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/56/2019-20

August 30, 2019

By portal

The Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring
Rotunda Building,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Scrip Code : 500093

The Assistant Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Scrip Id : CGPOWER

Dear Sir/Madam,

Sub: Outcome of Meeting of the Board of Directors
Ref: Intimation dated August 23, 2019 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. August 30, 2019, 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 4th quarter and year ended March 31, 2019 ("Financial Results") as recommended by the Risk and Audit Committee of the Company along with the notes enclosed therein. A copy of the Financial Results is enclosed herewith for your information and records.

We also enclose herewith copies of the Auditors Report on the Financial Results for the 4th quarter and year ended March 31, 2019, issued by our Joint Statutory Auditors, M/s. S R B C & CO LLP, Chartered Accountants and M/s. K.K. Mankeshwar & Co., Chartered Accountants and Statement on Impact of Audit Qualifications on Standalone and Consolidated Financial Results.

The meeting of the Board of Directors commenced at 3:50 p.m. (IST) and concluded at 6.00 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**

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

CG Power And Industrial Solutions Limited * Mumbai - 400 030 *

Encl: As above

AVANTHA
GROUP COMPANY

S R B C & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

Auditor's Report on Quarterly and Year to date Standalone Financial Results of CG Power and Industrial Solutions Limited ('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,

1. We were engaged to audit the accompanying statement of quarterly and year to date standalone Ind AS financial results of CG Power and Industrial Solutions Limited ('the Company') for the quarter and year ended March 31, 2019 ('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 Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The Standalone Financial Results for the quarter and year ended March 31, 2019 have been prepared on the basis of the unaudited standalone Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

2. Our responsibility is to express an audit opinion on these Standalone Financial Results. However, because of the matters described in the paragraph 3 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial Results and hence we do not express an opinion on the aforesaid Standalone Financial Results.

3. Basis for Disclaimer of Opinion

   As given in note 1 of the Standalone Financial Results, these financial results would undergo a change consequent to the proposed revision of the financial statements of the Company for the year ended March 31, 2018 and prior ('prior years/periods'), as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder, based on their investigation of certain transactions relating to unrecorded liabilities and accounting of certain transactions in the periods prior to April 1, 2018, which are explained in detail below.

   In view of the proposed voluntarily revision of the financial statements of prior years / periods, which may result in revision of Standalone Financial Results and also considering the significance of certain transactions / specific matters described herein below, we are unable to determine the consequential impact of the proposed revision

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and the impact of certain transactions / specific matters on the Standalone Financial Results. Such specific transactions / matters include:

i. We draw your attention to notes 6(a), 6(b) and 6(f) of the Standalone Financial Results which describe the reinstatements of certain liabilities by the Company in relation to prior years / periods. Certain unauthorized/unapproved banking transactions in the nature of loans (unauthorized transactions/ loans) taken from banks / financial institutions (lenders)/a connected party (as termed in paragraph 3(ix) below) aggregating to Rs. 635 crores were not disclosed in the Standalone Financial Results of prior years / periods by off-setting against certain related and unrelated party balances. Further, as explained by the management in note 6(b) interest expenses of Rs 90.93 crores which were serviced by the Company in relation to these unauthorized loans were accounted under different heads in the Standalone Statement of Profit and Loss and were mispresented in the financial statements/ results of prior years / periods.

   The Board of Directors have initiated independent investigation in respect of these unauthorized transactions in the nature of loans. As explained to us, such transactions were misrepresented and were not approved by the Board of Directors of the Company.

   The Company has now recorded these loans in earlier years / periods and restated those interest expenses as finance expenses with the consequential impact to different heads in the accompanying Standalone Financial Results.

   Pending outcome of such investigation, we were unable to obtain sufficient and appropriate audit evidence to verify basis and rationale of such unauthorized transactions. We were also not provided with reconciliation of balances in respect of such unauthorized transactions/ loans. Accordingly, we are unable to comment on the completeness, classification between current and non-current and appropriateness of the prior year/ period balances in relation to these unauthorized transactions and the consequential impact of such restatement on the Standalone Financial Results.

ii. We draw your attention to notes 6(a), 6(b) and 6(f), of the Standalone Financial Results, which describe the nature of certain transactions entered into by the Company with the related and unrelated parties aggregating to Rs. 635 Crores and which were not disclosed in the financial statements of prior years, by off-setting such transactions against certain undisclosed borrowings and have now been recorded and reinstated in the respective prior years / periods.

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As explained in note 6(q), the Company also has loans including interest receivables and advances recoverable from related and unrelated parties, as reinstated on March 31, 2019, aggregating to Rs. 2,439.94 crore for which further interest income aggregating to Rs 337.61 is currently not recorded as at March 31, 2019.

As informed by the management of the Company, the Company is in the process to further investigate the commercial substance, nature and business rationale of said transactions. Further the Company is in the process to obtain the balance confirmations and complete reconciliation procedures with these related and unrelated parties as at March 31, 2019 and in respect of prior years. Accordingly, these balances may be restated by the Company upon completion of such investigation, reconciliation and confirmation process.

In the absence of underlying contractual agreements, business rationale, confirmation of balances, reconciliation with these related and unrelated parties and requisite approvals by the Board of Directors of the Company we were unable to obtain sufficient and appropriate audit evidence regarding the completeness of the said transactions, existence, classification between current and non-current balances and recoverability of outstanding amounts. Further we were unable to determine the consequential impact of such transactions, if any, on the Company's Standalone Financial Results.

iii. We draw your attention to note 6 (e) of the Standalone Financial Results which describes that bank balances were overstated and advances receivable from related parties were understated by Rs. 400 crores and Rs. 300 crores as at March 31, 2018 and April 1, 2017 respectively, which have now been restated by the Company.

Pending outcome of investigation, we are unable to obtain sufficient and appropriate audit evidence whether all such balances which have been offset, have been restated and further we were not provided explanation about the underlying rationale to offset these balances. Consequently, we are unable to comment on the appropriateness and completeness of the opening balances as at April 1, 2018, the closing balances as at and for the quarter and year ended March 31, 2019.

iv. We draw your attention to notes 6(k) and 6(n) of the Standalone Financial Results which describe that the Company has written back in the Standalone Financial Results certain amounts which were previously expensed off. These amounts were presented as amounts charged off in relation to inventories/ trade advances / unbilled dues from customers/ loans given to related, unrelated parties and connected parties aggregating to Rs. 634.40 crore.

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As informed by the management, these amounts were written off in the prior years / periods were misrepresented to the Board of Directors and were wrongly grouped in the financial statements / results of prior years / periods under various heads, instead of related and unrelated party balances being written off. The amounts written off were extended to and are considered recoverable from related and unrelated parties. The Board of Directors of the Company has initiated independent investigation to assess the underlying basis, nature and amount of such transactions.

Pending outcome of such investigation, we are unable to obtain sufficient and appropriate audit evidence about the underlying commercial purpose for such transactions relative to the size and scale of the business activities of the Company and the recoverability of such balances. Further we are unable to comment on the appropriateness and completeness of opening balances as at April 1, 2018, consequential impact on the Standalone Financial Results.

v. We draw your attention to note 6(m) of the Standalone Financial Results which describes that Certain Identified Senior Personnel of the management had provided post-dated cheques (PDCs) and comfort letters to bank in relation to certain borrowings availed by the related parties in the prior years/periods.

Following a default in the contractual and repayment terms of such borrowings availed by the related parties, one of the bank attempted to encash the PDCs of Rs. 210 crores which were dishonored upon presentation by another bank of the Company. The bank has issued a notice to the Company to accept the liabilities and have claimed repayment on those liabilities. The total outstanding amount of such borrowings as at March 31, 2019 is Rs. 392 crores.

As explained by the Board of Directors of the Company, issuance of such PDCs and comfort letter were not informed and were done in violation of Rules of Procedure (RoP) established by the Board of Directors of the Company. These transactions are subject to further investigation to ascertain the legality of these claim on the Company. Pending such investigation, the said claim is disclosed as contingent liability by the Company and not accounted in the books of accounts of the Company.

Pending outcome of the investigation, we were unable to obtain sufficient and appropriate audit evidence to verify the basis, rationale and completeness of disclosing of such transactions in the notes to the Standalone Financial Results.

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vi. We draw your attention to note 6(k) of the Standalone Financial Results which describes that during our audit, we identified certain trade receivables balances amounting to Rs. 120 crores against which provision for doubtful trade receivable of Rs. 108 crores was made in the current year and Rs. 12 crores was made in the prior years/periods. The underlying sale transactions and recording of provisions were found to be suspicious in nature and not in the normal course of business of the Company.

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.

We were unable to satisfy ourselves as regards the commercial nature of the underlying transactions. On further independent investigation by the Board of Directors, we are informed, that these transactions appear to be fraudulently accounted as trade receivables instead of being accounted as advances to related parties. The Board of Directors have reinstated opening balances in prior years/periods.

We are further informed by the Board of Directors that detailed investigation is in process to assess the underlying basis and rationale of such transactions. However, considering the significance of amounts and that these transactions were approved by certain Key Managerial Persons, company personnel and certain non-executive directors it appears that material fraud has been perpetrated. However pending further investigation, identification and conclusion on the culpability of the personnel we are unable to comment on who were involved in the fraud and the amounts which could be involved.

vii. As explained in Note 8 of the Standalone Financial Results, the Company has performed impairment testing in relation to its investments and advances in its subsidiaries and has accounted for impairment allowances of Rs. 1,325 crores during the quarter and year ended March 31, 2019.

The management has initiated investigation into various related party transactions and is currently not concluded its assessment of amounts owed to / receivable from related parties. In the absence of the such assessment, the management has not determined the impact of impairment in the respective prior years/periods.

Pending completion of investigation by the Company, we are unable to comment on the completeness and appropriateness of impairment charge in the Standalone Financial Results and possible impact on prior years / periods.

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viii. We draw your attention to note 6 (c (i)) of the Standalone Financial Results which states that the management has not accounted contractual royalty expense amounting to Rs. 27.88 crores for the six months period ended March 31, 2019. Further, management has put the royalty agreement in abeyance pending conclusion on the royalty settlement and determination of legality of royalty contract.

Pending management evaluation, we are unable to obtain sufficient and appropriate audit evidence and hence unable to comment upon completeness of royalty expense in the Standalone Statement of Profit and Loss and consequential impact on the related party balances as at and for the quarter and year ended March 31, 2019. Further, we are unable to comment upon the enforceability of Royalty Agreement along with proposed settlement, pending legal assessment by the management.

ix. As explained in Notes 6(a), 6(b),6(i),6(n) and 6(q) of the Standalone Financial Results, the Company has entered into various transactions with certain identified group companies (termed as connected parties) wherein some of the Company's employees own beneficial ownership in such connected parties and further certain senior management personnel of the Company are directors of these connected parties. The Company has not identified these connected parties as related parties and has not yet completed its assessment to determine the nature of its relationship with these connected parties.

Pending completion of management's assessment, we were unable to obtain sufficient and appropriate evidence with respect of completeness of the list of related parties and the completeness of disclosure of related party transactions included in these Standalone Financial Results.

x. As at year end, we have sent independent balance confirmations to banks/financial institutions for borrowings, bank balance and certain trade receivables selected on sample basis. We have not received responses to our request for such balance confirmations towards borrowings of Rs. 263.09 crores, bank balances of Rs. 3.13 crores and trade receivables of Rs. 1,035.43 crores and confirmation from banks/financial institutions in respect of the details of securities, lien, collaterals, guarantees, etc.

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In the absence of sufficient and appropriate evidence in relation to the unconfirmed balances and in view of proposed restatement of prior years/ periods, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in the notes to the Standalone Financial Results.

xi. As stated in note 6(p) to the Standalone Financial Results, 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 the Sections 129, 134, 166, 180, 185, 186, 188, 197 and other related 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) and other regulations, as applicable to the Company (Applicable Laws). The Board of Directors of the Company has also instructed the management to engage external consultants and specialists as required for the investigation.

Pending outcome of the investigation, we are unable to determine the potential impact of non-compliances with Applicable Laws and determine any further adjustments that may be necessary to these Standalone Financial Results.

xii. We draw attention to note 10 in the Standalone Financial Results which indicate that (a) the Company has incurred net losses during the current and previous years; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date; (c) the Company has the short term outstanding borrowings repayable over next 12 months aggregating to Rs. 1,411.55 crores; and (d) pending outcome of investigation initiated, the management has not concluded on the recoverability of loans and advances from related and unrelated parties.

With reference to above, pending completion of investigation of matters stated in paragraphs 3(i) to 3(xi) above and determination of recoverability of loans and advances from related and unrelated parties and classification between current and non-current of the financial liabilities, we are unable to obtain sufficient and 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.

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4. Disclaimer of Opinion

   Because of the significance of the matters described in paragraphs 3 above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion as to whether this Standalone Financial Results:

   i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

   ii. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and Total comprehensive loss and other financial information of the Company for the year ended March 31, 2019.

5. The comparative Ind AS financial information of the Company for the quarter and year ended March 31, 2018, included in these Standalone Financial Results, had been solely audited by the joint statutory auditor who expressed an unmodified opinion on those results on May 30, 2018. Also refer our Basis for Disclaimer of Opinion in paragraphs 3 (i) to (xii) above with respect to effect of ongoing investigation on prior years balances and re-opening of books of accounts by the management of the Company in respect of prior years / periods.

6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the figures in respect of the financial year ended March 31, 2019 on which we are issuing a Disclaimer of Opinion and the year to date figures up to December 31, 2018 prepared by the management being the date of the end of the third quarter of the current financial year, on which we had previously issued a qualified limited review report for the quarter ended and year to date standalone financial results for December 31, 2018 vide our report dated February 12, 2019.

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S R B C & CO LLP
Chartered Accountants

7. We have been appointed as Joint Auditors of the Company along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). We are issuing a separate report in accordance with the requirement of SA 299 "Responsibility of Joint Auditors" in view of the difference in the Basis for Disclaimer of Opinion against the Basis for Disclaimer of Opinion provided by the Joint Statutory Auditor. Further our report issued on these Standalone Financial Results is separate and independent from the opinion issued by the Joint Statutory Auditor and we did not share any joint responsibilities in relation to the audit of the Standalone Financial Results of the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN:19049237AAAAAZ5587
Place of Signature: Mumbai
Date: August 30, 2019

Annexure 1

Statement of 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, 2019 (Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016) - (Standalone)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	5,631.60	Not determinable
	2.	Total Expenditure	7,173.03	
	3.	Net Profit/(Loss)	(1417.39)	
	4.	Earnings Per Share	(22.62)	
	5.	Total Assets	7,254.94	
	6.	Total Liabilities	4,741.77	
	7.	Net Worth	2,513.17	
	8.	Any other financial item(s) (as felt appropriate by the management)		

II.	Audit Qualification (each audit qualification separately):	
a.	**Details of Audit Qualification**	Nature ofqualifications are as per paragraphs 3 and 4 of the Audit Report.
b.	**Type of Audit Qualification**	Disclaimer of opinion
c.	**Frequency of Audit Qualification(s)**	First Time
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**	Not applicable
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor**	
	i. Management's estimation on the impact of audit qualification	Not determinable

<table>
<tr><td></td><td>ii. If Management is unable to estimate the impact, reasons for the same</td><td colspan="2">Following discovery of many unauthorised transactions which have been incorporated in the financial results, further forensic investigation is being commissioned to ascertain completeness and establishing wrong doing. The above may result in revision/ restatements of Financial Results which can be determined only after completion of such investigation and detailed management assessment.</td></tr>
<tr><td></td><td>iii. Auditor's comments on (i) or (ii) above</td><td colspan="2">Refer our report containing disclaimer of opinion.</td></tr>
<tr><td rowspan="3">III.</td><td rowspan="3">Signatories
For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number:
324982E/E300003

per Shyamsundar Pachisia
Partner
Membership No. 49237</td><td rowspan="3">For K.K. Mankeshwar & Co.
Chartered Accountants
ICAI Firm registration number: 106009W

per Ashwin Mankeshwar
Partner
Membership No. 046219</td><td>Jitender Balakrishnan
Risk and Audit Committee Chairman</td></tr>
<tr><td>Sudhir Mathur
Whole Time Executive Director</td></tr>
<tr><td>K N Neelkant
CEO and Managing Director</td></tr>
</table>

Place : Mumbai

Date : August 30, 2019

K.K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

7, Kingsway, Nagpur - 440 001
Ph. : 91-712-6629946 / 47/ 2554223
Fax No. : 91-712-6629948 / 6613404
E-mail : mail@kkmindia.com

Independent Auditor's Report On Quarterly Standalone Financial Results and Year to Date 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
(Formerly known as Crompton Greaves limited)

1. We were engaged to audit the accompanying statement of quarterly standalone financial results of CG Power and Industrial Solutions Limited ('the Company') for the quarter ended March 31, 2019 and for the year ended March 31, 2019 ('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 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

2. The Standalone Financial Results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the standalone financial results for the nine-month period ended December 31, 2018, the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

3. Our responsibility is to express an opinion on these Standalone Financial Results. However because of the matters described in the paragraph 4 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial Results and hence we do not express an opinion on the aforesaid Standalone Financial Results.

4. Basis for Disclaimer of Opinion

   As given in Note 1 of the Standalone Financial Results in relation to the Basis of Preparation, the Board of Directors of the Company have stated that the financial statements of earlier years ended March 31, 2018 and Opening Balance Sheet as at April 1, 2017 (hereinafter referred to as prior years) have been adjusted for various transactions following an independent investigation carried out on the directions of the Board of Directors. The Board of Directors have communicated to us that pending outcome of the investigation, the financial statements of prior years and consequentially for the year ended March 31, 2019 could be revised / restated.

   In view of the proposed voluntary revision / restatement of the financial statements of prior years, which may result in revision / restatement of financial statements for the year ended March 31, 2019 and also considering the significance of certain transactions / specific matters described herein below, we are unable to determine the consequential impact of the proposed revisions / restatements and the impact of certain transactions / specific matters on the Standalone Financial Statements as at March 31, 2019. Such specific matters / transactions include:

   i. We draw your attention to the transactions identified in Note 6 (a) and Note 6 (b) of the Standalone Financial Results which were not recorded by the Company for the financial year ended March 31, 2017 and with consequent effect on the balances of March 31, 2018.

      The Board of Directors have initiated independent investigation in respect of these unauthorized transactions in the nature of loans. As explained to us such transactions were misrepresented and were not approved by the Board of Directors of the Company.

Pending outcome of such investigation, we were unable to obtain sufficient and appropriate audit evidence to verify basis and rationale of such unauthorized transactions. Further, these Standalone Financial Results for the year ended March 31, 2019 along with the reinstated financial statements for the years ended March 31, 2018 and April 1, 2017 were recently provided to us for audit and hence we were unable to obtain independent balance confirmations and we were not provided with reconciliation of balances in respect of such unauthorized transactions/loans. Accordingly, we are unable to comment on the completeness, and appropriateness, of the prior year balances in relation to these unauthorized transactions and the consequential impact of such reinstatement on the Statement of Profit and Loss and related disclosures in the notes to the Standalone Financial Statements.

ii. We draw your attention to Note 6 of the Standalone Financial Results which describes the nature of certain transactions entered into by the Company with the related and unrelated parties and Note 6 (q) of the Standalone Financial Results which states that the Company has various amounts of loans receivables and advances recoverable including interest accrued on such balances from related and unrelated companies as reinstated on March 31, 2019 aggregating to INR 2,439.94 crores, for which further interest income aggregating to INR 337.61 crores is currently not recorded in the Standalone Financial Results.

The management is in the process of investigating and confirming various related party transactions and has not concluded its investigation and determination of related party balances. On the outcome of the investigation and confirmation and reconciliation process of such transactions, these balances may be restated by the Company.

Pending outcome of the investigation and inability of the management to provide the underlying contractual agreements, business rationale, and requisite approvals by the Board of Directors to extend such balances to the related and unrelated companies, we were unable to obtain sufficient and appropriate audit evidence regarding the accuracy and completeness of the balances, existence and recoverability of the outstanding balances. Further we are unable to determine the consequential impact on the Company's Statement of Profit and Loss and Net-worth arising from such related and unrelated companies' transactions, balances and the completeness of disclosures in the notes to the Standalone Financial Results of the Company.

iii. We draw your attention to Note 6 (k) and Note 6 (n) of the Standalone Financial Results wherein the Company has written back certain amounts which were written off in year ended March 31, 2018 towards inventories/trade advances/unbilled dues from customers/loans given to subsidiaries aggregating to INR 634.40 crores.

During the current year, on the basis of Independent investigation carried out by the Board of Directors of the Company, it has come to light that facts were misrepresented to us in relation to these balances during our audit for financial year ended March 31, 2018.

a. The total inventory valued at INR 257.69 crores as on March 31, 2017 were in reality advances to related and unrelated parties, which were misrepresented as inventory lying with third parties in the previous year. Out of this total inventory, inventory costing INR 102.02 crores was sold for INR 120 crores to specific customers during the year ended March 31, 2018. These debtors were written off during quarter ended December 31, 2018.

b. The remaining balance of INR 478.73 crores written off during financial year ended March 31, 2018 was on account of long outstanding trade advances. Subsequently, in the current year, we have been informed by the management that these were misrepresented in the previous year and that these amounts were actually advances to related and unrelated parties.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

As informed by the management, these balances written off in the previous year, were also misrepresented to the Board of Directors and wrongly stated in the financial statements under various heads of financial statements instead of Group Company receivables for the financial year ended March 31, 2017. Further, such advances extended and recoverable from related and unrelated companies were not approved by the Board of Directors. The Company has initiated independent investigation to assess the underlying basis and nature of such transactions and we are informed that such investigation is in process.

Pending outcome of investigation, and in the absence of sufficient and appropriate audit evidence about the appropriateness of reinstatement of such transactions and the recoverability of such balances, we are unable to comment on the appropriateness and completeness of the opening balances and related disclosures in the Standalone Financial Results.

iv. We draw your attention to Note 6 (m) of the Standalone Financial Results which describes certain financing transactions entered into by the related parties of the Company with the bank ('lender bank') wherein certain identified senior personnel of the management, had provided post-dated cheques and a comfort letter in relation to certain borrowings availed by the related parties in the prior years.

