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

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Our Ref: COSEC/223/2019-20

January 28, 2020

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 January 21, 2020 for schedule of Board Meeting

In furtherance to our captioned letter, we wish to inform you that the Board of Directors of the Company, at their meeting held today i.e. January 28, 2020, have *inter-alia* considered and approved:

1. Unaudited Financial Results and Segment-Wise Financial Report of the Company, both on (i) standalone and (ii) consolidated basis, for the 1st quarter ended June 30, 2019; and

2. Unaudited Financial Results, Segment-Wise Financial Report and Statement of Assets and Liabilities of the Company, both on (i) standalone and (ii) consolidated basis, for the 2nd quarter and half year ended September 30, 2019 ("Financial Results")

   as recommended by the Audit Committee of the Company.

A copy of the Financial Results along with the Limited Review Report signed by Statutory Auditors, M/s. S R B C & CO LLP, Chartered Accountants, on the Financial Results is enclosed herewith for your information and records.

The meeting of the Board of Directors commenced at 5:00 p.m. (IST) and concluded at 6:51 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**

Nimesh S Shah
Company Secretary & Compliance Officer

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

Encl: As above

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

Independent Auditor's Review Report on the Quarterly Unaudited 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

Review Report to
The Board of Directors
CG Power and Industrial Solutions Limited

1. We were engaged to review the accompanying statement of unaudited standalone financial results of CG Power and Industrial Solutions Limited (the 'Company') for the quarter ended June 30, 2019 ('the Unaudited Standalone Financial Results') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. The Unaudited Standalone Financial Results, which is the responsibility of the Company's Management and approved by the Company's Board of Directors. As explained in the Basis of preparation, these Unaudited Standalone Financial Results has not been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these Unaudited Standalone Financial Results based on our review. Because of the matters described in the paragraphs 4 and 5 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on these Unaudited Standalone Financial Results and hence we do not express a conclusion on these aforesaid Unaudited Standalone Financial Results.

3. We conducted our review of the Unaudited Standalone Financial Results in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Standalone Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



4. Basis for Disclaimer of Conclusion

As explained in the note 1 and note 3 of the Unaudited Standalone Financial Results, the Board of Directors of the Company have proposed revision of the financial statements of the Company for the year ended March 31, 2019, and prior years / periods, as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder. Further National Company Law Tribunal (NCLT) has considered that it is reasonable for the Ministry of Corporate Affairs (MCA) to be allowed to appoint any independent auditor and to reopen the books of accounts of the Company, under Section 130 of the Companies Act 2013. The Board of Directors of the Company, taking into significance of the basis of preparation and the matters described in note 1 and note 3, believes that the accompanying Unaudited Standalone Financial Results are not prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" and has not disclosed the information required to be disclosed in terms of the Listing Regulations, read with the Circular, including the manner in which it is to be disclosed, and the accompanying Unaudited Standalone Financial Results may contain material misstatements.

a. In view of the proposed voluntarily revision of the financial statements / results of prior years / periods, the impact of which is more fully explained by the management in note 1 and note 3, the attached Unaudited Standalone Financial Results may undergo revision. As given in note 6 and the resulting outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating to Rs. 2,439.94 crores and Rs. 320 crores respectively, which as explained to us, were approved by erstwhile Certain Identified Personnel (CIP). The Board of Directors (BOD) had initiated investigation to evaluate the rationale of these transactions and balances together with the earlier transactions and balances and certain additional transactions aggregating to Rs. 140.43 crores as given in note 9 of the Unaudited Standalone Financial Results. Subsequent to June 30, 2019, the BOD issued recovery notices to these related, connected and unrelated parties, as more fully explained in note 3(i) of the Unaudited Standalone Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery, management has made provision of Rs. 266.40 crores subsequent to June 30, 2019 for unrelated parties balances as given in note 7 of the Unaudited Standalone Financial Results. As of the date of this report, investigations are ongoing and not yet concluded by the BOD and thus BOD are unable to quantify the adjustments to the financial results in relation to such outstanding identified receivables and identified liabilities in relation to group companies, related parties and connected parties.

Pending outcome of ongoing investigation, we are unable to comment on the completeness and appropriateness of the prior years / period balances in relation to these unauthorized unexplained transactions/ balances, including the transactions disclosed in current quarter and the consequential impact of the such restatement of prior years / prior periods, provisions made subsequent to quarter ended June



30, 2019 in relation to third parties and any consequential impact on these Unaudited Standalone Financial Results.

b. We draw attention to note 5 of the Unaudited Standalone Financial Results, which describes that during January 2020 bankruptcy has been filed in respect of two subsidiaries located in Belgium and underneath operations in Indonesia and Ireland. Subsequent to June 30, 2019, the Company has accounted impairment losses aggregating to Rs. 1,251.38 crores towards the investments and receivables outstanding in certain overseas subsidiaries. Further the BOD are unable to determine impact of any unforeseen liability / surplus which may arise post completion of bankruptcy process and is in the process to seek legal view about the bankruptcy proceeding mechanism and its applicability to the Company and its subsidiaries ("Group").

   Pending evaluation of BOD towards impact of any unforeseen liabilities, obtaining legal view in relation to bankruptcy proceeding mechanism and its applicability to the Group and settlement of bankruptcy proceedings, we are unable to comment on the completeness of the impairment charge and consequential impact on the Unaudited Standalone Financial Results.

c. As explained in note 1, note 3, note 4 and note 6 of the Unaudited 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 list of related parties and disclosure of related party transactions as disclosed in note 6 of the Unaudited Standalone Financial Results.

d. We draw your attention to note 3(l) and note 11 of the Unaudited Standalone Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management and hence have not ascertained the possible cash outflow and consequential impact on these Unaudited Standalone Financial Results, that may arise, post completion of management evaluation of legal position on the same.

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

e. As stated in note 16 to the Unaudited Standalone Financial Results, the BOD have instructed the management to undertake a detailed investigation in relation to the



matters of possible non-compliance with various provisions of the Companies Act, 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), Prevention of Money Laundering Act and other regulations, as applicable to the Company (Applicable Laws). As per the instructions of the BOD, the Company has engaged legal counsel and specialists for the investigation.

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

5. Going concern assessment

We draw attention to note 12 of the Unaudited Standalone Financial Results which indicate that (a) the Company has incurred net losses in the previous years and subsequent to the quarter; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date of March 31, 2019 by Rs.1,312.36 crores; (c) the Company has the short-term outstanding borrowings repayable over next 12 months from June 30, 2019 aggregating to Rs. 1,408.11 crores; (d) as given in note 4 of the Unaudited Standalone Financial Results the Company is in the process of signing the Inter Creditor Agreement ('ICA') with the lenders where in certain lenders are yet to concur; (e) the Company is in the process to identify / conclude on the completeness of the borrowings; and (f) pending outcome of investigation initiated and ongoing regulatory enquiries / actions, the management has not concluded on the recoverability of loans and advances from related parties and connected parties.

Pending completion of investigation of matters stated in paragraphs 4 above and determination of recoverability of loans and advances from related and connected parties and substantial stress arising from events unfolding as described in the notes to the Unaudited Standalone Financial Results could materially affect the going concern basis. Accordingly, 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.

6. Disclaimer of Conclusion

Because of the significance of the matters described in paragraphs 4 and 5 above, taking into consideration the ongoing management investigation into various matters, pending assessment of legal compliances by the Company; ongoing regulatory reviews / actions and counter claims received by the Company; possible impact where-of has not been quantified by the management; and certain provisions accounted by the Company in subsequent quarter in relation to which pending detailed assessment to ascertain the impact on current quarter, if any; we have not



been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether the accompanying Unaudited Standalone Financial Results:

i. are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 and;

ii. disclose the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed or that it contains material misstatements

Other Matters

7. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act, 2013 to the Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.

8. The comparative Ind AS financial information of the Company for the corresponding quarter ended June 30, 2018, included in these Unaudited Standalone Financial Results, were reviewed by the joint statutory auditor who expressed an unmodified opinion on that financial information on August 10, 2018. Further on comparative Ind AS financial information for the year ended March 31, 2019 included in these Unaudited Standalone Financial Results, we have issued a disclaimer of opinion on August 30, 2019.

9. We were appointed as Joint Auditors of the Company along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). Further we did not share any joint responsibilities with the Joint Statutory Auditor in relation to the review of these Unaudited Standalone Financial Results of the Company.

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

per Shyamsundar Pachisia
Partner
Membership No.: 49237
UDIN: 20049237AAAAAD7649
Mumbai
Date: January 28, 2020

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Previous year ended
		30.06.2019	31.03.2019	30.06.2018*	31.03.2019
		Unaudited	Audited	Unaudited	Audited
1	**Income**				
	(a) Revenue from operations	1188.59	1417.34	1179.84	5355.60
	(b) Other income	19.97	79.37	68.07	276.00
	Total Income	**1208.56**	**1496.71**	**1247.91**	**5631.60**
2	**Expenses**				
	(a) Cost of materials consumed	818.83	997.55	870.81	3728.56
	(b) Purchases of stock-in-trade	18.85	13.75	4.68	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(25.37)	(45.23)	(74.56)	(72.35)
	(d) Employee benefits expense	86.80	103.26	90.90	372.46
	(e) Finance costs	70.84	110.35	69.82	337.02
	(f) Depreciation and amortisation expense	25.87	26.19	25.72	103.90
	(g) Foreign exchange (gain) / loss (net)	(5.11)	34.76	3.51	62.95
	(h) Other expenses	202.40	282.59	206.26	930.41
	Total Expenses	**1193.11**	**1523.22**	**1197.14**	**5497.74**
3	**Profit / (loss) before exceptional items and tax**	**15.45**	**(26.51)**	**50.77**	**133.86**
4	Exceptional items (net)	-	(1477.51)	-	(1518.27)
5	**Profit / (loss) before tax**	**15.45**	**(1504.02)**	**50.77**	**(1384.41)**
6	**Tax expense / (credit) :**				
	Current tax	-	12.56	12.54	50.21
	Deferred tax	(7.93)	(58.72)	14.93	(39.17)
7	**Profit / (loss) from continuing operations after tax**	**23.38**	**(1457.86)**	**23.30**	**(1395.45)**
8	**Loss from discontinued operations before tax**	**-**	**(33.72)**	**-**	**(33.72)**
9	Tax credit on discontinued operations	-	(11.78)	-	(11.78)
10	**Loss from discontinued operations after tax**	**-**	**(21.94)**	**-**	**(21.94)**
11	**Net profit / (loss) for the period / year**	**23.38**	**(1479.80)**	**23.30**	**(1417.39)**
12	**Other comprehensive income:**				
	(i) Items that will not be reclassified to profit or loss	(0.94)	(120.82)	(1.48)	(125.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.33	0.26	0.32	1.21
13	**Total comprehensive income after tax**	**22.77**	**(1600.36)**	**22.14**	**(1541.43)**
14	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35
15	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year				2387.82
16	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**				
	(a) Basic	0.37	(23.26)	0.37	(22.27)
	(b) Diluted	0.37	(23.26)	0.37	(22.27)
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)				
	(a) Basic	-	(0.35)	-	(0.35)
	(b) Diluted	-	(0.35)	-	(0.35)
	Earnings Per Share (for continuing operations and discontinued operations) (of ₹ 2 each) (not annualised)				
	(a) Basic	0.37	(23.61)	0.37	(22.62)
	(b) Diluted	0.37	(23.61)	0.37	(22.62)

* Restated

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STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Previous year ended
		30.06.2019	31.03.2019	30.06.2018*	31.03.2019
		Unaudited	Audited	Unaudited	Audited
1.	Segment Revenue:				
	(a) Power Systems	429.14	562.89	526.80	2276.85
	(b) Industrial Systems	759.67	855.67	653.87	3081.40
	Total	**1188.81**	**1418.56**	**1180.67**	**5358.25**
	Less: Inter-Segment Revenue	0.22	1.22	0.83	2.65
	Total income from operations	**1188.59**	**1417.34**	**1179.84**	**5355.60**
2.	Segment Results:				
	Profit / (loss) before tax and finance costs from each segment				
	(a) Power Systems	(6.07)	(7.71)	31.68	85.97
	(b) Industrial Systems	101.09	115.93	65.04	371.04
	Total	**95.02**	**108.22**	**96.72**	**457.01**
	Less:				
	(i) Finance costs	70.84	110.35	69.82	337.02
	(ii) Other un-allocable expenditure net of un-allocable income	13.84	(10.38)	(27.38)	(76.82)
	(iii) Foreign exchange (gain) / loss (net)	(5.11)	34.76	3.51	62.95
	Add:				
	(i) Exceptional items (net)	-	(1477.51)	-	(1518.27)
	Profit / (loss) from ordinary activities before tax	**15.45**	**(1504.02)**	**50.77**	**(1384.41)**
3.	Segment Assets:				
	(a) Power Systems	1381.41	1481.15	1850.41	1481.15
	(b) Industrial Systems	1118.17	1154.35	1006.69	1154.35
	(c) Unallocable	4456.18	4339.01	5595.77	4339.01
	(d) Discontinued Operations	279.94	280.43	52.12	280.43
	Total segment assets	**7235.70**	**7254.94**	**8504.99**	**7254.94**
4.	Segment Liabilities:				
	(a) Power Systems	1036.42	1052.00	866.72	1052.00
	(b) Industrial Systems	1024.46	906.34	584.20	906.34
	(c) Unallocable	2638.88	2783.43	2953.73	2783.43
	(d) Discontinued Operations	-	-	-	-
	Total segment liabilities	**4699.76**	**4741.77**	**4404.65**	**4741.77**

* Restated

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Notes on un-audited standalone financial results for the quarter ended June 30, 2019:

1. The above unaudited 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 January 28, 2020.

   Following the actions taken by the Board of Directors and ongoing investigation in relation to matters identified and disclosed in the financial results for the quarter and year ended March 31, 2019, approved by Board of Directors on August 30, 2019, the results for quarter ended June 30, 2019 were also delayed. The management had informed the Securities and Exchange Board of India ('SEBI') about delayed submission of June 30, 2019 quarter results. Subsequently, the Management compiled financial information for the quarter ended June 30, 2019 were presented following the Board meeting held on November 10 and November 11, 2019. Those Management compiled financial information were not subjected to limited review by the statutory auditors.

   These unaudited standalone financial results were submitted to statutory auditors to perform limited review of the financial results of the Company as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of results for quarter ended June 30, 2019 following the reasons explained in the basis of conclusion for disclaimer of opinion.

2. **Basis of preparation of standalone financial results:**

   These unaudited standalone financial results, read with above and subsequent paragraphs, 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 except as stated in Note 1 and Note 3(a) of this unaudited standalone financial results.

   The unaudited standalone financial results have been prepared on a historical cost basis, except for:

   (a) The following assets and liabilities which have been measured at fair value:

   - Derivative financial instruments,
   - Certain financial assets and financial liabilities.

   (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain related parties and unrelated parties (including connected parties) are stated at carrying value basis the transactions accounted in the books of the Company and as explained herein below.

   With reference to (b) above, these unaudited standalone financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which were disclosed by the Company in its press release dated August 19, 2019 and audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019.

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Some of these adjustments relate to corresponding previous years/ quarters and therefore, these have been adjusted in the respective years / quarters / opening balances for the preparation of the standalone financial results for the quarter ended June 30, 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present the comparative amounts in the various accounts captions in the unaudited standalone financial results. Details in respect of such adjustments in relation to comparative period presented in these unaudited standalone financial results are provided in Note 8.

Further, in order 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 liabilities for the Company, management has initiated second phase of investigation ('Phase 2 investigation'). Further there are additional investigations initiated by regulators. Consequently, to the extent of the outcome of such investigation and actions initiated by management reveals any requirements of further reinstatement / reclassification, the standalone financial results could undergo change accordingly and in line with explanation provided in Note 3(a) of these unaudited standalone financial results.

Taking above into consideration, the on-going Phase 2 investigation initiated by the Company and other external investigations and the outcome of actions taken by management, the Board of Directors believe that the financial results for the quarter ended June 30, 2019, prepared in accordance with Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, may not be complete to include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions impacting statement of profit and loss and recoverability of receivables from the promoter affiliated companies (refer Note 6), connected parties, unrelated parties and ascertainment of completeness of liabilities and borrowings from banks, including unfunded limits and corporate guarantees issued by the Company but not yet confirmed by third parties and hence these unaudited standalone financial results could be materially misstated to that extent. Further, given the substantial stress arising from events unfolding, explained elsewhere in the notes, the going concern basis of preparation of these unaudited standalone financial results could be materially affected.

3. Subsequent to quarter ended June 30, 2019, below are the updates on regulatory and recovery actions:

   (a) Financial statements for the year ended March 31, 2019 do not reflect true and fair view. Further, the statutory auditors have expressed their inability to express an opinion on such financial statements. In addition, following Phase 1 investigation, there appear to be several transactions which have not been appropriately accounted and disclosed in the past years. Taking cognizance of such instances and to comply with Sections 129 and 134 of the Companies Act, 2013, the Board of Directors of the Company had proposed to reopen accounts of previous three financial years for preparation and submission of true and fair financial statements under section 131 of the Companies Act 2013. Subsequent to the quarter ended June 30, 2019, the Ministry of Corporate Affairs ('MCA') has filed an application before the National Company Law Tribunal ('NCLT') for reopening of the books of accounts of the Company and its subsidiary companies for the past 5 years i.e. from 2014-15 to 2018-19, under section 130 of the Companies Act 2013. On January 23, 2020, the NCLT has reserved the matter for passing the orders.

   (b) The Phase 2 investigation, initiated by the Company is expected to be completed by fourth quarter of FY 2019-20 and will be accordingly submitted to the Audit Committee and the Board of Directors.

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(c) On March 8, 2019, the Board of Directors had approved a Scheme of Amalgamation ('Scheme') of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.

Subsequent to the quarter, on November 12, 2019, the Board of Directors of the Company resolved to call off the proposed merger given various issues unwinding from the discovery of irregular transactions and other detailed verification during the course of investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme and NCLT has approved the withdrawal of the said Scheme.

(d) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. Further, subsequent to quarter ended June 30, 2019, the Company has rescinded the Royalty Agreement with AHL. Consequently, the Royalty Agreement stands null and void. Accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement. AHL has contested the rescission of this Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

(e) Pursuant to the letter dated July 16, 2019 received from Regional Director ('RD') - Ministry of Corporate Affairs ('MCA') for inspection of the Books of Accounts and records of the Company in terms of Section 206(5) of the Companies Act, 2013 ('Inspection') and letter dated August 29, 2019, in light of the regulatory filing of the Company made on August 20, 2019, the Company has submitted the requisitioned documents and information to MCA including a copy of the Phase I Investigation Report. Further, MCA had also summoned specific directors and officers and former directors and officials of the Company. The Company and its officers continue to cooperate with the authorities and provide them with updates on the developments in the Company and its subsidiaries. The MCA has submitted its report to the Central Government inter-alia recommending reopening of accounts of the Company. Based on the approval received from the Central Government MCA has filed application in NCLT for reopening of the books of the Company.

(f) Consequent to the Stock Exchange Disclosure dated August 19, 2019 made on August 20, 2019, SEBI had sought information/ documents including the Phase I Investigation Report. Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order'). An appeal against the Interim Order filed by one of the promoter company, certain former key managerial personnel and Directors ('Appellants') in Securities Appellate Tribunal ('SAT') was dismissed on October 1, 2019 ('SAT Order'). SEBI has concluded hearing of the parties and as directed, the Company has submitted its written submissions to SEBI on January 15, 2020. In terms of the SAT order, SEBI is required to give its decision on confirmation of the interim order within 4 weeks of the hearing.

(g) A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the whole-time executive director of

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the Company was received. In response to the said summon, appropriate response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended to. The Company will continue to cooperate with authorities in providing the information requirements.

(h) Pursuant to the Interim Order of SEBI dated September 17, 2019, BSE has vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion/ siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The Company is providing the Forensic Auditor the information and documents requisitioned and extending its cooperation for the forensic audit.

(i) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1,314.78 Crores owed by them to the Company. 3 (three) notices sent by the Company (recovery amount of INR 452.12 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims of INR 74.63 crores owed to the Company could not be sent for want of requisite details including communication details ('Unsent Notices').

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount INR of 108.85 crores) seeking for particulars of the claim made by the Company; from 1 (one) entity (claim amount INR of 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking for particulars of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores) has stated there is no amount outstanding ("Responses"). Based on the information available with Company, the Management believes the responses received are untenable and management will continue pursuing further legal options, in consultation with legal counsels of the Company.

(j) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Company has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI.

(k) The Company has received notice from the Serious Fraud Investigation Office ('SFIO'), pursuant to the order of the Central Government in terms of section 212 of the Companies Act, 2013 to investigate into the affairs of the Company and its 15 related / group companies. SFIO has sought for various documents, papers, books of accounts, correspondence and details in respect of the Company and its subsidiary for the past 10 years for the purpose of the investigation. The Company is providing the information and documents as requisitioned and is extending full cooperation to the investigation.

