

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/129/2020-21

October 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 October 22, 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 on October 28, 2020, have *inter-alia* considered and approved the Unaudited Financial Results, Segment-Wise Financial Report and Statement of Assets and Liabilities of the Company, both on standalone as well as consolidated basis, for the 2nd quarter and half year ended September 30, 2020 ("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 04:30 p.m. (IST) and concluded at 08:44 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**

Alen Ferns
Company Secretary and Compliance Officer



Encl: As above

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, 2020 and year to date from April 01, 2020 to September 30, 2020 ('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 is the responsibility of the Company's Management and is approved by the Company's Board of Directors. As explained in the Basis of preparation, these Unaudited Standalone Financial Results, have 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 paragraph 4 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 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 2 and note 3 of the Unaudited Standalone Financial Results, the National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen and recast the books of accounts and the financial statements of the Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 1 and note 2, the Board of Directors of the Company, taking into consideration the basis of preparation and significance of matters described in notes to the

CG Power and Industrial Solutions Limited**Page 2 of 5**

Unaudited Standalone Financial Results in relation to the past transactions, believes that the accompanying Unaudited Standalone Financial Results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" except for matters detailed in notes to the Unaudited Standalone Financial Results; believes that the accompanying Unaudited standalone financial results may not disclose all the effects and all the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, and that the accompanying Unaudited Standalone Financial Results may contain material misstatements.

We are unable to determine the consequential impact of the aforesaid Proposed Revision and the impact of matters stated in our audit report for the year ended March 31, 2020 on the opening balances and the impact of certain specific transactions / matters and disclosures on these Unaudited Standalone Financial Results. Such specific transactions / matters include:

- i. We draw attention to note 9 of the Unaudited Standalone Financial Results. There are certain outstanding identified receivables and identified liabilities as at March 31, 2020 aggregating Rs. 2,358.11 crores and Rs. 320 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies, connected parties, and a subsidiary, and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP).

As stated in note 3(f) of the Standalone Financial Results, the Company has filed a suit for recovery against identified promoter affiliate company, former Directors connected with the promoter group and former KMPs, for recovery of Rs. 1,416.07 crores (including amount of Rs. 689 crores towards damages).

As of the date of this report, the Board of Directors had initiated an investigation into the aforesaid matters; are still awaiting investigations to be concluded and; yet to identify a basis to conclude whether the identified receivables are recoverable and identified liabilities are payable. Accordingly, we are unable to quantify the adjustments to the Unaudited Standalone Financial Results in relation to such outstanding identified receivables and identified liabilities.

- ii. We draw attention to note 6 and note 7 of the Unaudited Standalone Financial Results, which describes that the Company has not made any provision towards the corporate guarantees provided to certain overseas entities amounting to Rs. 913.77 crores (including Rs. 799.73 crores against which guarantee invocation / demand letter is received by the Company).

Pending outcome of bankruptcy / liquidation proceedings of such overseas entities, we are unable to obtain sufficient appropriate audit evidence in respect of potential impact of any unforeseen liabilities post liquidation, outcome of such invocation/demand letter and obligation towards corporate guarantees extended to these subsidiaries and its consequential impact on the Unaudited Standalone Financial Results.

- iii. We draw your attention to note 16 of the Unaudited Standalone Financial Results, which describes that the Company has made a provision amounting to Rs. 20.81 crores towards the sales tax liability on outstanding 'C' Form pending to be submitted to the sales tax authorities, as at September 30, 2020. It is further stated that the Company has not

CG Power and Industrial Solutions Limited**Page 3 of 5**

provided for the interest liability aggregating to Rs. 21.35 crores, basis management estimate that there will be no possible cash outflow in this regard. However, management has received demand notices in relation to such interest liabilities.

In the light of inadequate basis for not providing the interest liability towards outstanding 'C' forms pending to be submitted, we are unable to obtain sufficient basis to comment on completeness of related provision and consequential impact on the Unaudited Standalone Financial Results.

- iv. We draw attention to note 20 to the Unaudited Standalone Financial Results which describes that the Board of Directors have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with 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). The Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

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

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

- v. We draw your attention to note 3(d), 3(i), 3(j), 3(k), 11 and note 17 of the Unaudited Standalone Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management and the management has not ascertained the legal position of the Company, the possible cash outflow and consequential impact on these Unaudited Standalone Financial Results.

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

- vi. We draw your attention to note 3(c) of the Unaudited Standalone Financial Results wherein it is stated that the Company has received a copy of forensic report on September 04, 2020 pursuant to an investigation by a forensic auditor appointed by BSE as mandated by SEBI. As stated in note 3(c), the Company is providing information to SEBI in respect of the investigation.

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Pending resolution of matters stated in such forensic report, we are unable to comment on any possible implications arising therefrom.

vii. **Going Concern Assessment**

We draw attention to note 15 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 six months period ended September 30, 2020; (b) the Company's current liabilities exceeded its current assets as at September 30, 2020 by Rs. 3,299.80 crores; (c) as given in note 5 of the Unaudited Standalone Financial Results the Company and lenders have approved binding offer made by primary bidder and entered into a Securities Subscription Agreement for infusing of capital amounting to Rs. 800 crores, which is subject to pending approvals, further basis expected settlement as per the resolution plan the Company has classified borrowings balances as current liabilities. However, considering that as per the terms of settlement and share subscription agreement, the investor will be taking over operations on issuance of shares and warrants, the current management is not in a position to provide cash flow assessment for the period of next 12 months.

Pending the outcome of the matters described in the paragraphs (i) to (vi) above, and the matters disclosed in paragraph vii(a) to vii(c) above and possible impact thereof and taking into consideration the inability of the existing management of the Company to provide the cash flow statement for a period of next 12 months, we are unable to obtain sufficient appropriate evidence to comment on Company's ability to continue as Going Concern.

5. Disclaimer of Conclusion

Because of the significance of the matters described in paragraphs 4 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 during the quarter and six months ended September 30, 2020; 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

6. In relation to certain identified transactions before March 31, 2019 and balances as at March 31, 2019, we had issued a letter under section 143(12) of the Companies Act, 2013 to the 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

S R B C & COLLP

Chartered Accountants

CG Power and Industrial Solutions Limited

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Government reporting the suspected fraudulent transactions and balances. Management investigation are not yet concluded.

7. The comparative Ind AS financial information for the quarter ended June 30, 2020, quarter and period ended September 30, 2019 and for the year ended March 31, 2020 are included in these Unaudited Standalone Financial Results, on which we have issued a disclaimer of conclusion dated September 08, 2020, January 28, 2020 and disclaimer of opinion dated June 27, 2020, respectively.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

SHYAMSUNDAR
R PACHISIA

A digital signature stamp for Shyamsundar Pachisia. It includes the text "Digitally signed by SHYAMSUNDAR R PACHISIA", "DN: cn=SHYAMSUNDAR R PACHISIA, o=IN, o=Personal", "email=shyamsundar.pachisia@arb.ir", and "Date: 2020.10.28 20:18:37 +05'30'".

per Shyamsundar Pachisia

Partner

Membership No.: 49237

UDIN: 20049237AAAAC06029

Place: Mumbai

Date: October 28, 2020

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2020

Sr. No.	Particulars	₹ in crore					
		Quarter ended			Six months ended		Previous year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income						
	(a) Revenue from operations	564.80	235.69	957.36	800.49	2145.95	3169.48
	(b) Other income	7.77	9.59	19.76	17.36	39.73	56.88
	Total Income	572.57	245.28	977.12	817.85	2185.68	3226.36
2	Expenses						
	(a) Cost of materials consumed	400.02	141.27	573.97	541.29	1392.80	1947.34
	(b) Purchases of stock-in-trade	14.55	5.93	26.15	20.48	45.00	60.92
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(43.30)	23.94	65.36	(19.36)	39.99	171.29
	(d) Employee benefits expense	64.40	64.38	85.90	128.78	172.70	322.93
	(e) Finance costs	70.87	64.61	71.00	135.48	141.84	281.78
	(f) Depreciation and amortisation expense	20.60	21.00	20.50	41.60	46.37	90.54
	(g) Foreign exchange (gain) / loss (net)	(2.60)	1.59	13.00	(1.01)	7.89	25.81
	(h) Other expenses	87.91	59.71	118.12	147.62	320.52	537.80
	Total Expenses	612.45	382.43	974.00	994.88	2167.11	3438.41
3	Profit / (loss) before exceptional items and tax	(39.88)	(137.15)	3.12	(177.03)	18.57	(212.05)
4	Exceptional items (net)	(88.64)	(272.54)	(1522.59)	(361.18)	(1522.59)	(1697.77)
5	Loss before tax	(128.52)	(409.69)	(1519.47)	(538.21)	(1504.02)	(1909.82)
6	Tax expense:						
	Current tax	-	-	-	-	-	-
	Deferred tax	6.38	12.06	(7.93)	18.44	(15.86)	(110.62)
7	Loss from continuing operations after tax	(134.90)	(421.75)	(1511.54)	(556.65)	(1488.16)	(1799.20)
8	Profit / (loss) from discontinued operations before tax	-	-	-	-	-	-
9	Tax expense on discontinued operations	-	-	-	-	-	-
10	Profit / (loss) from discontinued operations after tax	-	-	-	-	-	-
11	Net loss	(134.90)	(421.75)	(1511.54)	(556.65)	(1488.16)	(1799.20)
12	Other comprehensive income:						
	(i) Items that will not be reclassified to profit or loss	(0.04)	(0.03)	(0.95)	(0.07)	(1.89)	(0.13)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01	0.01	0.33	0.02	0.66	0.05
13	Total comprehensive income after tax	(134.93)	(421.77)	(1512.16)	(556.70)	(1489.39)	(1799.28)
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						588.54
16	Earnings Per Share (for continuing operations) (not annualised)						
	(a) Basic	(2.15)	(6.73)	(24.11)	(8.88)	(23.74)	(28.71)
	(b) Diluted	(2.15)	(6.73)	(24.11)	(8.88)	(23.74)	(28.71)
	Earnings Per Share (for discontinued operations) (not annualised)						
	(a) Basic	-	-	-	-	-	-
	(b) Diluted	-	-	-	-	-	-
	Earnings Per Share (for continuing operations and discontinued operations) (not annualised)						
	(a) Basic	(2.15)	(6.73)	(24.11)	(8.88)	(23.74)	(28.71)
	(b) Diluted	(2.15)	(6.73)	(24.11)	(8.88)	(23.74)	(28.71)

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STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

(₹ in crore)

