CG Power and Industrial Solutions Limited
Registered Office:
CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India
T: +91 22 2423 7777 F: +91 22 2423 7733 W: www.cgglobal.com
Corporate Identity Number: L99999MH1937PLC002641

Smart solutions.
Strong relationships.

Our Ref: COSEC/103/2020-201

September 26, 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: Annual Report for the Financial Year 2019-20 and Notice convening the 83rd Annual General Meeting of the Company.

This is further to our letter dated 21 September, 2020 and pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report for the financial year 2019-20 along with the Notice convening the 83rd Annual General Meeting of the Company scheduled to be held on Monday, 19 October 2020 at 3.00 p.m. (IST) through Video Conference / Other Audio-Visual Means, in accordance, with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI) are enclosed herewith and are also available on the website of the Company www.cgglobal.com.

Request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
For CG Power and Industrial Solutions Limited

ALEN FERNS
Digitally signed by ALEN FERNS
Date: 2020.09.26 17:10:21 +05'30'

Alen Ferns
Company Secretary and Compliance Officer

Encl: as above

emerging anew

Smart solutions.
Strong relationships.

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

ANNUAL REPORT
2019 – 2020

contents

01

corporate information

Chairman

Ashish Kumar Guha
INDEPENDENT DIRECTOR

Whole Time Executive Director

Sudhir Mathur

Company Secretary

Alen Ferns (w.e.f. 18 March 2020)

Non-Executive Directors

Ramni Nirula
INDEPENDENT DIRECTOR

Jitender Balakrishnan
INDEPENDENT DIRECTOR

Narayan K Seshadri
INDEPENDENT DIRECTOR

Pradeep Mathur (w.e.f. 30 December 2019)
INDEPENDENT DIRECTOR

Aditi Raja (w.e.f. 24 January 2020)
INDEPENDENT DIRECTOR

Rathin Roy (w.e.f. 24 January 2020)
INDEPENDENT DIRECTOR

Auditors

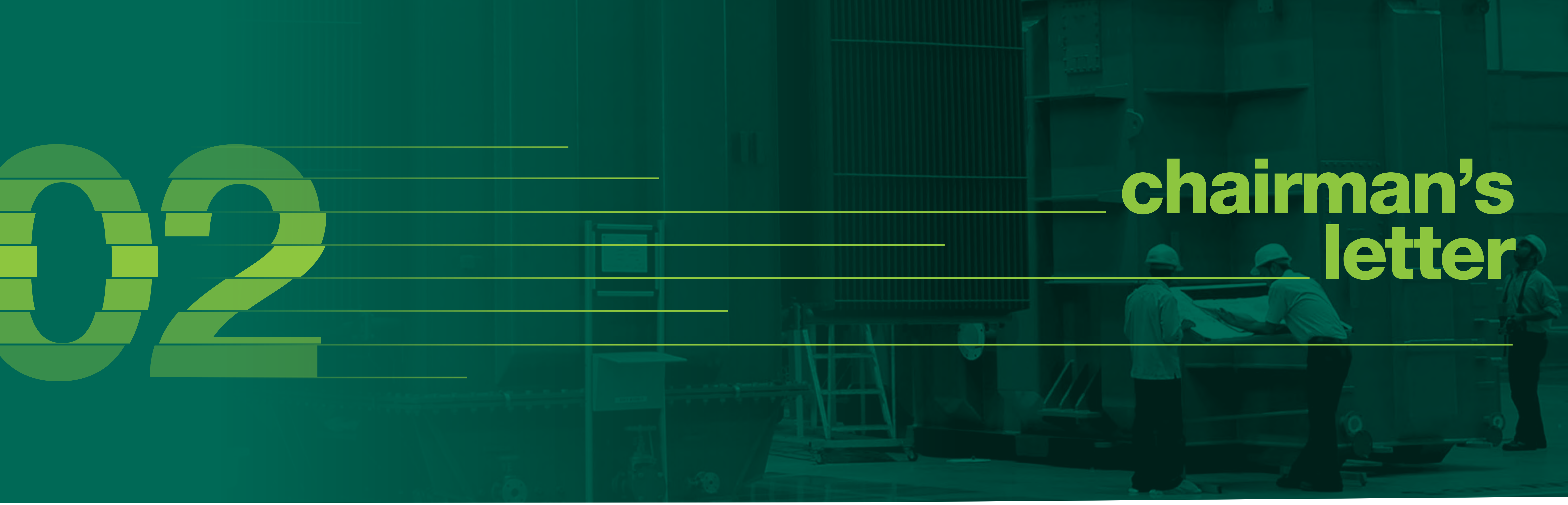
S R B C & Co LLP
K K Mankeshwar & Co*
*Refer Page No.38

Bankers

State Bank of India
Axis Bank
Bank of Maharashtra
Corporation Bank
Canara Bank
ICICI Bank
IDBI Bank
Standard Chartered Bank
Yes Bank
Barclays Bank
IndusInd Bank
Bank of India
SBM Bank (India) Limited
Aditya Birla Finance Limited

Registered Office

6th Floor, CG House,
Dr Annie Besant Road, Worli,
Mumbai 400 030



02 chairman's letter

Dear Shareholders,

Further to the commitment made by us for raising capital to ensure that the Company can run steadily thereafter, your Board created a Committee to focus on this. To revitalize the process, Arpwood Capital Private Limited, a leading investment bank, was appointed to generate interest amongst various types of investors and advise the Board in selecting the best possible option.

The Committee met frequently to assess evolving situation and finally decided to zero in on the non-binding offer (NBO) received from the credible Murugappa Group and started discussions/ negotiations with them to find the best possible solution for the Company.

The Company simultaneously entered into a Debt Resolution process with the lenders, advised by SBI Caps, to find an optimal solution to take care of the interest of all the stakeholders.

Towards this, and with utmost delight, I am happy to say that Tube Investments of India Limited (Murugappa Group), your Company and the lenders have agreed to a proposed investment of ₹ 650 crore as equity and ₹ 150 crore of warrants along with a sustainable debt in the books of the Company. I have no doubts that all stakeholders will rejoice at this momentous development.

I wish to commend the management, employees, vendors, customers of our Company who were able to survive this severe paucity of working capital, on account of the non-availability of funds. Innovative methods were customised to tide over this difficult situation. I will desist from writing about the woes of the Company in greater details, as we have now found ourselves berthed in a safe harbour.

On behalf of the Board I am extremely happy to say that we as the new Board and Management comprising of seven Independent Directors and one Whole Time Executive Director have kept our promise to our shareholders and all other stakeholders towards a better tomorrow.

I wish you the very best in the future, and must say that your support to us under my Chairmanship has made it possible for us to reach this point.

A very big "Thank You" to you all. God Bless.

Warmly,
Ashish Guha
CHAIRMAN

03

consolidated financial highlights

(FIGURES IN ₹ CRORES)

Consolidated Net Sales from Continuing Operation

FY2018-19	FY2019-20
7,998	5,110

Consolidated Net Sales of Business Units

	FY2018-19	FY2019-20
INDUSTRIAL SYSTEMS	3,373	2,361
POWER SYSTEMS	4,610	2,736

	FY2018-19	FY2019-20
EBIDTA from Continuin Operations EARNINGS BEFORE INTEREST, DEPRECIATION, TAXES & AMORTISATION INCLUDING OTHER INCOME	316	45
Loss before Taxes from continuing operations	(459)	(2,278)
Loss after Taxes	(488)	(2,152)

SMART DISTRIBUTION TRANSFORMER

integrating intelligence, maximising performance.

A new conception

T2 division developed a new Distribution & Power Transformer Monitoring System through IoT named as Smart Distribution Transformer (NxtGNTx). This system has been designed to effectively reduce the AT&C loss which is a challenge to the Indian Power Sector.

In line with the future

This system can be mounted on new as well as existing transformers, thus the entire existing distribution transformer can be upgraded to Smart. This removes the bottleneck that the street transformers near end user poses in the implementation of the Government of India's road map for Smart Cities and Smart Grid.

Enabling a holistic impact

Smart Transformer has the capability to monitor & diagnose, maximize asset performance, reduce unexpected transformer failure and subsequent power outages through alerts, detection, diagnosis and prognosis in real-time. The information sent to the utility can be stored and analysed to help predict and prevent transformer failure before it happens. A cost effective alternative to enable the Smart Grid capabilities while obtaining gains in operating and energy efficiency and better quality of service. With present advancements in artificial intelligence, it will be further useful in Power distribution networking.

SWITCHGEARS

unlocking higher potential, penetrating new markets.

Leading in capability

CG's position of market leadership in EHV Instrument Transformers and Bushings is governed by extensive and continual efforts put into the technology development, robust product design, its state-of-the-art manufacturing facilities and processes. Reliability of CG ITs and Bushings in UHV network now will too be indubitable and proven.

First Indian conglomerate

With the beginning of a new era of 800 kV UHV Transmission in India, CG took the opportunity to develop 800 kV Current Transformer (CT) and Condenser Bushing (CB), most vital elements of the 800 kV UHV Segment. CG developed the most robust designs of CTs and CBs using its own technological expertise, CG bagged approval to supply its 800 kV UHV CTs and CBs to India's most prestigious transmission company, POWERGRID in 2019-20. CG is the first Indian multinational to obtain approval for 800kV UHV Current Transformer and Condenser Bushing to their credit.

Creating new possibilities

This will open up doors of 800 kV Global Grids for CG CTs. At a larger perspective, manufacture of 800 kV Bushings is supporting the 'Make in India' initiative of the Government of India as it is completely an import substitution. This adds up substantial global business potential and sales increase which was untapped for CG.

LOW VOLTAGE ROTATING MACHINES

upgrading efficiency, elevating quality.

A relevant challenge

Governments and companies across the world are actively seeking solutions to global warming and its impact is an ever-growing concern that can profoundly alter the planet's future. The ever increasing cost of fuel and electricity directly affects industries and economies, adding to the complexity. Renewable energy is the only way forward.

Strategic foresight

Electric motors are estimated to consume about 65% of the electrical energy consumed by industry. To combat the energy costs as high as twenty times the original capital cost, CG has developed Super Premium Efficiency Motors to significantly reduce the collateral environmental effects. Increasingly now, there are strong economic benefits for choosing high efficiency motors over its predecessors.

Ahead of the curve

Super Premium Efficient Motors (IE4) is the next level in efficiency, far better than IE2 & IE3. When Industries in India are still in discussion about developing IE4 motors with challenges in adopting technology, CG has developed its entire range of Super Premium Efficient Motors with induction technology.

Reducing footprint

This will be a go green initiative which in turn reduces the power consumption and reduces the CO_2 emission with a remarkably short payback period. This is a fully in-house development of CG at its LT Motors division.

RAILWAYS

enabling progress, scaling impact.

A complete upgrade

The Indian Railway focus to increase capacity, safety, speed and reliability with improved infrastructure—transformation from imported fossil fuels to renewable and energy-efficient railway—is becoming a reality, migrating from diesel to electric locomotives. Specially in the area of track electrification with targeted 100% electrification of rail routes, leveraging on upgrading signalling solutions to enable smooth and efficient operations "keeping India on track".

Aiding India innovation

CG has decades of experience in providing solutions for railways, shaped by continuous technological advancement and our roots in AC and DC Traction Machines, Propulsion Systems, Coaching products & Railway Signalling. We have partaken in Indian Railway drive for electrically driven mass transit systems such as Electric Multiple Unit (EMU) and Mainline Electric Multiple Unit (MEMU) connecting cities to suburban and remote areas.

Trusted Partners

CG has emerged as a one stop technology solution provider in India for design, manufacture & supply of Propulsion System for Locomotives, DETC (Diesel Electric Tower Cars) and SPIC (Self Propelled Inspection Car).

CG commissioned 140+ of Diesel Electric Tower Car (DETC) for Indian Railway. CG supplied 4000+ of AC traction motors to Indian Railway, 650+ Electric locomotives fitted with CG Traction Machines .

Rail Transportation & Traction Electronics (RTTE) manufactures and supplies the latest state-of-the-art Propulsion Systems for 6000 HP Electric Locomotives, 250+ Electric Locomotives functioning with CG make IGBT based propulsion system. CG is the second in India to design, manufacture and supply propulsion systems for 1600HP Diesel Electric Multiple Unit (DEMU), having commissioned 6 rakes which are in commercial service in the Indian Railways.

More than a Million CG signalling relays & 50,000+ electrical point machines used for track changing operations are governing the safe movement of trains.

GREEN TRANSFORMER

steering technology, facilitating shift.

Realising scope

With satisfactory performance of the Green Transformer, manufactured by T2 Division in 2017, the market started demanding more transformers at the EHT level. Based on a market study, CG estimated the market potential of ₹ 200 to 250 Crores.

Swinging into action

The entire Design and Technology team of T2 Division worked on the electrical and mechanical design, releasing the drawing in April 2019. The SCM and the production team then developed it further in May–June 2019. T2 Division successfully tested the 132 kV Transformer on 5th July 2019.

With all the routine, type and special tests conducted and clearing in the first attempt, the customers have taken the product for commissioning.The new product installed at a leading customer location has been running successfully since commissioning.

Propelling adoption

T2 Marketing team is geared up to approach customers to raise awareness of the extra benefits of Green Transformer. Many are now interested in replacing their existing Transformers with Green Transformers.

SWITCHGEARS

improving safeguards, creating choice.

An Indian alternative

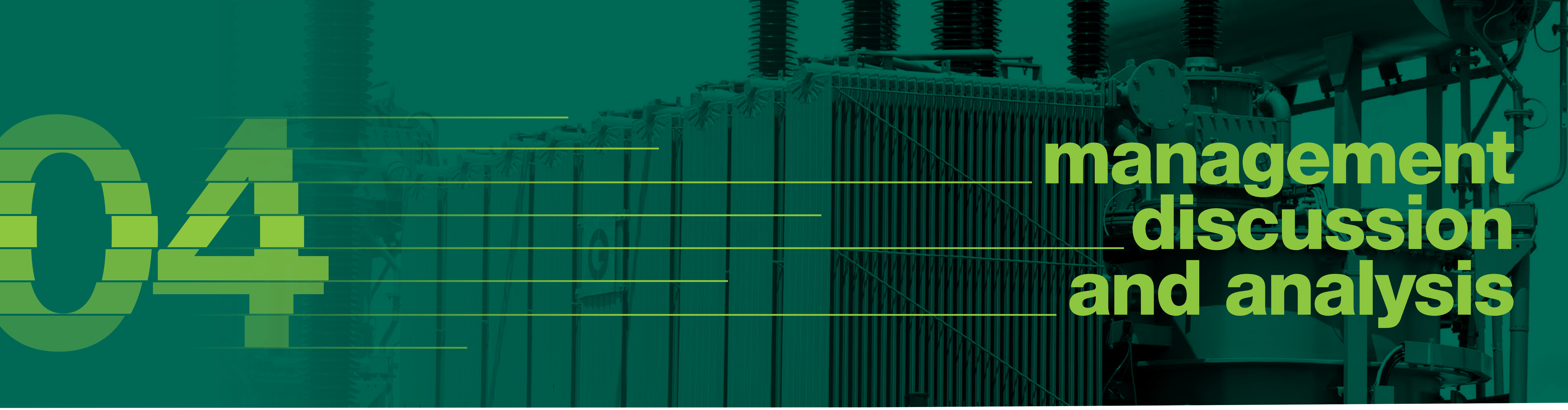
CG is one of the EHV Gas Circuit Breaker (GCB) manufacturer who has indigenously developed their own Make-in-India product, "Sync Intellect" which is compatible with Gas Circuit Breakers and GIS of any manufacturer. Providing a complete solution at a competitive price, this becomes a competitive import substitute under Make in India.

Rising to the challenge

After finalising internal arc requirements with KSEB, the team started working on conceptual design of Internal Arc Proof Current Transformer. Challenge was that the Current Transformer should cost economically along with internal arc proof. A novel mechanism was developed for breaking the pressure relief device to release the excessive internal pressure created due to internal arc fault. Since welded top cover mild steel construction tanks were used for CTs, the second part to the challenge was to develop the in-house welding facility for it.

Setting in motion

The CT had successfully passed the stringent internal arc test. And hence the CT is now declared as "Internal Arc Proof". It was a proud moment for the entire team as in the first attempt such a critical test was successfully passed. With this, CG became the first Indian company to successfully test the CT for Internal Arc Test.



04 management discussion and analysis

FY2020 stands for fiscal year 2019-20, i.e. from 1 April 2019 to 31 March 2020. Analogously, FY2019 and other fiscal years.

CG Power and Industrial Solutions Limited ('CG' or 'the Company') is primarily a B2B company which operates across two major lines of businesses. These are:

(i) The Power Systems Business Unit (PSBU): This involves power transmission and distribution equipment and system solutions which span many differentiated products and services from ultra-high voltage (UHV), high voltage (HV) and medium voltage (MV) to low voltage (LV).

(ii) The Industrial Systems Business Unit (ISBU): It consists of rotating machines (motors and alternators) across a wide spectrum of power and ratings, automated AC, DC and variable frequency drives and control systems as well as traction electronics and machines, signalling and coach products and integrated solutions for railway transportation.

CG's customers are major utilities and industries in India and abroad, spanning power generation, transmission, distribution, renewable, oil and gas, cement, metals and mining and railways and transportation.

The Situation as We Faced It

As we had mentioned in last year's Annual Report — both in the Directors' Report and the Management Discussion and Analysis — the unprecedented crisis that CG faced last year was on account of pilferage of the Company's, funds. Siphoning of such funds occurred through transactions which were not approved by either the Board or the then Risk and Audit Committee and was against the well-framed Rules of Procedure for management.

This resulted in the default of loan repayments and the Company's Lenders tightening the working capital limits. This severely affected funding of the Company's operations in FY2019. Despite all efforts of management across all levels, the chronic shortfall in working capital has continued throughout FY2020. That CG is still able to manufacture its products and has limited any widespread cancellation of orders is testimony to the Company's committed efforts to do the utmost to steer a seriously damaged ship to safe harbour.

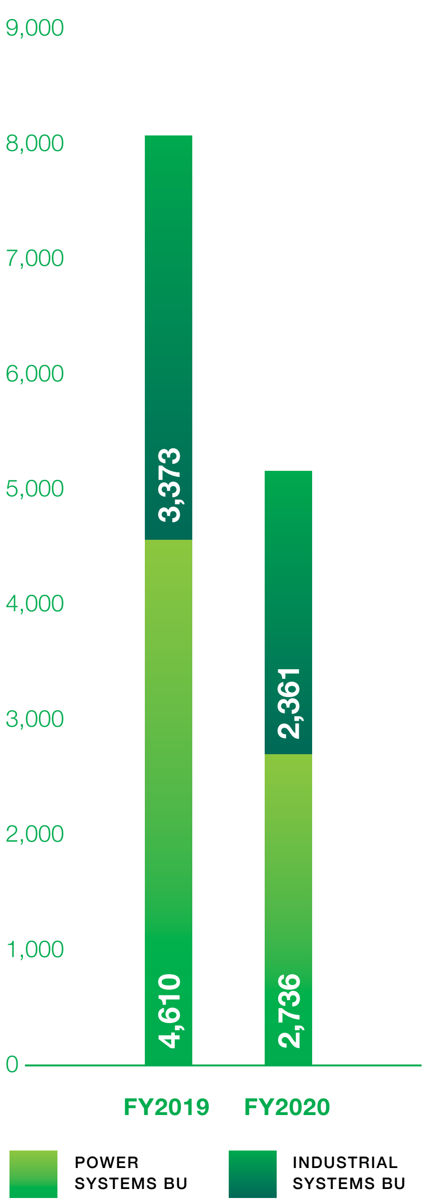
We have done everything that we possibly can. We have cut costs everywhere — both in the plants and in the corporate office. We have continuously negotiated with bankers and creditors for greater forbearance in these trying times. We have reached out to all our major customers, both in India and abroad; explained them the position; and requested them to continue supporting us. And while doing so, we have never compromised on product quality.

Even so, the results are disappointing. CG's net revenues fell sharply, as we did not have enough working capital to produce at the levels that we should. Consequently, during the year under review, there was a decline of 36.1% in the consolidated net revenue from operations of the Company. The consolidated earnings before interest, depreciation, taxes and amortisation (EBIDTA) reduced by a precipitous 86% to ₹45 crore in FY2020. That was insufficient to service interest and capital expenditure.

During the year, the Commercial Court in Belgium declared CG Holdings Belgium NV ('HBE') and CG Power Systems Belgium NV ('PSBE'), the subsidiaries of the Company, as bankrupt and appointed Receivers to auction their assets. The Company believes that carrying value of outstanding balances recoverable from CG International BV ('CGIBV'), a subsidiary of the Company, which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Hence, during the year, on a standalone basis, the Company has made a provision for impairment of ₹884 crores in relation to the investments in its foreign subsidiaries.

As a result, profits before taxes (PBT) from continuing operations for FY2020 amounted to a loss of ₹2,278 crore. And losses after

A Revenue from CG's Main Businesses (₹ crores)



taxes were ₹2,160 crore. Overall losses after taxes from both continuing and discontinued operations together were ₹2,167 crore.

Despite these enormous losses, it is important to remember that CG is an eminently viable entity. It produces world class electrical equipment. It has an outstanding customer base. It has always enjoyed the reputation for reliability.

Progress Made So Far

We, the management and the Board, had four tasks ahead of us when we realised the predicament we were in, back in August 2019.

The first, and the most important, was to secure the support of all our bankers, vendors and customers so that we get the necessary 'breathing-space' finance to continue our operations. We worked diligently with our Lenders' consortium to support us during these trying times and we are very grateful to them to support us to keep our operations intact, albeit at lower levels. We also greatly appreciate the support of our vendors who agreed to take delayed payments and our loyal customers, who even gave us advances to support our production. As a result of all these stakeholders' support, the Company was able to keep its operations running in FY2020

The second task was to start the process of recovering as much of these monies as possible, as we have been asked to do by the SEBI's interim order dated 17 September 2019. We have started this process, but it is not easy. Most entities and persons who were engaged in siphoning off CG's funds have not even acknowledged the recovery notices sent to them; often these are treated as 'undelivered'. This process will be further ratcheted up.

The third was to remove the personnel who were responsible for the siphoning of funds from the Company. As we reported to you in the previous Annual Report, the Board of Directors removed Mr. Gautam Thapar, as the Chairman of the Company with effect from 29 August 2019. It was followed on 30 August 2019 by removing, with cause, Mr. V. R. Venkatesh, the Chief Financial Officer of CG, who had purportedly been actively involved in siphoning out of CG's funds. Mr. K N Neelkant has ceased to be the Managing Director & Chief Executive Officer with effect from 30 September 2019.

The fourth and most important task on hand was to bring in a strategic investor who would infuse substantial funds to revive the Company's operations and at the same time, reach an agreement with the Lenders on the loans owned to them by the Company. It gives us great pleasure to report that after the relentless efforts of the Board and the management, we have received a Binding Offer from the Murugappa group through its subsidiary, Tube Investments of India Limited ('Investor'). Under this offer, the Investor agreed to infuse ₹700 crore which was approved by shareholders in the extra-ordinary general meeting ('EGM') held on 2 September 2020. This will now need to be approved by the Competition Commission of India before the investment can be made. The Investor further agreed to put in another ₹100 crore which will still need to be approved by shareholders in the EGM called on 24 September 2020. The Investor also reached an agreement with the Lenders, which will bring the debt of the Company down to a manageable level based on its projected cash flows.

This is the unanimous view of CG's Board of Directors and its management. We felt that it should be stated up-front in this *Management Discussion and Analysis*.

List of Entities included in the Consolidated Financial Statements

The list of entities that have been included in the audited financial statements for FY2020 are given below.

01 CG Power and Industrial Solutions Limited.
02 CG PPI Adhesive Products Limited.
03 CG International Holdings Singapore PTE Limited.
04 CG Power Solutions Limited.
05 CG Power Equipments Limited.
06 CG Sales Network Malaysia Sdn. Bhd.
07 PT Crompton Prima Switchgear Indonesia, a joint venture.
08 CG International BV.
09 CG Drives & Automations Netherlands BV.
10 CG Drives & Automations Germany GmbH.
11 CG Industrial Holdings Sweden AB.
12 CG Drives & Automation Sweden AB.
13 CG Holdings Americas, LLC (merged with CG Power Americas, LLC with effect from 1 April 2019).
14 CG Power Americas, LLC.
15 QEI,LLC.
16 PT CG Power Systems Indonesia (de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).
17 CG-Ganz Generator and Motor Limited Liability Company.
18 CG Holdings Belgium NV (de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).

THE LARGE INDUSTRIAL MACHINES FACILITY AT MANDIDEEP MANUFACTURES WIDE RANGE OF MOTORS FOR CORE INDUSTRIES.

19 CG Power Systems Belgium NV ((de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).
20 CG Power Systems Ireland Ltd. (de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).
21 CG Sales Network France SA (de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).
22 CG Service Systems France SAS.
23 CG Electric Systems Hungary Zrt.
24 CG Power Solutions UK Ltd.
25 CG Power Solutions Saudi Arabia Ltd. (de-consolidated with effect from 1 January 2020; financial information taken only up to 31 December 2019).
26 CG Middle East FZE.
27 CG Solutions Americas, LLC (merged with CG Power Americas, LLC with effect from 1 April 2019).
28 CG Power Systems Canada Inc.
29 CG Power and Industrial Solutions Limited Middle East FZCO.
30 CG International BV Tr. & Cont. Pvt. Co. LLC (liquidated with effect from 18 June 2019).

Facilities of the Business Units (BUs)

POWER SYSTEMS BU (PSBU)

CG's Power Systems BU offers an extensive range of manufactured equipment from high voltage transmission products to those needed for distribution. In addition, it offers integrated solutions for network management. Its operations are classified between:

01 Products comprising Power Transformers, EHV Switchgears, MV Switchgears and Distribution Transformers. These are produced at facilities located in Kanjur Marg (Mumbai, Maharashtra), Malanpur and Mandideep (Madhya Pradesh), Nashik and Aurangabad (Maharashtra), Mechelen (Belgium), Cavan (Ireland), Tapioszele (Hungary) and Bogor (Indonesia).

02 Systems and Solutions which provide turnkey solutions and services for design, manufacture, supply, construction, installation, testing, commissioning, and servicing of large scale on-shore and off-shore, conventional and renewable energy projects. The continuing business operates out of Gurgaon (Haryana), Mechelen (Belgium) and Jakarta (Indonesia).

The facilities at Mechelen (for products as well as systems and solutions), at Cavan, at Bogor and at Jakarta were part of CG's international subsidiaries: viz., CG Holdings Belgium NV (HBE) and CG Power Systems Belgium (PSBE) — including its step-down subsidiaries, CG Power Systems Ireland Ltd. and PT CG Power Systems Indonesia. In addition, PSBE and HBE had two other step-down subsidiaries: CG Sales Network France SA and CG Power Solutions Saudi Arabia Ltd.

As on 3 February 2020, the Enterprise Court of Antwerp (Division Mechelen) declared both HBE and PSBE along with all their step-down subsidiaries as bankrupt, and appointed Receivers.

Based on legal advice obtained by management, CG believes that it no longer retains control over the operations of these subsidiaries with effect from the date of bankruptcy. Therefore, CG's management has considered it to be practically expedient to deconsolidate the accounts of the above subsidiaries with effect from 1 January 2020.

For the fourth quarter of FY2020 (January-March 2020), CG (i) does not have access to the books of accounts of these subsidiaries effective from date of declaration of bankruptcy, and (ii) has not been able to obtain information for period from 1 January 2020 till the date of bankruptcy regarding the above subsidiaries despite requests being sent to the Receivers.

INDUSTRIAL SYSTEMS BU (ISBU)

ISBU provides equipment and services to convert electrical energy for industrial applications. It consists of four verticals:

01 Products consisting of high voltage (HV) motors ranging up to 25 MW; low voltage (LV) motors ranging up to 1.5 MW; fractional horse power (FHP) motors; direct current (DC) motors; AC generators up to 70 MVA range and AC drives up to 3 MW; traction machines for railway transportation; and stamping products. It has facilities at Tapioszele (Hungary), Mandideep and Pithampur (Madhya Pradesh), Ahmednagar (Maharashtra) and Colvale and Kundaim (Goa).

02 Drives and Industrial Automation which involves AC and DC drives as well as variable frequency drives, with facilities at Helsingborg (Sweden) and at Mandideep (Madhya Pradesh).

03 Railways which includes solutions based on insulated gate bi-polar transistor (IGBT) technology, traction electronics and traction machines for railway transportation and signalling, with facilities at Mandideep and Pithampur (Madhya Pradesh).

04 Services for all the above products including condition monitoring and training modules for maintenance.

Business Performance, FY2020

CG: CONSOLIDATED FINANCIAL HIGHLIGHTS, FY2020

- Revenue from operation was ₹ 5,110 crore. This was 36.1% lower than the comparable figure of the previous year.
- Including other income, CG's earnings before interest, depreciation, taxes, and amortisation (EBIDTA) was ₹ 45 crore in FY2020, versus ₹ 316 crore in FY2019.
- Profit before taxes (PBT) before share of profit / (loss) in associates, joint ventures and exceptional items for FY2020 was ₹ (490) crore — compared to ₹ (292) crore in the previous year.
- After including net exceptional items — which amounted to a loss of ₹ 1,788 crore — and the share of profits / (losses) in associates and joint ventures, which was Nil, the PBT for FY2020 was ₹ (2,278) crore. For FY2019, it was ₹ (459) crore.
- In FY2020, profit after taxes (PAT) from continuing operations was ₹ (2,160) crore. For FY2019, it was ₹ (492) crore.
- Overall PAT for FY2020 was ₹ (2,167) crore, versus ₹ (507) crore in the previous year.
- Total comprehensive income after tax for FY2020 was ₹ (2,114) crore, compared to ₹ (656) crore in FY2019.
- Earnings per share (of ₹ 2 each) was ₹ (34.45) versus ₹ (8.03) in the previous year.
- CG's revenue from the Power System business decreased by 40.7% between FY2020 and the previous year.
- Revenue from the Industrial System business fell by 30% over the same period.

POWER SYSTEMS BU (PSBU)

Power Systems is CG's largest BU. PSBU focuses on power transmission, distribution, power solutions, setting up of integrated power systems and associated services businesses. It manufactures a wide range of power and distribution transformers, extra high voltage (EHV) and medium voltage (MV) circuit breakers, switchgears, EHV instrument transformers, lightning arrestors, isolators and vacuum interrupters. It also offers turnkey solutions for transmission and distribution (T&D) through sub-station projects, engineering, procurement and construction (EPC) as well as other end-to-end contracts involving the entire value chain — solutions, design, products, procurement, construction, erection and servicing. A detailed list of CG's PSBU products, solutions and services as well as its associated facilities is given at the end of this Annual Report.

PSBU: CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated performance of CG's PSBU is given in *Table 1*.

As can be seen, net revenue of CG Power de-grew by 40.7% in FY2020. Moreover, value of the UEOB reduced by 61.7% compared to the previous year.

The decline in CG Power System's UEOB is due to a couple of factors. First, given the proposed sale of CG's Kanjur Marg land in Mumbai and, hence, the relocation of our transformer manufacturing facility from the facility T1 at Kanjur Marg to T3 at Mandideep, near Bhopal, we decided not to take up significant orders for power transformers until the relocation is complete and the new site approved by our customers. Second, with the enormous working capital constraints facing CG, we have been financially obliged not to take up large orders.

The fall in net revenue also reflects CG's severe working capital constraints. Shortage of necessary finance has not only compelled the Company to bid for lesser number of orders but has also lengthened the production cycle for the want of funds — both resulting in lower output, lesser sales and lower revenue.

This shows up in the EBITDA numbers given in *Table 1*. In FY2019, PSBU earned an EBITDA of ₹ 122 crore. In FY2020, the EBITDA had turned into a loss of ₹ 87 crore.

PSBU: KEY DEVELOPMENTS IN FY2020

The product lines for CG Power Systems BU are: power transformers, switchgears and distribution transformers.

Power Transformers (PTs)

Traditionally, these have been manufactured at CG's facilities at T1 (Kanjur Marg, Mumbai), T3 (Mandideep, near Bhopal), Bogor (Indonesia), Mechelen (Belgium) and Tapioszele (Hungary). However, some significant changes have occurred in the course of FY2020 and thereafter. These are given below.

01 Consolidated Financial Performance of the CG's Power Systems Business (in ₹ crores)

CG POWER SYSTEM BU	FY2020	FY2019	GROWTH (%)
Unexecuted Order Book (UEOB)	1,814	4,740	(61.7)
Net revenue	2,736	4,610	(40.7)
EBIDTA (Including Other Income)	(87)	122	(171.0)
EBIT	(222)	(23)	(872.1)
Capital Employed	(579)	1,504	(138.5)
Return on Capital Employed (ROCE)*	**NA**	**(1.5%)**	**NA**

Note: *Capital employed is negative in FY2020. Thus, ROCE is not calculated. Figures have been re-grouped wherever necessary to make these comparable.

The facilities at Mechelen and Bogor

As mentioned earlier, on 3 February 2020, the Enterprise Court of Antwerp (Division Mechelen) declared CG Holdings Belgium NV (HBE) and CG Power Systems Belgium (PSBE) along with all its step-down subsidiaries to be bankrupt, and then appointed Receivers. Given this situation, CG believes that it no longer retains control over the operations of these subsidiaries with effect from the date of bankruptcy. Hence, CG's management has considered it to be expedient to deconsolidate the accounts of these entities, along with their step-down entities, with effect from 1 January 2020. Thus, neither the operations at Mechelen and Bogor, nor their financial performance for Q4, FY2020 feature in this chapter or in the consolidated accounts.

The T1 facility at Kanjur Marg

Part of the land at Kanjur Marg had been sold earlier. To further optimise its assets, CG had entered into a definitive agreement for sale of the remaining portion of its land at Kanjur Marg to M/s Evie Real Estate Private Limited (EVIE). CG's Board of Directors, at a meeting held on 21 June 2019, approved the closure of the Kanjur Marg facility for completion of the sale. Contingent to this closure, the assets of the T1 facility has been appropriately shifted to other locations.

Event Subsequent to 31 March 2020

a) The facility at Tapioszele

CG has been informed that in an order dated 7 July 2020, the Metropolitan Court in Budapest, Hungary, has declared CG Electric Systems Hungary Zrt ("ESHU") Hungary, insolvent and has appointed a liquidator to commence liquidation proceedings of the entity. ESHU is a wholly owned subsidiary of CG International BV and a step-down subsidiary of the Company. The transformer manufacturing facility at Tapioszele forms a part of ESHU. Hence, while the performance of Tapioszele forms a part of this chapter and the consolidated financial accounts for FY2020, it needs to be noted that the facility will fall outside the purview of CG for FY2021.

b) CG Service Systems France (SEFR)

On 23 June 2020, a Share Purchase Agreement was executed by CG International BV, a wholly-owned subsidiary of CG with AK Group France for divestment of the entire shareholding in its subsidiary, CG Service Systems France SAS, (SEFR) for a sum of €30,000. The divestment was fully completed effective 20 July 2020. Hence, SEFR has ceased to be a step-down subsidiary of CG.

Bhopal operation developed the capability to manufacture 3 Phase Reactor manufacturing and testing. No new investment made in Bhopal operation. Due to working capital crisis the operation of Bhopal plant suffered and few orders had to be cancelled.

Our T3 facility at Mandideep (near Bhopal) in Madhya Pradesh is India's leading 765 KV manufacturing plant. It produces transformers up to 765kV 500 MVA single phase and 110 MVAr single phase. In 400kV class, it produces up to 500 MVA three-phase transformers, GT 350 MVA generator transformers and 125 MVAr three-phase reactors.

Some significant successes of Mandideep plant were:

- First indigenously developed locomotive transformer with steel tank had successfully field tested for one year and was accepted by the Chittaranjan Locomotive Works (CLW).
- Successfully tested a PGCIL transformer of 132kV 50 MVA for dynamic short circuit at the Central Power Research Institute (CPRI), Bangalore, which yet again underscored CG's excellent design and manufacturing capabilities.

Some of the major orders executed at T3 and delivered to the customers in FY2020 were:

- Transformers and reactors to KEC for shipping to Senegal and Cote d'Ivoire.
- 315 MVA 400kV transformers to Madhya Pradesh Power Transmission Company Limited (MPPTCL).
- Locomotive transformers supplied to the Indian Railway's Chittaranjan Locomotive Works (CLW) and Diesel Locomotive Works, Varanasi (DLW).