(l) Subsequent to the quarter ended June 30, 2019, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read

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with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals). The Company had also filed an appeal before Commissioner of Income Tax (Appeals) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The stay letter filed by the Company is pending before the Assessing Officer for disposal. The Company had also filed a letter on January 24, 2020 to Commissioner of Income Tax (Appeals) requesting for early disposal of appeal.

4. During the period a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on January 17, 2020, 10 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

   In view of the above, the Company believes that following signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current.

   There were undisclosed transactions reported by the Company in the standalone financial statements for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Company's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Company and Company had further extended those borrowings to one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Company. Further, the Company disclosed that the Directors of such connected parities were the employees of the Company or its subsidiaries. The Company is still evaluating in consultation with legal counsels, whether such connected parties were controlled by the Company. Since these were borrowings availed by connected parties, these are not part of above referred ICA.

5. Subsequent to period end, significant operations of the CG Group in Belgium have been referred to bankruptcy court in Belgium following the proceedings initiated by creditors in Belgium which will include its investments in PT CG Power Systems Indonesia and CG Power Systems Ireland Limited. Considering the significant uncertainty involved due to bankruptcy proceedings, the Company believes that carrying value of outstanding balances recoverable from CG International B. V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Thus, subsequent to period end, the Company has made a provision for impairment of INR 1251.38 crores in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from CGIBV, Belgium entities and PTID, subsequent to balance sheet date as at September 30, 2019. The Company will continue to monitor the situation and will assess if any further assessment to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

6. The Company has reclassified as non-current assets certain receivables from various subsidiaries, promoter affiliate companies and connected parties as at period end, consequent to the ongoing investigation and potential delays in recovery. As explained elsewhere in these notes, the Company has initiated recovery process in consultation with legal counsels and will take further actions basis the outcome of phase 2 investigation. The Board of Directors of the Company believes that the Company will take the legal course of action to ensure recoverability from stated parties and at this stage has no

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reason to believe that the Company should not receive the monies back from the stated parties. Further, no interest has been accrued on all such balances and where such interest was being accrued, the Company has suspended such accrual from April 1, 2019.

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

(₹ in crores)

Name of the entity	Relationship	As at 30.06.2019	As at 30.06.2018 (Restated)	As at 30.06.2018 (Reported)	As at 31.03.2019
A) Advance / Loan given					
CG Power Solutions Limited	Subsidiary	1218.87	1250.09	644.33	1226.15
Avantha Holdings Limited	Promoter Company	685.32	695.62	112.15	685.32
Avantha Realty Limited	Promoter Company	10.66	10.23	10.23	10.66
Acton Global Private Limited	Connected party	175.00	175.00	-	175.00
Ballarpur Industries Limited	Related party	68.50	68.50	-	68.50
Blue Garden Estate Private Limited	Connected party	176.11	135.18	-	176.11
Solaris Industrial Chemicals Limited	Related party	98.20	-	-	98.20
Total		**2432.66**	**2334.62**	**766.71**	**2439.94**
B) Loan payable					
Blue Garden Estate Private Limited	Connected party	320.00	320.00	-	320.00
Total		**320.00**	**320.00**	**-**	**320.00**

7. Subsequent to the quarter ended June 30, 2019, the Company has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Company has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to INR 266.40 crores in the unaudited standalone financial results for the quarter ended September 30, 2019. However, the Company will continue with the recovery process for the said receivables.

8. The following table summarizes adjustments made on account various transactions following Phase 1 investigation as explained in Note 2 above and applicable to the comparative period June 30, 2018 which were disclosed by the Company in its press release dated August 19, 2019 and in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019:

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Corporate Identity Number (CIN): L99999MH1937PLC002641

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Changes in the Statement of Profit and loss for the quarter ended 30 June 2018

(₹ in crores)

Particulars	30.06.2018 (Reported)	Adjustments	30.06.2018 (Restated)
Other income	37.45	30.62	68.07
Total Income	**1217.29**	**30.62**	**1247.91**
Employee benefits expense	100.56	(9.66)	90.90
Finance costs	51.67	18.15	69.82
Foreign exchange (gain) / loss (net)	-	3.51	3.51
Other expenses	182.46	23.80	206.26
Total Expenses	**1161.34**	**35.80**	**1197.14**
Profit before exceptional items and tax	**55.95**	(5.18)	**50.77**
Exceptional items (net)	**(3.51)**	3.51	**-**
Profit before tax	**52.44**	**(1.67)**	**50.77**
Tax expense :			
Current tax	0.70	11.84	12.54
Deferred tax / (credit)	14.93	-	14.93
	15.63	**11.84**	**27.47**
Profit from continuing operations after tax	**36.81**	**(13.51)**	**23.30**
Loss from discontinued operations before tax		-	
Tax expense / (credit) on discontinued operations		-	
Loss from discontinued operations after tax		-	
Profit for the period	**36.81**	**(13.51)**	**23.30**
Other comprehensive income:			
(i) Items that will not be reclassified to profit or loss	(1.48)		(1.48)
(ii) Income tax relating to items that will not be	0.32		0.32
Other comprehensive income for the period	**(1.16)**		**(1.16)**
Total comprehensive income for the period	**35.65**	**(13.51)**	**22.14**

9. During the quarter and subsequent to the quarter ended June 30, 2019, certain transactions were done / identified by the Company which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors have also subjected these transactions to the phase 2 investigation –
    a. the Company made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs
    b. During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided in the quarter and six months ended September 30, 2019.

Subsequent to quarter ended June 30, 2019, on account of closure activity of T1, certain unexecuted orders were transferred to PT CG Power Systems Indonesia ('PTID'). Accordingly, the Company made advance payment of INR 35.60 crores to PTID against the purchase order to execute the said shifted orders which have been shifted to PTID. Subsequently, the Company has received refund of INR 2.84 crores as on date against these orders.

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10. Exceptional Items include the following:

(₹ in crores)

Particulars	Quarter ended			Year ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
Provision against loans given to subsidiaries	-		-	(40.61)
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	-	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)**	**-**	**(1518.27)**

11. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy') [an erstwhile joint venture of the Company and W Lucy], the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Company faced warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers, which was neither resolved by Lucy to the satisfaction of customers nor was the Company provided counter bank guarantees in favour of the Company in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods. Notwithstanding, the Company invoking the dispute resolution mechanism prescribed under the Distribution Agreement read with Condition of Sale for amicable resolution of dispute, Lucy, proceeded to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The pre-existing dispute, for which the Company has already invoked dispute resolution mechanism under other statutes is being contested. The Company has filed its reply before the NCLT, Mumbai stating all the facts pertaining to pre-existence of disputes and invocation of dispute resolution mechanism along with relevant documents. Lucy has sought time to consider the Company's reply and file a rejoinder. The matter is listed on February 18, 2020 for filing of rejoinder by Lucy after serving advance copy to the Company. Basis the Company's internal assessment, management believes there is no provision required at this stage and this case will be in favor of the Company.

12. The Company has made a net profit of INR 22.77 crores during the quarter ended June 30, 2019. As at March 31, 2019, the Company`s current liability exceeds its current assets by INR 1312.36 crores. The Company has issued recovery notices as highlighted under Note 3. Pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to a potential impact on the net worth and consequently the going concern assumption.

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 is currently in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the Inter-Creditor Agreement, which has been executed by 10 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. The Corrective Action

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Plan is being designed to match the cash flow generation potential of the Company with the debt obligations.

- Further, to meet the need of both long term and working capital, the Company is in the process of identifying potential sources of capital through strategic equity investor and other sources of fund raising. The Company has entered into a non-disclosure agreement with potential investors for the said purpose.
- The Company has an unexecuted business order book of over INR 3500 crores as of date
- 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

On the basis of the above operating performance and actions, the accounts of the Company have been prepared on a going concern basis.

13. The Company is in the process of determining whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. In view of this, the Company has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Company immediately before the amendment).
14. Effective April 1, 2019, the Company has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, right-of-use (ROU) asset as at April 1, 2019 is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The impact of transition on profit/(loss) after tax and earnings per share for the quarter June 30, 2019 is not material.
15. Other comprehensive income is in respect of fair valuation of investment and employee benefits.
16. As a result of the transactions disclosed by the Company in its press release dated August 19, 2019 and in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019, 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; and other statutes and regulations. The Company is evaluating the implications of these potential non-compliances and the remedies available.
17. Following the matters described above, figures of the previous quarter have been regrouped, wherever necessary to correspond with the current quarter. Hence, the corresponding component figures as restated / reinstated are comparable with the respective period of the financial results.

For **CG Power and Industrial Solutions Limited**

By order of the Board
Sudhir Mathur
Whole Time Executive Director
DIN: 01705609

Place: Mumbai
Date: January 28, 2020

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Independent Auditor's Review Report on the Quarterly Unaudited 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

Review Report to
The Board of Directors
CG Power and Industrial Solutions Limited

1. We were engaged to review the accompanying statement of unaudited consolidated financial results of CG Power and Industrial Solutions Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'Group') for the quarter ended June 30, 2019 ('the Unaudited Consolidated Financial Results') attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. The Unaudited Consolidated Financial Results, which is the responsibility of the Holding Company's Management and is approved by the Holding Company's Board of Directors. As explained in the Basis of preparation, these Unaudited Consolidated Financial Results has not been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these Unaudited Consolidated Financial Results based on our review. Because of the matters described in the paragraphs 5 and 6 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on these Unaudited Consolidated Financial Results and hence we do not express a conclusion on these aforesaid Unaudited Consolidated Financial Results.

3. We conducted our review of the Unaudited Consolidated Financial Results in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Consolidated Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The Unaudited Consolidated Financial Results includes the results of the subsidiaries as listed down in Annexure I.

5. Basis for Disclaimer of Conclusion

As explained in the note 1 and note 3 of the Unaudited Consolidated Financial Results, the Board of Directors of the Holding Company have proposed revision of the financial statements of the Holding Company for the year ended March 31, 2019 and prior years / periods, as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder. Further National Company Law Tribunal (NCLT) has considered that it is reasonable for the Ministry of Corporate Affairs (MCA) to be allowed to appoint any independent auditor and to reopen the books of accounts of the Holding Company under Section 130 of the Companies Act 2013. The Board of Directors of the Holding Company, taking into significance of the basis of preparation and the matters described in note 1 and note 3, believes that the accompanying Unaudited Consolidated Financial Results are not prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" and has not disclosed the information required to be disclosed in terms of the Listing Regulations, read with the Circular, including the manner in which it is to be disclosed, and the accompanying Unaudited Consolidated Financial Results may contain material misstatements.

a. In view of the proposed voluntarily revision of the consolidated financial statements / results of prior years / periods, the impact of which is more fully explained by the management in note 1 and note 3, the attached Unaudited Consolidated Financial Results may undergo revision. As given in note 6 of the Unaudited Consolidated Financial Results and the resulting outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating to Rs. 3,023.08 crores and Rs. 326.30 crores respectively, which as explained to us, were approved by erstwhile Certain Identified Personnel (CIP). The Board of Directors (BOD) of the Holding Company had initiated investigation to evaluate the rationale of these transactions and balances together with the earlier transactions and balances, and certain additional transactions aggregating to Rs. 379.83 crores as given in note 9 of the Unaudited Consolidated Financial Results. Subsequent to June 30, 2019, the BOD issued recovery notices to these related, connected and unrelated parties, as more fully explained in note 3(i) of the Unaudited Consolidated Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery, management has made provision of Rs. 963.91 crores subsequent to June 30, 2019 for unrelated parties balances as given in note 7 of the Unaudited Consolidated Financial Results. As of the date of this report, investigations are ongoing and not yet concluded by the BOD and thus BOD are unable to quantify the adjustments to the financial results in relation to such outstanding identified receivables and identified liabilities in relation to group companies, related parties and connected parties.

Pending outcome of ongoing investigation, we are unable to comment on the completeness and appropriateness of the prior years / period balances in relation to these unauthorized unexplained transactions/ balances, including the transactions disclosed in current quarter and the consequential impact of the such restatement of prior years / prior periods, provisions made subsequent to quarter ended June 30, 2019 in relation to third parties and any consequential impact on these Unaudited Consolidated Financial Results.



b. We draw attention to note 5 of the Unaudited Consolidated Financial Results, which describes that during January 2020, bankruptcy has been filed in respect of two subsidiaries located in Belgium and underneath operations in Indonesia and Ireland. Subsequent to June 30, 2019, the Group has accounted impairment losses aggregating to Rs. 575.18 crores towards the receivables outstanding in overseas entities. Further the BOD are unable to determine impact of any unforeseen liability / surplus which may arise post completion of bankruptcy process and is in the process to seek legal view about the bankruptcy proceeding mechanism and its applicability to the Group.

Pending evaluation of BOD towards impact of any unforeseen liabilities, obtaining legal view in relation to bankruptcy proceeding mechanism and its applicability to the Group and settlement of bankruptcy proceedings, we are unable to comment on the completeness of the impairment charge and consequential impact on the Unaudited Consolidated Financial Results.

c. As explained in note 1, note 3, note 4 and note 6 of the Unaudited Consolidated Financial Results, the Holding Company has entered into various transactions with certain identified group companies (termed as connected parties) wherein some of the Holding Company's employees own beneficial ownership in such connected parties and further certain senior management personnel of the Holding Company are directors of these connected parties. The Holding 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 and whether the Company holds control over connected parties.

Pending completion of management's assessment in relation to control over connected parties, we were unable to obtain sufficient and appropriate evidence with respect of completeness of list of related parties, disclosure of related party transactions and potential impact on consolidated financial information as disclosed in note 6 of the Unaudited Consolidated Financial Results.

d. We draw your attention to note 3(l), note 10 and note 11 of the Unaudited Consolidated Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management and hence have not ascertained the possible cash outflow and consequential impact on these Unaudited Consolidated Financial Results, that may arise, post completion of management evaluation of legal position on the same.

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

e. As stated in note 17 to the Unaudited Consolidated Financial Results, the BOD have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with various provisions of the Companies Act, 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), Prevention of Money Laundering Act and other regulations, as

applicable to the Company (Applicable Laws). As per the instructions of the BOD, the Holding Company has engaged legal counsel and specialists for the investigation.

Pending outcome of the investigation and management assessment, we are unable to determine the potential impact of non – compliances with Applicable Laws and determine any further adjustment that may be necessary to these Unaudited Consolidated Financial Results.

f. We draw attention to the Basis of Preparation of these Unaudited Consolidated Financial Results, which indicate that the accompanying Unaudited Consolidated Financial Results include unaudited financial results and other unaudited financial information in respect of 14 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total revenues of Rs. 264.98 crores, total net loss after tax Rs. 53.15 crores and total comprehensive loss (net) of Rs. 53.77 crores for the quarter ended on June 30, 2019, in respect of 4 subsidiaries, part of discontinued operations of the Group, whose interim financial results and other financial information reflect total revenues of Rs. 1.34 crores, total net loss after tax Rs. 0.36 crores and total comprehensive loss (net) of Rs. 0.36 crores for the quarter ended on that date, respectively, as considered in the Unaudited Consolidated Financial Results based on their interim financial results / financial information which have not been reviewed by their auditors. These unaudited financial results and other financial information are considered by the management on the basis of financial information available with them. Our report, in so far as it relates amounts and disclosures included in respect of these subsidiaries is based solely on such financial results and other financial information as available and considered by the management.

g. We draw attention to note 2 of these Unaudited Consolidated Financial Results, which indicate non-compliance with the regulation 33(h) of the Listing Regulations, which require Group to ensure limited review of atleast 80% of its operations with effect from April 01, 2019.

Pending review of components and evaluation of impact of non-compliance, we are unable to determine the potential impact of non–compliances with respect of regulation 33(h) and determine any further adjustment that may be necessary to these Unaudited Consolidated Financial Results.

6. **Going Concern Assessment**

We draw attention to note 13 of the Unaudited Consolidated Financial Results which indicate that (a) the Group has incurred net losses in the previous years and subsequent to the quarter; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date of March 31, 2019 by Rs. 2,115.98 crores; (c) the Group has the short-term outstanding borrowings repayable over next 12 months aggregating to Rs. 1,904.04 crores from June 30, 2019; (d) as given in note 4 of the Unaudited Consolidated Financial Results the Holding Company is in the process of signing the Inter Creditor Agreement ('ICA') with the lenders where in certain lenders are yet to concur; (e) the Holding Company is in the process to identify / conclude on the completeness of the borrowings and (f) pending outcome of investigation initiated and

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ongoing regulatory enquiries / actions, the management has not concluded on the recoverability of loans and advances from related parties and connected parties.

Pending completion of investigation of matters stated in paragraph 5 above and determination of recoverability of loans and advances from related and connected parties and substantial stress arising from events unfolding as described in the notes to the Unaudited Consolidated Financial Results could materially affect the going concern basis. Accordingly, 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.

7. Disclaimer of Conclusion

Because of the significance of the matters described in paragraphs 5 and 6 above, taking into consideration the ongoing management investigation into various matters, pending assessment of legal compliances by the Holding Company; ongoing regulatory reviews / actions and counter claims received by the Holding Company; possible impact where-of has not been quantified by the management; and certain provisions accounted by the Holding Company in subsequent quarter in relation to which pending detailed assessment to ascertain the impact on current quarter, if any; we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether the accompanying Unaudited Consolidated Financial Results:

i. are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 and;

ii. disclose the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed or that it contains material misstatements.

Other Matters

8. We did not review the unaudited financial results and other financial information, in respect of 6 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total revenues of Rs. 363.11 crores, total net loss after tax Rs. 24.11 crores and total comprehensive loss (net) of Rs. 24.73 crores for the quarter ended June 30, 2019. These financial results and other financial information have been reviewed by other auditors, which financial results, other financial information and auditor's reports have been furnished to us by the management. Our report on the Unaudited 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 results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been

reviewed 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 are made by the Holding Company's management. Our report in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and read with paragraph 5 above and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

9. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act 2013 to the Holding Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Holding Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.

10. The comparative Ind AS financial information of the Group for the corresponding quarter ended June 30, 2018, included in these Unaudited Consolidated Financial Results, were reviewed by the joint statutory auditor who expressed an unmodified opinion on that financial information on August 10, 2018. Further on comparative Ind AS financial information for the year ended March 31, 2019 included in these Unaudited Consolidated Financial Results, we have issued a disclaimer of opinion on August 30, 2019.