Following a default in terms of such borrowings availed by the related party, the lender bank attempted to encash the PDCs of INR 210 crores which were dishonoured by the Company's bank upon presentation. The lender bank has issued a notice to the Company to accept the liabilities in relation to such borrowings and have claimed the repayment of the outstanding amount INR 391.88 crores as at March 31, 2019.

As explained by the Board of Directors of the Company, issuance of such PDCs, comfort letters and entering into put option were not informed and were done in violation of Rules of Procedure (RoP) established by the Board of Directors of the Company. These transactions do not appear to be in normal course of business and are subjected to further investigation to ascertain the legality of these claims on the Company. Pending such investigation, the said claim is disclosed as a contingent liability by the Company.

Pending outcome of the investigation, we are unable to obtain sufficient and appropriate audit evidence to verify the basis, rationale and completeness of such transactions and the subsequent disclosure by the Company of such liability.

v. We draw your attention to Note 6 [c (i)] of the Standalone Financial Results, wherein the Company states that it has not charged and accrued contractual royalty expense payable to the promoter company for six months ending March 31, 2019. Further management has put the royalty agreement in abeyance pending determination of legal obligation of royalty agreement and the conclusion of settlement with the promoter company.

Pending management evaluation, we are unable to comment upon the completeness of royalty expense in the Statement of Profit and Loss and consequential impact on the related party balances as at March 31, 2019. Further we are unable to comment on appropriateness of management's action to hold the agreement in abeyance and the proposed settlement with the promoter company, pending legal assessment by the management.

vi. We draw your attention to Note 6 (g) and Note 6 (j) of the Standalone Financial Results, wherein the Company has stated that it had inappropriately continued to classify advances to a related party as current advance as on March 31, 2018.

As we are unable to obtain sufficient and appropriate audit evidence in relation to these reclassifications, we are unable to verify the appropriateness of this reclassification and restatement of previous year balance by the management.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

vii. We draw your attention to Note 8 of the Standalone Financial Results, the Company has performed impairment testing in relation to its investment and advances given to its subsidiaries. The Company has accounted for the impairment allowances of INR 1,325 crores during the current year.

The management is in the process of investigating various related party transactions and has not concluded its investigation and determination of related party balances. Pending the outcome of the investigation, the management has not determined the impact of impairment in the respective prior years.

Pending completion of investigation by the Company in relation to above stated related party transactions and advances to be recovered from group companies, we are unable to comment on the completeness and appropriateness of impairment charge in the Standalone Financial Results for the year ended March 31, 2019 and possible impact on the opening balances as at April 1, 2018, if any

viii. Balances with respect to borrowings, trade receivables, loans & advances, tax balances, group companies and connected parties are subject to confirmations. Further we have not received sufficient appropriate audit evidence or explanations from the management in relation to the reconciliations and balance confirmation process, followed by the management. Hence we are unable to comment on the completeness and valuation of these balances in respect of the year ended March 31, 2019 and restated March 31, 2018.

ix. As stated in Note 6 (a) and Note 6 (b) of the Standalone Financial Results, the Company has entered into various transactions with companies (termed as 'Connected parties') wherein certain employees of the Company owned beneficial ownerships and some senior management personnel of the Company are directors of these connected parties. The Company has not completed its assessment to determine the nature of its relationship with these connected parties and consequently has not identified these parties as related parties.

Pending outcome of management's assessment, we are unable to obtain sufficient and appropriate audit evidence with respect to completeness of the list of related parties and the completeness of disclosure of related party transactions for the prior years and current year in the Standalone Financial Statements.

x. Further, pending outcome of independent investigation and the management's assessments thereof, we are unable to comment on the appropriateness and completeness of the reinstated financial statements for the financial year ended March 31, 2018 and April 1, 2017.

xi. We draw your attention to Note 6 (p) of the Standalone Financial Results, the Company is undertaking a detailed investigation in relation to the matters of possible non compliances with respect to provisions of Section 185 and Section 186 and certain other applicable sections of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Income tax 1961, and other statutes and regulations applicable to the Company. The Company is in the process of evaluating the implications of the potential non-compliances.

Pending outcome of the investigation, we are unable to determine the potential impact of non-compliances and to comment on any further adjustment that would be required as a result of the investigation on these Standalone Financial Results and disclosures thereon.

xii. We draw your attention to Note 10 of 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

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

date; (c) the Company has short term outstanding borrowings repayable over next 12 month aggregating to INR 1400 crores approximately; and (d) pending outcome of investigation initiated, the management has not concluded on the recoverability of loans and advances from related and unrelated parties.

With reference to above, pending completion of investigation of matter stated in paragraph 4(i) to 4(xii) above and determination of recoverability of loans and advances from related and unrelated parties, we are unable to obtain sufficient and appropriate audit evidence as to whether the Company will be able to service its debt, realize its asset 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 over the period of next 12 months.

5. We draw your attention to Note 7 of the Standalone Financial Results wherein the Company has stated that the Board of Directors are of the view that the standalone financial statements of the Company and the report of the Board for relevant prior years may not comply with the provisions of Section 129 and Section 134 of the Companies Act, 2013 and accordingly they intend to propose revision to the financial statements of relevant prior years as per requirements of Section 131 of the Companies Act, 2013.

6. Because of the very substantive nature and significance of the matters described in paragraphs above, we have not been able to obtain sufficient appropriate audit evidence as to whether the accompanying Standalone Financial Results has been prepared in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 in this regard and give a true and fair view of the net loss and other financial information for the quarter and year ended 31 March 2019.

7. We have been appointed as Joint Auditors of the Company along with M/s S R B C & Co. LLP Chartered Accountants (Joint Statutory Auditor). We are issuing separate audit report in accordance with the requirement of SA 299 "Responsibility of Joint Auditors" in view of the difference in the Basis for Disclaimer of Opinion provided by the Joint Statutory Auditor regarding matter reported in paragraph 4(iii) under the Basis for Disclaimer of Opinion. Our audit report issued on these Standalone Financial Results is separate and independent from the opinion issued by the Joint Statutory Auditor and we did not share any joint responsibilities in relation to the statutory audit of the Company, for the quarter ended March 31, 2019 and for the year ended March 31, 2019.

8. The comparative Standalone Financial Results for the quarter and year ended March 31, 2018 have been restated. These restated financial results represents management's estimates and its assessment of the investigation outcome so far. Considering that the investigation process is yet to be concluded, and considering the matters as stated above in paragraph 4 Basis of Disclaimer of Opinion of our report, we are unable to comment on the appropriateness and completeness of the restatements and reinstatements to comparative figures of year ended on March 31, 2018 in the accompanying financial results.

For K.K. Mankeshwar & Co.,
Chartered Accountants
ICAI Firm registration number: 106009W

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

Ashwin Mankeshwar
Partner
Membership No. 046219
Place: Mumbai
Date: August 30, 2019
UDIN: 19046219AAAAGG3078

Annexure 1

Statement of 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, 2019 (Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016) - (Standalone)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	5,631.60	Not determinable
	2.	Total Expenditure	7,173.03	
	3.	Net Profit/(Loss)	(1417.39)	
	4.	Earnings Per Share	(22.62)	
	5.	Total Assets	7,254.94	
	6.	Total Liabilities	4,741.77	
	7.	Net Worth	2,513.17	
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	**Audit Qualification (each audit qualification separately):**			
a.	**Details of Audit Qualification**		Nature ofqualifications are as per paragraphs 3 and 4 of the Audit Report.	
b.	**Type of Audit Qualification**		Disclaimer of opinion	
c.	**Frequency of Audit Qualification(s)**		First Time	
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**		Not applicable	
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor**			
	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	Following discovery of many unauthorised transactions which have been incorporated in the financial results, further forensic investigation is being commissioned to ascertain completeness and establishing wrong doing. The above may result in revision/ restatements of Financial Results which can be determined only after completion of such investigation and detailed management assessment.
	iii. Auditor's comments on (i) or (ii) above	Refer our report containing disclaimer of opinion.

III.	**Signatories** For S R B C & CO LLP Chartered Accountants ICAI Firm registration number: 324982E/E300003 per Shyamsundar Pachisia Partner Membership No. 49237	For K.K. Mankeshwar & Co. Chartered Accountants ICAI Firm registration number: 106009W per Ashwin Mankeshwar Partner Membership No. 046219 K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS	Jitender Balakrishnan Risk and Audit Committee Chairman Sudhir Mathur Whole Time Executive Director K N Neelkant CEO and Managing Director

Place : Mumbai

Date : August 30, 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 7777 F: +91 22 2423 7733 W: www.cgglobal.com
E: investorservices@cgglobal.com
Corporate Identity Number(CIN): L99999MH1937PLC002641

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Strong relationships.

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH. 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018*	31.03.2018*	31.03.2019	31.03.2018*
		Audited	Unaudited	Audited	Audited	Audited
1	**Income**					
	(a) Revenue from operations	1417.34	1370.30	1452.66	5355.60	5106.14
	(b) Other income	79.37	65.04	84.42	276.00	270.44
	Total Income	**1496.71**	**1435.34**	**1537.08**	**5631.60**	**5376.58**
2	**Expenses**					
	(a) Cost of materials consumed	997.55	966.68	983.90	3728.56	3368.27
	(b) Purchases of stock-in-trade	13.75	12.45	6.84	34.79	46.65
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(45.23)	(9.31)	37.74	(72.35)	90.67
	(d) Excise duty	-	-	-	-	98.40
	(e) Employee benefits expense	103.26	87.20	88.57	372.46	327.98
	(f) Finance costs	110.35	80.73	74.35	337.02	301.88
	(g) Depreciation and amortisation expense	26.19	26.12	26.42	103.90	102.10
	(h) Foreign exchange (gain) / loss (net)	34.76	44.52	(64.93)	62.95	(131.26)
	(i) Other expenses	282.59	216.72	252.17	930.41	876.95
	Total Expenses	**1523.22**	**1425.11**	**1405.06**	**5497.74**	**5081.64**
3	**Profit / (loss) before exceptional items and tax**	**(26.51)**	**10.23**	**132.02**	**133.86**	**294.94**
4	Exceptional items (net)	(1477.51)	14.00	(35.00)	(1518.27)	(132.94)
5	**Profit / (loss) before tax**	**(1504.02)**	**24.23**	**97.02**	**(1384.41)**	**162.00**
6	**Tax expense / (credit) :**					
	Current tax	12.56	12.55	(25.25)	50.21	29.37
	Deferred tax	(58.72)	(12.56)	75.79	(39.17)	46.51
7	**Profit / (loss) from continuing operations after tax**	**(1457.86)**	**24.24**	**46.48**	**(1395.45)**	**86.12**
8	**Loss from discontinued operations before tax**	**(33.72)**	**-**	**(72.24)**	**(33.72)**	**(102.24)**
9	Tax credit on discontinued operations	(11.78)	-	(24.99)	(11.78)	(35.37)
10	**Loss from discontinued operations after tax**	**(21.94)**	**-**	**(47.25)**	**(21.94)**	**(66.87)**
11	**Net profit / (loss) for the period / year**	**(1479.80)**	**24.24**	**(0.77)**	**(1417.39)**	**19.25**
12	**Other comprehensive income:**					
	(i) Items that will not be reclassified to profit or loss	(120.82)	(1.48)	(29.87)	(125.25)	(35.90)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.26	0.31	(0.04)	1.21	2.04
13	**Total comprehensive income after tax**	**(1600.36)**	**23.07**	**(30.68)**	**(1541.43)**	**(14.61)**
14	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35	125.35
15	Reserves excluding Revaluation Reserve				2387.82	4029.09
16	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**					
	(a) Basic	(23.26)	0.39	0.75	(22.27)	1.38
	(b) Diluted	(23.26)	0.39	0.75	(22.27)	1.38
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)					
	(a) Basic	(0.35)	-	(0.76)	(0.35)	(1.07)
	(b) Diluted	(0.35)	-	(0.76)	(0.35)	(1.07)
	Earnings Per Share (for continuing operations and discontinued operations) (of ₹ 2 each) (not annualised)					
	(a) Basic	(23.61)	0.39	(0.01)	(22.62)	0.31
	(b) Diluted	(23.61)	0.39	(0.01)	(22.62)	0.31

*Restated

MUKESH M. SHAH & CO. CHARTERED ACCOUNTANTS

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MUMBAI

AVANTHA
GROUP COMPANY

STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018*	31.03.2018*	31.03.2019	31.03.2018*
		Audited	Unaudited	Audited	Audited	Audited
1.	Segment Revenue:					
	(a) Power Systems	562.89	563.50	774.67	2276.85	2773.84
	(b) Industrial Systems	855.67	807.08	678.13	3081.40	2332.80
	Total	**1418.56**	**1370.58**	**1452.80**	**5358.25**	**5106.64**
	Less: Inter-Segment Revenue	1.22	0.28	0.14	2.65	0.50
	Total income from operations	**1417.34**	**1370.30**	**1452.66**	**5355.60**	**5106.14**
2.	Segment Results:					
	Profit / (loss) before tax and finance costs from each segment					
	(a) Power Systems	(7.71)	17.44	45.87	85.97	165.19
	(b) Industrial Systems	115.93	96.43	65.02	371.04	179.29
	Total	**108.22**	**113.87**	**110.89**	**457.01**	**344.48**
	Less:					
	(i) Finance costs	110.35	80.73	74.35	337.02	301.88
	(ii) Other un-allocable expenditure net of un-allocable income	(10.38)	(21.61)	(30.55)	(76.82)	(121.08)
	(iii) Foreign exchange (gain) / loss (net)	34.76	44.52	(64.93)	62.95	(131.26)
	Add:					
	(i) Exceptional items (net)	(1477.51)	14.00	(35.00)	(1518.27)	(132.94)
	Profit / (loss) from ordinary activities before tax	**(1504.02)**	**24.23**	**97.02**	**(1384.41)**	**162.00**
3.	Segment Assets:					
	(a) Power Systems	1481.15	1683.83	2024.65	1481.15	2024.65
	(b) Industrial Systems	1154.35	1094.36	999.79	1154.35	999.79
	(c) Unallocable	4339.01	5768.46	5706.15	4339.01	5706.15
	(d) Discontinued Operations	280.43	34.21	52.12	280.43	52.12
	Total segment assets	**7254.94**	**8580.86**	**8782.71**	**7254.94**	**8782.71**
4.	Segment Liabilities:					
	(a) Power Systems	1052.00	928.81	915.19	1052.00	915.19
	(b) Industrial Systems	906.34	773.63	553.16	906.34	553.16
	(c) Unallocable	2783.43	2763.14	3159.04	2783.43	3159.04
	(d) Discontinued Operations	-	-	0.88	-	0.88
	Total segment liabilities	**4741.77**	**4465.58**	**4628.27**	**4741.77**	**4628.27**

*Restated

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

	Particulars	As at 31.03.2019 Audited	As at 31.03.2018 * Audited	As at 1.04.2017 * Audited
A	**ASSETS**			
1	**Non-current Assets:**			
	(a) Property, plant and equipment	**967.21**	1287.69	1232.78
	(b) Capital work-in-progress	**11.37**	8.19	8.23
	(c) Intangible assets	**39.69**	49.18	46.23
	(d) Intangible assets under development	**23.42**	32.19	28.01
	(e) Financial assets			
	(i) Investments	**898.86**	1028.51	440.65
	(ii) Trade receivables	**6.24**	-	-
	(iii) Loans	**1399.44**	2391.58	473.88
	(iv) Others	**1433.06**	1291.94	1542.84
	(f) Other non-current assets	**1.88**	2.09	3.18
	Total Non-current Assets	**4781.17**	**6091.37**	**3775.80**
2	**Current Assets:**			
	(a) Inventories	**531.16**	414.05	493.07
	(b) Financial assets			
	(i) Investments	**0.01**	0.01	5.22
	(ii) Trade receivables	**1178.53**	1599.88	1480.37
	(iii) Cash and cash equivalents	**104.04**	193.15	254.48
	(iv) Bank balances other than (iii) above	**16.37**	0.98	1.27
	(v) Loans	**40.18**	30.20	1199.61
	(vi) Others	**40.72**	45.55	204.27
	(c) Current tax assets (net)	**32.41**	64.65	61.60
	(d) Other current assets	**249.92**	290.75	326.40
	Total Current Assets	**2193.34**	**2639.22**	**4026.29**
3	**Assets classified as held for sale and discontinued operations**	**280.43**	52.12	160.63
	TOTAL - ASSETS	**7254.94**	**8782.71**	**7962.72**
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	**125.35**	125.35	125.35
	(b) Other equity	**2387.82**	4029.09	4043.70
	Total Equity	**2513.17**	**4154.44**	**4169.05**
	Liabilities			
1	**Non-current Liabilities:**			
	(a) Financial liabilities			
	(i) Borrowings	**751.16**	1011.65	698.60
	(ii) Other financial liabilities	**298.27**	391.46	391.10
	(b) Provisions	**54.83**	53.30	59.77
	(c) Deferred tax liabilities (net)	**131.81**	235.68	226.58
	Total Non-current Liabilities	**1236.07**	**1692.09**	**1376.05**
2	**Current Liabilities:**			
	(a) Financial liabilities			
	(i) Borrowings	**1036.61**	876.14	710.23
	(ii) Trade payables			
	-Total outstanding dues of micro enterprises and small enterprises	**123.73**	81.55	59.88
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	**1430.91**	1171.28	1031.45
	(iii) Other financial liabilities	**672.47**	431.59	260.36
	(b) Other current liabilities	**166.15**	273.62	285.97
	(c) Provisions	**75.83**	101.12	68.75
	Total Current Liabilities	**3505.70**	**2935.30**	**2416.64**
3	**Liabilities associated with group of assets classified as held for sale and discontinued operations**	**-**	0.88	0.98
	TOTAL - EQUITY AND LIABILITIES	**7254.94**	**8782.71**	**7962.72**

*Restated

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

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MUMBAI

Notes on standalone financial results:

1. The above audited standalone financial results of CG Power and Industrial Solutions Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30 August 2019. The auditors have issued a disclaimer of opinion in respect of results for the quarter and year ended 31 March 2019. While placing the financial results before the Board of Directors, the Chief Executive Officer and the Chief Financial Officer of the Company did not provide the requisite certifications required to be provided under proviso to Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). Further, taking into consideration the explanation provided in basis of preparation, the Board of Directors believe that the standalone financial results to that extent do not represent true and fair view.

   Basis of preparation of Standalone Financials Results:

   The Standalone financial results of the Company are derived from the standalone financial statements of the Company. Those standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter. The financial results have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

Further, these Standalone financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which are disclosed by the Company in its press release dated 19 August 2019. Some of these adjustments relate to previous years and therefore they have been adjusted in the respective years / opening balances for the preparation of financial results for the year ended 31 March 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present amounts in the various accounts captions in the standalone financial results. Details in respect of each of the adjustment are provided in note no. 5 & 6.

Further, in order in to ascertain completeness of all such reinstatements / restatements and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liability for the Company, management has initiated second phase of investigation. Consequently, to the extent such investigation reveals any requirements of further reinstatement / reclassification, the financial results could undergo change in line with explanation provided in Note 7 of these Standalone financial results.

In respect of certain assets and liabilities which have been recognised consequent to aforementioned reinstatements / restatements, possible adjustment are being evaluated by independent legal and other consultants. Hence, no provisions have been made against such assets nor has final inclusion of liabilities against the Company has been determined. Basis the outcome of second phase of investigation, management will make an assessment in relation to the extent of required provision against the assets and / or recognition of further liabilities.

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

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2. The Ministry of Corporate Affairs has notified Ind AS 115 "Revenue from contracts with customers" on 28 March, 2018 which is mandatory and effective from 1 April 2018. The Company has aligned it's policy of revenue recognition with Ind AS 115. The cumulative effect of initial application of Ind AS 115 upto 31 March 2018 amounting to INR 99.84 crores (net of tax effect) has been adjusted in opening retained earnings as per the standard following modified retrospective approach.

3. Other comprehensive income is in respect of fair valuation of investment and employee benefits.

4. With an aim of value preservation and enhancement in the interest of all stakeholders, an Operations Committee ('Ops Committee') under the Chairmanship of one of the independent directors of the Company was constituted in March 2019. While working on one of its priority tasks of seeking refinancing of certain facilities and as a part of conducting financial analysis in this regard, the Ops Committee was made aware of some unauthorised transactions by certain employees of the Company.

   The Ops Committee was also made aware of the letter received by the Company from a particular financing company regarding a certain interest payment failure which the Ops Committee was unable to trace or ascertain from the financials of the Company. Further, the Managing Director on getting a request by a bank to replace cheques, the validity of which was about to expire, he immediately brought the same to the notice of the Ops Committee. The Ops Committee could not relate this to any obligation of the Company.

   Accordingly, an independent law firm was appointed to conduct an investigation on certain transactions entered into by/on behalf of the Company. Additionally, during the course of limited review for the quarter ended 31 December 2018, one of joint statutory auditors had sought detailed information and explanations in relation to certain transactions and during the course of audit of the Company for the year ended 31 March 2019, the same joint statutory auditors of the Company, sought information and explanations from the Company regarding those certain transactions as part of the notice issued to the Company under 143(12) of the Companies Act, 2013. These additional transactions were also included in the scope of review of the legal firm. Pursuant to the said investigation, the legal firm submitted their phase I report in August 2019 to the Ops Committee. As per the said investigation, many of these transactions were entered into by identified "Company personnel (both current and past), including certain non-executive directors, certain Key Managerial Personnel (KMPs) and others identified employees" ("CIP"). Further as per Phase 1 investigation, these transactions were unauthorised and had not been brought to the notice of the Board of Directors.

   The Ops Committee in turn provided an analysis of the investigation report to the Risk and Audit Committee ('RAC') along with its recommendations regarding the transactions set out in the report. Moreover, certain additional suspect, unauthorised and undisclosed transactions and entries identified during further verifications have been brought to the attention of the RAC.