FY2020 also saw T3 receiving some key orders, such as:

- From Powertec Limited in Athens for reactors.
- From NCC Africa for reactors.
- From CLW for locomotive transformers.

As a matter of record, T3's locomotive transformers — which are patented by CG — have successfully serviced Indian Railways now for over a year without a single complaint, not even a minor one.

Given the serious cash and working capital constraints facing T3 and, indeed, CG as a whole, the major focus in FY2020 was on cost reduction, reducing the material cost to sales ratio (MSR), attaining higher throughput and careful working capital management.

Moreover, T3 has started a new business — that of repairing and servicing imported transformers supplied by other entities. Though early days, this line of business should prove to be promising and profitable in the years ahead.

Distribution Transformers (DTs)

CG is a reputed Tier-1 brand. Our DTs, produced in India at the T2 facility at Malanpur, serves many customers throughout India. The products manufactured, among others, are ester oil transformers as well as other oil filled DTs up to a range of 3.5 MVA 33kV and cast resin dry transformers; and smaller PTs up to three-phase 40MVA, 132kV products. The major customers are PGCIL, L&T, Sterling Wilson, SPML Infra, Siemens and many other Industrial Customers.

T2 has 5,760 MVA of installed capacity and the plant is capable of handling stringent customer specifications, including virtually all non-standard ratings for the domestic markets. Its products have successfully got BIS and BEE certifications which have conferred an additional edge in acceptance. T2 produces a wide portfolio of products including mineral oil filled, ester oil filled ('Green') and cast resin dry transformers. It is recognized as the country's leader in green transformers; and has an NABL accredited testing lab.

T2 enjoys a reputation for technical superiority, especially in foil-wound transformers, in software-based electrical design and validation, in mechanical 3D design and in simulation software. It has virtually unbeaten design capability: as an example, 17 units were consecutively short circuit tested and successfully cleared. Its transformers are approved across all product ranges in India's four major Metros - Nagpur, Delhi, Pune, Mumbai; and its 15 MVA product has successfully cleared the short circuit tests.

It has an IS 1180 license covering the highest range of Level 2 and Level 3 DTs, 11kV and 33kV transformers up to 2500 KVA. Most importantly, CG's DTs enjoy a very loyal customer base that includes large EPCs, private utilities, and industry leaders in the steel, auto, textile, power, pharma and FMCG sectors.

In FY2020, T2 achieved another milestone by supplying India's first 132kV ester oil transformer to Apollo Tyres, Chennai, with continuous 35% overloading capabilities. With this, we have become the technological leader in ester oil filled green transformers in India.

As with the rest of CG, T2's financial and operational performance in FY2020 were affected by the liquidity crunch and shortage of working capital. Significant efforts were made to rationalize costs. In addition to seriously reducing the number of contract workers, focus was placed on obtaining maximum possible advances from customers to support procurement and operations. In fact, T2 led across all teams within PSBU in the collection of dues from the market.

Switchgears

CG has full-fledged extra high voltage (EHV) and medium voltage (MV) switchgear plants in India that command significant leadership position in the country. Its facilities in Ambad (near Nashik, Maharashtra) and Aurangabad (Maharashtra) manufacture air insulated (AIS) and gas insulated (GIS) extra high voltage (EHV) switchgears, medium voltage (MV) switchgears, vacuum interrupters, instrument transformers, and distribution protection and automation equipment.

The Ambad facility produces instrument transformers, gas and vacuum circuit breakers, lightning arrestors, AIS and GIS switchgears and electronic numerical relays. The Aurangabad unit manufactures vacuum interrupters, vacuum contactors and instrument transformers.

CG also has a subsidiary PT Crompton Prima Switchgear Indonesia ('PTCPSI'), with PLNE (a 100% subsidiary of PLN) as the second shareholder to manufacture high voltage AIS switchgears up to 500 kV in Indonesia. The project has been successfully commercialized and has obtained and started executing a large order from PLN.

All of India's power transmission and distribution utilities are customers of CG, such as Power Grid Corporation of India Limited (PGCIL), Nuclear Power Corporation of India Limited (NPCIL), National Thermal Power Corporation (NTPC), all state-level transmission and distribution utilities, as well as Indian Railways, urban Metros, industrial customers and those operating in the infrastructure space. Our products have enjoyed a high market share in India over the years and generally account for over 25% market share across many product ranges.

CG's international customers include well known utilities and key contractors, such as ANDE (Paraguay), ENEL (Italy), TNB (Malaysia), KEPCO (Korea), SSI (USA), NGCP (Philippines), TCN (Nigeria), EK Systema (Ukraine) and KPLC (Kenya), among others.

Switchgears witnessed several achievements in FY2020. Some of these are given below.

- The Gas Circuit Breaker Division developed a 40.5kV, 40kA, SF6 gas circuit breaker with arc assist technology. This circuit breaker is used by all state utilities in their substations. This development also opens up new opportunities in Latin America, South East Asia and Africa.
- Developed a 420kV High Cantilever Strength Polymeric Insulator housed Lightning Arrester. This development was mandated by PGCIL, owing to challenges in the field. Our switchgear team successfully developed the product to PGCIL's satisfaction.
- Redesigned the 245kV, 50kA Gang Operated Circuit Breaker with modified pole distances to suit Indonesian specifications, thereby creating new opportunities in Indonesia.
- Successfully completed all type tests on a 36kV, 31.5kA isolator with main and earth switch, and secured order from ECG Tema, Ghana.
- In FY2020, we received product approval for our EHV class instrument transformers (ITs) from The Independent Power Transmission Operator (IPTO), Greece, a prestigious European utility. This is the first approval of CG's ITs in 420kV European grid. These products were simulated for stringent seismic stability; and successfully type-tested in presence of a global utility expert at CG's UHV Research Centre and at CPRI- India. This approval was supplemented with an order for 210 units of 420kV current transformers (CTs) and 12 units of 550kV capacitive voltage transformers (CVTs), to be delivered over the next two years. Moreover, these new 550 kV CTs will also have potential to be marketed to the ASEAN Power Grid interconnecting Malaysia-Laos-Philippines-Indonesia 550kV grids.
- CG bagged approval to supply its 800kV UHV CTs and UHV Condenser Bushing (CB) from PGCIL in FY2020. It reinforces CG as a niche players in UHV segment in India and the world. This will also open up doors for supply to 800kV global grids for our UHV CTs.
- The Switchgear Division developed a Controlled Switching Device (CSD) for circuit breakers which was approved by PGCIL. CG also proved this CSDs compatibility for circuit breakers of other makes as well. It provides us with opportunities for marketing this product across various makes of circuit breakers. Incidentally, CG is the second company to have received such approval, after an overseas entity.
- CG successfully supplied a repeat order of its 145kV GIS to Ukraine in FY2020. We won the contract for a challenging application, despite tough global competition thanks to our unique design and engineering solution. Also in FY2020, CG successfully charged its first GIS substation in Europe at Yuvileyna, Ukraine. This has reinforced CG credentials in Ukraine and other European markets. CG also successfully commissioned a gas insulated bus for a hydel project in Vietnam.
- We increased our EHV GIS presence through complete design, engineering, supply, erection, testing and commissioning of our compact 245kV GIS solution at Surat, Gujarat. This is one of the largest and most important 245kV GIS substations — and both its 245kV and 66kV GIS were supplied by us. Also, during the year, our GIS products expanded their footprints across various markets such as Indian Railways, Metros, freight corridors, data centres, utilities, among others.
- We successfully developed Numerical Protection Relays with high-availability seamless redundancy and parallel redundancy protocols. These protocols are used in substation supervisory control and data acquisition (SCADA) and automation as redundant network communication protocol. Cyber security features were also incorporated in these relays. We executed large orders using these relays for the Assam Electricity Distribution Company Limited — and expect to generate more revenue in this upper-end segment.
- CG has successfully completed the development of a 33kV GIS with Bus Bar in Gas, with Double Bus functionality. It has also received its first order from the Power Transmission Company Uttarakhand Ltd, (PTCUL) for this product.
- We have been the first in India to conduct a successful internal arc type test at CPRI on our oil filled 145kV CTs as required by the Kerala State Electricity Board (KSEB). After that, we

THE MOTOR MANUFACTURING FACILITY AT MANDIDEEP IS EQUIPPED WITH STATE-OF-THE-ART EQUIPMENTS TO DELIVER BEST IN CLASS PRODUCTS TO ITS CUSTOMERS.

CG EMPLOYS BEST ENGINEERS AND TECHNICIANS TO DELIVER WORLD CLASS PRODUCTS TO ITS CUSTOMERS.

executed our single largest order in India for KSEB by supplying 490 units of internal arc proof 110kV CTs. We also secured an order for 190 units of 110kV potential transformers from KSEB.

- CG has successfully developed and completed the type testing at KERI, Korea, of its 27.5kV, 20kA, 2000A, with 250kVp basic insulation level vacuum interrupter for the Railway Trackside Single Pole Vacuum Circuit Breaker. This vacuum interrupter was also approved by Research Design and Standards Organisation of Indian Railways. Subsequently, we received an initial order of some 50 such vacuum interrupters.
- We have successfully developed a 100% indigenous electrical soft starter of 9MW, 11kV for JSW Steel Ltd, Tamil Nadu. We have also successfully commissioned our soft starters at the Delhi–Mumbai Industrial Corridor (DMIC) site in Aurangabad; and secured vendor approval from the Water Resource Department (Maharashtra) for our electrical soft starters.
- Our Aurangabad unit successfully executed an export order of 100 units of 12kV and 25 units of 36kV sectionalizers for the Ibadan DisCo (Nigeria); and completed the execution of 250 units of 12kV sectionalizers for Jamshedpur town.

Engineering Projects Division (EPD)

EPD offers complete services for the design, manufacture, supply, civil works, testing, transportation, installation and commissioning of turnkey power projects in India and, thus, provides a single window supply source for a wide range of CG's products. EPD's largest installations have been with turnkey contracts covering outdoor air insulated substations and indoor gas insulated substations from 66kV up to 765kV for power utilities, industrial projects and core sector industries.

EPD's is one of India's qualified bidders for participating in tenders for offerings that include (i) turnkey AIS sub-stations up to and including 765kV; and (ii) turnkey GIS sub-stations from 33kV to 220kV. It has its footprint in over 15 states across India — having successfully commissioned 130 AIS substations up to 765kV and 15 GIS substations up to 220kV.

This division's business revived in FY2019 with selective bidding. To cater as a channel for marketing CG products, EPD bagged new orders for 400kv and 765kv AIS substations, as well as 220kv, 132kv, 66kv and 33kv GIS substations. These orders are under execution.

EPD started the FY2020 with a healthy order backlog thanks to good order booking in FY2019. In the process, the division clocked revenue growth of more than 250% during FY2020 by successfully executing orders arising out of the above order backlog. Some of the key achievements in FY2020 were:

- Successfully commissioning a 220/132/33kV grid substation at Govindpur (Jharkhand) in September 2019 for the Jharkhand Urja Sancharan Nigam Ltd., as a part of a PGCIL project, for evacuating power to the Dhanbad Industrial Area.
- EPD is also executing a 400/220kv substation at Patratu (Jharkhand) under PGCIL.
- It supplied and is executing a 66kV GIS substation for BSES Rajdhani Power Limited for the Delhi Mumbai Industrial Corridor Development Corporation.
- It has executed a 66/11kV GIS substation at Sangam Vihar and a 33/11kV GIS substation at AIIMS (both in New Delhi) for the BSES Rajdhani Power Limited on a turnkey basis.
- It is presently executing a 220/33kV GIS substation for an industrial township being developed by Model Economic Township Ltd. (a subsidiary of Reliance Industries) at Jhajjar, in Haryana.
- It is also executing a multi-state AIS substation package called SS01 for PGCIL, as a part of an additional system for power evacuation from generation projects pooled at Raigarh and Dharmajaygarh (in Chhattisgarh). This involves extension of the 765Kv substation at Vindhyachal (Madhya Pradesh), under the Western Region-Northern Region corridor and extensions of 400Kv substation at Mapusa (Goa) and at Narendra (Kudgi) in Karnataka to provide additional power feed to Goa.
- EPD is executing three 132/33kV GIS substations on a turnkey basis for West Bengal State Electricity Transmission Company at Kona, Labhpur and Panchami in West Bengal for improving the power situation in the districts of Howrah and Birbhum.

INDUSTRIAL SYSTEMS BU

CG's Industrial Systems has facilities located at Mandideep and Pithampur (Madhya Pradesh), Ahmednagar (Maharashtra), Colvale and Kundaim (Goa) and Tapioszele (Hungary). The business unit manufactures the following types of products:

- High voltage (HV) motors; low voltage (LV) motors; and fractional horse power (FHP) motors.
- Direct current (DC) motors.
- AC and DC drives.
- AC generators (LV and HV).
- Variable frequency drives and solutions based on insulated gate bi-polar transistor (IGBT) technology; soft starters and shaft power monitors; and rotary heat exchangers with switch reluctance motors for saving energy.
- Traction electronics and traction machines for railway transportation.
- Railway signalling equipment.
- Stampings.

Table 2 gives the financial performance of Industrial Systems over the last two years. The negative growth reflects the acute lack of working capital faced by the business.

- The UEOB decreased by almost 21.3% to ₹ 1,668 crore. Cash shortage restricted ISBU from going for new orders.
- Net revenue reduced by 30% to ₹ 2,361 crore — again a function of serious working capital shortages that constrained production and, hence, sales.
- EBIDTA (including other income) reduced by 28.8% to ₹ 306 crore.
- EBIT fell by 33.7% to ₹ 247 crore.

ISBU: KEY DEVELOPMENTS IN FY2020

The most important thing to note is that despite the difficulties in managing business with severe cash flow constraints, ISBU continued to remain profitable at the EBIDTA and EBIT levels in FY2020 — indeed the only entity to do so.

Motors

Despite major cash and working capital problems, CG's low-tension motors (LTM) continued to be the market leader. Its FHPs still enjoyed a good share of the domestic market. Its large rotating machines (LRM) continued to have a double-digit market share.

- CG is the only Indian LV machine manufacturer to have an NABL accredited test laboratory.
- It is the first Indian motor manufacturer to enter into the electrical vehicles motor market.
- It has come up with an innovative product called the Smart Motor, which communicates remotely through Wi-Fi.
- The new plant to manufacture the A3 range of motors (75kW and above and Frames IEC 280 to 500) is operational with the best-in-class facilities in impregnation, winding, testing and painting.
- The LRM facility at Mandideep near Bhopal can manufacture up to 100 equivalent motors per month.

02 Consolidated Financial Performance of the CG Industrial Systems Business (in ₹ crores)

CG INDUSTRIAL SYSTEMS	FY2020	FY2019	GROWTH (%)
Unexecuted Order Book (UEOB)	1,668	2,119	(21.3)
Net revenue	2,361	3,373	(30.0)
EBIDTA (Including Other Income)	306	430	(28.8)
EBIT	247	372	(33.7)
Capital Employed	(117)	553	(121.2)
Return on Capital Employed (ROCE)*	NA	67.3%	NA

Note: *Capital employed is negative in FY2020. Thus, ROCE is not calculated. Figures have been re-grouped wherever necessary to make these comparable.

- With the phasing out of IE1 across all LT motors plants, CG has been BIS approved for IE2 motors.
- In FHP motors, CG has increased its manufacturing capacity for single phase ATEX approved flame proof motors used in fuel dispensing machines. We are the leader in this segment with a market share of over 90%.
- CG has enhanced its range and manufacturing capacity for single phase BIS approved motors for various agricultural implements. Here, we have grown by 34% in FY2020, which has made CG the preferred brand in this segment with a market share over 50% in the organized sector.
- We have developed indigenous motors for various applications for specific customers, such as bio-toilets for Indian Railways, rice hullers, and others; and have sold 7,000 such units in FY2020, with a plan to sell around 20,000 units in FY2021.
- Import substitution of the aluminium body single phase motor in the pump segment has led to development of custom specific motors for various OEMs.
- We have indigenously designed, developed and supplied flame-proof motors covering the oil and gas segment for Indian Oil Corporation. This product is in line with stringent flame path requirements and underwent rigorous testing.
- We secured orders for over 200 HT motors across various rating for water projects and irrigation schemes in the states of Madhya Pradesh, Odisha, Telangana, Gujarat and Karnataka.
- CG is the first Indian company to develop fully indigenous Super Premium Efficient Motors (IE4), which is higher in efficiency and far better than both the IE2 and IE3 versions. It has developed its entire range up to 450 frame of Super Premium Efficient Motors with induction technology — and has done so without using magnets, which were typically imported from China.
- CG is the first in India to develop a full range up to 400 Frame of Premium Efficiency (IE3) flameproof motors for oil and gas, pharmaceuticals and chemical industries.
- In October 2019, CG Goa LTM unit at Colvale successfully commissioned its state-of-the-art facility for impregnation and baking of windings. This new, fully automatic varnishing machine will replace the conventional method of dipping and baking — and reduce energy cost by 40% and cycle time by 50%.
- CG in-house R&D developed smart solution for higher kVA alternators with digital automatic voltage regulators, permanent magnet generators, resistance temperature detectors and bearing temperature detectors for individual as well as grid operations.
- CG supported the ISRO-Chandrayan-3 project by developing and supplying a range of non-flameproof and flameproof motors.
- After the non-compete agreement with Crompton Greaves Consumer Electricals Ltd. ended, we started our Consumer Products Division (CPD) in January 2019. The products that are now in the market are pumps, exhaust fans, industrial fans, cooler kits and starters — items that have been historically associated with CG.

Railways

In railways, CG's product suite covers two major segments: Rail transportation and Railway signalling.

In Rail Transportation comprising traction equipment and traction electronics, while cash constraints affected sourcing of raw material, which in turn hampered manufacturing, supply and net sales in FY2020 compared to the previous year, there remains a large UEOB which ought to translate to better revenues in the coming year. Despite the cash shortfall, CG succeeded in developing and introducing several key products, some of which are given below.

- Diesel Electric Multiple Unit (DEMU) with auxiliary power converter. This was indigenously designed, developed and field tested. CG is the second Indian DEMU supplier to Indian Railway. The DEMU is used for intercity passenger trains in un-electrified railway routes.
- Electric panels for electric locomotives. These are called HB1 (used for switch gear control); HB2 (used for peripheral controls and protections); and filter cubicles (used for harmonic elimination panel).
- Upgraded insulated gate bi-polar transistor (IGBT) based traction converter. The input is 1,269V single phase supply coming from traction transformers. The output is the supply of 2180V 300A for three numbers of three phase traction motors, to run 6000HP Electric locomotives of the types WAG9 and WAP7.
- Received orders from (i) the Integral Coach Factory (ICF, Chennai) for supplying IGBT propulsion system for Main Line Electric Multiple Unit (MEMU) rakes; and (ii) the Diesel Locomotive Works (DLW) for Three phase traction motors used in electric locomotives.
- Executed orders for Chittaranjan Locomotive Works (CLW), Diesel Locomotive Works (DLW, Varanasi) and Diesel Modernisation Works (DMW) for propulsion systems for 57 units of 6,000 HP electric loco sets.

The Railway signalling division did relatively well. Revenues for FY2020 remained more or less the same as the previous year; thanks to major efforts at optimizing production and reducing manufacturing costs, the division's EBIT was higher than before; and its UEOB grew by 67%.

- During FY2020, the railways signalling division supplied 7,787 point machines and some 190,000 relays to Indian Railways. In doing so, the division reached its highest per month manufacturing of relays and point machines. Despite cash constraints and uncertainty of fund flow, meticulous planning of fund-use ensured consistency of manufacturing throughout the year.
- The division enhanced plant capacity for control panels from 60 units to 150 units per month with an additional floor area of 13,000 square feet and material handling facilities.
- The division won several bids from zonal railways for relays and point machines, receiving orders of 11,780 point machines (previous high was 8,500) and 270,000 relays (previous high was 220,000).
- Developed in-house manufacturing and testing facilities for 0.44kW 110V DC motors for point machine application, and produced 1,425 such motors.
- Received several orders from KEC International Ltd., Northern Railway, Western Railway, West Central Railway, Integral Coach Factory and others for relays, electric point machines and brushless DC universal carriage fans.
- Executed orders for KEC International Ltd., DLW (Varanasi), Eastern Railway, DLW, Modern Coach Factory (Rae Bareilly), ICF and Rail Vikas Nigam Ltd., etc. for relays, point machines, loco panels and railway carriage fans.

CG MANUFACTURES GAS INSULATED SWITCHGEAR UPTO 245KV AT ITS NASHIK PLANT.

03 CG Standalone Results, FY2019 and FY2020 (in ₹ crores)

YEAR ENDED MARCH 31	FY2020	FY2019
Net sales and services	**3,169**	**5,356**
Cost of raw materials and components consumed and construction material	2,179	3,692
Employee benefits expense	323	372
Foreign exchange (gain) / loss (net)	26	63
Other expenses	538	930
EBIDTA excluding Other Income (OI)	**103**	**299**
Other income (OI)	57	276
EBIDTA Including OI	**160**	**575**
Finance costs	281	337
Depreciation and amortisation	91	104
PBT excluding OI (Before Exceptional Items)	**(269)**	**(142)**
PBT Including OI (Before Exceptional Items)	**(212)**	**134**
Exceptional items (net)	(1,698)	(1,518)
Loss after exceptional items	**(1,910)**	**(1,384)**
Less: Tax expenses		
Current tax	-	50
Deferred tax/ (credit)	(111)	(39)
Net loss after tax for the year from continuing operations	**(1,799)**	**(1,395)**
Loss from discontinued operations before tax	-	(34)
Tax credit on discontinued operations	-	(12)
Net loss from discontinued operations after tax	-	(22)
Net loss for the year	**(1,799)**	**(1,417)**
Cash profit / (loss) for the year from continuing operations	(118)	188
Earnings Per Share continuing operations (Basic and Diluted) (In ₹)	(28.71)	(22.27)
Earnings Per Share discontinued operations (Basic and Diluted) (In ₹)	-	(0.35)
(Face Value of Equity Share of ₹ 2 each)		

Note: Figures have been re-grouped wherever necessary to make these comparable.

04 Standalone Performance of CG, Key Ratios

YEAR ENDED 31 MARCH	FY2020	FY2019
Profitability Ratios		
EBIDTA excluding OI / Net Sales from continuing operations	3.3%	5.6%
EBIDTA including OI / Net Sales from continuing operations	5.1%	10.7%
PBT (excluding exceptional item) / Net Sales from continuing operations	(6.7%)	2.5%
RONW on total operations	(252.0%)	(56.4%)
ROCE (excluding exceptional items) (terminal) on continuing operations	16.1%	21.1%
Cash ROCE (excluding exceptional items) (terminal) on continuing operations	36.9%	25.7%
Per Share Ratios		
EPS on the basis of total profits from continuing operations (In ₹ Per Share)	(28.71)	(22.27)
EPS on the basis of total profits from discontinued operations (In ₹ Per Share)	-	(0.35)
EPS on the basis of total profits continuing operations and discontinued operations (In ₹ Per Share)	(28.71)	(22.62)
Cash EPS from continuing operations (In ₹ Per Share)	(1.88)	2.99
Leverage Ratios		
Long term debts to equity	0.8	0.4
Interest Coverage Ratio for continuing operations	0.6	1.7
Assets Efficiency Ratios		
Net Sales to gross working capital of continuing operations (times)	2.7	2.4
Net Sales to net working capital of continuing operations (times)	(1.4)	(4.1)
Others Ratios		
Debtors Turnover (no. of days)	47	81
Inventory Turnover (no. of days)	46	53
Current Ratio	0.34	0.63
Net Profit Margin % (before exceptional items)	(3.2%)	2.3%

Financial Performance

CG: STANDALONE FINANCIAL PERFORMANCE

Standalone results of CG for the year ended 31 March 2020 and 31 March 2019 are given in *Table 3*. *Table 4* shows the key ratios (profitability, assets efficiency and leverage ratios) of the entity for FY2020 and FY2019.

CG: CONSOLIDATED FINANCIAL PERFORMANCE

Table 5 gives the consolidated performance of CG, while *Table 6* gives the key ratios.

Human Resources (HR)

In FY2020, the impact of cash flow and working capital constraints, subdued business and uncertainty resulted in relatively higher levels of attrition among white collar employees. While the attrition was high, revenue too was substantially lower. Thus, CG followed the policy of not replacing all separated employees, and having existing employees take on greater and multiple responsibilities.

As of 31 March 2020, the Company had 2,802 permanent employees. During FY2020, CG hired fresh talent at the white collar levels. These comprised 35 graduate engineers and management trainees.

CG continued to promote internal talent, wherever possible, to occupy vacant leadership positions that needed to be filled. The Company has always invested in employee development and it continued the same trend in FY2020. CG continued its HR initiatives, albeit at a reduced level focusing on maintaining employee engagement and building positivity across the organization.

In FY2020 campus recruits were put through a structured induction program branded as *'Prarambh'*, the beginning of a new journey. The induction program for the batch of 2019 was a 24 days residential program where business and functional leaders provided overviews of respective businesses, functions, personal journeys in CG and specific suggestions on building a great career in the Company: product knowledge sessions; and individual and group case study based projects.

A corporate induction initiative called *'CG Parichay'* was designed for lateral hires. This program provided overviews of the various businesses and functions of the Company as well as a special focus on imbibing CG values among the new recruits. The intent of these induction programs has been to bring about a quicker acclimatization of new members into CG.

We continued to offer regular leadership and behavioural development opportunities to our employees. Programs like *7 Habits of Highly Effective People, CG Personal Effectiveness Program, Situational Leadership*, and others have seen greater participation from employees and business leaders. We launched new programs like *'Prioritization'*, *'Building Executive Presence'* to strengthen employee capabilities.

Post-training surveys are regularly conducted to seek feedback from the participants and respective primary managers on the implementation of learning. Apart from such surveys, we also started the practice of reaching out to the learners and their managers after 90 days to understand the implementation journey of learnings. This has encouraged learners to refresh key learning and use these in their day to day job. One key feature of the various development interventions was the use of internal experts and talent to conduct these.

CG also completed its annual performance appraisal process (PRIDE) for FY2020 and in keeping with its philosophy of promoting from within, elevated personnel to key leadership roles.

CG Productivity System (CGPS) focuses on enhancement of employee productivity on the shop floor. Certain changes in areas of monthly plant capacity in terms of number of shifts and product mix were introduced. A re-run of the productivity was carried out in several manufacturing units of CG. The revised norms are being rolled out in these units along with the new wage settlement.

At CG, Industrial Relations (IR) set up new benchmarks in FY2020. Despite severe cash constraints and concomitant downsizing, IR remained peaceful with a greater connect between the unions and management. Settlements were harmoniously executed in the fractional motor unit at Goa unit, another motor unit at Ahmednagar; and CG successfully negotiated the closure of T1 at Kanjur Marg, Mumbai and the shifting of its activities to the transformer unit T3 at Mandideep, Bhopal.

Environment, Health and Safety (EHS)

In view of the COVID-19 pandemic, the Company has issued SOPs to all its employees in accordance with the guidelines of the Central Government, State Government and local authorities and keeping in mind the health and safety of employees. This includes providing Company arranged transport from home to work place and return, regular sanitization of work place and transport vehicles, providing masks and other protective gears, thermal scanning, providing hand sanitizers, advising regular hand washing, maintain social distancing at work, in canteens, in the offices and amongst others.

CG believes that environmental conservation is core to its business; and seeks to accomplish this through its EHS initiatives. Being a manufacturing enterprise, CG has always striven to maintain an equitable balance

05 CG's Conslidated Financial Performance

	FY2020		FY2019	
	₹ CRORES	US $ MILLION	₹ CRORES	US $ MILLION
Net Sales and Services	**5,110**	**702**	**7,998**	**1,139**
Cost of raw materials and components consumed and construction material	3,328	457	5,197	740
Employee benefits expenses	867	119	1,063	151
Foreign exchange (gain) / loss (net)	73	10	97	14
Other expenses	845	116	1,375	196
EBIDTA excluding Other Income (OI)	**(3)**	**(0)**	**266**	**38**
Other income (OI)	48	7	50	7
EBIDTA Including OI	**45**	**7**	**316**	**45**
Finance costs	324	45	383	54
Depreciation and amortisation	211	29	225	32
PBT excluding OI (Before Exceptional Items)	**(538)**	**(74)**	**(342)**	**(48)**
PBT Including OI (Before Exceptional Item)	**(490)**	**(67)**	**(292)**	**(41)**
Exceptional Items (net)	(1,788)	(246)	(167)	(24)
PBT after Exceptional item	**(2,278)**	**(313)**	**(459)**	**(65)**
Less: Tax expenses				
Current tax	3	0	83	12
Deferred tax / (credit)	(121)	(16)	(50)	(7)
PAT for the year from continuing operations	**(2,160)**	**(297)**	**(492)**	**(70)**
Minority Interest	8	1	4	1
PAT after minority interest	**(2,152)**	**(296)**	**(488)**	**(69)**
Loss from discontinued operations before tax	(7)	(1)	(27)	(4)
Tax expenses / (credit) on discontinued operations	-	-	(11)	(1)
Net loss from discontinued operations after tax	**(7)**	**(1)**	**(16)**	**(3)**
Net loss for the year	**(2,159)**	**(297)**	**(504)**	**(72)**
Cash profit for the year from continuing operations	(274)	(38)	(160)	(23)
Exchange rate for US$1		**72.8094**		**70.2012**

Note: Figures have been re-grouped wherever necessary to make these comparable.

between economic growth and environment protection.

The EHS standards at all CG units are ahead of the legislation and benchmarked with best international practices.

- All our units in India are certified for quality systems with ISO 9001:2015/ISO 14001:2015 Environmental Management System Certification.
- All but three of our units are upgraded for ISO 45001:2018 (Occupational Health and Safety Standard). The three exceptions currently have OHSAS 18001:2007 certification, which is expected to get upgraded to ISO 45001:2018 by 2021.
- The Company's business at Indonesia was certified for Integration Management System (IMS) for ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.
- All units in India have clearance to operate from State Pollution Control Board authorities and are complying over and above the conditions laid down in consent to operate.

The Company, through its EHS policy and cardinal rules, is not only committed to minimize the adverse impact on the environment and community at large but also to ensure health and safety of all employees and stakeholders across all factories and establishments. Our 'zero-harm culture' endeavours to create a meaningful and sustainable value for the environment and the community we operate in. All the while, we are building increased commitment at all levels in the organization to operate our business in an economically, socially and environmentally sustainable manner, while recognising the interests of stakeholders.

We regularly conduct trainings on EHS awareness and sustainable growth at all plant locations to renew employee commitments and to ensure the integration of Environment Management System and Occupational Health and Safety in our work culture. To motivate the employees to observe the highest standards of EHS in their operations, the Company has laid down various programs to recognize and reward employees who drive EHS.

Our EHS Policy and Cardinal Rules are applicable to all employees of CG and extend to all visitors and contractors of the Company. Moreover, through the Company's Code of Conduct and Business Practices and the Supplier Code of Conduct, our employees,

06 CG's Consolidated Financial Performance, Key Ratios

	FY2020	FY2019
Profitability Ratios		
EBIDTA excluding OI / Net sales from continuing operations	(0.1%)	3.3%
EBIDTA including OI / Net sales from continuing operations	0.9%	3.9%
PBT (excluding exceptional item) / Net sales from continuing operations	(9.6%)	(3.7%)
RONW on total operations*	NA	(23.1%)
ROCE (excluding exceptional items) (terminal) of continuing operations*	NA	4.7%
Cash ROCE (excluding exceptional item) (terminal) of continuing operations*	NA	16.5%
Per Share Ratios		
EPS on the basis of total profits from continuing operations (in ₹ per share)	(34.34)	(7.78)
EPS on the basis of total profits from discontinued operations (in ₹ per share)	(0.11)	(0.25)
EPS on the basis of total profits from continuing and discontinued operations (in ₹ per share)	(34.45)	(8.03)
Cash EPS from continuing operations (in ₹ per share)	(4.37)	(2.56)
Leverage Ratios		
Long term debts to equity	(8.9)	0.8
Interest coverage ratio of continuing operations	0.1	0.8
Assets Efficiency Ratios		
Net sales to gross working capital of continuing operations (times)	2.7	2.0
Net sales to net working capital of continuing operations (times)	(1.3)	(3.8)
Other Ratios		
Debtors Turnover (no. of days)	50	78
Inventory Turnover (no. of days)	54	84
Current Ratio	0.32	0.65
Net Profit Margin % (before exceptional items)	(7.3%)	(4.1%)

Note: *Net Worth and Capital Employed are negative in FY2020, therefore ratio is not calculated.

subsidiaries, suppliers and partners are encouraged to be compliant with applicable laws and regulations, including environmental laws and regulations.

Being in the area of 'Energy Management', CG addresses, contributes and develops awareness about energy conservation, energy sustainability and alternate energy utilization in the communities that we are part of. It also continuously improves its products and technologies in terms of energy efficiency, material use and recyclability to reduce carbon footprints and minimize the environmental impact of its products.

EHS targets are assigned to each division through ISO 14001 (Environmental Management System), audits and are regularly monitored through an EHS scorecard at business review meetings. These scores are linked with annual performance evaluations. Corporate EHS audit, with focus on EHS implementation and performance, are conducted periodically. Corrective actions generated from these audits and various EHS events risks are captured and tracked for closure in an online Event Reporting System (ERS). Further, every quarter, CG's Board of Directors review compliance processes and material occurrences in EHS.

Towards the Company's objective of sustainable development, several initiatives have been taken for use of renewable sources of energy and clean technology. Some of these are as follows:

01 Maintaining green areas inside the factory and office premises and conducting periodical plantation drives.

02 Replacing conventional roofs with insulated mild steel roofs for use of natural light and regulating temperature, thus control on power consumption.

03 Installing solar electrical panels and use of natural gas against conventional fuel.

04 Eliminating the use of hazardous materials from manufacturing across several products.

05 Using thermic fluid heated ovens for transformer manufacturing.

06 Replacing conventional lights with energy efficient LEDs.

07 Installing water sprinklers to regulate temperature.

08 Regularly conducting preventive maintenance of plant and equipment to reduce energy consumption.

09 Regularly conducting energy audits to save energy and create awareness on conservation through leaflets, posters and seminars.

10 Initiating rain water harvesting in most manufacturing units.

As mentioned earlier, given our industry, CG's quantum of wastes / emissions is well within the permissible limits laid down by central and state pollution control boards in their consent

CG EMPLOYS AUTOMATED PROCESSES AT ALL ITS PLANTS.

to operate. All manufacturing units have well maintained effluent and sewage treatment plants. Results of quality parameters of the treated effluents are monitored periodically and displayed at main security gates of respective entities.

Information Technology (IT)

Technology and rapid digitization are changing business landscape around the world. At CG, it has been our endeavour to use software to aid in design of products, implement or enhance business solutions to improve business processes. We use software like SolidWorks, AutoDesk, SAP or home grown software like Dealer Portal, OGS, vendor Portal and so on across various verticals and support functions. We continue to invest in technologies, update them and strive to improve ROI on these investments.

We had embarked on a planned forward-looking IT strategy to migrate all critical IT infrastructures to a private cloud. We have hired a new IT head with relevant experience to lead the new initiatives. This has served the business objectives of optimizing computing resources on demand scalability, and providing round-the-clock reliable and assured systems availability for users in India, Asia and Europe, including work-from-home and remote users.

Leveraging conferencing and virtual meeting tools has enabled business continuity of critical transactions, key operations and other activities — the more so during the lockdown induced by the Covid-19 pandemic.

Across CG, a robust modern IT platform incorporating SAP ECC ERP and BW, with related Lumira apps, leading industrial design solutions like AutoCAD and SolidWorks, and internally developed process have not only enabled and strengthened various portals but also improved speed, accessibility, data-integrity, process compliance and security.

We continued our engagement with prominent IT partners like SAP, Tata Communications, Nxtgen, HP, Canon and others. In the post-Covid scenario, we propose to increase the use of technology, business intelligence, robotic process automation and adopt an even more agile IT plan.

Corporate Social Responsibility (CSR)

CG's work on CSR is appended with the Directors' Report.

Risk Management

CG's Risk Management Framework involves a three-tiered approach, taking into account the following:

(i) Enterprise Risks,
(ii) Process Risks, and
(iii) Compliance Risks.