Sr. No.	Particulars	Quarter ended			Six months ended		Previous year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Segment Revenue:						
	(a) Power Systems	160.88	88.00	328.80	248.88	757.94	1117.28
	(b) Industrial Systems	404.05	147.69	628.61	551.74	1388.28	2052.48
	Total	564.93	235.69	957.41	800.62	2146.22	3169.76
	Less: Inter-Segment Revenue	0.13	-	0.05	0.13	0.27	0.28
	Total income from operations	564.80	235.69	957.36	800.49	2145.95	3169.48
2.	Segment Results:						
	Profit / (loss) before tax and finance costs from each segment						
	(a) Power Systems	(21.35)	(46.90)	8.39	(68.25)	2.32	(61.70)
	(b) Industrial Systems	63.71	(14.19)	91.87	49.52	192.96	246.78
	Total	42.36	(61.09)	100.26	(18.73)	195.28	185.08
	Less:						
	(i) Finance costs	70.87	64.61	71.00	135.48	141.84	281.78
	(ii) Other un-allocable expenditure net of un-allocable income	13.97	9.86	13.14	23.83	26.98	89.54
	(iii) Foreign exchange (gain) / loss (net)	(2.60)	1.59	13.00	(1.01)	7.89	25.81
	Add:						
	(i) Exceptional items (net)	(88.64)	(272.54)	(1522.59)	(361.18)	(1522.59)	(1697.77)
	Loss from ordinary activities before tax	(128.52)	(409.69)	(1519.47)	(538.21)	(1504.02)	(1909.82)
3.	Segment Assets:						
	(a) Power Systems	797.43	797.13	1211.43	797.43	1211.43	860.90
	(b) Industrial Systems	622.88	553.85	877.47	622.88	877.47	637.77
	(c) Unallocable	3002.37	3018.91	3014.78	3002.37	3014.78	2991.07
	(d) Discontinued Operations	279.85	279.85	279.94	279.85	279.94	279.85
	Total segment assets	4702.53	4649.74	5383.62	4702.53	5383.62	4769.59
4.	Segment Liabilities:						
	(a) Power Systems	879.64	835.38	957.32	879.64	957.32	828.95
	(b) Industrial Systems	813.52	777.74	962.62	813.52	962.62	784.48
	(c) Unallocable	2852.18	2744.50	2439.90	2852.18	2439.90	2442.27
	(d) Discontinued Operations	-	-	-	-	-	-
	Total segment liabilities	4545.34	4357.62	4359.84	4545.34	4359.84	4055.70

Signature

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in crore)

Particulars		As at	As at
		30.09.2020	31.03.2020
		Unaudited	Audited
A	ASSETS		
1	Non-current Assets:		
	(a) Property, plant and equipment	807.42	843.44
	(b) Capital work-in-progress	1.82	1.21
	(c) Intangible assets	31.63	39.17
	(d) Intangible assets under development	20.48	14.25
	(e) Financial assets		
	(i) Investments	14.88	14.80
	(ii) Trade receivables	-	4.23
	(iii) Loans	1225.70	1225.39
	(iv) Others	1158.23	1172.78
	(f) Other non-current assets	1.20	1.08
	Total Non-current Assets	3261.36	3316.35
2	Current Assets:		
	(a) Inventories	271.95	272.69
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	369.60	403.06
	(iii) Cash and cash equivalents	133.58	100.94
	(iv) Bank balances other than (iii) above	30.55	39.68
	(v) Loans	32.97	35.64
	(vi) Others	1.37	2.79
	(c) Current tax assets (net)	44.87	42.35
	(d) Other current assets	276.42	276.23
	Total Current Assets	1161.32	1173.39
3	Assets classified as held for sale and discontinued operations	279.85	279.85
	TOTAL - ASSETS	4702.53	4769.59
B	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	31.84	588.54
	Total Equity	157.19	713.89
	Liabilities		
1	Non-current Liabilities:		
	(a) Financial liabilities		
	(i) Borrowings	-	352.89
	(ii) Other financial liabilities	13.46	204.26
	(b) Provisions	31.20	33.33
	(c) Deferred tax liabilities (net)	39.56	21.14
	Total Non-current Liabilities	84.22	611.62
2	Current Liabilities:		
	(a) Financial liabilities		
	(i) Borrowings	839.21	894.04
	(ii) Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	124.04	120.06
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1091.41	1069.90
	(iii) Other financial liabilities	2087.84	1057.30
	(b) Other current liabilities	188.56	185.81
	(c) Provisions	130.06	116.97
	Total Current Liabilities	4461.12	3444.08
3	Liabilities associated with group of assets classified as held for sale and discontinued operations	-	-
	TOTAL - EQUITY AND LIABILITIES	4702.53	4769.59

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STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2020

		(₹ in crore)	
Particulars		Six months ended	
		30.09.2020	30.09.2019
[A]	CASH FLOW FROM OPERATING ACTIVITIES		
	Loss before tax from continuing operations	(538.21)	(1504.02)
	Adjustments for:		
	Depreciation and amortisation expense	41.60	46.37
	Allowances for doubtful receivables	20.31	19.00
	Bad debts written off	0.16	-
	(Gain) / loss arising on financial instruments designated as FVTPL	(0.08)	-
	Finance costs	135.48	141.84
	Interest income	(3.04)	(7.44)
	Dividend income from investment in subsidiary	-	(0.38)
	Unrealised exchange (gain) / loss (net)	1.34	17.20
	Intangible assets write off	-	3.94
	(Profit) / loss on sale of property, plant and equipment (net)	0.07	0.05
	Exceptional items (net)	361.18	1522.59
		557.02	1743.17
	Operating profit before working capital changes	18.81	239.15
	Adjustments for:		
	(Increase) / Decrease in trade and other receivables	37.68	248.74
	(Increase) / Decrease in inventories	0.74	89.61
	Increase / (Decrease) in trade and other payables	27.60	(87.80)
	Increase / (Decrease) in provisions	10.89	2.02
		76.91	252.57
	Cash (used in) / from operations	95.72	491.72
	Income tax paid (net of refunds)	(2.52)	(8.35)
	Net cash flow (used in) / from continuing operating activities	93.20	483.37
	Net cash flow (used in) / from discontinued operating activities	-	0.49
	Net cash flow (used in) / from continuing and discontinued operating activities	93.20	483.86
	[A]		
[B]	CASH FLOW FROM INVESTING ACTIVITIES		
	Add: Inflows from investing activities		
	Sale of property, plant and equipment	0.12	0.28
	Loans repaid by subsidiaries and related parties	-	16.02
	Interest received	4.46	6.49
	Dividend income from investments in subsidiary	-	0.38
		4.58	23.17
	Less: Outflows from investing activities		
	Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets	(7.07)	(20.04)
	Loans given to subsidiaries and related parties	-	(144.71)
		(7.07)	(164.75)
	Net cash flow (used in) / from continuing investing activities	(2.49)	(141.58)
	Net cash flow (used in) / from discontinued investing activities	-	-
	Net cash flow (used in) / from continuing and discontinued investing activities	(2.49)	(141.58)
	[B]		

Anand

CG Power and Industrial Solutions Limited

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		(₹ in crore)	
Particulars	Six months ended		
	30.09.2020	30.09.2019	
[C] CASH FLOW FROM FINANCING ACTIVITIES			
Add: Inflows from financing activities			
Proceeds from short-term borrowings	-	124.58	
	-	124.58	
Less: Outflows from financing activities			
Repayment of long-term borrowings	-	(151.07)	
Repayment of short-term borrowings	(47.38)	(262.19)	
Payment of lease liabilities	(2.19)	(1.66)	
Finance costs paid	(8.50)	(117.55)	
	(58.07)	(532.47)	
Net cash flow (used in) / from continuing financing activities	(58.07)	(407.89)	
Net cash flow (used in) / from discontinued financing activities	-	-	
Net cash flow (used in) / from continuing and discontinued financing activities	(58.07)	(407.89)	
	[C]		
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)	32.64	(65.61)	
Cash and cash equivalents at beginning of the year	100.94	104.04	
Cash and cash equivalents at end of the period	133.58	38.43	
Cash and cash equivalents from continuing operations	133.58	38.43	
Cash and cash equivalents from discontinued operations	-	-	
Cash and cash equivalents from continuing and discontinued operations	133.58	38.43	

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Notes on the standalone financial results for the quarter and six months ended September 30, 2020:

1. These 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 (the 'Board') at its meeting held on October 28, 2020. The statutory auditors have performed limited review of the standalone 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 standalone financial results for the quarter and six months ended September 30, 2020 following the reasons explained in the basis of disclaimer of conclusion in their Limited Review Report.

Further taking into consideration the explanation provided in basis of preparation and related notes included in these standalone financial results, the Board of the Company believe that these standalone financial results do not include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions, including those disclosed in the audited standalone financial results for the year ended March 31, 2019 and March 31, 2020, impacting standalone financial results and recoverability of certain identified receivables from the promoter affiliate companies (refer note 9) and connected parties (refer note 9). Hence these standalone financial results could be materially misstated to that extent and could undergo change.

2. Basis of preparation of standalone financial results:

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

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

- (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies (as defined in note 8) and connected parties (as termed in note 4), are stated at carrying value basis the transactions accounted in the books of the Company and as explained in the audited standalone financial results for the year ended March 31, 2019 and March 31, 2020.
- (c) Completeness of certain transactions recorded in these standalone financial results is subject to outcome of re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies basis the order passed by the National Company Law Tribunal ('NCLT') on March 5, 2020. Refer note 3(b) below. Further, the Phase 2 investigation is in progress. Accordingly, the Company is yet to ascertain the conclusion on aforesaid matters.

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3. During the quarter and six month ended September 30, 2020 and subsequent to that, below are the updates / key steps taken by the management of the Company, in relation to investigations, regulatory and recovery actions:
- a) The Company and its subsidiary, CG Power Solutions Limited ('CGPSOL') received follow up notices from the Serious Fraud Investigation Office ('SFIO') in relation to ongoing investigation into the affairs of the Company and its subsidiaries. Full cooperation is being extended to the SFIO, and such information and documents as sought are being provided.
 - b) The Company has received further communication from Ministry of Corporate Affairs ('MCA') in relation to appointment of Chartered Accountant firm(s) for reopening books of accounts and recasting of financial statements (the 'recasting exercise') of the Company and its subsidiary companies for 5 years ending as on March 31, 2019. The Company also sought further clarifications from MCA on certain specific aspects expected to arise in the recasting exercise. Further, the Company is in the process to select the accounting firm(s) as per NCLT Order.
 - c) The Company has received the copy of the Forensic Auditor's Report appointed by SEBI on September 4, 2020 and the report is shared with statutory auditors after receiving approval from SEBI. The Company has also received follow up notices from SEBI in relation to investigation initiated by them and the Company has provided the required information. Full cooperation is being extended to the SEBI, and such information and documents as sought are being provided.
 - d) The Company awaits further communication from Commissioner of Income Tax (Appeals) and next hearing date from Bombay High Court, in respect of the income tax notice of demand for INR 606.30 crore and show cause notice for the financial year 2016-17 received by the Company.
 - e) The Phase II investigation initiated by the Company is currently in progress, and report is under review of Hon'ble Justice Mr. T. S. Thakur (Retd.) who is appointed as Head of Investigation.
 - f) The Company has filed a suit for recovery against identified promoter affiliate company, former Directors connected with the promoter group and former KMPs for recovery of sum of INR 1416.07 crore (principal INR 727.07 crore together with damages aggregating INR 689 crore) for siphoning off funds. This suit is in addition to suits filed by the Company towards the loss caused to Company's subsidiary, CGPSOL for sum of INR 1709.46 crore (principal INR 1153.24 crore together with interest aggregating INR 556.22 crore) as detailed in the March 31, 2020 standalone financial results. The hearing date for these suits are awaited.
 - g) There were recovery notices been sent to certain identified parties and promoter affiliates companies, during the previous year ended March 31, 2020, out of which few of them were returned undelivered. There is no further update in relation to this in the quarter and six months ended September 30, 2020.