11. We were appointed as Joint Auditors of the Company along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). Further we did not share any joint responsibilities with the Joint Statutory Auditor in relation to the review of these Unaudited 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: 20049237AAAAAE1605
Mumbai
Date: January 28, 2020

Annexure I- List of entities included in the Unaudited Consolidated Financial Results

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



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Previous Year ended
		30.06.2019	31.03.2019	30.06.2018*	31.03.2019
		Unaudited	Audited	Unaudited	Audited
1	**Income**				
	(a) Revenue from operations	1773.73	1988.86	1827.96	7997.91
	(b) Other income	8.64	16.98	15.64	50.91
	Total Income	**1782.37**	**2005.84**	**1843.60**	**8048.82**
2	**Expenses**				
	(a) Cost of materials consumed	1144.24	1335.69	1220.44	5075.09
	(b) Purchases of stock-in-trade	18.85	13.77	4.68	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(20.73)	(58.17)	(63.93)	87.76
	(d) Employee benefits expense	265.69	267.09	272.61	1063.34
	(e) Finance costs	81.01	141.57	81.61	382.99
	(f) Depreciation and amortisation expense	56.82	49.16	58.27	225.25
	(g) Foreign exchange (gain) / loss (net)	1.09	42.25	14.71	97.12
	(h) Other expenses	291.48	288.74	308.41	1374.75
	Total Expenses	**1838.45**	**2080.10**	**1896.80**	**8341.09**
3	**Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax**	**(56.08)**	**(74.26)**	**(53.20)**	**(292.27)**
4	Share of profit / (loss) in associates and joint venture	-	3.26	(1.44)	-
5	Exceptional items (net)	(23.26)	(152.96)	(15.57)	(166.68)
6	**Loss before tax**	**(79.34)**	**(223.96)**	**(70.21)**	**(458.95)**
7	**Tax expense / (credit) :**				
	Current tax	2.10	18.72	20.74	82.98
	Deferred tax	(9.35)	(68.35)	18.77	(50.40)
8	**Loss from continuing operations after tax**	**(72.09)**	**(174.33)**	**(109.72)**	**(491.53)**
9	**Loss from discontinued operations before tax**	(1.51)	(26.60)	(0.46)	(27.09)
10	Tax expense / (credit) on discontinued operations	-	(11.70)	0.08	(11.49)
11	**Loss from discontinued operations after tax**	**(1.51)**	**(14.90)**	**(0.54)**	**(15.60)**
12	**Net loss for the period / year**	**(73.60)**	**(189.23)**	**(110.26)**	**(507.13)**
13	**Other comprehensive income:**				
	(a) (i) Items that will not be reclassified to profit or loss	(1.77)	(130.24)	(1.48)	(137.98)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.54	(0.57)	0.32	1.21
	(b) (i) Items that will be reclassified to profit or loss	19.31	75.84	(18.27)	(12.11)
14	**Total comprehensive income after tax**	**(55.52)**	**(244.20)**	**(129.69)**	**(656.01)**
15	**Total comprehensive income attributable to:**				
	(a) Equity holders of the parent	**(53.46)**	**(236.26)**	**(130.66)**	**(652.38)**
	(b) Non-controlling interests	2.06	7.94	(0.97)	3.63
16	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35
17	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year				2060.02
18	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**				
	(a) Basic	(1.12)	(2.65)	(1.77)	(7.78)
	(b) Diluted	(1.12)	(2.65)	(1.77)	(7.78)
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)				
	(a) Basic	(0.02)	(0.24)	(0.00)	(0.25)
	(b) Diluted	(0.02)	(0.24)	(0.00)	(0.25)
	Earnings Per Share (for continuing and discontinued operations) (of ₹ 2 each) (not annualised)				
	(a) Basic	(1.14)	(2.89)	(1.77)	(8.03)
	(b) Diluted	(1.14)	(2.89)	(1.77)	(8.03)

*Restated

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CONSOLIDATED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Previous Year ended
		30.06.2019	31.03.2019	30.06.2018*	31.03.2019
		Unaudited	Audited	Unaudited	Audited
1.	Segment Revenue:				
	(a) Power Systems	940.59	1057.37	1106.30	4610.33
	(b) Industrial Systems	829.62	928.07	718.18	3373.17
	(c) Others	3.74	4.64	4.31	17.06
	Total	**1773.95**	**1990.08**	**1828.79**	**8000.56**
	Less: Inter-Segment Revenue	0.22	1.22	0.83	2.65
	Total income from operations	**1773.73**	**1988.86**	**1827.96**	**7997.91**
2.	Segment Results: [Profit / (loss) before tax and finance costs from each segment]				
	(a) Power Systems	(44.66)	50.25	8.41	(22.87)
	(b) Industrial Systems	98.67	117.13	62.86	372.35
	(c) Others	(0.73)	(1.77)	3.36	(3.32)
	Total	**53.28**	**165.61**	**74.63**	**346.16**
	Less:				
	(i) Finance costs	81.01	141.57	81.61	382.99
	(ii) Other un-allocable expenditure net of un-allocable income	27.26	56.05	31.51	158.32
	(iii) Foreign exchange (gain) / loss (net)	1.09	42.25	14.71	97.12
	Add:				
	(i) Share of profit / (loss) in associates and joint venture	-	3.26	(1.44)	-
	(ii) Exceptional items (net)	(23.26)	(152.96)	(15.57)	(166.68)
	Loss from ordinary activities before tax	**(79.34)**	**(223.96)**	**(70.21)**	**(458.95)**
3.	Segment Assets:				
	(a) Power Systems	4559.31	4695.40	5179.71	4695.40
	(b) Industrial Systems	1455.64	1503.71	1358.99	1503.71
	(c) Others	14.00	19.24	14.89	19.24
	(d) Unallocable	3779.33	3796.06	4133.31	3796.06
	(e) Discontinued Operations	321.43	321.46	98.12	321.46
	Total segment assets	**10129.71**	**10335.87**	**10785.02**	**10335.87**
4.	Segment Liabilities:				
	(a) Power Systems	3085.41	3191.52	3267.89	3191.52
	(b) Industrial Systems	1069.57	950.66	661.11	950.66
	(c) Others	3.41	4.33	5.69	4.33
	(d) Unallocable	3788.69	3956.46	4103.30	3956.46
	(e) Discontinued Operations	52.19	47.53	34.67	47.53
	Total segment liabilities	**7999.27**	**8150.50**	**8072.66**	**8150.50**

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Notes on un-audited consolidated financial results for the quarter ended June 30, 2019:

1. The above unaudited consolidated financial results of CG Power and Industrial Solutions Limited ('the Company') and its subsidiaries ('the Group') have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 28, 2020.

   Following the actions taken by the Board of Directors and ongoing investigation in relation to matters identified and disclosed in the consolidated financial results for the quarter and year ended March 31, 2019, approved by Board of Directors on August 30, 2019, the results for quarter ended June 30, 2019 were also delayed. The management had informed the Securities and Exchange Board of India ('SEBI') about delayed submission of June 30, 2019 quarter results. Subsequently, the Management compiled financial information for the quarter ended June 30, 2019 were presented following the Board meeting held on November 10 and November 11, 2019. Those Management compiled financial information were not subjected to limited review by the statutory auditors.

   These unaudited consolidated financial results were submitted to statutory auditors to perform limited review of the financial results of the Group as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of consolidated financial results for quarter ended June 30, 2019 following the reasons explained in the basis of conclusion for disclaimer of opinion.

2. **Basis of preparation of consolidated financial results:**

   These unaudited consolidated financial results, read with above and subsequent paragraphs, 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 unaudited consolidated financial results have been prepared on a historical cost basis, except for:

   (a) The following assets and liabilities which have been measured at fair value:

   - Derivative financial instruments,
   - Certain financial assets and financial liabilities.

   (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain related and unrelated parties (including connected parties) are stated at carrying value basis the transactions accounted in the books of the Group and as explained herein below.

   With reference to (b) above, these unaudited consolidated financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which were disclosed by the Group in its press release dated August 19, 2019 and audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019.

   Some of these adjustments relate to corresponding previous years/ quarters and therefore they have been adjusted in the respective years / quarters / opening balances for the preparation of these consolidated financial results for the quarter ended June 30, 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present the comparative amounts in the

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various account captions in the unaudited consolidated financial results. Details in respect of such adjustments are provided in Note 8.

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 liabilities for the Group, management has initiated second phase of investigation ('Phase 2 investigation'). Consequently, to the extent of outcome of such investigation and certain actions initiated by management reveals any requirements of further reinstatement / reclassification, the unaudited consolidated financial results could undergo change accordingly and in line with explanation provided in Note 3(a) of these unaudited consolidated financial results.

During the period, the following two entities of the Group had no officers or directors on account of either their removal or resignation:

1. CG Power Solutions Limited
2. CG Middle East FZE Ltd.

However, for the purpose of this consolidated financial results, the financial information of these two subsidiaries have been consolidated for the year ended 31 March, 2019 and quarter ended June 30, 2019, although the said financial results have not been adopted by the respective Boards.

During the period the following entities have not been reviewed by the auditors and have been consolidated based on the management numbers leading to non-compliance with regulation 33(h) of the Listing Regulations:

Name of the subsidiary	Country
CG PPI Adhesive Products Limited	India
CG Power Solutions Limited	India
CG International Holdings Singapore Pte. Limited	Singapore
Crompton Greaves Sales Network Malaysia Sdn. Bhd.	Malaysia
PT Crompton Prima Switchgear Indonesia	Indonesia
CG International B.V.	The Netherlands
CG Holdings Hungary Kft	Hungary
CG Industrial Holdings Sweden AB	Sweden
CG Holdings Belgium NV	Belgium
CG Power Systems Belgium NV	Belgium
CG Service Systems France SAS	France
CG Power Solutions UK Ltd	UK
CG Middle East FZE	Dubai
CG Power & Industrial Solutions Limited Middle East FZCO	Dubai
CG Sales Networks France SA	France
CG Power Systems Canada Inc	Canada
CG Power Solutions Saudi Arabia Ltd	Saudi Arabia
CG Power Equipment Limited	India

Taking above into consideration, the on-going Phase 2 investigation initiated by the Company and other external investigations and the outcome of actions taken by management, the Board of Directors

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believe that the financial results for the quarter ended June 30, 2019, prepared in accordance with Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, may not be complete to include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions impacting statement of profit and loss and recoverability of receivables from the promoter affiliated companies (refer Note 6), connected parties, unrelated parties and ascertainment of completeness of liabilities and borrowings from banks, including unfunded limits and corporate guarantees issued by the Group but not yet confirmed by third parties and hence these unaudited consolidated financial results could be materially misstated to that extent. Further, given the substantial stress arising from events unfolding, explained elsewhere in the notes, the going concern basis of preparation of these unaudited consolidated financial results could be materially affected.

3. Subsequent to quarter ended June 30, 2019, below are the updates on regulatory and recovery actions:

(a) Consolidated Financial statements for the year ended March 31, 2019 do not reflect true and fair view. Further, the statutory auditors have expressed their inability to express an opinion on such consolidated financial statements. In addition, following Phase 1 investigation, there appear to be several transactions which have not been appropriately accounted and disclosed in the past years. Taking cognizance of such instances and to comply with Sections 129 and 134 of the Companies Act, 2013, the Board of Directors of the Company had proposed to reopen accounts of previous three financial years for preparation and submission of true and fair consolidated financial statements under section 131 of the Companies Act 2013. Subsequent to the quarter ended June 30, 2019, the Ministry of Corporate Affairs ('MCA') has filed an application before the National Company Law Tribunal ('NCLT') for reopening of the books of accounts of the Company and its subsidiary companies for the past 5 years i.e. from 2014-15 to 2018-19, under section 130 of the Companies Act 2013. On January 23, 2020, the NCLT has reserved the matter for passing an orders.

(b) The Phase 2 investigation, initiated by the Company is expected to be completed by fourth quarter of FY 2019-20 and will be accordingly submitted to the Audit Committee and the Board of Directors.

(c) On March 8, 2019, the Board of Directors had approved a Scheme of Amalgamation ('Scheme') of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.

Subsequent to the quarter, on November 12, 2019, the Board of Directors of the Company resolved to call off the proposed merger given various issues unwinding from the discovery of irregular transactions and other detailed verification during the course of investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme and NCLT has approved the withdrawal of the said Scheme.

(d) The Group had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. Further, subsequent to quarter ended June 30, 2019, the Group has rescinded the Royalty Agreement with AHL. Consequently, the Royalty Agreement stands null and void. Accordingly, the Group does not have liability towards payment of brand royalty and shall not have

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any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement. AHL has contested the rescission of this Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

(e) Pursuant to the letter dated 16 July, 2019 received from Regional Director ('RD') - Ministry of Corporate Affairs ('MCA') for inspection of the Books of Accounts and records of the Company in terms of Section 206(5) of the Companies Act, 2013 ('Inspection') and letter dated August 29, 2019, in light of the regulatory filing of the Group made on August 20, 2019, the Group has submitted the requisitioned documents and information to MCA including a copy of the Phase I Investigation Report. Further, Ministry of Corporate Affairs had also summoned specific directors and officers and former directors and officials of the Group. The Group and its officers continue to cooperate with the authorities and provide them with updates on the developments in the Company and its subsidiaries. The MCA has submitted its report to the Central Government inter-alia recommending for reopening of accounts of the Group. Based on the approval received from the Central Government MCA has filed application in NCLT for reopening of the books of the Group.

(f) Consequent to the Stock Exchange Disclosure dated August 19, 2019 made on August 20, 2019, SEBI had sought information/ documents including the Phase I Investigation Report. Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order'). An appeal against the Interim Order filed by one of the promoter company, certain former key managerial personnel and Directors ('Appellants') in Securities Appellate Tribunal ('SAT') was dismissed on October 1, 2019 ('SAT Order'). SEBI has concluded hearing of the parties and as directed, the Company has submitted its written submissions to SEBI on January 15, 2020. In terms of the SAT order, SEBI is required to give its decision on confirmation of the interim order within 4 weeks of the hearing.

(g) A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the whole-time executive director of the Company was received. In response to the said summon, appropriate response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended to the Company will continue to cooperate with authorities in providing the information requirements.

(h) Pursuant to the Interim Order of SEBI dated September 17, 2019, BSE has vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion/ siphoning of Group's funds and other related matters for period 2015-16 till the date of the Interim Order. The Group is providing the Forensic Auditor the information and documents requisitioned and extending its cooperation for the forensic audit.

(i) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1,314.78 crores owed by them to the Company. Besides, the Company's legal counsel on instruction of the Company, have issued 23 recovery notices on behalf of the Company's subsidiaries - CG Power Solutions Limited, CG Middle East FZE ('CGME') and CG International Holdings Singapore Pte Ltd ('CG Singapore') ("Subsidiaries") for recovery of an aggregate sum of INR 2,095.64 crores owed by various entities. Three notices sent by the Company (recovery amount of INR 452.12 crores) and 9 (nine) notices sent on behalf of the Subsidiaries (recovery amount of INR 429.85 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims INR 74.63 crores owed to the Company and INR 395.18 crores

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

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount of INR 108.85 crores) seeking particulars of the claim made by the Company; from 1 (one) entity (claim amount of INR 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking particulars of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores) has stated there is no amount outstanding and for the recovery notices sent on behalf of Subsidiaries, 4 entities (claim amount of INR 322.72 crores) have requested for full particulars / account statements and bank statements for their perusal; 1 entity (claim amount of INR 320.91 crores) has stated that it would be entitled to offset the concerned Subsidiary's claim against the monies owed by the Company to that entity, and from 2 entities (claim amount of INR 9.20 crores) have rejected the claim of the concerned Subsidiaries ('Responses'). Based on the information available with Company, the Management believes the responses received are untenable and management will continue pursuing further legal options, in consultation with legal counsels of the Group.

(j) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Group has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI.

(k) The Company and its subsidiary, CG Power Solutions Limited have received notices from the Serious Fraud Investigation Office ('SFIO'), pursuant to the order of the Central Government in terms of section 212 of the Companies Act, 2013 to investigate into the affairs of the Company and its 15 related / group companies. SFIO has sought for various documents, papers, books of accounts, correspondence and details in respect of the Company and its subsidiary for the past 10 years for the purpose of the investigation. The Company is providing the information and documents as requisitioned and is extending full cooperation to the investigation.

(l) Subsequent to the quarter ended June 30, 2019, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals). The Company had also filed an appeal before Commissioner of Income Tax (Appeals) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The stay letter filed by the Company is pending before the Assessing Officer for disposal. The Company had also filed a letter on January 24, 2020 to Commissioner of Income Tax (Appeals) requesting for early disposal of appeal.

(m) Subsequent to the quarter ended June 30, 2019, CGPSOL has received assessment order u/s 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18).

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Along with the order, the CGPSOL received notice u/s 274 read with section 270 A from income tax department for levy of penalty. However, CGPSOL has not yet filed any stay application nor made any submission towards such notice in absence of any director or officer due to ongoing investigation.

4. During the period a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on As on January 17, 2020, 10 out of the 14 lenders (by count) have signed the ICA while the Group is pursuing discussion with the rest of the lenders along with lead banker.

   In view of the above, the Group believes that following signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Group has continued to classify such borrowings as Non-Current.

   There were undisclosed transactions reported by the Group in the consolidated financial statements for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Group's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Group and Group had further extended those borrowings to one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Group. Further, the Group disclosed that the Directors of such connected parities were the employees of the Company or its subsidiaries. The Group is still evaluating in consultation with legal counsels, whether such connected parties were controlled by the Group. Since these were borrowings availed by connected parties, these are not part of above referred ICA.

5. Consequent to proceedings initiated by creditors of the Company's subsidiaries, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE'), the Commercial Court in Mechelen, Belgium had sou-moto issued notice to PSBE and HBE. After hearing, based on the financial figures presented and considering these entities to be in a state of bankruptcy, the Commercial Court has on January 15, 2020, appointed two interim directors on the Board of HBE and PSBE to act their provisional administrators to inter-alia examine the possibility of continuity of the entire or part of the business of HBE and PSBE by a transfer under judicial supervision.

   Subsequently, the Public Prosecutor has determined that HBE and PSBE are bankrupt and filed for bankruptcy and the Court has directed the bankruptcy application to be heard on February 3, 2020. The Company has been advised the upon appointment of Receiver by the Court, who is likely to be one or both of the provisional administrators, the Receiver will proceed to auction the assets of HBE and PSBE including their subsidiaries, CG Power Systems Ireland Limited ('CGIE'), PT CG Power Systems Indonesia ('PTID') and CG Sales Network France SA ('SNFR') ['Realisable Entities']. The Company has been advised that the realisations based on such auction will be applied towards satisfaction of secured creditors, government / statutory dues, unsecured creditors, employees etc. The Company based on the valuation carried out as on March 31, 2019 and considering the profitability of CGIE and PTID and the fact that the assets of HBE and PSBE will be auctioned debt free, the Company expects that realisation from Realisable Entities will significantly meet the liability of the secured creditors of HBE and PSBE and consequently will significantly extinguish the liability on account of corporate guarantees issued by the Company and its subsidiary CGIBV. Considering the valuation of the remaining subsidiaries other than the entities mentioned above, the Company expects there will be a surplus realisable value available with CGIBV to meet its residual liability. However, the extinguishment of corporate guarantees issued by ultimate parent company (i.e the Company) aggregating EURO 92.28 million (equivalent to INR 724.46

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crores) is dependent to the extent of the creditors holding such corporate guarantees are paid off out of the realisations in bankruptcy.

Considering the above and the fact that the situation was identified and escalated by creditors subsequent to the period end, the Group has accounted certain identified provisions in relation to Belgium and other operations aggregating to INR 575.18 crores, as adjusting events subsequent to balance sheet date as at September 30, 2019. The Group believes certain receivables in CGME and CG Singapore are recoverable as the Group has right to recover those receivables and recovery proceedings are initiated on behalf of such receivables (disclosed in Note 6 below).

6. The Group has reclassified as non-current assets certain receivables from various promoter affiliate companies and connected parties as at period end consequent to the ongoing investigation and potential delays in recovery. As explained elsewhere in these notes, the Group has initiated recovery process in consultation with legal counsels and will take further actions basis the outcome of phase 2 investigation. The Board of Directors of the Group believes that the Group will take the legal course of action to ensure recoverability from stated parties and at this stage has no reason to believe that the Group should not receive the monies back from the stated parties. Further, no interest has been accrued on all such balances, where such interest was being accrued, the Group has suspended such accrual from April 1, 2019.
Following are the receivable balances from various promoter affiliate companies and connected parties:

Group balances (Receivables) as on 30 June 2019

(₹ in crores)

Name of the entity	Relationship	As at 30.06.2019	As at 30.06.2018 (Restated)	As at 30.06.2018 (Reported)	As at 31.03.2019
A) Advances/Loan given					
Avantha Holdings Limited	Promoter Company	1,006.22	1,176.05	112.15	1,006.22
Avantha International Assets BV	Related party	354.56	351.62	-	350.74
Avantha Realty Limited	Promoter Company	10.65	10.23	10.23	10.65
Avantha Power & Infrstructure Ltd	Related party	15.00	15.00	-	15.00
Acton Global Private Limited	Connected party	175.00	175.00	-	175.00
Ballarpur Industries Limited	Related party	68.50	68.50	-	68.50
Ballarpur Graphics Paper Product Limited	Related party	552.33	552.33	-	552.33
Ballarpur International Holdings BV	Related party	86.30	86.25	-	85.37
Blue Garden Estate Private Limited	Connected party	287.75	181.81	-	287.74
Mirabelle Trading PTE Ltd	Related party	93.15	61.64	-	93.33
Solaris Industrial Chemicals Limited	Related party	378.20	280.00	-	378.20
Total		**3,027.66**	**2,958.43**	**122.38**	**3,023.08**
B) Advances/Loan Payable					
Blue Garden Estate Private Limited	Connected party	320.00	390.00		320.00
Mirabelle Trading PTE Ltd	Related party	6.37	6.48		6.30
Total		**326.37**	**396.48**		**326.30**

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7. Subsequent to the quarter ended June 30, 2019, the Group has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Group has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to INR 963.91 crores in the unaudited consolidated financial results for the quarter ended September 30, 2019. However, the Group will continue with the recovery process for the said receivables.

8. The following table summarizes adjustments made on account of various transactions following Phase 1 investigation as explained in Note 2 above and applicable to the comparative period June 30, 2018 which were disclosed by the Group in its press release dated August 19, 2019 and in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019:

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E. investorservices@cgglobal.com
Corporate Identity Number (CIN): L99999MH1937PLC002641

Smart solutions.
Strong relationships.