Enterprise risk identification and mitigation initiatives are handled through an on-going process between the corporate risk department and each of the businesses, as well as for the CG as a whole. The coverage extends to all key business exposures as well as to lost opportunities that are identified with the businesses. After getting a measure of each such enterprise risk, the corporate risk department tracks the mitigation actions.

The Risk and Audit Committee of the Company was demerged into two separate committees with effect from 24 January 2020, namely Risk Committee and Audit Committee for increasing their focus and effectiveness. Process risk management involves review of CG's business related operational and financial processes and controls through an audit plan approved by the Board-level Audit Committee. Mechanism exists to track the identified gaps in processes and controls to be corrected through the 'Open Audit Observations' (OAO) process, in monthly interactions with the Business Heads.

Compliance risk management comprises a mechanism of reporting and assurances with respect to adherence of laws and regulations in every country where CG has a presence, with a process that flows upwards from the accountable business executives to CG's RAC and then to the Board of Directors.

Monthly Operational Review meetings by management and internal audit discuss findings regarding gaps in processes and controls, their corrections and compliance as well as observations of the Audit Committee and the Board of Directors. These are incorporated to update and capture new risks in the Risk Management Framework.

All three dimensions of CG's Risk Management Framework are reviewed annually for their relevance and changes. The businesses and internal audit make regular presentations to the Audit Committee for detailed review. Unresolved internal audit observations and associated risks are presented and discussed at Operations Review Meetings as well as at the Audit Committee meetings, especially focusing on the 'Not Satisfactory' cases.

The risk management process, including its tracking and adherence, is substantially e-enabled for greater consistency and better reporting capabilities.

Internal Controls and their Adequacy

Robust internal controls framework is a hallmark of a strong business model. While some of these controls may have faltered in prior years up to Aug 2019, the current management and the Board's Audit Committee have made a huge effort to reinforce these controls and put the Company back on a strong footing.

CG regularly conducts internal audits of various divisions, sales offices, corporate functions and overseas operations driven by the Internal Audit Plan approved by the Audit Committee. The internal audit team focuses primarily on operational and systems audits that monitor compliance with the company wide Rules of Procedures for Management (RoP), adherence to different business specific policies and prudent business practices.

The annual internal audit plan covers key areas of operations. This is vetted by the Audit Committee which is updated every quarter and occasionally between successive quarters of the significant internal audit observations, compliance with statutes, risk management and control systems. The Audit Committee assesses adequacy and effectiveness of inputs given by internal audit, and suggests improvement for strengthening internal controls from time to time.

CG's internal controls have been designed to provide a reasonable assurance with regard to maintaining proper internal controls, mechanism of reporting of non-adherence to internal controls and corrections of the system, processes & controls regularly based on findings and other relevant information.

The Company uses SAP as its key data and analytical tool and has also developed an in-house 'Continuous Auditing' tool based on SAP data for regular exception reporting on specific controls within different business cycles. This has helped the business leaders to act on exceptions on a quarterly basis.

The Impact of Covid-19

While the Covid-19 pandemic did affect production and operations, as a result of across-the-board nationwide lockdown, there have been relatively minimal cases of Covid-19 infections in CGs plants, sales and corporate office. Rigorous adherence to SOPs, weekly cluster reviews, a strong reporting, contact tracing and quarantine system enabled us to keep the cases to a minimum. In addition, preventive measures such as work from home, regular sanitization of facilities, mandatory sanitization of hands and wearing of masks and rigorous maintenance of social distancing between employees, prevented infections from spreading. The low rates of infection at CG meant that any ramp up in production and operations would not be hampered.

Outlook

In the beginning of this chapter, we clearly stated the acute financial and cash flow problems that CG has had to face in FY2020, and why these have occurred. Let us reiterate one simple thing: CG is an operationally sound entity that delivers top-of-the-line power systems and solutions, industrial systems and railway equipment. Despite the current financial problems, CG is respected by its customers and competitors alike. It also has a truly committed set of employees — both workers and officers.

We are hopeful that after the necessary regulatory approvals, the infusion of funds, restructuring of debt and bringing in of the new promoter which has tremendous strengths, the Company will shorty be restored to its former glory.

There is every reason to expect that CG will realise its potential in FY2021 and thereafter.

Sudhir Mathur
WHOLE TIME EXECUTIVE DIRECTOR
(DIN:01705609)
Mumbai, 16 September 2020

05 ten years' highlights

(YEAR ENDED 31 MARCH IN ₹ CRORES)

STAND-ALONE
CONSOLIDATED

EARNINGS

	2011		2012		2013		2014		2015		2016		2017		2018		2019#		2020	
	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED
TOTAL INCOME	6356	10430	6901	11668	7624	12609	8064	14207	4589	5872	4451	5706	4961	5991	5377	8192	5632	8049	3226	5158
GROSS SALES AND SERVICES	6277	10331	6850	11615	7571	12533	7994	14058	4524	5800	4225	5595	4761	5924	5106	8130	5356	7998	3169	5110
NET SALES AND SERVICES	5951	10005	6485	11249	7135	12094	7571	13632	4230	5505	3901	5269	4356	5517	5008	8031	5356	7998	3169	5110
EBIDTA*	1012	1443	771	856	648	459	687	761	331	580	451	542	512	510	699	175	575	316	160	45
PBT@	927	1229	677	550	596	185	713	495	342	355	313	180	257	108	162	(562)	(1384)	(459)	(1910)	(2278)
PAT**@	694	889	505	374	446	(36)	521	244	345	368	(1184)	115	146	80	86	(670)	(1395)	(488)	(1799)	(2152)
DIVIDEND PAY-OUT	141	141	90	90	77	77	75	75	50	50										

WHAT THE COMPANY OWNED

	2011		2012		2013		2014		2015		2016		2017		2018		2019#		2020	
	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED
GROSS BLOCK (INCL. CAPITAL WIP)	1651	3890	1424	4558	1560	5539	1662	6429	2357	7114	2186	4331	2145	3139	1827	3628	1590	3428	1508	2686
NET BLOCK (INCL. CAPITAL WIP)	923	1941	675	2258	775	3066	823	3459	1625	4237	1387	2677	1315	1766	1377	2449	1042	2141	898	1517
INVESTMENTS	782	675	1053	786	1055	791	826	299	1166	436	483	231	446	209	1029	279	899	130	15	2
NET CURRENT ASSETS	1139	1603	1552	1887	1825	1795	1810	1489	2840	2171	2282	1478	3006	1919	(296)	(803)	(1312)	(2116)	(2271)	(3880)
NET ASSETS EMPLOYED	2458	3875	2802	4463	3173	5176	3481	5276	5547	6711	4205	4396	4819	3899	5795	5154	3469	3955	1046	641

WHAT THE COMPANY OWED

	2011		2012		2013		2014		2015		2016		2017		2018		2019#		2020	
	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED
BORROWINGS	13	470	8	1044	14	2029	31	2396	68	2092	586	1528	1334	1502	2562	3430	2456	3590	2160	2933
TOTAL LIABILITIES	1712	3874	1826	5003	2163	6435	2157	7172	1523	5775	2227	3521	2976	3716	4392	7518	4610	7864	4035	6723

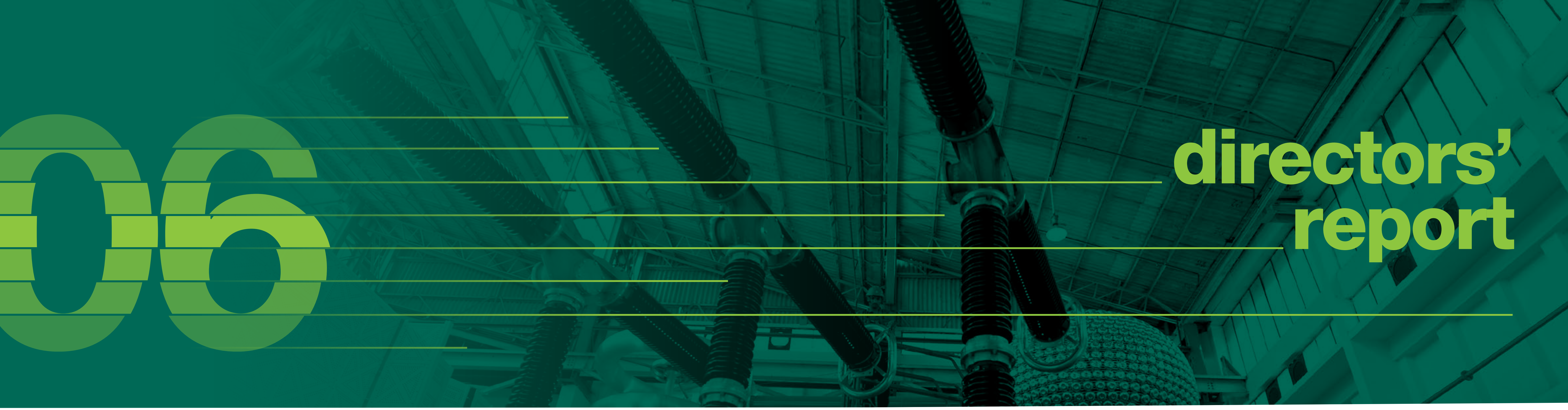
NET WORTH OF THE COMPANY

	2011		2012		2013		2014		2015		2016		2017		2018		2019#		2020	
	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED
SHARE CAPITAL	128	128	128	128	128	128	125	125	125	125	125	125	125	125	125	125	125	125	125	125
RESERVES & SURPLUS	2176	3146	2573	3483	2929	3433	3231	3519	4490	4183	4003	4472	4074	3986	4029	2796	2388	2060	589	(229)
SHAREHOLDERS' FUNDS	2304	3275	2701	3611	3057	3561	3356	3644	4615	4308	4128	4597	4199	4111	4154	2921	2513	2185	714	(104)
TANGIBLE NET WORTH ***	2304	3275	2701	3560	3057	3393	3356	3491	4615	4308	4128	4597	4199	4111	4154	2921	2513	2185	714	(104)

RATIOS

	2011		2012		2013		2014		2015		2016		2017		2018		2019#		2020	
	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED
BOOK VALUE PER SHARE (IN ₹)	35.9	51.0	42.1	55.5	47.7	52.9	53.0	55.1	73.6	68.7	65.9	73.3	67.0	65.6	66.3	46.6	40.1	34.9	11.4	(1.7)
EARNINGS PER SHARE (IN ₹)	10.82	13.85	7.87	5.82	6.95	(0.56)	8.23	3.86	5.51	5.88	(18.89)	1.83	2.33	1.25	1.38	(10.72)	(22.27)	(7.78)	(28.71)	(34.34)
CASH EARNINGS PER SHARE (IN ₹)	11.91	17.13	8.96	9.34	8.17	1.30	10.01	8.67	6.60	8.95	(18.28)	3.55	4.52	3.93	5.42	(4.36)	2.99	(2.56)	(1.88)	(4.37)
CURRENT RATIO	1.70:1	1.48:1	1.88:1	1.46:1	1.87:1	1.39:1	1.86:1	1.28:1	2.96:1	1.50:1	2.05:1	1.52:1	2.25:1	1.61:1	0.90:1	0.86:1	0.63:1	0.65:1	0.34:1	0.32:1
DEBT EQUITY RATIO	0.00	0.09:1	0.00	0.17:1	0.00	0.44:1	0.00	0.45:1	0.00	0.30:1	0.00	0.13:1	0.12:1	0.12:1	0.34:1	0.65:1	0.42:1	0.80:1	0.76:1	(8.93):1
EBIDTA / NET SALES (IN %)	17.0	14.4	11.9	7.6	9.1	3.8	9.1	5.6	7.8	10.5	11.6	10.3	11.8	9.2	14.0	2.2	10.7	3.9	5.1	0.9
RETURN ON TANGIBLE NET WORTH (IN %) ##	30.1	27.1	18.7	10.5	14.6	(1.1)	15.5	7.0	12.8	0.5	(26.6)	(10.0)	3.0	(11.9)	0.5	(24.6)	(56.4)	(23.1)	(252.0)	NA###
FIXED ASSETS TURNOVER RATIO (IN TIMES)	6.5	5.2	9.6	5.0	9.2	3.9	9.2	3.9	2.6	1.3	2.8	2.0	3.3	3.1	3.6	3.3	5.1	3.7	3.5	3.4
NO. OF PERMANENT EMPLOYEES	5214	8702	5365	8966	5575	9575	5529	9433	4024	7854	3633	7233	3421	6288	3377	5655	3382	5524	2802	3445

*EBIDTA = Earnings before Interest, Depreciation, Amortisation, Tax, Exceptional Items including other income.
**Profit for continuing business after Tax, Minority Interest and Share of Associate Companies for Consolidated Statement of Profit and Loss.
***Tangible Net Worth = Shareholders' Funds – Miscellaneous Expenses – Deferred Tax Asset.
@After exceptional items.
#Figures of FY2019 have been regrouped / reclassified, wherever necessary to correspond with figures of FY2020.
##On Total Operations.
Net Worth and Capital Employed are negative in FY2020, therefore ratio is not calculated.



FY2020 stands for fiscal year 2019-20, i.e. from 1 April 2019 to 31 March 2020 Analogously, FY2019 and other fiscal years.

The abbreviations 'Act' refers to the Companies Act, 2013; 'SEBI LODR' refers to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; 'the Company' and 'CG' refer to CG Power and Industrial Solutions Limited and 'SEBI' refers to the Securities and Exchange Board of India.

To
The Members,

Your Directors are pleased to present their Eighty-third Annual Report on the business and operations of your Company along with the audited financial statements, both standalone and consolidated, for the financial year ended 31 March 2020.

Significant Matters Relevant to the Year under Review

DEBT RESOLUTION PROCESS

Shareholders and other stakeholders should note that your Company is currently in severe financial stress and certain payment defaults have already occurred under the terms of the loan documentation entered into by your Company.

With a view to resolving such financial stress caused by the siphoning of funds by the promoters of your Company, as disclosed to the stock exchanges by disclosure dated 19 August 2019, and to maximize recovery of the debt repayable to the lenders of the Company ('Lenders'), your Board had in-principle decided to work jointly with the Lenders for equity fund raising as part of the Resolution Plan in accordance with the Reserve Bank of India's circular dated 7 June 2019 on Prudential Framework for Resolution of Stressed Assets (as amended or modified) ('Prudential Framework'). To facilitate this process, your Company appointed Arpwood Capital Private Limited as its financial advisor. SBI Capital Markets Limited was appointed by the Lenders as process advisors for the Resolution Process.

Your Board was in discussions with the Lenders for fund raising and for resolution of the debt of the Company, following which the Lenders and the Company received a binding offer dated 7 August 2020 (as modified on 11 August 2020) ('Primary Proposal') from Tube Investments of India Limited ('Prospective Investor' / 'Primary Bidder' / 'Subscriber'), a member of the Murugappa group for resolving the debts of the Company and to infuse capital in the Company by subscribing to equity shares worth ₹ 550 Crore (Rupees Five Hundred and Fifty Crore Only) (approximately) and warrants worth ₹ 150 Crore (Rupees One Hundred Fifty Crore Only) (approximately) on a preferential basis, to meet its business requirement, subject to certain conditions as specifically detailed in the Primary Proposal.

Tube Investments of India Limited is a public limited company incorporated under the Companies Act, 1956 with its equity shares listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). It is a company which specializes in engineering, bicycles, metal formed products, and chains. It is a member of the Murugappa Group ('Murugappa Group'), which is one of India's leading business conglomerates founded in 1900 having 28 (twenty eight) businesses including 9 (nine) listed companies traded at NSE and BSE and is headquartered in Chennai.

The Primary Proposal inter-alia required the Company to offer, issue and allot equity shares and warrants on a preferential basis to the Prospective Investor, entitling them to subscribe to and be allotted the equity shares and warrants of the Company ('Proposed Transaction').

In terms of the Primary Proposal, a Securities Subscription Agreement ('SSA') was executed between the Company and the Prospective Investor on 7 August 2020. The stakeholders should note that the completion of the Proposed Transaction was subject to the fulfillment of all the conditions precedent set out under the SSA which inter-alia include:

(i) The Subscriber completing the due diligence in terms of the SSA to its satisfaction on a reasonable basis within three weeks from 7 August 2020 or any earlier date as determined by the Subscriber,

(ii) The Subscriber being declared as the winner of the swiss challenge process by the lenders of the Company by 28 August 2020,

(iii) The lenders of the Company agreeing inter-alia to restructure all the debts of the Company in accordance with the terms of the offer made by the Subscriber to the

THE MOTORS MANUFACTURED BY CG ARE BEST IN CLASS AVAILABLE IN THE MARKET.

lenders and consenting to the issue and allotment of the equity shares and the warrants by the Company in terms of the SSA,

(iv) The Subscriber having received the approval from the Competition Commission of India for its investment into the Company.

Basis the Primary Proposal (including modifications thereto) received from the Primary Bidder, which was accepted and recommended to the Lenders by your Board, subject to necessary approvals, the Lenders, jointly with the Company, launched the Swiss Challenge Process using the Primary Proposal as an anchor bid / base offer under the auspices of the Reserve Bank of India's Prudential Framework, by making a public notice to this effect through newspaper advertisement on 12 August 2020 ('Advertisement'), inviting expression of interest cum resolution plans from eligible bidders having adequate technical and financial capability as acceptable to the Lenders, to restructure / resolve the outstanding debt of the Company and undertaking a change of management of the Company. The last date for submission of expression of interest cum resolution plan was 26 August 2020.

Upon conclusion of the Swiss Challenge Process, since no other bidder submitted any bid by the due date i.e. 26 August 2020, the Lenders, based on the representation made by Primary Bidder, voted upon the resolution for approving the Primary Bidder as the successful bidder and declaring the Primary Proposal as the successful offer. Further, all the lenders of the Company entered into an inter-creditor agreement, in accordance with the Prudential Framework.

State Bank of India vide their Letter of Intent dated 28 August 2020, communicated to the Primary Bidder that their Primary Proposal had been declared as successful offer and they had been declared as successful bidder, subject to compliances with all the conditions stated in the said Letter of Intent, to the satisfaction of the Lenders. The Letter of Intent is under discussion by the Prospective Investor with the Lenders and yet to be executed.

In terms of Regulation 164A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations'), after availing the relaxations in pricing methodology and exemptions from open offer obligations in terms of the said regulations an extra-ordinary general meeting of the Members on 2 September 2020 was convened through Video Conferencing / Other Audio Visual Means, where the Company obtained approval of the shareholders by way of a special resolution to issue equity shares and warrants on a preferential allotment / private placement basis to Tube Investments of India Limited.

The number of votes cast in favour of the said special resolution were three times more than the number of votes cast against it. Further, the votes cast by the shareholders in the 'public' category in favour of the proposal were more than the number of votes cast against it. Accordingly, the resolution was passed with requisite majority.

The stakeholders should note that pursuant to the SSA, after issuance and allotment of securities as per the Primary Proposal to Tube Investments of India Limited, they will acquire control and management of the Company and will have the right to appoint a majority of the directors on the board of the Company, subject to compliance with applicable laws.

The Subscriber is in the process of seeking approval from the Competition Commission of India ('CCI') and has made an application to CCI which is awaiting approval.

The stakeholders should also note that subsequent to the date of the SSA and further assessment of financial liabilities and outlook of the Company by Tube Investments of India Limited, the Company received a letter from them to infuse additional capital in the Company aggregating up to ₹ 100 Crore (Rupees One Hundred Crore Only) by way of subscribing to additional equity shares of the Company on a preferential allotment basis ('Additional Offer') to meet the funding requirements of the Company subject to necessary corporate authorizations obtained by the Company.

Your Board, after considering the merits of the Additional Offer and considering that it would be in the best interest of the Company, approved the proposal to offer and issue equity shares to Tube Investments of India Limited in terms of the Additional Offer and also approved the amendment to the SSA to such effect. Availing the relaxations and exemptions under Regulation 164A of SEBI ICDR Regulations, your Board had convened an extra-ordinary general meeting of the Members on 24 September 2020 through Video Conferencing / Other Audio Visual Mode to seek approval of the Members in this regard.

It should be noted that as per the amended terms of the SSA, the offer, issuance and allotment of equity shares pursuant to the Additional Offer will be subject to completion of conditions precedent set out in the SSA.

PROMOTER GROUP

The Avantha group, which is promoted by Mr Gautam Thapar, is currently classified as Promoter and Promoter Group of the Company ("Promoters") and holds 8,574 equity shares of your Company (i.e. <0.002% shareholding) as of 31 March 2020.

Your Company had made an application to SEBI seeking certain relaxations / exemptions from the strict enforcement of the requirements under Regulation 31A of the SEBI LODR for re-classification of the status of the current Promoters of the Company to Public.

In this regard, SEBI has, vide its letter no. SEBI/HO/CFD/CMD1/OW/2020/14436/1 dated 4 September 2020, granted the said relaxations sought by the Company. Accordingly, your Board has approved the proposed re-classification subject to the requisite approvals and recommended the same for the approval of the shareholders at the ensuing Annual General Meeting.

ONGOING INVESTIGATIONS INTO THE AFFAIRS OF YOUR COMPANY

As stated in the Annual Report for financial year 2018-19, the Audit Committee ('AC') of the Board, based on the recommendations made by the Operations Committee, appointed an independent law firm ('Legal Firm') to make further assessments in relation to certain unauthorized transactions by some employees and certain directors of your Company. The Legal Firm submitted its Phase I Investigation Report dated 5 August 2019 ('Report') to the AC in its meeting held on 6 August 2019.

Basis the Investigative Report, inputs from the Operations Committee and recommendations from the AC, your Board made disclosures, as set out in the stock exchange intimation issued by the Company dated 19 August 2019 ('19 August Disclosures'). After the 19 August Disclosures, your Company mandated a detailed independent forensic investigation into the affairs of the Company ('Phase II Investigation'), which is currently under process.

Given the current ongoing investigation and the order of National Company Law Tribunal, Mumbai Bench ('NCLT') allowing re-opening of the books of accounts and recasting of financial statements of your Company and its subsidiary companies for five years ended on 31 March 2019, the financial statements as given in this Annual Report may not include all the impact and all such information as may be required to be included and disclosed, relating to past transactions. Hence, the standalone and consolidated financial statements for the financial year ended 31 March 2020 could be materially misstated to that extent and undergo change and thus, do not represent true and fair view.

DIVESTMENTS AND OTHER DEVELOPMENTS

a) Bankruptcy of Belgium entities

The Belgium Group comprises (i) CG Holdings Belgium NV together with CG Power Systems Belgium NV, and its subsidiaries, namely, (ii) PT CG Power Systems Indonesia, (iii) CG Power Systems Ireland Limited, (iv) CG Sales Network France SA, and (v) CG Power Solutions Saudi Arabia Limited.

On 3 February 2020, the Commercial Court in Belgium declared both CG Holdings Belgium NV and CG Power Systems Belgium NV as bankrupt and appointed Receivers.

Consequently, Receivers have proceeded to auction assets of CG Holdings Belgium NV and CG Power Systems Belgium NV including their investments in PT CG Power Systems Indonesia, CG Power Systems Ireland Limited, CG Power Solutions Saudi Arabia Limited and CG Sales Network France SA.

b) Liquidation of CG PSOL UK and DAFZA entities

CG Power Solutions UK Limited, United Kingdom ('CG PSOL UK'), and CG Power & Industrial Solutions Middle East FZCO, Dubai UAE ('DAFZA'), wholly owned subsidiaries of CG International BV and step down subsidiaries of the Company, are in the process of being liquidated, subject to statutory and regulatory approvals.

c) Divestment of stake in CG Service Systems France SAS

During the year under review, CG International BV has divested its entire shareholding in CG Service Systems France SAS ('SEFR'), along with its liabilities, for a net consideration of €30,000 to AK Group France, pursuant to a Share Purchase Agreement dated 23 June 2020. Upon completion of the divestment, SEFR has ceased to be a subsidiary of the Company with effect from 20 July 2020.

d) Bankruptcy of CG Electric Systems Hungary Zrt. (ESHU)

On 7 July 2020, the Metropolitan Court in Budapest, Hungary, declared CG Electric Systems Hungary Zrt. ('ESHU'), a wholly owned subsidiary of CG International BV and a step-down subsidiary of the Company in Hungary, as bankrupt and commenced liquidation proceedings. The Court has appointed a liquidator who has now taken control of ESHU.

Company's Performance

The standalone and consolidated financial statements of your Company represent the continuing operations for the year ended 31 March 2020.

Your Company's standalone net revenue from operations was ₹3,169 crore during the year under review, compared to ₹5,356 crore in the previous year, representing a decline of 40.8%. Your Company's consolidated net revenue from operations during the year under review was ₹5,110 crore, versus ₹7,998 crore in the previous year, a decline of 36.1%.

Details of consolidated segment-wise revenue and profit before interest and tax (PBIT) of the two key business units — Power Systems and Industrial Systems — and how these compare with the previous financial year are given in *Table 1*. Your Company's financial performance for the year ended 31 March 2020 as compared to the previous year is given in *Table 2*.

A detailed review of the operations and financial performance of your Company and each of its business units is contained in the 'Management Discussion and Analysis' Report forming part of this Annual Report.

Dividend

In view of losses, the directors do not recommend any dividend for the financial year ended 31 March 2020.

Reserves

The reserves, on standalone basis, at the beginning of the year amounted to ₹2,388 crore and at the end of the year stood at ₹589 crore.

Subsidiaries, Joint Ventures and Associate Companies

As on 31 March 2020, your Company had 3 Indian and 17 foreign subsidiaries (after excluding Belgium entities under bankruptcy proceedings). Details are provided in Annexure 5 to this Report in Form MGT-9 (Extract of Annual Return). During the year under review, your Company has not incorporated or acquired any company.

01 Consolidated Net Sales and Profit Before Interest and Tax (PBIT) of the Business Units (in ₹ crores)

	2019-20	2018-19
Consolidated Net Sales		
Power Systems	2,736	4,610
Industrial Systems	2,361	3,373
Consolidated PBIT		
Power Systems	(222)	(23)
Industrial Systems	247	372

Shareholders should note that CG Holdings Americas, LLC, and CG Solutions Americas, LLC, merged with CG Power Americas, LLC, with effect from 1 April 2019.

Further, CG International BV TR. & Cont. Pvt. Co., LLC (formerly known as Pauwels Middle East Trading & Contracting (Pvt.) Co. LLC), an associate company, was liquidated with effect from 18 June 2019.

In February 2019, your Board had considered and in-principle approved the Scheme of Amalgamation ("Scheme") pursuant to Sections 230 to 232 and other applicable provisions of the Act, for the amalgamation of CG Power Solutions Limited ('CGPSOL'), a wholly owned subsidiary, with the Company, subject to the requisite statutory and regulatory approvals. However, on account of the findings of the Phase I Investigation Report (disclosures in relation to which were made by the Company pursuant to its 19 August Disclosures) which refers to certain unauthorized/ undisclosed transactions undertaken in CGPSOL, your Board decided to withdraw the Scheme which was pending before the Hon'ble National Company Law Tribunal, Mumbai ('NCLT'). The NCLT vide its order dated 5 December 2019, approved the withdrawal of the Scheme.

Moreover, as mentioned earlier, during the year under review, the two Belgium entities — CG Holdings Belgium NV (HBE) and CG Power Systems Belgium NV (PSBE) have been declared as bankrupt on 3 February 2020 by the Commercial Court in Belgium. Having lost control on these entities, your Company has de-consolidated these two Belgium entities and four step-down subsidiaries of the Company, with effect from 1 January 2020 (assumed date for de-consolidation), in the financial statements.

Pursuant to the Companies (Indian Accounting Standards) Rules, 2015 and Regulation 33 of the SEBI LODR, the financial statements reflect the consolidation of accounts of your Company, its subsidiaries, associates and joint venture companies with a significant caveat, which is stated below.

The consolidated financial statements in this Annual Report include unaudited financial statements and other unaudited financial information with respect to 11 subsidiaries that form part of the continuing operations of your Company. The financial statements and other financial information of these subsidiaries reflect total assets of ₹2,315.68 crore as at 31 March 2020, and total revenues of ₹1,576.75 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information were furnished by management (as received from the subsidiaries) to the statutory auditors of your Company. The auditors were unable to comment on the impact on total assets and total revenues since these subsidiaries had not been subjected to an audit.

Pursuant to Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of your Company and audited/ unaudited annual accounts of each of its subsidiaries are placed on the website of your Company, and not enclosed in this Annual Report.

In terms of Section 129 of the Act, statement containing salient features of the financial statements of your Company's subsidiaries/ associates/ joint ventures companies in Form AOC-1 is given in the notes to the financial statements in this Annual Report.

Pursuant to Regulation 16 of the SEBI LODR, a policy for determining material subsidiary of your Company as approved by the Board of Directors is available on the website under: *http://www.cgglobal.com/pdfs/policies/Policy-determining-Mat-Subsidiaries.pdf*

02 Financial Highlights (in ₹ crores)

	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Net Sales and Services	3,169	5,356	5,110	7,998
EBIDTA	**160**	**575**	**45**	**316**
Less: Finance cost	281	337	324	383
Less: Depreciation	91	104	211	225
Profit / (loss) before Exceptional Items & Tax	**(212)**	**134**	**(490)**	**(292)**
Exceptional items (net)	(1,698)	(1,518)	(1,788)	(167)
Loss Before Tax	**(1,910)**	**(1,384)**	**(2,278)**	**(459)**
Less: Tax Expense / (Credit)	(111)	11	(118)	33
Loss from continuing operations	**(1,799)**	**(1,395)**	**(2,160)**	**(492)**
Less: Minority Interest	NA	NA	8	4
Share of profit/(loss) in Associates and Joint Venture	NA	NA	-	-
Loss after minority interest and share of Associate and Joint Venture	**(1,799)**	**(1,395)**	**(2,152)**	**(488)**
Loss before tax from discontinued operations	**-**	**(34)**	**(7)**	**(27)**
Tax expenses / (Credit) from discontinued operations	-	(12)	0	(11)
Net Loss from discontinued operations	**-**	**(22)**	**(7)**	**(16)**
Total Loss for the year	**(1,799)**	**(1,417)**	**(2,159)**	**(504)**

Material Changes and Commitments affecting the Financial Position of your Company

IMPACT OF COVID-19

As the global COVID-19 pandemic rapidly developed into an Indian health crisis, the Government of India announced a nationwide lockdown with effect from 25 March 2020. In view of the Government directive and considering the health and safety of employees, your Company suspended operations in all its factories and offices in India till 28 April 2020. However, non-operational activities relating to the factories, sales offices and the corporate office of the Company continued to be performed by such employees who were provided work from home facility.

All manufacturing plants resumed limited and restricted operations on 29 April 2020, in terms of approvals received from respective authorities, and after implementing Standard Operating Practices in the interest of health and safety of the employees. Gradually, operations at the factories are being scaled up. Moreover, based on the relaxations allowed, your Company has commenced operations at its sales, regional and corporate offices, while strictly adhering to the terms and conditions of such relaxations and taking all necessary precautions for the health and safety of its employees.

In view of the suspension of operations on account of COVID-19, the financial performance of the Company for the first two quarters of the FY2021 is expected to be impacted.

MATERIAL ORDERS OF REGULATORS / COURTS / TRIBUNALS

a) Securities & Exchange Board of India

Consequent to the Phase I Investigation Report submitted by the Legal Firm, SEBI had passed an interim order dated 17 September 2019 ("Interim Order"). After hearing all parties, SEBI has, vide its confirmatory order dated 11 March 2020 ("Confirmatory Order"), confirmed its interim order with certain exceptions and has passed restraining orders against the Promoters, certain former Directors and certain KMPs. In terms of the Interim Order and the Confirmatory Order, your Company has filed certain suits for recovery of amounts wrongfully transferred to the Promoter Group entities, and is in the process of filing further suits.

In terms of the Interim Order, BSE Limited had appointed M/s MSA Probe Consulting Private Limited ("MSA Probe") for conducting a forensic audit of the Company ("Forensic Audit"). The Forensic Audit report issued by MSA Probe on 18 March 2020 has been submitted to SEBI and also has been received by the Company.

b) Re-opening of the books of accounts by the Ministry of Corporate Affairs

Pursuant to a petition filed by the Ministry of Corporate Affairs ("MCA") under Section 130 of the Act, the National Company Law Tribunal, Mumbai bench, has through its order dated 5 March 2020, allowed the re-opening of books of accounts of your Company and its subsidiary companies for the past five financial years up to 31 March 2019. The MCA had, vide its letter dated 27 July 2020, asked your Company to select the requisite firm(s) of Chartered Accountants out of a list of ten firms recommended by the Comptroller and Auditor General of India (CAG) and to seek their willingness and eligibility to accept the said assignment of re-opening and recasting of books of accounts of the Company and its subsidiaries. Accordingly, your Company has written to the said chartered accountant firms for seeking their willingness and have also asked certain clarifications from MCA in relation to this.

c) Investigation by the Serious Fraud Investigation Office (SFIO)

Based on a recommendation of the MCA, the SFIO has initiated the investigation into the affairs of your Company and its two subsidiaries. Full co-operation is being extended to SFIO, and such information and documents as sought are being provided expeditiously.

d) Company Initiated Forensic Investigation
The Board had appointed Hon'ble Justice Mr. T. S. Thakur (Retd.), former Chief Justice of the Supreme Court, as Head of Investigation to monitor the ongoing Phase II forensic investigation initiated by your Company. The forensic investigation is currently in progress, and report will be released after it is reviewed by Hon'ble Justice Mr. T. S. Thakur (Retd.).

e) Assessment order under Section 143(3) of the Income Tax Act, 1961
During the year, your Company received an assessment order under Section 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, your Company received notice of demand under Section 156 of the Income Tax Act, 1961 for ₹ 606.30 crore of taxes, including interest. It further received show cause notice under Section 274 read with Section 270A of the Income Tax Act, 1961 for levy of penalty.

In response to the notice of demand and show cause, your Company had filed a stay application on 3 January 2020 and a supplementary letter on 7 January 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals) i.e. CIT(A). It also filed an appeal before CIT(A) on 15 January 2020 against the demand raised by the assessing officer as it believes that the demand is not tenable. Your Company also filed a letter on 24 January 2020 to CIT(A) requesting for early disposal of the appeal.

The assessing officer issued a letter on 6 February 2020 in response to your Company's stay application and rejected it.

After careful consideration of all facts, your Company has filed a writ petition before Bombay High Court contesting the demand raised by the assessing officer on grounds of this being untenable. The Bombay High Court, in its order dated 13 March 2020, granted an interim stay until admission of appeal which was scheduled to be heard on 12 June 2020. In response to Company's prayer, the CIT(A) scheduled a hearing on 16 June 2020.

However, given the COVID-19 situation, the office of CIT(A) has not been functioning and your Company awaits further communication from CIT(A) office on the next hearing date. Moreover, also on account of COVID-19, the hearing scheduled on 12 June 2020 before the Bombay High Court was postponed. Your Company awaits the next hearing date for admission of appeal from the Bombay High Court.

Auditors and Audit Reports

STATUTORY AUDITORS

At the 81st Annual General Meeting of your Company, M/s S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) ("SRBC") and M/s K K Mankeshwar & Co., Chartered Accountants (Firm Registration No.106009W) ("KKM") were appointed as Joint Statutory Auditors of the Company, for a term of five years up to the conclusion of 86th Annual General Meeting of your Company.

REMOVAL OF KKM

While reviewing payments made in the past years, your Company came across certain unexplained payments from your Company and its subsidiaries made to KKM as well as association of its partner with certain identified entities named in the Phase I investigation report.

The Audit Committee issued a show cause notice to KKM under Section 140(1) of the Act and provided KKM with an opportunity of being heard. However, no submissions were made by KKM on the show cause notice.

After due consideration, your Board determined that KKM cannot be considered to be independent.

Accordingly, your Board decided to seek approval of the Central Government for removal of KKM as Joint Statutory Auditor of your Company and, subject to such approval being granted, seek approval of the shareholders under Section 140(1) of the Companies Act, 2013.

Upon communication of this decision of the Board, KKM, on 25 January 2020, resigned as the Joint Statutory Auditors of the Company with immediate effect. However, since the resignation was not tendered in accordance with applicable laws and was after the decision of your Board to seek approval of the Central Government for removal of KKM, your Company filed an application with the MCA. The Regional Director, MCA, Western Region, has heard both the parties in the matter and the order in this regard is awaited.