5. The following table summarizes the transactions identified and as presented to the RAC along with the Ops committee analysis and impact of the adjustments reinstating each of the financial results for previous year ended 31 March 2018 and 1 April 2017:

(a) Restatement effects of the below mentioned Note 6 are as follows:

   (i) Changes in Statement of Financial Position as at 31 March 2018:

CHARTERED ACCOUNTANTS

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(₹ in crores)

Particulars	Note 6 reference	As at 31.03.2018 (Reported)	Adjustments	As at 31.03.2018 (Restated)
Assets				
Non-current - financials assets - loans	(d), (f), (e) (g), (j)	6.87	2384.71	2391.58
Non-current - financial assets - others	(a), (b), (e), (i), (k), (n),	19.55	1272.39	1291.94
Trade receivables	(k)	1719.88	(120.00)	1599.88
Cash and cash equivalents	(e)	593.15	(400.00)	193.15
Current financials assets - loans	(g), (j)	1569.55	(1539.35)	30.20
Current tax assets (net)	(o)	84.27	(19.62)	64.65
Other current assets	(a), (b), (e), (k), (i)	478.93	(188.18)	290.75
Assets classified as held for sale and discontinued operations	(l)	74.80	(22.68)	52.12
Total Assets		7415.44	1367.27	8782.71
Equity and Liabilities				
Other equity	(a), (b), (e), (d), (l), (k), (n), (o)	3715.36	313.73	4029.09
Non-current borrowings	(d)	836.65	175.00	1011.65
Non-current - other financial liabilities	(a), (b)	1.46	390.00	391.46
Deferred tax liabilities	(o)	12.14	223.54	235.68
Current borrowings	(f)	631.14	245.00	876.14
Current other financial liabilities	(d)	411.59	20.00	431.59
Total Equity and Liabilities		7415.44	1367.27	8782.71

(ii) Changes in the Statement of Financial Position as at 1 April 2017 (Opening Balance):

(₹ in crores)

Particulars	Note 6 reference	As at 1.04.2017 (Reported)	Adjustments	As at 1.04.2017 (Restated)
Assets				
Non-current- financials assets - loans	(d), (f), (e) (g), (j)	6.64	467.24	473.88
Non-current financial assets - others	(a), (b), (e), (i), (k), (n),	46.89	1495.95	1542.84
Inventories	(k)	750.76	(257.69)	493.07
Cash and cash equivalents	(e)	554.48	(300.00)	254.48
Current financials assets - loans	(g), (j)	1466.97	(267.36)	1199.61
Current tax assets (net)	(o)	51.86	9.74	61.60
Other current assets	(a), (b), (e), (k), (i)	902.69	(576.29)	326.40
Total Assets		7391.13	571.59	7962.72
Equity and Liabilities				
Other equity	(a), (b), (e), (d), (l), (k), (n), (o)	4073.94	(30.24)	4043.70
Non-current borrowings	(d)	503.60	195.00	698.60
Non-current other financial liabilities	(a), (b)	1.10	390.00	391.10
Deferred tax liabilities (net)	(o)	214.75	11.83	226.58
Current financials liabilities - others	(d)	255.36	5.00	260.36
Total Equity and Liabilities		7391.13	571.59	7962.72

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(iii) Changes in the Statement of Profit and loss for the year ended 31 March 2018:

(₹ in crores)

Particulars	Note 6 reference	2017-18 (Reported)	Discontinued operations	Adjustments	2017-18 (Restated)
Revenue from operations	(k), (h)	5079.41	-	26.73	5,106.14
Other income	(d), (h)	198.08	-	72.36	270.44
Total Income		**5277.49**	**-**	**99.09**	**5376.58**
Cost of materials consumed	(k), (h)	3452.99	-	(84.72)	3368.27
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(k)	179.07	-	(88.40)	90.67
Employee benefits expense	(h)	363.44	-	(35.46)	327.98
Finance costs	(b), (d)	213.98	-	87.90	301.88
Foreign exchange (gain) / loss (net)	(b), (h)	-	-	(131.26)	(131.26)
Other expenses	(b), (h), (k)	593.64	-	283.31	876.95
Total Expenses		**5050.27**	**-**	**31.37**	**5081.64**
Profit before exceptional items and tax		**227.22**	**-**	**67.72**	**294.94**
Exceptional items (net)	(h), (k), (n), (o)	(453.40)	-	320.46	(132.94)
Profit / (loss) before tax	(a), (b), (d), (k), (n), (o)	**(226.18)**	**-**	**388.18**	**162.00**
Tax expense :					
Current tax	(o)	-	-	29.37	29.37
Deferred tax / (credit)		46.51	-	-	46.51
		46.51	**-**	**29.37**	**75.88**
Profit / (loss) from continuing operations after tax	(a), (b), (d), (k), (n), (o)	**(272.69)**	**-**	**358.81**	**86.12**
Loss from discontinued operations before tax	(l)	**(79.56)**	**(22.68)**	**-**	(102.24)
Tax expense / (credit) on discontinued operations		(27.53)	(7.84)	-	(35.37)
Loss from discontinued operations after tax		**(52.03)**	**(14.84)**	**-**	**(66.87)**
Profit / (loss) for the year		**(324.72)**	**(14.84)**	**358.81**	**19.25**
Other comprehensive income:					
(i) Items that will not be reclassified to profit or loss		(35.90)	-	-	(35.90)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.04	-	-	2.04
Other comprehensive income for the year		**(33.86)**	**-**	**-**	**(33.86)**
Total comprehensive income for the year	(a), (b), (d), (k), (n), (o), (l)	**(358.58)**	**(14.84)**	**358.81**	**(14.61)**

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6. The transaction details resulting in the adjustments which have been considered / given effect to in the financial results are as under:

(a) In May 2016, pursuant to an execution of an assignment agreement, leasehold land along with factory building of the Company at Nashik was assigned for a consideration of INR 264 crores to Blue Garden Estates Private Limited ("BGEPL"), a subsidiary of Acton Global Private Limited ("AGPL"). Both BGEPL and AGPL shares were owned by certain employees of the Company, who had not declared such ownership, when the transaction had occurred and hence, these companies have been termed as connected parties. Such an assignment was not in accordance with the terms of the leasehold land agreement. Further, no disclosure was made in the financial statements for FY 2016-17 and thereafter for such an assignment. Certain CIP's who executed the assignment agreement on behalf of the Company agreed to an obligation under the assignment agreement for payment of interest @15% p.a. basis monthly intervals to BGEPL until execution and registration of deed of assignment cum sale.

The Company received INR 200 crores from BGEPL as initial advance consideration for the assignment of land and building. Of the amount received from BGEPL, INR 145 crores was advanced to Avantha Holdings Limited ("AHL"), the promoter of the Company and INR 53 crores to AGPL. In respect of the advances to AGPL and AHL, no loan or other agreements were entered into. Further, no interest payments were made by the two entities to the Company.

It was noted that the above two advances of INR 198 crores were inappropriately netted off against the payable to BGEPL and both the asset and liability were not disclosed in the financial statements of the Company for the year ended 31 March 2017 and thereafter. Accordingly, the assets and liabilities to the extent of INR 198 crores were understated in the financial statements of the Company for FY 2016-17 and FY 2017-18. The netted out amounts have been grossed up and have been restated to reflect separately the receivables from AHL and AGPL and a payable to BGEPL as at 1 April 2017 and subsequent years. Interest payments by the Company on the amount received from BGEPL were disguised and concealed under different accounting heads including professional fees, exchange losses and supplier advances, some of which were subsequently written off to statement of Profit and Loss account of the Company.

Further, AHL issued a corporate guarantee on behalf of the Company in favor of BGEPL providing assurance for repayment of proceeds received by the Company in the event of a default of the conditions of assignment. Also, a Power of Attorney ('POA') was issued in an unauthorized manner by certain CIPs in favor of BGEPL empowering BGEPL to take actions with respect to the property at Nashik in the event of default of the conditions of assignment by the Company.

In February 2018, an undertaking was given by certain CIPs on behalf of the Company along with BGEPL to the lender to create a charge on leasehold land and building in favor of the lender in the event of default by BGEPL of terms of loan availed by BGEPL from the lender. In December 2018, BGEPL defaulted in the payment of interest on its loan and the lender issued a letter in January 2019 to the Company to create a charge on the leasehold land and building. No disclosure was made relating to the requirement for creation of charge in the Company's financial statements for prior years. Subsequently, the Company has received a letter from the lender to discharge the outstanding liability. The Company is examining the matter with its legal counsel and is in discussion with the BGEPL's lender with regard to the legality of this liability whether to be honoured by the Company. Also, the Company plans to initiate a process for recovering dues from AHL and AGPL.

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(b) In October 2015, an agreement was entered into on behalf of the Company for sale ("First Sale") of freehold land to Evie Real Estates Private Limited ("Evie") at Kanjurmarg ("Plot"). The consideration for sale of such plot of INR 498 crores was payable in two tranches with an initial consideration of INR 11 crores was payable immediately. The time period to fulfill the conditions precedent was four years from the agreement date. Apart from the initial consideration of INR 11 crores, no further consideration was received by the Company.

In February 2017, a Memorandum of Understanding (MOU) with BGEPL was entered by certain CIPs on behalf of the Company for second sale of the Plot to BGEPL, in the event the First Sale does not go through. Under the MOU with BGEPL, part of the sale consideration of INR 190 crores was payable before registration of the deed of assignment cum sale ("Second Sale") and the balance after successful completion of the transaction. Further, no disclosure was made in the financial statements for FY 2016-17 and no approval from the Board of Directors was sought for such an assignment. The Company had to pay interest @15% p.a. basis monthly intervals to BGEPL from the date of receipt until registration of deed of assignment cum sale or till the termination of MOU and refund by the Company, whichever happens later.

The Company received INR 190 crores from BGEPL as initial consideration for the assignment/sale of land and in the same month, in February 2017, the Company transferred INR 192 crores to AGPL in multiple tranches. In respect of these advances to AGPL, no loan or other agreements were entered into. Further, no interest payments were made by AGPL to the Company.

The amount received from BGEPL and the advances made to AGPL of INR 192 crores were inappropriately netted off and no disclosure of any part of the transaction and related amounts were made in the financial statements of the Company. Accordingly, the assets and liabilities to the extent of INR 192 crores were understated in the financial statements of the Company for FY 2016-17 and FY 2017-18.

The Company has now grossed up the amounts and disclosed receivable from AGPL and the amount received from BGEPL as a liability as at 1 April 2017 and carried this forward in the following years.

Interest payments by the Company on the amount received from BGEPL were disguised and concealed under different accounting heads including professional fees, exchange losses and supplier advances, some of which were subsequently written off to the Profit and loss account of the Company.

Further, as a part of the transaction, AHL issued a corporate guarantee on behalf of the Company in favor of BGEPL providing assurance for repayment of proceeds received by the Company in the event of a default of the conditions of assignment/ sale. Also, a Power of Attorney ('POA') was issued in favor of BGEPL empowering BGEPL to create a charge with respect to the freehold land in the event of default of the conditions of assignment/sale by the Company.

In February 2017, certain CIPs executed an undertaking on behalf of the Company in favor of BGEPL and the BGEPL's lender that the Company will become a co-borrower for the loan availed by BGEPL in the event of default by BGEPL. In December 2018, BGEPL defaulted on payment of interest on its loan and the lender issued a letter in January 2019 to the Company asserting that the Company is a co-borrower for the loan availed by BGEPL and requested to create a charge on the freehold land together with the structure thereon. No disclosure was made of the notice seeking creation of charge in financial statements. Subsequently, the Company has received a letter from the lender to discharge the outstanding liability. The Company is examining the matter with its legal counsel and is in discussion with the lender with regard to the legality of this liability whether to be honoured by the Company.

The Company is examining the matter with its legal counsel and plans to initiate a process of recovering dues from AGPL.

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The aforementioned interest paid on BGEPL amounts has now been reclassified as finance cost restating from professional fees amounting to INR 15.59 crores and exchange gain and loss amounting to INR 33.13 crores and advance to AHL amounting to INR 14.19 crores in FY 2017-18. Additionally, interest amounting to INR 28.02 crores pertaining to FY 2016-17 had been recognized under Advance to supplier and was not recognized in the statement of profit and loss. Hence, such amount has been recognized in retained earnings as at 1 April 2017 with a corresponding restatement to Advance to suppliers.

(c) (i) The Company entered into a Brand license and support agreement with AHL for use of 'Avantha' brand for a consideration which was based on certain specified percentage of its annual consolidated net operating revenues (ANOR) as defined in that agreement ("Royalty"). This agreement was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty amounting to INR 25.68 crores was accrued until September 2018 and no further accrual was made for half year ended 31 March 2019 amounting to INR 27.88 crores . Subsequently, discussions with AHL were held to further revise the terms of Royalty along with proposed settlement against the royalty settlement, as disclosed by the Company in the financial results published for the quarter ended December 31, 2018 but subsequently could not reach a consensus on the terms and hence, the Company did not accrue royalty to AHL from October 2018.

(ii) An assignment cum put agreement was entered by certain CIPs on behalf of the Company without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ("SICL") - a related party, and the bank in September 2018 ("SICL Assignment") under which the Royalty payable by Company to AHL was assigned over to the bank. At this point in time, an amount of INR 78.25 crores was already paid in advance to AHL by the Company against Royalty to AHL by the Company.

Further, in September 2018, the Company received INR 294 crores from CGPSOL (which in turn had been given to CGPSOL by AHL) and adjusted this amount against the CGPSOL receivable. Further the Company placed out of these, an amount of INR 229 crores as fixed deposits with the bank and assigned as collateral against the royalty commitment. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March 2019 in escrow account of SICL, the deposit will be refunded by the Company. On 20 March, 2019, the Company did not pay any royalty to this escrow account as amount of INR 78.25 crores was already paid in advance as royalty. Hence Company refunded the deposit amount along with interest to CGPSOL in March 2019 which was in turn refunded by CGPSOL to AHL.

Subsequent to the balance sheet date, the bank has issued a communication to the Company of its intent to exercise the put option as per the aforementioned assignment and has asked the Company to discharge the liability outstanding of INR 71 crores. The Company is in discussion with the lender as well as with its independent legal counsel with respect to tenability of this liability. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment has decided to record a liability towards the Bank amounting to INR 72.20 crores (including interest amount to INR 1.20 crores) and a corresponding receivable from SICL in the financial statements for the FY 2018-19.

(d) In February 2017, CGPSOL availed a loan from the lender amounting to INR 200 crores. Out of these proceeds, an amount of INR 185 crores was immediately transferred to the Company as a settlement of the advance due from CGPSOL. The Company was a co-borrower to this loan availed by CGPSOL. However, this arrangement was not disclosed in the prior year financial statements.

CGPSOL was unable to service the loan and hence, the Company being the co-borrower in the said arrangement has decided to record the loan liability to the lender in its opening balance sheet as at

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1 April 2017. The Company had serviced the installments and interest on this loan before recording loan liability in its financial statements.

The outstanding co-borrowed loan as at 1 April 2017 was INR 200 crores and as at 31 March, 2018 was INR 195 crores. Accordingly, the Company restated its balances as on 1 April 2017 and 31 March 2018 by disclosing liability to the lender in its financial statements. Consequent to the recording of loan liability in the financial statements, the Company has also recognized incremental differential interest (difference between interest charged by the Company to CGPSOL and interest payable by the Company to the lender) which has resulted in a decrease in retained earnings as at 1 April 2017 of INR 0.13 crores and decrease in profits before tax of INR 2.72 crores for FY 2017-18.

During the previous quarters of the current year, the Company recorded the aforementioned loan in its financial statements and the same was inappropriately adjusted against retained earnings. This was subsequently rectified and disclosed as receivable from CGPSOL as a part of the restatement.

(e) AHL and CGPSOL issued cheques in favor of the Company for settlement of the advances/dues to the Company inspite of having insufficient funds. These cheques were not presented to the bank for payment until the sufficiency of funds was confirmed by those group entities. Such cheques were included as a part of bank balances before being presented for payment and were inappropriately disclosed as a part of balances with banks in the financial statements of the Company by reducing the amounts receivable from these parties.

These were amounting to INR 300 crores as on 31 March 2017 and INR 400 crores as on 31 March 2018. Subsequently, fresh money was advanced to such group entities so that sufficient funds were available with such group entities to meet the liability towards the cheques issued. These cheques were then presented for payment post funding and were realized in due course.

The Company has now appropriately reinstated the receivables balance of such group entities and accordingly, reduced the balances with banks for the respective periods.

Further, the Company has also accrued interest income of INR 8.22 crores on such restated receivable balances for FY 2017-18 and INR 16.40 crores for the current year.

(f) The Company had taken short-term borrowings from certain banks amounting to INR 245 crores in FY 2017-18. These borrowings were inappropriately netted off against receivable from CGPSOL. The Company has reinstated the requisite balances in the financial statements for FY 2017-18.

(g) The Company had made advances to CG International B.V. ("CGIBV"), a wholly-owned subsidiary of the Company. CGIBV had entered into an agreement with a third party for selling the power transformer business of its subsidiaries. Accordingly, the proceeds expected to be received from the sale of the subsidiaries' business were to be utilized by CGIBV to repay the advance.

As on 1 April 2017, the advance was classified as current advance as the Company expected to realize the asset within twelve months from the reporting period. During March 2018, the agreement for sale of such power transformer business got terminated. Hence, CGIBV was not in a position to repay the advance. However, the Company continued to classify the advance to CGIBV as current advance in FY 2017-18 financial statements even though the Company's expectation with respect to realization of advance had changed i.e. the same would not be realized within twelve months from the end of reporting period. The Company has now reinstated the advance to CGIBV of INR 1150.31 crores as non-current advances for FY 2017-18.

(h) During the year ended 31 March 2019, the Company noted that certain income and expenses were incorrectly disclosed or set off in the Statement of Profit and Loss. Accordingly, the same have been reclassified in the FY 2017-18 in the following manner:

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- Sales of raw material and scrap sale had been incorrectly presented as reduction in the cost of goods sold in prior years. The Company has accordingly restated the sales and cost of goods sold of INR 78.87 crores for the previous year.
- Corporate Guarantee fees income of INR 45.61 crores was disclosed under the head "Bank charges" in prior years. The same has now been restated to "Other income".
- Sub-contracting charges of INR 215.48 crores was part of "Cost of material consumed" and Contract Employees cost of INR 35.45 crores which were part of "Employee cost" in prior years has now been reclassified to "Other expenses".
- Foreign exchange gain and losses were previously disclosed under the head "Other Income" amounting to INR 3.74 crores and "exceptional items" amounting to INR 94.38 crores. The same have been reclassified and presented as single line item on the face of the Statement of Profit and Loss account under the head "Foreign exchange gain & loss".

There will be no impact of the above reclassification on profit before or after tax.

(i) Advances amounting to INR 332 crores were made to AHL in FY 2016-17 and subsequently inappropriately assigned to third parties. The Company has restated its receivable from AHL amounting to INR 332 crores as at 1 April 2017 and INR 263.47 crores as at 31 March 2018.

Also, in the current year, advances of INR 44.33 crores and INR 26 crores were paid to BGEPL and SICL respectively. The aforementioned advances were also inappropriately assigned to CGPSOL in the current year ended 31 March 2019. Accordingly, the Company has now reversed the effect of such assignment. Hence, the receivable balance from CGPSOL has been reduced by INR 70.33 crores and advance to BGEPL and SICL has been increased by INR 44.33 crores and INR 26 crores respectively as at 31 March 2019.

(j) The Company had advanced loan to CGPSOL which was inappropriately presented as current in accordance with the defined repayment schedule for the period ending 31 March 2018 and 30 September 2018. The Company has now restated the advances as non-current for the prior periods (INR 1,223.57 crores – 31 March 2018, and INR 459.32 crores – 1 April 2017) as well as in the current year amounting to INR 1,226.15 crores.

The Company had outstanding receivables from CG Power System Belgium NV (INR 7.65 crores as at 31 March 2018 and INR 7.23 crores as at 1 April 2017) and from CG International Holdings Singapore Pte. Ltd, (CG Singapore) (INR 3.18 crores as at 31 March 2018 and INR 0.69 crores as at 1 April 2017). These balances were previously classified as current receivables. The management based on its revised evaluation has now decided to classify such receivables as non-current and accordingly has restated the balances for prior years.

(k) It was noted that certain sales transactions were inappropriately recorded with certain specific customers amounting to INR 120 crores during the period from April 2017 to June 2017.

The Company had made a provision for liquidated damages of INR 12 crores in the previous period and a provision for balance receivables of INR 108 crores during the quarter ended 31 December 2018. In January 2017, the Company entered into a tripartite assignment agreement with CG Power Solutions Limited ("CGPSOL"), a subsidiary of the Company, and specified vendors to assign the liability from the Company to CGPSOL and the transaction was recorded as such.

The purchases pertaining to aforementioned sales transactions were also inappropriately recorded during January 2017 to March 2017 from the specified vendors for INR 257.69 crores and recorded as a part of inventory.

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The Company recorded the above transactions in the FY 2017-18 as follows:

- Out of the sales of INR 120 crores, INR 52.14 crores were recorded as revenue, INR 2.35 crores were recognized as Central Sales Tax and INR 65.51 crores were recorded as reduction in cost of goods sold.
- The cost of goods sold of INR 102.02 crores was recognized in respect of aforementioned sales.

A provision for slow moving inventory of INR 155.67 crores was recorded under 'Exceptional items'. The Company did not have sufficient documentation evidencing the receipt and dispatch of goods and requisite approvals for the aforementioned transactions. There were several discrepancies in the documents available pertaining to these transactions. The Company also attempted tracing these parties and was unable to establish the existence of those parties. The management noted significant control lapses in these transactions resulting in significant accounting irregularities which have now been reinstated in the financial statements.

The Company will continue its efforts to trace these parties and will initiate appropriate action basis consultation with legal counsel.

Consequently, as at 1 April 2017, Inventory of INR 257.69 crores has been reversed and receivable from CGPSOL has been restated by INR 257.69 crores. Subsequently, the receivable from CGPSOL was transferred and shown as a receivable from AHL.