Changes in the Statement of Profit and Loss for the quarter ended 30 June 2018:

(₹ crore)

Particulars	30.06.2018 (Reported)	Discontinued to Continuing	Adjustments	30.06.2018 (Restated)
Income				
Revenue from operations	1490.14	337.82	-	1827.96
Other income	8.24	7.40	-	15.64
Total Income	**1498.38**	**345.22**	**-**	**1843.60**
Expenses:				
Cost of materials consumed	997.14	223.30	-	1220.44
Purchases of stock-in-trade	4.68	-	-	4.68
Changes in inventories of finished goods,work-in-progress and stock-in-trade	(3.31)	(60.62)	-	(63.93)
Employee benefits expense	146.05	137.86	(11.30)	272.61
Finance costs	56.57	6.89	18.15	81.61
Depreciation and amortisation expense	37.67	20.60	-	58.27
Foreign exchange (gain) / loss (net)	-	13.60	1.11	14.71
Other expenses	226.35	71.87	10.19	308.41
Total Expenses	**1465.15**	**413.50**	**18.15**	**1896.80**
Profit / (loss) before share of profit / (loss) from associate and joint venture, exceptional items and tax	**33.23**	**(68.28)**	**(18.15)**	**(53.20)**
Share of profit/(loss) from associate and JV	(1.44)	-	-	(1.44)
Exceptional items (net)	-	(15.57)	-	(15.57)
Profit / (loss) before tax	**31.79**	**(83.85)**	**(18.15)**	**(70.21)**
Tax expense / (credit) :				
Current tax	8.43	0.47	11.84	20.74
Deferred tax (credit)	18.77	-	-	18.77
	27.20	**0.47**	**11.84**	**39.51**
Profit / (loss) from continuing operations	**4.59**	**(84.32)**	**(29.99)**	**(109.72)**
Profit / (loss) from discontinued operations before tax	**(89.62)**	**63.29**	**25.87**	**(0.46)**
Tax expense / (credit) on discontinued operations	0.54	(0.46)	-	0.08
Profit / (loss) from discontinued operations after tax	**(90.16)**	**63.75**	**25.87**	**(0.54)**
Loss for the period	**(85.57)**	**(20.57)**	**(4.12)**	**(110.26)**
Other comprehensive Income				
(a) (i) Items that will not be reclassified to prolit or loss	(1.48)	-	-	(1.48)
(ii) Income tax relating to items that will not be	0.32	-	-	0.32
(b) (i) Items that will be reclassified to profit or loss	(18.27)	-	-	(18.27)
Other comprehensive Income / (loss) for the period	(19.43)	-	-	(19.43)
Total comprehensive income / (loss) for the period	**(105.00)**	**(20.57)**	**(4.12)**	**(129.69)**
Attributable to:				
Equity holders of the parent	(105.07)	(20.57)	(5.02)	(130.66)
Non-controlling interests	(0.07)	-	(0.90)	(0.97)

9. During the quarter and subsequent to the quarter ended June 30, 2019, certain transactions were done / identified by the Group which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors of the Company have also subjected these transactions to the phase 2 investigation –
    a. the Group made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs.

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b. During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided in the quarter and six months ended September 30, 2019.

c. During the period, CG Singapore made payment of INR 66.24 crores (USD 9.6 million) to a third party which was outstanding as on 31 March, 2019 to comply with the contractual terms and to honor the commitment towards outstanding liability. The said transaction was carried out at the behest of erstwhile KMP and currently, the matter is under investigation to evaluate the legality of the contract.

d. CG Power Systems Belgium NV ('PSBE') entered into Advance Payment and Supply Agreement ('APSA') in March 2019 with one of its customer for supply of material. PSBE and CGIBV had a non-fund based facility with its banker which was utilized by PSBE to issue stand by letter of credit ('SBLC') in favour of the aforesaid customer. Basis the SBLC and APSA entered, the customer had made advance payment of INR 157.01 crores (EURO 20 million) to CGME on behalf PSBE in April 2019. Upon receipt of the said advance, CGME remitted the payment of INR 141.31 crores (EURO 18 million) to Avantha International Assets ('AIA'). AIA in turn remitted the amount to CG Singapore which was utilised by CG Singapore for prepayment of installment of its borrowing. The advance received from customer is considered to be in the nature of financing arrangement and hence the same has been treated as borrowing in the Management compiled financial information. Also, CGME has made payment of INR 14.92 crores (EURO 1.90 million) to an unknown third party for which there appears to be no business rationale. The said transactions were carried out at the behest of an erstwhile KMP. The entire transaction is being investigated.

e. The repayments of INR 17.25 crores (USD 2.5 million) for the quarter were made to avoid a default on a loan booked in CGME. The said loan has been investigated in Phase 1 and its determination as liability is yet to be made.

During the period, PT CG Power Systems Indonesia ('PTID'), being profitable business unit and as a part of cash pool arrangement, made certain advances to CG International B. V. ('CGIBV') amounting to INR 34.50 crores (USD 5.00 million) which in turn was transferred to PSBE amounting INR 6.55 crores (USD 0.95 million) and CG Electric Systems Hungary Zrt. ('ESHU') amounting to INR 6.55 crores (USD 0.95 million) for the purpose of business operations. Further, INR 21.66 crores (USD 3.14 million) was transferred by CGIBV to CGME for repayment of certain borrowings.

10. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy') [an erstwhile joint venture of the Company and W Lucy, the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Group faced warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers, which was neither resolved by Lucy to the satisfaction of customers nor was the Company provided counter bank guarantees in favour of the Company in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods. Notwithstanding, the Group invoking the dispute resolution mechanism prescribed under the Distribution Agreement read with Condition of Sale for amicable resolution of dispute, Lucy, proceeded to file petition against the Group under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The pre-existing dispute, for which the Company has already invoked dispute resolution mechanism under other statutes is being contested. The Company has filed its reply before the NCLT, Mumbai stating all the facts pertaining to pre-existence of disputes and invocation of dispute resolution mechanism along with relevant documents. Lucy has sought time to consider the Company's reply and

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file a rejoinder. The matter is listed on February 18, 2020 for filing of rejoinder by Lucy after serving advance copy to the Company. Basis the Company's internal assessment, management believes there is no provision required at this stage and this case will be in favor of the Company.

11. The Subsidiary of the Company, CG Electric Systems Hungary Zrt. ('ESHU') has received through one of its associates in Kuwait, notice of a proceeding filed for alleged non-performance of a GIS substation contract entered into in 2012, seeking to claim KD 9,494,181 by its customer, Al-Kharafi National Company K.S.C.C (Kharafi) which appears to have been filed in 2016. It has been advised that the present proceeding is for substitution of Kharafi with its successor entity and determination of the value of damage due to alleged non-performance. ESHU will contest the claim upon receipt of notice of such determined claim from the Court. ESHU has not received any notice of the determined claim from the Court.

12. Exceptional Items includes the following:

(₹ crores)

PARTICULAR	Quarter ended			Previous year ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
Provision against trade receivable under litigation	-	(35.45)	-	(35.45)
Curtailment of gratuity liability	-	3.16	-	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)
Provision for expected cost towards closure of factory at Szolnok, in Hungary	(23.26)	-	-	-
Retrenchment cost - overseas	-	(0.45)	(15.57)	(14.02)
Total	**(23.26)**	**(152.96)**	**(15.57)**	**(166.68)**

13. The Group has incurred a net loss of INR 53.46 crores during the quarter ended June 30, 2019. As at March 31, 2019, the Group`s current liability exceeds its current assets by INR 2115.98 crores. The Group has issued recovery notices as highlighted under Note 3. Pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to a potential impact on the net worth and consequently the going concern assumption.

However, the Group 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 is currently in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the Inter-Creditor Agreement, which has been executed by 10 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. The Corrective Action Plan is being designed to match the cash flow generation potential of the Group with the debt obligations.
- Further, to meet the need of both long term and working capital, the Group is in the process of identifying potential sources of capital through strategic equity investor and other sources of fund

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raising. The Company has entered into a non-disclosure agreement with potential investors for the said purpose.

- The Group has an unexecuted business order book of over INR 6000 crores as of date
- 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

On the basis of the above operating performance and actions, the accounts of the Group have been prepared on a going concern basis.

14. The Group is in the process of determining whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for Indian Operations. In view of this, the Group has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Group immediately before the amendment for Indian Operations).

15. Effective April 1, 2019, the Group has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, right-of-use (ROU) asset as at April 1, 2019 is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The impact of transition on profit/(loss) after tax and earnings per share for the quarter ended June 30, 2019 is not material.

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

17. As a result of the transactions disclosed by the Group in its press release dated August 19, 2019 and in the audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations. The Group is in the process of evaluating the implications of these potential non-compliances and the remedies available.

18. Following the matters described above, figures of the corresponding quarter ended have been regrouped, wherever necessary to correspond with the current quarter ended. Hence, the corresponding component figures as restated / reinstated are comparable with all respective periods of the consolidated financial results.

For **CG Power and Industrial Solutions Limited**

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

Place: Mumbai
Date: January 28, 2020

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited 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

Review Report to
The Board of Directors
CG Power and Industrial Solutions Limited

1. We were engaged to review the accompanying statement of unaudited standalone financial results of CG Power and Industrial Solutions Limited (the 'Company') for the quarter ended September 30, 2019 and year to date from April 1, 2019 to September 30, 2019 ('the Unaudited Standalone Financial Results') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that Statement of cash flows for the corresponding period from April 1, 2018 to September 30, 2018, as reported in these Unaudited Standalone Financial Results have been approved by the Company's Board of Directors, but have not been subjected to review.

2. The Unaudited Standalone Financial Results, which is the responsibility of the Company's Management and approved by the Company's Board of Directors. As explained in the Basis of preparation, these Unaudited Standalone Financial Results, has not been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these Unaudited Standalone Financial Results based on our review. Because of the matters described in the paragraphs 4 and 5 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on these Unaudited Standalone Financial Results and hence we do not express a conclusion on these aforesaid Unaudited Standalone Financial Results.

3. We conducted our review of the Unaudited Standalone Financial Results in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Standalone Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain

assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Basis for Disclaimer of Conclusion

As explained in the note 1 and note 3 of the Unaudited Standalone Financial Results, the Board of Directors of the Company have proposed revision of the financial statements of the Company for the year ended March 31, 2019 and prior years / periods, as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder. Further National Company Law Tribunal (NCLT) has considered that it is reasonable for the Ministry of Corporate Affairs (MCA) to be allowed to appoint any independent auditor and to reopen the books of accounts of the Company under Section 130 of the Companies Act 2013. The Board of Directors of the Company, taking into significance of the basis of preparation and the matters described in note 1 and note 3, believes that the accompanying Unaudited Standalone Financial Results are not prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" and has not disclosed the information required to be disclosed in terms of the Listing Regulations, read with the Circular, including the manner in which it is to be disclosed, and the accompanying Unaudited Standalone Financial Results may contain material misstatements.

a. In view of the proposed voluntarily revision of the financial statements / results of prior years / periods, the impact of which is more fully explained by the management in note 1 and note 3, the attached Unaudited Standalone Financial Results may undergo revision. As given in note 6 and the resulting outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating to Rs. 2,439.94 crores and Rs. 320 crores respectively, which as explained to us, were approved by erstwhile Certain Identified Personnel (CIP). The Board of Directors (BOD) had initiated investigation to evaluate the rationale of these transactions and balances together with the earlier transactions and balances, and certain additional transactions aggregating to Rs. 140.43 crores as given in note 9 of the Unaudited Standalone Financial Results. During the quarter ended September 30, 2019, the BOD issued recovery notices to these related, connected and unrelated parties, as more fully explained in note 3(i) of the Unaudited Standalone Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery, management has made provision of Rs. 266.40 crores during the quarter and period ended September 30, 2019 for unrelated parties balances as given in note 7 of the Unaudited Standalone Financial Results. As of the date of this report, investigations are ongoing and not yet concluded by the BOD and thus BOD are unable to quantify the adjustments to the financial results in relation to such outstanding identified receivables and identified liabilities in relation to group companies, related parties and connected parties.

Pending outcome of ongoing investigation, we are unable to comment on the completeness and appropriateness of the prior years / period balances in relation to these unauthorized unexplained transactions/ balances, including the transactions disclosed in current quarter and the consequential impact of the such restatement



of prior years / prior periods, provisions made during the quarter and period ended September 30, 2019 in relation to third parties and any consequential impact on these Unaudited Standalone Financial Results.

b. We draw attention to note 5 of the Unaudited Standalone Financial Results, which describes that during January 2020 bankruptcy has been filed in respect of two subsidiaries located in Belgium and underneath operations in Indonesia and Ireland. During the quarter and period ended September 30, 2019, the Company has accounted impairment losses aggregating to Rs. 1,251.38 crores towards the investments and receivables outstanding in certain overseas subsidiaries. Further the BOD are unable to determine impact of any unforeseen liability / surplus which may arise post completion of bankruptcy process and is in the process to seek legal view about the bankruptcy proceeding mechanism and its applicability to the Company and its subsidiaries ("Group").

   Pending evaluation of BOD towards impact of any unforeseen liabilities, obtaining legal view in relation to bankruptcy proceeding mechanism and its applicability to the Group and settlement of bankruptcy proceedings, we are unable to comment on the completeness of the impairment charge and consequential impact on the Unaudited Standalone Financial Results.

c. As explained in note 1, note 3, note 4 and note 6 of the Unaudited 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 list of related parties and disclosure of related party transactions as disclosed in note 6 of the Unaudited Standalone Financial Results.

d. We draw your attention to note 3(l) and note 11 of the Unaudited Standalone Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management and hence have not ascertained the possible cash outflow and consequential impact on these Unaudited Standalone Financial Results, that may arise, post completion of management evaluation of legal position on the same.

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



e. As stated in note 16 to the Unaudited Standalone Financial Results, the BOD have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with various provisions of the Companies Act, 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), Prevention of Money Laundering Act and other regulations, as applicable to the Company (Applicable Laws). As per the instructions of the BOD, the Company has engaged legal counsel and specialists for the investigation.

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

5. Going Concern Assessment

We draw attention to note 12 of the Unaudited Standalone Financial Results which indicate that (a) the Company has incurred net losses in the previous years and during the current quarter and period ended September 30, 2019; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date of September 30, 2019 by Rs. 1,668.38 crores ; (c) the Company has the short-term outstanding borrowings repayable over next 12 months from September 2019 aggregating to Rs. 1,383.65 crores; (d) as given in note 4 of the Unaudited Standalone Financial Results the Company is in the process of signing the Inter Creditor Agreement ('ICA') with the lenders where in certain lenders are yet to concur; (e) the Company is in the process to identify / conclude on the completeness of the borrowings; and (f) pending outcome of investigation initiated and ongoing regulatory enquiries / actions, the management has not concluded on the recoverability of loans and advances from related parties and connected parties.

Pending completion of investigation of matters stated in paragraphs 4 above and determination of recoverability of loans and advances from related and connected parties and substantial stress arising from events unfolding as described in the notes to the Unaudited Standalone Financial Results could materially affect the going concern basis. Accordingly, 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.

6. Disclaimer of Conclusion

Because of the significance of the matters described in paragraphs 4 and 5 above, taking into consideration the ongoing management investigation into various matters, pending assessment of legal compliances by the Company; ongoing regulatory reviews / actions and counter claims received by the Company; possible impact where-of has not been quantified by the management; and certain provisions

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accounted by the Company in the current quarter; we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether the accompanying Unaudited Standalone Financial Results:

i. are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 and;

ii. disclose the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed or that it contains material misstatements

Other Matters

7. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act, 2013 to the Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.

8. The Comparative Ind AS financial information for the year ended March 31, 2019 included in these Unaudited Standalone Financial Results, on which we have issued a disclaimer of opinion on that financial information on August 30, 2019.

9. We were appointed as Joint Auditors of the Company along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). Further we did not share any joint responsibilities with the Joint Statutory Auditor in relation to the review of these Unaudited Standalone Financial Results of the Company.

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

per Shyamsundar Pachisia
Partner
Membership No.: 49237
UDIN: 20049237AAAAAF3437
Mumbai
Date: January 28, 2020

CG Power and Industrial Solutions Limited
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Corporate Identity Number (CIN): L99999MH1937PLC002641

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Six months ended		Previous year ended
		30.09.2019	30.06.2019	30.09.2018*	30.09.2019	30.09.2018*	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Revenue from operations	957.36	1188.59	1388.12	2145.95	2567.96	5355.60
	(b) Other income	19.76	19.97	63.52	39.73	131.59	276.00
	Total Income	**977.12**	**1208.56**	**1451.64**	**2185.68**	**2699.55**	**5631.60**
2	**Expenses**						
	(a) Cost of materials consumed	573.97	818.83	893.52	1392.80	1764.33	3728.56
	(b) Purchases of stock-in-trade	26.15	18.85	3.91	45.00	8.59	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	65.36	(25.37)	56.75	39.99	(17.81)	(72.35)
	(d) Employee benefits expense	85.90	86.80	91.10	172.70	182.00	372.46
	(e) Finance costs	71.00	70.84	76.12	141.84	145.94	337.02
	(f) Depreciation and amortisation expense	20.50	25.87	25.87	46.37	51.59	103.90
	(g) Foreign exchange (gain) / loss (net)	13.00	(5.11)	(19.84)	7.89	(16.33)	62.95
	(h) Other expenses	122.93	202.40	224.84	325.33	431.10	930.41
	Total Expenses	**978.81**	**1193.11**	**1352.27**	**2171.92**	**2549.41**	**5497.74**
3	**Profit / (loss) before exceptional items and tax**	**(1.69)**	**15.45**	**99.37**	**13.76**	**150.14**	**133.86**
4	Exceptional items (net)	(1517.78)	-	(54.76)	(1517.78)	(54.76)	(1518.27)
5	**Profit / (loss) before tax**	**(1519.47)**	**15.45**	**44.61**	**(1504.02)**	**95.38**	**(1384.41)**
6	**Tax expense / (credit) :**						
	Current tax	-	-	12.56	-	25.10	50.21
	Deferred tax	(7.93)	(7.93)	17.18	(15.86)	32.11	(39.17)
7	**Profit / (loss) from continuing operations after tax**	**(1511.54)**	**23.38**	**14.87**	**(1488.16)**	**38.17**	**(1395.45)**
8	**Loss from discontinued operations before tax**	**-**	**-**	**-**	**-**	**-**	**(33.72)**
9	Tax credit on discontinued operations	-	-	-	-	-	(11.78)
10	**Loss from discontinued operations after tax**	**-**	**-**	**-**	**-**	**-**	**(21.94)**
11	**Net profit / (loss) for the period / year**	**(1511.54)**	**23.38**	**14.87**	**(1488.16)**	**38.17**	**(1417.39)**
12	**Other comprehensive income:**						
	(i) Items that will not be reclassified to profit or loss	(0.95)	(0.94)	(1.47)	(1.89)	(2.95)	(125.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.33	0.33	0.32	0.66	0.64	1.21
13	**Total comprehensive income after tax**	**(1512.16)**	**22.77**	**13.72**	**(1489.39)**	**35.86**	**(1541.43)**
14	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35	125.35	125.35
15	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year						2387.82
16	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**						
	(a) Basic	(24.11)	0.37	0.23	(23.74)	0.60	(22.27)
	(b) Diluted	(24.11)	0.37	0.23	(23.74)	0.60	(22.27)
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)						
	(a) Basic	-	-	-	-	-	(0.35)
	(b) Diluted	-	-	-	-	-	(0.35)
	Earnings Per Share (for continuing operations and discontinued operations) (of ₹ 2 each) (not annualised)						
	(a) Basic	(24.11)	0.37	0.23	(23.74)	0.60	(22.62)
	(b) Diluted	(24.11)	0.37	0.23	(23.74)	0.60	(22.62)

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STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Six months ended		Previous year ended
		30.09.2019	30.06.2019	30.09.2018*	30.09.2019	30.09.2018*	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Segment Revenue:						
	(a) Power Systems	328.80	429.14	623.66	757.94	1150.46	2276.85
	(b) Industrial Systems	628.61	759.67	764.78	1388.28	1418.65	3081.40
	Total	**957.41**	**1188.81**	**1388.44**	**2146.22**	**2569.11**	**5358.25**
	Less: Inter-Segment Revenue	0.05	0.22	0.32	0.27	1.15	2.65
	Total income from operations	**957.36**	**1188.59**	**1388.12**	**2145.95**	**2567.96**	**5355.60**
2.	Segment Results:						
	Profit / (loss) before tax and finance costs from each segment						
	(a) Power Systems	8.39	(6.07)	44.56	2.32	76.24	85.97
	(b) Industrial Systems	91.87	101.09	93.64	192.96	158.68	371.04
	Total	**100.26**	**95.02**	**138.20**	**195.28**	**234.92**	**457.01**
	Less:						
	(i) Finance costs	71.00	70.84	76.12	141.84	145.94	337.02
	(ii) Other un-allocable expenditure net of un-allocable income	17.95	13.84	(17.45)	31.79	(44.83)	(76.82)
	(iii) Foreign exchange (gain) / loss (net)	13.00	(5.11)	(19.84)	7.89	(16.33)	62.95
	Add:						
	(i) Exceptional items (net)	(1517.78)	-	(54.76)	(1517.78)	(54.76)	(1518.27)
	Profit / (loss) from ordinary activities before tax	**(1519.47)**	**15.45**	**44.61**	**(1504.02)**	**95.38**	**(1384.41)**
3.	Segment Assets:						
	(a) Power Systems	1211.43	1381.41	1752.62	1211.43	1752.62	1481.15
	(b) Industrial Systems	877.47	1118.17	1020.58	877.47	1020.58	1154.35
	(c) Unallocable	3014.78	4456.18	5845.04	3014.78	5845.04	4339.01
	(d) Discontinued Operations	279.94	279.94	50.79	279.94	50.79	280.43
	Total segment assets	**5383.62**	**7235.70**	**8669.03**	**5383.62**	**8669.03**	**7254.94**
4.	Segment Liabilities:						
	(a) Power Systems	957.32	1036.42	874.30	957.32	874.30	1052.00
	(b) Industrial Systems	962.62	1024.46	662.69	962.62	662.69	906.34
	(c) Unallocable	2439.90	2638.88	3039.72	2439.90	3039.72	2783.43
	(d) Discontinued Operations	-	-	-	-	-	-
	Total segment liabilities	**4359.84**	**4699.76**	**4576.71**	**4359.84**	**4576.71**	**4741.77**