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- h) The Company has filed an application with the MCA for approval of the Central Government for removal of K K Mankeshwar & Co ('KKM') as Joint Statutory Auditors. Post decision of the Board on removal, KKM has resigned with effect from January 25, 2020 and also made filing for their resignation on July 16, 2020. The Regional Director, MCA, has disposed off the Company's application as infructuous ('RD order') as KKM has already resigned as statutory auditor of the Company. Therefore, the Company has taken on record the resignation tendered by KKM in terms of said RD order.
- i) The Company and Avantha Holdings Limited ('AHL') had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on February 13, 2019 effective from October 1, 2018 (New Royalty Agreement). Further, during previous year, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void and accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of New Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued. Subsequently AHL has issued notice invoking arbitration under the brand royalty agreement. The Company has replied the arbitration invocation notice, rejecting AHL's contention in the notice on invoking arbitration clause. Subsequently AHL has filed an arbitration petition before Delhi High Court for appointment of the arbitrator. The Company has filed reply to AHL's arbitration petition.
- j) Eight suppliers due to non-payment of their dues by the Company have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim in respect of Lucy India Electric Pvt Ltd ('Lucy') is being contested by the Company due to a pre-existing dispute (refer note (k) below) and for other claims the Company is in discussions with the claimants for an amicable settlement.
- k) The Company had supplied products of Lucy to customers and faced unresolved warranty claims with potential liability of INR 30.44 crore in respect of these products. The Company was not provided counter bank guarantees against the bank guarantees provided by the Company to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism. However, Lucy, opted to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crore + interest of INR 3.52 crore). Basis the Company's internal assessment, management believes that no additional provision is required at this stage and the case will be in favor of the Company. The Company is contesting this in the NCLT as a pre-existing contractual dispute. The application was last listed on March 20, 2020. However, in view of the COVID-19 the same has been adjourned by NCLT and fresh date is yet

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to be notified. In September, 2020 Lucy has issued a notice invoking arbitration under the Purchase Orders. The Company has replied to the arbitration notice on nomination of an arbitrator.

4. During the previous financial year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. Subsequently, all the lenders providing credit facilities directly to the Company ('Lenders') have formed a joint lenders forum, with State Bank of India ('SBI') acting as lead bank for the process. The Board was in active discussion with its lenders for fund raising and resolution of the debt of the Company. In this regard, during the quarter, all lenders of the Company have entered into an Inter Creditor Agreement ('ICA') as of August 11, 2020 in accordance with framework issued by Reserve Bank of India. This includes lender for borrowings aggregating INR 320.00 crore, availed by certain companies (termed as "connected parties" in the March, 2019 and subsequent standalone financial results) from a financial institution on the basis of Company's Land and Building in Nashik and Kanjurmarg and which were extended to the Company and Company had further extended those borrowings to one of the promoter affiliate company and to one of the connected party. In order to facilitate the resolution process with the lenders as stated in Note 5, the Company has kept legal proceedings in respect of these borrowings, in abeyance reserving its right to initiate legal proceedings in case the resolution plan is not completed.
5. During the quarter, the Lenders and the Company received a binding offer from Tube Investments of India Limited ('Primary Bidder'), a member of the Murugappa group for resolving the debts of the Company and to infuse capital in the Company. The binding offer was accepted by the Board and the Lenders. In terms of the binding offer, the lenders are expected to accept one time settlement, restructuring of funded and unfunded borrowing facilities ('debt facilities') and primary bidder will infuse capital through a combination of equity shares and warrants ('securities') issued by the Company. Pursuant to this, a Securities Subscription Agreement ('SSA') has been executed (and further amended) between the Company and the primary bidder for infusing capital to the tune of INR 800.00 crore. The shareholders of the Company have approved the issuance of securities in the extra-ordinary general meeting held on September 2, 2020 and on September 24, 2020. Subsequent to quarter ended September 30, 2020, the Competition Commission of India has approved the proposed acquisition vide letter dated October 13, 2020. Further, the binding offer is subject to satisfactory fulfilment of Conditions Precedents contained in the Securities Subscription agreement and obtaining other necessary regulatory approvals.
6. A local court in Hungary has on July 7, 2020 declared commencement of liquidation proceedings against Company's subsidiary, CG Electric Systems Hungary ('ESHU'). ESHU has availed borrowing facilities from local banks secured by local assets and further by CGIBV and the Company provided corporate guarantees. Due to pronouncement of bankruptcy proceedings, the said loan is considered as defaulted and CGIBV has received guarantee invocation letter from the bank for an amount of INR 240.40 crore (Euro 28.39 million) against absolute surety provided. The borrowing is also secured by local assets at Hungary. In addition, the Company has provided an independent corporate guarantee to the local bank. Since liquidation proceedings under the facility agreement is considered as an


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event of default, during the quarter ended June 30, 2020, the Company has made a provision of INR 240.40 crore as an exceptional item towards the bank's demand. Further the Company has provided a corporate guarantee for an amount of INR 7.87 crore (Euro 0.91 million) where performance guarantees are not invoked by customers and hence no provision is created.

7. During the quarter ended September 30, 2020, the Company has made a provision of INR 47.90 crore as an exceptional item against corporate guarantee issued by Company's subsidiary CG International BV (CGIBV) towards borrowings of INR 239.50 crore (32.50 million USD). The provision is basis the settlement consideration agreed subsequent to the quarter by the Company with the bank and is subject to RBI approval. The Company has however not made any provision towards corporate guarantees issued by the Company towards credit facilities availed by certain overseas entities (including HBE Group) on the assumption that the recoverable value of assets of these operations including those which are under bankruptcy proceedings, will be sufficient to meet all related liabilities. The amounts stated below include INR 239.39 crore in respect of guarantees invoked and INR 560.34 crore in respect of where accelerated payments are asked by banks to the overseas entities. The Company has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent the provision amount may vary subsequent to period end. The amount pertains to guarantees given and outstanding towards:

- HBE Group aggregating to INR 638.76 crore (EURO 74.03 million)
- entities other than HBE Group and ESHU aggregating to INR 267.14 crore (EURO 30.96 million)

8. The Avantha group, promoted by Mr. Gautam Thapar, is classified as Promoter and Promoter Group of the Company ("Promoters") and holds less than 0.01% equity shareholding. On September 4, 2020, SEBI has provided necessary exemption to the Company to reclassify the status of Avantha Group from "Promoters" to "Public" ('reclassification') after taking necessary approval from shareholders. Subsequently, the shareholders approved the said reclassification of shareholding from promoter to public in the annual general meeting held on October 19, 2020. The Company is in the process of making application to stock exchanges for reclassification. Pending the stock exchange approval, the Avantha Group is still classified as Promoters and their associated group companies as 'promoter affiliate companies'.

9. The Company has certain non-current receivables from various subsidiary, promoter affiliate companies (as defined in Note 8) and connected parties as at quarter end. The Company has initiated recovery process in consultation with legal counsels including filing of recovery suits (refer note 3(f)) and will be taking further actions as may be legally advised. Further, no interest has been accrued on all such balances from April 1, 2019. Following are the receivable and payable balances (net of provision) from / to various subsidiary, promoter affiliate companies and connected parties:

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(₹ in crore)

Name of the entity	Relationship	As at 30.09.2020	As at 31.03.2020
A) Advance / Loan given			
CG Power Solutions Limited	Subsidiary	1218.87	1218.87
Avantha Holdings Limited	Promoter affiliate company	680.47	680.47
Avantha Realty Limited	Promoter affiliate company	10.66	10.66
Solaris Industrial Chemicals Limited	Promoter affiliate company	97.00	97.00
Acton Global Private Limited	Connected party	175.00	175.00
Blue Garden Estate Private Limited	Connected party	176.11	176.11
Total		2358.11	2358.11
B) Loan payable			
Blue Garden Estate Private Limited	Connected party	320.00	320.00
Total		320.00	320.00

10. Exceptional Items includes the following:

Particulars	Quarter ended			Six months ended		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
Provision against doubtful advances	-	-	(266.40)	-	(266.40)	(334.98)
Impairment of investments in subsidiaries	-	-	(884.12)	-	(884.12)	(884.12)
Provision against litigation (for trade receivable and claims)	-	-	-	-	-	(22.48)
Impairment of loan given to overseas subsidiaries	-	-	(315.75)	-	(315.75)	(315.75)
Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries	-	-	(51.51)	-	(51.51)	(92.31)
Short fall of provident fund liability	-	-	-	-	-	(0.78)
Post retirement medical benefit provision reversal	-	-	-	-	-	10.83
(Provision) / Reversal for interest towards delay in completion of land sale and expected restructuring cost	(31.47)	(31.14)	-	(62.61)	-	(21.94)
Professional and Consultancy fees due to ongoing investigations and debt resolution plan	(9.27)	(1.00)	(4.81)	(10.27)	(4.81)	(36.24)
Provision towards corporate guarantee for overseas entity	(47.90)	(240.40)	-	(288.30)	-	-
Total	(88.64)	(272.54)	(1522.59)	(361.18)	(1522.59)	(1697.77)

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

Below are further details on exceptional items:

- During the quarter and six months period ended September 30, 2020, the company has provided an amount INR 31.47 crore and INR 62.61 crore respectively towards interest payable on delay in consummation of Kanjurmarg land sale pending fulfilment of condition precedents linked as per the sale agreement;
- During the quarter and six months period ended September 30, 2020, the Company has incurred professional and consultancy charges of INR 9.27 crore and INR 10.27 crore respectively towards the debt resolution process initiatives and ongoing investigations in relation to matters identified and disclosed in the financial results for the year ended March 31, 2019 and March 31, 2020;

11. A customer of CG Power Systems, Canada Inc. (CG Canada), a wholly owned step-down subsidiary of the Company in relation to non-performance of a contract for supply of

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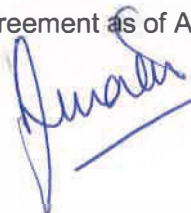
transformer by CG Canada has claimed in the court in Ontario, damages of CAD 11.85 million from CG Canada, its parent CGIBV and the Company which is the ultimate parent company. The claim on CGIBV and the Company, though neither of them is party to the contract with the customer, is based on Canadian law which provides for liability on shareholders of a corporation, if it is dissolved and the proceeds are distributed to its shareholders without properly addressing its liabilities. The assets of CG Canada were divested in 2015 and consequently, it will not have any amount available for distribution to shareholders after meeting its liabilities in view of which provision has not been considered for this claim.

12. During the quarter ended September 30, 2020, the Company has provided for an amount of INR 9.64 crore as other cost towards amount debited by a bank towards a bank guarantee invoked in 2011 by the customer operating from restricted country (Syria) and due to which remittance is not possible. Since the Company is under Resolution under RBI circular, the bank has now debited the amount to honor the liability in future.
13. During the six month ended September 30, 2020, certain amounts have been appropriated by banks / paid to banks by the Company, aggregating to INR 32.55 crore and INR 20.25 crore respectively, against outstanding dues of the Company towards these banks. Considering the ongoing resolution process, the Company has asked the bank to refund these amounts post settlement of debt under the said resolution process.
14. The Company had entered into a definitive agreement for sale of its remaining portion of land at Kanjurmarg to Evie Real Estate Private Limited (EVIE) and the existing Kanjurmarg factory was closed for completion of sale of land. The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is still in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments.
15. The Company has incurred a net loss before exceptional item of INR 177.03 crore during the six months ended September 30, 2020 and also incurred losses during the previous year ended March 31, 2020. The Company has reclassified non-current borrowings to current borrowing based on expected settlement of those liabilities and as at September 30, 2020, the Company's current liability exceeds its current assets by INR 3299.80 crore. As stated in Note 5, during the quarter, the Company along with the lenders have accepted a binding offer from the successful bidder in respect of infusion of equity, one-time settlement and restructuring of debt facilities.

Given the financial stress from past events unfolding and possible impact on opening balances carried forward from March 31, 2020 explained elsewhere hereinafter, the going concern basis of preparation of these standalone financial results could be affected as at September 30, 2020.