Further for FY 2017-18, the following reversals have been recorded:

- Revenue of INR 52.14 crores, INR 2.35 crores of Central Sales Tax and cost of goods sold of INR 65.51 crores pertaining to sales made to specific customers;
- Cost of goods sold amounting to INR 102.02 crores; and
- Provision for slow moving inventory amounting to INR 155.67 crores.

This has resulted in an increase in reinstated Profit Before Tax (PBT) by INR 137.69 crores for FY 2017-18.

The Company has reversed the provision recognized in December 2018 on the above receivables amounting to INR 120 crores by adjusting INR 12 crores to the opening balances as at 1 April 2018 and INR 108 crores during the year ended 31 March 2019.

(l) The Company had discontinued Distribution Franchise business (Jalgaon) and has entered into final settlement on 16 February 2018 with Maharashtra State Electricity Distribution Company Limited ("MSEDCL"). Considering the non-recoverability of dues as per the settlement agreement, the Company has further written off amount of INR 33.72 crores towards receivable from MSEDCL during the year ended 31 March 2019, which is disclosed under Discontinued Operations.

The results for the year ended 31 March 2018 have been restated to reflect the fair value of receivables as per "Indian Accounting Standard 109 Financial Instruments" in relation to assets classified as discontinued operation. Accordingly the results of discontinued operation and retained earnings for the year ended 31 March 2018 have been restated by INR 22.68 crores, not accounted earlier

(m) AHL had obtained a loan of INR 500 crores from a bank in October 2015 for the purpose of making advance payments to Solaris ChemTech Industries Limited ("SCIL"), a promoter affiliate and a related party, for purchase of SCIL's bromine production facilities and to meet certain working capital and capital expenditure requirements. A comfort letter was issued on behalf of the Company a CIP and without the knowledge of the Board of Directors in November 2015 to discharge AHL's pecuniary obligations jointly undertaken by the Company. The existence of comfort letter was not known to the

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Board of Directors until it was brought to the attention of the Board of Directors by the bank in the year ended 31 March 2019. No disclosure was made in the financial statements of prior years.

One of the conditions for granting of the loan was submission of post-dated cheques ("PDC") by the Company for repayment purposes. PDCs were provided on behalf of AHL in accordance with the Comfort Letter issued. The PDCs were replaced from time to time by CIP on account of the previous cheques becoming time-barred/stale. Such PDCs issued were not in accordance with the Company's policies and without the knowledge of the Board of Directors. Last PDC was issued on 15 January 2019 for INR 210 crores. The same was presented by the bank on 11 April 2019 and was returned as dishonored due to insufficient funds. The bank issued notice under section 138 of Negotiable Instruments Act, 1881 dated 30 April 2019 to the Company on account of such default.

The Board of the Company has made a comprehensive submission to the bank denying the knowledge of existence of the alleged comfort letter. The Board also mentioned in its response that PDC cheques were signed by certain CIPs in violation of ROPs and without the knowledge of the Board of Directors. The Company is seeking suitable legal advice from an independent external law firm on the legality of the transaction. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment, that no amount was received by the Company from these borrowings which could have lead to an obligation on the Company to repay, the Board has decided to disclose this as a contingent liability amounting to INR 391.88 crores in the current year.

(n) Advances were given amounting to INR 175.28 crores to a BGEPL, INR 202.45 crores to AHL and INR 101 crores to other third parties. The Company had fully written-off the said advances in absence of sufficient documentary evidence amounting to INR 478.73 crores as on 31 March 2018. This was recognized under 'Exceptional items' in the financial statements. The Company plans to investigate the nature and business rationale and initiate the recovery process for these advances and hence, the Company has reinstated these advances to give effect as follows:

- It was determined that the receivable from BGEPL party amounting to INR 175.28 crores was inappropriately written off and hence, the Company has now reinstated the previous years by reversing the write off previously recognized;
- INR 101 crores which was inappropriately written off has now been reinstated as a receivable in previous years ; and
- INR 202.45 crores which had been written off inappropriately has now been reinstated as receivables from AHL and accordingly, the Company has restated the balances in previous years.

The Company has restated the advances to promoter affiliate companies as it plans to initiate recovery process for these advances through legal proceedings. Further, the Company attempted tracing the aforementioned third parties and was unable to establish the existence of those parties. In the year 2019-20, the Company will continue its efforts to trace these parties and recover the advances paid and are in the process of consultation with independent legal counsel to take appropriate action.

(o) Consequential tax effects on account of reinstatements have been duly recorded in the respective periods. Further, the Company in the earlier years disclosed the exceptional items in the statement of profit and loss net of deferred tax. The Company has now reinstated the balances by increasing exceptional items and deferred tax expense amounting to INR 219.55 crores for FY 2017-18.

(p) As a result of these transactions, the Company has potentially not complied with the provisions of Section 185, Section 186 and certain other applicable sections of the Companies Act, 2013. The Company also believes that there may be potential non-compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Income Tax Act, 1961 and other statutes and

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regulations. The Company is in the process of evaluating the implications of these potential non-compliances and potential remedies available.

(q) The Company has certain receivables from various subsidiaries, promoter affiliate companies and connected parties as at 31 March 2019, 31 March 2018 and 1 April 2017. Considering the above transactions, the Company has estimated the timing of recovery of outstanding balances from such Companies and accordingly has classified the balances as non-current. The Company also believes that interest on such receivables is also recoverable from those affiliate companies and connected parties aggregating to INR 337.61 crores till 31 March 2019 which has currently not been considered in the financial results. The Company plans to initiate the recovery proceedings for these receivables based on consultation with independent legal counsel. Following are the receivables balances from various subsidiaries, promoter affiliate companies and connected parties:

(₹ in crores)

Name of the entity	Relationship	As at 31.03.2019	As at 31.03.2018 (Restated)	As at 31.03.2018 (Reported)	As at 1.04.2017 (Restated)	As at 1.04.2017 (Reported)
A) Advance / Loan given						
CG Power Solutions Limited	Subsidiary	1226.15	1223.57	378.21	459.32	259.44
Avantha Holdings Limited	Promoter Company	685.32	700.40	116.93	1068.89	102.70
Avantha Realty Limited	Promoter Company	10.66	10.23	10.23	12.56	12.56
Acton Global Private Limited	Connected party	175.00	245.00	-	245.00	-
Ballarpur Industries Limited	Related party	68.50	68.50	-	68.50	-
Blue Garden Estate Private Limited	Connected party	176.11	147.26	-	-	-
Solaris Industrial Chemicals Limited	Related party	98.20	-	-	-	-
Total		2439.94	2394.96	505.37	1854.27	374.70
B) Loan payable						
Blue Garden Estate Private Limited	Connected party	320.00	390.00	-	390.00	-
Total		320.00	390.00	-	390.00	-

7. Considering the above transactions and that further investigation is required to ensure completeness of such transactions / accounting adjustments, Directors of the Company are of the view that standalone financial statements of the Company and the report of the Board for the relevant prior years may not comply with the provisions of Section 129 and section 134 of the Companies Act, 2013 and accordingly, intend to propose revision to the financial statements of relevant prior years as per requirements of Section 131 of the Companies Act, 2013.

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

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8. Exceptional Items include the following:

(₹ in crores)

Particulars	Quarter ended			Year ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
Amount paid towards final settlement of litigation claims	-	-	-	-	(27.94)
Provision against loans given to subsidiaries	-	-	(35.00)	(40.61)	(105.00)
Provision against trade receivable under litigation	(35.45)	-	-	(35.45)	-
Provision for impairment of loan given to subsidiary**	(1325.00)	-	-	(1325.00)	-
Curtailment of gratuity liability	3.16	14.00	-	17.16	-
Provision for impairment of intangible assets under development	-	-	-	(14.15)	-
Short fall of provident fund liability	(24.83)	-	-	(24.83)	-
Provision for expected restructuring cost towards closure / shifting of the transformer manufacturing unit in Kanjurmarg, Mumbai	(95.39)	-	-	(95.39)	-
Total	(1477.51)	14.00	(35.00)	(1518.27)	(132.94)

**The Company had a total exposure of INR 2,352.50 crores from receivables and investment in CGIBV and CG Singapore as at 31 March 2019. This includes an investment of INR 882.97 crores and receivables amounting to INR 1,469.53 crores. The Company based on its internal estimates and in consultation with independent external valuers carried out an impairment assessment for the said balances. Accordingly, the Company evaluated the recoverability of such receivable balances and recorded an impairment provision of INR 1,325 crores in the current year.

9. The Board had approved, as part of its asset optimisation initiative, and entered into a definitive agreement for sale of its land at Kanjurmarg to M/s Evie Real Estate Private Limited (EVIE). The sale of first phase of land admeasuring 32,387.59 square meters was executed in October 2014. The sale of second phase of land admeasuring 53,198.45 square meters was executed in November, 2015. The third phase of sale of land admeasuring 53,462.77 square meters including factory building relating to Transformer Division (T1) was executed in October 2015 with certain prescribed conditions to be complied in four years time from the date of execution. The plant & machineries of T1 will be shifted to other manufacturing facilities. Accordingly, during the current quarter, carrying value of land and building amounting to INR 279.94 crores has been classified as 'Asset held for sale' in accordance with "IND AS 105 Non-current Assets Held for Sale and Discontinued Operations".
During the current quarter, the company has recognized a provision for restructuring cost towards closure/shifting of the said manufacturing facility at Kanjurmarg of INR 95.39 crores in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets. This provision forms part of the exceptional items in the financial results.

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10. The Company has incurred a net loss of INR 1,541.43 crores during the year ended 31 March 2019. As at 31 March 2019, the Company`s current liability exceeds its current assets by INR 1,312.36 crores as at 31 March 2019. Further, pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to impact on networth.

However, the Company believes the matter stated above may not impact the going concern assumption taking into consideration following mitigating factors and business updates available till date:

- The Company has generated positive operating cash flows in FY 2018-19 and expects to generate operational cash flows in the next 12 months to support near future cash flow obligations
- The Board of Directors of the Company are in active discussions with lenders for restructuring the borrowing and fresh capital infusion
- The Company has a robust unexecuted business order book of over INR 4000 crores as on 31 March 2019
- The Company is evaluating divestments of non-core assets, including but not limited to the sale of Kanjurmarg land without hampering the capability to serve customers

Further, the Company, following management procedures, plans to initiate the recovery of receivables from promoter affiliate companies and connected parties based on consultation with independent legal counsel. Based on the strength of the business of the Company and subject to fund raising initiative being achieved, these results have been prepared on a going concern basis.

11. The Company is liable to pay Goods and Services Tax (GST) with effect from 1 July, 2017. The Revenue for the quarters ended 31 March, 2019, 31 December, 2018, 31 March, 2018 respectively and year ended 31 March, 2019 is net of such GST. However, the revenue for the comparative year ended 31 March, 2018 is inclusive of excise duty for the period till 30 June, 2017. The comparable figures for Revenue from operations (net of excise duty) are as under:

(₹ crores)

	Quarter ended			Year ended	
Particulars	**31.03.2019**	**31.12.2018**	**31.03.2018**	**31.03.2019**	**31.03.2018***
Net revenue from operations	1,417.34	1,370.30	1,452.66	5,355.60	5,007.74

12. Following the matters described in Note 6 above, figures of the previous quarters / years have been regrouped, wherever necessary to correspond with the current quarter / year. Hence, the corresponding component figures as restated / reinstated are comparable with all respective quarters / year of the financial results.

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For **CG Power and Industrial Solutions Limited**

By order of the Board

SUDHIR MATHUR
(DIN: 01705609)

Place: Mumbai
Date: 30 August, 2019

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

S R B C & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

Auditor's Report On Quarterly and Year to Date Consolidated Financial Results of CG Power and Industrial Solutions Limited 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

1. We were engaged to audit the accompanying statement of quarterly and year to date consolidated Ind AS financial results of CG Power and Industrial Solutions Limited ('the Holding Company') comprising its subsidiaries (together, 'the Group') and its associate, for the quarter and year ended March 31, 2019 ('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 Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The Consolidated Financial Results for the quarter and year ended March 31, 2019 have been prepared on the basis of the unaudited consolidated Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual consolidated Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Holding Company's management and have been approved by the Board of Directors of the Holding Company.

2. Our responsibility is to express an audit opinion on these Consolidated Financial Results. However, because of the matters described in the paragraph 3 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Results and hence we do not express an opinion on the aforesaid Consolidated Financial Results.

Basis for Disclaimer of Opinion

3. As given in note 1 of the Consolidated Financial Results, the Board of Directors of the Holding Company have stated that these financial results would undergo a change consequent to the proposed revision of the financial statements of the Group for the year ended March 31, 2018 and prior ('prior years / periods'), as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder based on their investigation of certain transactions relating to unrecorded liabilities, reinstated assets and accounting of certain transactions in the periods prior to April 1, 2018, which are explained in detail below.

   In view of the proposed voluntarily revision of the financial statements of prior years / periods, which may result in revision of Consolidated Financial Results and also considering the significance of certain transactions / specific matters described herein below, we are unable to determine the consequential impact of the proposed revision and the impact of certain transactions / specific matters on the Consolidated Financial Results. Such specific transactions/ matters include:

   i. We draw your attention to notes 6(a), 6(b), 6(j), 6(l), 6(r) and 6(s) of the Consolidated Financial Results which describe the reinstatements of certain liabilities by the Group in relation to prior years / periods. Certain unauthorized / unapproved banking transactions in the nature of loans (unauthorized transactions / loans) taken from banks / financial institutions (lenders) / a connected party (as termed in paragraph 3(viii) below) aggregating to Rs. 1,401.39 crores were not disclosed in the Consolidated Financial Results of prior years / periods by off-setting against certain related and unrelated party balances. Further, as explained by the management in notes 6(b) and 6(l), interest expenses of Rs. 94.66 crores which were serviced by the Holding Company in relation to these unauthorized loans were accounted under different heads in the Consolidated Statement of Profit and Loss and were mispresented in the financial statements / results of prior years / periods.

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The Board of Directors have initiated independent investigation in respect of these unauthorized transactions in the nature of loans. As explained to us, such transactions were misrepresented and were not approved by the Board of Directors of the Holding Company.

The Holding Company has now recorded these loans in earlier years / periods and restated those interest expenses as finance expenses with the consequential impact to different heads in the accompanying Standalone Financial Results.

Pending outcome of such investigation, we were unable to obtain sufficient and appropriate audit evidence to verify basis and rationale of such unauthorized transactions. We were also not provided with reconciliation of balances in respect of such unauthorized transactions / loans. Accordingly, we are unable to comment on the completeness, appropriateness of the prior year / period balances and classification between current and non-current balances in relation to these unauthorized transactions and the consequential impact of such restatement on the Consolidated Financial Results.

ii. We draw your attention to notes 6(a), 6(b), 6(j), 6(l), 6(n), 6(r) and 6(s) of the Consolidated Financial Results, which describe the nature of certain transactions entered into by the Group with the related and unrelated parties aggregating to Rs. 1,534.68 crores and which were not disclosed in the financial statements of prior years, by off-setting such transactions against certain undisclosed borrowings and have now been recorded and reinstated in the respective prior years / periods.

As explained in note 6(y) of the Consolidated Financial Results, the Group also has loans including interest receivables and advances recoverable from related and unrelated parties, as reinstated on March 31, 2019, aggregating to Rs. 3,023.08 crores for which further interest income aggregating to Rs. 556.97 crores is currently not recorded as at March 31, 2019.

As informed by the management of the Holding Company, the Holding Company is in the process to further investigate the commercial substance, nature and business rationale of said transactions. Further, the Holding Company is in the process to obtain the balance confirmations and complete reconciliation procedures with these related and unrelated parties as at March 31, 2019 and in respect of prior years. Accordingly, these balances may be restated by the Group upon completion of such investigation, reconciliation and confirmation process.

In the absence of underlying contractual agreements, business rationale, confirmation of balances, reconciliation with these related and unrelated parties and requisite approvals by the Board of Directors of the Holding Company, we were unable to obtain sufficient and appropriate audit evidence regarding the completeness of the said transactions, existence, classification between current and non-current balances and recoverability of outstanding amounts. Further we were unable to determine the consequential impact of such transactions, if any, on the Group's Consolidated Financial Results.

iii. We draw your attention to note 6 (i) of the Consolidated Financial Results which describes that the bank balances were overstated and advances receivable from related parties were understated by Rs. 400 crores and Rs. 300 crores as at March 31, 2018 and April 1, 2017, respectively, which are now reinstated by the Group.

Pending outcome of investigation, we are unable to obtain sufficient and appropriate audit evidence whether all such balances which have been offset, have been restated and further we were not provided explanation about the underlying rationale to offset these balances.

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Consequently, we are unable to comment on the appropriateness and completeness of the opening balances as at April 1, 2018, the closing balances as at and for the quarter and year ended March 31, 2019.

iv. We draw your attention to notes 6(c) and 6(p) of the Consolidated Financial Results which describe that the Group has written back in the Consolidated Financial Results certain amounts which were previously expensed off. These amounts were presented as amounts charged off in relation to inventories / trade advances/ unbilled dues from customers / loans given to related and connected parties aggregating to Rs. 860.16 crores.

As informed by management, these amounts were written off in the prior years / periods were misrepresented to the Board of Directors of the Holding Company and were wrongly grouped in the consolidated financial statements / results of prior years / periods under various heads, instead of related and unrelated party balances being written off. The amounts written off were extended to and are recoverable from related and unrelated parties. The Board of Directors of the Holding Company has initiated independent investigation to assess the underlying basis, nature and amount of such transactions.

Pending outcome of such investigation, we are unable to obtain sufficient and appropriate audit evidence about the underlying commercial purpose for such transactions relative to the size and scale of the business activities of the Group and the recoverability of such balances. Further we are unable to comment on the appropriateness and completeness of opening balances as at April 1, 2018, consequential impact on the Consolidated Financial Results.

v. We draw your attention to note 6(f) of the Consolidated Financial Results which describes that Certain Identified Senior Personnel of the management, had provided post-dated cheques (PDCs) and comfort letters to banks in relation to certain borrowings availed by the related parties in the prior years / periods.

Following a default in the contractual and repayment terms of such borrowings availed by the related parties, one of the banks attempted to encash the PDCs of Rs. 210 crores which were dishonored upon presentation by another bank of the Holding Company. The bank has issued a notice to the Holding Company to accept the liabilities and have claimed the repayment on those liabilities. The total outstanding amount of such borrowings as at March 31, 2019 is Rs. 392 crores.

As explained by the Board of Directors of the Holding Company, issuance of such PDCs and comfort letter were not informed and were done in violation of Rules of Procedure (RoP) established by the Board of Directors of the Holding Company. These transactions are subject to further investigation to ascertain the legality of the claim on the Group. Pending such investigation, the said claim is disclosed as contingent liability by the Group and not accounted in the books of accounts of the Holding Company.

Pending outcome of the investigation, we were unable to obtain sufficient and appropriate audit evidence to verify the basis, rationale and completeness of disclosing of such transactions in the notes to the Consolidated Financial Results.

vi. We draw your attention to notes 6(c), 6(m) and 6(o) of the Consolidated Financial Results which describe that during our audit, we identified certain trade receivables balances amounting to Rs. 120 crores against which provision for doubtful trade receivables amounting to Rs. 108 crores was made in the current year and Rs. 12 crores was made in the prior years/periods by the Holding Company and advances given to related and unrelated parties amounting to Rs. 310.55 crores by subsidiaries located at Dubai and Singapore. The

S R B C & CO LLP MUMBAI * CHARTERED ACCOUNTANTS * underlying sale transactions and recording of provisions were found to be suspicious in nature and not in the normal course of business of the Group.

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.

We were unable to satisfy ourselves as regards the commercial nature of the underlying transactions. Management did not provide any response in relation to advances given from Dubai subsidiary. On further independent investigation by the Board of Directors, we are informed that these transactions and advances appears to be fraudulently accounted as trade receivables and advance to other parties instead of being accounted as advances to related parties and certain unidentifiable parties. The Board of Directors have reinstated balances in prior years / periods.

We are further informed by the Board of Directors that detailed investigation is in process to assess the underlying basis and rationale of such transactions. However, considering the significance of amounts and that these transactions were approved by certain Key Managerial Persons, company personnel and certain non-executive directors, it appears that material fraud has been perpetrated. However pending further investigation, identification and conclusion on the culpability of the personnel, we are unable to comment who were involved in the fraud and the amounts which could be involved.

vii. We draw your attention to note 6(g) of the Consolidated Financial Results which states that the management has not accounted contractual royalty expense amounting to Rs. 41.75 crores for the six months period ended March 31, 2019. Further, management has put the royalty agreement in abeyance pending conclusion on the royalty settlement and determination of legality of royalty contract.

Pending management evaluation, we are unable to obtain sufficient and appropriate audit evidence and hence unable to comment upon completeness of royalty expense in the Consolidated Financial Results and consequential impact on the related party balances as at and for the quarter and year ended March 31, 2019. Further, we are unable to comment upon the enforceability of Royalty Agreement along with proposed settlement, pending legal assessment by the management.

viii. As explained in note 6(a), 6(b), 6(p), 6(q) and 6(y) of the Consolidated Financial Results, the Group has entered into various transactions with certain identified group companies (termed as connected parties) wherein some of the employees of the Group's owns beneficial ownership in such connected parties and further certain senior management personnel of the Group are directors of these connected parties. The Group has not identified these connected parties as related parties and has not yet completed its assessment to determine the nature of its relationship with these connected parties.

Pending completion of management's assessment, we were unable to obtain sufficient and appropriate evidence with respect of completeness of the list of related parties and the completeness of disclosure of related party transactions in the Consolidated Financial Results.

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ix. As at year end, we have sent independent balance confirmations to the Holding Company's banks / financial institutions for borrowings, bank balance and certain trade receivables selected on sample basis. We have not received responses to our request for such balance confirmations towards borrowings of Rs. 263.09 crores, bank balances of Rs. 3.13 crores and trade receivables of Rs. 1,035.43 crores and confirmation from banks / financial institutions in respect of the details of securities, lien, collaterals, guarantees, etc.

