown in brackets in above table.

Below are additional details on exceptional items recognized in the quarter and year ended March 31, 2020:

- During the year, based on additional update, the Group has actualised and reversed exceptional provision of INR 31.29 crores related to expected restructuring cost towards closure, shifting of transformer manufacturing unit at Kanjurmarg, Mumbai and allied processes. As explained in note 13, in the quarter ended March 31, 2020, an amount INR 53.23 crores is provided for the period November 2019 till March 31, 2020 towards interest payable on delay in consummation of Kanjurmarg land sale. The Company continues to engage with EVIE and shall negotiate settlement of current and future interest liability.
- As stated in note 3(c), one of the promoter affiliate entity is under bankruptcy process at National Company Law Tribunal ('NCLT'). The Company has filed its claim before the NCLT in respect of the receivables of INR 68.58 crores including INR 0.08 crore of trade receivable. The management believes that it is more than certain that the outstanding receivables in such process may not be collected, in their totality, and hence have made a provision during the year for such amount.
- Following the actions taken by the Board of Directors, ongoing investigation in relation to matters identified and disclosed in the financial results for the quarter and year ended March 31, 2019 and the debt resolution process initiatives, the Company has incurred



professional and consultancy charges of INR 36.24 crores respectively during the year ended March 31, 2020 which are recognised as an exceptional item.

- d. As stated in note 9, in the quarter ended March 31, 2020, the Group has recognised provision for an amount of INR 22.48 crores as an exceptional item towards liability for litigation claim toward reimbursement of sale proceeds in terms of settlement agreement with one of the customers.
  - e. The Company has recognised provision of INR 0.78 crore towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of Company's contribution to provident fund as an exceptional item.
  - f. As stated in note 2(e), HBE Group is deconsolidated from January 01, 2020. Consequently, for the quarter and year ended March 31, 2020, in accordance with Ind AS 110, the Group has reclassified foreign currency translation reserve of INR 181.41 crores, and Hedge Reserve of INR 0.83 crore previously recognised in other comprehensive income related to the HBE Group now to consolidated profit and loss account. The Group had created provision against net asset of HBE Group for an amount of INR 178.41 crores in the quarter and period ended September 30, 2019 based on September 30, 2019 financial position of HBE Group. However, now the Group has actualised the provision on assumed date based on December 31, 2019 financial position of HBE Group accordingly provision for impairment to the extent of INR 64.15 crores has been reversed during the quarter ended March 31, 2020. Further the Group has provided EURO 41.21 million (equivalent to INR 341.15 crores) towards net amount payable (net of assets of EURO 27.70 million equivalent to INR 229.32 crores) to these subsidiaries on the assumed date of deconsolidation since these will no longer remain part of Group.
  - g. As explained in note 5 above, during the current year, the Group has accounted net asset provision for international operations (other than HBE and its subsidiaries) aggregating to INR 354.02 crores.
  - h. The Group has discontinued post-retirement medical benefit extended to employees from April 2020. Consequently, the accumulated provision of INR 10.83 crores has been reversed and recognised as an exceptional item in the quarter and year ended March 31, 2020.
  - i. During the quarter and year ended March 31, 2020, Group's overseas subsidiaries, CG Electric Systems Hungary Zrt (ESHU) and QEI LLC (QEI) has accounted for impairment of INR 8.95 crores towards tangible assets and INR 25.38 crores towards intangible assets respectively.
  - j. During the year ended March 31, 2020, Company's overseas subsidiary CG Electric Systems Hungary Zrt (ESHU) has made a provision towards expected cost of closure of factory at Szolnok, Hungary amounting to INR 23.26 crores in view of continuing business losses.
12. The Group has incurred a net loss before exceptional item of INR 205.82 crores during the quarter ended and net loss INR 490.49 crores during the year ended March 31, 2020 and had also incurred losses during the previous year ended March 31, 2019. As at March 31,



2020, the Group's current liability exceeds its current assets by INR 3,880.24 crores subject to classification of bank borrowings depending on conclusion of debt resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on ICA gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from March 31, 2019 explained elsewhere hereinafter, the going concern basis of preparation of these audited consolidated financial results could be materially affected as at March 31, 2020.