In view of KKM not being considered independent and the process for removal of KKM having been initiated, your Company has been advised that KKM will not be required to continue to sign and give report on the financials of the Company. Accordingly, SRBC, being the other Joint Statutory Auditor, has conducted the audit of financial statements of your Company for the financial year ended on 31 March 2020 and submitted its audit report.

MATTERS STATED IN BASIS FOR DISCLAIMER OF OPINION AND BOARD RESPONSES

The audited financial statements does not contain an opinion of the Statutory Auditors because of matters described in the "Basis for Disclaimer of Opinion" in the Auditors' Reports which are included in this Annual Report.

Moreover, given the nature and financial magnitude of the observations that are outlined below, the standalone and consolidated financial statements for the financial year ended 31 March 2020 could be materially misstated to that extent and undergo change and thus, do not represent a true and fair view of the financials of your Company.

We urge upon the Members to carefully read the Auditors' Reports, including the "Basis for Disclaimer of Opinion", as well as the Notes to Accounts of both the standalone and consolidated financial statements of your Company for the financial year ended 31 March 2020.

For convenience of the Members, a synopsis of the "Basis for Disclaimer of Opinion" of certain matters as set out in the Auditors' Report of your Company's consolidated annual accounts for the financial year ended 31 March 2020 is given below. Your Board's response to each of these observations is given in italics.

01 Note 3A(b), note 3A(j), note 3A(l) of the Consolidated Financial Statements describe certain outstanding identified receivables and identified liabilities as at 31 March 2019 which were dues from / dues to promoter affiliate companies and connected parties and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP). Out of the above receivables, during the year ended 31 March 2020, the Group has made provision in relation to receivables from a promoter affiliate company since that is subjected to insolvency process. Further, note 3A(m), describes that during the year ended 31 March 2020, the Group had extended loans and advances to promoter affiliate companies, related parties and unrelated parties which were approved by the CIP and were in relation to the earlier year transactions. These balances were either provided or settled subsequently during the year and are not carried forward as at year end.
As of the date of this report, investigations are ongoing and not yet concluded by the Board of Directors and thus the Auditors are unable to quantify the adjustments to the Consolidated Financial Statements in relation to such outstanding identified receivables and identified liabilities and provisions in relation to unrelated parties' balances as at year end.
Board's Response: *Your Company has issued recovery notices and also filed legal suit for recovery of some of the significant amount of sum owed to the Company by various parties. However based on the ongoing regulatory / company initiated investigations and re-opening of books of accounts of the Company for the past 5 years till 31st March 2019 as undertaken by the Ministry of Corporate Affairs, and the outcome of such legal actions, these balances may need to be restated by your Company.*

02 Note 2.2, 50 and note 53 of the Consolidated Financial Statements describes that during February 2020, the Court of Belgium has ordered bankruptcy proceedings against CG Holdings Belgium NV and CG Power Systems Belgium NV subsidiaries located in Belgium, which in turn hold investments in four downstream wholly owned subsidiary companies ('Belgium Group'). As the Holding Company does not have access to the financial information of the Belgium Group from 1 January 2020, the Group

THE NEW PLANT TO MANUFACTURE THE A3 RANGE OF MOTORS (75KW AND ABOVE AND FRAMES IEC 280 TO 500) IS OPERATIONAL WITH THE BEST-IN-CLASS FACILITIES IN IMPREGNATION, WINDING, TESTING AND PAINTING.

has consolidated the financial information for the period from 1 April 2019 to 31 December 2019. Further, the Group has not accounted corporate guarantees extended to Belgium Group as stated in note 2.2 of Consolidated Financial Statements.

Board's Response: *As stated in Note 53 rationale, it was considered feasible to de-consolidate from the assumed date as the Company believes that it is the date as of which reliable financial information is available for deconsolidation. Further balance receivables and payable from Belgium Group are shown on gross basis and accounting for final settlement will be evaluated upon conclusion of bankruptcy proceedings. Your Board of Directors believes that the recoverable value of assets in the Belgium Group will be sufficient to meet the obligations of the Belgium Group and as a consequence the liability in relation to corporate guarantees extended to Belgium Group lenders may not arise.*

03 Note 3A(k) and note 50(e) of the Consolidated Financial Statements describes about the impairment losses accounted by the Group towards the net asset (including Goodwill) balances of certain overseas entities, other than the Belgium Group.

Without any underlying documentation to justify the basis of such impairment loss the auditors are unable to comment on the completeness, appropriateness of the impairment provision recorded in the Consolidated Financial Statements.

Board's Response: *Your Board has considered it prudent to recognize provision towards the net asset (including Goodwill) balances of certain overseas entities based on assumption that such balances may not be recovered.*

04 Note 3A(j) and note 3A(l) of the Consolidated Financial Statements describes the transactions entered by the Group 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 concluded whether these parties should be consolidated at 31 March 2020. Auditors are unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties, disclosure of related party transactions and potential impact on consolidated financial statements as disclosed in note 3A(l) of these Consolidated Financial Statements.

Board's Response: *Your Board, upon completion of the ongoing regulatory / company initiated investigations and re-opening of books of accounts of the Company for the past 5 years till 31 March 2019 as undertaken by the Ministry of Corporate Affairs, would be able to have a more accurate assessment of the nature of the relationship, if any, with these connected parties.*

05 Independent balance confirmations as at 31 March 2020 were sent by the Auditors to banks/financial institutions, customers and legal counsels for borrowings, details of securities, lien, collaterals, guarantees, tax matters, etc. and bank balances of the Holding Company and certain identified subsidiaries.

Other than responses from the banks/ financial institution in relation to balances, the auditors have not received responses in respect of the details of securities, lien, collaterals, guarantees, tax matters etc. due to which the auditors are unable to determine whether any adjustments are required to the said balances as on 31 March 2020 and related disclosures in these Consolidated Financial Statements.

Board's Response: *The Company has provided all available audit evidence documents in respect of the details of securities, lien, collaterals, and guarantees etc., related to borrowings. Similarly all available audit evidence documents have been provided to auditors in relation to legal and tax related disputes. Further, the auditors were also provided audit evidence documents and details in respect of customer balances in order to complete alternate audit procedures by auditors.*

06 Note 3A(b), 3A(g), 3A(h), 3A(i), 40(vi), 45(c), 54 and note 55 of the Consolidated Financial Statements describes the identified litigations and contingencies which are pending to be evaluated by the management of the Holding Company and the management has not ascertained the legal position of the Group, the possible cash outflow and its consequential impact on these Consolidated Financial Statements.

Board's Response: *The Company has rescinded the new royalty agreement with Avantha Holdings Limited ('AHL') and hence it stands null and void. Consequently your Company has not accrued any royalty. However the Company has received a notice from AHL invoking arbitration which has been refuted by the Company. In respect of income tax demand, your Company believes that the grounds in the demand are not tenable and further considered appropriate available judicial forum to contest the demand. In respect of litigations around non-payment of dues, appropriate legal measures, and where necessary, discussions for mutual settlement are being considered. Your Company is taking appropriate legal course of action required in respect of other claims. Your Company has provided all available audit evidences to auditors to conclude on classification of litigations and contingencies into actual and contingent liabilities.*

07 Note 3A(o) to the Consolidated Financial Statements describes instruction by the Board of Directors of the Holding Company to the management to undertake a detailed investigation in relation to the matters of possible non-compliance with respect to various regulations and laws applicable to the Group.

Further, as stated in note 3A(a) to the Consolidated Financial Statements, there are investigations and enquiries been conducted, for reasons explained in the notes to the Consolidated Financial Results, by Securities and Exchange Board of India, Serious Fraud Investigation Office and Enforcement Directorate.

Further, the Department of Income Tax has also issued notices and seeking explanations by the Holding Company. The Holding Company is engaging and providing details and responses to all such investigations, enquiries and demands, as raised on the Holding Company.

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

Board's Response: *As stated in note 3A(o) of the Consolidated Financial Statements, your Board of Directors has instructed your Company's management to undertake detailed investigation relating to matters of possible non-compliance with respect to Sections 129, 134, 166, 180, 185, 186, 188, 197 and other related provisions of the Companies Act, 2013; the Income Tax Act, 1961; the Foreign Exchange Management Act, 1999; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and other applicable laws and regulations. In doing so, your Board has authorised the Company to engage external consultants, lawyers, forensic experts and other specialists as required for this investigation.*

08 Basis of Preparation of the Consolidated Financial Statements indicates that the accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of 11 subsidiaries. Auditor's report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries, is based solely on such financial statements and other financial information as available and considered by the management.

The Auditors are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to an audit.

Board's Response: *Refer response in 9 below.*

09 Note 2.2 of these Consolidated Financial Statements, indicates non-compliance with the Regulation 33(3)(h) of the SEBI LODR, which requires the Group to ensure audit of at-least 80% of its operations with effect from 1 April 2019. Pending audit of identified subsidiaries and subject to the possible adjustments on account of ongoing investigations, the auditors are unable to determine the potential impact of non-compliances with respect of Regulation 33(3)(h) and determine any further adjustment that may be necessary to these Consolidated Financial Statements.

Board's Response: *As provided in Note 2.2, certain Group entities financial information was unaudited / not approved by local management due to either removal or resignation of officers or directors or due to loss of control or on account of bankruptcy. Your Directors have accordingly considered appropriate financial information for the purpose of preparation of consolidated financial statements to comply with relevant applicable Accounting Standards.*

10 Going Concern Assessment

Note 56 in the Consolidated Financial Statements indicate that (a) the Group has incurred a net loss during the current and previous years and has negative net worth as at year end; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date; (c) Certain lenders of the Holding Company are yet to conclude the Inter Creditor Agreement ('ICA'), till the date of adoption of these Consolidated Financial Statements.

Pending the outcome of the matters described above as observations and the matters disclosed in (a) to (c) above, and possible impact thereof, the auditors are unable to comment on whether the Group will be able to continue as Going Concern.

Board's Response: *Based on the strength of the business of the Company and based on progress made in the debt resolution process and the assessment of the outcome of the same, these financial statements have been prepared by your Directors on a going concern basis.*

Attention of the members is also drawn to other matters stated in the Statutory Auditor's Reports both on standalone and consolidated financial statements which are mentioned in the respective Statutory Audit Report forming part of this Annual Report.

COST AUDITOR

As per the requirement of Section 148(1) of the Act, your Company is required to maintain cost accounts and records. Accordingly, it has maintained cost accounts and records for FY2020 as applicable for its product range.

M/s Ashwin Solanki & Associates, Cost Accountants, Mumbai (Firm Registration No.100392), who was appointed as Cost Auditor of the Company for the FY2019 have submitted their cost audit report which was filed with the Registrar of Companies, Mumbai ('ROC') within the prescribed statutory deadline.

Your Company had appointed M/s R. Nanabhoy & Co., Cost Accountants, Mumbai (Firm Registration No.000010) to audit the cost records related to its products for FY2020. They also conducted their audit and submitted their cost audit report which has been filed with ROC.

Upon recommendation of the Audit Committee, the Board has re-appointed M/s R. Nanabhoy & Co, as Cost Auditor of your Company for FY2021 at a remuneration of ₹ 7,00,000/- (Rupees seven lakhs only) per annum plus out-of-pocket expenses and taxes, as applicable. This remuneration payable for FY2021 is recommended for ratification by the Members at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR

Your Company had appointed M/s Parikh & Associates, Practising Company Secretaries, Mumbai (Firm Registration Number: P1988MH009800) to undertake the Secretarial Audit of the Company for FY2020.

Your Company has generally complied with the Secretarial Standards and the Secretarial Audit Report is annexed in Form MR-3 for FY2020 as **Annexure 4** to this Report.

Subsequent to the 19 August Disclosures, your Company has mandated a forensic Phase II Investigation to determine the complete and accurate financial position of the Company and the legal implications of the issues involved. The said investigation, which is currently ongoing, shall also review matters in relation to potential non-compliances with Section 185, Section 186 and other applicable provisions

WITH THE PHASING OUT OF IE1 ACROSS ALL LT MOTORS PLANTS, CG HAS BEEN BIS APPROVED FOR IE2 MOTORS.

of the Act and SEBI LODR and other statutes and regulations as applicable. Your Company shall be evaluating the implications of these potential non-compliances and the remedies available.

With respect to the observation of the Secretarial Auditor relating to adequacy of systems and processes to monitor and ensure compliances, the Board noted that systems devised to ensure compliance with the provisions of all applicable laws which were adequate had been breached due to override by some members of management. The Board has instituted corrective overhaul of such systems.

The Board's response in relation to the observations made by the Secretarial Auditor in the Secretarial Audit Report is provided below:

01 The Company is yet to appoint a Chief Financial Officer as required under Section 203 of the Companies Act, 2013 read with rules made thereunder.
Board's Response: *Though the Company has been making efforts, a suitable candidate willing to take up the position of Chief Financial Officer, is yet to be identified. In the interim, the Board has authorised and delegated the relevant powers for the preparation and signing of the financial statements to Mr. Susheel Todi, Vice President and Group Financial Controller of the Company*

02 Submission of the financial results to the stock exchanges for the quarter and year ended 31 March 2019 as well as for the quarter ended 30 June 2019 and quarter ended 30 September 2019 were delayed beyond the statutory timelines under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Board's Response: *There were delays in finalization of Financial Results for the 4th quarter and year ended 31 March 2019 as well as for 1st and 2nd quarter ended 30 June 2019 and 30 September 2019, on account of re-classification exercise and also consequent to investigations initiated by the Company.*

03 Submission of the outcome of meetings of the board of directors held on 30 August 2019 and 28 January 2020 has been delayed beyond the statutory timelines under Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
Board's Response: *In view of the significant disclosures in the notes required to be incorporated pursuant to discussions and suggestions at the respective Board meetings, consequent to the investigations carried out, the submission of the Financial Results for the financial year ended 31 March 2019 and for the 1st quarter and 2nd quarter ended 30 June 2019 and 30 September 2019 respectively was delayed beyond 30 minutes from the time of conclusion of Board meeting.*

04 Submission of disclosure of Related Party Transactions for full financial Year 2018-19 instead of transactions pertaining to the half year ended 31 March 2019 as required under Regulation 23(9) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
Board's Response: *Consequent to the investigations carried out, there had been a restatement of accounts of the Company as per the stock exchange disclosure of the Company dated 30 August 2019, hence the Company was unable to specifically make the disclosure of related party transactions pertaining to half year ended 31 March 2019 and the information was submitted for the full financial year 2018-19.*

05 As per Regulation 33(3)(h) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the quarterly financial results (At least eighty percent of each of the consolidated revenue, assets and profits, respectively) have not been subjected to limited review by the Auditors.
Board's Response: *As provided in Note 2.2 of the consolidated financial statements for the financial year ended 31 March 2020, certain Group entities financial information was unaudited / not approved by local management due to either removal or resignation of officers or directors or due to loss of control or on account of bankruptcy. Your Directors have accordingly considered appropriate financial information for the purpose of preparation of consolidated financial statements to comply with relevant applicable Accounting Standards.*

Internal Financial Controls

The Statutory Auditors have, in their report to your Board of Directors on the Internal Financial Controls Over Financial Reporting (ICOFR) under clause (i) of sub-section 3 of Section 143 of the Act, have made certain observations and disclaimed their ICOFR opinion. The auditors' disclaimed ICOFR opinion is summarized below for both the standalone and consolidated financial statements.

The Board of Directors of the Holding Company and of its subsidiaries incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under sub-Section 3 of Section 143 of the Companies Act, 2013.

Regarding the standalone Ind AS financial statements, the statutory auditor has stated:

"Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements as at 31 March 2020 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls over Financial Reporting with reference to these Standalone Ind AS financial statements."

Similarly, regarding the consolidated Ind AS financial statements, the statutory auditor has stated:

"Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Holding Company and Subsidiaries incorporated in India had adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements as at 31 March 2020 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls over Financial Reporting with reference to these Consolidated Ind AS Financial Statements."

BOARD'S RESPONSE

Your Company's management, both independently as well as in light of the observations of the Statutory Auditors summarized immediately above, has taken stringent measures to protect interest of Company and Stakeholders. The internal controls testing and monitoring system are constantly under review. Your Board has ensured that the systems are designed to provide reasonable assurance with regard to maintaining of proper internal controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations, and the reliability of financial reporting.

Directors and Key Managerial Personnel (KMP)

BOARD OF DIRECTORS

COMPOSITION

As on the date of this report, your Company's Board of Directors consists of eight Directors comprising of (i) a Whole-Time Executive Director, and (ii) seven Independent Non-Executive Directors.

Mr. Ashish Kumar Guha, Independent Non-Executive Director is the Chairman of your Board and Mr. Sudhir Mathur is the Whole-Time Executive Director.

Mr. Ashish Kumar Guha, Ms. Ramni Nirula, Mr. Jitender Balakrishnan, Mr. Narayan K. Seshadri, Mr. Pradeep Mathur, Dr. Aditi Raja and Dr. Rathin Roy are independent in terms of Regulation 16 of the SEBI LODR and Section 149 of the Act.

Your Board consists of professionals with diverse functional expertise, industry experience, educational qualifications, ethnicity and gender mix relevant to fulfilling your Company's objectives and strategic goals.

CHANGE IN COMPOSITION OF THE BOARD

Appointments

During the year under review, Mr. Sudhir Mathur, was appointed as a Whole-Time Executive Director of the Company by the Members at the Annual General Meeting held on 14 December 2019, for a period of five years with effect from 10 May 2019 to 9 May 2024. Mr. Mathur does not receive any remuneration or commission from any of Company's subsidiaries.

Based on the recommendations of the Nomination and Remuneration Committee, your Board has appointed Mr. Pradeep Mathur, Dr. Aditi Raja and Dr. Rathin Roy as Additional Directors in the capacity of Non-Executive Independent Directors of the Company, with effect from 30 December 2019, 24 January 2020 and 24 January 2020 respectively. In accordance with Section 161 of the Act, they hold office up to the date of the ensuing Annual General Meeting and are eligible for being appointed as Independent Directors.

Notices under Section 160 of the Act, from a Member proposing the candidatures of Mr. Pradeep Mathur, Dr. Aditi Raja and Dr. Rathin Roy for their appointment as Directors was received by your Company

Accordingly your Directors recommend appointment of Mr Pradeep Mathur, Dr. Aditi Raja and Dr. Rathin Roy as Non-Executive Independent Directors in the ensuing Annual General Meeting. Attention of Members is invited to relevant disclosures made in the Notice of the ensuing Annual General Meeting and the Explanatory Statement thereto with respect to their appointments.

Cessation

Dr. Valentin Von Massow (Independent Non-Executive Director), Mr. K N Neelkant (Managing Director & Chief Executive Officer) and Dr. Omkar Goswami (Non-Executive Director) ceased to be Directors of your Company with effect from 5 August 2019, 30 September 2019 and 14 December 2019 respectively.

Members may recall that as stated in the previous Annual Report of the Company, the Board of Directors, through a circular resolution dated 29 August 2019, passed by majority consent, resolved to remove Mr. Gautam Thapar, as the Chairman of the Board, with immediate effect. This decision had been taken in the interests of your Company and its stakeholders in discharge of the fiduciary responsibilities of your Board. Mr Thapar ceased to be a director on the Board of Directors of the Company with effect from 9 October 2019.

RETIREMENT BY ROTATION

In terms of the provisions of Section 152 of the Act and the Rules made thereunder and Article 114 of the Articles of Association of the Company, Mr. Sudhir Mathur retires by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

As per Regulation 36 of the SEBI LODR and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (SS-2), a brief profile and other relevant details regarding re-appointment of Mr. Sudhir Mathur are contained in the Annexure accompanying the explanatory statement to the Notice of the ensuing Annual General Meeting.

INDEPENDENT DIRECTORS' DECLARATION

Your Company has received declarations from all its Independent Directors confirming that they meet the criteria of independence as laid down under Section 149 of the Act and Regulation 16 of the SEBI LODR.

In the opinion of the Board, Independent Directors of your Company fulfill the conditions of independence as specified in the Act and SEBI LODR and are independent of the management.

The Company has received a certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI, Ministry of Corporate Affairs, or any such other statutory authority.

BOARD MEETINGS

It should be brought to the attention of shareholders that the Board of Directors met several times during the year to review ongoing developments.

During the FY2020, your Board of Directors met 17 times to discuss and decide business strategies and performance in addition to items reported to the Board in accordance with the provisions of the Act, SEBI LODR and other statutory provisions. The intervening gap between the meetings was within the period prescribed under the Act, SEBI LODR and Secretarial Standard-1 on Board Meetings issued by the Institute of Company Secretaries of India (SS-1). Details of Board Meetings held and the attendance of Directors are given in the Section titled "Report on Corporate Governance", which forms part of this Annual Report.

COMMITTEES OF THE BOARD

Your Board has established statutory and non-statutory Committees in compliance with the requirements of the Act and SEBI LODR. The Statutory Committees are: (i) the Audit Committee, (ii) the Nomination and Remuneration Committee, (iii) the Corporate Social Responsibility Committee (iv) the Risk Committee and (v) the Stakeholders' Relationship Committee.

Details of composition of the statutory committees, number of meetings held and attendance of Committee members thereof during the financial year is given in the Section titled "Report on Corporate Governance" forming part of this Annual Report.

During the year under review, your Board, at a meeting held on 24 January 2020, changed the composition of the Committees of the Board, so as to leverage the expertise and experience of the newly appointed Independent Directors, viz., Mr. Pradeep Mathur, Dr. Aditi Raja and Dr. Rathin Roy and to further strengthen the process of decision making in the Committees.

Further, the Risk and Audit Committee of the Company was demerged into two separate committees with effect from 24 January 2020, namely Risk Committee and Audit Committee for effective functioning of these committees. The change in composition of the committees is given in the Section titled "Report on Corporate Governance" forming part of this Annual Report.

All recommendations of the Audit Committee have been accepted by the Board.

Apart from the above, during the year under review, the Board has also constituted following committees:

- Special Situation Committee to focus on operational improvement, strategic review of international businesses and nomination of directors on the boards of subsidiaries and associates of your Company.
- Capital Restructuring Committee to oversee / evaluate the overall bid evaluation process/ resolution process jointly with the consortium of lenders / banks and to facilitate the bidding / resolution process along with the advisors / legal consultants.

KEY MANAGERIAL PERSONNEL ('KMP')

Mr. Sudhir Mathur was appointed as a Whole-Time Executive Director and a KMP of the Company with effect from 10 May 2019.

During the year under review, the Board at its meeting held on 30 August 2019, terminated the employment of Mr V R Venkatesh, the erstwhile Chief Financial Officer of your Company, for cause, with immediate effect. This termination of employment was due to the grave nature of the misconduct and breach of trust on Mr. Venkatesh's part, including his having knowingly undertaken actions which were detrimental to the interests of your Company and its stakeholders. Your Board is taking efforts to fill the vacancy caused by termination of employment of Mr. Venkatesh.

At the Board meeting held on 30 September 2019, Mr K N Neelkant, Managing Director and Chief Executive Officer of the Company tendered his resignation with immediate effect.

Ms. Shikha Kapadia, Company Secretary & Compliance Officer of the Company, resigned from her office with effect from 31 December 2019. Mr. Nimesh Shah, who was appointed as a Company Secretary & Compliance Officer of the Company with effect from 1 January 2020, subsequently resigned with effect from 31 January 2020. Thereafter, your Board has appointed Mr. Alen Ferns as the Company Secretary & Compliance Officer of the Company with effect from 18 March 2020.

Remuneration Policy and Criteria for Determining the Attributes, Qualification, Independence and Appointment of Directors

Your Company has formulated a Remuneration Policy governing the appointment and remuneration of Directors, KMP, Senior Management and other employees. The policy contains criteria for determining qualifications, positive attributes, independence of Directors and provisions relating to loans and advances to employees of the Company. It aims to attract and retain high caliber personnel from diverse educational fields and varied experiences to serve on the Board of your Company. The Remuneration Policy is provided as **Annexure 6** to this Report.

Your Company believes that diversity at Board level is critical to maintain competitive advantage, to understand customers and stakeholders from different perspectives and to reap the benefits of a broader experience in decision making. With this in mind, your Company has adopted a Board Diversity Policy.

Performance Evaluation of the Board of Directors

In line with the requirements of the Act and SEBI LODR, an annual evaluation of performance of the Board, its Committees and individual Directors was carried out during the year under review. Pursuant to the provisions of Schedule IV of the Act and Regulation 25 of SEBI LODR, the Independent Directors of your Company at a meeting held on 16 March 2020, evaluated the performance of Non-Independent Directors and the Board as a whole; performance of the Chairman; and also assessed the quality, quantity and timeline of flow of information between the Management and the Board.

However, it should be noted that there has been change in the Board Management after August 2019. Hence, the evaluation of the Board as a whole has been done based on the current Board members.

Familiarisation Programme for Independent Directors

Pursuant to Regulation 25 of the SEBI LODR, your Company familiarizes its Independent Directors with their roles, rights, responsibilities as well as the Company's business and operations. Moreover, Directors are regularly updated on the business strategies and performance, management structure and key initiatives of businesses at every Board meeting. Details of the programme can be viewed under the following link available on the Company's website:

http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=

Related Party Transactions

Related party transactions during the year are disclosed in the financial statements in this Annual Report (refer note no. 45 and note no. 41 of standalone and consolidated financial statement forming part of this Annual Report respectively).

The Company's Related Party Transactions Policy is available on the website of the Company under:

http://www.cgglobal.com/pdfs/policies/India%20Related%20Party%20Transactions%20Policy.pdf

It should be understood that the nature of related party transactions undertaken during the year are under review as part of the forensic Phase II investigations. Therefore, pending the findings of the investigations and the forensic audit, your Company is unable to confirm the completeness of all related party transactions — and whether some of these were undertaken at an arm's length basis and/or in the ordinary course of business.

Hence, disclosure of particulars of contracts / arrangements entered into by your Company with related parties referred to in sub-Section (1) of Section 188 of the Act have not been included for the year under review.

Based on the criteria determined and approved by the Board of Directors as well as by the Audit Committee (AC) for transactions that are of repetitive nature with related parties, an omnibus approval has been granted by the AC in respect of transactions with one of the subsidiaries of the Company, CG PPI Adhesive Products Limited. Such omnibus approvals are subjected to renewal by the AC every year and are monitored by the AC on a quarterly basis. In case of transactions with other related parties, specific approval is obtained from the AC.

Particulars of Loans, Guarantees and Investments

Pursuant to the provisions of Section 186 of the Act and Schedule V of the SEBI LODR, particulars of loans, guarantees given and investments made by your Company during FY2020 are given in the notes to the financial statements in this Annual Report.

Business Responsibility Report

Pursuant to Regulation 34 of the SEBI LODR, the Business Responsibility Report highlighting the initiatives taken by the Company in the areas of environment, social, economic and governance is available on the website of your Company under:
http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPlMI=

Enterprise Risk Management (ERM) Framework

Your Company has an ERM framework to identify risks, conduct risk assessment and suggest mitigation procedure to the Board of Directors to ensure that management controls measurable risks through properly defined procedures. These risks cover business strategy, technology, financial, operations, systems, IT, legal, regulatory and human resources.

The Risk Committee of the Board reviews the key risks associated with the businesses of your Company and their mitigation measures.

In light of the ongoing investigations and significant financial restatements that have occurred both at the standalone and consolidated levels, your Company has decided to conduct a thorough review of your Company's existing ERM framework and, where necessary, suggest changes to improve the system.

Research and Development (R&D)

During the year under review, your Company's R&D activities continued to focus on development of indigenous and energy efficient products.

- Your Company's Traction Machines and System Division at Mandideep developed a high efficiency brushless single bearing Traction Alternator C1019TA1 for SMH Rail, Malaysia. It made inroads to the market in Asia Pacific by supplying the first 700 HP, 445kW, 1800 RPM Traction Alternator, also to SMH Rail, Malaysia. The locomotive manufacturing works are being carried out under direct supervision of key engineering personnel from SMH Rail and your Company for design understanding, assembly and integration with the diesel engine.
The supplied traction alternator fully complies with IEC 60349-1 regarding safety, emissions and environmental protection and has been designed with a high degree of reliability, increasing the availability of the shunting locomotives. The design has been successfully developed in-house and locomotives with your Company's alternators have been put in commercial service.
- Your Company's Railway Transportation and Traction Electronics Division at Mandideep indigenously developed a 120kW Auxiliary Power Convertor (APC) for 1600HP Diesel Electric Multiple Unit (DEMU). It consists of chopper technology (DC-DC conversion), Inverter (DC-AC conversion), phase shifted DC-DC converter, and battery charger. This APC technology replaces the conventional auxiliary alternator and takes care of auxiliary loads of ventilation, compressor, coach lights and fans, battery charger etc. for self propelled vehicle used in inter-city passenger transport in non-electrified routes.
- Your Company's Railway Signaling Division at Pithampur developed a Switch Board Cabinet, the ETDC–355 panel, which is being used in Indian Railways coach applications. The Division received a type test approval from Research Design and Standards Organization (RDSO) Lucknow. These cabinets are used for controlling and delivering power supply as well as providing electrical protection for all the loads and converters connected in Linke Hofmann Busch type LHB coaches.
- The Switchgear Division developed 550kV Current Transformers, 550kV Capacitor Voltage Transformers, 40.5kV SF6 Gas Circuit Breaker, 27.5kV Vacuum Interrupters for Railway applications, 52-145kV Instrument Transformers for Railways, and Double Bus 33kV GIS with Bus bar in gas. These developments should open up opportunities in new market segments in India and in Europe, Latin America, South-East Asia and Africa. These products are typically deployed by power utilities in electrical power transmission and distribution substations. These are meant to regulate the switching, protection and control function of the power system.
- Towards making products more intelligent and improving the control and protection features, the Switchgear Division developed a Controlled Switching Device for circuit breakers. A special feature is its compatibility with any make of circuit breakers and, thus, has widespread application potential. Switchgear also developed Numerical Protection Relays with high availability seamless redundancy (HSR) protocol and parallel redundancy protocol with cyber security features. These protocols are used in SCADA and substation automation.
- The LT Motors Division concentrated on developing super premium energy efficient motors (IE4) as per international and Indian standards for the complete range start from 0.12 kW to 350 kW (80 frame to 355 frame). Your Company is the first Indian company to develop IE4 motors in induction technology with in-house R&D. These motors developed with special grade low watt loss electrical steel and increased cross Section of copper in a new frame with engineered aero dynamic fans reduce the overall losses of the motor and, hence, cut down on energy consumption.
- Your Company developed an on-board alternator of 562.5 kVA, 750 V for Indian Railways for their power car as a range extension with dual voltage regulation.
- We developed Next Gen Micro Drives VSX/VSM loaded with advanced features like LCD display, oscilloscope, compact size, high starting torque that can deal with up to 50°C ambient temperature. Also developed a new generation four-line Portable Presentation Unit (PPU) with Bluetooth support. Now user can interface with the drive through phone using Bluetooth. Also introduced automation products using programmable logic controllers and human-machine interface in the product portfolio.

MOTORS MANUFACTURED BY CG UNDERGOES STRINGENT TESTING BEFORE IT IS HANDED OVER TO THE CUSTOMERS.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Details, as required under Section 134 of the Act read with the Companies (Accounts) Rules, 2014, are given in the prescribed format as **Annexure 1** to this Report.

Environment, Health and Safety (EHS)

In view of the COVID-19 pandemic, the Company has issued SOPs to all its employees in accordance with the guidelines of the Central Government, State Government and local authorities and keeping in mind the health and safety of employees. This includes providing Company arranged transport from home to work place and return, regular sanitization of work place and transport vehicles, providing masks and other protective gears, thermal scanning, providing hand sanitizers, advising regular hand washing, maintain social distancing at work, in canteens, in the offices and amongst others.

Your Company's EHS strategies are directed towards achieving the greenest and safest operations across all its units at various locations. All units are encouraged to consistently improve on operational efficiencies, minimize consumption of natural resources and reduce water, energy and carbon emissions while maximizing production volumes.

Your Company propagates 'Zero Harm Culture' towards employees, environment and other stakeholders. This is reflected in our Corporate EHS Policy and Cardinal Rules. Through our Corporate EHS Policy, we aim not only to comply with legal requisites of safeguarding our employees, environment and the society at large but also to set high internal standards for compliance. To monitor compliances and sharing best practices in EHS, a Corporate EHS Review is conducted on monthly basis through GoTo meeting with unit heads and EHS coordinators of all entities.

All CG units in India are certified for quality systems with ISO 9001:2015 Certification/ ISO 14001:2015 Environmental Management System Certification.

All the units are upgraded for ISO 45001:2018 (Occupational Health and Safety Standard) except (i) Stampings division, Ahmednagar and (ii) Drives & Automation ('D&A') and Rail Transportation and Traction Electronics ('RTTE') Mandideep.

Stamping, D&A and RTTE currently have OHSAS 18001:2007, which is expected to get upgraded to ISO 45001:2018 by 2021.

All units in India have clearance to operate from State Pollution Control Board Authorities and are complying with the conditions laid down in such consent to operate.

Regular trainings on EHS awareness and sustainable growth are conducted at all manufacturing locations and regional sales offices. National Safety Week and World Environment Day campaigns are conducted under guidance of Directorate of Industrial Safety and Health and State Pollution Control Board. Fire safety weeks are also observed in India under the guidance of the Fire Adviser, Ministry of Home Affairs and the Government of India.

EHS Key Performance Indicators (KPIs) are linked with SMART goals of all units and individuals for their Annual Performance Management process. Quarterly audits are conducted to review the EHS implementation and process compliances across all locations of your Company. Corrective actions generated from these audits and various EHS events are captured and tracked for closure in an online Event Reporting System portal.

Your Company shall continue its efforts towards conservation of natural resources and focus on achieving highest level of employee health and well-being, for an injury-free workplace.

Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of your Company and its businesses is given in the Section titled "Management Discussion and Analysis", which forms part of this Report.

Corporate Governance

A Section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of SEBI LODR, is enclosed separately.

A Certificate from M/s Parikh & Associates, Practising Company Secretaries, regarding compliance with the conditions of Corporate Governance, as stipulated under SEBI LODR, is annexed to the Report on Corporate Governance.

Corporate Social Responsibility (CSR)

Your Company is committed towards inclusive growth and has implemented various CSR activities in education, skill development and upliftment of underserved communities during the year under review. Based on the recommendation of the Board-level CSR Committee, your Company will be identifying a single focus area / CSR initiative to be carried out in the next financial year, in order to have a maximum impact.

Details of the composition of the CSR Committee, CSR Policy and projects undertaken by the Company during FY2020 are given in the Section titled 'Annual Report on CSR initiatives' in **Annexure 2** of this Report.

Registrar and Share Transfer Agent

Your Company has appointed Datamatics Business Solutions Limited (DBSL), (formerly Datamatics Financial Services Ltd), as its Registrar and Share Transfer Agent, an entity which is registered with SEBI. Contact details of DBSL are mentioned in the Report on Corporate Governance of this Annual Report.

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 3** to this Report. In accordance with the provisions of Section 197(12) of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees covered under the said rule shall be made available to any Member on a specific request made by him or her in writing.

Dividend Distribution Policy

Pursuant to Regulation 43A of the SEBI LODR, your Company has formulated a Dividend Distribution Policy as provided in **Annexure 7** of this Report. It is also available on the website of the Company under: *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

Public Deposits

Your Company has not accepted any deposits from public or its members during the year under review as per Sections 73 and 76 of the Act and no deposits exist as on date.

Complaints Relating to Sexual Harassment

Your Company has adopted a Prevention of Sexual Harassment Policy and has also constituted an Internal Complaint Committee in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, The Internal Complaint Committee has been constituted region-wise, presided by a woman employee and comprising five to seven Company employees with an external member to whom employees can address their complaints.

During the year under review, no incident of sexual harassment was reported.

Vigil Mechanism

Your Company has set up a vigil mechanism, viz. a Whistle Blower Policy, as per the provisions of Section 177 of the Act and Regulation 18 of the SEBI LODR to enable its employees to report violations, genuine concerns, unethical behaviour and irregularities, if any, which could adversely affect the Company's operations. None of the Whistle Blowers was denied access to the Audit Committee of the Board.

The Head of Internal Audit submits a report to the Chairman of the Audit Committee on a quarterly basis with the status of investigations and actions taken by the Management Committee.

Share Capital

As on 31 March 2020:
The authorised share capital of your Company was ₹ 4,076,000,000/- (Rupees Four Hundred Seven Crore And Sixty Lakh) divided into 2,038,000,000 equity shares of ₹ 2/-(Rupees two) each.