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

	Particulars	As at 30.09.2019 Unaudited	As at 31.03.2019 Audited
A	**ASSETS**		
1	**Non-current Assets:**		
	(a) Property, plant and equipment	877.22	967.21
	(b) Capital work-in-progress	5.00	11.37
	(c) Intangible assets	35.94	39.69
	(d) Intangible assets under development	21.91	23.42
	(e) Financial assets		
	(i) Investments	14.76	898.86
	(ii) Trade receivables	4.81	6.24
	(iii) Loans	1225.75	1399.44
	(iv) Others	1209.50	1433.06
	(f) Other non-current assets	1.92	1.88
	Total Non-current Assets	3396.81	4781.17
2	**Current Assets:**		
	(a) Inventories	441.55	531.16
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	833.79	1178.53
	(iii) Cash and cash equivalents	38.43	104.04
	(iv) Bank balances other than (iii) above	86.25	16.37
	(v) Loans	40.81	40.18
	(vi) Others	2.95	40.72
	(c) Current tax assets (net)	40.76	32.41
	(d) Other current assets	222.32	249.92
	Total Current Assets	1706.87	2193.34
3	**Assets classified as held for sale and discontinued operations**	279.94	280.43
	TOTAL - ASSETS	5383.62	7254.94
B	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	898.43	2387.82
	Total Equity	1023.78	2513.17
	Liabilities		
1	**Non-current Liabilities:**		
	(a) Financial liabilities		
	(i) Borrowings	557.76	751.16
	(ii) Other financial liabilities	259.58	298.27
	(b) Provisions	51.96	54.83
	(c) Deferred tax liabilities (net)	115.29	131.81
	Total Non-current Liabilities	984.59	1236.07
2	**Current Liabilities:**		
	(a) Financial liabilities		
	(i) Borrowings	909.05	1036.61
	(ii) Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	152.92	123.73
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1335.63	1430.91
	(iii) Other financial liabilities	714.40	672.47
	(b) Other current liabilities	180.64	166.15
	(c) Provisions	82.61	75.83
	Total Current Liabilities	3375.25	3505.70
3	**Liabilities associated with group of assets classified as held for sale and discontinued operations**	-	-
	TOTAL - EQUITY AND LIABILITIES	5383.62	7254.94

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UNAUDITED STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2019

	Particulars	Six months ended 30.09.2019	Six months ended 30.09.2018*
		₹ crores	₹ crores
[A]	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit / (loss) before tax from continuing operations	**(1504.02)**	95.38
	Adjustments for:		
	Depreciation and amortisation expense	**46.37**	51.59
	Allowances for doubtful receivables	**19.00**	10.68
	Bad debts written off	**-**	1.90
	Finance costs	**141.84**	145.94
	Interest income	**(7.44)**	(103.61)
	Dividend income from investment in subsidiary	**(0.38)**	(0.38)
	Unrealised exchange (gain) / loss (net)	**17.20**	6.79
	Write off of intangible assets	**3.94**	-
	(Profit)/loss on sale of property, plant and equipment (net)	**0.05**	2.51
	Exceptional items (net)	**1517.78**	54.76
		1738.36	170.18
	Operating profit before working capital changes	**234.34**	265.56
	Adjustments for:		
	(Increase) / Decrease in trade and other receivables	**248.74**	302.62
	(Increase) / Decrease in inventories	**89.61**	(59.97)
	Increase / (Decrease) in trade and other payables	**(82.99)**	(123.52)
	Increase / (Decrease) in provisions	**2.02**	(29.10)
		257.38	90.03
	Cash (used in) / from operations	**491.72**	355.59
	Direct taxes paid (net of refunds)	**(8.35)**	12.85
	Net cash (used in) / from continuing operating activities	**483.37**	368.44
	Net cash (used in) / from discontinued operating activities	**0.49**	0.45
	Net cash (used in) / from continuing and discontinued operating activities [A]	**483.86**	368.89
[B]	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Add: Inflows from investing activities		
	Sale of property, plant and equipment	**0.28**	3.03
	Loan recovered from other than related parties	**-**	18.30
	Loans recovered from subsidiaries and related parties	**16.02**	138.17
	Interest received	**6.49**	103.40
	Dividend income from investment in subsidiary	**0.38**	0.38
		23.17	263.28
	***Less*: Outflows from investing activities**		
	Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets	**(20.04)**	(31.60)
	Loans given to subsidiaries and related parties	**(144.71)**	(336.43)
		(164.75)	(368.03)
	Net cash (used in) / from continuing investing activities	**(141.58)**	(104.75)
	Net cash (used in) / from discontinued investing activities	**-**	-
	Net cash (used in) / from continuing and discontinued investing activities [B]	**(141.58)**	(104.75)

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	Particulars	Six months ended 30.09.2019	Six months ended 30.09.2018*
		₹ crores	₹ crores
[C]	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Add: Inflows from financing activities		
	Proceeds from short-term borrowings	**124.58**	461.07
		124.58	461.07
	***Less*: Outflows from financing activities**		
	Repayment of long-term borrowings	**(151.07)**	(111.75)
	Repayment of short-term borrowings	**(262.19)**	(274.71)
	Repayment of lease liablity	**(1.66)**	-
	Interest paid	**(117.55)**	(138.03)
		(532.47)	(524.49)
	Net Cash (used in) / from continuing financing activities	**(407.89)**	(63.42)
	Net cash (used in) / from discontinued financing activities	**-**	-
	Net cash (used in) / from continuing and discontinued financing activities [C]	**(407.89)**	(63.42)
	NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)	**(65.61)**	200.72
	Cash and bank balances at beginning of the year	**104.04**	193.15
	Cash and bank balances at end of the period	**38.43**	393.87
	Cash and cash equivalents from continuing operations	**38.43**	393.87
	Cash and cash equivalents from discontinued operations	**-**	-
	Cash and cash equivalents from continuing and discontinued operations	**38.43**	393.87

*Restated

Notes on un-audited standalone financial results for the quarter and six months ended September 30, 2019:

1. The above unaudited 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 January 28, 2020.

   Following the actions taken by the Board of Directors and ongoing investigation in relation to matters identified and disclosed in the financial results for the quarter and year ended March 31, 2019, approved by Board of Directors on August 30, 2019, the results for quarter ended June 30, 2019 were also delayed. The management had informed the Securities and Exchange Board of India ('SEBI') about delayed submission of September 30, 2019 quarter results. Subsequently, the Management compiled financial information for the quarter and six months ended September 30, 2019 were presented following the Board meeting held on November 10 and November 11, 2019. Those Management compiled financial information were not subjected to limited review by the statutory auditors.

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These unaudited standalone financial results were submitted to statutory auditors to perform limited review of the financial results of the Company as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of results for quarter and six months ended September 30, 2019 following the reasons explained in the basis of conclusion for disclaimer of opinion.

2. **Basis of preparation of standalone financial results:**

These unaudited standalone financial results, read with above and subsequent paragraphs, 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 except as stated in Note 1 and Note 3(a) of this unaudited standalone financial results.

The unaudited standalone financial results have been prepared on a historical cost basis, except for:

(a) The following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities.

(b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain related parties and unrelated parties (including connected parties) are stated at carrying value basis the transactions accounted in the books of the Company and as explained herein below.

With reference to (b) above, these unaudited standalone financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which were disclosed by the Company in its press release dated August 19, 2019 and audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019.

Some of these adjustments relate to corresponding previous years/ quarters and therefore, these have been adjusted in the respective years / quarters / opening balances for the preparation of the standalone financial results for the quarter and six months ended September 30, 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present the comparative amounts in the various accounts captions in the unaudited standalone financial results. Details in respect of such adjustments are provided in relation to comparative period presented in these unaudited standalone financial results are provided in Note 8.

Further, in order 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 liabilities for the Company, management has initiated second phase of investigation ('Phase 2 investigation').Further there are additional investigations initiated by regulators. Consequently, to the extent of the outcome of such investigation and actions initiated by management reveals any

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requirements of further reinstatement / reclassification, the standalone financial results could undergo change accordingly and in line with explanation provided in Note 3(a) of these unaudited standalone financial results.

Taking above into consideration, the on-going Phase 2 investigation initiated by the Company and other external investigations and the outcome of actions taken by management, the Board of Directors believe that the financial results for the quarter and six months ended September 30, 2019, prepared in accordance with Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, may not be complete to include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions impacting statement of profit and loss and recoverability of receivables from the promoter affiliated companies (refer Note 6), connected parties, unrelated parties and ascertainment of completeness of liabilities and borrowings from banks, including unfunded limits and corporate guarantees issued by the Company but not yet confirmed by third parties and hence these unaudited standalone financial results could be materially misstated to that extent. Further, given the substantial stress arising from events unfolding, explained elsewhere in the notes, the going concern basis of preparation of these unaudited standalone financial results could be materially affected.

3. During the period and subsequent to the quarter and six months ended September 30, 2019, below are the updates on regulatory and recovery actions:

(a) Financial statements for the year ended March 31, 2019 do not reflect true and fair view. Further, the statutory auditors have expressed their inability to express an opinion on such financial statements. In addition, following Phase 1 investigation, there appear to be several transactions which have not been appropriately accounted and disclosed in the past years. Taking cognizance of such instances and to comply with Sections 129 and 134 of the Companies Act, 2013, the Board of Directors of the Company had proposed to reopen accounts of previous three financial years for preparation and submission of true and fair financial statements under section 131 of the Companies Act 2013. Subsequent to the quarter and six months ended September 30, 2019, the Ministry of Corporate Affairs ('MCA') has filed an application before the National Company Law Tribunal ('NCLT') for reopening of the books of accounts of the Company and its subsidiary companies for the past 5 years i.e from 2014-15 to 2018-19, under section 130 of the Companies Act 2013. On January 23, 2020, the NCLT has reserved the matter for passing the orders.

(b) The Phase 2 investigation, initiated by the Company is expected to be completed by fourth quarter of FY 2019-20 and will be accordingly submitted to the Audit Committee and the Board of Directors.

(c) On March 8, 2019, the Board of Directors had approved a Scheme of Amalgamation ('Scheme') of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.

Subsequent to the quarter, on November 12, 2019, the Board of Directors of the Company resolved to call off the proposed merger given various issues unwinding from the discovery of irregular transactions and other detailed verification during the course of investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme and NCLT has approved the withdrawal of the said Scheme.

(d) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in

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that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. Further, subsequent to quarter and six months ended September 30, 2019, the Company has rescinded the Royalty Agreement with AHL. Consequently, the Royalty Agreement stands null and void. Accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement. AHL has contested the rescission of this Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

(e) Pursuant to the letter dated July 16, 2019 received from Regional Director ('RD') - Ministry of Corporate Affairs ('MCA') for inspection of the Books of Accounts and records of the Company in terms of Section 206(5) of the Companies Act, 2013 ('Inspection') and letter dated August 29, 2019, in light of the regulatory filing of the Company made on August 20, 2019, the Company has submitted the requisitioned documents and information to MCA including a copy of the Phase I Investigation Report. Further, MCA had also summoned specific directors and officers and former directors and officials of the Company. The Company and its officers continue to cooperate with the authorities and provide them with updates on the developments in the Company and its subsidiaries. The MCA has submitted its report to the Central Government inter-alia recommending reopening of accounts of the Company. Based on the approval received from the Central Government MCA has filed application in NCLT for reopening of the books of the Company.

(f) Consequent to the Stock Exchange Disclosure dated August 19, 2019 made on August 20, 2019, SEBI had sought information/ documents including the Phase I Investigation Report. Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order'). An appeal against the Interim Order filed by one of the promoter company, certain former key managerial personnel and Directors ('Appellants') in Securities Appellate Tribunal ('SAT') was dismissed on October 1, 2019 ('SAT Order'). SEBI has concluded hearing of the parties and as directed, the Company has submitted its written submissions to SEBI on January 15, 2020. In terms of the SAT order, SEBI is required to give its decision on confirmation of the interim order within 4 weeks of the hearing.

(g) A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the whole-time executive director of the Company was received. In response to the said summon, appropriate response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended to. The Company will continue to cooperate with authorities in providing the information requirements.

(h) Pursuant to the Interim Order of SEBI dated September 17, 2019, BSE has vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion/ siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The Company is providing the Forensic Auditor the information and documents requisitioned and extending its cooperation for the forensic audit.

(i) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1,314.78 Crores owed by them to the Company. 3 (three) notices sent by the Company (recovery amount of INR 452.12 crores) have been returned undelivered ('Undelivered Notices').

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Besides the above, recovery notices for claims of INR 74.63 crores owed to the Company could not be sent for want of requisite details including communication details ('Unsent Notices').

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount of INR 108.85 crores) seeking for particulars of the claim made by the Company; from 1 (one) entity (claim amount of INR 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking for particulars of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores) has stated there is no amount outstanding ("Responses"). Based on the information available with Company, the Management believes the responses received are untenable and management will continue pursuing further legal options, in consultation with legal counsels of the Company.

(j) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Company has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI.

(k) The Company has received notice from the Serious Fraud Investigation Office ('SFIO'), pursuant to the order of the Central Government in terms of section 212 of the Companies Act, 2013 to investigate into the affairs of the Company and its 15 related / group companies. SFIO has sought for various documents, papers, books of accounts, correspondence and details in respect of the Company and its subsidiary for the past 10 years for the purpose of the investigation. The Company is providing the information and documents as requisitioned and is extending full cooperation to the investigation.

(l) Subsequent to the quarter and six months ended September 30, 2019, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals). The Company had also filed an appeal before Commissioner of Income Tax (Appeals) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The stay letter filed by the Company is pending before the Assessing Officer for disposal. The Company had also filed a letter on January 24, 2020 to Commissioner of Income Tax (Appeals) requesting for early disposal of appeal.

4. During the period a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on January 17, 2020, 10 out of the 14 lenders (by

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count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

In view of the above, the Company believes that following signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current.

There were undisclosed transactions reported by the Company in the standalone financial statements for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Company's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Company and Company had further extended those borrowings to one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Company. Further, the Company disclosed that the Directors of such connected parities were the employees of the Company or its subsidiaries. The Company is still evaluating in consultation with legal counsels, whether such connected parties were controlled by the Company. Since these were borrowings availed by connected parties, these are not part of above referred ICA.

5. Subsequent to period end, significant operations of the CG Group in Belgium have been referred to bankruptcy court in Belgium following the proceedings initiated by creditors in Belgium which will include its investments in PT CG Power Systems Indonesia and CG Power Systems Ireland Limited. Considering the significant uncertainty involved due to bankruptcy proceedings, the Company believes that carrying value of outstanding balances recoverable from CG International B. V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Thus, the Company has made a provision for impairment of INR 1251.38 crores in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from CGIBV, Belgium entities and PTID, as adjusting events for the quarter and six months ended September 30, 2019. The Company will continue to monitor the situation and will assess if any further assessment to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

6. The Company has reclassified as non-current assets certain receivables from various subsidiaries, promoter affiliate companies and connected parties as at period end, consequent to the ongoing investigation and potential delays in recovery. As explained elsewhere in these notes, the Company has initiated recovery process in consultation with legal counsels and will take further actions basis the outcome of phase 2 investigation. The Board of Directors of the Company believes that the Company will take the legal course of action to ensure recoverability from stated parties and at this stage has no reason to believe that the Company should not receive the monies back from the stated parties. Further, no interest has been accrued on all such balances and where such interest was being accrued, the Company has suspended such accrual from April 1, 2019.

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

(₹ in crores)

Name of the entity	Relationship	As at 30.09.2019	As at 30.09.2018 (Restated)	As at 30.09.2018 (Reported)	As at 31.03.2019
A) Advance / Loan given					
CG Power Solutions Limited	Subsidiary	1218.87	1069.07	963.85	1226.15
Avantha Holdings Limited *	Promoter Company	680.47	695.90	146.75	685.32

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Avantha Realty Limited	Promoter Company	10.66	11.57	11.57	10.66
Acton Global Private Limited	Connected party	175.00	175.00	-	175.00
Ballarpur Industries Limited	Related party	68.50	68.50	-	68.50
Blue Garden Estate Private Limited	Connected party	176.11	176.11	-	176.11
Solaris Industrial Chemicals Limited	Related party	98.76	26.00	-	98.20
Total		**2428.37**	**2222.15**	**1122.17**	**2439.94**
B) Loan payable					
Blue Garden Estate Private Limited	Connected party	320.00	320.00	-	320.00
Total		**320.00**	**320.00**	**-**	**320.00**

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

7. During the quarter and six months ended September 30, 2019, the Company has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Company has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to INR 266.40 crores in the unaudited standalone financial results for the quarter ended September 30, 2019. However, the Company will continue with the recovery process for the said receivables.

8. The following table summarizes adjustments made on account of various transactions following Phase 1 investigation as explained in Note 2 above and applicable to the comparative period September 30, 2018 which were disclosed by the Company in its press release dated August 19, 2019 and in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019:

(i) Changes in the Statement of Profit and Loss for the six months ended 30 September, 2018:

(₹ in crores)

Particulars	**30.09.2018 (Reported)**	**Adjustments**	**30.09.2018 (Restated)**
Other income	75.86	55.73	131.59
Total Income	**2643.82**	**55.73**	**2699.55**
Employee benefits expense	203.11	(21.11)	182.00
Finance costs	110.09	35.85	145.94
Foreign exchange (gain) / loss (net)	-	(16.33)	(16.33)
Other expenses	386.55	44.55	431.10
Total Expenses	**2506.45**	**42.96**	**2549.41**
Profit before exceptional items and tax	137.37	12.77	150.14
Exceptional items (net)	(38.43)	(16.33)	(54.76)
Profit before tax	**98.94**	**(3.56)**	**95.38**
Tax expense :			
Current tax	1.62	23.48	25.10
Deferred tax / (credit)	32.11	-	32.11
	33.73	**23.48**	**57.21**
Profit from continuing operations after tax	**65.21**	**(27.04)**	**38.17**
Loss from discontinued operations before tax	**-**	**-**	**-**

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Tax expense / (credit) on discontinued operations	-	-	-
Loss from discontinued operations after tax	-	-	-
Profit for the period	**65.21**	**(27.04)**	**38.17**
Other comprehensive income:			
(i) Items that will not be reclassified to profit or loss	(2.95)		(2.95)
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.64		0.64
Other comprehensive income for the period	**(2.31)**		**(2.31)**
Total comprehensive income for the period	**62.90**	**(27.04)**	**35.86**

(ii) Changes in the Statement of Profit and Loss for the Quarter ended 30 September, 2018:

(₹ in crores)

Particulars	30.09.2018 (Reported)	Adjustments	30.09.2018 (Restated)
Other income	38.41	25.11	63.52
Total Income	**1426.53**	**25.11**	**1451.64**
Employee benefits expense	102.55	(11.45)	91.10
Finance costs	58.42	17.70	76.12
Foreign exchange (gain) / loss (net)	-	(19.84)	(19.84)
Other expenses	204.09	20.75	224.84
Total Expenses	**1345.11**	**7.16**	**1352.27**
Profit before exceptional items and tax	**81.42**	17.95	**99.37**
Exceptional items (net)	**(34.92)**	(19.84)	**(54.76)**
Profit before tax	**46.50**	**(1.89)**	**44.61**
Tax expense :			
Current tax	0.92	11.64	**12.56**
Deferred tax / (credit)	17.18	-	**17.18**
	18.10	**11.64**	**29.74**
Profit from continuing operations after tax	**28.40**	**(13.53)**	**14.87**
Loss from discontinued operations before tax	-	-	-
Tax expense / (credit) on discontinued operations	-	-	-
Loss from discontinued operations after tax	-	-	-
Profit for the period	**28.40**	(13.53)	**14.87**
Other comprehensive income:			
(i) Items that will not be reclassified to profit or loss	**(1.47)**	-	**(1.47)**
(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.32**	-	**0.32**
Other comprehensive income for the period	**(1.15)**	-	**(1.15)**
Total comprehensive income for the period	**27.25**	**(13.53)**	**13.72**

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(iii) Changes in Statement of Assets and Liabilities as on 30 September, 2018:

(₹ in crores)

Particulars	As at 30.09.2018 (Reported)	Adjustments	As at 30.09.2018 (Restated)
Assets			
Investments	1028.46	0.05	1028.51
Non-current- financials assets - loans	6.58	2395.78	2402.36
Non-current financial assets - others	9.21	1254.09	1263.30
Deffered tax assets (net)	20.86	(20.86)	-
Trade receivables	1449.61	(120.00)	1,329.61
Current financials assets - loans	2324.11	(2,290.56)	33.55
Current tax assets (net)	57.18	(29.84)	27.34
Other current assets	453.06	(158.32)	294.74
Assets classified as held for sale and discontinued operations	73.52	(22.73)	50.79
Total Assets	**7661.42**	**1007.61**	**8669.03**
Equity and Liabilities			
Other equity	3680.29	286.68	3966.97
Non-current borrowings	687.50	165.00	852.50
Non-current other financial liabilities	6.34	320.00	326.34
Current borrowings	1085.24	5.23	1090.47
Deferred tax liabilities (net)	-	215.93	215.93
Current other financial liabilities	448.34	14.77	463.11
Total Equity and Liabilities	**7661.42**	**1007.61**	**8669.03**

9. During the quarter and six months ended September 30, 2019, certain transactions were done / identified by the Company which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors have also subjected these transactions to the phase 2 investigation –
   a. the Company made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs
   b. During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided in the current quarter.