However, the Group believes that following mitigating factors and business updates available till date, supports the going concern assumption for preparation of these consolidated financial results, as at year ended March 31, 2020:

- The Company is currently in active discussions with its lenders for a resolution plan for the debts of the Company, after the execution of the Inter-Creditor Agreement, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Company and its lenders are in discussion with potential investors for infusion of capital in the Company.
  - The Group has an unexecuted business order book of over INR 3086 crores as of date
13. As a part of its asset optimisation initiative, the Company had entered into a definitive agreement for sale of remaining portion of its land at Kanjurmarg to M/S Evie Real Estate Private Limited (EVIE). Consequently, the Board had approved the closure of the Kanjurmarg factory for completion of the sale. However, consummation of sale transaction is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. As per contractual terms, interest @ 18% p.a. is payable on such delay in consummation of sale. The Company has made provision for an amount INR 53.23 crores in the quarter ended March 31, 2020 towards interest provision from November 2019 till March 31, 2020. The Company continues to engage with EVIE and shall negotiate settlement of current and future interest liability.
14. In respect of India entities, the Group has not availed the option permitted under section 115BAA of the Income Tax Act, 1961 in current year for Indian Operations. In view of this, the Group has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Group immediately before the amendment for Indian Operations).
15. Effective April 1, 2019, the Group has adopted Ind AS 116 'Leases' and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, the Group has recognised INR 54.83 crore as right-of-use (ROU) asset as at April 1, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial period to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on

## 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 7700 F: +91 22 2423 7733 W: [www.cgglobal.com](http://www.cgglobal.com)

E: [investorservices@cgglobal.com](mailto:investorservices@cgglobal.com)

Corporate Identity Number (CIN): L99999MH1937PLC002641



- profit/(loss) after tax and earnings per share for the quarter ended March 31, 2020 and year ended March 31, 2020 on adoption of Ind AS 116.
16. Other comprehensive income is in respect of gains and losses arising from translation of financial statements of foreign operations, fair valuation of investment and employee benefits.
  17. As a result of the transactions disclosed by the Group in its audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Income Tax Act, 1961, and other statutes and regulations as applicable to the Company. As described in note 2 above, the Group is in the process of investigation in respect of certain transactions and evaluating the implications of these potential non-compliances and the potential remedies available.
  18. The Company has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating INR 69.08 Crore. As part of its working capital monitoring process, the Group has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.
  19. The Company had on January 24, 2020, informed the stock exchanges of the Board's decision to apply to the Central Government for removal of M/s K K Mankeshwar & Co, one of the Joint Statutory Auditors of the Company under section 140 (1) of the Companies Act, 2013. Upon communication of the Board's decision, M/s K K Mankeshwar & Co had on January 25, 2020, sent their resignation. In view of the same, the Company has sought clarification from the Ministry of Corporate Affairs on filing of application under section 140(1) of the Companies Act or treating the resignation of M/s K K Mankeshwar & Co as vacation of office of one of the Joint Statutory Auditors. Since no response was received from MCA as an abundant precaution, the Company has filed application for approval of the Central Government for removal of M/s K K Mankeshwar & Co as Joint Statutory Auditors of the Company.
  20. Globally, including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Group's operations in India and overseas were impacted in the month of March 2020 and subsequent to that, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India and other regions across the world. The lockdown also affected the Company's customers and vendors, resulting in declined sales, ordering and manufacturing activities. Subsequent to easing of lockdown and upon receipt of requisite approvals, the Group has commenced limited operations at all its plants from April 29, 2020 and is gradually ramping up production, sales and allied activities, in India and overseas.

In view of the uncertainties regarding the extent and duration of current COVID situation, the Group is not able to predict the future impact on the business operations. However, even before this pandemic situation, the Group because of the various reasons discussed in notes

## 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 7700 F: +91 22 2423 7733 W: www.cgglobal.com

E: investorservices@cgglobal.com

Corporate Identity Number (CIN): L99999MH1937PLC002641



Smart solutions.  
Strong relationships.

above has been facing financial stress and is working on various options to avail the required financial support. The Group believes post requisite financial restructuring, there will be no significant impact on the recoverability of its financial and non-financial assets, subject to the past events and possible impact thereof, as discussed above.

21. Figures for the quarter ended March 31, 2020 and March 31, 2019 represents the difference between the audited figures for the full financial year and the limited reviewed figures for the nine months period ended December 31, 2019 and December 31, 2018, respectively.
22. Figures for the previous periods have been regrouped / reclassified to conform to the classification of the current periods.

For **CG Power and Industrial Solutions Limited**

**SUDHIR  
MATHUR**

Digitally signed by  
SUDHIR MATHUR  
Date: 2020.06.27  
22:20:10 +05'30'

Place: Mumbai  
Date: June 27, 2020

**By Order of Board  
Sudhir Mathur  
Whole Time Executive Director  
DIN: 01705609**