However, the Company believes following mitigating factors and business updates available till date support the going concern assumption for preparation of these standalone financial results, as at quarter ended September 30, 2020:

- all lenders of the Company have entered into an inter-creditor agreement as of August 11, 2020


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- As stated in note 5, the Board and lenders have approved binding offer given by successful bidder wherein lenders are expected to accept one time settlement, restructuring of debt facilities and the successful bidder is expected to infuse capital of INR 800.00 crore after receiving all statutory and regulatory approvals by the Company. The net current liabilities may consequently decrease on conclusion resolution plan and implementation of binding offer as stated above.
 - The Company has an unexecuted business order book of over INR 2563.00 crore as of date
16. The Company is yet to submit C Forms to tax authorities for prior years in relation to sales tax. The Company is continuously reviewing the available documentation and assessment of recoverability of such balances through collection and submission of such C Forms. During the quarter ended Jun 30, 2020, the Company provided INR 29.61 crore towards principal liability and during the quarter ended September 30, 2020, the Company has reversed provision of INR 8.80 crore basis the rectification order received from sales tax dept. While the Company has received demands for interest which are under appeal, however based on past experience, considering that the interest payable on such liability is determined only after outcome of appeals and concluding final submissions of C Form, the Company has accordingly not provided towards interest demand on the principal liability provision. The management best estimate for such interest demand is INR 21.35 crore.
17. The Company has lease hold land located at Annie Besant Road, Worli, Mumbai ("Plot") under the lease agreement dated March 03, 1925, for a period of ~93 years which was assigned to the Company vide an Assignment Agreement and lease deed dated December 30, 1954 and June 10, 1963 respectively. The lease of the Plot expired on May 29, 2018 prior to which the Company submitted application for renewal of lease with the lessor, Municipal Corporation of Greater Mumbai (MCGM). Post the application for renewal of lease, the Company has received a demand towards alleged short recovery by MCGM in 1997-98 of INR 8.58 crore together with interest thereon for INR 19.24 crore. Since the Company had not received any such claim in 1997-98 or any time thereafter, it has responded to the demand giving details of payment of all past demands of MCGM. The Company has not received a response from MCGM. Further, MCGM has not responded the Company's application for renewal of lease though the Company continues to pay property taxes and other levies to MCGM on lease after the expiry of the lease. The net book value of tangible assets as at September 30, 2020 in relation to this plot is INR 190.97 crore.
18. The Company has not determined whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961. 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).
19. The Company has carried forward tax losses of INR 2479.90 crore as per tax returns filed by the Company, which will be further subject to change due to recasting exercise as stated in Note 3(b) on which the Company has not recognised deferred tax assets. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent

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that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

20. As a result of the transactions disclosed by the Company in its audited standalone financial results for the year ended March 31, 2019 and March 31, 2020 ('certain transactions'), the Company may not have complied with the provisions of Section 185, Section 186 and certain applicable sections of the Companies Act, 2013. The Company also believes that there may be potential non-compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Income Tax Act, 1961 and other statutes and regulations as applicable to the Company. The Company is still in the process of investigation in respect of certain transactions (Phase 2 investigation), besides the additional investigation initiated by regulators which is ongoing and evaluating the implications of these potential non-compliances and the potential remedies available.
21. Due to unprecedented torrential rains, the Company's facilities located at Mandideep, Madhya Pradesh were temporarily affected in August, 2020 due to water logging. Subsequently, the plant operations started within a week. The facilities are covered through insurance policy and preliminary survey is conducted by the insurance company. Further repairs of the affected machineries as required are being carried out. Based on current assessment, there is no material impact due to the water logging.
22. Globally including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Company's operations in India were impacted from March, 2020, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India in view of COVID-19. The lockdown affected our partners and customers too, resulting in diminished sales, ordering and manufacturing activities. Subsequent to easing of lockdown and receipt of requisite approvals, the Company had commenced limited operations at all its plants from April 29, 2020. The national lock down continued until early June, when it was followed by further state level lock downs. The company has now ramped up the production, sales and allied activities.
23. Previous periods figures have been regrouped / reclassified, where necessary to conform to the classification of the current period.

For CG Power and Industrial Solutions Limited

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

Place: Mumbai
Date: October 28, 2020

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 "the Group"), for the quarter ended September 30, 2020 and year to date from April 01, 2020 to September 30, 2020 ('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 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 have 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 paragraph 5 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 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 2 and note 3 of the Unaudited Consolidated Financial Results, the National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen and recast the books of accounts and the financial statements of the Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 1 and note 2, the Board of Directors of the Holding Company, taking into consideration the basis of preparation and the significance of matters described in notes to the Unaudited Consolidated Financial Results in relation to the past transactions, believes that the accompanying Unaudited Consolidated Financial Results have been prepared in accordance with the recognition and

CG Power and Industrial Solutions Limited

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measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" except for matters detailed in notes to the Unaudited Consolidated Financial Results; believes that the accompanying Unaudited consolidated financial results may not disclose all the effects and all the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, and that the accompanying Unaudited Consolidated Financial Results may contain material misstatements.

We are unable to determine the consequential impact of the aforesaid Proposed Revision and the impact of matters stated in our audit report for the year ended March 31, 2020 on the opening balances and the impact of certain specific transactions / matters and disclosures on these Unaudited Consolidated Financial Results. Such specific transactions / matters include:

- i. We draw attention to note 9 of the Unaudited Consolidated Financial Results. There are certain outstanding identified receivables and identified liabilities as at March 31, 2020 aggregating Rs. 2,948.53 crores and Rs. 326.30 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies, connected parties, and a subsidiary, and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP).

As stated in note 3(f) of the Unaudited Consolidated Financial Results, the Holding Company has filed a suit for recovery against identified promoter affiliate company, former Directors connected with the promoter group and former KMPs for recovery of Rs. 3,125.53 (including amount towards interest of Rs. 556.22 crores and damages Rs. 689 crores) as at September 30, 2020, respectively.

As of the date of this report, the Board of Directors had initiated an investigation into the aforesaid matters; are still awaiting investigations to be concluded and; yet to identify a basis to conclude whether the identified receivables are recoverable and identified liabilities are payable. Accordingly, we are unable to quantify the adjustments to the Unaudited Consolidated Financial Results in relation to such outstanding identified receivables and identified liabilities.

- ii. We draw attention to note 2(e), note 10(c) and note 10(d) of the Unaudited Consolidated Financial Results, which describes that on July 7, 2020 Local Court in Hungary has declared CG Electric Systems Hungary Zrt. ('ESHU') as bankrupt, accordingly the Group has deconsolidated the operations of ESHU as on June 30, 2020.

Consequent to the above, the Group had recorded a total gain of Rs. Nil and Rs. 215.57 crores associated with the deconsolidation of the ESHU operations during the quarter and period ended September 30, 2020, respectively. Further, The Group has made a provision of Rs. Nil and Rs. 240.40 crores during the quarter and period ended September 30, 2020, towards the bank borrowings availed by the ESHU against corporate guarantee provided by the Holding Company. The management of Holding Company has accounted the impact of deconsolidation of ESHU on the basis of unaudited/ unreviewed financial information of ESHU.

In the absence of an audited / reviewed financial information of ESHU we are unable to determine completeness of financial information included in and potential impact on the accompanying Unaudited Consolidated Financial Results.

- iii. We draw attention to note 2(e) and 7 of the Unaudited Consolidated Financial Results, which describes that the Group has not made any provision towards the corporate guarantees provided to certain overseas entities amounting to Rs. 688.39 crores (including Rs. 619.23 crores against which guarantee invocation / demand letters are received by the Group). Further, a bank has debited Rs. 4.21 crores towards the outstanding dues of the Group.

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The management of the Holding Company is following up with the bank to seek reversal of such debits made by bank and accordingly no provision has been created during the quarter and period ended September 30, 2020.

Pending outcome of bankruptcy / liquidation proceedings of such overseas entities, we are unable to obtain sufficient appropriate audit evidence in respect of potential impact of any unforeseen liabilities post liquidation, outcome of such invocation/demand letter and obligation towards corporate guarantees extended to these subsidiaries and its consequential impact on the Unaudited Consolidated Financial Results.

- iv. We draw your attention to note 17 of the Unaudited Consolidated Financial Results, which describes that the Holding Company has made a provision amounting to Rs. 20.81 crores towards the sales tax liability on outstanding 'C' Form pending to be submitted to the sales tax authorities, as at September 30, 2020. It is further stated that the Holding Company has not provided for the interest liability aggregating to Rs. 21.35 crores, basis management estimate that there will be no possible cash outflow in this regard. However, management has received demand notices in relation to such interest liabilities.

In the light of inadequate basis for not providing the interest liability towards outstanding 'C' forms pending to be submitted, we are unable to obtain sufficient basis to comment on completeness of related provision and consequential impact on the Unaudited Consolidated Financial Results.

- v. We draw attention to note 6 and 10(e) of the Unaudited Consolidated Financial Results, which describes that the Group has executed a Share purchase agreement for divestment of the entire shareholding in its subsidiary, CG Services Systems France SAS, (SEFR), Consequently, the Group has accounted total gain of Rs. 3.08 crores associated with deconsolidation during the quarter and period ended September 30, 2020. The management of Holding Company has accounted the impact of deconsolidation of SEFR on the basis of unreviewed financial information of SEFR.

In the absence of an audited / reviewed financial information of SEFR we are unable to determine completeness of financial information included in and potential impact on the accompanying Unaudited Consolidated Financial Results.

- vi. We draw attention to note 21 to the Unaudited Consolidated Financial Results which describes that the Board of Directors have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with 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 Group (Applicable Laws). The Holding Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

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

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

- vii. We draw attention to note 4 and note 9 of the Unaudited Consolidated Financial Results. The Group has entered into various transactions with certain identified connected parties wherein some of the Holding company's employees owned beneficial ownership in such connected parties and further certain senior management personnel of the Holding Company were directors of these connected parties. Pending ongoing investigation, the Holding Company has not yet completed its assessment to determine the nature of its relationship with these connected parties and whether the Group holds control over these connected parties, hence, the Holding Company has not concluded whether these parties should be consolidated at September 30, 2020.

We were unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties, disclosure of related party transactions and potential impact on Unaudited Consolidated Financial Results as disclosed in note 9 of these Unaudited Consolidated Financial Results.

- viii. We draw your attention to note 3(d), 3(i), 3(j), 3(k), 3(l), 11 and note 18 of the Unaudited Consolidated Financial Results which describes that identified litigations and contingencies are pending to be evaluated by the management of the Holding Company and the management has not ascertained the legal position of the Group, the possible cash outflow and consequential impact on these Unaudited Consolidated Financial Results.

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

- ix. We draw your attention to note 3(c) of the Unaudited Consolidated Financial Results wherein it is stated that the Holding Company has received a copy of forensic report on September 04, 2020 pursuant to an investigation by a forensic auditor appointed by BSE as mandated by SEBI. As stated in note 3(c), the Company is providing information to SEBI in respect of the investigation.

Pending resolution of matters stated in such forensic report, we are unable to comment on any possible implications arising therefrom.