The subscribed and paid-up share capital of your Company stood at ₹ 1,253,492,284/-(Rupees One Hundred And Twenty Five Crore Thirty Four Lakh Ninety Two Thousand Two Hundred And Eighty Four) consisting of 626,746,142 equity shares of ₹ 2/- (Rupees two) each.

Your Company's equity shares are listed and traded on BSE Limited and National Stock Exchange of India Limited.

Your Company issued Global Depository Receipts (GDRs) in 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York, or the Depository. Each GDR is equivalent to five equity shares. As on 31 March 2020, 137,447 GDRs were outstanding, which represent 687,234 underlying equity shares of your Company.

Extract of Annual Return

Pursuant to sub-Section 3(a) of Section 134 and sub-Section (3) of Section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT-9 as on 31 March 2020 forms part of this report and is attached as **Annexure-5.**

A copy of the Annual Return for the financial year 2018-19 and extract of Annual Return in Form MGT-9 for the financial year 2019-20 is available on the website of the Company under *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPlMI=*

Other Disclosures / Reporting

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of your Company under any scheme.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations available with them, the Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013, subject to the qualifications mentioned herein for the period up to 19 August 2019 that:

- Subject to the outcome of the ongoing investigations, the Annual Accounts have been prepared in conformity with the applicable Accounting Standards along with proper explanations relating to material departures. However, considering the significant monetary diversions that have occurred, the restatements that were made in the recent past in the financial results, and the possible outcomes of various ongoing investigations, these Annual Accounts could undergo change and may not be complete to include the impact and disclosures required to be included as per the applicable laws and, hence, cannot be said to represent a true and fair view.
- The Accounting Policies selected and applied on a standalone and a consolidated basis including for requisite accounting of all transactions identified and disclosed by the Company vide the 19 August Disclosures and subject to outcomes of the forensic investigation, no provisioning is being made against certain assets and non-inclusion of certain liability, non-adoption of accounts in certain subsidiaries, basis of preparation as stated in Note No. 2.1 of the consolidated financial statements and Note No. 2.1 of the standalone financial statements, judgements exercised and estimates provided, may need to be revised for establishing reasonableness and prudence, to provide a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for the financial year.
- Established rules of procedure of your Company, requirements of maintenance of accounting records, measures put in place for safeguarding its assets appear to have been breached by some members of the management resulting in potentially fraudulent transfer of assets, consequent to which forensic investigation has been initiated and new measures to strengthen the system are being carried out.
- Given the substantial stress arising out of siphoning of Company's funds that affected key businesses and possible impact of transaction identified and disclosed by the Company in its financial statements for the year ended 31 March 2019 and 31 March 2020, the going concern basis of preparation of the financial statements as at 31 March 2020 could be materially affected. However based on the strength of the business of the Company and subject to debt resolution process (including fund infusion by potential investor) being completed, these financial statements have been prepared on a going concern basis.
- Post August 2019, laid down internal financial controls to be followed by your Company are adequate and robust.
- Post August 2019 the Board has instituted corrective overhaul of systems devised to ensure compliances with the provisions of all applicable laws.

Acknowledgements

The Board of Directors wishes to convey its gratitude and appreciation to all employees for their tremendous efforts as well as their exemplary dedication and contribution to your Company's performance. The Directors would also like to thank the CENTRAL & STATE GOVERNMENTS, SHAREHOLDERS, BANKERS, CUSTOMERS, SUPPLIERS, DEALERS, EMPLOYEES and EMPLOYEE UNIONS and all other business associates for their continued support extended to your Company.

On behalf of the Board of Directors
Ashish Kumar Guha
CHAIRMAN
(DIN: 00004364)
Mumbai, 16 September 2020

annexure to directors' report

Annexure 1

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo under Section 134 of the Companies Act, 2013 and rules made thereunder

A. CONSERVATION OF ENERGY

1. ENERGY CONSERVATION MEASURES TAKEN

All the business units of the Company continued its efforts to stress upon measures for the conservation and optimal utilization of energy in all the areas of operations. There were continuous efforts towards improving operational efficiencies, minimizing consumption of natural resources and reducing water while maximizing production volumes.

Illustrative measures taken towards energy conservation at Units were:

- Refurbishment of oven doors to reduce the heat loss.
- Solar Pump installed for factory water.
- Installed efficient PID controlled compressor.
- Small grid of Compressors made instead of one large Compressor resulting in 30% saving in energy.
- Use of 39 TR chiller for Sintering Furnace instead of 115 TR chiller has given power saving of 60L per year.
- Installation of new mix bed plant at ETP has reduced the frequency of regeneration by 50% thus giving water saving up to 15 KL per month.
- Installation of efficient conveyorised baking oven which replaced three old ovens thereby reducing the power consumption.

2. ALTERNATE SOURCES OF ENERGY

- Roof top Solar Panel is installed and energy is being used in most of the plants.

3. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

The following processes are under implementation for further reduction of energy consumption:

- Replacement of very old STP, which will help conserve water.
- Replacement of LED Lights in all Bay and shops.

B. TECHNOLOGY ABSORPTION

1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

- Focus on IE3 and IE4 (Premium Energy efficient) Products & Electric Vehicle Motor.
- Development of new 3 phase micro drives and addition of PLC & HMI to product range.
- Transformer design analysis through FEM Based software to reduce stray losses.
- CG is the first company in India to develop 145 KV Internal arc proof CT.
- Development of 250 KVp BIL Vacuum interrupter for Trackside VCB with AMF technology – Successfully cleared all type of tests at KERI, South Korea.
- Significant efforts are put in to establish narrow band winding process of condenser core manufacturing for 800 kV Bushings.
- Establishing electrostatic simulations in designing and evaluation of surge arrester design.
- Establishing import substitution of hollow core composite insulators.
- Development of 33kV Busbar in GAS GIS with double bus functionality.
- Numerical Protection Relays with HSR/PRP Protocol and Cyber Security.
- Development of Auxiliary power converter for 1600HP DEMU with underslung Auxiliary Power Source of 60KW to 120KW having multiple outputs for application in rail transportation for Indian Railways. The integrated solution of DEMU comprises of Diesel Engine, Traction Alternator, Rectifier, Converter, Auxiliary power converter, Traction motor, TCMS, Control equipment and accessories, where CG is only the second company to develop the solution successfully. Six trains are running with this solution at Agartala, Gorakhpur, Jaipur and Ahmedabad.

2. THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION

The benefits derived from these efforts are:

- Reducing CO2 Emission by using Fossil fuel usage.
- New three Phase drives will give market penetration with compact size and optimized cost which will in turn increase profitability.
- Adoption of Pauwels technology for foil wound DT to reduce 10% active material.
- Entry in Railway segment with 250 KVp BIL Vacuum interrupters.
- Customer preference from utilities such as KSEB for internal arc proof CT.
- Breakthrough cost reduction of > 50% achieved by establishing narrow band winding process for 800 kV bushings and >20% by establishing import substitution of hollow core composite insulators.
- Import Substitute development of Controlled Switching Device for switching of Transformers and Reactors.
- Import substitution for Centrifugal gear and Switch is planned with Electromagnetic switch; pilot batches under trial.
- Use of static converter rather than auxiliary alternator resulting in higher reliability and availability for customer of Indian railways.

3. IMPORTED TECHNOLOGY

The data for details of the technology imported is given in *Table 1.*

01 Imported Technology

DETAILS OF TECHNOLOGY IMPORTED	YEAR OF IMPORT	WHETHER THE TECHNOLOGY HAS BEEN FULLY ABSORBED	IF NOT FULLY ABSORBED, AREAS WHERE ABSORPTION HAS NOT TAKEN PLACE, AND THE REASONS THEREOF
		NIL	

02 Expenditure on R&D (in ₹ crore)

PARTICULARS	AMOUNT
A. Capital	12.60
B. Revenue	28.00
C. Total (A + B)	**40.60**
Total R & D expenditure	
as a percentage of turnover (continuing operations)	1.28%
as a percentage of loss before tax (continuing and discontinued operations)	(2.13%)

03 Foreign Exchange Earning & Outgo (in ₹ crore)

PARTICULARS	AMOUNT
Total Foreign Exchange Earned	431.37
Total Foreign Exchange Used	121.03

4. EXPENDITURE ON R&D

The Company's expenditure on Research & Development on standalone basis for the year ended 31 March 2020, is given in *Table 2*.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used by the Company during the year under review is given in *Table 3.*

On behalf of the Board of Directors
Ashish Kumar Guha
CHAIRMAN
(DIN:00004364)
Mumbai, 16 September 2020

Annexure 2

Annual Report on Corporate Social Responsibility (CSR) Initiatives for FY2020

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR POLICY

The Company is committed to its stakeholders to conduct its business in a responsible manner that creates a sustained positive impact on the society. This means working with underserved communities to improve the quality of their life and preserve the ecosystem that supports the communities and the Company.

For CG, being a socially responsible corporate means:

- Upholding and promoting the principles of inclusive growth, diversity and equitable development in society;
- Collaborating with local government agencies and like minded corporate, voluntary and academic organizations in pursuit of our goals;
- Building active and long-term partnerships with the surrounding communities to significantly improve the condition of the most underserved amongst them;
- Making a sustained effort in preserving the environment;
- Using environment friendly, energy efficient and safe processes;
- Promoting transparency in disclosure and reporting procedures;
- Getting our employees involved and sensitized towards our communities and develop as better leaders.

In order to accomplish the above, we are building an increased commitment at all levels in the organization to operate our business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all stakeholders.

Weblink to download the CSR Policy is available on the Company website under:
http://www.cgglobal.com/frontend/Crompton.aspx?cnl2=Hzywp8VdQN4=

2. The composition of the CSR Committee

The Committee comprised of the following Directors as on 31 March 2020:

- Ms. Ramni Nirula (Chairperson, Non-Executive Independent Director)
- Mr. Pradeep Mathur (Non-Executive Independent Director)
- Mr. Sudhir Mathur (Whole- Time Executive Director)

3. Average net profit of the company for last three financial years:

₹ 42.75 Crores (After restatement of financial statements of FY2018)

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above):

₹ 0.85 Crores (After restatement of financial statements of FY2018)

During the FY2020, the Company was required to spend an amount of ₹ 0.85 Crores, as per the provisions of Section 135 of the Companies Act, 2013. However, the Company being a responsible corporate citizen, spent an amount of ₹ 0.89 Crores on various CSR activities in areas like Education and Skill development, community development etc. Details of the same are provided in *Table 1*.

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year: ₹ 0.85 Crores.
(b) Amount unspent, if any: NIL
(c) Manner in which the amount was spent during the financial year: Refer to details given in *Table 1.*

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its board report:

Not Applicable

7. Responsibility statement

This is to confirm that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Overview of the Programs and Projects Undertaken

Youth and women were trained through vocational and soft skills training and were assisted to develop their livelihood by promoting self-employment and placements in the industries. Quality education projects were implemented in rural and urban slum areas. Innovative teaching methodologies, personality development, reading-writing skills were imparted in identified schools and communities.

Key highlights of the CSR activities undertaken during FY2019-20 are given below:

EDUCATION AND VOCATIONAL SKILLS DEVELOPMENT

EDUCATION

Sahayini covered 650 children from ST & SC communities in Ahmednagar district through quality education program. School and community based interventions were designed to address the academic as well as personal adversities faced by the students. Innovative learning methods coupled with regular tests were used for developing their subject knowledge and bring conceptual clarity. Annual report of the organization acknowledges students' enhanced confidence, increased interest in studies, improved understanding of concepts and good changes in behavior. It also mentions about increased awareness of parents towards child's education, positive changes in school teachers' approach towards the students and their parents and so on. An improved interaction has been developed between the school teachers and the community teachers handling the project. It is positively impacting the holistic growth of the students.

With an objective of quality education, CG units in Bhopal supported Gauharganj government school for girls, with a well-equipped computer lab. Total 156 girls from

01 Details of funds spent on CSR (in ₹ crores)

CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH PROJECT IS COVERED	PROJECTS OR PROGRAMS 1. LOCAL AREA OR OTHER 2. SPECIFY THE STATE AND DISTRICT WHERE PROJECTS AND PROGRAMS WERE UNDERTAKEN	COMPANY'S BUDGET FOR CSR EXPENDITURE IN FY2020	AMOUNT SPENT ON THE PROJECT OR PROGRAMS. SUBHEADS: 1. DIRECT EXPENDITURE AND PROGRAMS 2. OVERHEADS	CUMULATIVE EXPENDITURE UPTO REPORTING PERIOD	AMOUNT SPENT DIRECT OR THROUGH IMPLEMENTING AGENCY
Education and Skill Development for youth and women	Education & employable skill enhancement	1. Maharashtra-Mumbai, Nashik, Ahmednagar, Aurangabad, Mulshi 2. Madhya Pradesh – Gwalior, Bhopal 3. Goa-Ponda	0.83	0.84	8.15	Direct Spend and through NGOs: National Institute for Women and Child Development, and Sahayini
Community Development	Infrastructural support to community resources, women empowerment, health awareness and checkups, community events	1. Maharashtra-Mumbai, Nashik, Ahmednagar, Aurangabad, Mulshi 2. Madhya Pradesh – Gwalior, Bhopal 3. Goa-Ponda	-	-	1.82	Direct spent and through NGOs: National Institute for Women and Child Development, The NAB workshop for blind, National association for disabled persons' enterprise, Sonewadi ZP School, Kolhapur etc
Sustainability	Infrastructural support to community, Environment Awareness programs	1. Maharashtra – Aurangabad, Mulshi, Mumbai 2. Madhya Pradesh – Bhopal	0.01	0.01	1.05	Direct Spend and through NGOs : National Institute for Women and Child Development
Health	Mother and Child Healthcare	1. Maharashtra 2. Madhya Pradesh	-	-	11.43	Avantha Foundation (Refer note)
Administrative Expenses	Coordination and management of CSR initiatives	Pan India	0.04	0.04	1.48	Direct
		Total	0.88	0.89	23.93	

Notes: Post cessation of association of Mr. Gautam Thapar with the Company, the Company has not carried out any CSR activities through the Avantha Foundation. During the year under review, the Company has not spent any amount on CSR activities through Avantha Foundation. The CSR expenses through Avantha Foundation relate to prior period.

5th to 9th standard received basic computer literacy training throughout the year. CG had also appointed a computer teacher for the benefit of the students.

Total 35 needy students from Kanjurmarg slum area in Mumbai were provided with school bags, whereas 75 adolescent girls from Zilla Parishad schools in Ahmednagar were provided with a thorough training on 'Puberty and importance of hygiene', that received very good feedback from girls and the schools too.

To address the health issues of students, general health check up camp was organized in 5 Z.P. schools in Ahmednagar in alliance with L&T CSR. Some of them were provided with curative medicines while some childrens who were diagnosed with health issues like difficulty in breathing, malnourishment, skin diseases were referred to the subsidized clinics run by L&T CSR in Ahmednagar. Parents were also given instructions and information to take care of child's health. Total over 250 students participated in this camp.

VOCATIONAL SKILLS DEVELOPMENT:

Over 2040 youth and women underwent vocational, Industrial and soft skills training in FY2020.

CG provided industrial exposures, shop floor trainings and soft skills training to ITIs located at Nashik, Ahmednagar, Gwalior and Bhopal. Even in this year, Girls' ITI in Nashik, Birla nagar and Girls' ITI in Gwalior and Mendua ITI near Mandideep were covered under CG CSR initiatives. Birla nagar ITI, continued providing transformer winding training to ITI students.

Total 632 youth and women were trained in vocational skills courses such as plumbing, two-wheeler repairing, tailoring, beautician, computer, silk thread jewellery and fashion designing. CG encouraged beneficiaries to be entrepreneurs by applying skills acquired in stitching clothes, beauty treatments, and jewellery making. Over 400 trainees are now taking work orders in groups or have started their own business. Women entrepreneurs were encouraged to set up stalls in CG units on festive occasions to exhibit and sale products they have prepared after undergoing training programs.

CG also supported vocational training programs for specially abled and mentally disturbed persons. Organizations like 'NADE – National Association for Disabled Persons' Enterprise', 'NAB workshop for the blind' were helped for availing useful training programs for its students and members. They were also provided with opportunities to set up stalls and raise income for themselves. On occasions like Diwali, CG employees participated in volunteering events and helped these specially abled people make decorative diyas and craft items, so they could earn more.

COMMUNITY DEVELOPMENT, SUSTAINABILITY AND OTHER INITIATIVES

With the aim of improving lives of people in neighbouring communities CG local units implemented community development projects such as cleanliness drives, tree plantations, environment awareness, AIDS awareness, blood donation camps and so on.

LVRM unit-2 provided 1000 litre water tanks to Hatvalan and Mandavgan Z.P. schools in Ahmednagar, benefitting over 230 students. Whereas, installation and handing over process of sanitation facilities and clean, safe drinking water facilities completed in 17 ZP schools in Mulshi, Nashik, Ahmednagar and Aurangabad of Maharashtra, benefitting over 850 students and 350 community members.

Blood donation camps were organized in Mumbai, Nashik, Aurangabad and Bhopal with local blood banks. Stakeholders including staff, vendors, workmen, and contract workers participated and donated over 600 units of blood.

CG units also contributed wholeheartedly for the flood relief work in various regions in India. Employees made monetary and in kind donations to reach out to the needy people. Mandideep and Gwalior units sent boxes full of essential material for rural communities in Maharashtra. CG units in Ahmednagar, Aurangabad, Nashik also made in kind donations for the flood affected people through local NGOs. Mumbai Corporate office collected clothes, stationary, old books, toys and board games and donated the material to Sonewadi ZP school in Kolhapur, which was completely washed off during the flood.

Way ahead

CG has been implementing vocational skills and quality education projects amongst marginalized community from past six years. CG has decided to replicate the success stories across its various locations in order to maximize the impact. Community participation and stakeholder engagements would be the key aspects of CSR initiatives.

In order to maximize the reach out and ensure optimum utilization of available CSR fund, CG CSR would focus on providing infrastructural support to the adjacent communities around CG units.

The community outreach program would be mainly in terms of providing infrastructural support like, Hygiene and sanitation facilities, clean and safe drinking water facilities and taking up need based community projects like, construction of a community resource like well or upgradation of ZP schools. Involvement of Local self government, governmental and non-governmental agencies and local people participation would be ensured to make the projects sustainable and benefit the needy meaningfully.

Ramni Nirula
CHAIRPERSON, CSR COMMITTEE
(DIN:00015330)

Sudhir Mathur
WHOLE TIME EXECUTIVE DIRECTOR
(DIN:01705609)
Mumbai, 16 September 2020

Annexure 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Note: The information provided below is on stand-alone basis of the Company.

01 Details of the ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the financial year ended 31 March 2020 are provided in *Table 1*.

02 Details of percentage increase in remuneration of each Director, Chief Executive Officer and Managing Director, Chief Financial Officer and Company Secretary in the financial year under review are provided in *Table 1*.

01 Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the financial year ended 31 March 2020 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year under review

SR. NO.	NAME OF DIRECTOR / KEY MANAGERIAL PERSONNEL	DESIGNATION	RATIO OF REMUNERATION OF DIRECTOR TO MEDIAN REMUNERATION OF ALL EMPLOYEES	% INCREASE / (DECREASE) INCOMPARISON TO PREVIOUS FINANCIAL YEAR
1	Mr Gautam Thapar $	Non-Executive; Chairman	1.60	-
2	Mr K N Neelkant $$	Executive; CEO and Managing Director	55.33	-
3	Dr Valentin von Massow @	Non-Executive; Independent	-	-
4	Ms Ramni Nirula	Non-Executive; Independent	5.90	137.90%
5	Mr Jitender Balakrishnan	Non-Executive; Independent	8.60	198.61%
6	Mr Ashish Kumar Guha	Non-Executive; Independent	7.60	313.04%
7	Dr Omkar Goswami^	Non-Executive	4.60	-
8	Mr Sudhir Mathur #	Whole time Executive Director	55.83	-
9	Mr Narayan K Seshadri	Non-Executive; Independent	4.40	-
10	Mr Pradeep Mathur^^	Non-Executive; Independent	1.80	-
11	Dr. Aditi Raja^^	Non-Executive; Independent	1.50	-
12	Dr. Rathin Roy^^	Non-Executive; Independent	0.80	-
13	Mr V R Venkatesh@@	Chief Financial Officer	16.19	-
14	Ms Shikha Kapadia*	Company Secretary	10.61	-
15	Mr. Nimesh Shah**	Company Secretary	0.96	-
16	Mr. Alen Ferns***	Company Secretary	0.28	-

Appointed as a Non Executive Independent Director of the Company w.e.f 1 October 2018 and then appointed as Whole Time Executive Director w.e.f. 10 May 2019.
$ Ceased to be a Director of the Company w.e.f. 9 October 2019.
$$ Resigned from the Company w.e.f. 30 September 2019.
^ Ceased to be Director of the Company w.e.f. 14 December 2019.
^^ Dr. Mathur. Dr. Raja and Dr. Roy were appointed as Non-Executive Independent Directors of the Company w.e.f. 30 December 2019, 24 January 2020 and 24 January 2020 respectively.
@Ceased to be a Director of the Company w.e.f. 5 August 2019.
@@Terminated from the services of Chief Financial Officer of the Company w.e.f. 30 August 2019.
* Resigned as Company Secretary w.e.f. 31 December 2019
** Appointed as Company Secretary w.e.f. 1 January 2020 and resigned w.e.f. 31 January 2020
*** Appointed as Company Secretary w.e.f. 18 March 2020.

Notes:

1. For the aforesaid purposes, median remuneration has been computed by ascertaining the Cost to Company of all employees as on 31 March 2020, in all categories, whether workmen or white collar employees. Remuneration includes variable pay paid during the year under review.
2. Mr. Pradeep Mathur, Dr. Aditi Raja, Dr. Rathin Roy, Mr. Nimesh Shah and Mr. Alen Ferns were appointed in FY 2019-20; hence their remuneration figures are not comparable.
3. Mr. Narayan K Seshadri was associated for part of FY 2018-19, hence the remuneration figure is not comparable
4. Mr. Gautam Thapar, Dr. Valentin Von Massow, Mr. K N Neelkant, Mr. V R Venkatesh and Dr Omkar Goswami were associated for part of FY 2019-20, hence, their remuneration figures are not comparable.
5. Mr. Sudhir Mathur was designated as a Whole Time Executive Director w.e.f. 10 May 2019, hence his remuneration figure is not comparable.
6. Ms. Shikha Kapadia was associated for part of FY 2019-20, hence her remuneration figure is not comparable.

03 There is no change in the median remuneration of employees as compared to previous financial year.

04 The number of permanent employees on the rolls of the Company as on 31 March 2020: 2802 (as against 3,382 as on 31 March 2019).

05 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average decrease in salary of Company's employees is 13.76% other than the Managerial personnel. On the other hand, the managerial remuneration increased by 36.25% as there were two Executive Directors in FY2020 for part of the year as compared to only one in FY2019.

06 Remuneration is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors
Ashish Kumar Guha
CHAIRMAN
(DIN: 00004364)

Mumbai, 16 September 2020

Annexure 4 form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members,
CG Power and Industrial Solutions Limited
6th Floor, CG House, Dr. Annie Besant Road,
Worli, Mumbai- 400 030

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CG Power and Industrial Solutions Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and to the extent made available to us and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management; and the contents of the 19 August 2019 disclosure made by the Company to the Stock Exchanges, the findings in the Phase I Investigation Report dated 5 August 2019 ("Report") by an independent law firm and subject to the potential findings of the ongoing forensic investigation and forensic audit, the Interim order dated 17 September 2019 and the confirmatory order dated 11 March 2020 passed by the Securities and Exchange Board of India, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020, generally complied with the statutory provisions listed hereunder subject to verification of financials, compliances with respect to related party transactions, order passed by the Hon'ble National Company Law Tribunal, Mumbai bench, for allowing the re-opening of books of accounts of the Company and its subsidiary companies for the past five financial years till up to 31 March 2019, the potential findings of the ongoing Forensic Investigation and the Forensic Audit which may relate to the period under review; and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Subject to above, we have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31 March 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;(Not applicable to the Company during the Audit Period);

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time; (Not applicable to the Company during the Audit Period);

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time ; (Not applicable to the Company during the Audit Period);

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client as amended from time to time; (Not applicable to the Company during the Audit Period);

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time; (Not applicable to the Company during the audit period); and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period).

(vi) Other laws applicable specifically to the Company namely:

- The Electricity Act, 2003 and Rules
- Explosives Act, 1884 and Rules
- Batteries (Management and Handling), Rule 2001
- Petroleum Act, 1934 and rules
- The Energy Conservation Act, 2001

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings (SS-1 and SS-2).

(ii) The Listing Agreements entered into by the Company with BSE Limited and The National Stock Exchange of India Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as amended from time to time.

Subject to as stated hereinabove in paragraph 2 of this report, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. except:

a) The Company is yet to appoint a Chief Financial Officer as required under Section 203 of the Companies Act, 2013 read with rules made thereunder.

b) Submission of the financial results to the stock exchanges for the quarter and year ended 31 March 2019 as well as for the quarter ended 30 June 2019 and quarter ended 30 September 2019 were delayed beyond the statutory timelines under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) Submission of the outcome of meetings of the board of directors held on 30 August 2019 and 28 January 2020 has been delayed beyond the statutory timelines under Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

d) Submission of disclosure of Related Party Transactions for full financial Year 2018-19 instead of transactions pertaining to the half year ended 31 March 2019 as required under Regulation 23(9) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 consequent to the restatement of prior period financial statements.

e) As per Regulation 33(3)(h) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the quarterly financial results (At least eighty percent of each of the consolidated revenue, assets and profits, respectively) have not been subjected to limited review by the Auditors.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors as on 31 March 2020. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice and a system generally exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision were carried through while the dissenting members' views were captured and recorded as part of the Minutes of the meetings.

In view of what is stated herein above in relation to the ongoing forensic investigation and disclosures made by the Company, we are unable to comment whether there are generally adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations guidelines etc.

Subject to what is stated hereinabove, we further report that during the audit period following events occurred during the year:

Approval by the Board and NCLT to withdraw the Scheme of Amalgamation of CG Power Solutions Limited, wholly owned subsidiary company with the Company pursuant to Sections 230 to 232 of the Act and other applicable provisions of the Act.

For Parikh & Associates
COMPANY SECRETARIES

Mitesh Dhabliwala
PARTNER
FCS No: 8331 CP No: 9511
UDIN:F008331B000605169

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Mumbai, 22 August 2020

Annexure A

To,
The Members
CG Power and Industrial Solutions Limited
6th Floor, CG House, Dr. Annie Besant Road,
Worli, Mumbai- 400 030

Our report of even date is to be read along with this letter.

01 Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

02 We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

03 We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

04 Wherever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events, etc.

05 The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

06 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
COMPANY SECRETARIES

Mitesh Dhabliwala
PARTNER
FCS No: 8331 CP No: 9511
UDIN:F008331B000605169

Annexure 5

Form No. MGT-9
Extract Of Annual Return

As on the financial year ended on 31 March 2020
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

01 Registration and other details

1	CIN	L99999MH1937PLC002641
2	Registration Date	28 April 1937
3	Name of the Company	CG Power and Industrial Solutions Limited
4	Category / Sub-Category of the Company	Public Company Limited by Shares/ Non-Government Company
5	Address of the Registered office and contact details	6th Floor, CG House, Dr A. B. Road, Worli, Mumbai 400 030 **Tel** +91 22 2423 7777 **Fax** +91 22 2423 7733
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Datamatics Business Solutions Limited (Formerly Datamatics Financial Services Limited) **Unit** CG Power and Industrial Solutions Limited **Address** Plot No B-5, Part B Crosslane, MIDC, Andheri (East), Mumbai 400 093. **Tel** + 91 22 6671 2001 to 6671 2006 **Fax** + 91 22 6671 2011 **E-mail** cginvestors@datamaticsbpm.com **Contact Person** Mr Satish Patil

02 Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1	Low Tension Motors	27103	51.95
2	Power Transformers and Reactors	27102	21.52
3	Switchgears	27900	13.72

03 Particulars of Holding, Subsidiary and Associate Companies

SR. NO.	NAME OF THE COMPANY	ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	CG Power Equipments Limited	6th Floor, CG House, Dr. A. B. Road,Worli, Mumbai 400 030	U31900MH2014PLC258217	Subsidiary	100	2(87)
2	CG-PPI Adhesive Products Limited	215, GIDC Industrial Estate, Kundaim, Goa - 403 115	U24295GA1988PLC000921	Subsidiary	81.42	2(87)
3	CG Power Solutions Limited	6th Floor, CG House, Dr. A. B. Road,Worli, Mumbai 400 030	U40300MH2012PLC228170	Subsidiary	100.00	2(87)
4	CG Drives & Automation Germany GmbH	Gießerweg 3, D-38855 Wernigerode Germany	Not Applicable	Subsidiary	100.00	2(87)
5	CG Drives & Automation Netherlands BV	Polakkers 5, 5531 NX BLADEL Postbus 132, 5530 AC BLADEL, The Netherlands	Not Applicable	Subsidiary	100.00	2(87)
6	CG Drives & Automation Sweden AB	Mörsaregatan 12 Box 222 25, SE-250 24 Helsingborg, Sweden	Not Applicable	Subsidiary	100.00	2(87)
7	CG Electric Systems Hungary ZRT*	Soroksáriút 30-34,Haller Gardens Office Building, “C” 5th floor, H-1095 Budapest, Hungary	Not Applicable	Subsidiary	100.00	2(87)
8	CG-Ganz Generator and Motor Limited Liability Company	H-1095 Budapest, Máriássy utca 7.	Not Applicable	Subsidiary	100.00	2(87)
9	CG Industrial Holdings Sweden AB	Mörsaregatan 12, 254 66 Helsingborg, Sweden	Not Applicable	Subsidiary	100.00	2(87)
10	CG International BV	Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost, The Netherlands	Not Applicable	Subsidiary	100.00	2(87)
11	CG Middle East FZE	DSO-HQ-EG-0607, Dubai Silicon Oasis, Dubai, UAE	Not Applicable	Subsidiary	100.00	2(87)
12	CG Power Solutions UK Ltd**	294 Audenshaw Road, Audenshaw, Manchester, M34 5PJ, United Kingdom	Not Applicable	Subsidiary	100.00	2(87)
13	CG Power Americas, LLC	3625 NW, 82nd Ave, Ste 202,Miami, Florida 33166, USA	Not Applicable	Subsidiary	100.00	2(87)
14	QEI, LLC	60 Fadem Road, Springfield, NJ 07081, USA	Not Applicable	Subsidiary	100.00	2(87)
15	CG Power Systems Canada Inc	101, Rockman Street, Winnipeg, Manitoba, R3T, OL7, Canada	Not Applicable	Subsidiary	100.00	2(87)
16	CG Service Systems France SAS***	20, Rue Michel Cazaux Z. I. Courtine, F-84000 Avignon, France	Not Applicable	Subsidiary	100.00	2(87)
17	CG International Holdings Singapore PTE LTD	79, Robinson Road, #16-01, CPF Building, Singapore, 068897t	Not Applicable	Subsidiary	100.00	2(87)
18	Crompton Greaves Sales Networks Malaysia Sdn. Bhd. (Formerly known as Crompton Greaves Sales Networks Malaysia Sdn. Bhd)@	Unit No B-1-21, Block B, Jalan Sungai Jernih 8/1 Pusat Perniagaan Seksyen 8, Petaling Jaya 46050, Malaysia	Not Applicable	Subsidiary	100.00	2(87)
19	PT Crompton Prima Switchgear Indonesia	Nambo Ilir, Kibin, Serang, Banten 42185, Indonesia	Not Applicable	Subsidiary	51.00	2(87)
20	CG Power & Industrial Solutions Middle East FZCO **	Dubai Airport Free Zone (DAFZA), Building No. 4WA, Office No. 420 P. O. Box 371618, Dubai, UAE	Not Applicable	Subsidiary	100.00	2(87)

Notes:

1.*CG Electric Systems Hungary ZRT has been declared insolvent by the order dated 7 July 2020 of the Metropolitan Court in Budapest, Hungary.

2.**CG Power Solutions UK Limited and CG Power & Industrial Solutions Middle East FZCO are in the process of liquidation.

3.***CG Service Systems France SAS has completed the divestment on 20 July 2020 and hence ceased to be a subsidiary.

4.@The name of the Company was changed w.e.f. 18 July 2019.

5.CG International BV TR. & Cont. Pvt. Co., LLC (formerly known as Pauwels Middle East Trading & Contracting (Pvt.) Co. LLC), an associate company, was liquidated with effect from 18 June 2019.

6.CG Holdings Americas, LLC, and CG Solutions Americas, LLC, merged with CG Power Americas, LLC, with effect from 1 April 2019.

7.CG Holdings Belgium NV (HBE) and CG Power Systems Belgium NV (PSBE) were declared bankrupt by Enterprise Court of Antwerp, Division Mechelen (“Court”) on 3 February 2020 and the Court has appointed Receivers. Based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Ltd and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia and CG Sales Networks France SA (collectively ‘HBE Group’) w.e.f. the date of bankruptcy. For reasons mentioned in note 2(d) in Statement of Consolidated Financial Results for the quarter and year ended 31 March 2020 communicated to stock exchange vide disclosure dated 27 June 2020, the Group has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries w.e.f. 1 January 2020.

04 Shareholding Pattern

A Category-wise shareholding

SR. NO.	CATEGORY OF SHAREHOLDER	NUMBER OF SHARES HELD AT THE BEGINNING OF THE YEAR				NUMBER OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A	**Promoters**									
1	**Indian**									
a	Individuals / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	80,058,574	0	80,058,574	12.77	8,574	0	8,574	0.00	(12.77)
e	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(1)	**80,058,574**	**0**	**80,058,574**	**12.77**	**8,574**	**0**	**8,574**	**0.00**	**(12.77)**
2	**Foreign**									
a	NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
f	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**80,058,574**	**0**	**80,058,574**	**12.77**	**8,574**	**0**	**8,574**	**0.00**	**(12.77)**
B	**Public shareholding**									
1	**Institutions**									
a	Mutual Funds	176,039,032	4,325	176,043,357	28.09	140,218,643	4,325	140,222,968	22.37	(5.72)
b	Banks / FI	2,590,514	74,425	2,664,939	0.43	80,387,330	74,425	80,461,755	12.84	12.41
c	Central Government	0	0	0	0.00	140	0	140	0.00	0.00
d	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f	Insurance Companies	22,426,075	0	22,426,075	3.58	17,016,035	0	17,016,035	2.72	(0.86)
g	FIIs	67,942,432	47,149	67,989,581	10.85	36,024,096	47,149	36,071,245	5.76	(5.09)
h	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j	Alternate Investment Funds	0	0	0	0.00	11,938,021	0	11,938,021	1.90	1.90
k	Other (Specify) -	0	0	0	0.00	2,299,348	0	2,299,348	0.37	0.37
	Sub Total (B)(1)	**268,998,053**	**125,899**	**269,123,952**	**42.95**	**287,883,613**	**125,899**	**288,009,512**	**45.96**	**3.01**
2	**Non-Institutions**									
a	Bodies Corporate									
(i)	Indian	187,938,573	12,183	187,950,756	29.99	184,750,753	12,183	184,762,936	29.48	(0.51)
(ii)	Overseas	61,250	0	61,250	0.01	61,250	0	61,250	0.01	0.00
b	Individuals									
(i)	Individuals - shareholders holding nominal share capital up to ₹ 1 Lakh	63,156,420	3,560,008	66,716,428	10.64	87,999,388	3,187,684	91,187,072	14.54	3.90
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	16,077,422	121,520	16,198,942	2.58	55,728,287	121,520	55,849,807	8.91	6.33
c	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d	Other (specify)									
(i)	IEPF Authority	1,282,174	0	1,282,174	0.20	1,388,834	0	1,388,834	0.22	0.02
(ii)	NRI Rep	2,735,267	3,242	2,738,509	0.44	2,702,447	3,242	2,705,689	0.43	(0.01)
(iii)	NRI Non –Rep	1,795,969	42,831	1,838,800	0.29	2,042,737	41,689	2,084,426	0.33	0.04
(iv)	Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
(v)	Foreign National	808	0	808	0.00	808	0	808	0.00	0.00
	Sub Total (B)(2)	**273,047,883**	**3,739,784**	**276,787,667**	**44.15**	**334,674,504**	**3,366,318**	**338,040,822**	**53.92**	**9.77**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**542,045,936**	**3,865,683**	**545,911,619**	**87.10**	**622,558,117**	**3,492,217**	**626,050,334**	**99.88**	**12.78**
	Total (A+B)	**622,104,510**	**3,865,683**	**625,970,193**	**99.88**	**622,566,691**	**349,2217**	**626,058,908**	**99.89**	**0.01**
c	**Custodians for GDRs and ADRs**	775,949	0	775,949	0.12	687,234	0	687,234	0.11	(0.01)
	GRAND TOTAL (A)+(B)+(C)	**622,880,459**	**3,865,683**	**626,746,142**	**100.00**	**623,253,925**	**3,492,217**	**626,746,142**	**100.00**	**0.00**

B Shareholding of Promoters and Promoters Group

(fractions rounded off to three decimal places)

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AS ON 01.04.2019			SHAREHOLDING AS ON 31.03.2020			% CHANGE IN SHAREHOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1	Avantha Holdings Limited	80,050,000	12.772	12.772	0	0	0	(12.772)
2	Varun Prakashan Private Limited	5,022	0.001	0	5,022	0.001	0	0
3	Avantha Realty Limited	3,552	0.001	0	3,552	0.001	0	0
	GRAND TOTAL (A)+(B)+(C)	**80,058,574**	**12.774**	**12.772**	**8,574**	**0.002**	**0**	**(12.772)**

C Change in Promoters' and Promoter Group Shareholding

(fractions rounded off to three decimal places)

SR. NO.	NAME OF SHAREHOLDER	SHAREHOLDING AS ON 01.04.2019		DATE OF TRANSACTION	INCREASE / DECREASE IN SHAREHOLDING	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (31.03.2020)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Avantha Holdings Limited*	80,050,000	12.772	06-05-2019	(80,050,000)	Invoked Pledge	0	0.000
2	Varun Prakashan Private Limited	5,022	0.001	-	-	-	5,022	0.001
3	Avantha Realty Limited	3,552	0.001	-	-	-	3,552	0.001
	Total	**80,058,574**	**12.774**	**-**	**(80,050,000)**	**-**	**8,574**	**0.002**

*On 6 May 2019, Yes Bank Limited invoked its pledge on 80,050,000 equity shares of the Company constituting 12.772% shareholding held by Avantha Holdings Limited (Promoter) in the Company. Consequently on 31 March 2020, the promoters' shareholding decreased to 8,574 equity shares in the Company, constituting 0.002% of total share capital of your Company.

D Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) (Fractions rounded off to two decimal places)

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AS ON 01.04.2019		CHANGE IN SHAREHOLDING (NO. OF SHARES) $		SHAREHOLDING AS ON 31.03.2020	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Yes Bank Limited*	0	0.00	80,050,000	-	80,050,000	12.77
2	L&T Finance Limited*	0	0.00	62,600,000	-	62,600,000	9.99
3	HDFC Trustee Company Limited-HDFC Equity Fund	57,451,000	9.17	-	-	57,451,000	9.17
4	Bharti (SBM) Holdings Private Limited	31,275,000	4.99	20,694,354	-	51,969,354	8.29
5	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	55,960,974	8.93	-	4,796,610	51,164,364	8.16
6	KKR India Financial Services Private Limited*	0	0.00	50,736,588	-	50,736,588	8.10
7	Franklin Templeton Mutual Fund A/C Franklin India Equity Fund	20,000,000	3.19	2,000,000	-	22,000,000	3.51
8	Pankaj Jayantilal Patel*	0	0.00	15,000,500	-	15,000,500	2.39
9	Life Insurance Corporation of India	17,163,263	2.74	-	3,110,692	14,052,571	2.24
10	KKR India Debt Opportunities Fund II*	0	0.00	11,938,021	-	11,938,021	1.91
11	IDFC Sterling Value Fund**	11,784,000	1.88	-	2,184,000	9,600,000	1.53
12	Abu Dhabi Investment Authority – LGLINV**	8,970,000	1.43	-	8,970,000	0	0.00
13	Vistra ITCL India Limited**	135,392,496	21.60	-	130,296,248	5,096,248	0.81
14	Reliance Capital Trustee Co. Ltd A/C Reliance Multi Cap Fund**	22,319,527	3.56	-	22,319,527	0	0.00
15	Vanguard Total International Stock Index Fund**	6,360,905	1.02	422,820	-	6,783,725	1.08

Note:

$ The shares of the Company are traded on a daily basis and hence the date-wise increase / decrease in shareholding are not indicated.

*Not in the list of top ten shareholders as on 1 April 2019, but is one of the top ten shareholders as on 31 March 2020.

**Not in the list of top ten shareholders as on 31 March 2020 but was one of the top ten shareholders as on 1 April 2019.

E Shareholding of Directors and Key Managerial Personnel

SR. NO.	SHAREHOLDING OF EACH DIRECTORS AND EACH KEY MANAGERIAL PERSONNEL	SHAREHOLDING AS ON 01.04.2019		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR 31.03.2020	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Mr. Ashish Kumar Guha – Independent Director	0	0.00	0	0.00
2	Mr. Narayan K Seshadri – Independent Director	0	0.00	0	0.00
3	Mr. Jitender Balakrishnan – Independent Director	0	0.00	0	0.00
4	Ms. Ramni Nirula – Independent Director	0	0.00	0	0.00
5	Mr. Sudhir Mathur – Whole-time Executive Director	0	0.00	0	0.00
6	Mr. Pradeep Mathur – Independent Director (Appointed w.e.f. 30 December 2019)	NA	NA	0	0.00
7	Dr. Aditi Raja – Independent Director (Appointed w.e.f. 24 January 2020)	NA	NA	0	0.00
8	Dr. Rathin Roy – Independent Director (Appointed w.e.f. 24 January 2020)	NA	NA	0	0.00
9	Mr. Gautam Thapar – Non Executive Director (Ceased w.e.f. 9 October 2019)	0	0.00	NA	NA
10	Dr. Valentin Von Massow – Independent Director* (Ceased w.e.f. 5 August 2019)	13,435	0.00	NA	NA
11	Dr Omkar Goswami – Non Executive Director (Ceased w.e.f. 14 December 2019)	0	0.00	NA	NA
12	Mr. K N Neelkant – CEO & Managing Director (Ceased w.e.f. 30 September 2019)	0	0.00	NA	NA
13	Mr. V R Venkatesh - Chief Financial Office (Ceased w.e.f. 30 August 2019)	0	0.00	NA	NA
14	Ms. Shikha Kapadia - Company Secretary (Ceased w.e.f. 31 December 2019)	0	0.00	NA	NA
15	Mr. Nimesh Shah - Company Secretary (Appointed w.e.f. 1 January 2020 and ceased w.e.f. 31 January 2020)	NA	NA	NA	NA
16	Mr. Alen Ferns - Company Secretary (Appointed w.e.f. 18 March 2020)	NA	NA	0	0.00

Note: *Dr. Valentin Von Massow held 2,687 GDRs convertible in to 13,435 equity shares of your company.

05 Indebtedness of the Company including interest outstanding / accrued but not due for payment (in ₹ crores)

PARTICULARS	SECURED LOAN EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness as at 01.04.2019				
Principal amount	1664.32	791.19	-	2455.51
Interest due but not paid	15.91	-	-	15.91
Interest accrued but not due	12.40	1.72	-	14.12
Total (i+ii+iii)	**1692.63**	**792.91**	-	**2485.54**
Changes in Indebtedness during the financial year				
Addition	353.91	16.48	-	370.39
Reduction	(366.31)	(202.61)	-	(568.92)
Net Changes	**(12.40)**	**(186.13)**		**(198.53)**
Indebtedness as at 31.03.2020				
Principal amount	1565.56	594.57	-	2160.13
Interest due but not paid	114.67	12.21	-	126.88
Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1680.23**	**606.78**	**-**	**2287.01**

06 Remuneration of Directors and Key Managerial Personnel

A Remuneration of Managing Director, Whole-time Directors and / or Manager (in ₹ crores)

SR. NO.	PARTICULARS OF REMUNERATION	MR. K N NEELKANT (CEO & MANAGING DIRECTOR)*	MR. SUDHIR MATHUR (WHOLE TIME EXECUTIVE DIRECTOR)#	TOTAL AMOUNT (₹)
1	Gross salary :			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.6722	2.6514	5.3236
	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.0020	0.0036	0.0056
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others (Variable Pay / Severance Pay)	-	-	-
5	Others (Provident Fund / Gratuity Fund / Superannuation Fund)	0.0925	0.1365	0.2290
	Total (A)	**2.7667**	**2.7915**	**5.5582**
	Ceiling as per Act (Refer note)			

Note: Due to loss incurred during FY2020, the Company is seeking approval of Members at the ensuing 83rd AGM of the Company for ratifying and confirming the waiver of recovery of managerial remuneration paid to Mr. Sudhir Mathur, Whole Time Executive Director of the Company for the FY2020. Further the Company is also seeking approval at the ensuing AGM for payment of Remuneration to Mr. Sudhir Mathur, for a period of three years starting from 1 April 2020 up to 31 March 2023, in the event of loss or inadequacy of profits in any of these financial years.
*Mr. K. N. Neelkant resigned from the Company w.e.f. 30 September 2019
Mr. Sudhir Mathur was designated as a Whole Time Executive Director of the Company w.e.f. 10 May 2019. Further, except the above remuneration paid to Mr. Mathur during FY 2019-20 as fixed component, he was not paid any amount by way of performance linked incentives, service contracts, notice period pay, severance fees or stock options.

B Remuneration to other Directors (in ₹ crores)

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS											TOTAL AMOUNT
		Mr. Gautam Thapar*	Dr. Omkar Goswami**	Dr. Valentin Von Massow***	Ms. Ramni Nirula	Mr. J Balakrishnan	Mr. Narayan K Seshadri	Mr. Ashish Guha	Mr. Sudhir Mathur @	Mr. Pradeep Mathur $	Dr. Rathin Roy #	Dr. Aditi Raja #	
1	**Independent Directors**												
	Fee for attending Board and Committee meetings	-	0.2300	-	0.2950	0.4300	0.2200	0.3800	0.0100	0.0900	0.0400	0.0750	1.7700
	Commission	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-
	Total (1)	-	0.2300	-	0.2950	0.4300	0.2200	0.3800	0.0100	0.0900	0.0400	0.0750	1.7700
2	**Other Non-Executive Directors**												
	Fee for attending Board and Committee meetings	0.0800	-	-	-	-	-	-	-		-	-	0.0800
	Commissions	-	-	-	-	-	-	-	-		-	-	-
	Others	-	-	-	-	-	-	-	-		-	-	-
	Total (2)	0.0800	-	-	-	-	-	-	-		-	-	0.0800
	Total (B) = (1 + 2)	**0.0800**	**0.2300**	**-**	**0.2950**	**0.4300**	**0.2200**	**0.3800**	**0.0100**	**0.0900**	**0.0400**	**0.0750**	**1.8500**

*Ceased to be a Director of the Company w.e.f. 9 October 2019
**Ceased to be a Director of the Company w.e.f.14 December 2019
***Ceased to be a Director of the Company w.e.f. 5 August 2019
@Change in designation from Independent Director to Whole Time Executive Director w.e.f.10 May 2019
$Appointed as an Independent Director w.e.f. 30 December 2019
#Appointed as an Independent Director w.e.f. 24 January 2020

Note 1: The remuneration paid to other Directors was within the limits prescribed under the Companies Act 2013 and rules made thereunder.

Note 2: During the FY 2020, the Independent Directors have been paid sitting fees for attending the Board meetings of the Company. Except sitting fees, the Non-Executive Directors have not been paid any remuneration/Bonus / Severance fees / Performance Linked Incentives or by way of any other benefits, during the FY 2019-20. The NEDs are entitled to reimbursement of expenses for participation in the meetings of the Board and Committee thereof.

C Remuneration to Key Managerial Personnel (KMP) (other than MD / WTD / Manager) (in ₹ crores)

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF KMP				TOTAL AMOUNT
		MR. V R VENKATESH (CHIEF FINANCIAL OFFICER) $	MS. SHIKHA KAPADIA (COMPANY SECRETARY)*	MR. NIMESH SHAH (COMPANY SECRETARY)**	MR. ALEN FERNS (COMPANY SECRETARY)***	
1	Gross salary:					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.7622	0.3911	0.0454	0.0132	**1.2119**
	(b) Value of perquisites u / s 17(2) Income-tax Act, 1961	-	-	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	**-**
2	Stock Option	-	-	-	-	**-**
3	Sweat Equity	-	-	-	-	**-**
4	Commission	-	-	-	-	**-**
	- as % of profit	-	-		-	**-**
	- Others	-	-	-	-	**-**
5	Others:					
	- Variable pay	-	0.1142	-	-	**0.1142**
	- Provident fund, gratuity, super annuation fund	0.0477	0.0253	0.0025	0.0008	**0.0763**
	Total	**0.8099**	**0.5306**	**0.0479**	**0.0140**	**1.4024**

$Terminated w.e.f. 30 August 2019
*Resigned w.e.f. 31 December 2019
**Appointed w.e.f. 01 January 2020 and resigned w.e.f. 31 January 2020
***Appointed w.e.f. 18 March 2020

07 Penalties / Punishment / Compounding Of Offences

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, (IF ANY GIVE DETAILS)
Company					
Penalty					
Punishment			NIL		
Compounding					
Directors					
Penalty					
Punishment			NIL		
Compounding					
Net Changes					
Penalty					
Punishment			NIL		
Compounding					

On behalf of the Board of Directors
Ashish Guha
CHAIRMAN
(DIN: 00004364)
Mumbai, 16 September 2020

Annexure 6

Remuneration Policy

I. OBJECTIVE

In terms of the requirement stated under Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, CG Power and Industrial Solutions Limited ('the Company') has formulated the Remuneration Policy ('Policy') which deals with the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

The objective of the Policy is to ensure that the Directors, KMPs, Senior Management and other executives of the Company are governed by a comprehensive compensation criteria that fosters meritocracy and growth of the Company and that, remuneration packages are designed to attract and retain high calibre personnel.

The Policy is guided by the principles as envisaged under Section 178 of the Companies Act, 2013. The Policy has been approved by the Nomination and Remuneration Committee ('NRC') at its meeting held on 2nd February 2015 and has been updated by the Board at its Meeting held on 22 May 2019. The Policy shall be applicable only to CG India.

II. DEFINITIONS

A. KEY MANAGERIAL PERSONNEL

'Key Managerial Personnel' (KMP) means:

(i) Chief Executive Officer or the Managing Director or the Manager,

(ii) Company Secretary,

(iii) Whole-time Director,

(iv) Chief Financial Officer and

(v) such other officer as may be prescribed under the Companies Act, 2013.

B. SENIOR MANAGEMENT

'Senior Management' mean personnel of the Company who are members of its core management team (CEO minus 1 level) excluding Board of Directors.

C. NOMINATION AND REMUNERATION COMMITTEE

'Nomination and Remuneration Committee' or 'NRC' shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

III. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

NRC plays a critical role in the process of appointment of Directors, KMPs and Senior Management as well as reviewing the outcome of evaluation processes and resulting senior management's compensation.

A. APPOINTMENT CRITERIA AND QUALIFICATIONS:

NRC shall identify and ascertain the qualification, expertise and experience of the persons being considered for appointment as a Director, KMP or at Senior Management level and recommend the appointment to the Board.

B. INDEPENDENCE OF INDEPENDENT DIRECTORS:

In case of appointment of an Independent Director, such person shall additionally meet the requirements and procedures as stipulated in Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act, Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 available on the website of the Company www.cgglobal.com and any other requirements set by the Nomination and Remuneration Committee.

IV. PROVISIONS RELATING TO REMUNERATION OF DIRECTORS, KMP AND OTHER EMPLOYEES

A. REMUNERATION TO NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS):

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.

The remuneration / commission shall be based on following principles:

(i) The overall commission to be paid to Non-Executive Directors (NED) shall be within the limits approved by the shareholders, subject to a limit not exceeding 1% of the profits of the Company computed as per the provisions of the Companies Act, 2013.

(ii) Every NED shall receive a fixed amount of commission, to recognise his / her position as an NED on the Board of Directors of the Company. The fixed pay will be proportionately adjusted vis-a-vis Directors attendance.

(iii) An NED, who is a member of the Board Committees of the Company which are formed for statutory purposes, will receive a fixed amount for every Committee Meeting attended, in addition to (ii) above.

(iv) An NED, who is the Company's nominee on the Board / Committee of Directors of joint venture, subsidiary or associate companies, will receive an additional amount, for every Board / Committee meeting attended.

(v) An NED may further receive an additional amount, if necessary, based on his / her time and involvement with the Company's executives, to strengthen systems and processes, contributions to strategic direction, etc.

(vi) Amounts at (iii), (iv) and (v) will be per diem amounts, based on an assumption of 8 hour day, computed and paid for the actual duration of the Meetings, excluding days for travel and preparatory work.

2. Sitting Fees:

The Non-Executive Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that, the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

3. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

B. CEO AND MANAGING DIRECTOR / WHOLE TIME DIRECTOR

The remuneration paid to the CEO and Managing Director / Whole Time Director and revisions thereto are recommended by the NRC and approved by the Board, within the framework of shareholders' approval. The remuneration to CEO and Managing Director / Whole Time Director shall take into account the Company's overall performance, their contribution towards Company's performance and trends in the industry in general, in a manner, which will ensure and support a high performance culture. Their annual remuneration package will comprises of a fixed salary component, a basket of allowances / reimbursements, performance bonus or incentive / commission, housing and other cash as well as non-cash perquisites as may be decided. The payment of a significant part of the performance bonus or incentive / commission may be delayed over a period of one or more years.

C. KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EXECUTIVES

CG Reward Philosophy

Executive compensation would be guided by the external competitiveness and internal parity through benchmarking surveys.

Fixed and variable pay

Remuneration would comprise of fixed and variable components of the remuneration to ensure that employees are rewarded for professional services rendered in line with the level of expertise and skill required, as well as, to provide an incentive to pursue the goals and interests of the Company. Senior Management compensation shall comprise of a higher component of variable pay as compared to the lower levels. The variable components of the remuneration shall be determined based on the Company's performance, financial performance and individual performance. Company and business performance will be measured on quantitative and financial parameters whilst individual performance will be measured on qualitative attributes. The performance measurement criteria and weightages should be aligned with the benchmark study conducted across the competitive enterprises. The Senior Management compensation and revisions thereto are recommended by the NRC and approved by the Board.

D. ANNUAL REMUNERATION REVIEW

Average increase in remuneration every year would be a result of growth of economy, inflation, mandatory increases, business performance, market surveys for salary projections etc. Once the overall increment budget is decided, the increment matrix would aim at creating a sharper differentiation in pay for individual performance. Internally, performance ratings of all executives would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine the fitment into the increment matrix.

E. WORKMEN

Workmen will be paid wages in accordance to the settlement with the recognized union of the workers as per industry practice, as applicable. Where there is no union, workmen wages are as per the industry practice and applicable law would apply. All remuneration components would be in accordance with applicable statutory compliances.

V. PROVISIONS RELATING TO LOANS AND AVANCES TO EMPLOYEES

The Company may provide loans or advances to its employees. Such loans and advances shall be governed by the provisions of the applicable HR policies, Rules of Procedure for Management and applicable provisions of the Companies Act, 2013 and Rules made thereunder.

VI. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Annexure 7

Dividend Distribution Policy

1. BACKGROUND

Vide Gazette Notification No. SEBI / LAD-NRO / GN / 2016-17 / 008 dated 8 July 2016, Securities and Exchange Board of India, introduced a new Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that mandates top 500 listed entities based on the market capitalization (calculated on the basis of 31 March of every financial year) to formulate a Dividend Distribution Policy.

2. EFFECTIVE DATE

The Board of Directors of the Company at its meeting held on 30 August 2016 has adopted the Dividend Distribution Policy of the Company as required in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The effective date of the Dividend Distribution Policy is 30 August 2016.

3. OBJECTIVE

Appropriation of net earnings and its allocation among the shareholders continues to be one of the important agenda items that Companies discuss at the Board levels. In order to help investors to get a clearer picture on returns from their investments in the listed entities and also identify the stocks matching their investment objectives, the market regulator the Securities and Exchange Board of India has made it mandatory for the top 500 listed entities to have a Dividend Distribution Policy.

4. DEFINITIONS

'Act' means the Companies Act, 2013.
'Board' means Board of Directors of the Company.
'Company' means CG Power and Industrial Solutions Limited.
'Dividend' includes any interim dividend.
'Listing Regulations' means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments thereto.
'Free Reserves' means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:
Provided that—
(i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

5. LEGAL FRAMEWORK

The Companies Act, 2013 lays down certain provisions for declaration of dividend, which are:

(i) Section 51 permits Companies to pay dividends proportionately i.e. in proportion to the amount paid-up on each share when all shares are not uniformly paid-up i.e. pro-rata. Pro rata means in proportion or proportionately, according to a certain rate. The Board of Directors of the Company may decide to pay dividends on pro-rata basis if all the equity shares of the company are not equally paid-up. However, in the case of preference shares, dividend shall be paid at a fixed rate as per the terms of issue.
The permission given by this Section is, however, conditional upon the Company's articles of association expressly authorising the Company in this regard.

(ii) Final Dividend is generally declared at an annual general meeting [Section 102(2) of the Act] at a rate not more than what is recommended by the Board in accordance with the articles of association of a Company.

(iii) An interim dividend is declared by the Board at any time before the closure of financial year, whereas a final dividend is declared by the members of a Company at its annual general meeting if and only if the same has been recommended by the Board of Directors of the Company.

(iv) In accordance with Section 134(3)(k) of the Act, the Board of Directors shall state in the Directors' Report the amount of dividend, if any, which it recommends to be paid.
The dividend recommended by the Board of Directors in the Board's Report must be 'declared' at the annual general meeting of the Company. This constitutes an item of ordinary business to be transacted at every annual general meeting. This does not apply to interim dividend.

(v) No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with Section 123 (2) of the Act or out of profits of the Company for any previous financial year / years arrived at after providing for depreciation in accordance with the provisions of above sub-Section and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for payment of dividend in pursuance of a guarantee given by the concerned Government [Section 123(1) of the Act].

(vi) The Company may before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

(vii) If owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by it in any previous financial years and transferred to reserves, such declaration of dividend shall not be made except in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014. No dividend shall be declared or paid by the Company from its reserves other than free reserves. Further the Company shall not declare dividend unless carried over previous losses and depreciation not provided in the previous year / years are set off against the profit of the Company for the current year.

(viii) Depreciation, as required under Section 123(1) of the Act has to be provided in accordance with the provisions of Schedule II to the Act.

(ix) If the Company fails to comply with Section 73 and 74 of the Act, relating to acceptance & repayment of deposits, no dividend shall be declared on its equity shares till such default continues.

(x) The amount of dividend (final as well as interim) shall be deposited in a separate bank account within 5 days from the date of declaration. [Section 123(4) of the Act.]

(xi) Dividend has to be paid within 30 days from the date of declaration.

(xii) Section 24 of the Act confers on SEBI, the power of administration of the provisions pertaining to non-payment of dividend.

(xiii) If dividend has not been paid or claimed within the 30 days from the date of its declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". Such transfer shall be made within 7 days from the date of expiry of the said period of 30 days.

(xiv) Any money transferred to the unpaid dividend account of a Company in pursuance of Section 124 of the Act which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Education and Protection Fund.

(xv) Any dividend payable in cash may be paid by cheque or warrant through post directed to the registered address of the shareholder who is entitled to the payment of the dividend or to his order or in any electronic mode sent to his banker. [Section 123(5) of the Act]

6. PARAMETERS

A. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

Dividend payout is dependent on various factors, which are enumerated herein below in this policy document and the Board of Directors shall before taking any decision on dividend payout consider these factors in the best interest of the Company and the shareholders.

B. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

The decision of the dividend payout or retention of the profits by the Board, shall inter-alia depend on the following financial parameters;

(i) Quantum of anticipated Capital expenditure,
(ii) Magnitude of realized profits,
(iii) Operating cash flow & liquidity,
(iv) Investment opportunities,
(v) Capacity to service interest / principal (borrowings),
(vi) Cost of borrowings vis-à-vis cost of capital,
(vii) Sales volume,
(viii) Anticipated expenses,
(ix) Financial ratios (e.g. EPS-post dividend), etc.

C. INTERNAL & EXTERNAL FACTORS

The most important internal and external factors that affect the dividend payout are regulations (taxation, repatriation & accounting policies), industry growth rate, natural calamity, capital investment needs, profitability, earnings variability, liquidity and cash flows, financial leverage and asset characteristics such as the composition of tangible and intangible assets.

D. UTILIZATION OF RETAINED EARNINGS

Considering the cost of the borrowings vis-à-vis available funds (retained earnings), the quantum of reserves and available depreciation fund, the Board may decide to plough back the earnings for a particular financial year / s. The decision of utilization of the retained earnings of the Company shall be based on the following factors;

(i) High financial leverage
(ii) Mitigate dependence on external debts
(iii) Plant expansion & diversification
(iv) Market & product expansion
(v) Replacement of capital assets
(vi) Futuristic (long-term) business strategic plans
(vii) Such other criteria as the Board may deem fit from time to time.

E. ADOPTION OF PARAMETERS FOR DIVIDEND PAYOUT WITH RESPECT TO VARIOUS CLASSES OF SHARES

(i) The factors and parameters for declaration of dividend to different class of shares of the Company shall be in compliance with the existing laws, governing the dividend payout.
(ii) The parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
(iii) The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
(iv) The dividends shall be paid out of the Company's distributable profits and / or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.
(v) Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

7. AMOUNT OF DIVIDEND

The Company shall endeavor to maintain a reasonable dividend payout ratio subject to; a) capital needs of the Company, b) positive operating cash flows and c) other financial parameters enumerated herein above.

8. POLICY EXCLUSION

The policy shall not be applicable in the following circumstances;

(i) Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.
(ii) Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities.
(iii) Determination and declaring dividend on preference shares.

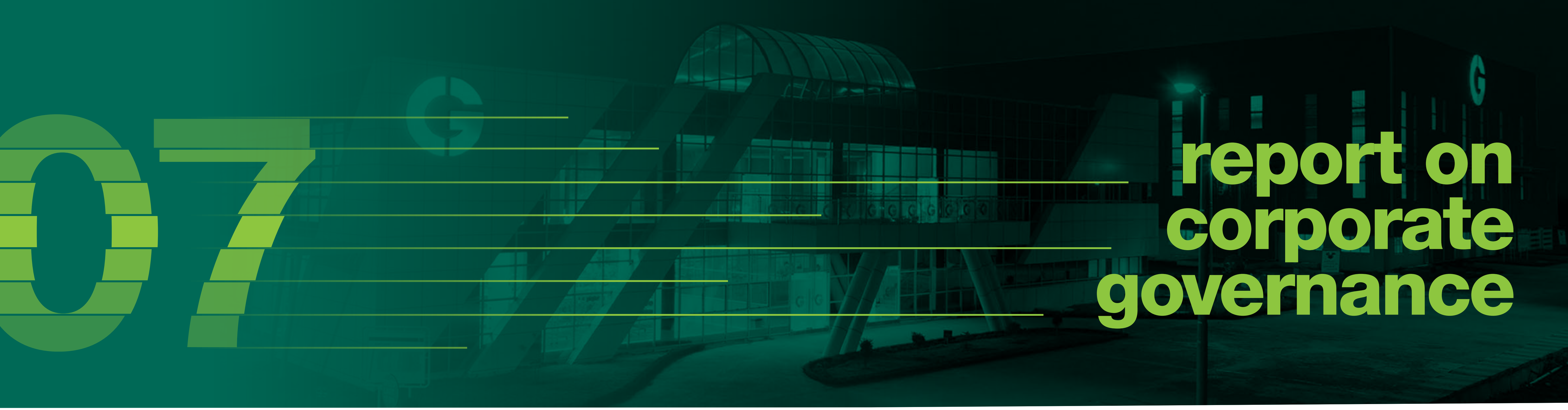
9. POLICY AMENDMENTS

Any change / amendment, if required in terms of any applicable law, the CEO & Managing Director or the Chief Financial Officer of the Company shall be jointly / severally authorized to review and amend the Policy, to give effect to any such changes / amendments. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification immediately after such changes. A dividend payout, in deviation of this policy shall be reported in the Annual Report of the Company.

10. CAUTIONARY STATEMENT

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy to pay, subject to the circumstances and factors enlisted herein above, which shall be consistent with the performance of the Company over the years.

KN Neelkant
CEO & MANAGING DIRECTOR
Mumbai, 30 August 2016



07 report on corporate governance

FY2020 stands for fiscal year 2019-20, i.e. from 1 April 2019 to 31 March 2020 Analogously, FY2019 and other fiscal years.

The abbreviations 'Act' refers to the Companies Act, 2013; 'SEBI LODR' refers to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; 'the Company' and 'CG' refer to CG Power and Industrial Solutions Limited and 'SEBI' refers to the Securities and Exchange Board of India.

A report on compliance with the principles of Corporate Governance as prescribed by the Securities Exchange Board of India in Chapter IV read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Philosophy on Corporate Governance

The Financial Year 2019-20 was the most challenging year in the history of the Company wherein the Board-run investigation unlocked several governance failures. The Audit Committee ('AC') of the Board, based on the recommendations made by the Operations Committee, appointed an independent law firm ('Legal Firm') to make further assessments in relation to certain unauthorised transactions by some employees and certain directors of your Company. The Legal Firm submitted its Phase I Investigation Report dated 5 August 2019 ('Phase I Investigation Report') to the AC.

Consequent to the Phase I Investigation Report, your Board has taken significant measures to protect the interest of the Company and its various stakeholders, which include:

a) Removal of Mr Gautam Thapar, as the Chairman of the Board of Directors of the Company with effect from 29 August 2019.

b) Termination of Mr V R Venkatesh, the Chief Financial Officer of CG, for cause, for grave misconduct and breach of trust.

c) Instituted forensic investigation, carried out by the Legal Firm, to determine the complete and accurate financial position and to establish wrongdoing accountability.

d) All identified failures in the system have been addressed by tightening the governance processes.

e) Extending full co-operation to all regulatory authorities in their ongoing investigations.

f) Focussed all resources towards operations of the Company.

g) Broad based the Board by inducting independent directors with requisite qualification and experience to steer and guide the revival of the Company's operations and improve governance.

h) Followed policy of complete transparency in all matters of investor protection.

i) Initiated legal actions to recover amounts due to the Company from promoters and their related entities.

Your current Board will continue to take the necessary steps to improve processes and to create an environment that meets with the ethical, legal and business expectations, in the interest of all stakeholders.

Board of Directors

COMPOSITION

The Company has a Board, constituted in compliance with the Act and Rules made thereunder and SEBI LODR as amended from time to time. The Board has an appropriate mix of Executive/Non-Executive, Woman Directors and Independent Directors with diversified skill sets, professional knowledge and relevant business experience in diverse fields.

As on the date of this report, your Company's Board comprises of eight Directors, i.e. one Whole Time Executive Director and seven Non-Executive Independent Directors. Out of the seven Non-Executive Independent Directors two of them are Women Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI LODR as well as the provisions of the Act. The profile of Directors is available on the website of the Company at *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=BPbAMGwHQu4=*

INDEPENDENT DIRECTORS

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Act, that he / she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16 of SEBI LODR.

In terms of Regulation 25(8) of SEBI LODR, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably

01 Composition, attendance and details of the Board of Directors during the finacial year 2019-20

NAME OF DIRECTOR	CATEGORY	NO. OF REPRESENTATIONS			ATTENDANCE AT BOARD MEETING AND COMMITTEE MEETINGS						
		DIRECTORSHIP#	COMMITTEE CHAIRPERSON##	COMMITTEE MEMBERSHIP##	BOARD MEETINGS	AUDIT COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	RISK COMMITTEE	ATTENDED PREVIOUS ANNUAL GENERAL MEETING
Mr Ashish Kumar Guha*	Non-Executive; Independent, Chairman	3	0	2	17	12	9	NA	NA	NA	Yes
Mr Sudhir Mathur**	Whole Time Executive Director	2	0	1	16	1	NA	1	2	1	Yes
Mr Jitender Balakrishnan	Non- Executive; Independent	9	2	5	17	17	9	NA	NA	NA	Yes
Ms Ramni Nirula***	Non- Executive; Independent	7	1	4	15	13	NA	1	1	NA	Yes
Mr Narayan K Seshadri$	Non- Executive; Independent	18	3	4	15	NA	7	NA	NA	NA	Yes
Mr Pradeep Mathur$$	Non- Executive; Independent	6	1	1	4	3	NA	NA	1	1	NA
Dr Rathin Roy$$$	Non- Executive; Independent	1	0	0	2	NA	1	NA	NA	1	NA
Dr Aditi Raja@	Non- Executive; Independent	3	1	1	4	3	NA	1	NA	NA	NA
Dr Omkar Goswami@@	Non-Executive	NA	NA	NA	11	11	NA	NA	1	NA	Yes
Mr K N Neelkant^	Executive; CEO and Managing Director	NA	NA	NA	5	NA	NA	NA	NA	NA	NA
Mr Gautam Thapar^^	Non-Executive; Chairman	NA	NA	NA	6	NA	2	NA	NA	NA	NA
Dr Valentin von Massow^^^	Non-Executive; Independent	NA	NA	NA	0	NA	NA	NA	NA	NA	NA

Notes: *Mr Ashish Kumar Guha was appointed as a Chairman of the Board of Directors of the Company with effect from 25 September 2019. He ceased to be Chairman of Nomination and Remuneration Committee with effect from 25 September 2019. He was appointed as a member of the Audit Committee with effect from 20 August 2019 and as a member of the Capital Restructuring Committee with effect from 16 March 2020.

**Mr. Sudhir Mathur was appointed as a Whole Time Executive Director with effect from 10 May 2019. He ceased to be a member of Audit Committee and Nomination and Remuneration Committee with effect from 11 June 2019 and 10 May 2019. He was appointed as a member of the Corporate Social Responsibility Committee with effect from 25 September 2019, as a member of the Risk Committee with effect from 24 January 2020 and as a member of the Capital Restructuring Committee with effect from 16 March 2020.

***Ms Ramni Nirula was appointed as a member of the Stakeholders' Relationship Committee with effect from 11 June 2019.

$Mr Narayan K Seshadri was appointed as a member of the Nomination and Remuneration Committee with effect from 11 June 2019 and Chairman of Nomination and Remuneration Committee with effect from 25 September 2019.

$$Mr Pradeep Mathur was appointed as an Additional Non-Executive Independent Director on the board of the Company with effect from 30 December 2019. He was appointed as a member of the Audit Committee, Corporate Social Responsibility Committee and Risk Committee with effect from 24 January 2020. He was appointed as the Chairman of the Capital Restructuring Committee with effect from 16 March 2020.

$$$Dr Rathin Roy was appointed as an Additional Non-Executive Independent Director on the board of the Company with effect from 24 January 2020. He was appointed as a member of the Nomination and Remuneration Committee and Chairman of the Risk Committee with effect from 24 January 2020. He was appointed as a member of the Capital Restructuring Committee with effect from 16 March 2020.

@Dr Aditi Raja was appointed as an Additional Non-Executive- Independent Director on the board of the Company with effect from 24 January 2020. She was appointed as a member of the Audit Committee and Chairperson of the Stakeholder Relationship Committee with effect from 24 January 2020.

@@Dr Omkar Goswami was appointed as a member of Corporate Social Responsibility Committee and Chairman of Stakeholders' Relationship Committee with effect from 25 September 2019. Being liable to retire by rotation at the 82nd Annual General Meeting of the Company held on 14 December 2019, he did not offer himself for re-appointment and the vacancy so caused on the Board of the Company was not filled. Hence, Dr. Omkar Goswami ceased to be Director of the Company with effect from close of business hours on 14 December 2019 and consequently ceased to be the chairman of Stakeholder Relationship Committee and the member of the Risk and Audit Committee and Corporate Social Responsibility Committee.

^Mr Gautam Thapar ceased be a director on the Board of the Company with effect from 9 October 2019. He ceased to be member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee with effect from 25 September 2019. He was removed as a Chairman of the Board of Directors of the Company with effect from 29 August 2019.

^^Mr K N Neelkant resigned as the Chief Executive Officer (CEO) and Managing Director of the Company and accordingly ceased to be a director on the Board of the Company with effect from 30 September 2019. He ceased to be member of Stakeholders' Relationship Committee with effect from 20 August 2019 and Corporate Social Responsibility Committee with effect from 25 September 2019.