   During the quarter ended September 30, 2019, on account of closure activity of T1, certain unexecuted orders were transferred to PT CG Power Systems Indonesia ('PTID'). Accordingly, the Company made advance payment of INR 35.60 crores to PTID against the purchase order to execute the said shifted orders which have been shifted to PTID. Subsequently, the Company has received refund of INR 2.84 crores as on date against these orders.

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10. Exceptional Items include the following:

(₹ in crores)

Particulars	Quarter ended			Six month ended		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
Provision against loans given to subsidiaries	-	-	(40.61)	-	(40.61)	(40.61)
Provision against doubtful advances	(266.40)	-	-	(266.40)	-	-
Impairment of investments in subsidiaries	(884.12)	-		(884.12)		-
Provision against trade receivable under litigation	-	-	-	-	-	(35.45)
Impairment of loan given to overseas subsidiaries	(315.75)	-	-	(315.75)	-	(1325.00)
Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries	(51.51)	-	-	(51.51)	-	-
Curtailment of gratuity liability	-	-	-	-	-	17.16
Provision for impairment of intangible assets under development	-	-	(14.15)	-	(14.15)	(14.15)
Short fall of provident fund liability	-	-	-	-	-	(24.83)
Provision for expected restructuring cost towards closure / shifting of the transformer manufacturing unit in Kanjurmarg, Mumbai	-	-	-	-	-	(95.39)
Total	**(1517.78)**	**-**	**(54.76)**	**(1517.78)**	**(54.76)**	**(1518.27)**

11. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy') [an erstwhile joint venture of the Company and W Lucy, the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Company faced warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers, which was neither resolved by Lucy to the satisfaction of customers nor was the Company provided counter bank guarantees in favour of the Company in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods. Notwithstanding, the Company invoking the dispute resolution mechanism prescribed under the Distribution Agreement read with Condition of Sale for amicable resolution of dispute, Lucy, proceeded to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The pre-existing dispute, for which the Company has already invoked dispute resolution mechanism under other statutes is being contested. The Company has filed its reply before the NCLT, Mumbai stating all the facts pertaining to pre-existence of disputes and invocation of dispute resolution mechanism along with relevant documents. Lucy has sought time to consider the Company's reply and file a rejoinder. The matter is listed on February 18, 2020 for filing of rejoinder by Lucy after serving advance copy to the Company. Basis the Company's internal assessment, management believes there is no provision required at this stage and this case will be in favor of the Company.

12. The Company has incurred a net loss of INR 1,489.39 crores during the six months ended September 30, 2019. As at September 30, 2019, the Company`s current liability exceeds its current assets by INR 1668.38 crores. The Company has issued recovery notices as highlighted under Note 3. Pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to a potential impact on the net worth and consequently the going concern assumption.

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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 is currently in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the Inter-Creditor Agreement, which has been executed by 10 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. The Corrective Action Plan is being designed to match the cash flow generation potential of the Company with the debt obligations.

- Further, to meet the need of both long term and working capital, the Company is in the process of identifying potential sources of capital through strategic equity investor and other sources of fund raising. The Company has entered into a non-disclosure agreement with potential investors for the said purpose.

- The Company has an unexecuted business order book of over INR 3500 crores as of date

- 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

On the basis of the above operating performance and actions, the accounts of the Company have been prepared on a going concern basis.

13. The Company is in the process of determining whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. In view of this, the Company has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Company immediately before the amendment).

14. Effective April 1, 2019, the Company has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, right-of-use (ROU) asset as at April 1, 2019 is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The impact of transition on profit/(loss) after tax and earnings per share for the quarter and six months ended September 30, 2019 is not material.

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

16. As a result of the transactions disclosed by the Company in its press release dated August 19, 2019 and in the audited standalone financial results for the year ended March 31, 2019, released on August 30, 2019, 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; and other statutes and regulations. The Company is evaluating the implications of these potential non-compliances and the remedies available.

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17. Following the matters described above, figures of the previous quarter / six months ended have been regrouped, wherever necessary to correspond with the current quarter / six months ended. Hence, the corresponding component figures as restated / reinstated are comparable with all respective quarters / six months ended of the financial results.

For **CG Power and Industrial Solutions Limited**

By order of the Board
Sudhir Mathur
Whole Time Executive Director
DIN: 01705609

Place: Mumbai
Date: January 28, 2020

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited 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

Review Report to
The Board of Directors
CG Power and Industrial Solutions Limited

1. We were engaged to review the accompanying statement of unaudited consolidated financial results of CG Power and Industrial Solutions Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'Group') for the quarter ended September 30, 2019 and year to date from April 1, 2019 to September 30, 2019 ('the Unaudited Consolidated Financial Results') attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that Statement of cash flows for the corresponding period from April 1, 2018 to September 30, 2018, as reported in these Unaudited Consolidated Financial Results have been approved by the Holding Company's Board of Directors, but have not been subjected to review.

2. The Unaudited Consolidated Financial Results, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors. As explained in the Basis of preparation, these Unaudited Consolidated Financial Results has not been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these Unaudited Consolidated Financial Results based on our review. Because of the matters described in the paragraphs 5 and 6 below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on these Unaudited Consolidated Financial Results and hence we do not express a conclusion on these aforesaid Unaudited Consolidated Financial Results.

3. We conducted our review of the Unaudited Consolidated Financial Results in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Consolidated Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons

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responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The Unaudited Consolidated Financial Results includes the results of the subsidiaries as listed down in Annexure I.

5. Basis for Disclaimer of Conclusion

As explained in the note 1 and note 3 of the Unaudited Consolidated Financial Results, the Board of Directors of the Holding Company have proposed revision of the financial statements of the Holding Company for the year ended March 31, 2019 and prior years / periods, as per the provisions of Section 131 of the Companies Act, 2013 and Rules prescribed thereunder. Further National Company Law Tribunal (NCLT) has considered that it is reasonable for the Ministry of Corporate Affairs (MCA) to be allowed to appoint any independent auditor and to reopen the books of accounts of the Holding Company under Section 130 of the Companies Act 2013. The Board of Directors of the Holding Company taking into significance of the basis of preparation and the matters described in note 1 and note 3 believes that the accompanying Unaudited Consolidated Financial Results are not prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" and has not disclosed the information required to be disclosed in terms of the Listing Regulations, read with the Circular, including the manner in which it is to be disclosed, and the accompanying Unaudited Consolidated Financial Results may contain material misstatements.

a. In view of the proposed voluntarily revision of the consolidated financial statements / results of prior years / periods, the impact of which is more fully explained by the management in note 1 and note 3, the attached Unaudited Consolidated Financial Results may undergo revision. As given in note 6 of the Unaudited Consolidated Financial Results and the resulting outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating to Rs. 3,023.08 crores and Rs. 326.30 crores respectively, which as explained to us, were approved by erstwhile Certain Identified Personnel (CIP). The Board of Directors (BOD) of the Holding Company had initiated investigation to evaluate the rationale of these transactions and balances together with the earlier transactions and balances, and certain additional transactions aggregating to Rs. 398.19 crores as given in note 9 of the Unaudited Consolidated Financial Results. During the quarter ended September 30, 2019, the BOD issued recovery notices to these related, connected and unrelated parties, as more fully explained in note 3(i) of the Unaudited Consolidated Financial Results. Basis the unsatisfactory and unsuccessful attempt to complete the recovery, management has made provision of Rs. 963.91 crores during the current quarter for unrelated parties balances as given in note 7 of the Unaudited Consolidated Financial Results. As of the date of



this report, investigations are ongoing and not yet concluded by the BOD and thus BOD are unable to quantify the adjustments to the financial results in relation to such outstanding identified receivables and identified liabilities in relation to group companies, related parties and connected parties.

Pending outcome of ongoing investigation, we are unable to comment on the completeness and appropriateness of the prior years / period balances in relation to these unauthorized unexplained transactions/ balances, including the transactions disclosed in the current quarter and the consequential impact of the such restatement of prior years / prior periods, provisions made during the current quarter in relation to third parties and any consequential impact on these Unaudited Consolidated Financial Results.

b. We draw attention to note 5 of the Unaudited Consolidated Financial Results, which describes that during January 2020 bankruptcy has been filed in respect of two subsidiaries located in Belgium and underneath operations in Indonesia and Ireland. The Group has accounted impairment losses aggregating to Rs. 575.18 crores towards the receivables outstanding in overseas entities. Further the BOD are unable to determine impact of any unforeseen liability / surplus which may arise post completion of bankruptcy process and is in the process to seek legal view about the bankruptcy proceeding mechanism and its applicability to the Group.

   Pending evaluation of BOD towards impact of any unforeseen liabilities, obtaining legal view in relation to bankruptcy proceeding mechanism and its applicability to the Group and settlement of bankruptcy proceedings, we are unable to comment on the completeness of the impairment charge and consequential impact on the Unaudited Consolidated Financial Results.

c. As explained in note 1, note 3, note 4 and note 6 of the Unaudited Consolidated Financial Results, the Holding Company has entered into various transactions with certain identified group companies (termed as connected parties) wherein some of the Holding Company's employees own beneficial ownership in such connected parties and further certain senior management personnel of the Holding Company are directors of these connected parties. The Holding 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 and whether the Company holds control over connected parties.

   Pending completion of management's assessment in relation to control over connected parties, we were unable to obtain sufficient and appropriate evidence with respect of completeness of list of related parties, disclosure of related party transactions and potential impact on consolidated financial information as disclosed in note 6 of the Unaudited Consolidated Financial Results.

d. We draw your attention to note 3(l), note 10 and note 11 of the Unaudited Consolidated Financial Results which describes that identified litigations and

contingencies are pending to be evaluated by the management and hence have not ascertained the possible cash outflow and consequential impact on these Unaudited Consolidated Financial Results, that may arise, post completion of management evaluation of legal position on the same.

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

e. As stated in note 17 to the Unaudited Consolidated Financial Results, the BOD have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with various provisions of the Companies Act 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) Prevention of Money Laundering Act and other regulations, as applicable to the Company (Applicable Laws). As per the instructions of the BOD, the Holding Company has engaged legal counsel and specialists for the investigation.

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

f. We draw attention to the Basis of Preparation of these Unaudited Consolidated Financial Results, which indicate that the accompanying Unaudited Consolidated Financial Results include unaudited financial results and other unaudited financial information in respect of 14 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 6,460.56 crores as at September 30, 2019 and total revenues of Rs. 176.64 crores and Rs. 441.62 crores, total net loss after tax Rs. 1,372.04 crores and Rs. 1,419.76 crores, total comprehensive income of Rs. 1,372.04 cores and Rs. 1,420.38 crores for the quarter ended September 30, 2019 and for the period from April 1, 2019 to September 30, 2019, respectively and net cash flows of Rs. (32.42) crores for the period from April 1, 2019 to September 30, 2019, in respect of 4 subsidiaries, part of discontinued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 25.74 crores as at September 30, 2019, and total revenues of Rs. 1.06 crores and Rs. 2.40 crores total net profit after tax Rs. 0.18 crores and net loss of Rs. 0.17 crores, total comprehensive income of Rs. 0.18 cores and total comprehensive loss of Rs. 0.17 crores for the quarter ended September 30, 2019 and for the period from April 1, 2019 to September 30, 2019, respectively and net cash flows of Rs. 0.27 crores for the period from April 1, 2019 to September 30, 2019, as considered in the Unaudited Consolidated Financial Results based on their interim financial results / financial information which have not been reviewed by their auditors.



These unaudited financial results and other financial information are considered by the management on the basis of financial information available with them. Our report, in so far as it relates amounts and disclosures included in respect of these subsidiaries is based solely on such financial results and other financial information as available and considered by the management.

g. We draw attention to note 2 of these Unaudited Consolidated Financial Results, which indicate non-compliance with the regulation 33(h) of the Listing Regulations, which require Group to ensure limited review of atleast 80% of its operations with effect from April 01, 2019.

Pending review of components and evaluation of impact of non-compliance, we are unable to determine the potential impact of non-compliances with respect of regulation 33(h) and determine any further adjustment that may be necessary to these Unaudited Consolidated Financial Results.

6. Going Concern Assessment

We draw attention to note 13 of the Unaudited Consolidated Financial Results which indicate that (a) the Group has incurred net losses in the previous years and current quarter and period ended September 30, 2019; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date as at September 30, 2019 by Rs. 3,121.83 crores; (c) the Group has the short-term outstanding borrowings repayable over next 12 months aggregating to Rs.1,876.67 crores as at September 30, 2019; (d) as given in note 4 of the Unaudited Consolidated Financial Results the Holding Company is in the process of signing the Inter Creditor Agreement ('ICA') with the lenders where in certain lenders are yet to concur; (e) the Holding Company is in the process to identify / conclude on the completeness of the borrowings and (f) pending outcome of investigation initiated and ongoing regulatory enquiries / actions, the management has not concluded on the recoverability of loans and advances from related parties and connected parties.

Pending completion of investigation of matters stated in paragraph 5 above and determination of recoverability of loans and advances from related and connected parties and substantial stress arising from events unfolding as described in the notes to the Unaudited Consolidated Financial Results could materially affect the going concern basis. Accordingly, 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.

7. Disclaimer of Conclusion

Because of the significance of the matters described in paragraphs 5 and 6 above, taking into consideration the ongoing management investigation into various matters, pending assessment of legal compliances by the Holding Company; ongoing

regulatory reviews / actions and counter claims received by the Holding Company; possible impact where-of has not been quantified by the management; and certain provisions accounted by the Holding Company in the current quarter; we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether the accompanying Unaudited Consolidated Financial Results:

i. are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 and;

ii. disclose the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed or that it contains material misstatements.

Other Matters

8. We did not review the unaudited financial results and other financial information, in respect of 6 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 2,381.09 crores as at September 30, 2019, and total revenues of Rs. 471.69 crores and Rs. 834.80 crores, total net profit after tax Rs. 46.55 crores and Rs. 5.17 crores, total comprehensive income of Rs. 46.55 cores and Rs. 4.55 crores for the quarter ended September 30, 2019 and for the period from April 1, 2019 to September 30, 2019, respectively and net cash flows of Rs. 3.34 crores for the period from April 1, 2019 to September 30, 2019. These financial results and other financial information have been reviewed by other auditors, which financial results, other financial information and auditor's reports have been furnished to us by the management. Our report on the Unaudited 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 results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed 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 are made by the Holding Company's management. Our report in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and read with paragraph 5 above and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.



9. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act 2013 to the Holding Company seeking investigation and outcome. Based on the interim response received from the Board of Directors of the Holding Company, we filed our preliminary response to the Central Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.

10. The comparative Ind AS financial information for the year ended March 31, 2019 included in these Unaudited Consolidated Financial Results, on which we have issued a disclaimer of opinion on that financial information on August 30, 2019.

11. We were appointed as Joint Auditors of the Company along with M/s K K Mankeshwar & Co., Chartered Accountants (Joint Statutory Auditor). Further we did not share any joint responsibilities with the Joint Statutory Auditor in relation to the review of these Unaudited 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: 20049237AAAAAG9787
Mumbai
Date: January 28, 2020

Annexure I- List of entities included in the Unaudited Consolidated Financial Results

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



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Six months ended		Previous year ended
		30.09.2019	30.06.2019	30.09.2018*	30.09.2019	30.09.2018*	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Revenue from operations	1541.58	1773.73	2109.63	3315.31	3937.59	7997.91
	(b) Other income	6.92	8.64	5.64	15.56	21.28	50.91
	Total Income	**1548.50**	**1782.37**	**2115.27**	**3330.87**	**3958.87**	**8048.82**
2	**Expenses**						
	(a) Cost of materials consumed	889.92	1144.24	1241.22	2034.16	2461.66	5075.09
	(b) Purchases of stock-in-trade	26.15	18.85	3.84	45.00	8.52	34.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	58.19	(20.73)	122.93	37.46	59.00	87.76
	(d) Employee benefits expense	242.89	265.69	256.79	508.58	529.40	1063.34
	(e) Finance costs	80.08	81.01	74.27	161.09	155.88	382.99
	(f) Depreciation and amortisation expense	52.07	56.82	58.99	108.89	117.26	225.25
	(g) Foreign exchange (gain) / loss (net)	33.96	1.09	4.72	35.05	19.43	97.12
	(h) Other expenses	232.25	291.48	406.80	523.73	715.21	1374.75
	Total Expenses	**1615.51**	**1838.45**	**2169.56**	**3453.96**	**4066.36**	**8341.09**
3	**Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax**	**(67.01)**	**(56.08)**	**(54.29)**	**(123.09)**	**(107.49)**	**(292.27)**
4	Share of profit / (loss) in associates and joint venture	-	-	(1.01)	-	(2.45)	-
5	Exceptional items (net)	(1533.39)	(23.26)	(14.16)	(1556.65)	(29.73)	(166.68)
6	**Loss before tax**	**(1600.40)**	**(79.34)**	**(69.46)**	**(1679.74)**	**(139.67)**	**(458.95)**
7	**Tax expense / (credit) :**						
	Current tax	(3.03)	2.10	19.20	(0.93)	39.94	82.98
	Deferred tax	(9.36)	(9.35)	13.56	(18.71)	32.33	(50.40)
8	**Loss from continuing operations after tax**	**(1588.01)**	**(72.09)**	**(102.22)**	**(1660.10)**	**(211.94)**	**(491.53)**
9	**Profit / (loss) from discontinued operations before tax**	(7.20)	(1.51)	0.32	(8.71)	(0.14)	(27.09)
10	Tax expense / (credit) on discontinued operations	-	-	(0.07)	-	0.01	(11.49)
11	**Profit / (loss) from discontinued operations after tax**	**(7.20)**	**(1.51)**	**0.39**	**(8.71)**	**(0.15)**	**(15.60)**
12	**Net loss for the period / year**	**(1595.21)**	**(73.60)**	**(101.83)**	**(1668.81)**	**(212.09)**	**(507.13)**
13	**Other comprehensive income:**						
	(a) (i) Items that will not be reclassified to profit or loss	(0.95)	(1.77)	(4.74)	(2.72)	(6.22)	(137.98)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.33	0.54	1.14	0.87	1.46	1.21
	(b) (i) Items that will be reclassified to profit or loss	7.85	19.31	11.74	27.16	(6.53)	(12.11)
14	**Total comprehensive income after tax**	**(1587.98)**	**(55.52)**	**(93.69)**	**(1643.50)**	**(223.38)**	**(656.01)**
15	**Total comprehensive income attributable to:**						
	(a) Equity holders of the parent	**(1592.76)**	**(53.46)**	**(95.39)**	**(1646.22)**	**(226.05)**	**(652.38)**
	(b) Non-controlling interests	**(4.78)**	2.06	(1.70)	(2.72)	(2.67)	3.63
16	Paid-up equity share capital (Face value of ₹ 2 each)	125.35	125.35	125.35	125.35	125.35	125.35
17	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year						2060.02
18	**Earnings Per Share (for continuing operations) (of ₹ 2 each) (not annualised)**						
	(a) Basic	(25.41)	(1.12)	(1.65)	(26.53)	(3.42)	(7.78)
	(b) Diluted	(25.41)	(1.12)	(1.65)	(26.53)	(3.42)	(7.78)
	Earnings Per Share (for discontinued operations) (of ₹ 2 each) (not annualised)						
	(a) Basic	(0.12)	(0.02)	0.00	(0.14)	(0.00)	(0.25)
	(b) Diluted	(0.12)	(0.02)	0.00	(0.14)	(0.00)	(0.25)
	Earnings Per Share (for continuing and discontinued operations) (of ₹ 2 each) (not annualised)						
	(a) Basic	(25.53)	(1.14)	(1.65)	(26.67)	(3.42)	(8.03)
	(b) Diluted	(25.53)	(1.14)	(1.65)	(26.67)	(3.42)	(8.03)

*Restated

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CONSOLIDATED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

(₹ in crores)