- x. 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 10 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 2,405.66 as at September 30, 2020, total revenues of Rs. 5.87 crores and Rs. 53.89 crores, total net loss after tax Rs. 6.05 crores and Rs. 60.69 crores, total comprehensive loss (net) of Rs. 6.05 crores and Rs. 60.69 crores for the quarter and period ended September 30, 2020 respectively and net cash outflows of Rs. 9.73 crores for the period from April 01, 2020 to September 30, 2020, in respect of 3 subsidiaries, part of discontinued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 5.69 as at September 30, 2020, total revenues of Rs. Nil and Rs. Nil, total net profit after tax Rs. 0.01 crore and Rs. 0.01 crore, total comprehensive profit (net) of Rs. 0.01 crore and Rs. 0.01 crore for the quarter and period ended September 30, 2020 respectively and net cash inflows of Rs. 0.21 crore for the period from April 01, 2020 to September 30, 2020, as considered in the Unaudited Consolidated

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Financial Results based on their interim financial results and other financial information which have not been audited by their auditors. These unaudited interim financial results and other financial information are considered by the management of Holding Company on the basis of financial information available with them (either approved or not approved by individual subsidiaries) for preparation of these Unaudited Consolidated Financial Results including elimination of related party transactions and conversion of financial statements into accounting principles generally accepted in India.

Further as state in note 7 of Unaudited Consolidated Financial Results, during the previous year ended March 31, 2020, the Group has deconsolidated certain subsidiaries based on the assumed date on January 01, 2020, pending completion of bankruptcy procedures.

Our report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such interim financial results and other financial information as available and considered by the management. We are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to limited review.

- xi. We draw attention to note 2(d) of these Unaudited Consolidated Financial Results, which indicate non-compliance with the regulation 33(3)(h) of the Listing Regulations, which requires the Group to ensure limited review of at least 80% of its operations with effect from April 01, 2019. Further elimination of intercompany transactions for preparation of these Unaudited Consolidated Financial Results are made based on the unaudited interim financial results available with the Holding Company.

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

- xii. Going Concern Assessment

We draw attention to note 16 of the Unaudited Consolidated Financial Results which indicate that (a) the Group has incurred net losses in the previous years and during the six months period ended September 30, 2020 and has negative net worth as at period ended September 30, 2020; (b) the Group's current liabilities exceeded its current assets as at September 30, 2020 by Rs. 4,706.41 crores; (c) as given in note 5 of the Unaudited Consolidated Financial Results, the Holding Company and lenders have approved binding offer made by primary bidder and entered into a Securities Subscription Agreement for infusing of capital amounting to Rs. 800 crores, which is subject to pending approvals, further basis expected settlement as per the resolution plan the Company has classified borrowings balances as current liabilities. However, considering that as per the terms of settlement and share subscription agreement, the investor will be taking over operations on issuance of shares and warrants, the current management is not in a position to provide cash flow assessment for the period of next 12 months.

Pending the outcome of the matters described in the paragraph (i) to (xi) above and the matters disclosed in paragraph xii(a) to xii(c) above, and possible impact thereof and taking into consideration the inability of the existing management of the Holding Company to provide the cash flow statement for a period of next 12 months, we are unable to obtain sufficient appropriate evidence to Group's ability continue as Going Concern.

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6. Disclaimer of Conclusion

Because of the significance of the matters described in paragraph 5 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 during the quarter and six months ended September 30, 2020; 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

7. We did not review the unaudited financial results and other financial information, in respect of 5 subsidiaries, part of continued operations of the Group, whose interim financial results and other financial information reflect total assets of Rs. 1,000.60 crores as at September 30, 2020, total revenues of Rs. 102.46 crores and Rs. 186.12 crores, total net profit after tax Rs. 3.79 crores and Rs. 4.44 crores, total comprehensive profit (net) of Rs. 3.79 crores and Rs. 4.44 crores for the quarter and period ended September 30, 2020, respectively and net cash inflows of Rs. 5.65 crores for the period from April 01, 2020 to September 30, 2020. 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.

8. In case of one subsidiary not reviewed by us, the other auditor who reviewed the subsidiary has reported a disclaimer of conclusion with respect to the financial results and other financial information of the subsidiary whose financial results and other financial information reflect total assets of Rs. 405.41 crores as at September 30, 2020, total revenues of Rs. Nil and Rs. Nil, total net profit after tax Rs. 0.04 crore and total net loss after tax Rs. 1. crore, total comprehensive profit (net) of Rs. 0.04 crore and total comprehensive loss (net) Rs. 1. crore for the quarter and period ended September 30, 2020 and net cash outflows of Rs. 0.13 crore for the period from April 01, 2020 to September 30, 2020, as considered in these Unaudited Consolidated Financial Results.

S R B C & COLLP

Chartered Accountants

CG Power and Industrial Solutions Limited

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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 quarter ended June 30, 2020, quarter and period ended September 30, 2019 and for the year ended March 31, 2020 are included in these Unaudited Consolidated Financial Results, on which we have issued a disclaimer of conclusion dated September 08, 2020, January 28, 2020 and disclaimer of opinion dated June 27, 2020, respectively.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

SHYAMSUNDAR
R PACHISIA

Digitally signed by
SHYAMSUNDAR R PACHISIA
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per Shyamsundar Pachisia

Partner

Membership No.: 49237

UDIN: 20049237AAAACP2061

Place: Mumbai

Date: October 28, 2020

CG Power and Industrial Solutions Limited

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Annexure 1 – 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 Solutions Limited
4	CG Power Equipments Limited
5	CG Sales Networks Malaysia Sdn. Bhd.
6	PT Crompton Prima switchgear Indonesia
7	CG International BV
8	CG Drives & Automation Netherlands BV
9	CG Drives & Automation Germany GmbH
10	CG Industrial Holdings Sweden AB
11	CG Drives & Automation Sweden AB
12	CG Power Americas, LLC
13	QEI, LLC
14	CG-Ganz Generator and Motor Limited Liability Company
15	CG Service Systems France SAS (divested with effect from July 20, 2020)
16	CG Electric Systems Hungary Zrt. (deconsolidated with effect from June 30, 2020)
17	CG Power Solutions UK Ltd
18	CG Middle East FZE
19	CG Power Systems Canada Inc
20	CG Power and Industrial Solutions Limited Middle East FZCO

CG Power and Industrial Solutions Limited

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STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2020

Sr. No.	Particulars	₹ in crore					
		Quarter ended			Six months ended		Previous Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income						
	(a) Revenue from operations	663.89	362.73	1541.58	1026.62	3315.31	5109.88
	(b) Other income	9.56	66.82	6.92	76.38	15.56	48.13
	Total Income	673.45	429.55	1548.50	1103.00	3330.87	5158.01
2	Expenses						
	(a) Cost of materials consumed	447.61	197.19	889.92	644.80	2034.16	3069.04
	(b) Purchases of stock-in-trade	14.55	5.93	26.15	20.48	45.00	60.92
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(42.07)	37.63	58.19	(4.44)	37.46	198.15
	(d) Employee benefits expense	86.85	106.22	242.89	193.07	508.58	867.13
	(e) Finance costs	75.60	81.66	80.08	157.26	161.09	324.05
	(f) Depreciation and amortisation expense	32.21	39.62	52.07	71.83	108.89	211.48
	(g) Foreign exchange (gain) / loss (net)	(5.19)	(5.29)	33.96	(10.48)	35.05	72.53
	(h) Other expenses	101.34	128.99	227.44	230.33	518.92	845.20
	Total Expenses	710.90	591.95	1610.70	1302.85	3449.15	5648.50
3	Loss before share of profit / (loss) in associates and joint venture, exceptional items and tax	(37.45)	(162.40)	(62.20)	(199.85)	(118.28)	(490.49)
4	Share of profit / (loss) in associates and joint venture	-	-	-	-	-	-
5	Exceptional items (net)	153.67	(74.97)	(1538.20)	78.70	(1561.46)	(1787.88)
6	Profit / (loss) before tax	116.22	(237.37)	(1600.40)	(121.15)	(1679.74)	(2278.37)
7	Tax expense:						
	Current tax	0.76	0.01	(3.03)	0.77	(0.93)	2.64
	Deferred tax	6.09	25.48	(9.36)	31.57	(18.71)	(121.11)
8	Profit / (loss) from continuing operations after tax	109.37	(262.86)	(1588.01)	(153.49)	(1660.10)	(2159.90)
9	Loss from discontinued operations before tax	-	(0.02)	(7.20)	(0.02)	(8.71)	(6.92)
10	Tax expense on discontinued operations	-	-	-	-	-	0.12
11	Loss from discontinued operations after tax	-	(0.02)	(7.20)	(0.02)	(8.71)	(7.04)
12	Net profit / (loss)	109.37	(262.88)	(1595.21)	(153.51)	(1668.81)	(2166.94)
13	Other comprehensive income:						
	(a) (i) Items that will not be reclassified to profit or loss	(0.04)	(0.03)	(0.95)	(0.07)	(2.72)	(0.36)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01	0.02	0.33	0.03	0.87	0.11
	(b) (i) Items that will be reclassified to profit or loss	14.39	11.10	7.85	25.49	27.16	52.70
14	Total comprehensive income after tax	123.73	(251.79)	(1587.98)	(128.06)	(1643.50)	(2114.49)
15	Total comprehensive income attributable to:						
	(a) Owners of the Company	124.77	(231.57)	(1592.76)	(106.80)	(1646.22)	(2107.00)
	(b) Non-controlling interests	1.04	20.22	(4.78)	21.26	(2.72)	7.49
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						(229.03)
18	Earnings Per Share (for continuing operations) (not annualised)						
	(a) Basic	1.76	(3.87)	(25.41)	(2.11)	(26.53)	(34.34)
	(b) Diluted	1.76	(3.87)	(25.41)	(2.11)	(26.53)	(34.34)
	Earnings Per Share (for discontinued operations) (not annualised)						
	(a) Basic	-	0.00	(0.12)	(0.00)	(0.14)	(0.11)
	(b) Diluted	-	0.00	(0.12)	(0.00)	(0.14)	(0.11)
	Earnings Per Share (for continuing and discontinued operations) (not annualised)						
	(a) Basic	1.76	(3.87)	(25.53)	(2.11)	(26.67)	(34.45)
	(b) Diluted	1.76	(3.87)	(25.53)	(2.11)	(26.67)	(34.45)

Signature

CG Power and Industrial Solutions Limited

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CONSOLIDATED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