In the absence of sufficient and appropriate evidence in relation to the unconfirmed balances and in view of proposed restatement of prior years / periods, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in the notes to the Consolidated Financial Results of the Group.

x. As stated in note 6(w) to the Consolidated Financial Results, 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 the Sections 129, 134, 166, 180, 185, 186, 188, 197 and other related 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 Board of Directors of the Holding Company has also instructed the management to engage external consultants and specialists as required for the investigation.

Pending outcome of the investigation, we are unable to determine potential impacts of non-compliances with Applicable Laws and determine any further adjustment that may be necessary to the Consolidated Financial Results.

xi. We draw attention to the Basis of Preparation of consolidated financial results, which indicate that the accompanying Consolidated Financial Results include unaudited financial results and other unaudited financial information in respect of 4 subsidiaries, part of continued operations of the Group. The financial results / statements and other financial information of these subsidiaries reflect total assets of Rs. 4,501.68 crores as at March 31, 2019, and total revenues of Rs. (19.95) crores and Rs. 0.04 crores for the quarter and the year ended on that date respectively and in respect of an associate, part of continued operations of the Group, whose financial results / statements include the Group's share of net profit of Rs. 0.12 crores for the year ended on that date. These unaudited financial results / statements and other unaudited financial information have been furnished to us by the management. Our report, in so far as it relates amounts and disclosures included in respect of these subsidiaries and an associate is based solely on such unaudited financial results / statements and other unaudited financial information. We are unable to comment on the impact on total assets and total revenues, had these subsidiaries been subjected to an audit.

xii. We draw attention to note 11 in the Consolidated Financial Results which indicate that (a) the Group has incurred net losses during the current and previous years; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date; (c) the Group has the short-term outstanding borrowings repayable over next 12 months aggregating to Rs. 1,849.83 crores; and (d) pending outcome of investigation initiated, the management has not concluded on the recoverability of loans and advances from related and unrelated parties.

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With reference to above, pending completion of investigation of matters stated in paragraph 3(i) to (xi) above and determination of recoverability of loans and advances from related and unrelated parties and classification between current and non-current of the financial liabilities, we are unable to obtain sufficient and 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.

Disclaimer of Opinion

4. Because of the significance of the matters described in paragraphs 3 above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion as to whether this Consolidated Financial Results:
   i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

   ii. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and Total comprehensive loss and other financial information of the Group for the year ended March 31, 2019.

5. Consolidated Financial Results includes the results of the subsidiaries and associate as listed down in Annexure -1 to this Report.

Other Matters

6. We did not audit the financial statements and other financial information, in respect of 16 subsidiaries, part of continued operations of the Group, whose financial statements include total assets of Rs. 6,413.08 crores as at March 31, 2019, and total revenues of Rs. 778.59 crores and Rs. 3,059.42 crores for the quarter and the year ended on that date respectively. We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, part of discontinued operations of the Group, whose financial statements include total assets of Rs. 20.61 crores as at March 31, 2019, and total revenues of Rs. 1.26 crores and Rs. 5.34 crores for the quarter and the year ended on that date, respectively. These financial results / statements and other financial information have been audited by other auditors, which financial results / statements, other financial information and auditor's reports have been furnished to us by the management. Our report 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 other auditors.

   Certain of these subsidiaries are located outside India whose financial 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. These conversion adjustments made by the Holding Company's management. Our report in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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7. The comparative Ind AS financial information of the Holding Company for the quarter and year ended March 31, 2018, included in the Consolidated Financial Results had been solely audited by the joint statutory auditor who expressed an unmodified opinion on those results on May 30, 2018. Also refer our Basis for Disclaimer of Opinion in paragraph 3 above with respect to effect of ongoing investigation on prior years balances and re-opening of books of accounts by the management of the Holding Company in respect of prior years / periods.

8. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the figures in respect of the financial year ended March 31, 2019 on which we are issuing a Disclaimer of Opinion and the year-to-date figures up to December 31, 2018 prepared by the management, being the date of the end of the third quarter of the current financial year, on which we had previously issued a qualified limited review report for the quarter ended and year to date consolidated financial results for December 31, 2018 vide our report dated February 12, 2019.

9. We have been appointed as Joint Auditors of the Group along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). We are issuing separate report in accordance with the requirement of SA 299 "Responsibility of Joint Auditors" in view of the difference in the Basis for Disclaimer of Opinion against the Basis for Disclaimer of Opinion provided by the Joint Statutory Auditor. Further our report issued on the Consolidated Financial Results is separate and independent from the opinion issued by the Joint Statutory Auditor and we did not share any joint responsibilities in relation to the audit of the Consolidated Financial Results of the Group.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Shyamsundar Pachisia
Partner
Membership No.: 49237
UDIN: 19049237AAAABA7064

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MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: August 30, 2019

Annexure 1 – List of entities included in the consolidated financial statements

	Subsidiaries
1	CG PPI Adhesive Products Limited
2	CG Power Solutions Limited
3	CG International Holdings Singapore Pte. Limited
4	Crompton Greaves Sales Network Malaysia Sdn. Bhd.
5	PT Crompton Prima Switchgear Indonesia
6	CG International B.V.
7	CG Holdings Hungary Kft
8	PT CG Power Systems Indonesia(New)
9	CG Industrial Holdings Sweden AB
10	CG Drives & Automation Sweden AB
11	CG Drives & Automation Netherlands BV
12	CG Drives & Automation Germany GmbH Germany
13	CG Power Americas, LLC
14	CG Holdings Americas, LLC
15	QEI, LLC
16	CG Holdings Belgium NV
17	CG Power Systems Belgium NV
18	CG Power Systems Ireland Ltd
19	CG Service Systems France SAS
20	CG Electric Systems Hungary Zrt.
21	CG Power Solutions UK Ltd
22	CG Middle East FZE
23	CG Power & Industrial Solutions Limited Middle East FZCO
24	CG Sales Networks France SA
25	CG Solutions Americas, LLC
26	CG Power Systems Canada Inc
27	CG Power Solutions Saudi Arabia Ltd
28	CG Power Equipment Limited
	Associate
29	CG International B.V. Tr. & Cont. Pvt. Co. LLC

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Statement of 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, 2019 (Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016)-(Consolidated)

<table>
<tr><td>I.</td><td>Sl. No.</td><td>Particulars</td><td>Audited Figures (as reported before adjusting for qualifications)</td><td>Adjusted Figures (audited figures after adjusting for qualifications)</td></tr>
<tr><td></td><td>1.</td><td>Turnover / Total income</td><td>8,048.82</td><td rowspan="8">Not determinable</td></tr>
<tr><td></td><td>2.</td><td>Total Expenditure</td><td>8,701.20</td></tr>
<tr><td></td><td>3.</td><td>Net Profit/(Loss)</td><td>(507.13)</td></tr>
<tr><td></td><td>4.</td><td>Earnings Per Share</td><td>(8.03)</td></tr>
<tr><td></td><td>5.</td><td>Total Assets</td><td>10,335.87</td></tr>
<tr><td></td><td>6.</td><td>Total Liabilities</td><td>8,150.50</td></tr>
<tr><td></td><td>7.</td><td>Net Worth</td><td>2,185.37</td></tr>
<tr><td></td><td>8.</td><td>Any other financial item(s) (as felt appropriate by the management)</td><td></td></tr>
<tr><td>II.</td><td colspan="4">Audit Qualification (each audit qualification separately):</td></tr>
<tr><td>a.</td><td colspan="2">Details of Audit Qualification</td><td colspan="2">Nature of qualifications are as per paragraphs 3 and 4 of the Audit Report.</td></tr>
<tr><td>b.</td><td colspan="2">Type of Audit Qualification</td><td colspan="2">Disclaimer of opinion</td></tr>
<tr><td>c.</td><td colspan="2">Frequency of Audit Qualification(s)</td><td colspan="2">First Time</td></tr>
<tr><td>d.</td><td colspan="2">For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</td><td colspan="2">Not applicable</td></tr>
<tr><td>e.</td><td colspan="2">For Audit Qualification(s) where the impact is not quantified by the auditor</td><td colspan="2"></td></tr>
<tr><td></td><td>i.</td><td>Management's estimation on the impact of audit qualification</td><td colspan="2">Not determinable</td></tr>
<tr><td></td><td>ii.</td><td>If Management is unable to estimate the impact, reasons for the same</td><td colspan="2">Following discovery of many unauthorised transactions which have been incorporated in the financial results, further forensic investigation is being commissioned to ascertain completeness and establishing wrong doing. The above may result in revision/ restatements of Financial Results</td></tr>
</table>

		which can be determined only after completion of such investigation and detailed management assessment.
	iii. **Auditor's comments on (i) or (ii) above**	Refer our report containing disclaimer of opinion.

III.	**Signatories** For S R B C & CO LLP Chartered Accountants ICAI Firm registration number: 324982E/E300003 per Shyamsundar Pachisia Partner Membership No. 49237	For K.K. Mankeshwar & Co. Chartered Accountants ICAI Firm registration number: 106009W per Ashwin Mankeshwar Partner Membership No. 046219	Jitender Balakrishnan Risk and Audit Committee Chairman Sudhir Mathur Whole Time Executive Director K N Neelkant CEO and Managing Director

Place : Mumbai
Date : August 30, 2019

K.K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

7, Kingsway, Nagpur - 440 001
Ph 91-712-6629946 / 47/ 2554223
Fax No 91-712-6629948 / 6613404
E-mail mail@kkmindia com

Independent Auditor's Report on Quarterly Consolidated Financial Results and Year to Date 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
CG Power and Industrial Solutions limited
(Formerly known as Crompton Greaves limited)

1. We were engaged to audit the accompanying statement of quarterly Consolidated Financial Results of CG Power and Industrial Solutions Limited ('the Company') comprising its subsidiaries (together, 'the group') and its associates, for the quarter ended March 31, 2019 and for the year ended March 31, 2019 ('the Consolidated 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 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

2. The Consolidated Financial Results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the Consolidated financial results for the nine-month period ended December 31,2018, the audited annual Consolidated Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

3. Our responsibility is to express an opinion on these Consolidated Financial Results. However, because of the matters described in the paragraph 4 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Results and hence we do not express an opinion on the aforesaid Consolidated Financial Results.

4. Basis for Disclaimer of Opinion

   As given in Note 1 of the Consolidated Financial Results in relation to the Basis of Preparation, the Board of Directors of the Holding Company have stated that the financial statements of earlier years ended March 31, 2018 and Opening Balance Sheet as at April 1, 2017 (hereinafter referred to as prior years) have been adjusted for various transactions following an independent investigation carried out on the directions of the Board of Directors. The Board of Directors have communicated to us that pending outcome of the investigation, the financial statements of prior years and consequentially for the year ended March 31, 2019 could be revised / restated.

   Further financial statements of four subsidiary companies having substantial impact on the Consolidated Financial Results of the Group having aggregate assets of INR 2,546.48 crores, liabilities of INR 1,295.98 crores and loss of INR 89.58 crores have not been adopted by their respective Boards. For the purpose of compilation of the Consolidated Financial Statements such un-adopted financial statements have been included.

   In view of the proposed voluntarily revision / restatements of the financial statements of prior years, which may result in revision / restatements of financial statements for the year ended March 31, 2019 and also considering the significance of certain transactions / specific matters described herein below, we are unable to determine the consequential impact of the proposed revisions / restatement and the impact of certain transactions / specific matters on the Consolidated Financial Results as at March 31, 2019. Such specific matters / transactions include:

   i. We draw your attention to the transactions identified in Note 6 (a) and Note 6 (b) which were not recorded by the Company for the financial year ended March 31, 2017 and with consequent effect on the balances of March 31, 2018.

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The Board of Directors have initiated independent investigation in respect of these unauthorized transactions in the nature of loans. As explained to us such transactions were misrepresented and were not approved by the Board of Directors of the Company.

Pending outcome of such investigation, we were unable to obtain sufficient and appropriate audit evidence to verify basis and rationale of such unauthorized transactions. Further, these Consolidated Financial Results for the year ended March 31, 2019 along with the reinstated financial statements for the years ended March 31, 2018 and April 1, 2017 were recently provided to us and hence we were unable to obtain independent balance confirmations and we were not provided with reconciliation of balances in respect of such unauthorized transactions/loans. Accordingly, we are unable to comment on the completeness, and appropriateness, of the prior year balances in relation to these unauthorized transactions and the consequential impact of such reinstatement on the Statement of Profit and Loss and related disclosures in the notes to the Consolidated Financial Statements.

ii. We draw your attention to Note 6 of the Consolidated Financial Results which describes the nature of certain transactions entered into by the Company with the related and unrelated parties and Note 6 (y) of the Consolidated Financial Results which states that the Company has various amounts of loans receivables and advances recoverable including interest accrued on such balances from related and unrelated companies as reinstated on March 31, 2019 aggregating to INR 3,023.08 crores, for which further interest income aggregating to INR 556.97 crores is currently not recorded in the Consolidated Financial Results.

The management is in the process of investigating and confirming various related party transactions and has not concluded its investigation and determination of related party balances. On the outcome of the investigation, confirmation and reconciliation process of such transactions, these balances may be restated by the Group.

Pending outcome of the investigation and inability of the management of the Holding Company to provide the underlying contractual agreements, business rationale, and requisite approvals by the Board of Directors to extend such balances to the related and unrelated companies, we are unable to obtain sufficient and appropriate audit evidence regarding the accuracy and completeness of the balances, existence and recoverability of the outstanding balances. Further we are unable to determine the consequential impact on the Group's statement of profit and loss and net worth arising from such related and unrelated companies' transactions, balances and the completeness of disclosures in the notes to the Consolidated Financial Results of the Group.

iii. We draw your attention to Note 6 (c) and Note 6 (p) of the Consolidated Financial Results wherein the Group has written back certain amounts which were written off in year ended March 31, 2018 towards inventories, trade advances, and unbilled dues from customers and loans given to subsidiaries aggregating to INR 860.16 crores.

During the current year, on the basis of Independent investigation carried out by the Board of Directors of the Holding Company, it has come to light that facts were misrepresented to us in relation to these balances during our audit for financial year ended March 31, 2018.

a. The total inventory valued at INR 257.69 crores as on March 31, 2017 were in reality advances to related and unrelated parties, which were misrepresented as inventory lying with third parties in the previous year. Out of this total inventory, inventory costing INR 102.02 crores was sold for INR 120 crores to specific customers during the year ended March 31, 2018. These debtors were written off during quarter ended December 31, 2018.

b. The remaining balance of INR 704.49 crores written off during financial year ended March 31, 2018 was on account of long outstanding trade advances. Subsequently, in the current year, we have been informed by the management that these we were misrepresented in the previous year and that these amounts were actually advances to related and unrelated parties.

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As informed by management of the Holding Company, these balances written off in the previous year, were also misrepresented to the Board of Directors and wrongly stated in the financial statements under various heads instead of Group Company receivables for the financial year ended March 31, 2017. Further, such advances extended and recoverable from related and unrelated companies were not approved by the Board of Directors. The Group has initiated independent investigation to assess the underlying basis and nature of such transactions and we are informed that such investigation is in process.

Pending outcome of investigation, and in the absence of sufficient and appropriate audit evidence about the appropriateness of restatement of such transactions and the recoverability of such balances, we are unable to comment on the appropriateness and completeness of the balances and related disclosures in the Consolidated Financial Results.

iv. We draw your attention to Note 6 (d) of the Consolidated Financial Results, wherein the Company has stated that it had inappropriately recorded sales and purchases in an overseas subsidiary not audited by us in the financial year 2017-18, which has now been reinstated in the Consolidated Financial Results for the year ended March 31, 2019. For the financial year ended March 31, 2018 our opinion was based on the audited financial statements received from the auditor of the respective subsidiary.

As we are unable to obtain sufficient and appropriate audit evidence in relation to these restatements, we are unable to verify the appropriateness and completeness of restatements of previous year balance by the management.

v. We draw your attention to Note 6 (f) of the Consolidated Financial Results which describes certain financing transactions entered into by the related parties of the Company with the bank ('lender bank') wherein certain identified senior personnel of the management, had provided post-dated cheques and a comfort letter in relation to certain borrowings availed by the related parties in the prior years.

Following a default in terms of such borrowings availed by the related party, the lender bank attempted to encash the PDCs of INR 210 crores which were dishonoured by the Company's bank upon presentation. The lender bank has issued a notice to the Company to accept the liabilities in relation to such borrowings and have claimed the repayment of the outstanding amount INR 391.88 crores as at March 31, 2019.

As explained by the Board of Directors of the Company, issuance of such PDCs, comfort letters and entering into put option were not informed and were done in violation of RoP established by the Board of Directors of the Company. These transactions do not appear to be in normal course of business and are subjected to further investigation to ascertain the legality of these claims on the Company. Pending such investigation, these said claims are disclosed as contingent liabilities by the Holding Company.

Pending outcome of the investigation, we are unable to obtain sufficient and appropriate audit evidence to verify basis and rationale of such transactions and the subsequent disclosure by the Holding Company of such liability.

vi. We draw your attention to Note 6 (g) of the Consolidated Financial Results, wherein the Company states that it has not charged and accrued contractual royalty expense payable to the promoter company for six months ending March 31, 2019. Further management has put the royalty agreement in abeyance pending determination of legal obligation of royalty agreement and the conclusion of settlement with the promoter company.

Pending management evaluation, we are unable to comment upon the completeness of royalty expense in the Statement of Profit and Loss and consequential impact on the related party balances as at March 31, 2019. Further we are unable to comment on appropriateness of management's action to hold the agreement in abeyance and the proposed settlement with the promoter company, pending legal assessment by the management.

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vii. We draw your attention to Note 6 (l), Note 6 (m), Note 6 (n), Note 6 (r) wherein certain subsidiary companies had entered into transactions with related and unrelated parties and the same were inappropriately not disclosed in the financial statements of previous year. For the financial year ended March 31, 2018 our opinion was based on the audited financial statements received from the auditor of the respective subsidiary. The Group is in the process of investigating this matter.

The Board of Directors have initiated independent investigation in respect of these transactions.

In absence of underlying contractual agreements, business rationale and requisite approvals by the Board of Directors of the Holding Company, we were unable to obtain sufficient and appropriate audit evidence regarding the completeness of the said transactions and completeness, existence and recoverability of outstanding amounts. Further we were unable to determine the consequential impact of such transactions, if any, on the Group's Consolidated Financial Results.

viii. We draw your attention to Note 6 (k) of the Consolidated Financial Results wherein the loan was given to and repaid by promoter affiliate Company, which was inappropriately not identified and disclosed as related party in the financial statement for the year ended March 31, 2018 by the management.

ix. We draw your attention to Note 6 (o) of the Consolidated Financial Results with regard to the advances made by the group to a supplier which was inappropriately not identified and disclosed as related party in the financial statement for the year ended March 31, 2018 by the management. Consequentially this was misrepresented by the management to us during the audit for the financial year ended march 31, 2018.

Pending outcome of investigation, and in the absence of sufficient and appropriate audit evidence about the appropriateness of reinstatement of such transactions and the recoverability of such balances, we are unable to comment on the appropriateness and completeness of the balances and related disclosures in the Consolidated Financial Results.

x. Balances with respect to borrowings, trade receivables, loans & advances, tax balances, group companies and connected parties are subject to confirmations. Further we have not received sufficient appropriate audit evidence or explanations from the management in relation to the reconciliations and balance confirmation process, followed by the management. Hence we are unable to comment on the completeness and valuation of these balances in respect of the year ended March 31, 2019 and restated March 31, 2018.

xi. As stated in Note 6 (a) and Note 6 (b) of the Consolidated Financial Results, the Company has entered into various transactions with companies (termed as 'Connected parties') wherein certain employees of the Company owned beneficial ownerships and some senior management personnel of the Company are directors of these connected parties. The Company has not completed its assessment to determine the nature of its relationship with these connected parties and consequently has not identified these parties as related parties.

Pending outcome of management's assessment, we are unable to obtain sufficient and appropriate audit evidence with respect to completeness of the list of related parties and the completeness of disclosure of related party transactions for the prior years and current year in the Consolidated Financial Statements.

xii. Further, pending outcome of independent investigation and the management's assessments thereof, we are unable to comment on the appropriateness and completeness of the reinstated financial statements for the financial year ended March 31, 2018 and April 1, 2017.

xiii. We draw your attention to Note 6 (w) to the Consolidated Financial Results, the Company is undertaking a detailed investigation in relation to the matters of possible non compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements)

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Regulations, 2015; the Income tax 1961 and other statutes and regulations applicable to the Group.

Pending outcome of the investigation, we are unable to determine the potential impact of non-compliances and to comment on any further adjustment that would be required as a result of the investigation on these Consolidated Financial Results and disclosures thereon.

xiv. We draw attention to Note 11 in the Consolidated Financial Statement which, indicate that (a) the Company has incurred a net loss during the current and previous year; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date; (c) the Company has the short term outstanding borrowings repayable over next 12 month aggregate to INR 1850 crores approximately; and (d) pending outcome of the investigation initiated, the management has not concluded on the recoverability of loans and advances from related and unrelated parties.

With reference to above, pending completion of investigation of matter stated in paragraph 4(i) to 4(xvi) above and determination of recoverability of loans and advances from related and unrelated parties. We are unable to obtain to sufficient and appropriate audit evidence as to whether the Company will be able to service its debt, realise 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 over the period of 12 months.

5. We draw your attention to Note 7 of the Consolidated Financial Results wherein the Group has stated that the Board of Directors of the Holding Company are of the view that the Consolidated financial statements of the Group and the report of the Board for relevant prior years may not comply with the provisions of Section 129 and Section 134 of the Companies Act, 2013 and accordingly they intend to propose revision to the financial statements of the relevant prior years as per requirement of Section 131 of the Companies Act, 2013.

6. Because of the very substantive nature and significance of the matters described in paragraphs above, we have not been able to obtain sufficient appropriate audit evidence as to whether the accompanying statement of financial results has been prepared in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 in this regard and give a true and fair view of the net loss and other financial information for the quarter and year ended 31 March 2019.