^^^Dr Valentin von Massow ceased to be director on the Board of the Company with effect from 5 August 2019 and consequently ceased to be a member of Corporate Social Responsibility Committee.

#Directorships includes directorships as on 31 March 2020 in only Indian companies (including CG) but excludes alternate directorships.

##Committee Chairmanship and Membership as on 31 March 2020 includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (including CG).

Note: The Risk and Audit Committee of the Company was demerged into two separate committees with effect from 24 January 2020, namely Risk Committee and Audit Committee for effective functioning of these committees

anticipated, that could impair or impact their ability to discharge their duties without any external influence.

In the opinion of the Board, Independent Directors of your Company fulfil the conditions of independence as specified in the Act and SEBI LODR and are independent of the management. They are persons of integrity and possess relevant experience and do not hold together with their relatives 2% or more of the voting power in the Company. They are not related to any of the promoters, Directors, holding, subsidiary or associate companies and are independent of the management.

Based on the declarations received from the Independent Directors, the Board confirms that the Independent Directors have registered themselves on the Independent Directors Databank maintained by the Indian Institute of Corporate Affairs.

BOARD MEETINGS

Board meetings are convened at appropriate intervals with a maximum time gap of not more than 120 days between two consecutive meetings. Notice along with the agenda papers is sent to the Directors in advance. In case of exigencies or urgency of matters, resolutions are passed by circulation for such matters as permitted by law and are confirmed at the subsequent meeting.

The Board critically evaluates Company's strategic direction, risks and opportunities, key mergers and amalgamations, investments, financial performance, asset optimisation, management policies and their effectiveness. Additionally, the Board reviews the compliance processes, internal control systems, material occurrences, if any, in the areas of environment, health and safety, financial liabilities, regulatory claims and developments in human resources.

During the year, Seventeen (17) Board Meetings were held on: 10 May 2019, 22 May 2019, 21 June 2019, 13 August 2019, 19 & 20 August 2019, 30 August 2019, 25 September 2019, 30 September 2019, 2 November 2019, 10 & 11 November 2019, 28 November 2019, 13 December 2019, 30 December 2019, 24 January 2020, 28 January 2020, 14 February 2020 and 16 March 2020.

The names and categories of the Directors on the Board, their attendance at the Board meetings and Statutory Committee meetings held during the year, attendance at the last Annual General Meeting ('AGM'), the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on 31 March 2020, are given in *Table 1* forming part of this Report.

The Board periodically reviews the compliance reports of all laws applicable to the Company. Video Conferencing facilities are also used to facilitate Directors who are travelling or are at other locations to participate in the meetings. Further such facility is used for conducting meeting as per MCA circulars.

OTHER DIRECTORSHIPS

As on 31 March 2020, as per the disclosures received, none of the Directors on the Board hold directorships in more than twenty companies (including ten public limited companies) or is an Independent Director in more than seven listed companies. Further, none of the Directors is a member of more than ten Committees or a chairperson of more than five Committees across all public limited companies. For the purpose of determination of limit of the Board Committees, the chairpersonship / membership of only the Audit Committee and the Stakeholders' Relationship Committee have been considered as per Regulation 26(1) (b) of SEBI LODR.

As on 31 March 2020, Mr Sudhir Mathur, Whole Time Executive Director of the Company, does not hold any position as an Independent Director on the Board of any other listed company.

Names of other listed entities where directors of your Company hold directorship and the category of such directorship as on 31 March 2020, are given in *Table 2*.

SELECTION AND APPOINTMENT OF DIRECTORS

Your Company has a policy on selection, appointment and remuneration of Directors as well as a policy on determination of the remuneration of Directors, Key Managerial Personnel, Senior Management and other employees of the Company. In terms of the requirement of Regulation 46(2)(b) of the SEBI LODR, your Company has issued formal letters of appointment to the Independent Directors. The terms and conditions of such appointment are available on the Company's website and can be accessed at *http://www.cgglobal.com/pdfs/BOD/T&C-IndependentDirectorsAppt.pdf*

INDEPENDENT DIRECTORS' MEETING

During FY2020, a separate meeting of Independent Directors was held on

02 Directors and their Directorial Positions in other listed companies as on 31 March 2020

NAME OF DIRECTOR	DIRECTORSHIP IN OTHER LISTED COMPANIES	CATEGORY
Mr Ashish Kumar Guha	Lemon Tree Hotels Limited	Independent Director
Mr Sudhir Mathur	NIL	NA
	HEG Limited	Independent Director
	DCM Shriram Limited	Independent Director
	P I Industries Limited	Independent Director
Ms Ramni Nirula	Usha Martin Limited	Independent Director
	India Glycols Limited	Independent Director
	Polyplex Corporation Limited	Independent Director
	Sarda Energy & Minerals Limited	Independent Director
Mr Jitender Balakrishnan	Bharti Infratel Limited	Independent Director
	Magma Fincorp Limited	Independent Director, Chairman of the Board of Directors
	P I Industries Limited	Independent Director, Chairman of the Board of Directors
	Wabco India Limited	Independent Director
	Kalpataru Power Transmission Limited	Independent Director
Mr Narayan K Seshadri	AstraZeneca Pharma India Limited	Independent Director, Chairman of the Board of Directors
Mr Pradeep Mathur	Lemon Tree Hotels Limited	Independent Director
Dr Rathin Roy	NIL	NA
Dr Aditi Raja	NIL	NA

16 March 2020, which was attended by all the Independent Directors. The Independent Directors present at that meeting, inter-alia, discussed the outcome of the performance evaluation process of the current Board members and assessed the quality, quantity and timeliness of information flow from the management to the Board.

DIRECTORS' SHAREHOLDING AND RELATIONSHIP INTER-SE

As on 31 March 2020, none of the Director holds any shares in the Company. Further, none of the Director on the Board is related to each other.

DIRECTORS' INDUCTION AND FAMILIARISATION

Your Company has in place the practice of familiarising Independent Directors about Company's business through induction and regular updates. The program aims to provide information on your Company's background, operations, procedures and policies, director's roles, responsibilities, rights and duties under the Act and other statutes. The Board Members are provided with necessary documents, brochures, forms, reports and internal policies to enable them to familiarise with your Company's procedures and practices. Board Members are appraised on operations, strategic and future plans of your Company through the business review meeting as well as the quarterly Board meetings.

The details of familiarization programme imparted to the Independent Directors can be accessed on the Company's website at *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=yrnPqECUvhk=*

CORE SKILLS / EXPERTISE / COMPETENCE

The present Board comprises of qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Transformation of stressed businesses
- Supply chain management
- Banking, strategic planning and fund raising
- Understanding of economics, global business and consumers
- Accounting and audit matters
- Leadership and strategy roles
- Corporate Restructuring and Merger & Acquisitions

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill identified by the Board as above. The Directors possess experience and knowledge in diverse fields and also take active participation at deliberations in the meeting.

The mapping of the skills mentioned above for all the Directors is as follows:

SKILLS / EXPERTISE/ COMPETENCIES	NAME OF THE DIRECTOR							
	AG	JB	NKS	RN	PM	AR	RR	SM
Transformation of stressed businesses	✓	✓	✓	✓				✓
Supply chain management			✓		✓			✓
Banking, strategic planning and fund raising	✓	✓		✓	✓	✓	✓	✓
Understanding of economics, global business and consumers	✓				✓		✓	
Accounting and audit matters		✓	✓	✓	✓	✓	✓	
Leadership and strategy roles	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Restructuring and Merger & Acquisitions	✓	✓	✓	✓				✓

AG – Mr Ashish Guha; JB – Mr Jitender Balakrishnan; NKS – Mr Narayan K Seshadri; RN – Ms Ramni Nirula
PM – Mr Pradeep Mathur; AR – Dr Aditi Raja; RR – Dr Rathin Roy; SM – Mr Sudhir Mathur

CODE OF CONDUCT AND BUSINESS PRACTICES

Your Company has adopted 'The Company's Code of Conduct and Business Practices' in terms of Regulation 17 of the SEBI LODR. All Directors and Senior Management Personnel of the Company have affirmed their adherence to this Code of Conduct for FY2020.The said Code of Conduct is available on the website of the Company.

The certificate required under Regulation 34 of SEBI LODR stating that the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct was signed by Mr Sudhir Mathur, Whole Time Executive Director and is annexed at the end of this Report.

Committees of the Board

AUDIT COMMITTEE (AC)

The Board of Directors has constituted a Risk and Audit Committee (RAC) in compliance with the provisions of Section 177 of the Act and Regulation 18 of SEBI LODR, including the scope and terms of reference.The Board has at its meeting held on 24 January 2020, in order to have more focus on the Audit and Risk functions, segregated the RAC into two separate committees, viz. Risk Committee (RC) and the Audit Committee (AC). The newly constituted AC consists of five Non-Executive Independent Directors as mentioned below:

- **Mr Jitender Balakrishnan**
  Chairman, Non-Executive Independent Director
- **Mr Ashish Kumar Guha**
  Member, Non-Executive Independent Director
- **Ms Ramni Nirula**
  Member, Non-Executive Independent Director
- **Dr Aditi Raja**
  Member, Non-Executive Independent Director
- **Mr Pradeep Mathur**
  Member, Non-Executive Independent Director

Terms of reference:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment, removal and terms of appointment of external auditors, fixation of audit fees and also approval of payment for any other services.
- Reviewing and monitoring the external auditor's independence and performance, and effectiveness of audit process
- Reviewing with management the annual financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in the draft audit report.
  - Significant adjustments arising out of the audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the larger interests of the Company.
  - Matters to be included in the Directors Responsibility Statement included in the Board Report.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- Reviewing the quarterly financial statements before submission to the board for approval
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the executive heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings in their reports and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, expenditure of an extravagant nature, and reporting the matter to the Board of Directors.
- Discussions with the external auditors before the audit commences, as regards the nature and scope of audit as well as have post-audit discussions to ascertain any areas of concern.
- To look into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing, with the management, the application of funds raised through any issue, funds utilized for purposes other than those stated in the offer documents and the report submitted by the monitoring agency monitoring the utilisation of proceeds of the issue, and

CG HAS COME UP WITH AN INNOVATIVE PRODUCT CALLED THE SMART MOTOR, WHICH COMMUNICATES REMOTELY THROUGH WI-FI.

making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing the functioning of the Vigil Mechanism such as Whistle Blower or any other similar mechanism of the Company which may have been implemented.
- Approving appointment of Chief Financial Officer or any other person heading the finance function.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

During FY2020, the AC met on seventeen (17) occasions: on 10 May 2019, 21 June 2019, 22 July 2019, 6 August 2019, 19 August 2019, 27 August 2019, 30 August 2019, 25 September 2019, 30 September 2019, 2 November 2019, 10 November 2019, 13 December 2019, 30 December 2019, 24 January 2020, 28 January 2020, 14 February 2020 and 16 March 2020. The attendance record of the Committee Members thereat, is given in *Table 1* forming part of this Report.

The previous AGM of the Company was held on 14 December 2019 and was attended by Mr Jitender Balakrishnan, Chairman of the AC.

Members of the AC have wide exposure and knowledge in the area of finance and accounting. The Whole Time Executive Director, the Group Finance Controller, Internal Audit Head and representatives of the Statutory Auditors attended the meetings of AC as invitees. The Company Secretary acts as Secretary to this Committee. The Chairman of the AC briefs the Board of Directors at every Board Meeting on the significant discussions that have taken place at the AC meeting. The minutes of meetings of the AC are placed before the Board.

The Company has an independent in-house internal audit function with adequate professional resources and skills, which is in line with the Company's nature, size and complexity of business. The Head of Internal Audit reports to the AC. The AC provides assurance to the Board on the effectiveness of the Company's internal control environment. The AC monitors the financial reporting processes and other processes as per the regulatory requirements and functions in accordance with the terms of reference approved by the Board of Directors in compliance with Section 177 of the Act and Regulation 18 of the SEBI LODR.

Given the lapses in the internal controls which were identified consequent to the Company's commenced investigations, your Company's management has taken all efforts to ensure that the proper systems are in place to monitor the effectiveness of internal controls, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations, and the reliability of financial reporting.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of Directors has constituted NRC in compliance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI LODR. The NRC consists of four Non-Executive Independent Directors as mentioned below:

- **Mr Narayan K Seshadri**
  Chairman, Non-Executive Independent Director
- **Mr Ashish Kumar Guha**
  Member, Non-Executive Independent Director
- **Mr Jitender Balakrishnan**
  Member, Non-Executive Independent Director
- **Dr Rathin Roy**
  Member, Non-Executive Independent Director

The role of the NRC inter-alia includes the following:

a) Formulate evaluation policies for performance appraisal of senior management and remuneration of Directors, Key Managerial Personnel and senior management.

b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

c) Review and recommend to the Board all remuneration payable to senior management.

d) Review all major aspects of CG's HR processes, including hiring, training, talent management, succession planning and the compensation structure of the Directors and senior management.

e) Identify persons who can be considered as Directors and who may be appointed in senior management.

f) Evaluate each Director's performance.

g) Set up a policy on Board diversity.

During the FY2020, the NRC met nine times: on 22 May 2019, 30 August 2019, 25 September 2019, 30 September 2019, 10 November 2019, 13 December 2019, 30 December 2019, 24 January 2020 and 16 March 2020. The attendance record of the Committee Members thereat, is given in *Table 1* forming part of this Report. The Company Secretary acts as Secretary to this Committee.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

Pursuant to the provisions of the Act and SEBI LODR, the performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee which inter-alia includes contribution to the Board, safeguarding stakeholder interest, knowledge of Company's strategy and objectives, etc.

Remuneration of Directors

(i) Remuneration of Executive Director

Executive Director is paid remuneration as per the terms and conditions of his appointment in compliance with the Company's Remuneration Policy, and subject to applicable provisions of the Act and Rules made thereunder, read with Schedule V of the Act and approval of the Shareholders. Your Company does not have any employee stock option plan or scheme.

(ii) Remuneration of Non-Executive Directors

Your Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees for attending the Board and Committee meetings and profit based commission subject to the net profits of the standalone entity and within the limits as approved by the Members.

Details of the criteria for making payments to Non-Executive Directors, remuneration paid to all Directors including Mr Sudhir Mathur, Whole Time Executive Director, and the other disclosures required to be made under Schedule V of LODR and the Act have been provided in the Directors' Report and Annexures thereto, forming part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board of Directors has constituted the CSR Committee in line with the provisions of Section 135 of the Act. The CSR Committee of the Board consists of the following three Directors, wherein two are Non-Executive Independent Directors:

- **Ms Ramni Nirula**
  Chairperson, Non-Executive Independent Director
- **Mr Pradeep Mathur**
  Member, Non-Executive Independent Director
- **Mr Sudhir Mathur**
  Member, Whole Time Executive Director

Your Company's CSR Policy as adopted by the Board articulates its CSR principles of responsible corporate citizenship envisaging inclusive growth, diversity and equitable development, making sustained efforts at environment preservation, working with under-served communities around its operating locations and preserving the ecosystem that supports your Company.

The CSR Committee recommends, and the Board annually approves, the CSR expenditure budget and project plan. In the course of the year, the Committee reviews CSR expenditure, activities undertaken and milestones achieved. The details of the CSR initiatives undertaken as per the CSR policy of the Company, forms part of the CSR section of the Directors Report. The Company Secretary acts as Secretary to this Committee.

During the FY2020, two meetings of the CSR Committee were held: on 10 November 2019 and 14 February 2020. The attendance record of the Committee Members thereat, is given in *Table 1* forming part of this Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

The Board of Directors has constituted the SRC in compliance with the provisions of Regulation 20 of SEBI LODR and Section 178 of the Act, including the scope, role and terms of reference. The SRC consists of the following three Directors, wherein two are Non-Executive Independent Directors:

03 Last three Annual General Meetings held and special resolutions passed

FINANCIAL YEAR	LOCATION	DATE	TIME (IST)	SPECIAL RESOLUTIONS PASSED
2016-17	Swatantryaveer Savarkar Rashtriya Smarak, Dadar (West), Mumbai - 400 028	22 September 2017	3:00 p.m.	None
2017-18	Swatantryaveer Savarkar Rashtriya Smarak, Dadar (West), Mumbai - 400 028	28 September 2018	3:00 p.m.	Approval of Remuneration of Mr K N Neelkant, CEO and Managing Director
2018-19	Patkar Hall, SNDT Women's University, 1 Nathibai Thackersey Road, Mumbai 400 020	14 December 2019	2:00 p.m.	Approval to Borrow in excess of limits mentioned under Section 180 (1)(c) of the Companies Act, 2013

- **Dr Aditi Raja**
  Chairperson, Non-Executive Independent Director
- **Ms Ramni Nirula**
  Member, Non-Executive Independent Director
- **Mr Sudhir Mathur**
  Member, Whole Time Executive Director

During the FY2020, the SRC met once on 14 February 2020. The attendance record of the Committee Members thereat, is given in *Table 1* forming part of this Report.

Your Company reports to the Directors at periodic intervals, the number and category of shareholder complaints received and the status of their resolution. In order to expedite the process, the Board of Directors have also delegated authority to the Company Secretary to approve the share transmission, sub-division etc.

Details of investor complaints received and redressed during FY2020 are as follows:

OPENING BALANCE	0
RECEIVED DURING THE YEAR	13
RESOLVED DURING THE YEAR	12
CLOSING BALANCE	1*

* As on date of this report, the outstanding complaint has been resolved and no complaints are outstanding.

The above complaints were related to Non receipt of share certificates sent for Transfer / Demat, Non receipt of Annual report and Legal Notice in relation to transmission case. None of the Complaints were pending for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

Mr Alen Ferns is the Company Secretary and Compliance Officer of the Company and acts as Secretary to this Committee.

RISK COMMITTEE (RC)

In order to manage the risk associated with the Company effectively, the Company has constituted a separate RC of the Board, in compliance with the provisions of Regulation 21 of SEBI LODR. The RC comprises of the following four members:

- **Dr Rathin Roy**
  Chairman, Non-Executive Independent Director
- **Mr Sudhir Mathur**
  Member, Whole Time Executive Director
- **Mr Pradeep Mathur**
  Member, Non-Executive Independent Director
- **Mr Ravi Rajagopal**
  Member, EVP & Global Head – Legal, Governance & Risk

The Risk Management Policy prescribes management of risks and the framework for managing risk. During FY 2020, the Risk Committee met once on 16 March 2020. The attendance record of the Directors at the RC meeting is given in *Table 1* forming part of this Report.

CAPITAL RESTRUCTURING COMMITTEE (CRC)

During the year under review, your Board had in-principle decided to work jointly with the consortium of lenders/ banks to oversee the bid evaluation/resolution process and had constituted a Capital Restructuring Committee (formerly known as Resolution Process Implementation Committee) for this purpose.

The CRC comprises of the following four members:

- **Mr Pradeep Mathur**
  Chairman, Non-Executive Independent Director
- **Mr Ashish Guha**
  Member, Non-Executive Independent Director
- **Dr Rathin Roy**
  Member, Non-Executive Independent Director
- **Mr Sudhir Mathur**
  Member, Whole Time Executive Director

Terms of reference:

- Oversee the overall bid evaluation process / resolution process jointly with the consortium of lenders/ banks and to facilitate the bidding / resolution process along with the advisors / legal consultants;
- Establish a criteria for evaluation of bids in discussion / mutual agreement with the consortium of lenders / banks and the advisors / legal consultants;
- Evaluate the bids received from various potential investors jointly with the consortium of lenders/ banks and the advisors / legal consultants;
- Identify the best bid jointly with consortium of lenders/ banks and the advisors / legal consultants, considering various factors / parameters including the bidder's capacity / ability to execute the contract;
- Co-ordinate with the consortium of lenders / banks and the advisors/ legal consultants in connection with the bid evaluation process / resolution process;
- Recommending the resolution plan / bid evaluation report to the Board for its approval.
- Perform any other functions as may be assigned to it from time to time by the Board of Directors in this regard.

Information on General Body Meetings

ANNUAL GENERAL MEETING ('AGM')

Details of the last three Annual General Meetings of the Company held along with Special Resolutions passed are indicated in *Table 3* forming part of this Report.

EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the members was held during FY2020.

POSTAL BALLOT

During the FY2020, no resolution was passed by the Company through Postal Ballot.

Means of Communication

Your Company strives to achieve full and timely disclosure of information. To this end, it:

- Prepares and dispatches through permitted modes a full version of its Annual Report, despite an abridged version being allowed by the regulations.
- Submits quarterly / annual financial results of your Company to the National Stock Exchange of India Limited and BSE Limited through their designated web portals and also uploaded on company's website. These results are simultaneously published in two leading newspapers: Financial Express (in English) and Loksatta (in Marathi). The Company also files online information on financial results on the 'PN Newswire' website, as approved by the London Stock Exchange.
- Conducts analyst interactions to provide greater transparency and clarifications on your Company's financial and operational performance.
- Promptly reports all material information including official press releases etc. to all Stock Exchanges on which shares of your Company are listed. All information and disclosures made to Stock Exchanges and investors are simultaneously displayed on your Company's website: *www.cgglobal.com*
- The 'Information to Investor' section on your Company's website provides 'live' share prices, as well as graphical information relating to the historical share prices and published financials. Graphs relating to income and profitability, balance sheet and equity position, ratios, share returns on the standalone and consolidated position of your Company across a number of years are readily available in a user friendly manner for retail investors and researchers.

Reinforcing its commitment towards the environment and to have e-enabled regulatory compliances, your Company sends it's Annual Report as well as other shareholder correspondences electronically to Members whose e-mail address is registered with the Company / Depository Participants / RTA.

In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8 April 2020, 13 April 2020 and 5 May 2020 respectively, issued by the Ministry of Corporate Affairs (hereinafter collectively referred as 'MCA Circulars') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by the Securities and Exchange Board of India ('SEBI Circular'), Annual Report for FY 2020 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositary Participants / RTA.

Members who have not registered their e-mail address may do so by submitting a duly filled 'E-mail Registration Form', which is enclosed with the Notice accompanying this Annual Report, to the Company / Depository Participant / RTA.

General Shareholder Information

CIN: L99999MH1937PLC002641
Registration Date: 28/04/1937
Address of the Registered Office and Contact Details: 6th Floor CG House, AB Road, Worli Mumbai 400030
Tel No.: +91 22 2423 7777

83RD ANNUAL GENERAL MEETING

Date: 19 October 2020
Time: 3:00 p.m.
Venue: The 83rd Annual General Meeting of the Company ('AGM') is being conducted through Video Conferencing ('VC') / other Audio Visual Means ('OAVM') facility, which does not require physical presence of members at a common venue. Hence, the deemed venue for the AGM shall be the Registered Office of the Company.

DIVIDEND PAYMENT DATE

No dividend has been recommended, declared or paid during the FY2020.

FINANCIAL YEAR AND TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING 31 MARCH 2021

Your Company's accounting year comprises of twelve months period from 1 April to 31 March.

Tentative calendar of Board Meeting for consideration of financial results for remaining part of financial year ending 31 March 2021 is given below:

First quarter results: Declared on 7 September 2020
Second quarter results: On/before 14 November 2020
Third quarter results: On/before 14 February 2021
Last quarter results and annual audited results: On/before 30 May 2021

NAME AND ADDRESS OF THE STOCK EXCHANGES

NAME OF STOCK EXCHANGE	ADDRESS
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400 051
London Stock Exchange	10 Paternoster Sq., London EC4M 7LS, United Kingdom

STOCK CODE

BSE Limited (BSE): 500093
National Stock Exchange of India Limited (NSE): CGPOWER
ISIN: INE067A01029
Depository: National Securities Depository Limited and Central Depository Services (India) Limited
GDR Code: 5090318

04 Market Price Data: BSE Limited

MONTH	HIGHEST (₹) OF THE MONTH	LOWEST (₹) OF THE MONTH	CLOSING (₹) (1ST TRADING DAY OF THE MONTH)	SENSEX (CLOSING PRICE OF 1ST TRADING DAY OF THE MONTH)
April 2019	43.55	33.35	41.20	38871.87
May 2019	41.55	34.10	36.60	38981.43
June 2019	36.60	26.40	35.80	40267.62
July 2019	29.10	16.80	27.70	39686.50
August 2019	18.75	8.25	18.60	37018.32
September 2019	16.35	10.85	10.92	36562.91
October 2019	15.40	12.81	13.38	38305.41
November 2019	17.78	13.46	13.96	40165.03
December 2019	13.79	10.25	13.15	40802.17
January 2020	12.45	7.60	10.90	41306.02
February 2020	10.14	6.64	9.15	39735.53
March 2020	7.26	4.69	6.80	38144.02
			Share Price	**Sensex**
As on 31 March 2020			5.11	29468.49

Your Company has paid the annual listing fees for the FY 2021 to each Stock Exchanges on which its securities are listed.

Market Price Data

The market price data for BSE Limited is given in *Table 4* and performance in comparison to BSE Sensex is given in *Chart A* forming part of this Report.

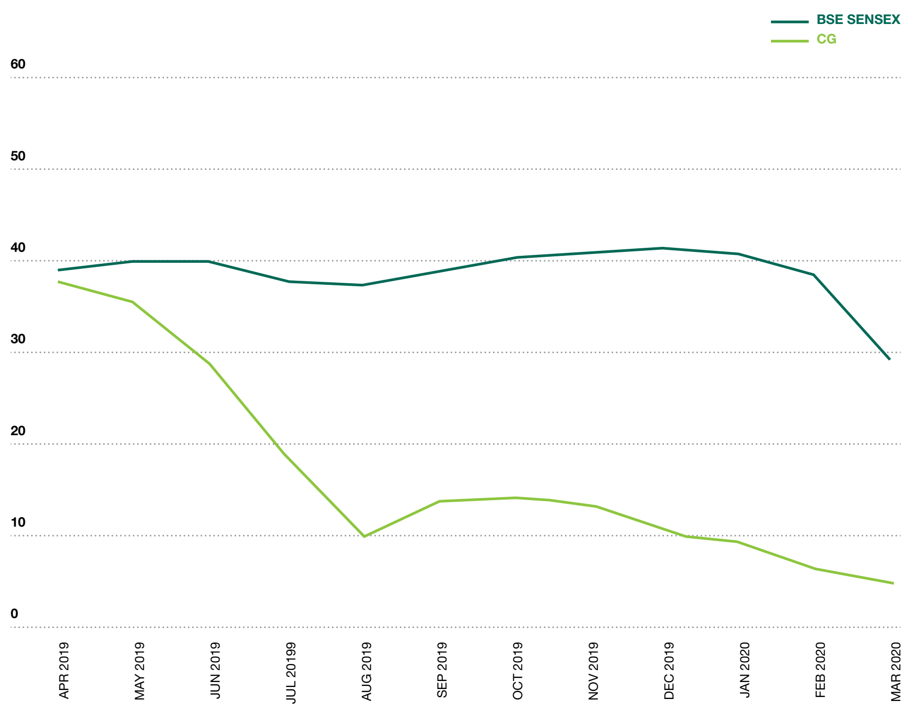
Share Transfer System

In terms of Regulation 40(1) of SEBI LODR, as amended, securities can be transferred only in dematerialized form w.e.f. 1 April 2019, except in case of request received for transmission or transposition of securities.
Your Company's shares are compulsorily traded in dematerialised form. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

Distribution and Categories of Shareholding

Data on the distribution and categories of shareholders is given in *Table 5* and *Table 6* respectively, forming part of this Report.

A Performance of the share price of the Company in comparison to the BSE Sensex



As on 1 April 2019, the Promoters were holding 80,058,574 equity shares constituting 12.77% of total share capital of your Company. Thereafter on 6 May 2019, Yes Bank Limited invoked its pledge on 80,050,000 equity shares of the Company, constituting 12.77% shareholding held by Avantha Holdings Limited (Promoter) in the Company. After this, the shareholding of the Promoters of the Company decreased to 8,574 equity shares, constituting 0.002% of total share capital of your Company as of date. The shareholding pattern is posted on the Company's website *www.cgglobal.com* and also filed electronically with BSE Limited and National Stock Exchange of India Limited.

05 Distribution of shareholding as on 31 March 2020

NO OF SHARES	NO OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF TOTAL
Upto 500	114,273	79.10	14,942,583	2.38
501 – 1,000	12,720	8.81	10,256,371	1.64
1,001 – 2,000	8,044	5.57	12,168,789	1.94
2,001 – 3,000	3,022	2.09	7,759,632	1.24
3,001 – 4,000	1,586	1.10	5,708,960	0.91
4,001 – 5,000	1,197	0.83	5,670,449	0.91
5,001 – 10,000	1,966	1.36	14,508,569	2.32
10001 – above	1,660	1.15	555,730,789	88.67
	144,468	**100.00**	**626,746,142**	**100.00**

06 Categories of shareholders/ Shareholding pattern as on 31 March 2020

CATEGORY	NO OF SHARES OF ₹ 2 EACH	% OF SHAREHOLDINGS
Promoters	8,574	0.00
Financial Institutions/ Banks	80,461,755	12.84
Insurance Companies	17,016,035	2.71
Mutual Funds	140,222,968	22.37
Alternate Investment Funds	11,938,021	1.91
Central Government / State Government(s) / President of India	140	0.00
Qualified Institutional Buyer	2,299,348	0.37
Foreign Investors	41,610,652	6.64
Directors	0	0.00
Domestic Companies	186,151,770	29.70
Individuals	147,036,879	23.46
Total	**626,746,142**	**100.00**

07 No. of shares held in dematerialized and physical as on 31 March 2020

SR. NO.	PARTICULARS	NO. OF SHARES	% OF TOTAL CAPITAL ISSUED
1	Held in dematerialized form in NSDL	507,073,109	80.900
2	Held in dematerialized form in CDSL	116,180,816	18.536
3	Held in Physical form	3,492,217	0.557
	Total	**626,746,142**	**99.993***

*The Company has forfeited 42,300 equity shares.

Dematerialisation of Shares

As on 31 March 2020, 99.44% of the total equity shares of your Company were held in dematerialised form, compared to 99.38% in the previous year.

As per the amendment made to Regulation 40 of SEBI LODR, it is mandatory to transfer the securities of the Company in dematerialised form. Accordingly, shareholders of the Company who continue to hold shares in physical form are advised to dematerialize their shares, otherwise transfer of securities in physical form will not be permitted. Data on number of shares held in dematerialized and physical mode as on 31 March 2020 is given in *Table 7* forming part of this Report.

Registrar and Share Transfer Agent

Your Company's Registrar and Share Transfer Agent is Datamatics Business Solutions Limited, registered with SEBI, whose contact details are:

DATAMATICS BUSINESS SOLUTIONS LIMITED
(Formerly known as Datamatics Financial Services Limited)
Unit: CG Power and Industrial Solutions Limited
Plot No B-5, Part B Cross Lane, MIDC, Andheri (East) Mumbai 400 093
Tel: + 91 (0) 22 6671 2001 to 6671 2006
Fax: + 91 (0) 22 6671 2011
Email: cginvestors@datamaticsbpm.com

Reconciliation of Share Capital Audit Report

As required by the SEBI, quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The report in regard to the same is submitted to BSE & NSE and is also placed before the Board of Directors.

CG IS THE LEADING MANUFACTURER OF WIDE RANGE OF SWITCHGEAR IN INDIA.

Global Depository Receipts (GDRS)

The Company had issued GDRs in the year 1996 and the underlying shares for each GDR were issued in the name of The Bank of New York (the Depository). Each GDR is equivalent to five shares. As on 31 March 2020, 137,447 GDRs were outstanding, which represented 687,234 underlying equity shares.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company does not trade in commodities. Hence, disclosure relating to commodity price risks and commodity hedging activities is not given.

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

During the FY2020, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Plant Locations

Detailed information on plant locations, products, establishments and service centres with their contact details, is provided at the end of this Annual Report.

Address for Correspondence

The shareholders can direct their communication to the Corporate Secretarial at:

CG House, 10th Floor
Dr Annie Besant Road
Worli, Mumbai 400 030

In addition to the Share Registrar and Transfer Agent, our Corporate Secretarial Department, is happy to assist, if investors experience any difficulties in their interaction with Datamatics Business Solutions Limited.

Time: 2.00 p.m. to 5.00 p.m. (IST) (Monday to Friday)
Tel: +91 (0) 22 2423 7806
Fax: +91 (0) 22 2423 7545
E-mail: *invertorservices@cgglobal.com*

Credit Rating

The details of credit rating for Non-Fund based facilities, Derivative Limits and Term Loan / Fund based facilities of the Company are available on the website of the Company at *http://www.cgglobal.com/frontend/finalnonproduct.aspx?Id=wmNqyjanBcc=*

Other Disclosures

DISCLOSURE OF MATERIAL RELATED PARTY TRANSACTIONS

The related party transactions of your Company during the year are disclosed in the financial statements in this Annual Report (refer note no. 45 and 41 of standalone and consolidated financial statements respectively).

In relation to the related party transactions, pending the findings of the Forensic Investigation and Forensic Audit, the Company is unable to confirm the completeness of the nature of related party transactions and whether the related party transactions identified by the Company were undertaken at an arm's length basis and/or in the ordinary course of business.

The Company's India Related Party Transactions Policy can be downloaded from the website of the Company under *http://www.cgglobal.com/pdfs/policies/India%20Related%20Party%20Transactions%20Policy.pdf*

DISCLOSURE OF PENDING CASES AND INSTANCES OF NON-COMPLIANCE

The instances of non-compliances during the FY2020 are given below:

01 Your Company's financial results for the quarter and year ended 31 March 2019 as well as for the quarters ended 30 June 2019 and 30 September 2019 were delayed beyond the statutory timelines under SEBI LODR for submission of such results. The Company published its audited financial results, both standalone and consolidated basis, for the quarter and year ended 31 March 2019, by its disclosure dated 30 August 2019 and published its unaudited financial results, both standalone and consolidated basis, for quarters ended 30 June 2019 and 30 September 2019, by its disclosure dated 28 January 2020. The details of penalty paid to the stock exchanges for non compliance of Regulation 33 of SEBI LODR are as under:

- BSE – ₹ 1,988,300
- NSE - ₹ 1,982,400

02 The outcome of meetings of the Board of Directors of the Company held on 30 August 2019 and 28 January 2020, has been submitted to the exchanges beyond the time frame of thirty minutes from the conclusion of the meeting.

03 Submission of disclosure of Related Party Transactions for FY2019 instead of transactions pertaining to the half year ended 31 March 2019 as required under Regulation 23(9) of SEBI LODR consequent to the restatement of prior period financial statements.

04 At least eighty percent of each of the consolidated revenue, assets and profits, respectively of the quarterly financial results has not been subjected to limited review by the Auditors, as was disclosed in the notes to financial statements of the respective quarters.

05 The Company is yet to appoint a Chief Financial Officer as required under Section 203 of the Act read with rules made thereunder.

06 Disclosures of defaults on payment of interest/ repayment of principal amount on loans from banks/ financial institutions in specified formats for the quarter ended 31 December 2019 and 31 March 2020, were filed beyond the statutory timelines on 27 June 2020.

The Board's response in relation to the observations made by the Secretarial Auditor are given in the section titled 'Auditors and Audit Reports' of the Directors' Report forming part of this Annual Report.

Your Board believes that it is prudent to await the completion of the Forensic Investigation that has been initiated by the Company and the BSE Forensic Audit. Based on findings of the Forensic Investigation and the BSE Forensic Audit, your Company should arrive at a clearer picture of instances of other non-compliances. Kindly also refer to the section titled 'Material Orders of Regulators / Courts / Tribunals' of the Directors' Report forming part of this Annual Report.

WHISTLE BLOWER POLICY

Your Company has set up a vigil mechanism, viz. a Whistle Blower Policy, as per the provisions of Section 177 of the Act and Regulation 22 of the SEBI LODR to enable its employees to report violations, genuine concerns, unethical behaviour and irregularities, if any, which could adversely affect the Company's operations. None of the Whistle Blowers was denied access to the Audit Committee of the Board.

Fees Paid to Statutory Auditors

Total fees for all services paid by your Company and its subsidiaries, on a consolidated basis, to statutory auditors of the Company and other firms in the network entity of which the statutory auditors are a part, during the year ended 31 March 2020, is as follows:

COMPLAINTS RELATING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given in the Directors' Report.