Sr. No.	Particulars	Quarter ended			Six months ended		Previous year ended
		30.09.2019	30.06.2019	30.09.2018*	30.09.2019	30.09.2018*	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Segment Revenue:						
	(a) Power Systems	825.88	940.59	1267.04	1766.47	2373.34	4610.33
	(b) Industrial Systems	712.39	829.62	838.64	1542.01	1556.82	3373.17
	(c) Others	3.36	3.74	4.27	7.10	8.58	17.06
	Total	**1541.63**	**1773.95**	**2109.95**	**3315.58**	**3938.74**	**8000.56**
	Less: Inter-Segment Revenue	0.05	0.22	0.32	0.27	1.15	2.65
	Total income from operations	**1541.58**	**1773.73**	**2109.63**	**3315.31**	**3937.59**	**7997.91**
2.	Segment Results: [Profit / (loss) before tax and finance costs from each segment]						
	(a) Power Systems	(17.57)	(44.66)	(27.95)	(62.23)	(19.54)	(22.87)
	(b) Industrial Systems	96.58	98.67	96.63	195.25	159.49	372.35
	(c) Others	(0.90)	(0.73)	(4.15)	(1.63)	(0.79)	(3.32)
	Total	**78.11**	**53.28**	**64.53**	**131.39**	**139.16**	**346.16**
	Less:						
	(i) Finance costs	80.08	81.01	74.27	161.09	155.88	382.99
	(ii) Other un-allocable expenditure net of un-allocable income	31.08	27.26	39.83	58.34	71.34	158.32
	(iii) Foreign exchange (gain) / loss (net)	33.96	1.09	4.72	35.05	19.43	97.12
	Add:						
	(i) Share of profit / (loss) in associates and joint venture	-	-	(1.01)	-	(2.45)	-
	(ii) Exceptional items (net)	(1533.39)	(23.26)	(14.16)	(1556.65)	(29.73)	(166.68)
	Loss from ordinary activities before tax	**(1600.40)**	**(79.34)**	**(69.46)**	**(1679.74)**	**(139.67)**	**(458.95)**
3.	Segment Assets:						
	(a) Power Systems	3815.43	4559.31	5129.74	3815.43	5129.74	4695.40
	(b) Industrial Systems	1209.36	1455.64	1399.08	1209.36	1399.08	1503.71
	(c) Others	14.41	14.00	15.98	14.41	15.98	19.24
	(d) Unallocable	3575.88	3779.33	4231.76	3575.88	4231.76	3796.06
	(e) Discontinued Operations	322.01	321.43	99.59	322.01	99.59	321.46
	Total segment assets	**8937.09**	**10129.71**	**10876.15**	**8937.09**	**10876.15**	**10335.87**
4.	Segment Liabilities:						
	(a) Power Systems	3434.53	3085.41	3294.17	3434.53	3294.17	3191.52
	(b) Industrial Systems	1269.67	1069.57	758.47	1269.67	758.47	950.66
	(c) Others	4.03	3.41	4.94	4.03	4.94	4.33
	(d) Unallocable	3644.89	3788.69	4176.91	3644.89	4176.91	3956.46
	(e) Discontinued Operations	41.19	52.19	47.54	41.19	47.54	47.53
	Total segment liabilities	**8394.31**	**7999.27**	**8282.03**	**8394.31**	**8282.03**	**8150.50**

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

	Particulars	As at 30.09.2019 Unaudited	As at 31.03.2019 Audited
A	**ASSETS**		
1	**Non-current Assets:**		
	(a) Property, plant and equipment	1659.95	1746.72
	(b) Capital work-in-progress	35.71	67.63
	(c) Goodwill	140.07	140.87
	(d) Intangible assets	166.71	162.28
	(e) Intangible assets under development	22.60	23.42
	(f) Financial assets		
	(i) Investments	1.68	129.88
	(ii) Trade receivables	12.52	13.35
	(iii) Loans	6.89	6.96
	(iv) Others	3028.08	3770.04
	(g) Deferred tax assets (net)	24.22	25.31
	(h) Other non-current assets	11.37	9.85
	Total Non-current Assets	5109.80	6096.31
2	**Current Assets:**		
	(a) Inventories	1229.72	1192.80
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	1278.45	1695.78
	(iii) Cash and cash equivalents	145.42	233.98
	(iv) Bank balances other than (iii) above	107.87	36.78
	(v) Loans	41.54	30.66
	(vi) Others	10.47	9.33
	(c) Current tax assets (net)	51.77	33.67
	(d) Other current assets	640.03	685.09
	Total Current Assets	3505.28	3918.10
3	**Assets classified as held for sale and discontinued operations**	322.01	321.46
	TOTAL - ASSETS	8937.09	10335.87
B	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	417.43	2060.02
	Total Equity	542.78	2185.37
	Liabilities		
1	**Non-current Liabilities:**		
	(a) Financial liabilities		
	(i) Borrowings	1143.88	1447.54
	(ii) Other financial liabilities	276.81	298.37
	(b) Provisions	86.22	84.22
	(c) Deferred tax liabilities (net)	219.10	238.76
	Total Non-current Liabilities	1726.01	2068.89
2	**Current Liabilities:**		
	(a) Financial liabilities		
	(i) Borrowings	1287.21	1282.89
	(ii) Trade payables	2344.18	2314.05
	(iii) Other financial liabilities	914.81	914.24
	(b) Other current liabilities	1295.17	1310.07
	(c) Provisions	785.74	212.83
	Total Current Liabilities	6627.11	6034.08
3	**Liabilities associated with group of assets classified as held for sale and discontinued operations**	41.19	47.53
	TOTAL - EQUITY AND LIABILITIES	8937.09	10335.87

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UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2019

	Particulars	Six months ended 30.09.2019	Six months ended 30.09.2018*
		₹ crores	₹ crores
[A]	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Loss before taxes from continuing operations	(1679.74)	(139.67)
	Adjustments for:		
	Depreciation and amortisation expense	108.89	117.26
	Allowances for doubtful receivables	21.07	11.53
	Bad debts written off	4.71	83.69
	Finance costs	161.09	155.88
	Interest income	(3.98)	(8.16)
	Unrealised exchange (gain) / loss (net)	5.64	(24.14)
	Unrealised exchange (gain) / loss on consolidation (net)	27.23	(6.52)
	Write off of intangible assets	3.94	-
	(Profit)/ loss on sale of property, plant and equipment (net)	0.30	2.51
	Share of net loss in joint venture accounted for using equity method	-	2.45
	Exceptional items (net)	1556.65	29.73
		1885.54	364.23
	Operating profit before working capital changes	205.80	224.56
	Adjustments for:		
	(Increase) / Decrease in trade and other receivables	363.58	111.26
	(Increase) / Decrease in inventories	(36.92)	(18.78)
	Increase / (Decrease) in trade and other payables	(79.53)	11.20
	Increase / (Decrease) in provisions	3.58	(55.55)
		250.71	48.13
	Cash (used in) / from operations	456.51	272.69
	Direct taxes paid (net of refunds)	(17.17)	(4.21)
	Non-controlling interest in (profit) / loss	3.63	(3.32)
	Net cash (used in) / from continuing operating activities	442.97	265.16
	Net cash (used in) / from discontinued operating activities	(15.06)	9.72
	Net cash (used in) / from continuing and discontinued operating activities [A]	427.91	274.88
[B]	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Add: Inflows from investing activities		
	Sale of property, plant and equipment and intangible assets	1.41	3.03
	Interest received	2.72	7.95
		4.13	10.98
	***Less*: Outflows from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(23.93)	(35.63)
	Unrealised exchange loss on consolidation (net)	(17.63)	(67.72)
	Loans given to other related parties	-	(122.02)
	Loans given to other than related parties	(16.14)	(170.96)
		(57.70)	(396.33)
	Net cash (used in) / from continuing investing activities	(53.57)	(385.35)
	Net cash (used in) / from discontinued investing activities	-	-
	Net cash (used in) / from continuing and discontinued investing activities [B]	(53.57)	(385.35)

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	Particulars	Six months ended 30.09.2019	Six months ended 30.09.2018*
		₹ crores	₹ crores
[C]	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Add: Inflows from financing activities		
	Proceeds from long-term borrowings	-	367.38
	Proceeds from short-term borrowings	328.44	519.45
		328.44	886.83
	***Less:* Outflows from financing activities**		
	Repayment of long-term borrowings	(334.57)	(115.68)
	Repayment of short-term borrowings	(332.76)	(387.04)
	Repayments of lease liability	(3.82)	-
	Unrealised exchange gain / (loss) on consolidation (net)	4.75	(13.76)
	Interest paid	(121.68)	(148.19)
	Changes in non-controlling interest	(2.72)	(2.67)
		(790.80)	(667.34)
	Net cash (used in) / from continuing financing activities	(462.36)	219.49
	Net cash (used in) / from discontinued financing activities	-	-
	Net cash (used in) / from continuing and discontinued financing activities [C]	(462.36)	219.49
	NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)	(88.02)	109.02
	Cash and bank balances at beginning of the year	233.98	381.52
	Cash and bank balances at end of the period	145.96	490.54
	Cash and cash equivalents from continuing operations	145.42	490.20
	Cash and cash equivalents from discontinued operations	0.54	0.34
	Cash and cash equivalents from continuing and discontinued operations	145.96	490.54

*Restated

Notes on un-audited consolidated financial results for the quarter and six months ended September 30, 2019:

1. The above unaudited consolidated financial results of CG Power and Industrial Solutions Limited ('the Company') and its subsidiaries ('the Group') have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 28, 2020.

   Following the actions taken by the Board of Directors and ongoing investigation in relation to matters identified and disclosed in the consolidated financial results for the quarter and year ended March 31, 2019, approved by Board of Directors on August 30, 2019, the results for quarter ended June 30, 2019 were also delayed. The management had informed the Securities and Exchange Board of India ('SEBI') about delayed submission of September 30, 2019 quarter results. Subsequently, the Management compiled financial information for the quarter and six months ended September 30, 2019 were presented following the Board meeting held on November 10 and November 11, 2019. Those Management compiled financial information were not subjected to limited review by the statutory auditors.

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These unaudited consolidated financial results were submitted to statutory auditors to perform limited review of the financial results of the Group as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations'). The statutory auditors have disclaimed their conclusion in respect of consolidated financial results for quarter and six months ended September 30, 2019 following the reasons explained in the basis of conclusion for disclaimer of opinion.

2. **Basis of preparation of consolidated financial results:**

These unaudited consolidated financial results, read with above and subsequent paragraphs, 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 except as stated in Note 1 and Note 3(a) of this unaudited consolidated financial results.

The unaudited consolidated financial results have been prepared on a historical cost basis, except for:

(a) The following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and financial liabilities.

(b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain related and unrelated parties (including connected parties) are stated at carrying value basis the transactions accounted in the books of the Group and as explained herein below.

With reference to (b) above, these unaudited consolidated financial results have been prepared after incorporating requisite adjustments in respect of various transactions following first phase of investigation, which were disclosed by the Group in its press release dated August 19, 2019 and audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019.

Some of these adjustments relate to corresponding previous years/ quarters and therefore they have been adjusted in the respective years / quarters / opening balances for the preparation of these consolidated financial results for the quarter and six months ended September 30, 2019. Besides these adjustments, certain reclassifications have also been carried out to appropriately present the comparative amounts in the various account captions in the unaudited consolidated financial results. Details in respect of such adjustments are provided in relation to comparative period presented in these unaudited consolidated financial results are provided in Note 8.

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 liabilities for the Group, management has initiated second phase of investigation ('Phase 2 investigation').Further there are additional investigations initiated by regulators. Consequently, to the extent of outcome of such investigation and certain actions initiated by management reveals any requirements of further reinstatement / reclassification, the consolidated financial results could undergo change accordingly and in line with explanation provided in Note 3(a) of these unaudited consolidated financial results.

During the period, the following two entities of the Group had no officers or directors on account of either their removal or resignation:

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1. CG Power Solutions Limited
2. CG Middle East FZE Ltd.

However, for the purpose of this consolidated financial results, the financial information of these two subsidiaries have been consolidated for the year ended March 31, 2019 and half year ended September 30, 2019, although the said financial results have not been adopted by the respective Boards.

During the period the following entities have not been reviewed by the auditors and have been consolidated based on the management numbers leading to non-compliance with regulation 33(h) of the Listing Regulations:

Name of the subsidiary	Country
CG PPI Adhesive Products Limited	India
CG Power Solutions Limited	India
CG International Holdings Singapore Pte. Limited	Singapore
Crompton Greaves Sales Network Malaysia Sdn. Bhd.	Malaysia
PT Crompton Prima Switchgear Indonesia	Indonesia
CG International B.V.	The Netherlands
CG Holdings Hungary Kft	Hungary
CG Industrial Holdings Sweden AB	Sweden
CG Holdings Belgium NV	Belgium
CG Power Systems Belgium NV	Belgium
CG Service Systems France SAS	France
CG Power Solutions UK Ltd	UK
CG Middle East FZE	Dubai
CG Power & Industrial Solutions Limited Middle East FZCO	Dubai
CG Sales Networks France SA	France
CG Power Systems Canada Inc	Canada
CG Power Solutions Saudi Arabia Ltd	Saudi Arabia
CG Power Equipment Limited	India

Taking above into consideration, the on-going Phase 2 investigation initiated by the Company and other external investigations and the outcome of actions taken by management, the Board of Directors believe that the financial results for the quarter and six months ended September 30, 2019, prepared in accordance with Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, may not be complete to include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions impacting statement of profit and loss and recoverability of receivables from the promoter affiliated companies (refer Note 6), connected parties, unrelated parties and ascertainment of completeness of liabilities and borrowings from banks, including unfunded limits and corporate guarantees issued by the Group but not yet confirmed by third parties and hence these unaudited consolidated financial results could be materially misstated to that extent. Further, given the substantial stress arising from events unfolding, explained elsewhere in the notes, the going concern basis of preparation of these unaudited consolidated financial results could be materially affected.

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3. During the period and subsequent to six months ended September 30, 2019, below are the updates on regulatory and recovery actions:

(a) Consolidated financial statements for the year ended March 31, 2019 do not reflect true and fair view. Further, the statutory auditors have expressed their inability to express an opinion on such consolidated financial statements. In addition, following Phase 1 investigation, there appear to be several transactions which have not been appropriately accounted and disclosed in the past years. Taking cognizance of such instances and to comply with Sections 129 and 134 of the Companies Act, 2013, the Board of Directors of the Company had proposed to reopen accounts of previous three financial years for preparation and submission of true and fair consolidated financial statements under section 131 of the Companies Act 2013. Subsequent to the quarter and six months ended September 30, 2019, the Ministry of Corporate Affairs (MCA) has filed an application before the National Company Law Tribunal ('NCLT') for reopening of the books of accounts of the Company and its subsidiary companies for the past 5 years i.e. from 2014-15 to 2018-19, under section 130 of the Companies Act 2013. On January 23, 2020, the NCLT has reserved the matter for passing an orders.

(b) The Phase 2 investigation, initiated by the Company is expected to be completed by fourth quarter of FY 2019-20 and will be accordingly submitted to the Audit Committee and the Board of Directors.

(c) On March 8, 2019, the Board of Directors had approved a Scheme of Amalgamation of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company with the Company. The Company filed the necessary application to the NCLT of Maharashtra, at Mumbai for obtaining necessary approvals for the aforesaid Scheme.

Subsequent to year end 31 March, 2019, the Board considered the financial position of CGPSOL and took into consideration past and pending investigation and decided to reflect its financials as continuing business as against discontinued business. Consequently, in the prior period statements this change has been reflected all amount appropriately reinstated.

Further, on November 12, 2019, the Board of Directors of the Company had resolved to call off the proposed merger given various issues arising from the discovery of irregular transactions and other findings expected from investigation. In view of the same, the Company had filed an application with NCLT for withdrawal of the said Scheme. Accordingly, NCLT has approved the withdrawal of the said Scheme.

(d) The Group had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. Further, subsequent to quarter and six months ended September 30, 2019, the Company has rescinded the Royalty Agreement with AHL. Consequently, the Royalty Agreement stands null and void. Accordingly, the Group does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement. AHL has contested the rescission of this Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

(e) Pursuant to the letter dated 16 July, 2019 received from Regional Director ('RD') - Ministry of Corporate Affairs ('MCA') for inspection of the Books of Accounts and records of the Company in

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terms of Section 206(5) of the Companies Act, 2013 ("Inspection") and letter dated August 29, 2019, in light of the regulatory filing of the Group made on August 20, 2019, the Group has submitted the requisitioned documents and information to MCA including a copy of the Phase I Investigation Report. Further, MCA had also summoned specific directors and officers and former directors and officials of the Group. The Group and its officers continue to cooperate with the authorities and provide them with updates on the developments in the Company and its subsidiaries. The MCA has submitted its report to the Central Government inter-alia recommending reopening of accounts of the Group. Based on the approval received from the Central Government MCA has filed application in NCLT for reopening of the books of the Company.

(f) Consequent to the Stock Exchange Disclosure dated August 19, 2019 made on August 20, 2019, SEBI had sought information/ documents including the Phase I Investigation Report. Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated September 17, 2019 ('Interim Order'). An appeal against the Interim Order filed by one of the promoter company, certain former key managerial personnel and Directors ('Appellants') in Securities Appellate Tribunal ('SAT') was dismissed on October 1, 2019 ('SAT Order'). SEBI has concluded hearing of the parties and as directed, the Company has submitted its written submissions to SEBI on January 15, 2020. In terms of the SAT order, SEBI is required to give its decision on confirmation of the interim order within 4 weeks of the hearing.

(g) A summon dated August 21, 2019 addressed to the Director, CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the directors of CGPSOL. Thereafter, a summon dated October 17, 2019 addressed to the whole-time director of the Company was received. In response to the said summon, appropriate response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended to the Company will continue to cooperate with authorities in providing the information requirements.

(h) Pursuant to the Interim Order of SEBI dated September 17, 2019, BSE has has vide its letter dated October 10, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion/ siphoning of Group's funds and other related matters for period 2015-16 till the date of the Interim Order. The Group is providing the Forensic Auditor the information and documents requisitioned and extending its cooperation for the forensic audit.

(i) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of INR 1,314.78 crores owed by them to the Company. Besides, the Company's legal counsel on instruction of the Company, have issued 23 recovery notices on behalf of the Company's subsidiaries - CG Power Solutions Limited, CG Middle East FZE ('CGME') and CG International Holdings Singapore Pte Ltd ('CG Singapore') ("Subsidiaries") for recovery of an aggregate sum of INR 2,095.64 crores owed by various entities.. Three notices sent by the Company (recovery amount of INR 452.12 crores) and 9 (nine) notices sent on behalf of the Subsidiaries (recovery amount of INR 429.85 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims INR 74.63 crores owed to the Company and INR 395.18 crores owed to certain Subsidiaries could not be sent for want of requisite details including communication details ('Unsent Notices').

Out of the recovery notices sent by the Company, responses have been received from 2 (two) entities (recovery amount of INR 108.85 crores) seeking particulars of the claim made by the Company; from 1 (one) entity (claim amount of INR 685.31 crores) making counter claim of INR 525.21 crores with interest at 15.70% per annum from April 30, 2019 and also seeking particulars

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of the Company's claim of INR 685.31 crores; 1 (one) entity (claim amount of INR 68.50 crores) has stated there is no amount outstanding and for the recovery notices sent on behalf of Subsidiaries, 4 entities (claim amount of INR 322.72 crores) have requested for full particulars / account statements and bank statements for their perusal; 1 entity (claim amount of INR 320.91 crores) has stated that it would be entitled to offset the concerned Subsidiary's claim against the monies owed by the Company to that entity, and from 2 entities (claim amount of INR 9.20 crores) have rejected the claim of the concerned Subsidiaries ('Responses'). Based on the information available with Company, the Management believes the responses received are untenable and management will continue pursuing further legal options, in consultation with legal counsels of the Group.

(j) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Group has vide its application dated October 18, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI.

(k) The Company and its subsidiary, CG Power Solutions Limited have received notices from the Serious Fraud Investigation Office ('SFIO'), pursuant to the order of the Central Government in terms of section 212 of the Companies Act, 2013 to investigate into the affairs of the Company and its 15 related / group companies. SFIO has sought for various documents, papers, books of accounts, correspondence and details in respect of the Company and its subsidiary for the past 10 years for the purpose of the investigation. The Company is providing the information and documents as requisitioned and is extending full cooperation to the investigation.

(l) Subsequent to the quarter and six months ended September 30, 2019, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for INR 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on January 3, 2020 and a supplementary letter on January 7, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals). The Company had also filed an appeal before Commissioner of Income Tax (Appeals) on January 15, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The stay letter filed by the Company is pending before the Assessing Officer for disposal. The Company had also filed a letter on January 24, 2020 to Commissioner of Income Tax (Appeals) requesting for early disposal of appeal.

(m) Subsequent to the quarter and six months ended September 30, 2019, CGPSOL has received assessment order u/s 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the CGPSOL received notice u/s 274 read with section 270 A from income tax department for levy of penalty. However, CGPSOL has not yet filed any stay application nor made any submission towards such notice in absence of any director or officer due to ongoing investigation.

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4. During the period a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on January 17, 2020, 10 out of the 14 lenders (by count) have signed the ICA while the Group is pursuing discussion with the rest of the lenders along with lead banker.

   In view of the above, the Group believes that following signing of ICA, those lenders will not recall the loans during the ICA review period i.e. up to March 24, 2020 due to the current defaults and thus the Company has continued to classify such borrowings as Non-Current.

   There were undisclosed transactions reported by the Group in the consolidated financial statements for the year ended March 31, 2019 in relation to borrowings aggregating INR 320.00 crores, availed by the connected parties from a financial institution on the basis of Group's Land and Building in Nashik and Kanjurmarg. Such borrowings availed by the connected parties were extended to the Group and Group had further extended those borrowings to one of the other connected party. These transactions were done by certain identified persons ('CIP') of the Group. Further, the Group disclosed that the Directors of such connected parities were the employees of the Company or its subsidiaries. The Group is still evaluating in consultation with legal counsels, whether such connected parties were controlled by the Group. Since these were borrowings availed by connected parties, these are not part of above referred ICA.