Sr. No.	Particulars	Quarter ended			Six months ended		Previous Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Segment Revenue:						
	(a) Power Systems	180.81	152.55	825.88	333.36	1766.47	2735.84
	(b) Industrial Systems	480.39	208.69	712.39	689.08	1542.01	2361.36
	(c) Others	2.82	1.49	3.36	4.31	7.10	12.96
	Total	664.02	362.73	1541.63	1026.75	3315.58	5110.16
	Less: Inter-Segment Revenue	0.13	-	0.05	0.13	0.27	0.28
	Total income from operations	663.89	362.73	1541.58	1026.62	3315.31	5109.88
2.	Segment Results:						
	Profit / (loss) before tax and finance costs from each segment						
	(a) Power Systems	(18.41)	(60.60)	(17.57)	(79.01)	(62.23)	(222.30)
	(b) Industrial Systems	66.15	(14.70)	96.58	51.45	195.25	246.91
	(c) Others	(0.81)	(0.87)	(0.90)	(1.68)	(1.63)	(3.67)
	Total	46.93	(76.17)	78.11	(29.24)	131.39	20.94
	Less:						
	(i) Finance costs	75.60	81.66	80.08	157.26	161.09	324.05
	(ii) Other un-allocable expenditure net of un-allocable income	13.97	9.86	26.27	23.83	53.53	114.85
	(iii) Foreign exchange (gain) / loss (net)	(5.19)	(5.29)	33.96	(10.48)	35.05	72.53
	Add:						
	(i) Share of profit / (loss) in associates and joint venture	-	-	-	-	-	-
	(ii) Exceptional items (net)	153.67	(74.97)	(1538.20)	78.70	(1561.46)	(1787.88)
	Profit / (loss) from ordinary activities before tax	116.22	(237.37)	(1600.40)	(121.15)	(1679.74)	(2278.37)
3.	Segment Assets:						
	(a) Power Systems	1370.00	1354.58	3815.43	1370.00	3815.43	1830.46
	(b) Industrial Systems	982.59	904.48	1209.36	982.59	1209.36	979.82
	(c) Others	11.91	11.40	14.41	11.91	14.41	12.75
	(d) Unallocable	3584.46	3600.95	3575.88	3584.46	3575.88	3573.36
	(e) Discontinued Operations	311.67	320.33	322.01	311.67	322.01	309.44
	Total segment assets	6260.63	6191.74	8937.09	6260.63	8937.09	6705.83
4.	Segment Liabilities:						
	(a) Power Systems	2250.28	2189.27	3434.53	2250.28	3434.53	2409.88
	(b) Industrial Systems	1129.90	1090.83	1269.67	1129.90	1269.67	1096.96
	(c) Others	4.22	3.99	4.03	4.22	4.03	4.26
	(d) Unallocable	3150.46	3293.21	3644.89	3150.46	3644.89	3268.86
	(e) Discontinued Operations	33.08	44.09	41.19	33.08	41.19	29.55
	Total segment liabilities	6567.94	6621.39	8394.31	6567.94	8394.31	6809.51

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crore)

Particulars		As at	As at
		30.09.2020	31.03.2020
		Unaudited	Audited
A	ASSETS		
1	Non-current Assets:		
	(a) Property, plant and equipment	951.32	1228.07
	(b) Capital work-in-progress	15.82	11.88
	(c) Goodwill	156.50	150.16
	(d) Intangible assets	84.34	110.75
	(e) Intangible assets under development	20.48	15.74
	(f) Financial assets		
	(i) Investments	1.80	1.73
	(ii) Trade receivables	-	4.23
	(iii) Loans	6.83	6.52
	(iv) Others	2967.52	2982.07
	(g) Deferred tax assets (net)	4.99	14.53
	(h) Other non-current assets	12.91	10.03
	Total Non-current Assets	4222.51	4535.71
2	Current Assets:		
	(a) Inventories	322.55	384.34
	(b) Financial assets		
	(i) Investments	0.01	0.01
	(ii) Trade receivables	444.06	522.20
	(iii) Cash and cash equivalents	255.27	210.89
	(iv) Bank balances other than (iii) above	41.44	50.38
	(v) Loans	34.31	41.67
	(vi) Others	182.09	232.11
	(c) Current tax assets (net)	46.25	46.87
	(d) Other current assets	400.47	372.21
	Total Current Assets	1726.45	1860.68
3	Assets classified as held for sale and discontinued operations	311.67	309.44
	TOTAL - ASSETS	6260.63	6705.83
B	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity share capital	125.35	125.35
	(b) Other equity	(432.66)	(229.03)
	Total Equity	(307.31)	(103.68)
	Liabilities		
1	Non-current Liabilities:		
	(a) Financial liabilities		
	(i) Borrowings	4.23	737.84
	(ii) Other financial liabilities	17.80	209.87
	(b) Provisions	31.56	33.58
	(c) Deferred tax liabilities (net)	47.64	56.65
	(d) Other non-current liabilities	0.77	1.10
	Total Non-current Liabilities	102.00	1039.04
2	Current Liabilities:		
	(a) Financial liabilities		
	(i) Borrowings	863.42	923.26
	(ii) Trade payables	1243.81	1305.62
	(iii) Other financial liabilities	2934.10	2040.31
	(b) Other current liabilities	904.94	973.56
	(c) Provisions	486.59	498.17
	Total Current Liabilities	6432.86	5740.92
3	Liabilities associated with group of assets classified as held for sale and discontinued operations	33.08	29.55
	TOTAL - EQUITY AND LIABILITIES	6260.63	6705.83

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CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2020

Particulars	(₹ in crore)	
	30.09.2020	30.09.2019
[A] CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxes from continuing operations	(121.15)	(1679.74)
Adjustments for:		
Depreciation and amortisation expense	71.83	108.89
Allowances for doubtful receivables	16.34	21.07
Bad debts written off	0.16	4.71
(Gain) / loss arising on financial instruments designated as FVTPL	(0.08)	-
Finance costs	157.26	161.09
Interest income	(3.08)	(3.98)
Unrealised exchange (gain) / loss (net)	3.34	5.64
Unrealised exchange (gain) / loss on consolidation (net)	25.48	27.23
Intangible assets write off	-	3.94
(Profit)/ loss on sale of property, plant and equipment (net)	0.07	0.30
Exceptional items (net)	(78.70)	1561.46
	192.82	1890.35
Operating profit before working capital changes	71.47	210.61
Adjustments for:		
(Increase) / Decrease in trade and other receivables	(1.04)	363.58
(Increase) / Decrease in inventories	20.09	(36.92)
Increase / (Decrease) in trade and other payables	74.34	(84.34)
Increase / (Decrease) in provisions	(10.57)	3.58
	82.82	245.90
Cash (used in) / from operations	154.29	456.51
Income tax paid (net of refunds)	(0.15)	(17.17)
Non-controlling interest in (profit) / loss	(21.26)	3.63
Net cash flow (used in) / from continuing operating activities	132.88	442.97
Net cash flow (used in) / from discontinued operating activities	1.54	(15.06)
Net cash flow (used in) / from continuing and discontinued operating activities	[A] 134.42	427.91
[B] CASH FLOW FROM INVESTING ACTIVITIES		
Add: Inflows from investing activities		
Sale of property, plant and equipment and intangible assets	0.12	1.41
Proceeds from sale of investments in subsidiary	0.26	-
Interest received	4.50	2.72
	4.88	4.13
Less: Outflows from investing activities		
Purchase of property, plant and equipment (including capital work in progress and capital advances) and intangible assets	(10.71)	(23.93)
Unrealised exchange gain on consolidation (net)	(30.17)	(17.63)
Loans given to other than related parties	-	(16.14)
	(40.88)	(57.70)
Net cash flow (used in) / from continuing investing activities	(36.00)	(53.57)
Net cash flow (used in) / from discontinued investing activities	-	-
Net cash flow (used in) / from continuing and discontinued investing activities	[B] (36.00)	(53.57)

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Particulars	Six months ended	
	30.09.2020	30.09.2019
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Add: Inflows from financing activities		
Proceeds from long-term borrowings	4.05	-
Proceeds from short-term borrowings	3.44	328.44
Unrealised exchange loss / (gain) on consolidation (net)	10.40	4.75
Changes in non-controlling interest	21.26	-
	39.15	333.19
Less: Outflows from financing activities		
Repayment of long-term borrowings	(0.15)	(334.57)
Repayment of short-term borrowings	(65.06)	(332.76)
Payment of lease liabilities	(6.30)	(3.82)
Finance costs paid	(18.82)	(121.68)
Changes in non-controlling interest	-	(2.72)
	(90.33)	(795.55)
Net cash flow (used in) / from continuing financing activities	(51.18)	(462.36)
Net cash flow (used in) / from discontinued financing activities	-	-
Net cash flow (used in) / from continuing and discontinued financing activities (C)	(51.18)	(462.36)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)	47.24	(88.02)
Less: Reduction in cash and cash equivalents on account of deconsolidation/sale of subsidiaries	(2.60)	-
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES	44.64	(88.02)
Cash and cash equivalents at beginning of the year	210.89	233.98
Cash and cash equivalents at end of the period	255.53	145.96
Cash and cash equivalents from continuing operations	255.27	145.42
Cash and cash equivalents from discontinued operations	0.26	0.54
Cash and cash equivalents from continuing and discontinued operations	255.53	145.96

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Notes on the consolidated financial results for the quarter and six months ended September 30, 2020:

1. These unaudited consolidated financial results of CG Power and Industrial Solutions Limited ('the Company') and its subsidiaries (collectively 'the Group') have been reviewed by the Audit Committee and approved by the Board of Directors (the 'Board') at its meeting held on October 28, 2020. The statutory auditors have performed limited review of the consolidated 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 the quarter and six months ended September 30, 2020 following the reasons explained in the basis of disclaimer of conclusion in their Limited Review Report.

Further taking into consideration the explanation provided in basis of preparation and related notes included in these consolidated financial results, the Board of the Company believe that these consolidated financial results do not include all the impact and all disclosure of the information required to be included and disclosed in relation to the past transactions, including those disclosed in the audited consolidated financial results for the year ended March 31, 2019 and March 31, 2020, impacting consolidated financial results and recoverability of certain identified receivables from the promoter affiliate companies (refer note 9) and connected parties (refer note 9). Hence these consolidated financial results could be materially misstated to that extent and could undergo change.

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

These consolidated financial results have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of reporting period as per Ind AS and certain identified transactions measured and recognised as stated in note (b) below.
 - (b) Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies (as defined in note 8) and connected parties (as termed in note 4), are stated at carrying value basis the transactions accounted in the books of the Group as explained in the audited consolidated financial results for the year ended March 31, 2019 and March 31, 2020.
 - (c) Completeness of certain transactions recorded in these consolidated financial results is subject to outcome of re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies basis the order passed by the National Company Law Tribunal ('NCLT') on March 5, 2020. Refer note 3(b) below. Further, the Phase 2 investigation is in progress. Accordingly, the Company is yet to ascertain the conclusion on aforesaid matters.

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(d) (i) During the quarter and six months period ended September 30, 2020, the following subsidiaries of the Group had either no officers or directors on account of either their removal or resignation:

1. CG Power Solutions Limited
2. CG Middle East FZE
3. CG- Ganz Generator and Motor LLC

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

(ii) During the quarter ended June 30, 2020, the financial information for CG Electric Systems Hungary Zrt. considered in the consolidated results approved by the Board is based on local CEO approved financial information. Those financial information are not subjected to review or audit.

(iii) During the six months period ended September 30, 2020, the following entities have not been reviewed by their auditors and have been consolidated based on the management accounts:

Name of the subsidiary	Country
CG Power Solutions UK Ltd	UK
CG Power & Industrial Solutions Limited Middle East FZCO	Dubai
CG Power Systems Canada Inc.	Canada
PT CG Prima Switchgear Indonesia	Indonesia
CG Service Systems France SAS	France
CG Sales Networks Malaysia Sdn. Bhd.	Malaysia
CG International B.V.	The Netherlands
CG-PPI Adhesive Products Limited	India
CG Power Equipments Limited	India

For the purposes of consolidated financial results for the six months ended September 30, 2020, 69% of the consolidated assets and 56% based on profitability criteria respectively have been subject to review. This has led to non-compliance with regulation 33(3)(h) of the Listing Regulations.

(e) During the six months ended September 30, 2020, the Group has deconsolidated the accounts of its subsidiary CG Electric Systems Hungary Zrt. ('ESHU') consequent to it being declared bankrupt by Local Court in Hungary ("Court") on July 7, 2020, which then appointed Liquidators. Due to bankruptcy order, the Group no longer retains control over the operations of the above-mentioned subsidiary with effect from the date of bankruptcy. In view of the above, the management of the Company has considered practical expedient to deconsolidate the accounts of ESHU with effect from June 30, 2020.