7. We have been appointed as Joint Auditors of the Company along with M/s S R B C & Co. LLP Chartered Accountants (Joint Statutory Auditor). We are issuing separate audit report in accordance with the requirement of SA 299 "Responsibility of Joint Auditors" in view of the difference in the Basis for Disclaimer of Opinion provided by the Joint Statutory Auditor regarding matter reported in paragraph 4(iii) under the Basis for Disclaimer of Opinion. Our audit report issued on these Consolidated Financial Results is separate and independent from the opinion issued by the Joint Statutory Auditor and we did not share any joint responsibilities in relation to the statutory audit of the Company, for the quarter ended March 31, 2019 and for the year ended March 31, 2019.

8. The comparative Consolidated Financial Results for the quarter and year ended March 31, 2018 have been restated. These restated financial results represents management's estimates and its assessment of the investigation outcome so far. Considering that the investigation process is yet to be concluded, and considering the matters as stated above in paragraphs 4 of our report, we are unable to comment on the appropriateness and completeness of the restatements to comparative figures of year ended on March 31, 2018 in the accompanying financial results.

9. The statement and other financial information contains information on Holding Company and its 28 subsidiaries (including 5 subsidiaries classified as discontinued operations) and 1 associate companies included in the statement consist of:

i. We did not audit the financial statements and other financial information, in respect of 19 subsidiary companies part of continued operations of the Group which reflect total assets of

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

INR 6,629.09 crores as at March 31, 2019 and total revenue of INR 799.35 crores and INR 3,155.35 crores for the quarter and year then ended. We did not audit the financial statements and other financial information, in respect of 5 subsidiary companies' part of discontinued operations of the Group which total assets of INR 22.29 crores as at March 31, 2019 and total revenue of INR 1.26 crores and INR 5.34 crores for the quarter and year then ended. These financial statements and other financial information have been audited by other auditors, wherein the financial statements and related financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, is based solely on the report of such other auditors.

ii. The Group's share of net profit/ loss of INR NIL for the year ended March 31, 2019, in respect of the associate company which was not audited and the financial statements of this company are certified by the Management.

Certain of these subsidiaries mentioned above are located outside India whose financial 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 Company's management has converted the financial 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 Company's management.

For K.K. Mankeshwar & Co.,
Chartered Accountants
ICAI Firm registration number: 106009W

Ashwin Mankeshwar
Partner
Membership No. 046219
Place: Mumbai
Date: August 30, 2019
UDIN: 19046219AAAAGH4793

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

Statement of 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, 2019 (Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016)-(Consolidated)

I.	**Sl. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
	1.	Turnover / Total income	8,048.82	Not determinable
	2.	Total Expenditure	8,701.20	
	3.	Net Profit/(Loss)	(507.13)	
	4.	Earnings Per Share	(8.03)	
	5.	Total Assets	10,335.87	
	6.	Total Liabilities	8,150.50	
	7.	Net Worth	2,185.37	
	8.	Any other financial item(s) (as felt appropriate by the management)		

II.	**Audit Qualification (each audit qualification separately):**	
a.	**Details of Audit Qualification**	Nature of qualifications are as per paragraphs 3 and 4 of the Audit Report.
b.	**Type of Audit Qualification**	Disclaimer of opinion
c.	**Frequency of Audit Qualification(s)**	First Time
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**	Not applicable
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor**	
	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	Following discovery of many unauthorised transactions which have been incorporated in the financial results, further forensic investigation is being commissioned to ascertain completeness and establishing wrong doing. The above may result in revision/ restatements of Financial Results

		which can be determined only after completion of such investigation and detailed management assessment.	
	iii. **Auditor's comments on (i) or (ii) above**	Refer our report containing disclaimer of opinion.	
III.	**Signatories** For S R B C & CO LLP Chartered Accountants ICAI Firm registration number: 324982E/E300003 per Shyamsundar Pachisia Partner Membership No. 49237	For K.K. Mankeshwar & Co. Chartered Accountants ICAI Firm registration number: 106009W per Ashwin Mankeshwar Partner Membership No. 046219 K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS	Jitender Balakrishnan Risk and Audit Committee Chairman Sudhir Mathur Whole Time Executive Director K N Neelkant CEO and Managing Director

Place : Mumbai

Date : August 30, 2019

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH. 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018*	31.03.2018*	31.03.2019	31.03.2018 *
		Audited	Unaudited	Audited	Audited	Audited
1	**Income**					
	(a) Revenue from operations	1988.86	2071.47	2274.82	7997.91	8129.99
	(b) Other income	16.98	12.65	18.88	50.91	61.96
	Total Income	**2005.84**	**2084.12**	**2293.70**	**8048.82**	**8191.95**
2	**Expenses**					
	(a) Cost of materials consumed	1335.69	1277.74	1389.53	5075.09	5290.82
	(b) Purchases of stock-in-trade	13.77	12.50	6.86	34.79	82.43
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(58.17)	86.92	70.67	87.76	(128.57)
	(d) Excise duty	-	-	-	-	98.91
	(e) Employee benefits expense	267.09	266.85	277.58	1063.34	1080.63
	(f) Finance costs	141.57	85.54	79.50	382.99	349.61
	(g) Depreciation and amortisation expense	49.16	58.83	79.85	225.25	251.93
	(h) Foreign exchange (gain) / loss (net)	42.25	35.44	(27.88)	97.12	(71.23)
	(i) Other expenses	288.74	370.79	566.44	1374.75	1664.46
	Total Expenses	**2080.10**	**2194.61**	**2442.55**	**8341.09**	**8618.99**
3	**Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax**	**(74.26)**	**(110.49)**	**(148.85)**	**(292.27)**	**(427.04)**
4	Share of profit / (loss) in associates and joint venture	3.26	(0.81)	0.67	-	(1.74)
5	Exceptional items (net)	(152.96)	16.01	160.05	(166.68)	(134.94)
6	**Profit / (loss) before tax**	**(223.96)**	**(95.29)**	**11.87**	**(458.95)**	**(563.72)**
7	**Tax expense / (credit) :**					
	Current tax	18.72	24.32	(15.11)	82.98	63.71
	Deferred tax	(68.35)	(14.38)	70.25	(50.40)	38.01
8	**Loss from continuing operations after tax**	**(174.33)**	**(105.23)**	**(43.27)**	**(491.53)**	**(665.44)**
9	**Loss from discontinued operations before tax**	(26.60)	(0.35)	(39.87)	(27.09)	(83.85)
10	Tax expense / (credit) on discontinued operations	(11.70)	0.20	(26.08)	(11.49)	(34.71)
11	**Loss from discontinued operations after tax**	**(14.90)**	**(0.55)**	**(13.79)**	**(15.60)**	**(49.14)**
12	**Net loss for the period / year**	**(189.23)**	**(105.78)**	**(57.06)**	**(507.13)**	**(714.58)**
13	**Other comprehensive income:**					
	(a) (i) Items that will not be reclassified to profit or loss	(130.24)	(1.71)	(32.47)	(137.98)	(38.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.57)	0.32	1.29	1.21	3.37
	(b) (i) Items that will be reclassified to profit or loss	75.84	(81.42)	(49.57)	(12.11)	(124.91)
14	**Total comprehensive income after tax**	**(244.20)**	**(188.59)**	**(137.81)**	**(656.01)**	**(874.62)**
15	**Total comprehensive income attributable to:**					
	(a) Equity holders of the parent	**(236.26)**	**(190.23)**	**(141.69)**	**(652.38)**	**(878.74)**
	(b) Non-controlling interests	7.94	(1.64)	(3.88)	3.63	(4.12)
16	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35	125.35
17	Reserves excluding Revaluation Reserve				2060.02	2796.14
18	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**					
	(a) Basic	(2.65)	(1.70)	(0.79)	(7.78)	(10.72)
	(b) Diluted	(2.65)	(1.70)	(0.79)	(7.78)	(10.72)
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)					
	(a) Basic	(0.24)	(0.01)	(0.18)	(0.25)	(0.75)
	(b) Diluted	(0.24)	(0.01)	(0.18)	(0.25)	(0.75)
	Earnings Per Share (for continuing and discontinued operations) (of ₹ 2 each) (not annualised)					
	(a) Basic	(2.89)	(1.71)	(0.97)	(8.03)	(11.47)
	(b) Diluted	(2.89)	(1.71)	(0.97)	(8.03)	(11.47)

*Restated

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

SIGNED FOR IDENTIFICATION BY
S R B C & CO LLP
MUMBAI

CONSOLIDATED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES
FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Year Ended	
		31.03.2019	31.12.2018*	31.03.2018*	31.03.2019	31.03.2018 *
		Audited	Unaudited	Audited	Audited	Audited
1.	Segment Revenue:					
	(a) Power Systems	1057.37	1179.63	1522.80	4610.33	5522.21
	(b) Industrial Systems	928.07	888.28	747.88	3373.17	2591.57
	(c) Others	4.64	3.84	4.28	17.06	16.71
	Total	**1990.08**	**2071.75**	**2274.96**	**8000.56**	**8130.49**
	Less: Inter-Segment Revenue	1.22	0.28	0.14	2.65	0.50
	Total income from operations	**1988.86**	**2071.47**	**2274.82**	**7997.91**	**8129.99**
2.	Segment Results: Profit / (loss) before tax and finance costs from each segment					
	(a) Power Systems	50.25	(53.59)	(130.81)	(22.87)	(196.86)
	(b) Industrial Systems	117.13	95.71	71.69	372.35	160.47
	(c) Others	(1.77)	(0.77)	1.94	(3.32)	2.30
	Total	**165.61**	**41.35**	**(57.18)**	**346.16**	**(34.09)**
	Less:					
	(i) Finance costs	141.57	85.54	79.50	382.99	349.61
	(ii) Other un-allocable expenditure net of un-allocable income	56.05	30.86	40.05	158.32	114.57
	(iii) Foreign exchange (gain) / loss (net)	42.25	35.44	(27.88)	97.12	(71.23)
	Add:					
	(i) Share of profit / (loss) in associates and joint venture	3.26	(0.81)	0.67	-	(1.74)
	(ii) Exceptional items (net)	(152.96)	16.01	160.05	(166.68)	(134.94)
	Profit / (loss) from ordinary activities before tax	**(223.96)**	**(95.29)**	**11.87**	**(458.95)**	**(563.72)**
3.	Segment Assets:					
	(a) Power Systems	6504.71	6566.20	6982.05	6504.71	6982.05
	(b) Industrial Systems	1503.71	1446.47	1353.13	1503.71	1353.13
	(c) Others	19.24	15.36	19.28	19.24	19.28
	(d) Unallocable	1986.75	2421.98	2421.45	1986.75	2421.45
	(e) Discontinued Operations	321.46	78.19	97.25	321.46	97.25
	Total segment assets	**10335.87**	**10528.20**	**10873.16**	**10335.87**	**10873.16**
4.	Segment Liabilities:					
	(a) Power Systems	3197.82	3350.78	3324.66	3197.82	3324.66
	(b) Industrial Systems	950.66	814.54	623.25	950.66	623.25
	(c) Others	4.33	4.44	3.81	4.33	3.81
	(d) Unallocable	3950.16	3949.31	3964.26	3950.16	3964.26
	(e) Discontinued Operations	47.53	36.03	35.69	47.53	35.69
	Total segment liabilities	**8150.50**	**8155.10**	**7951.67**	**8150.50**	**7951.67**

*Restated

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

SIGNED FOR IDENTIFICATION BY SRBC & CO LLP S R B C & CO LLP MUMBAI

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

	Particulars	As at 31.03.2019	As at 31.03.2018 *	As at 1.04.2017 *
		Audited	Audited	Audited
A	**ASSETS**			
1	**Non-current Assets:**			
	(a) Property, plant and equipment	**1746.72**	2033.86	2026.40
	(b) Capital work-in-progress	**67.63**	49.85	45.74
	(c) Goodwill	**140.87**	146.55	143.54
	(d) Intangible assets	**162.28**	184.09	204.46
	(e) Intangible assets under development	**23.42**	34.92	40.23
	(f) Financial assets			
	(i) Investments	**129.88**	278.75	203.92
	(ii) Trade receivables	**13.35**	-	-
	(iii) Loans	**6.96**	6.87	6.65
	(iv) Others	**3770.04**	3216.03	1631.16
	(g) Deferred tax assets (net)	**25.31**	62.38	45.76
	(h) Other non-current assets	**9.85**	5.23	5.50
	Total Non-current Assets	**6096.31**	**6018.53**	**4353.36**
2	**Current Assets:**			
	(a) Inventories	**1192.80**	1226.38	1058.73
	(b) Financial assets			
	(i) Investments	**0.01**	0.01	319.33
	(ii) Trade receivables	**1695.78**	2400.34	2244.48
	(iii) Cash and cash equivalents	**233.98**	381.52	521.38
	(iv) Bank balances other than (iii) above	**36.78**	45.09	1.57
	(v) Loans	**30.66**	47.87	78.62
	(vi) Others	**9.33**	4.02	202.03
	(c) Current tax assets (net)	**33.67**	78.48	81.10
	(d) Other current assets	**685.09**	573.67	798.15
	Total Current Assets	**3918.10**	**4757.38**	**5305.39**
3	**Assets classified as held for sale and discontinued operations**	**321.46**	97.25	781.93
	TOTAL - ASSETS	**10335.87**	**10873.16**	**10440.68**
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	**125.35**	125.35	125.35
	(b) Other equity	**2060.02**	2796.14	3757.71
	Total Equity	**2185.37**	**2921.49**	**3883.06**
	Liabilities			
1	**Non-current Liabilities:**			
	(a) Financial liabilities			
	(i) Borrowings	**1447.54**	1494.53	905.80
	(ii) Other financial liabilities	**298.37**	391.55	391.14
	(b) Provisions	**84.22**	71.95	80.07
	(c) Deferred tax liabilities (net)	**238.76**	397.57	386.05
	(d) Other non-current liabilities	**-**	0.40	18.42
	Total Non-current Liabilities	**2068.89**	**2356.00**	**1781.48**
2	**Current Liabilities:**			
	(a) Financial liabilities			
	(i) Borrowings	**1282.89**	1242.91	756.55
	(ii) Trade payables	**2314.05**	1870.39	1857.52
	(iii) Other financial liabilities	**914.24**	773.26	687.10
	(b) Other current liabilities	**1310.07**	1410.59	877.66
	(c) Provisions	**212.83**	262.83	197.75
	Total Current Liabilities	**6034.08**	**5559.98**	**4376.58**
3	**Liabilities associated with group of assets classified as held for sale and discontinued operations**	**47.53**	35.69	399.56
	TOTAL - EQUITY AND LIABILITIES	**10335.87**	**10873.16**	**10440.68**

*Restated

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Notes on consolidated financial results:

1. The above audited consolidated financial results of CG Power and Industrial Solutions Limited ("the Company or Parent Company") and its subsidiaries (together referred to as the "Group") have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30 August 2019. The auditors have issued a disclaimer of opinion in respect of results for the quarter and year ended 31 March 2019. While placing the financial results before the board of directors, the Chief Executive Officer and the Chief Financial Officer of the Company did not provide the requisite certifications required to be provided under proviso to Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). Further, taking into consideration the explanation provided in basis of preparation, the Board of Directors believe that the consolidated financial results to that extent do not represent true and fair view.

Basis of preparation of Consolidated Financial Results:

The consolidated financial results of the Group are derived from the consolidated financial statements of the Group. Those Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter. The consolidated financial results have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

These consolidated financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which are disclosed by the Group in its press release dated 19 August 2019. Some of these adjustments relate to previous years and therefore they have been adjusted in the respective years / opening balances for the preparation of financial result for the year ended 31 March 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present amounts in the various accounts captions in the consolidated financial results. Details in respect of each of the adjustment are provided in note no. 5 & 6.

Further, in order in to ascertain completeness of all such reinstatements / restatements and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liability for the Group, management has initiated second phase of investigation. Consequently, to the extent such investigation reveals any requirements of further reinstatement / reclassification, the financial statements could undergo change in line with explanation provided in Note 7 of these consolidated Financial Results.

In respect of certain assets and liabilities which have been recognised consequent to aforementioned reinstatements / restatements, possible adjustment are being evaluated by independent legal and other consultants. Hence, no provisions have been made against such assets nor has final inclusion of liabilities against the Group has been determined. Basis the outcome of second phase of investigation, management will make an assessment in relation to the extent of required provision against the assets and / or recognition of further liabilities.

Additionally, financial statements of four subsidiary companies with aggregate assets of INR 2546.48 crores, liabilities of INR 1295.98 crores and loss of INR 89.58 crores have been presented for adoption and those are yet to be adopted by their respective Boards. For the purpose of preparation of the consolidated financial statements, such un-adopted financial statements have been included.

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2. The Ministry of Corporate Affairs has notified Ind AS 115 "Revenue from contracts with customers" on 28 March, 2018 which is mandatory and effective from 1 April, 2018. The Group has aligned it's policy of revenue recognition with Ind AS 115. The cumulative effect of initial application of Ind AS 115 upto 31 March 2018 amounting to INR 99.84 crores (net off taxes) has been adjusted in opening retained earnings as per the standard following modified retrospective approach.

3. Other comprehensive income is in respect of fair valuation of exposure in foreign subsidiaries, investment and employee benefits.

4. With an aim of value preservation and enhancement in the interest of all stakeholders, an Operations Committee ('Ops Committee') under the Chairmanship of one of the independent directors of the Company was constituted in March 2019. While working on one of its priority tasks of seeking refinancing of certain facilities and as a part of conducting financial analysis in this regard, the Ops Committee was made aware of some unauthorised transactions by certain employees of the Company.

   The Ops Committee was also made aware of the letter received by the Company from a particular financing company regarding a certain interest payment failure which the Ops Committee was unable to trace or ascertain from the financials of the Company. Further, the Managing Director on getting a request by a bank to replace cheques, the validity of which was about to expire, he immediately brought the same to the notice of the Ops Committee. The Ops Committee could not relate this to any obligation of the Company.

   Accordingly, an independent law firm was appointed to conduct an investigation on certain transactions entered into by/on behalf of the Company. Additionally, during the course of the limited review for the quarter ended 31 December, 2018, one of joint statutory auditors had sought detailed information and explanations in relation to certain transactions and during the course of audit of the Company or the year ended 31 March, 2019, the same joint statutory auditors of the Company, sought information and explanations from the Company regarding those certain transactions as part of the notice issued to the Company under 143(12) of the Companies Act, 2013. These additional transactions were also included in the scope of review of the legal firm. Pursuant to the said investigation, the legal firm submitted their phase I report in August 2019 to the Ops Committee. As per the said investigation, many of these transactions were entered into by identified "Company personnel (both current and past), including certain non-executive directors, certain Key Managerial Personnel (KMPs) and others identified employees" ("CIP"). Further as per Phase 1 investigation, these transactions were unauthorised and had not been brought to the notice of the Board of Directors.

   The Ops Committee in turn provided an analysis of the investigation report to the Risk and Audit Committee ('RAC') along with its recommendations regarding the transactions set out in the report. Moreover, certain additional suspect, unauthorised and undisclosed transactions and entries identified during further verifications have been brought to the attention of the RAC.