5. Consequent to proceedings initiated by creditors of the Company's subsidiaries, CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE'), the Commercial Court in Mechelen, Belgium had sou-moto issued notice to PSBE and HBE. After hearing, based on the financial figures presented and considering these entities to be in a state of bankruptcy, the Commercial Court has on January 15, 2020, appointed two interim directors on the Board of HBE and PSBE to act their provisional administrators to inter-alia examine the possibility of continuity of the entire or part of the business of HBE and PSBE by a transfer under judicial supervision.

   Subsequently, the Public Prosecutor has determined that HBE and PSBE are bankrupt and filed for bankruptcy and the Court has directed the bankruptcy application to be heard on February 3, 2020. The Company has been advised the upon appointment of Receiver by the Court, who is likely to be one or both of the provisional administrators, the Receiver will proceed to auction the assets of HBE and PSBE including their subsidiaries, CG Power Systems Ireland Limited ('CGIE'), PT CG Power Systems Indonesia ('PTID') and CG Sales Network France SA ('SNFR') ['Realisable Entities']. The Company has been advised that the realisations based on such auction will be applied towards satisfaction of secured creditors, government / statutory dues, unsecured creditors, employees etc. The Company based on the valuation carried out as on March 31, 2019 and considering the profitability of CGIE and PTID and the fact that the assets of HBE and PSBE will be auctioned debt free, the Company expects that realisation from Realisable Entities will significantly meet the liability of the secured creditors of HBE and PSBE and consequently will significantly extinguish the liability on account of corporate guarantees issued by the Company and its subsidiary CGIBV. Considering the valuation of the remaining subsidiaries other than the entities mentioned above, the Company expects there will be that there will be a surplus realisable value available with CGIBV to meet its residual liability. However, the extinguishment of corporate guarantees issued by ultimate parent company (i.e. the Company) aggregating EURO 90.30 million

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(equivalent to INR 697.30 crores) is dependent to the extent of the creditors holding such corporate guarantees are paid off out of the realisations in bankruptcy.

Considering the above and the fact that the situation was identified and escalated by creditors subsequent to the period end, the Group has accounted certain identified provisions in relation to Belgium and other operations aggregating to INR 575.18 crores, as adjusting events subsequent to balance sheet date as at September 30, 2019. The Group believes certain receivables in CGME and CG Singapore are recoverable as the Group has right to recover those receivables and recovery proceedings are initiated on behalf of such receivables (disclosed in Note 6 below).

6. The Group has reclassified as non-current assets certain receivables from various promoter affiliate companies and connected parties as at period end consequent to the ongoing investigation and potential delays in recovery. As explained elsewhere in these notes, the Group has initiated recovery process in consultation with legal counsels and will take further actions basis the outcome of phase 2 investigation. The Board of Directors of the Group believes that the Group will take the legal course of action to ensure recoverability from stated parties and at this stage has no reason to believe that the Group should not receive the monies back from the stated parties. Further, no interest has been accrued on all such balances, where such interest was being accrued, the Group has suspended such accrual from1 April, 2019.

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

(₹ in crores)

Name of the entity	Relationship	As at 30.09.2019	As at 30.09.2018 (Restated)	As at 30.09.2018 (Reported)	As at 31.03.2019
A) Advances/Loan given					
Avantha Holdings Limited *	Promoter Company	1,001.38	860.98	146.75	1,006.22
Avantha International Assets BV	Related party	348.71	369.52	-	350.74
Avantha Realty Limited	Promoter Company	10.65	11.57	11.57	10.65
Avantha Power & Infrstructure Ltd	Related party	15.00	15.00	-	15.00
Acton Global Private Limited	Connected party	175.00	175.00	-	175.00
Ballarpur Industries Limited	Related party	68.50	68.50	-	68.50
Ballarpur Graphics Paper Product Limited	Related party	552.33	552.33	-	552.33
Ballarpur International Holdings BV	Related party	84.88	90.64	-	85.37
Blue Garden Estate Private Limited	Connected party	287.75	287.75	-	287.74
Mirabelle Trading PTE Ltd	Related party	95.66	97.85	-	93.33
Solaris Industrial Chemicals Limited	Related party	378.76	306.00	-	378.20
Total		**3,018.62**	**2,835.14**	**158.32**	**3,023.08**
B) Advances/Loan Payable					
Blue Garden Estate Private Limited	Connected party	320.00	320.00		320.00
Mirabelle Trading PTE Ltd	Related party	6.27	6.81		6.30
Total		**326.27**	**326.81**		**326.30**

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

7. During the quarter and six months ended September 30, 2019, the Group has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Group has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to INR 963.91 crores in the unaudited consolidated financial results for the quarter ended September 30, 2019. However, the Group will continue with the recovery process for the said receivables.

8. The following table summarizes adjustments made on account of various transactions following Phase 1 investigation as explained in Note 2 above and applicable to the comparative period September 30, 2018 which were disclosed by the Group in its press release dated August 19, 2019 and in the audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019:

(i) **Changes in the Statement of Profit and Loss for the six months ended September 30, 2018:**

(₹ crore)

Particulars	30.09.2018 (Reported)	Discontinued to Continuing	Adjustments	30.09.2018 (Restated)
Income				
Revenue from operations	3140.15	797.44	-	3937.59
Other income	12.72	8.56	-	21.28
Total Income	**3152.87**	**806.00**	**-**	**3958.87**
Expenses:				
Cost of materials consumed	2053.73	407.93	-	2461.66
Purchases of stock-in-trade	8.59	(0.07)	-	8.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27.69	31.31	-	59.00
Employee benefits expense	292.91	261.33	(24.84)	529.40
Finance costs	113.98	6.05	35.85	155.88
Depreciation and amortisation expense	75.55	41.71	-	117.26
Foreign exchange (gain) / loss (net)	0.00	19.31	0.12	19.43
Other expenses	474.53	215.84	24.84	715.21
Total Expenses	**3046.98**	**983.41**	**35.97**	**4066.36**
Profit / (loss) before share of profit / (loss) from associate and joint venture, exceptional items and tax	**105.89**	**(177.41)**	**(35.97)**	**(107.49)**
Share of profit/(loss) from associate and JV	(2.45)	-	-	(2.45)
Exceptional items (net)	(14.28)	(15.57)	0.12	(29.73)
Profit / (loss) before tax	**89.16**	**(192.98)**	**(35.85)**	**(139.67)**
Tax expense / (credit) :				
Current tax	15.19	1.27	23.48	39.94
Deferred tax (credit)	32.33	-	-	32.33

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	47.52	**1.27**	**23.48**	**72.27**
Profit / (loss) from continuing operations	**41.64**	**(194.25)**	**(59.33)**	**(211.94)**
Profit / (loss) from discontinued operations before tax	**(152.31)**	**151.32**	**0.85**	**(0.14)**
Tax expense / (credit) on discontinued operations	1.28	(1.27)	-	0.01
Profit / (loss) from discontinued operations after tax	**(153.59)**	**152.59**	**0.85**	**(0.15)**
Loss for the period	**(111.95)**	**(41.66)**	**(58.48)**	**(212.09)**
Other comprehensive Income				
(a) (i) Items that will not be reclassified to profit or loss	(6.22)	-	-	(6.22)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1.46	-	-	1.46
(b) (i) Items that will be reclassified to profit or loss	(6.53)	-	-	(6.53)
Other comprehensive Income / (loss) for the period	(11.29)	-	-	(11.29)
Total comprehensive income / (loss) for the period	**(123.24)**	**(41.66)**	**(58.48)**	**(223.38)**
Attributable to:				
Equity holders of the parent	(123.39)	(41.66)	(61.00)	(226.05)
Non-controlling interests	(0.15)	-	(2.52)	(2.67)

(ii) **Changes in the consolidated Statement of Profit and Loss for the quarter ended September 30, 2018:**

(₹ crore)

Particulars	**30.09.2018 (Reported)**	**Discontinued to Continuing**	**Adjustments**	**30.09.2018 (Restated)**
Income				
Revenue from operations	1650.01	459.62	-	2109.63
Other income	4.48	1.16	-	5.64
Total Income	**1654.49**	**460.78**	**-**	**2115.27**
Expenses:				
Cost of materials consumed	1056.59	184.63	-	1241.22
Purchases of stock-in-trade	3.91	(0.07)	-	3.84
Changes in inventories of finished goods,work-in-progress and stock-in-trade	31.00	91.93	-	122.93
Employee benefits expense	146.86	123.47	(13.54)	256.79
Finance costs	57.41	(0.84)	17.70	74.27
Depreciation and amortisation expense	37.88	21.11	-	58.99
Foreign exchange (gain) / loss (net)	0.00	5.71	(0.99)	4.72

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Corporate Identity Number (CIN): L99999MH1937PLC002641

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Other expenses	249.29	143.97	13.54	406.80
Total Expenses	**1582.94**	**569.91**	**16.71**	**2169.56**
Profit / (loss) before share of profit / (loss) from associate and joint venture, exceptional items and tax	**71.55**	**(109.13)**	**(16.71)**	**(54.29)**
Share of profit/(loss) from associate and JV	(1.01)	-	-	(1.01)
Exceptional items (net)	(13.17)	-	(0.99)	(14.16)
Profit / (loss) before tax	**57.37**	**(109.13)**	**(17.70)**	**(69.46)**
Tax expense / (credit) :				
Current tax	6.76	0.80	11.64	19.20
Deferred tax (credit)	13.56	-	-	13.56
	20.32	**0.80**	**11.64**	**32.76**
Profit / (loss) from continuing operations	**37.05**	**(109.93)**	**(29.34)**	**(102.22)**
Profit / (loss) from discontinued operations before tax	**(62.69)**	**88.03**	**(25.02)**	**0.32**
Tax expense / (credit) on discontinued operations	0.74	(0.81)	-	(0.07)
Profit / (loss) from discontinued operations after tax	**(63.43)**	**88.84**	**(25.02)**	**0.39**
Loss for the period	**(26.38)**	**(21.09)**	**(54.36)**	**(101.83)**
Other comprehensive Income				
(a) (i) Items that will not be reclassified to profit or loss	(4.74)	-	-	(4.74)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1.14	-	-	1.14
(b) (i) Items that will be reclassified to profit or loss	11.74	-	-	11.74
Other comprehensive Income / (loss) for the period	8.14	-	-	8.14
Total comprehensive income / (loss) for the period	**(18.24)**	**(21.09)**	**(54.36)**	**(93.69)**
Attributable to:				
Equity holders of the parent	(18.32)	(21.09)	(55.98)	(95.39)
Non-controlling interests	(0.08)	-	(1.62)	(1.70)

(iii) **Changes in the consolidated Statement of Financial Position as at September 30, 2018**

(₹ crore)

Particulars	**As at 30.09.2018 (Reported)**	**Discontinued to Continuing**	**Adjustments**	**As at 30.09.2018 (Restated)**
ASSETS				
Non-current assets:				
Property, plant and equipment	1352.27	659.69	-	2011.96
Capital work-in-progress	41.93	23.86	-	65.79
Goodwill	173.82	0.13	(20.94)	153.01
Intangible assets	154.16	22.96	-	177.12
Intangible assets under development	17.42	1.90	-	19.32
Financial assets				

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(i) Investments	142.91	-	138.51	281.42
(ii) Loans	6.61	-	-	6.61
(iii) Others	0.00	1424.48	2095.74	3520.22
Deferred tax assets (net)	50.14	(4.78)	(13.01)	32.35
Other non-current assets	3.70	3.08	-	6.78
Total Non-current Assets	**1942.96**	**2131.32**	**2200.30**	**6274.58**
Current assets:				
Inventories	628.84	616.32	-	1245.16
Financial assets				
(i) Investments	0.01	-	-	0.01
(ii) Trade receivables	1787.87	447.95	(167.30)	2068.52
(iii) Cash and cash equivalents	456.59	33.61	-	490.20
(iv) Other Bank balances	33.03	(6.10)	-	26.93
(v) Loans	69.11	(28.01)	-	41.10
(vi) Others	0.53	11.33	-	11.86
Current tax assets (net)	73.16	(0.56)	(29.85)	42.75
Other current assets	809.75	23.00	(257.30)	575.45
Total Current Assets	**3858.89**	**1097.54**	**(454.45)**	**4501.98**
Assets classified as held for sale and discontinued operations	3389.92	(3,700.65)	410.32	99.59
Total Assets	**9191.77**	**(471.79)**	**2156.17**	**10876.15**
EQUITY AND LIABILITIES				
EQUITY:				
Equity Share capital	125.35	-	-	125.35
Other equity	2367.48	(357.82)	459.11	2468.77
Total equity	**2492.83**	**(357.82)**	**459.11**	**2594.12**
Non-current liabilities:				
Financial liabilities				
(i) Borrowings	688.30	244.59	750.15	1683.04
(ii) Other financial liabilities	6.43	-	320.00	326.43
Provisions	59.20	9.41	-	68.61
Deferred tax liabilities	27.53	103.54	223.78	354.85
Other non-current liabilities	0.35	-	-	0.35
Total Non-Current Liabilities	**781.81**	**357.54**	**1293.93**	**2433.28**
Current Liabilities:				
Financial liabilities				
(i) Borrowings	1281.35	130.87	-	1412.22
(ii) Trade payables	1509.59	625.45	4.21	2139.25
(iii) Other financial liabilities	533.76	54.22	74.36	662.34
Other current liabilities	397.30	959.14	-	1356.44
Provisions	95.68	135.28	-	230.96
Total Current Liabilities	**3817.68**	**1904.96**	**78.57**	**5801.21**

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Liabilities associated with group of assets classified as held for sale and discontinued operations	2099.45	(2,376.47)	324.56	47.54
Total Equity and Liabilities	**9191.77**	**(471.79)**	**2156.17**	**10876.15**

9. During the quarter and six months ended September 30, 2019, certain transactions were done / identified by the Group which were related to the transactions disclosed in the financial statements for the year ended March 31, 2019. The Board of Directors of the Company have also subjected these transactions to the phase 2 investigation –
    a. the Group made certain payments aggregating INR 2.50 crores in relation to transactions which were committed by CIPs.

    b. During the financial year 2017-18, capital expenditure of INR 102.33 crores were accounted for which the underlying assets could not be identified and thus were restated as advances and provided in the current quarter.

    c. During the period, CG Singapore made payment of INR 68.04 crores (USD 9.6 million) to a third party which was outstanding as on 31 March, 2019 to comply with the contractual terms and to honor the commitment towards outstanding liability. The said transaction was carried out at the behest of erstwhile KMP and currently, the matter is under investigation to evaluate the legality of the contract.

    d. CG Power Systems Belgium NV ('PSBE') entered into Advance Payment and Supply Agreement ('APSA') in March 2019 with one of its customer for supply of material. PSBE and CGIBV had a non-fund based facility with its banker which was utilized by PSBE to issue stand by letter of credit ('SBLC') in favour of the aforesaid customer. Basis the SBLC and APSA entered, the customer had made advance payment of INR 154.44 crores (EURO 20 million) to CGME on behalf PSBE in April 2019. Upon receipt of the said advance, CGME remitted the payment of INR 139.00 crores (EURO 18 million) to Avantha International Assets ('AIA'). AIA in turn remitted the amount to CG Singapore which was utilised by CG Singapore for prepayment of installment of its borrowing. The advance received from customer is considered to be in the nature of financing arrangement and hence the same has been treated as borrowing in the Management compiled financial information. Also, CGME has made payment of INR 14.67 crores (EURO 1.90 million) to an unknown third party for which there appears to be no business rationale. The said transactions were carried out at the behest of an erstwhile KMP. The entire transaction is being investigated.

    e. The repayments of INR 17.72 crores (USD 2.5 million) for the quarter and INR 35.44 crores (USD 5.00 million) for six months were made to avoid a default on a loan booked in CGME. The said loan has been investigated in Phase 1 and its determination as liability is yet to be made.

During the period, PT CG Power Systems Indonesia ('PTID'), being profitable business unit and as a part of cash pool arrangement, made certain advances to CG International B. V. ('CGIBV') amounting to INR 35.44 crores (USD 5.00 million) which in turn was transferred to PSBE amounting to INR 6.73 crores (USD 0.95 million) and CG Electric Systems Hungary Zrt. ('ESHU') amounting to INR 6.73 crores (USD 0.95 million) for the purpose of business operations. Further, INR 22.25 crores (USD 3.14 million) was transferred by CGIBV to CGME for repayment of certain borrowings.

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10. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy') [an erstwhile joint venture of the Company and W Lucy, the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Group faced warranty claims with potential liability of Rs.30.44 crores in respect of Lucy products from various customers, which was neither resolved by Lucy to the satisfaction of customers nor was the Company provided counter bank guarantees in favour of the Company in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods. Notwithstanding, the Group invoking the dispute resolution mechanism prescribed under the Distribution Agreement read with Condition of Sale for amicable resolution of dispute, Lucy, proceeded to file petition against the Group under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crores + interest of INR 3.52 crores). The pre-existing dispute, for which the Company has already invoked dispute resolution mechanism under other statutes is being contested. The Company has filed its reply before the NCLT, Mumbai stating all the facts pertaining to pre-existence of disputes and invocation of dispute resolution mechanism along with relevant documents. Lucy has sought time to consider the Company's reply and file a rejoinder. The matter is listed on February 18, 2020 for filing of rejoinder by Lucy after serving advance copy to the Company. Basis the Company's internal assessment, management believes there is no provision required at this stage and this case will be in favor of the Company.

11. The Subsidiary of the Company, CG Electric Systems Hungary Zrt. ('ESHU') has received through one of its associates in Kuwait, notice of a proceeding filed for alleged non-performance of a GIS substation contract entered into in 2012, seeking to claim KD 9,494,181 by its customer, Al-Kharafi National Company K.S.C.C (Kharafi) which appears to have been filed in 2016. It has been advised that the present proceeding is for substitution of Kharafi with its successor entity and determination of the value of damage due to alleged non-performance. ESHU will contest the claim upon receipt of notice of such determined claim from the Court. ESHU has not received any notice of the determined claim from the Court.

12. Exceptional Items includes the following:

(₹ in crores)

PARTICULAR	Quarter ended			Six months ended		Previous year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
Provision against trade receivable under litigation	-	-	-	-	-	(35.45)
Curtailment of gratuity liability	-	-	-	-	-	17.16
Provision for impairment of intangible assets under development	-	-	(14.16)	-	(14.16)	(14.15)
Short fall of provident fund liability	-	-	-	-		(24.83)
Provision for expected restructuring cost towards closure/ shifting of the transformer manufacturing unit in Kanjur Marg, Mumbai	-	-	-	-	-	(95.39)
Provision for expected cost towards closure of factory at Szolnok, in Hungary	-	(23.26)	-	(23.26)	-	-
Provision against doubtful advances	(836.42)	-	-	(836.42)	-	-
Provision for impairment of investment	(127.49)	-	-	(127.49)	-	-
Provision for loss on liquidation of subsidieries	(569.48)	-	-	(569.48)	-	-
Retrenchment cost - overseas	-	-	-	-	(15.57)	(14.02)
Total	**(1,533.39)**	**(23.26)**	**(14.16)**	**(1,556.65)**	**(29.73)**	**(166.68)**

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Corporate Identity Number (CIN): L99999MH1937PLC002641

13. The Group has incurred a net loss of INR 1646.22 crores during the six months ended September 30, 2019. As at September 30, 2019, the Group`s current liability exceeds its current assets by INR 3121.83 crores. The Group has issued recovery notices as highlighted under Note 3. Pending management procedures for promoter affiliate companies and connected parties, there is possible uncertainty in relation to their recoverability leading to a potential impact on the net worth and consequently the going concern assumption.

    However, the Group 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 is currently in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the Inter-Creditor Agreement, which has been executed by 10 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. The Corrective Action Plan is being designed to match the cash flow generation potential of the Group with the debt obligations.
    - Further, to meet the need of both long term and working capital, the Group is in the process of identifying potential sources of capital through strategic equity investor and other sources of fund raising. The Company has entered into a non-disclosure agreement with potential investors for the said purpose.
    - The Group has an unexecuted business order book of over INR 6000 crores as of date
    - 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

    On the basis of the above operating performance and actions, the accounts of the Group have been prepared on a going concern basis.

14. The Group is in the process of determining whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for Indian Operations. In view of this, the Group has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Group immediately before the amendment for Indian Operations).

15. Effective April 1, 2019, the Group has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. Under the modified retrospective method, right-of-use (ROU) asset as at April 1, 2019 is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The impact of transition on profit/(loss) after tax and earnings per share for the quarter and six months ended September 30, 2019 is not material.

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

17. As a result of the transactions disclosed by the Group in its press release dated August 19, 2019 and in the audited consolidated financial results for the year ended March 31, 2019, released on August 30, 2019, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations. The Group is in the process of evaluating the implications of these potential non-compliances and the remedies available.

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18. Following the matters described above, figures of the corresponding quarter/ six months ended have been regrouped, wherever necessary to correspond with the current quarter/ six months ended. Hence, the corresponding component figures as restated / reinstated are comparable with all respective periods of the consolidated financial results.

For **CG Power and Industrial Solutions Limited**

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

Place: Mumbai
Date: January 28, 2020

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