ESHU has availed borrowing facilities from local banks secured by local assets and

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further by corporate guarantees from CG International B.V and the Company. Due to pronouncement of bankruptcy proceedings, the said loan is considered as defaulted and CG International B.V has received guarantee invocation letter from the bank for an amount of INR 240.40 crore (Euro 28.39 million) against absolute surety provided. The borrowing is also secured by local assets at Hungary. In addition, the Company has provided an independent corporate guarantee to the local bank. Since the liquidation proceedings under the facility agreement is considered as event of default, the Group has made a provision of INR 240.40 crore as an exceptional item towards the bank's demand. Further the Company has provided a corporate guarantee for an amount of INR 7.87 crore (Euro 0.91 million) which are not invoked by customers and hence no provision is created. Further, in the quarter ended June 30, 2020, after considering effects of deconsolidation, the Group has accounted total gain of INR 215.57 crore associated with deconsolidation including transfer of foreign currency translation reserve and hedge reserve.

3. During the quarter and six months ended September 30, 2020 and subsequent to that, below are the updates / key steps taken by the management of the Company, in relation to investigations, regulatory and recovery actions:
 - a) The Company and its subsidiary, CG Power Solutions Limited ('CGPSOL') received follow up notices from the Serious Fraud Investigation Office ('SFIO'), in relation to ongoing investigation into the affairs of the Company and its subsidiaries. Full cooperation is being extended to the SFIO, and such information and documents as sought are being provided.
 - b) The Company has received further communication from Ministry of Corporate Affairs ('MCA') in relation to appointment of Chartered Accountant firm(s) for reopening books of accounts and recasting of financial statements (the 'recasting exercise') of the Company and its subsidiary companies for 5 years ending as on March 31, 2019. The Company also sought further clarifications from MCA on certain specific aspects expected to arise in the recasting exercise. Further, the Company is in the process to select the accounting firm(s) as per NCLT Order.
 - c) The Company has received the copy of the report of Forensic Auditors appointed by the SEBI on September 4, 2020 and the report is shared with statutory auditors after receiving approval from SEBI. The Company has also received follow up notices from SEBI in relation to investigation initiated by them and the Company has provided the required information. Full cooperation is being extended to the SEBI, and such information and documents as sought are being provided.
 - d) The Company awaits further communication from Commissioner of Income Tax (Appeals) and next hearing date from Bombay High Court, in respect of the income tax notice of demand for INR 606.30 crore and show cause notice for the financial year 2016-17 received by the Company.

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- e) The Phase II investigation initiated by the Company is currently in progress, and report is under review of Hon'ble Justice Mr. T. S. Thakur (Retd.) who is appointed as Head of Investigation.
- f) The Company has filed a suit for recovery against identified promoter affiliate company, former Directors connected with the promoter group and former KMPs for recovery of sum of INR 1416.07 crore (principal INR 727.07 crore together with damages aggregating INR 689 crore) for siphoning off funds. This suit is in addition to suits filed by the Company towards the loss caused to Company's subsidiary, CGPSOL for sum of INR 1709.46 crore (principal INR 1153.24 crore together with interest aggregating INR 556.22 crore) as detailed in the March 31, 2020 consolidated financial results. The hearing date for these suits are awaited.
- g) There were recovery notices been sent to certain identified parties and promoter affiliate companies, during the previous year ended March 31, 2020, out of which few of them were returned undelivered. There is no further update in relation to this in the quarter and six months ended September 30, 2020.
- h) The Company has filed an application with the MCA for approval of the Central Government for removal of K K Mankeshwar & Co ('KKM') as Joint Statutory Auditors. Post decision of the Board on removal, KKM has resigned with effect from January 25, 2020 and also made filing for their resignation on July 16, 2020. The Regional Director, MCA, has disposed off the Company's application as infructuous ('RD order') as KKM has already resigned as statutory auditor of the Company. Therefore, the Company has taken on record the resignation tendered by KKM in terms of said RD order.
- i) The Company and Avantha Holdings Limited ('AHL') had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on February 13, 2019 effective from October 1, 2018 (New Royalty Agreement). Further, during previous year, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void and accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of New Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued. Subsequently AHL has issued notice invoking arbitration under the brand royalty agreement. The Company has replied the arbitration invocation notice, rejecting AHL's contention in the notice on invoking arbitration clause. Subsequently AHL has filed an arbitration petition before Delhi High Court for appointment of arbitrator. The Company has filed reply to AHL's arbitration petition.
- j) Eight suppliers due to non-payment of their dues by the Company have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim in respect of Lucy India Electric Pvt Ltd ('Lucy') is being contested by the Company due to a pre-existing dispute (refer note (l) below) and for other claims the Company is in discussions with the claimants for an amicable settlement.

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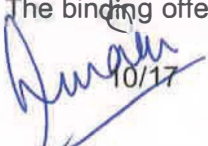
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- k) During the previous year, CGPSOL has received assessment order u/s 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the CGPSOL received notice u/s 274 read with section 270A from income tax department for levy of penalty. However, in the absence of availability of any director or officer, CGPSOL could not attend the penalty hearing and has not yet filed appeal before Commissioner of Income Tax (Appeals) contesting the order and penalty. Assessing officer is updated about CGPSOL's inability to file an appeal. The Group await to hear from income tax department.
- l) The Company had supplied products of Lucy to customers and faced unresolved warranty claims with potential liability of INR 30.44 crore in respect of these products. The Company was not provided counter bank guarantees against the bank guarantees provided by the Company to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism. However, Lucy, opted to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of INR 23.50 crore (Principal of INR 19.98 crore + interest of INR 3.52 crore). Basis the Company's internal assessment, management believes that no additional provision is required at this stage and the case will be in favor of the Company. The Company is contesting this in the NCLT as a pre-existing contractual dispute. The application was last listed on March 20, 2020. However, in view of the COVID-19 the same has been adjourned by NCLT and fresh date is yet to be notified. In September, 2020 Lucy has issued a notice invoking arbitration under the Purchase Orders. The Company has replied to the arbitration notice on nomination of an arbitrator.
4. During the previous financial year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. Subsequently, all the lenders providing credit facilities directly to the Company ('Lenders') have formed a joint lenders forum, with State Bank of India ('SBI') acting as lead bank for the process. The Board was in active discussion with its lenders for fund raising and resolution of the debt of the Company. In this regard, during the quarter, all lenders of the Company have entered into an Inter Creditor Agreement ('ICA') as of August 11, 2020 in accordance with framework issued by Reserve Bank of India. This includes lender for borrowings aggregating INR 320.00 crore, availed by certain companies (termed as "connected parties" in the March, 2019 and subsequent consolidated financial results) from a financial institution on the basis of Company's Land and Building in Nashik and Kanjurmarg and which were extended to the Company and Company had further extended those borrowings to one of the promoter affiliate company and to one of the connected party. In order to facilitate the resolution process with the lenders as stated in Note 5, the Company has kept legal proceedings in respect of these borrowings, in abeyance reserving its right to initiate legal proceedings in case the resolution plan is not completed.
5. During the quarter, the Lenders and the Company received a binding offer from Tube Investments of India Limited ('Primary Bidder'), a member of the Murugappa group for resolving the debts of the Company and to infuse capital in the Company. The binding offer


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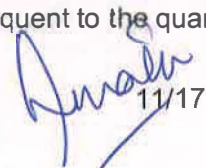
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was accepted by the Board and the Lenders. In terms of the binding offer, the lenders are expected to accept one time settlement, restructuring of funded and unfunded borrowing facilities ('debt facilities') and primary bidder will infuse capital through a combination of equity shares and warrants ('securities') issued by the Company. Pursuant to this, a Securities Subscription Agreement ('SSA') has been executed (and further amended) between the Company and the primary bidder for infusing capital to the tune of INR 800.00 crore. The shareholders of the Company have approved the issuance of securities in the extra-ordinary general meeting held on September 2, 2020 and on September 24, 2020. Subsequent to quarter ended September 30, 2020, the Competition Commission of India has approved the proposed acquisition vide letter dated October 13, 2020. Further, the binding offer is subject to satisfactory fulfilment of Conditions Precedents contained in the Securities Subscription agreement and obtaining other necessary regulatory approvals.

6. During the six months period ended September 30, 2020, the Group has executed the Share Purchase Agreement with AK Group France, for divestment of the entire shareholding in its subsidiary, CG Services Systems France SAS, (SEFR), subject to parties meeting the conditions precedents (CPs). During the current quarter, the parties have completed the CPs and the divestment has been completed on July 20, 2020 effective which SEFR has ceased to be a step-down subsidiary of the Company. Consequently, during the current quarter, SEFR is deconsolidated and after considering effects of deconsolidation, the Group has accounted total gain of INR 3.08 crore associated with deconsolidation as an exceptional item including transfer of foreign currency translation reserve.
7. The Group has not made any provision towards corporate guarantees provided to certain overseas entities (Including HBE Group) on the assumption that the recoverable value of assets of these operations will be sufficient to meet all related liabilities. The amount stated below include INR 281.15 crore in respect of guarantees invoked and INR 338.08 crore in respect of guarantee where accelerated payments are asked by banks for facilities provided to HBE Group which consisted of CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE'), PT CG Power Systems Indonesia ('PTID'), CG Power Systems Ireland Limited ('CGIE') CG Sales Network France SA ('SNFR') and CG Power Solutions Saudi Arabia Limited ('PSOL SA'). These entities ceased to be subsidiaries of the Group with effect from January 1, 2020 (assumed date). The Group has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent, the provision amount may vary subsequent to period end. The amount pertains to guarantees provided to HBE Group aggregating to INR 680.52 crore (EURO 78.87 million).

During the quarter ended September 30, 2020, one the bank debited INR 4.21 crore (0.48 million Euro) from one of the Group's bank account against outstanding dues of the Group towards the bank. The Company is engaged with the bank on getting the credit back on such amount and hence no provision is created for the amount debited by bank.

During the quarter ended September 30, 2020, the Company has made a provision of INR 47.90 crore, as an exceptional item, against corporate guarantee issued by Company's subsidiary CG International BV (CGIBV) towards borrowings of INR 239.50 (32.50 million USD). The provision is basis the settlement consideration agreed subsequent to the quarter


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by the Company with the bank and is subject to RBI approval. Consequently the Group has derecognized the borrowings of INR 239.50 crore and recognised gain of that amount under exceptional item.