5. The following table summarizes the transactions identified and as presented to the RAC along with the Ops committee analysis and impact of the adjustments reinstating each the financial results for previous year ended 31 March 2018 and 1 April 2017:

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i. Changes in the Statement of Financial Position as at 31 March 2018:

(₹ crore)

Particulars	Note reference	As at 31.03.2018 (Reported)	Discontinued to Continuing	Adjustments	As at 31.03.2018 (Restated)
ASSETS					
Non-current assets:					
Property, plant and equipment	8	1,379.17	654.69	-	2,033.86
Capital work-in-progress	8	38.75	11.10	-	49.85
Goodwill	6 (x)	167.37	-	(20.82)	146.55
Other intangible assets	8	160.85	23.24	-	184.09
Intangible assets under development	8	33.69	1.23	-	34.92
Financial assets			-	-	
(i) Investments	6 (n), 8	145.37	0.00	133.38	278.75
(ii) Loans		6.87	-	-	6.87
(iii) Others	6 [(a), (b), (c), (f), (m), (o), (p), (q), (w)], 8	-	1,425.23	1,790.80	3,216.03
Deferred tax assets	6 (u)	27.68	26.86	7.84	62.38
Other non-current assets		2.19	3.04	-	5.23
		1,961.94	**2,145.39**	**1,911.20**	**6,018.53**
Current assets:					
Inventories	6 (c), 8	587.60	638.78	-	1,226.38
Financial assets					
(i) Investments		0.01	-	-	0.01
(ii) Trade receivables	6 [(c), (d)], 8	2,009.23	556.66	(165.55)	2,400.34
(iii) Cash and cash equivalents	6 (i), 8	651.84	129.68	(400.00)	381.52
(iv) Other Bank balances	8	41.60	3.49	-	45.09
(v) Loans	8	43.89	3.98	-	47.87
(vi) Others	8	0.32	3.70	-	4.02
Current tax Assets (net)	6 (u)	97.16	0.94	(19.62)	78.48
Other current assets	6 [(a), (b), (p), (o), (q)], 8	766.66	152.01	(345.00)	573.67
		4,198.31	**1,489.24**	**(930.17)**	**4,757.38**
Assets classified as held for sale and discontinued operations	6 [(e), (i), (j), (p), (r)], 8	2,959.17	(3,994.85)	1,132.93	97.25
Total Assets		**9,119.42**	**(360.22)**	**2,113.96**	**10,873.16**
EQUITY AND LIABILITIES					
Equity:					
Equity Share capital		125.35	-	-	125.35
Other equity	6 [(a), (b), (c), (u), (d), (l), (p), (t), (u)] and 8	2,588.79	(303.30)	510.65	2,796.14
Other equity		**2,714.14**	**(303.30)**	**510.65**	**2,921.49**

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Non-current liabilities:					
Financial liabilities					
(i) Borrowings	6 [(l), (h)], 8	837.20	236.37	420.96	1,494.53
(ii) Other financial liabilities	6 [(a), (b)], 8	1.55	-	390.00	391.55
Provisions	8	65.78	6.17	-	71.95
Deferred tax liabilities	6 (u), 8	35.72	130.47	231.38	397.57
Other non-current liabilities		0.40	-	-	0.40
Total Non-current Liabilities		**940.65**	**373.01**	**1,042.34**	**2,356.00**
Current Liabilities:					
Financial liabilities					
(i) Borrowings	6 (j), 8	778.99	218.92	245.00	1,242.91
(ii) Trade payables	6 [(o), (d)], 8	1,423.68	442.65	4.06	1,870.39
(iii) Other financial liabilities	6 [(l), (h)], 8	477.15	259.82	36.29	773.26
Other current liabilities	8	459.06	951.53	-	1,410.59
Provisions	8	119.58	143.25	-	262.83
Total Current Liabilities		**3,258.46**	**2,016.17**	**285.35**	**5,559.98**
Liabilities associated with group of assets classified as held for sale and discontinued operations	6 [(h), (r)], 8	2,206.17	(2,446.10)	275.62	35.69
Total Equity and Liabilities		**9,119.42**	**(360.22)**	**2,113.96**	**10,873.16**

ii. Changes in the Statement of Financial Position as at 1 April 2017(Opening balance):

Particulars	**Note reference**	**As at 31.03.2017 (Reported)**	**Discontinued to Continuing**	**Adjustments**	**As at 31.03.2017 (Restated)**
ASSETS					
Non-current assets:					
Property, plant and equipment	8	1,376.29	650.11	-	2,026.40
Capital work-in-progress	8	28.18	17.56	-	45.74
Goodwill	8	143.54	-	-	143.54
Other intangible assets	8	184.79	19.67	-	204.46
Intangible assets under development	8	33.30	6.93	-	40.23
Financial assets					
(i) Investments	6(n), 8	203.92	-	-	203.92
(ii) Loans		6.65	-	-	6.65
(iii) Others	6 [(a), (b), (c), (f), (m), (o), (p), (q), (w)], 8	-	135.21	1,495.95	1,631.16
Deferred tax assets	6(u)	26.62	19.14	-	45.76
Other non-current assets		3.21	2.29	-	5.50
Total Non-current Assets		**2,006.50**	**850.91**	**1,495.95**	**4,353.36**
Current assets:					
Inventories	6 (c), 8	882.10	434.32	(257.69)	1,058.73
Financial assets					
(i) Investments		5.22	314.11	-	319.33
(ii) Trade receivables	6 [(c), (d)], 8	1,877.15	367.33	-	2,244.48

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(iii) Cash and cash equivalents	6(i), 8	724.49	96.89	(300.00)	521.38
(iv) Other Bank balances	8	36.22	(34.65)	-	1.57
(v) Loans	8	76.25	2.37	-	78.62
(vi) Others	8	173.28	28.75	-	202.03
Current tax Assets (net)	6(u)	70.57	0.79	9.74	81.10
Other current assets	6 [(a), (b), (p), (o), (q)], 8	1,212.48	161.94	(576.27)	798.15
Total Current Assets		**5,057.76**	**1,371.85**	**(1,124.22)**	**5,305.39**
Assets classified as held for sale and discontinued operations	6[(e), (i), (j), (p), (r)], 8	3,123.84	(2,341.91)	-	781.93
Total Assets		**10,188.10**	**(119.15)**	**371.73**	**10,440.68**
EQUITY AND LIABILITIES					
Equity:					
Equity Share capital		125.35	-	-	125.35
Other equity	6 [(a), (b), (c), (u), (d), (l), (p), (t), (u)], 8	3,985.74	(197.93)	(30.10)	3,757.71
Other equity		**4,111.09**	**(197.93)**	**(30.10)**	**3,883.06**
Non-current liabilities:					
Financial liabilities					
(i) Borrowings	6[(l), (h)], 8	503.80	207.00	195.00	905.80
(ii) Other financial liabilities	6[(a), (b)], 8	1.14	-	390.00	391.14
Provisions	8	71.21	8.86	-	80.07
Deferred tax liabilities	6 (u), 8	262.30	111.92	11.83	386.05
Other non-current liabilities		0.94	17.48	-	18.42
Total Non-current Liabilities		**839.39**	**345.26**	**596.83**	**1,781.48**
Current Liabilities:					
Financial liabilities					
(i) Borrowings	6 (j), 8	710.67	45.88	-	756.55
(ii) Trade payables	6 [(o), (d)], 8	1,383.14	474.38	-	1,857.52
(iii) Other financial liabilities	6 [(l), (h)], 8	404.28	277.82	5.00	687.10
Other current liabilities	8	556.24	321.42	-	877.66
Provisions	8	84.08	113.67	-	197.75
Total Current Liabilities		**3,138.41**	**1,233.17**	**5.00**	**4,376.58**
Liabilities associated with group of assets classified as held for sale and discontinued operations	6 [(h), (r)], 8	2,099.21	(1,499.65)	(200.00)	399.56
Total Equity and Liabilities		**10,188.10**	**(119.15)**	**371.73**	**10,440.68**

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iii. Changes in the Statement of Profit and loss for the year ended 31 March 2018:

(INR crores)

Particulars	Note reference	Year ended 31st March 2018			
		(Reported)	Discontinued to Continuing	Restatements	(Restated)
Income from operations					
Revenue from operations	6 [(c), (d), (v)], 8	6,287.54	1,854.25	(11.80)	8,129.99
Other income	6 (v), 8	39.53	33.39	(10.96)	61.96
Total Income		**6,327.07**	**1,887.64**	**(22.76)**	**8,191.95**
Expenses:					
(a) Cost of materials consumed	6 [(c), (v)], 8	4,227.37	1,207.31	(143.86)	5,290.82
(b) Purchases of stock-in-trade	8	46.65	35.78	-	82.43
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	6 (c), 8	135.35	(175.52)	(88.40)	(128.57)
(d) Excise duty		98.91	-	-	98.91
(e) Employee benefits expense	6 (v), 8	531.95	585.33	(36.65)	1,080.63
(f) Finance costs	6 [(b),(l) (h)], 8	219.30	38.67	91.64	349.61
(g) Depreciation and amortisation expense	8	149.21	102.72	-	251.93
(h) Foreign exchange (gain) / loss (net)	6 [(b) (v)], 8	-	(38.10)	(33.13)	(71.23)
(i) Other expenses	6 [(c),(b),(p),(v)],8	792.31	792.26	79.89	1,664.46
Total Expenses		**6,201.05**	**2,548.45**	**(130.51)**	**8,618.99**
Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax		**126.02**	**(660.81)**	**107.75**	**(427.04)**
Share of profit / (loss) in associates and joint venture		(1.74)	-	-	(1.74)
Exceptional items (net)	6 [(c), (p), (u), (v)], 8	(442.78)	(117.98)	425.82	(134.94)
Profit / (loss) before tax		**(318.50)**	**(778.79)**	**533.57**	**(563.72)**
Tax expense:					
Current tax	6 (u), 8	33.92	0.42	29.37	63.71
Deferred tax (credit)	8	40.93	(2.92)	-	38.01
		74.85	**(2.50)**	**29.37**	**101.72**
Profit / (loss) from continuing operations after tax		**(393.35)**	**(776.29)**	**504.20**	**(665.44)**
Profit / (loss) from discontinued operations	6 [(e), (h),(p)] , 8	**(799.10)**	**672.94**	**42.31**	**(83.85)**
Tax expense of discontinued operations	6 (e), 8	(26.55)	(0.32)	(7.84)	(34.71)
Loss from discontinued operations after tax		**(772.55)**	**673.26**	**50.15**	**(49.14)**
Net loss for the year		**(1,165.90)**	**(103.03)**	**554.35**	**(714.58)**
Attributable to:					
Equity holders of the parent		(1,163.90)	(109.15)	554.35	(718.70)
Non-controlling interests	6 (t)	2.00	(6.12)	-	(4.12)
		(1,165.90)	**(103.03)**	**554.35**	**(714.58)**
Other comprehensive income:					
(a) (i) Items that will not be reclassified to profit or loss	8	(40.31)	1.81	-	(38.50)
(ii) Income tax relating to items that will not be reclassified to profit or loss	8	3.14	0.23	-	3.37
		-	-	-	-
(b) (i) Items that will be reclassified to profit or loss	6 (p), 8	(111.54)	(20.60)	7.23	(124.91)
Other comprehensive Income / (loss) for the year		(148.71)	(18.56)	7.23	(160.04)
Total comprehensive income / (loss) for the year		(1,314.61)	(121.59)	561.58	(874.62)
Attributable to:					
(a) Equity holders of the parent		(1,312.61)	(127.71)	561.58	(878.74)
(b) Non-controlling interests		2.00	(6.12)	-	(4.12)

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6. The transaction details resulting in the adjustments which have been considered / given effect to in the financial results are as under:

(a) In May 2016, pursuant to an execution of an assignment agreement, leasehold land along with factory building of the Group at Nashik was assigned for a consideration of INR 264 crores to Blue Garden Estates Private Limited ("BGEPL"), a subsidiary of Acton Global Private Limited ("AGPL"). Both BGEPL and AGPL shares were owned by certain employees of the Company, who had not declared such ownership, when the transaction had occurred and hence, these Companies have been termed as connected parties. Such an assignment was not in accordance with the terms of the leasehold land agreement. Further, no disclosure was made in the financial statements for FY 2016-17 and thereafter for such an assignment. Certain identified company personnel (both current and past) including certain non-executive directors, certain KMPs and others identified employees ("CIP") who executed the assignment agreement on behalf of the Group agreed to an obligation under the assignment agreement for payment of interest @15% p.a. basis monthly intervals to BGEPL until execution and registration of deed of assignment cum sale.

The Group received INR 200 crores from BGEPL as initial advance consideration for the assignment of land and building. Of the amount received from BGEPL, INR 145 crores was advanced to Avantha Holdings Limited ("AHL"), the promoter of the Company and INR 53 crores to AGPL. In respect of the advances to AGPL and AHL, no loan or other agreements were entered into. Further, no interest payments were made by the two entities to the Group.

It was noted that the above two advances of INR 198 crores were inappropriately netted off against the payable to BGEPL and both the asset and liability were not disclosed in the financial statements of the Group for the year ended 31 March 2017 and thereafter. Accordingly, the assets and liabilities to the extent of INR 198 crores were understated in the financial statements of the Group for FY 2016-17 and FY 2017-18. The netted out amounts have been grossed up and have been restated to reflect separately the receivables from AHL and AGPL and a payable to BGEPL as at 1 April 2017 and subsequent years. Interest payments by the Group on the amount received from BGEPL were disguised and concealed under different accounting heads including professional fees, exchange losses and supplier advances, some of which were subsequently written off to statement of Profit and Loss account of the Group.

Further, AHL issued a corporate guarantee on behalf of the Group in favor of BGEPL providing assurance for repayment of proceeds received by the Group in the event of a default of the conditions of assignment. Also, a Power of Attorney ('POA') was issued in an unauthorized manner by certain CIPs in favor of BGEPL empowering BGEPL to take actions with respect to the property at Nashik in the event of default of the conditions of assignment by the Group.

In February 2018, an undertaking was given by certain CIPs on behalf of the Group along with BGEPL to the lender to create a charge on leasehold land and building in favor of the lender in the event of default by BGEPL of terms of loan availed by BGEPL from the lender. In December 2018, BGEPL defaulted in the payment of interest on its loan and the lender issued a letter in January 2019 to the Group to create a charge on the leasehold land and building. No disclosure was made relating to the requirement for creation of charge in the Group's consolidated financial statements for prior years. Subsequently, the Group has received a letter from the lender to discharge the outstanding liability. The Group is examining the matter with its legal counsel and is in discussion with the BGEPL's lender with regard to the legality of this liability whether to be honoured by the Company. Also, the Group plans to initiate a process for recovering dues from AHL and AGPL.

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(b) In October 2015, an agreement was entered into on behalf of the Group for sale ("First Sale") of freehold land to Evie Real Estates Private Limited ("Evie") at Kanjurmarg ("Plot"). The consideration for sale of such plot of INR 498 crores was payable in two tranches with an initial consideration of INR 11 crores was payable immediately. The time period to fulfill the conditions precedent was four years from the agreement date. Apart from the initial consideration of INR 11 crores, no further consideration was received by the Group.

In February 2017, a Memorandum of Understanding (MOU) with BGEPL was entered by certain CIPs on behalf of the Group for second sale of the Plot to BGEPL, in the event the First Sale does not go through. Under the MOU with BGEPL, part of the sale consideration of INR 190 crores was payable before registration of the deed of assignment cum sale ("Second Sale") and the balance after successful completion of the transaction. Further, no disclosure was made in the financial statements for FY 2016-17 and no approval from the Board of Directors was sought for such an assignment. The Group had to pay interest @15% p.a. basis monthly intervals to BGEPL from the date of receipt until registration of deed of assignment cum sale or till the termination of MOU and refund by the Group, whichever happens later.

The Group received INR 190 crores from BGEPL as initial consideration for the assignment/sale of land and in the same month, in February 2017, the Group transferred INR 192 crores to AGPL in multiple tranches. In respect of these advances to AGPL, no loan or other agreements were entered into. Further, no interest payments were made by AGPL to the Group.

The amount received from BGEPL and the advances made to AGPL of INR 192 crores were inappropriately netted off and no disclosure of any part of the transaction and related amounts were made in the financial statements of the Group. Accordingly, the assets and liabilities to the extent of INR 192 crores were understated in the financial statements of the Group for FY 2016-17 and FY 2017-18.

The Group has now grossed up the amounts and disclosed receivable from AGPL and the amount received from BGEPL as a liability as at 1 April 2017 and carried this forward in the following years.

Interest payments by the Group on the amount received from BGEPL were disguised and concealed under different accounting heads including professional fees, exchange losses and supplier advances, some of which were subsequently written off to the Profit and loss account of the Group.

Further, as a part of the transaction, AHL issued a corporate guarantee on behalf of the Group in favor of BGEPL providing assurance for repayment of proceeds received by the Group in the event of a default of the conditions of assignment/sale. Also, a Power of Attorney ('POA') was issued in favor of BGEPL empowering BGEPL to create a charge with respect to the freehold land in the event of default of the conditions of assignment/sale by the Company.

In February 2017, certain CIPs executed an undertaking on behalf of the Group in favor of BGEPL and the BGEPL's lender that the Group will become a co-borrower for the loan availed by BGEPL in the event of default by BGEPL. In December 2018, BGEPL defaulted on payment of interest on its loan and the lender issued a letter in January 2019 to the Group asserting that the Group is a co-borrower for the loan availed by BGEPL and requested to create a charge on the freehold land together with the structure thereon. No disclosure was made of the notice seeking creation of charge in financial statements. Subsequently, the Group has received a letter from the lender to discharge the outstanding liability. The Group is examining the matter with its legal counsel and is in discussion with the lender with regard to the legality of this liability whether to be honoured by the Company.

The Group is examining the matter with its legal counsel and plans to initiate a process of recovering dues from AGPL.

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The aforementioned interest paid on BGEPL amounts has now been reclassified as finance cost restating from professional fees amounting to INR 15.59 crores and exchange gain and loss amounting to INR 33.13 crores and advance to AHL amounting to INR 14.19 crores in FY 2017-18. Additionally, interest amounting to INR 28.02 crores pertaining to FY 2016-17 had been recognized under Advance to supplier and was not recognized in the statement of profit and loss. Hence, such amount has been recognized in retained earnings as at 1 April 2017 with a corresponding restatement to Advance to suppliers.

(c) It was noted that certain sales transactions were inappropriately recorded with certain specific customers amounting to INR 120 crores during the period from April 2017 to June 2017.
The Group had made a provision for liquidated damages of INR 12 crores in the previous period and a provision for balance receivables of INR 108 crores during the quarter ended 31 December, 2018.

The purchases pertaining to aforementioned sales transactions were also inappropriately recorded during January 2017 to March 2017 from those specified vendors for INR 257.69 crores and recorded as a part of inventory.

The Group recorded the above transactions in the FY 2017-18 as follows:

- Out of the sales of INR 120 crores, INR 52.14 crores were recorded as revenue, INR 2.35 crores were recognized as Central Sales Tax and INR 65.51 crores were recorded as reduction in cost of goods sold.
- The cost of goods sold of INR 102.02 crores was recognized in respect of aforementioned sales.
- A provision for slow moving inventory of INR 155.67 crores was recorded under 'Exceptional items'.

The Group did not have sufficient documentation evidencing the receipt and dispatch of goods and requisite approvals for the aforementioned transactions. There were several discrepancies in the documents available pertaining to these transactions. The Group also attempted tracing these parties and was unable to establish the existence of those parties. The management noted significant control lapses in these transactions resulting in significant accounting irregularities which have now been reinstated in the financial statements.

The Group will continue its efforts to trace these parties and will initiate appropriate action basis consultation with legal counsel.

Consequently, as at 1 April 2017, Inventory of INR 257.69 crores has been reversed and a receivable from AHL has been recognized for INR 257.69 crores

Further for FY 2017-18, the following reversals have been recorded:

- Revenue of INR 52.14 crores, INR 2.35 crores of Central Sales Tax and cost of goods sold of INR 65.51 crores pertaining to sales made to specific customers;
- Cost of goods sold amounting to INR 102.02 crores; and
- Provision for slow moving inventory amounting to INR 155.67 crores.

This has resulted in an increase in reinstated Profit Before Tax (PBT) by INR 137.69 crores for FY 2017-18.

The Group has reversed the provision recognized in December 2018 on the above receivables amounting to INR 120 crores by adjusting INR 12 crores to the opening balances as at 1 April, 2018 and INR 108 crores during the year ended 31 March 2019.

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(d) The Group had inappropriately recorded sales transactions with certain specific customers aggregating to INR 38.80 crores during FY 2017-18 in CG Middle East FZE. The Group had also inappropriately recorded purchases of INR 36.68 crores pertaining to aforementioned sales transactions in FY 2017-18.

The Group did not have sufficient documentation evidencing the receipt and dispatch of goods and requisite approvals for the aforementioned transactions. There were several discrepancies in the documents available pertaining to these transactions. The Group also attempted tracing these parties and was unable to establish the existence of those parties. The management noted significant control lapses in these transactions resulting in significant accounting irregularities which have now been reversed in the consolidated financial statements.

The Group will continue its efforts to trace these parties and will initiate appropriate action basis consultation with legal counsel.

Consequently, for FY 2017-18, the following reversals have been recorded:

- Revenue of INR 38.80 crores pertaining to sales made to specific customers
- Purchases of INR 36.68 crores pertaining to above sales
- Consequiently related trade debtors and trade payble have been reinstated.

This has resulted in a decrease in PBT of INR 2.12 crores for FY 2017-18.

(e) The Group had discontinued Distribution Franchise business (Jalgaon) and has entered into final settlement on 16 February 2018 with Maharashtra State Electricity Distribution Company Limited ("MSEDCL"). Based on this settlement Considering the non-recoverability of dues as per the settle agreement, the Group has further written off amount of INR 33.72 crores towards receivable from MSEDCL during the year ended 31 March 2019, which is disclosed under Discontinued Operations.

The profit and loss for the year ended 31 March 2018 have been restated to reflect the fair value of receivables as per Indian Accounting Standard 109, Financial Instruments in relation to assets classified as discontinued operation. Accordingly, the results of discontinued operation and retained earnings for the year ended 31 March 2018 have been restated by INR 22.68 crores, not accounted earlier.

(f) AHL had obtained a loan of INR 500 crores from a bank in October 2015 for the purpose of making advance payments to Solaris ChemTech Industries Limited ("SCIL"), a promoter affiliate and a related party, for purchase of SCIL's bromine production facilities and to meet certain working capital and capital expenditure requirements. A comfort letter was issued on behalf of the Group by a CIP and without the knowledge of the Board of Directors in November 2015 to discharge AHL's pecuniary obligations jointly undertaken by the Group. The existence of comfort letter was not known to the Board of Directors until it was brought to the attention of the Board of Directors by the bank in the year ended 31 March 2019. No disclosure was made in the financial statements of prior years.

One of the conditions for granting of the loan was submission of post-dated cheques ("PDC") by the Company for repayment purposes. PDCs were provided on behalf of AHL in accordance with the Comfort Letter issued. The PDCs were replaced from time to time by CIP on account of the previous cheques becoming time-barred/stale. Such PDCs issued were not in accordance with the Company's policies and without the knowledge of the Board of Directors. Last PDC was issued on 15 January 2019 for INR 210 crores. The same was presented by the bank on 11 April 2019 and was returned as dishonored due to insufficient funds. The bank issued notice under section 138 of Negotiable Instruments Act, 1881 dated 30 April 2019 to the Company on account of such default.

The Board of the Company has made a comprehensive submission to the bank denying the knowledge of existence of the alleged comfort letter. The Board also mentioned in its response that PDC cheques

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were signed by certain CIPs in violation of RoPs and without the knowledge of the Board of Directors. The Group is seeking suitable legal advice from an independent external law firm on the legality of the transaction. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment, that no amount were received by the Group from these borrowings which could have lead to an obligation on the Group to repay, the Board has decided to disclose this as a contingent liability amounting to INR 391.88 crores in the current year.

(g) (i) The Group entered into a Brand license and support agreement with AHL for use of 'Avantha' brand for a consideration which was based on certain specified percentage of its annual consolidated net operating revenues (ANOR) as defined in that agreement ("Royalty"). This agreement was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty amounting to INR 38 crores was accrued until September 2018 for half year ended 31 March 2019 amounting to INR 41.75 crores. Subsequently, discussions with AHL were held to further revise the terms of Royalty along with proposed settlement against the royalty settlement, as disclosed by the Group in the financial results published for the quarter ended 31 December 2018 but subsequently could not reach a consensus on the terms and hence, the Group did not accrue royalty to AHL from October 2018.

(ii) An assignment cum put agreement was entered by certain CIPs on behalf of the Group without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ("SICL") - a related party, and the bank in September 2018 ("SICL Assignment") under which the Royalty payable by Company to AHL was assigned over to the bank. At this point in time, an amount of INR 78.25 crores was already paid in advance to AHL by the Group against Royalty by the Company.

Further, in September 2018, the Group received INR 294 crores from AHL and adjusted this amount against the AHL receivable. Further the Group placed out of these, an amount of INR 229 crores as fixed deposits with the bank and assigned as collateral against the royalty commitment. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March 2019 in escrow account of SICL, the deposit will be refunded by the Group. On 20 March, 2019, the Group did not pay any royalty to this escrow account as amount of INR 78.25 crores was already paid in advance as royalty. Hence Group refunded the deposit amount along with interest to AHL in March 2019.

Subsequent to the balance sheet date, the bank has issued a communication to the Group of its intent to exercise the put option as per the aforementioned assignment and has asked the Group to discharge the liability outstanding of INR 71 crores. The Group is in discussion with the lender as well as with its independent legal counsel with respect to tenability of this liability. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment has decided to record a liability towards the Bank amounting to INR 72.20 crores (including interest amount to INR 1.20 crores) and a corresponding receivable from SICL in the financial statements for the FY 2018-19.

(h) In February 2017, one of the subsidiary company availed a loan from the lender amounting to INR 200 crores. Out of these proceeds, an amount of INR 185 crores was immediately transferred to the Company. The Company was a co-borrower to this loan availed by the subsidiary company.

This loan was classified as 'Liabilities associated with Group of assets classified as held for sale and discontinued operations', as on 31 March 2017 (INR 200 crores) and 31 March 2018 (INR 195 crores) as the subsidiary was unable to service the loan.

Accordingly, the liability towards the lender was reclassified to borrowings from 'Liabilities associated with group of assets classified as held for sale and discontinued operations' as on 1 April 2017 and

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31 March 2018 to non-current financial liabilities. In accordance with such re-classification, interest cost of INR 25 crores, for the FY 2017-18, on such borrowing has been reclassified to finance costs from 'Loss from discontinued operations before tax'.

(i) The AHL and a related party had issued cheques in favor of the Group for settlement of the advances/ dues to the Group inspite of having insufficient funds. These cheques were not deposited to the bank for payment until the sufficiency of funds was confirmed by the said parties. In FY 2016-17, such cheques amounting to INR 300 crores were included as a part of bank balances before being presented for payment and were inappropriately disclosed as a part of balances with banks in the consolidated financial statements of the Group by reducing the amounts receivable from these parties. Subsequently, in FY 2017-18, fresh money was advanced to the said parties so that sufficient funds were available with such parties to meet the liability towards the cheques issued amounting to INR 300 crores. These cheques were then presented for payment post funding and realized in due course.

Further, in FY 2017-18, the total of cheques amounting to INR 400 crores received from AHL were included as part of bank balances by reducing the amounts receivable from such party but were presented for payment subsequently.

The Group has now appropriately reinstated the receivables balance of such promoter company and a related party and accordingly, reduced the balances with banks for the respective periods.

(j) The Group had taken short-term borrowings from certain banks amounting to INR 245 crores in FY 2017-18. These borrowings were inappropriately netted off against receivable from related parties. The Group has reinstated the requisite balances in the financial statements for FY 2017-18.

(k) During FY 2017-18, the Group had taken a borrowing of INR 355.48 crores (EUR 44 million) from a bank in CG International Holdings Singapore Pte. Limited (CG Singapore)and advanced these funds to promoter affiliate company. These advances were repaid by the promoter affiliate company in FY 2017-18 itself which the Group repaid to the bank. These transactions were not disclosed in related party transactions in FY 2017-18. Accordingly, the Group has included the aforementioned transactions as a part of related party disclosures in FY 2017-18.

Similarly, in the current year, the Group had taken a borrowing of INR 341.71 crores (EUR 44 million) from a bank and advanced these funds to promoter affiliate company. These borrowings were inappropriately netted off against the receivable from promoter affiliate company as on 30 September 2018. The Group has now reinstated the balances as at 31 March 2019.

(l) In October 2017, CG Middle East FZE, a wholly owned subsidiary of the Company availed a Dollar Term Loan Facility ("Loan") from a bank amounting to INR 262.25 crores. As per the sanction letter, the stated purpose of the loan was meeting working capital requirements and general corporate purposes, making loans to Group Companies and affiliates of Group Companies, etc. The loan was provided by the bank based on the following security provided:

- Assignment of book debts;
- Assignment of receivables;
- Commercial pledge of inventory; and
- Any other documents creating, or which expresses to create, security for the liabilities of the Obligors to the Lenders under any Finance Document.

Corporate guarantee was issued to the bank on behalf of CGIBV. No disclosures in relation to these transactions were made in prior year financial statements.

The amount availed from the bank by the CG Middle East FZE was remitted to the bank account of CGIBV and through a series of transactions ultimately paid to SICL. The Company did not have

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documents and business rationale for the purpose of extending the money to SICL. The Group is in the process of investigating this matter and will take appropriate action on consultation with independent legal counsel.

The Group had recorded the borrowing from the bank and inappropriately off-set the borrowings against receivable from certain promoter affiliate companies in FY 2017-18. In FY 2018-19, the Group has restated the prior year consolidated financial statements to recognize borrowings from bank and receivable from affiliate companies. Further the Group has also accrued interest expenses of INR 3.73 crores on the aforementioned borrowings for FY 2017-18.

(m) The Group through CG Middle East FZE, had entered into agreements for supply of power Transformers ("Supply Agreements") with certain customers ("Identified Customers"). The Group had supplied transformers to the Identified Customers under the Supply Agreements and there were significant quality issues raised by Identified Customers which could have resulted in warranty claims up to the contract value. In order to mitigate the risks of such potential warranty claim exposures in future, the Group entered into agreement with various local service providers ("Service Providers") to render services to ratify the quality issues in the transformers delivered to Identified Customers. In this regard, till March 2018, the Group had paid advances of INR 102.84 crores to Service Providers and INR 114.38 crores in FY 2018-19.

The Group does not have relevant approvals, credentials in relation to ability of Service Providers documentation, and business rationale in relation to the services provided by the Service Providers. Currently, no adjustment has been made in these consolidated financial statements for these transactions as the matter is pending investigation. The Group will initiate the recovery of these advances in consultation with independent legal counsel.

(n) The Group through CG Middle East FZE had made certain investments amounting to INR 133.29 crores (Euro 16.5 million) in mutual funds during FY 2017-18. These mutual fund investments were inappropriately off-set against borrowings during FY 2017-18. Consequently, in FY 2018-19, the investment and borrowings were restated in the consolidated financial statements. The Group does not have any documentation evidencing the existence, utilization and recoverability of the investment in the mutual funds. Currently, no adjustment has been made in these consolidated financial statements for these transactions as the matter is pending investigation.

(o) The Group entered into an agreement on behalf of CG Singapore with Mirabelle Trading Pte Limited ('Mirabelle') – a related party, in January 2013 ("Services Agreement") for developing switchgear business in South East Pacific Region and for creating new business opportunities for transformer and other businesses for the Group and its customers. Total value of the services defined under the services agreement was to USD 20.15 million.

With reference to the Services Agreement, Mirabelle had issued two demand notices in March 2018 (USD 9.65 million) and in June 2018 (USD 4.5 million) respectively to the Group against which the Group advanced INR 93.33 crores (USD 13.5 million) to Mirabelle. The Group does not have relevant approvals, documentation, and assessment of capability of vendor and business rationale in relation to rendering of services by Mirabelle.

The Group inappropriately did not identify and disclose Mirabelle as its related party in FY 2017-18 and accordingly classified the advances as 'Advance to Suppliers' in the consolidated financial statements.

In FY 2018-19, the Group has disclosed this transaction as a part of related party disclosures by reinstating advances to related parties.

(p) Advances were given by the Group amounting to INR 215.28 crores to a connected party and a related party, INR 202.45 crores to AHL and INR 286.76 crores to other third parties in previous years. The

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Group had fully written-off the said advances in absence of sufficient documentary evidence amounting to INR 704.49 crores as on 31 March 2018.This was recognized under 'Exceptional items' in the financial statements. The Group does not have any documentation for business ratoionale or assessment of vendor capability for giving these advances. The Group plans to investigate the nature and business rationale and initiate the recovery process for these advances hence, the Group has reinstated these advances to give effect as follows:

- It was determined that the receivables from the connected party and the related party amounting to INR 215.28 crores were inappropriately written off and hence, the Group has now reinstated the previous years by reversing the provision previously recognized.
- INR 286.38 crores which was inappropriately written off has now been reinstated as a receivable in previous years; and
- INR 202.45 crores which had been written off inappropriately has now been reinstated as receivables from AHL and accordingly, the Group has restated the balances in previous years.

The Group has reinstated the advances to promoter affiliate companies as it plans to initiate recovery process for these advances through legal proceedings. Further, the Group attempted tracing the aforementioned third parties and was unable to establish the existence of those parties. In the year 2019-20, the Group will continue its efforts to trace these parties and recover the advances paid and are in the process of consultation with independent legal counsel to take appropriate action.

(q) In connection to Note (p) advances amounting to INR 332 crores were made to AHL in FY 2016-17 and subsequently inappropriately assigned to third parties. The Group has restated its receivable from AHL as amounting to INR 332 crores as at 1 April 2017 and INR 263.47 crores as at 31 March 2018.

Also, in the current year, advances of INR 44.33 crores and INR 26 crores were paid to BGEPL and SICL respectively. The aforementioned advances were also inappropriately assigned to CGPSOL in the current year ended 31 March 2019. Accordingly, the Company has now reversed the effect of such assignment. Hence, the receivable balance from CGPSOL has been reduced by INR 70.33 crores and advance to BGEPL and SICL has been increased by INR 44.33 crores and INR 26 crores respectively as at 31 March 2019.

(r) During FY 2017-18, CGPSOL has received certain advances from various parties amounting to INR 420.61 crores and the said advances were inappropriately off-set against the balances with promoter affiliate companies. The subsidiary does not have any rationale, documentation and explanation of receipt of advance from various parties. The Group has now reinstated these advances and receivables from affiliate companies and liabilities towards third parties in financial statements for FY 2017-18. The group will further investigate these transactions in consultation with legal counsel.

(s) The Group had given certain advances to various parties amounting to INR 45.01 crores, INR 2.16 crores and INR 36.46 crores during FY 2016-17, FY 2017-18 and FY 2018-19, respectively. These amounts were inappropriately netted off against amount payable to third parties. The Group has now reinstated these advances and receivables from affiliate companies and liabilities towards third parties in financial statements for FY 2017-18. The Group does not have any documentation for business rationale or assessment of vendor capability for rendering of services. The Group believes that such advances are recoverable and has plans to initiate the process for recovery of these advances in consultation with independent legal counsel.

(t) Non-controlling Interest in PT CG Power System Indonesia, subsidiary of the Company, is reinstated in FY 2017-18 to reflect their share of 5% in line with the Management and Support Services agreement entered with the Minority shareholder. This was not appropriately considered in earlier years. In view of

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the same, the liability towards Non-controlling shareholders of INR 25.99 crores is reinstated as of 1 April 2017 with corresponding decrease in retained earnings. The profit share pertaining to minority is also restated by INR 6.12 crores for FY 2017-18 with corresponding decrease in share attributable to equity holders of parent.

(u) Consequential tax effects on account of reinstatements have been duly recorded in the respective periods. Further the Group in the earlier years disclosed the exceptional items in the statement of profit and loss account net of deferred tax. The Group has now reinstated the balances by increasing exceptional items and deferred tax expense amounting to INR 219.55 crores for FY 2017-18.

(v) During the year ended 31 March 2019, the Company noted that certain income and expenses were incorrectly disclosed or set off in the Statement of Profit and Loss account. Accordingly. the same have been reclassified in the FY 2017-18:

- Sales of raw material and scrap sale had been incorrectly presented as reduction in the cost of goods sold in prior years. The Company has accordingly restated the sales and cost of goods sold of INR 79.14 crores for the previous year.
- Sub-contracting charges of INR 238.21 crores was part of "Cost of material consumed" and Contract Employees cost of INR 36.65 crores which was part of "Employee cost" in prior years has now been reclassified to "Other expenses".
- Foreign exchange gain and losses were previously disclosed under the head "Other Income" amounting to INR 10.97 crores. The same has been reclassified and presented as single line item on the face of the Statement of Profit and Loss account under the head "Foreign exchange gain & loss".

There will be no impact of the above reclassification on profit before or after tax.

(w) As a result of these transactions, 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. The Group is in the process of evaluating the implications of these potential non-compliances and potential remedies available.

(x) The Group provided for impairment losses towards goodwill of INR 20.82 crores during FY 2017-18 in respect of one of its overseas subsidiary.

(y) The Group has certain receivables from various promoter affiliate companies and connected parties as at 31 March 2019, 31 March 2018 and 1 April 2017. Considering the above transactions, the Group has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The Group also believes that interest on such receivables is also recoverable from those affiliate companies and connected parties aggregating to INR 556.97 crores till 31 March 2019 which has currently not been accounted in the consolidated financial statements. The Group plans to initiate the recovery proceedings for these receivables based on consultation with independent legal counsel. Following are the receivables balances from various promoter affiliate companies and connected parties:

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(INR crores)

Name of the entity	Relationship	As at 31.03.2019	As at 31.03.2018 (Restated)	As at 31.03.2018 (Reported)	As at 01.04.2017 (Restated)	As at 01.04.2017 (Reported)
A) Advances/Loan given						
Avantha Holdings Limited	Promoter Company	1,006.22	1,180.82	116.93	1,109.45	102.70
Avantha International Assets BV	Related party	350.74	2.27			
Avantha Realty Limited	Promoter Company	10.65	10.23	10.23	12.56	12.56
Avantha Power & Infrstructure Ltd	Related party	15.00	15.00		15.00	0.00
Acton Global Private Limited	Connected party	175.00	245.00		245.00	
Ballarpur Industries Limited	Related party	68.50	68.50		68.50	
Ballarpur Graphics Paper Product Limited	Related party	552.33	552.33	3.57		3.55
Ballarpur International Holdings BV	Related party	85.37	82.25			
Blue Garden Estate Private Limited	Connected party	287.74	177.48			
Mirabelle Trading PTE Ltd	Related party	93.33	58.97			
Solaris Industrial Chemicals Limited	Related party	378.20	280.00			
Total		**3,023.08**	**2,672.85**	**130.73**	**1,450.51**	**118.81**
B) Advances/Loan Payable						
Blue Garden Estate Private Limited	Connected party	320.00	390.00		390.00	
Mirabelle Trading PTE Ltd	Related party	6.30	6.56			
Total		**326.30**	**396.56**		**390.00**	

7. Considering the above transactions and that further investigation is required to ensure completeness of such transactions / accounting adjustments, Directors of the Company are of the view that consolidated financial statements of the Group and the report of the Board for the relevant prior years may not comply with the provisions of Section 129 and section 134 of the Companies Act, 2013 and accordingly, intend to propose revision to the financial statements of relevant prior years as per requirements of Section 131 of the Companies Act, 2013.

8. Discontinued businesses:

   a. The Board of Directors of the Company had authorised a committee to evaluate several aspects related to all the operations identified as discontinuing operations covering the status of identification of prospective buyers, binding offers, disposal groups, etc. for its identified overseas power transmission and distribution business and identified Indian subsidiaries. Considering the existing business scenario, operations and future potential of the various businesses identified as discontinued businesses. Thus, Board of Directors believes that these businesses will have a value in long run and thus shall be continued as continuing operations. Thus for meeting the requirement under relevant accounting standard for classification of businesses, the Board of Directors had at its meeting held on i.e. 8th March, 2019, decided to re-classify the businesses comprised in the following entities from Discontinued to Continuing operation with effect from 1 January 2019:

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i. CG Power Systems Ireland Ltd
ii. CG Holdings Belgium NV
iii. CG Power Systems Belgium NV
iv. CG Service Systems France SAS
v. CG Power Solutions UK Ltd.
vi. CG Middle East FZE
vii. CG Electric Systems Hungary Zrt.

Consequent to the re-classification, the above businesses have formed part of continuing operations. In accordance with the requirements of Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations', the Group has restated the comparatives for the year ended 31 March 2018 and as at 1 April 2017.

b. During the quarter ended 31 March 2019, the Board of Directors have approved the Scheme of Amalgamation of CG Power Solutions Limited, a wholly owned subsidiary of the Company with the Company. The Company has filed the necessary application to the Hon'ble National Company Law Tribunal of Maharashtra, at Mumbai and such other authorities as required for obtaining necessary approvals for the aforesaid Scheme.

Subsequent to year end the Board has considered the operations of the CG Power Solutions Limited as continued operations taking into consideration the significance of outstanding receivables and pending investigation on certain transactions and balances. The Board reviewed the position and reinstated the prior reporting periods.

Following subsidiaries/ business units are considered as discontinued operations as at 31 March, 2019:

Sr. No.	Name of the Subsidiary / business units
A)	Standalone:
1.	Distribution Franchise business (Jalgaon)
B)	Consolidated:
1.	CG Sales Networks France SA
2.	CG Power Solutions Saudi Arabia Ltd.
3.	CG Power Solutions Americas, LLC
4.	CG Power Systems Canada Inc.
5.	CG Power Equipments Limited

c. The property, plant and equipment (PPE) and intangible assets pertaining to discontinued subsidiaries were classified as held for sale and hence, no depreciation was recognised on the same in the prior years. Further upon reclassification of discontinued subsidiaries to continuing operations, the assets and liabilities of those operations were subject to overall review and recognised in accordance with the requirements of paragraph 27 of IND AS 105. Consequent to the restatement, the related depreciation and amortisation of INR 83.59 crores has been accounted in the statement of profit and loss for the FY 2017-18 and INR 69.72 crores in the retained earnings as on 1 April 2017.

d. Pursuant to the above reclassification from discontinuing to continuing business, the Group has also undertaken an overall review of its assets and liabilities, their accounting treatments and presentation in the consolidated financial statements. Based on such evaluation, resultant adjustments of INR (128.59) crores and INR 42.38 crores have been given effects as at 1 April 2017 and 31 March 2018 respectively.

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e. Details of the discontinued operations as on 31 March 2019 included therein are given below in terms of the requirement of IND AS 105:

(INR crore)

Particulars	Quarter ended			Year ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
Revenue from operations	-	-	2.44	-	242.25
Loss before tax	(26.60)	(0.35)	(39.87)	(27.09)	(83.85)
Loss after tax	(14.90)	(0.55)	(13.79)	(15.60)	(49.14)

9. Exceptional Items includes the following:

(INR crore)

Particulars	Quarter ended			Year ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
Amount paid towards final settlement of litigation claims	-	-	-	-	(27.94)
Provision against trade receivable under litigation	(35.45)	-	-	(35.45)	-
Curtailment of gratuity liability	3.16	14.00	-	17.16	-
Provision for impairment of intangible assets under development	-	-	-	(14.15)	-
Short fall of provident fund liability	(24.83)	-	-	(24.83)	-
Provision for expected restructuring cost towards closure/ shifting of the transformer manufacturing unit in Kanjur Marg, Mumbai	(95.39)	-	-	(95.39)	-
Retrenchment Cost- Overseas subsidiary	(0.45)	2.01	-	(14.02)	-
Provision towards overseas business at Hungary	-	-	160.05	-	(107.00)
	(152.96)	**16.01**	**160.05**	**(166.68)**	**(134.94)**

10. The Board had approved, as part of its asset optimisation initiative, and entered into a definitive agreement for sale of its land at Kanjurmarg to M/s Evie Real Estate Private Limited (EVIE). The sale of first phase of land admeasuring 32,387.59 square meters was executed in October 2014. The sale of second phase of land admeasuring 53,198.45 square meters was executed in November, 2015. The third phase of sale of land admeasuring 53,462.77 square meters including factory building relating to Transformer Division (T1) was executed in October 2015 with certain prescribed conditions to be complied in four years' time from the date of execution. The plant & machineries of T1 will be shifted to other manufacturing facilities. Accordingly, during the current quarter, carrying value of land and building amounting to INR 279.94 crores has been classified as 'Asset held for sale' in accordance with IND AS 105 "Non-current Assets Held for Sale and Discontinued Operations"

During the current quarter, the company has recognized a provision for restructuring cost towards closure/shifting of the said manufacturing facility at Kanjurmarg of INR 95.39 crores in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets. This provision forms part of exceptional items in the financial statements.

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11. The Group has incurred a net loss of INR 652.38 crores during the year ended 31 March 2019. As at 31 March 2019, the Group`s current liability exceeds its current assets by INR 2,115.98 crores as at 31 March 2019. Further, pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to impact on networth.

However, the Group believes the matter stated above would not impact the going concern assumption taking into consideration following mitigating factors and business updates available till date:

- The Board of Directors of the Company is in active discussions with lenders for restructuring the borrowing and fresh capital infusion.
- The Group has a robust unexecuted business order book of over INR 7000 crores as on 31 March 2019.
- Further the Group is evaluating divestments of non-core assets, including but not limited to the sale of Kanjurmarg land without hampering the capability to serve customers.
- The Group also plans to initiate the recovery of receivables from promoter affiliate companies and connected parties based on consultation with independent legal counsel.
- The Board will review the international business with a view to making it a coherent part of business and drive synergies.

Based on the strength of the business of the Company and subject to fund raising initiative being achieved, these results have been prepared on a going concern basis.

12. The Group is liable to pay Goods and Services Tax (GST) with effect from 1 July 2017. The Revenue for the quarter ended 31 March 2019, 31 December 2018, 31 March 2018 respectively and year ended 31 March 2019 is net of such GST. However, the revenue for the comparative year ended 31st March, 2018 is inclusive of excise duty for the period till 30 June 2017. The comparable figures for Revenue from operations (net of excise duty) are as under:

(INR crores)

Particulars	Quarter ended			Year ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
Net revenue from operations	1988.86	2071.47	2274.82	7997.91	8031.08

13. Following the matters described in Note 6 above, figures of the previous quarters / years have been regrouped, wherever necessary to reflect the analysis of the Ops committee and recommendations of RAC and to correspond with the current quarter / year. Hence, the corresponding component figures as restated / reinstated are comparable with all respective quarters / year of the financial results.

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S R B C & CO LLP
MUMBAI

Place: Mumbai
Date: 30 August 2019

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS

For **CG Power and Industrial Solutions Limited**

By order of the Board

SUDHIR MATHUR
(DIN: 01705609)