8. The Avantha group, promoted by Mr. Gautam Thapar, is classified as Promoter and Promoter Group of the Company ("Promoters") and holds less than 0.01% equity shareholding. On September 4, 2020, SEBI has provided necessary exemption to the Company to reclassify the status of Avantha Group from "Promoters" to "Public" ('reclassification') after taking necessary approval from shareholders. Subsequently, the shareholders approved the said reclassification of shareholding from promoter to public in the annual general meeting held on October 19, 2020. The Company is in the process of making application to stock exchanges for the reclassification. Pending the stock exchange approval, the Avantha Group is still classified as Promoters and their associated group companies as 'promoter affiliate companies'.
9. The Group has certain non-current receivables from various promoter affiliate companies (as defined in Note 8) and connected parties as at quarter end. The Group has initiated recovery process in consultation with legal counsels including filing of certain recovery suits (refer note 3(f)) and will be taking further actions as may be legally advised. Further, no interest has been accrued on all such balances from April 1, 2019. Following are the receivable and payable balances (net of provision) from / to various promoter affiliate companies and connected parties:

Name of the entity	Relationship	(₹ in crore)	
		As at 30.09.2020	As at 31.03.2020
A) Advances / Loan given			
Avantha Holdings Limited	Promoter affiliate company	1,001.37	1,001.37
Avantha International Assets BV	Promoter affiliate company	350.74	350.74
Avantha Realty Limited	Promoter affiliate company	10.65	10.65
Avantha Power & Infrastructure Ltd	Promoter affiliate company	15.00	15.00
BILT Graphic Paper Products Limited	Promoter affiliate company	552.33	552.33
Ballarpur International Holdings BV	Promoter affiliate company	85.37	85.37
Mirabelle Trading PTE Ltd	Promoter affiliate company	93.33	93.33
Solaris Industrial Chemicals Limited	Promoter affiliate company	377.00	377.00
Blue Garden Estate Private Limited	Connected party	287.74	287.74
Acton Global Private Limited	Connected party	175.00	175.00
Total		2,948.53	2,948.53
B) Advances / Loan payable			
Mirabelle Trading PTE Ltd	Promoter affiliate company	6.30	6.30
Blue Garden Estate Private Limited	Connected party	320.00	320.00
Total		326.30	326.30

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10. Exceptional Items includes the following:

Particulars	₹ in crore)					
	Quarter ended			Six months ended		Previous Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
Provision against litigation (including trade receivable and claims)	-	-	-	-	-	(22.48)
Provision for impairment of tangible and intangible assets	-	(18.00)	-	(18.00)	-	(34.33)
Short fall of provident fund liability	-	-	-	-	-	(0.78)
(Provision) / Reversal for interest towards delay in completion of land sale and expected restructuring cost	(31.47)	(31.14)	-	(62.61)	-	(21.94)
Provision for expected cost towards closure of factory	-	-	-	-	(23.26)	(23.26)
Provision for doubtful advances	-	-	(836.42)	-	(836.42)	(905.00)
Provision for impairment of investment	-	-	(127.49)	-	(127.49)	(127.49)
Reserves transferred to statement of profit or loss on deconsolidation/Sale of subsidiaries						
- Foreign currency translation reserve	1.39	73.76	-	75.15	-	181.41
- Hedge reserve	-	0.42	-	0.42	-	0.83
Reversal / (provision) of net assets of subsidiaries	3.07	-	(569.48)	3.07	(569.48)	(468.28)
Gain on deconsolidation of subsidiary - ESHU	-	134.98	-	134.98	-	-
Reversal / (liability) on deconsolidation of subsidiaries	(0.27)	6.41	-	6.14	-	(341.15)
Loss on sale of subsidiary	(1.38)	-	-	(1.38)	-	-
Professional and consultancy fees due to ongoing investigations and debt resolution plan	(9.27)	(1.00)	(4.81)	(10.27)	(4.81)	(36.24)
Post retirement medical benefit provision reversal	-	-	-	-	-	10.83
Provision towards corporate guarantee for overseas entity	(47.90)	(240.40)	-	(288.30)	-	-
Gain on extinguishment of borrowing	239.50	-	-	239.50	-	-
Total	153.67	(74.97)	(1538.20)	78.70	(1561.46)	(1787.88)

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

Below are further details on exceptional items:

- During the quarter and six months period ended September 30, 2020, the company has provided an amount INR 31.47 crore and INR 62.61 crore respectively towards interest payable on delay in consummation of Kanjurmarg land sale pending fulfilment of condition precedents linked as per the sale agreement;
- During the quarter and six months period ended September 30, 2020, the Company has incurred professional and consultancy charges of INR 9.27 crore and INR 10.27 crore respectively towards the debt resolution process initiatives and ongoing investigations in relation to matters identified and disclosed in the financial results for the year ended March 31, 2019 and March 31, 2020;
- As stated in note 2(d) and 2(e) above, ESHU is deconsolidated from June 30, 2020. Consequently, for the quarter ended June 30, 2020, the Group has reclassified foreign currency translation reserve of INR 73.76 crore and hedge reserve of INR 0.42 crore, previously recognised in other comprehensive income related to the ESHU now to consolidated profit or loss. The Group has accounted a total gain on deconsolidation of INR 141.39 crore in the six month ended September 30, 2020.

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- d. During the quarter ended June 30, 2020, Group's overseas subsidiaries, CG Electric Systems Hungary Zrt has accounted for impairment of INR 18.00 crore towards tangible and intangible assets.
 - e. As stated in note 6 above, the Group has sold its subsidiary SEFR. Consequently, for the quarter ended September 30, 2020, the Group has reclassified foreign currency translation reserve of INR 1.39 crore, previously recognised in other comprehensive income related to the SEFR now to consolidated profit or loss. The Group has accounted a total gain on deconsolidation of INR 3.08 crore in the quarter ended September 30, 2020.
11. A customer of CG Power Systems, Canada Inc. ('CG Canada'), a wholly owned step-down subsidiary of the Company in relation to non-performance of a contract for supply of transformer by CG Canada has claimed in the court in Ontario, damages of CAD 11.85 million from CG Canada, its parent CGIBV and the Company which is the ultimate parent company. The claim on CGIBV and the Company, though neither of them is party to the contract with the customer, is based on Canadian law which provides for liability on shareholders of a corporation, if it is dissolved and the proceeds are distributed to its shareholders without properly addressing its liabilities. The assets of CG Canada were divested in 2015 and consequently, it will not have any amount available for distribution to shareholders after meeting its liabilities in view of which provision has not been considered for this claim.
 12. During the quarter ended September 30, 2020, the Company has provided for an amount of INR 9.64 crore as other cost towards amount debited by a bank towards a bank guarantee invoked in 2011 by the customer operating from restricted country (Syria) and due to which remittance is not possible. Since the Company is under Resolution under RBI circular, the bank has now debited the amount to honor the liability in future.
 13. During the six month ended September 30, 2020, certain amounts have been appropriated by banks / paid to banks by the Company, aggregating to INR 32.55 crore and INR 20.25 crore respectively, against outstanding dues of the Company towards these banks. Considering the ongoing resolution process, the Company has asked the bank to refund these amounts post settlement of debt under the said resolution process.
 14. The Company had entered into a definitive agreement for sale of its remaining portion of land at Kanjurmarg to Evie Real Estate Private Limited (EVIE) and the existing Kanjurmarg factory was closed for completion of sale of land. The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is still in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments.
 15. The Group has filed in Canada for voluntary bankruptcy for the subsidiary company, CG Canada. In accordance with the Canadian Law, upon filing of bankruptcy application all the assets of CG Canada will vest in the Insolvency Trustee.
 16. The Group has incurred a net loss before exceptional item of INR 199.85 crore during the six months ended September 30, 2020 and had also incurred losses during the previous year ended March 31, 2020. The Company has reclassified non-current borrowings to current borrowing based on expected one time settlement of those liabilities and as at September

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30, 2020, the Group's current liability exceeds its current assets by INR 4706.41 crore. As stated in Note 5, during the quarter, the Company along with lenders have accepted a binding offer from the successful bidder in respect of infusion of equity, one-time settlement and restructuring of debt facilities.

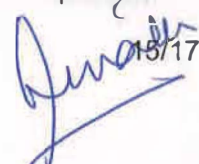
Given the financial stress from past events unfolding and possible impact on opening balances carried forward from March 31, 2020 explained elsewhere hereinafter, the going concern basis of preparation of these consolidated financial results could be affected as at September 30, 2020.

However, the Group believes following mitigating factors and business updates available till date, support the going concern assumption for preparation of these consolidated financial results, as at quarter ended September 30, 2020:

- all lenders of the Company have entered into an inter-creditor agreement as of 11 August 2020
- As stated in note 5, the Board and lenders have approved binding offer given by successful bidder wherein lenders are expected to accept one time settlement, restructuring of debt facilities and the successful bidder is expected to infuse capital of INR 800.00 crore after receiving all statutory and regulatory approvals by the Company. The net current liabilities may consequently decrease on conclusion resolution plan and implementation of binding offer as stated above.
- The Group has an unexecuted business order book of over INR 2758.00 crore as of date

17. The Company is yet to submit C Forms to tax authorities for prior years in relation to sales tax. The Company is continuously reviewing the available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms. During the quarter ended Jun 30, 2020, the Company provided INR 29.61 crore towards principal liability and during the quarter ended September 30, 2020, the Company has reversed provision of INR 8.80 crore basis the rectification order received from sales tax dept. While the Company has received demands for interest which are under appeal, however, based on past experience, considering that the interest payable on such liability is determined only after outcome of appeals and concluding final submissions of C Form, the Company has accordingly not provided towards interest demand on the principal liability provision. The management best estimate for such interest demand is INR 21.35 crore.

18. The Company has lease hold land located at Annie Besant Road, Worli, Mumbai ("Plot") under the lease agreement dated March 03, 1925, for a period of ~93 years which was assigned to the Company vide an Assignment Agreement and lease deed dated December 30, 1954 and June 10, 1963 respectively. The lease of the Plot expired on May 29, 2018 prior to which the Company submitted application for renewal of lease with the lessor, Municipal Corporation of Greater Mumbai (MCGM). Post the application for renewal of lease, the Company has received a demand towards alleged short recovery by MCGM in 1997-98 of INR 8.58 crore together with interest thereon for INR 19.24 crore. Since the Company had not received any such claim in 1997-98 or any time thereafter, it has responded to the


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demand giving details of payment of all past demands of MCGM. The Company has not received a response from MCGM. Further, MCGM has not responded the Company's application for renewal of lease though the Company continues to pay property taxes and other levies to MCGM on lease after the expiry of the lease. The net book value of tangible assets as at September 30, 2020 in relation to this plot is INR 190.97 crore.

19. The Company has not determined whether to avail the option permitted under section 115BAA of the Income Tax Act, 1961. 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).
20. The Company has carried forward tax losses of INR 2479.90 crore, as per the tax returns filed by the Company, which will be further subject to change due to recasting exercise as stated in Note 3(b) on which the Company has not recognised deferred tax assets. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
21. As a result of the transactions disclosed by the Group in its audited consolidated financial results for the year ended March 31, 2019 and March 31, 2020 ('certain transactions'), the Company may not have complied with the provisions of Section 185, Section 186 and certain applicable sections of the Companies Act, 2013. The Company also believes that there may be potential non-compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Income Tax Act, 1961 and other statutes and regulations as applicable to the Company. The Group is still in the process of investigation in respect of certain transactions (Phase 2 investigation), besides the additional investigation initiated by regulators which is ongoing and evaluating the implications of these potential non-compliances and the potential remedies available.
22. Due to unprecedented torrential rains, the Company's facilities located at Mandideep, Madhya Pradesh were temporarily affected in August, 2020 due to water logging. Subsequently, the plant operations started within a week. The facilities are covered through insurance policy and preliminary survey is conducted by the insurance company. Further repairs of the affected machineries as required are being carried out. Based on current assessment, there is no material impact due to the water logging.
23. Globally, including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Group's operations in India and overseas were impacted from March, 2020, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India and other regions across the world in view of COVID-19. The lockdown affected our partners and customers too, resulting in diminished sales, ordering and manufacturing activities. Subsequent to easing of lockdown and receipt of requisite approvals, the Company had commenced limited operations at all its plants from April 29, 2020. The national lock down continued until early June, when it was followed by

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further state level lock downs. The company has now ramped up the production, sales and allied activities.

24. Previous periods figures have been regrouped / reclassified, where necessary to conform to the classification of the current period.

For **CG Power and Industrial Solutions Limited**

By Order of the Board

Sudhir Mathur

Whole Time Executive Director

DIN: 01705609

Place: Mumbai

Date: October 28, 2020