(₹ in crore)

PARTICULARS	SRBC & CO LLP AND THEIR NETWORK ENTITIES	KK MANKESHWAR & CO AND THEIR NETWORK ENTITIES
Fees for audit and related services	1.41	-
Other Fees	6.24	-
Total	**7.65**	**-**

Note: The Board of Directors of the Company had sought approval of the Central Government for removal of M/s K K Mankeshwar and Co. (KKM) as Joint Statutory Auditor of the Company and as being advised, KKM were not required to continue to sign and give report on the financials of the Company since it would be counter-intuitive to the Company's action. Hence the Company has not provided for audit fees of KKM for the financial year 2019-20.

RECOMMENDATIONS OF THE COMMITTEES OF THE BOARD

There are no recommendations of the statutory committees of the Board which have not been accepted by the Board.

CEO/CFO CERTIFICATION

Since the Company does not have a designated Chief Executive Officer and Chief Financial Officer, the Whole Time Executive Director and Financial Controller of the Company have furnished the annual certification on financial reporting and internal controls to the Board in terms of the SEBI LODR, which forms part of this Report.

GOVERNANCE OF SUBSIDIARIES

The Company is reviewing the entire organisation structure, particularly in relation to number of subsidiaries, and taking appropriate steps to make it more efficient. It has divested and is in the process of further divesting some of the overseas business units to make the organisation structure more linear and to focus only on the core assets of the Company.

During the year under review, the businesses of the Company's subsidiaries in Belgium and Hungary were severely affected due to paucity of funds.

The Belgium Group comprises (i) CG Holdings Belgium NV together with CG Power Systems Belgium NV, and its subsidiaries, namely, (ii) PT CG Power Systems Indonesia, (iii) CG Power Systems Ireland Limited, (iv) CG Sales Network France SA, and (v) CG Power Solutions Saudi Arabia Limited. On 3 February 2020, the Commercial Court in Belgium declared both CG Holdings Belgium NV and CG Power Systems Belgium NV as bankrupt and appointed Receivers. Consequently, Receivers have proceeded to auction assets of CG Holdings Belgium NV and CG Power Systems Belgium NV including their investments in PT CG Power Systems Indonesia, CG Power Solutions Saudi Arabia Limited and CG Sales Network France SA.

Similarly, on 7 July 2020, the Metropolitan Court in Budapest, Hungary, declared CG Electric Systems Hungary Zrt. (ESHU), a wholly owned subsidiary of CG International BV and a step-down subsidiary of the Company in Hungary, as bankrupt and commenced liquidation proceedings. The Court has appointed a liquidator who has now taken the control of ESHU.

CG Power Solutions UK Limited, United Kingdom (CG PSOL UK), and CG Power & Industrial Solutions Middle East FZCO, Dubai UAE (DAFZA), which are wholly owned subsidiaries of CG International BV, are in the process of being liquidated subject to statutory and regulatory approvals.

During the year under review, CG International BV has divested its entire shareholding in CG Services Systems France SAS (SEFR), along with its liabilities, for a net consideration of €30,000 to the AK Group France, pursuant to a Share Purchase Agreement dated 23 June 2020. Upon completion of the divestment, SEFR has ceased to be a subsidiary of the Company with effect from 20 July 2020.

Shareholders should note that CG Holdings Americas, LLC, and CG Solutions Americas, LLC, merged with CG Power Americas, LLC, with effect from 1 April 2019.

Further, CG International BV TR. & Cont. Pvt. Co., LLC (formerly known as Pauwels Middle East Trading & Contracting (Pvt.) Co. LLC), an associate company, was liquidated with effect from 18 June 2019.

Further, as at year ended 31 March 2020, CG Power Solutions Limited, CG Middle East FZE and CG Electric Systems Hungary Zrt. did not have any directors on its Board.

The Company has a policy on material subsidiaries which is available on the weblink *http://www.cgglobal.com/pdfs/policies/Policy-determining-Mat-Subsidiaries.pdf*

Significant transactions entered into by the material subsidiaries are monitored on a quarterly basis by the Audit Committee and the Board.

Unclaimed Shares

Regulation 39 of the SEBI LODR requires a listed company to transfer shares which have remained unclaimed pursuant to a public issue or any other issue to an Unclaimed Suspense Account with a Depository Participant. The voting rights with respect to the shares held in such Unclaimed Suspense Account are frozen; and future share allotments are also to be issued directly to such account. This Regulation requires a Company to send three reminders in this regard before the transfer.

During the FY2020, six shareholders claimed 4,015 shares which were transferred to their respective demat accounts.

Details of unclaimed shares at the beginning of the year and at the end of the year and requests processed during the year are given in *Table 8*.

Transfer of Unclaimed Dividends to the Investor Education and Protection Fund (IEPF)

During the FY2020, in terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend(s) which have remained unclaimed / unpaid for a period of seven consecutive years have been transferred to the IEPF. Details of the due dates for transfer of dividends pertaining to the financial years 2012–13 to 2014–15 which, if remain, unclaimed / unpaid for a period of seven consecutive years are given below.

FINANCIAL YEAR	DATE OF DECLARATION OF DIVIDEND	DUE DATE FOR TRANSFER TO IEPF
	6 August 2013	5 September 2020
	8 November 2013	7 December 2020
2013-2014	29 January 2014	28 February 2021
	5 August 2014	4 September 2021
	1 October 2014	15 November 2021
2014-2015	3 February 2015	2 March 2022

08 Details of unclaimed shares

BEGINNING OF THE YEAR				END OF THE YEAR	
NO. OF SHAREHOLDERS	NO OF SHARES	NO. OF SHAREHOLDERS WHO APPROACHED FOR TRANSFER	NO. OF SHAREHOLDERS TO WHOM SHARES WERE TRANSFERRED	NO OF SHAREHOLDERS	NO OF SHARES
1,215	265,274	6	6	1,191	249,696

Note: During the financial year 2019-20, 11,563 equity shares held by 18 shareholders were transferred to the Investor Education and Protection Fund (IEPF) Authority

Additional Information

MANAGEMENT DISCUSSION AND ANALYSIS

The Report on Management Discussion and Analysis is given as a separate chapter in the Annual Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for FY2020 under Regulation 34 of the SEBI LODR is available on website of the Company at *http://www.cgglobal.com/frontend/finalnonproduct.aspx?cnl2=Nu/tTrrPIMI=*

IT ACTIVITIES

As permitted under the Act, the Company maintains its books of accounts in electronic form. As on date the Company hosts and manages all business applications and data in its third party hosted environment dedicated to the Company at the third party's data centre located at Mumbai, and does not utilise any cloud environments for this service.

INSIDER TRADING

The Company has adopted an Internal Code on Insider Trading for Regulating, Monitoring and Reporting of Trades by Designated Persons' ('the Code') in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations). Your Company, in this regard, advises and cautions Directors, Management, employees and their connected persons on the procedures to be followed, while dealing with the securities of the Company. The Code on Insider Trading framed by the Company helps in ensuring compliance with these requirements.

The Code prohibits the purchase or sale of Company's shares by the Directors and the designated employees during the period when the Trading Window is closed and while in possession of unpublished price sensitive information in relation to the Company.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The said policy is displayed on the Company's website *viz. www.cgglobal.com*.

QUIET PERIOD POLICY

The Company follows a Quiet Period Policy commencing on 1st day of the following month from the end of each quarter and continues up to the conclusion of the Board Meeting at which the financial results for each quarter are announced to the Stock Exchanges. However, during the Quiet Period, the Company continues to address investor related issues and communications with the Stock Exchanges and other Regulatory Authorities as required by law.

DISCRETIONARY REQUIREMENTS

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of the SEBI LODR is provided below:

a) The Internal auditor of the Company functionally reports to the Audit Committee.

b) Mr. Ashish Guha, the Non-Executive Chairman of the Board has been provided a chairman's office at the registered office of the Company. The Company also reimbursed all expenses incurred by him in furthering the Company's business interests.

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI LODR, is attached to this Report.

However, kindly note that pursuant to SEBI Order dated 17 September 2019, Mr Gautam Thapar is restrained from being associated with any listed entity or its material subsidiary and he has ceased to be a director w.e.f. 9 October 2019.

CERTIFICATE ON CORPORATE GOVERNANCE

Your Company has obtained a certificate from M/s Parikh & Associates, Practising Company Secretaries, Firm Registration Number P1988MH009800, as prescribed by Regulation 34 of the SEBI LODR, which forms part of this Report.

On behalf of the Board of Directors
Ashish Kumar Guha
CHAIRMAN
(DIN: 00004364)
Mumbai, 16 September 2020

CEO/CFO Certification

To
The Board of Directors
CG Power and Industrial Solutions Limited

We have reviewed the Standalone and Consolidated financial statements and the cash flow statement of the Company for the year ended 31 March 2020 and certify, subject to the qualifications mentioned herein for the period up to 19 August 2019 that:

01 These statements, to the best of our knowledge and belief and subject to the outcome of the ongoing investigations, are in compliance with the applicable accounting standards and provide proper explanations relating to material departure. They do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

02 Considering the significant monetary diversions that have occurred, the restatements that were made in the recent past in the financial results and the possible outcomes of various ongoing investigations:

a) We are unable to comment whether any transaction entered into by the Company during the year, is fraudulent, illegal or violate the Company's Code of Conduct;

b) We are unable to present true and fair view of the Company's affairs;

c) The financial statements for the year ended 31 March 2020 could undergo change and may not be complete to include the impact and disclosures required to be included as per the applicable laws and hence cannot be said to represent a true and fair view.

03 The laid down internal financial control to be followed by the Company, which were adequate, have been breached due to management override. The deficiencies in the design or operation of such internal controls shall be looked into and the steps taken or proposed to be taken to rectify these deficiencies shall be brought to the notice of Audit Committee and Board.

04 We have indicated to the Auditors and the Audit Committee:

a) There is no significant change in internal control over financial reporting during the year ended 31 March 2020;

b) There is no significant change in accounting policies during the year ended 31 March 2020 and that the same have been disclosed in the notes to the financial statements; and

05 The established rules of procedure of the Company, requirements of maintenance of accounting records, measures put in place for safeguarding assets of the Company appear to have been breached by some members of management resulting in potentially fraudulent transfer of assets, consequent to which forensic investigations in the Company have been initiated. To the best of our knowledge and belief, the requisite accounting for all the identified transactions pertaining to the year ended 31 March 2020, has been given effect in the financial statements for period.

06 The systems devised to ensure compliance with the provisions of all applicable laws have been breached due to override by certain identified persons. The corrective actions shall be initiated and any deficiency in the working of such systems shall be brought to the notice of the audit committee and board.

The certificate prescribed under Regulation 33(2) is required to be certified by the CEO and CFO in the format prescribed under law. However considering the current state of the Company and since there is no designated CEO and CFO, this certification is provided in deviation to the prescribed format to the Board by the undersigned.

Sudhir Mathur
WHOLE TIME EXECUTIVE DIRECTOR

Susheel Todi
FINANCIAL CONTROLLER
Mumbai, 27 June 2020

Practising Company Secretaries' Certificate on Corporate Governance

To,
The Members,
CG Power and Industrial Solutions Limited
CIN: L99999MH1937PLC002641
6th Floor, CG House,
Dr. Annie Besant Road, Worli,
Mumbai 400 030

We have examined the compliance of the conditions of Corporate Governance by **CG Power and Industrial Solutions Limited** ('the Company') for the year ended on 31 March 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and subject to the disclosures made by the management in the Corporate Governance Report and to the stock exchanges, the observations made by the Statutory Auditors in their report dated 30 August 2019 on financial results (standalone financial results) of the Company for the quarter and year ended 31 March 2019, the interim order dated 17 September 2019 and the confirmatory order dated 11 March 2020, of the Securities and Exchange Board of India, order passed by the Hon'ble National Company Law Tribunal, Mumbai bench, for allowing the re-opening of books of accounts of the Company and its subsidiary companies for the past five financial years till up to 31 March 2019 and subject to the potential findings of the ongoing forensic investigations and the instances of non-compliances disclosed in the Corporate Governance report and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic ,we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') for the year ended 31 March 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For PARIKH & ASSOCIATES
Practising Company Secretaries

Mitesh Dhabliwala
PARTNER
FCS: 8331 CP No.: 9511
Mumbai, 22 August 2020
UDIN: F008331B000605158

Certificate from Company Secretary in Practice

To,
The Members of
CG Power and Industrial Solutions Limited
6th Floor, CG House,
Dr Annie Besant Road, Worli,
Mumbai 400 030

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CG Power and Industrial Solutions Limited** having CIN **L99999MH1937PLC002641** and having registered office at 6th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai 400 030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

SR. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY *
1	Mr Ashish Kumar Guha	00004364	09/11/2017
2	Ms Ramni Nirula	00015330	06/04/2016
3	Mr Jitender Balakrishnan	00028320	02/05/2017
4	Mr Narayan Keelveedhi Seshadri	00053563	08/03/2019
5	Dr Aditi Raja	00164313	24/01/2020
6	Mr Sudhir Mathur	01705609	01/10/2018
7	Mr Pradeep Mathur	05198770	30/12/2019
8	Dr Rathin Roy	08662401	24/01/2020

Note:*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PARIKH & ASSOCIATES
Practising Company Secretaries

Mitesh Dhabliwala
PARTNER
FCS: 8331 CP: 9511
Mumbai, 22 August 2020
UDIN : F008331B000605136

Declaration of Compliance with CG Code of Conduct and Business Practices

To,
The Members,
CG Power and Industrial Solutions Limited

I, the undersigned, hereby declare that all the Board Members and Senior Management of the Company have affirmed compliance with 'CG Code of Conduct and Business Practices' laid down and adopted by the Company, during the year ended 31 March 2020.

Sudhir Mathur
WHOLE TIME EXECUTIVE DIRECTOR
DIN: 01705609
Mumbai, 15 September 2020

financials

08

stand-alone financials

Report on the Audit of the Standalone Ind AS Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying standalone Ind AS financial statements of CG Power and Industrial Solutions Limited ("the Company"), which comprise the Standalone Balance sheet as at March 31, 2020, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Cash Flow Statement, the Standalone Statement of Changes in Equity for the year then ended and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Financial Statements').

We do not express an opinion on the accompanying Standalone Financial Statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial Statements.

Basis for Disclaimer of Opinion

As explained in the note 2.1 and note 3A(a) of the Standalone Financial Statements, National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen the books of accounts and recast of financial statements of the Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 2.1, the Board of Directors of the Company, taking into significance of the basis of preparation and the matters described in notes to the Standalone Financial Statements, believes that the accompanying Standalone Financial Statements have not been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, hence could be materially misstated and thus, do not present a true and fair view.

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

1. We draw attention to note 3A(c), note 3A(j) and note 3A(l) of the Standalone Financial Statements. There are certain outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating ₹ 2439.94 crores and ₹ 320.00 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies, connected parties, and a subsidiary, and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP). Out of the above receivables during the year ended March 31, 2020, the Company has made provision of ₹ 68.50 crores in relation to receivables from a promoter affiliate company since that is subjected to insolvency process. Further, as more fully explained in the note 3A(m), during the year ended March 31, 2020, the Company had extended loans and advances aggregating to ₹ 137.59 crores to an erstwhile subsidiary and unrelated parties which were approved by the CIP and were in relation to the earlier year transactions. These balances were either provided or settled subsequently during the year and are not carried forward as at year end. The Board of Directors had initiated investigation to evaluate the business and commercial rationale of the underlying transactions and balances.

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

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

   As of the date of this report, investigations are ongoing and not yet concluded by the Board of Directors and thus we are unable to quantify the adjustments to the Standalone Financial Statements in relation to such outstanding identified receivables aggregating to ₹ 2371.44 crores and identified liabilities of ₹ 320.00 crores and provisions in relation to unrelated parties balances amounting to ₹ 266.40 crores as at year end.

2. We draw attention to note 3A(k) of the Standalone Financial Statements, which describes that during February, 2020 the Court of Belgium has ordered bankruptcy proceedings against CG Holdings Belgium NV and CG Power Systems Belgium NV subsidiaries located in Belgium, which in turn hold investments in four downstream wholly owned subsidiary companies ('Belgium Group'). The Company believes that carrying value of outstanding balances recoverable from CG International B.V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. Thus, during the year, the Company has made a provision for impairment of ₹ 1292.18 crores in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from CGIBV, pertaining to Belgium Group.

   The Company however has not accounted provision towards corporate guarantees amounting to ₹ 642.29 crores extended to Belgium Group, as the management believes, that the recoverable value of assets in the Belgium Group will be sufficient to meet all liabilities post liquidation process and the Company will not liable to fulfil any further obligations for such liabilities / corporate guarantees. The Company has also not made provision towards corporate guarantees provided to other overseas subsidiaries other than Belgium Group amounting to ₹ 499.26 crores on the assumption that the recoverable value of assets of operations other than Belgium Group will be sufficient to meet all related liabilities and the Company will not be liable to fulfil any further obligations for such liabilities / corporate guarantees.

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

3. We draw attention to note 3A(j) and note 3A(l) of the Standalone Financial Statements, the Company has entered into various transactions with certain identified connected parties wherein some of the Company's employees owned beneficial ownership in such connected parties and further certain senior management personnel of the Company were directors of these connected parties. Pending ongoing investigation, the Company has not yet completed its assessment to determine the nature of its relationship with these connected parties and whether the Company holds control over these connected parties.

   We were unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties and the completeness of disclosure of related party transactions as disclosed in note 3A(l) of the Standalone Financial Statements.

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

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

5. We draw your attention to note 3A(c), note 3A(h), note 3A(i), note 46(b), note 56 and note 39(vi) of the Standalone Financial Statements which describes that identified litigations and contingencies are pending to be evaluated by the management and the management has not ascertained the legal position of the Company, the possible cash outflow and its consequential impact on these Standalone Financial Statements.

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

6. We draw your attention to note 3A(n) of the Standalone Financial Statements, which describes that the Board of Directors have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with respect to various provision of the Companies Act 2013, the Income Tax Act 1961, the Foreign Exchange Management Act 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) Prevention of Money Laundering Act 2002 and other regulations, as applicable to the Company (Applicable Laws). The Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

   Further, as stated in note 3A(a) of the Standalone Financial Statements, there are investigations and enquiries been conducted, for reasons explained in the notes to the Standalone Financial Results, by Securities and Exchange Board of India, Serious Fraud Investigation Office and Enforcement Directorate. Further Department of Income Tax has also issued notices and 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 the outcome of such enquiries and any further adjustments that may be necessary to these Standalone Financial Statements.

7. Going Concern Assessment

   We draw attention to note 57 in the Standalone Financial Statements which indicate that (a) the Company has incurred a net loss during the current and previous years; (b) the Company's current liabilities exceeded its current assets as at the balance sheet date; (c) Certain lenders of the Company are yet to conclude the Inter Creditor Agreement ('ICA'), till the date of adoption of these Standalone Financial Statements.

   Pending the outcome of the matters described in the paragraph 1 to 6 and the matters disclosed in (a) to (c) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Company will be able to service its debts, realize its assets and discharge its liabilities as and when they become due over the period of next 12 months. Accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our responsibility is to conduct an audit of the Company's Standalone Financial Statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial Statements.

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

Other Matter

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

II. The comparative Ind AS financial information for the year ended March 31, 2019 are included in these Standalone Financial Statements, on which we have issued a disclaimer of opinion dated August 30, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   i. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit;

   ii. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   iv. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   v. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether such matters have any adverse effect on the functioning of the Company;

   vi. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

   vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   viii. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   ix. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements;

      ii. Except for the possible effects of the matters described in Basis for Disclaimer of opinion and to the best of our information and according to the explanations given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN: 20049237AAAAAT7975

Place of Signature: Mumbai
Date: June 27, 2020

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for certain items of plant and machinery situated at 3 units of the Company where quantitative details were not maintained.

(b) According to the information and explanations given by the management, during the year, fixed assets have not been physically verified as per the approved physical verification programme and hence we are unable to comment on the discrepancies, if any.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment were not available with the Company and hence we are unable to comment on the same.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has complied with the provisions of section 185 and 186 of the Companies Act 2013.

(v) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).

(vi) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has maintained the specified accounts and records pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance and goods and service tax have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, duty of custom, cess and other statutory dues applicable to it.

(b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether any undisputed amounts payable in respect of income-tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether any dues of income tax, duty of customs and cess which have not been deposited on account of any dispute.

(viii) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has raised any money by way of term loans and whether the moneys raised from the term loan has been utilized for the purposes for which it was obtained.

(x) With respect to our reporting on whether any fraud on or by the Company has been noticed or reported during the year, we refer to notes 3A of the financial statements which states that the Company has, based on investigation performed for certain transactions entered into by or on behalf of the Company, noted that there are several unrecorded loans and transactions accounted incorrectly in the prior years which were approved by certain Key Managerial Persons, Company Personnel and certain non-executive directors. Based on the investigations completed till date and information and explanations provided by management, it appears that a material fraud was perpetrated on the Company by the officers and employees of the Company. The Company's detailed investigations are still in progress with respect to such transactions and the Company is yet to identify and conclude on the culpability of the personnel who were involved in the fraud and the amounts which could be involved.

(xi) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in main report, we are unable to comment whether the Company has entered into any noncash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN: 20049237AAAAAT7975

Place of Signature: Mumbai
Date: June 27, 2020

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of CG Power and Industrial Solutions Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matters described in the Basis for Disclaimer of Opinion in the main audit report we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements as at March 31, 2020 and whether such internal financial controls were operating effectively.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements as at March 31, 2020 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements.

Explanatory paragraph

We were engaged to audit, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Standalone Ind AS financial statements of CG Power and Industrial Solutions Limited, which comprise the Balance Sheet as at March 31, 2020, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 standalone Ind AS financial statements of CG Power and Industrial Solutions Limited and this report affects our report dated 27 June, 2020 which expressed an disclaimer of opinion on those Standalone Ind AS financial statements.

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

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN: 20049237AAAAAT7975

Place of Signature: Mumbai
Date: June 27, 2020

₹ crores

STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

	Note No.	As at 31-03-2020		As at 31-03-2019	
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	4	843.44		967.21	
(b) Capital work-in-progress	4	1.21		11.37	
(c) Intangible assets	5	39.17		39.69	
(d) Intangible assets under development	5	14.25		23.42	
(e) Financial assets					
(i) Investments	6	14.80		898.86	
(ii) Trade receivables	7	4.23		6.24	
(iii) Loans	8	1225.39		1399.44	
(iv) Others	9	1172.78		1433.06	
(f) Other non-current assets	10	1.08		1.88	
			3316.35		4781.17
(2) Current assets					
(a) Inventories	11	272.69		531.16	
(b) Financial assets					
(i) Investments	12	0.01		0.01	
(ii) Trade receivables	13	403.06		1178.53	
(iii) Cash and cash equivalents	14	100.94		104.04	
(iv) Bank balances other than (iii) above	15	39.68		16.37	
(v) Loans	16	35.64		40.18	
(vi) Others	17	2.79		40.72	
(c) Current tax assets (net)		42.35		32.41	
(d) Other current assets	18	276.23		249.92	
			1173.39		2193.34
(3) Assets classified as held for sale and discontinued operations	46		279.85		280.43
TOTAL ASSETS			4769.59		7254.94
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity share capital	19	125.35		125.35	
(b) Other equity	20	588.54		2387.82	
			713.89		2513.17
LIABILITIES					
(1) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	21	352.89		751.16	
(ii) Other financial liabilities	22	204.26		298.27	
			557.15		1049.43
(b) Provisions	23		33.33		54.83
(c) Deferred tax liabilities (net)	24		21.14		131.81
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	25	894.04		1036.61	
(ii) Trade payables					
(A) Total outstanding dues of micro enterprises and small enterprises; and	26	120.06		123.73	
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	26	1069.90		1430.91	
(iii) Other financial liabilities	27	1057.30		672.47	
			3141.30		3263.72
(b) Other current liabilities	28		185.81		166.15
(c) Provisions	29		116.97		75.83
(3) Liabilities associated with group of assets classified as held for sale and discontinued operations	46		-		-
TOTAL EQUITY AND LIABILITIES			4769.59		7254.94
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2				

The accompanying notes form an integral part of standalone financial statements

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

₹ crores

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	Note No.	2019-20		2018-19	
INCOME					
Revenue from operations	30		3169.48		5355.60
Other income	31		56.88		276.00
Total income			3226.36		5631.60
EXPENSES					
Cost of materials consumed	32	1947.34		3728.56	
Purchases of stock-in-trade	33	60.92		34.79	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	171.29		(72.35)	
Employee benefits expense	35	322.93		372.46	
Finance costs	36	281.78		337.02	
Depreciation and amortisation expense	37	90.54		103.90	
Foreign exchange (gain) / loss (net)		25.81		62.95	
Other expenses	38	537.80		930.41	
Total expenses			3438.41		5497.74
Profit / (loss) before exceptional items and tax			(212.05)		133.86
Exceptional items (net)	47		(1697.77)		(1518.27)
Loss before tax			(1909.82)		(1384.41)
Tax expense:					
Current tax	24	-		50.21	
Deferred tax / (credit)	24	(110.62)		(39.17)	
			(110.62)		11.04
Loss from continuing operations after tax			(1799.20)		(1395.45)
Loss from discontinued operations before tax	46	-		(33.72)	
Tax expense / (credit) on discontinued operations	24	-		(11.78)	
Loss from discontinued operations after tax			-		(21.94)
Loss for the year			(1799.20)		(1417.39)
Other comprehensive income:					
A (i) Items that will not be reclassified to profit or loss					
(a) Remeasurement gain / (loss) on defined benefit plans		(0.13)		(3.45)	
(b) Changes in fair value of FVTOCI equity instruments		-		(121.80)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.05		1.21	
B (i) Items that will be reclassified to profit or loss		-		-	
(ii) Income tax relating to items that will be reclassified to profit or loss		-		-	
Total other comprehensive income for the year			(0.08)		(124.04)
Total comprehensive income for the year			(1799.28)		(1541.43)
Earnings per share for continuing operations (basic and diluted) (₹)	52		(28.71)		(22.27)
(Face value of ₹ 2 each)					
Earnings per share for discontinued operations (basic and diluted) (₹)	52		-		(0.35)
(Face value of ₹ 2 each)					
Earnings per share (basic and diluted) (₹)	52		(28.71)		(22.62)
(Face value of ₹ 2 each)					
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2				

The accompanying notes form an integral part of standalone financial statements

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

₹ crores

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020

			2019-20	2018-19
[A]	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Loss before tax from continuing operations		**(1909.82)**	(1384.41)
	Adjustments for:			
	Depreciation and amortisation expense		**90.54**	103.90
	Allowances for doubtful receivables		**63.70**	14.54
	Bad debts written off		**-**	25.36
	(Gain) / loss arising on financial instruments designated as FVTPL		**(0.06)**	7.85
	Finance costs		**281.78**	337.02
	Interest income		**(11.25)**	(211.68)
	Dividend income from investment in subsidiary		**(0.38)**	(0.38)
	Unrealised exchange (gain) / loss (net)		**36.50**	50.89
	Intangible assets write off		**3.94**	-
	(Profit) / loss on sale of property, plant and equipment (net)		**0.08**	7.27
	Exceptional items (net)		**1670.46**	1518.27
			2135.31	1853.04
	Operating profit before working capital changes		**225.49**	468.63
	Adjustments for:			
	(Increase) / Decrease in trade and other receivables		**621.03**	446.02
	(Increase) / Decrease in inventories		**258.47**	(117.11)
	Increase / (Decrease) in trade and other payables		**(450.80)**	209.88
	Increase / (Decrease) in provisions		**7.86**	(10.04)
			436.56	528.75
	Cash (used in) / from operations		**662.05**	997.38
	Direct taxes paid (net of refunds)		**(9.94)**	(16.81)
	Net cash flow (used in) / from continuing operating activities		**652.11**	980.57
	Net cash flow (used in) / from discontinued operating activities		**0.49**	2.08
	Net cash flow (used in) / from continuing and discontinued operating activities	**[A]**	**652.60**	982.65
[B]	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Add: **Inflows from investing activities**			
	Sale of property, plant and equipment		**6.69**	3.56
	Loans recovered from subsidiaries and related parties		**16.02**	658.65
	Interest received		**9.08**	211.37
	Dividend income from investments in subsidiary		**0.38**	0.38
			32.17	873.96
	Less: **Outflows from investing activities**			
	Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets		**(27.19)**	(73.05)
	Loans given to subsidiaries and related parties		**(144.71)**	(1408.94)
	Loans given to other than related parties		**(2.00)**	(33.48)
			(173.90)	(1515.47)
	Net cash flow (used in) / from continuing investing activities		**(141.73)**	(641.51)
	Net cash flow (used in) / from discontinued investing activities		**-**	-
	Net cash flow (used in) / from continuing and discontinued investing activities	**[B]**	**(141.73)**	(641.51)

₹ crores

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

			2019-20	2018-19
[C]	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Add: **Inflows from financing activities**			
	Proceeds from long-term borrowings		**-**	72.20
	Proceeds from short-term borrowings		**247.87**	779.13
			247.87	851.33
	Less: **Outflows from financing activities**			
	Repayment of long-term borrowings		**(162.09)**	(353.92)
	Repayment of short-term borrowings		**(420.14)**	(628.70)
	Repayment of lease liabilities		**(5.17)**	-
	Interest paid		**(174.44)**	(298.96)
			(761.84)	(1281.58)
	Net cash flow (used in) / from continuing financing activities		**(513.97)**	(430.25)
	Net cash flow (used in) / from discontinued financing activities		**-**	-
	Net cash flow (used in) / from continuing and discontinued financing activities	**[C]**	**(513.97)**	(430.25)
	NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES (A+B+C)		**(3.10)**	(89.11)
	Cash and cash equivalents at beginning of the year		**104.04**	193.15
	Cash and cash equivalents at end of the year		**100.94**	104.04
	Cash and cash equivalents from continuing operations (Refer note 14)		**100.94**	104.04
	Cash and cash equivalents from discontinued operations		**-**	-
	Cash and cash equivalents from continuing and discontinued operations		**100.94**	104.04

1 Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 0.30 crores (Previous year loss of ₹ 0.18 crores) on account of translation of foreign currency bank balances.

2 Refer note 51 in respect of disclosure for changes in liabilities arising from financing activities.

3 Purchase of property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.

4 The standalone statement of cash flow has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

For and on behalf of the Board

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Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Mumbai : 27 June, 2020

Susheel Todi
Vice President and Group Financial Controller

₹ crores

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2020

Balance as at 1-04-2019	Changes in equity share capital during the year	Balance as at 31-03-2020
125.35	-	125.35

For the year ended 31 March, 2019

Balance as at 1-04-2018	Changes in equity share capital during the year	Balance as at 31-03-2019
125.35	-	125.35

(B) OTHER EQUITY

For the year ended 31 March, 2020

	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium	Equity Instruments through Other Comprehensive Income	Total Equity
Balance as at 1 April, 2019	**1495.20**	**415.89**	**672.49**	**12.95**	**18.29**	**(227.00)**	**2387.82**
Loss for the year	(1799.20)	-	-	-	-	-	(1799.20)
Other comprehensive income for the year							
- Remeasurement gain / (loss) on defined benefit plans	(0.08)	-	-	-	-	-	(0.08)
Balance as at 31 March, 2020	**(304.08)**	**415.89**	**672.49**	**12.95**	**18.29**	**(227.00)**	**588.54**

For the year ended 31 March, 2019

	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium	Equity Instruments through Other Comprehensive Income	Total Equity
Balance as at 1 April, 2018	2700.94	415.89	672.49	12.95	18.29	(105.20)	3715.36
Prior period errors	313.73	-	-	-	-	-	313.73
Restated balance as at 1 April, 2018	3014.67	415.89	672.49	12.95	18.29	(105.20)	4029.09
Loss for the year	(1417.39)	-	-	-	-	-	(1417.39)
Changes in accounting policy as per Ind AS 115	(99.84)	-	-	-	-	-	(99.84)
Other comprehensive income for the year							
- Remeasurement gain / (loss) on defined benefit plans	(2.24)	-	-	-	-	-	(2.24)
- Fair value loss on financial asset	-	-	-	-	-	(121.80)	(121.80)
Balance as at 31 March, 2019	**1495.20**	**415.89**	**672.49**	**12.95**	**18.29**	**(227.00)**	**2387.82**

For and on behalf of the Board

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per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Mumbai : 27 June, 2020

Susheel Todi
Vice President and Group Financial Controller

1 CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the ‘Company’) is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2020.

The standalone financial statements of the Company for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the directors on 27 June, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation:

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

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

Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies (Note 3A(g)) and connected parties (Note 3A(l)), are stated at carrying value basis the transactions accounted in the books of the Company and as explained in the standalone financial statements for the year ended 31 March, 2019.

In order to ascertain completeness of transactions recorded in these standalone financial statements and also to establish the underlying business rationale, recoverability of assets and the obligation in relation to liabilities for the Company, the Board of Directors of the Company has initiated second phase of investigation (‘Phase 2 investigation’) subsequent to the outcome of the Phase 1 investigation (Refer note 3A(a)) besides the additional investigations initiated by regulators which are ongoing (‘Investigations’). Further as stated in Note 3A(a) below, on 5 March, 2020, the National Company Law Tribunal (‘NCLT’) has allowed re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for the 5 years ended 31 March, 2019. The Company is yet to receive communication from MCA pursuant to the order of NCLT till the date of issuance of these standalone financial statements.

Taking into consideration the explanation provided as above, the Board of Directors of the Company believes that these standalone financial statements read with subsequent notes hereinafter, 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 standalone financial statements for the year ended 31 March, 2019, impacting standalone financial statements and recoverability of receivables from the promoter affiliate companies and connected parties. Hence these standalone financial statements could be materially misstated to that extent and undergo change and thus, do not represent a true and fair view as per section 129 of the Companies Act, 2013.

The standalone financial statements are presented in Indian Rupees (‘₹’) and all values are rounded to the nearest crores, except when otherwise indicated.

2.2 Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management’s estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery - 1 to 21 years
- Furniture and fittings - 1 to 15 years
- Office equipments - 1 to 15 years
- Buildings - 3 to 60 years
- Vehicles - 1 to 8 years
- Leasehold land - 24 to 999 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold land are amortised over the primary lease period of the land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Company has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

2.3 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development expenditure:

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the Company has intention to complete the development of intangible asset and use or sell it;

(iii) the Company has ability to use or sell the intangible asset;

(iv) the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised as follows:

- Specialised software : Over a period of five years;
- Technical know-how : Over a period of five years (from the date of availability for its use); and
- Commercial rights : Over a period of ten years.

On transition to Ind AS, the Company has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

2.4 Impairment of non-financial assets:

At least at the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised in the statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGUs) fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.5 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.6 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.7 Foreign currency transactions:

The Company's standalone financial statements are presented in Indian Rupees ('₹'), which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognised in the statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

2.8 Revenue recognition:

(a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided. The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.

In revenue arrangements with multiple performance obligations, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their standalone selling prices.

(b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

(c) Dividend and interest income

Dividend income is accounted for when the shareholder's right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and effective interest rate.

2.9 Employee benefits:

Short-term employee benefits

All employee benefits payable wholly within twelve months after the end of the annual reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

Post-employment benefits

Defined Contribution Scheme:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

Provident Fund:

Contributions to Provident Fund are made to a Trust administered by the Company and are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Company obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

Defined Benefit Plans:

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the profit or loss. Past service cost is recognised in the statement of profit and loss in the period of plan amendment or when the Company recognised related re-structuring costs.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

Gratuity:

The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with the CG Gratuity Fund. Remeasurements, comprising of actuarial gains and losses are recognised in full in other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Leave encashment:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognised in full in the statement of profit and loss.

Termination benefits:

Termination benefits are recognised as an expense when the Company can no longer withdraw the offer of the termination benefits or when the Company recognises any related restructuring costs whichever is earlier.

2.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Segment accounting:

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Company to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter- segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

2.12 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

At the date of commencement of the lease, the Company recognises right-of-use ('ROU') asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A ROU asset is recognised representing its right to use the underlying asset for the lease term. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Company as a lessor

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the standalone financial statements by the Board of Directors.

2.14 Income taxes:

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in the statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

Current tax

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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.

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

2.15 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Warranty provisions

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Company's obligation.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.16 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the standalone financial statements.

2.17 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period,or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

Operating cycle:

A portion of the Company activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

2.18 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.19 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Also comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.20 Financial instruments:

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

(i) Financial assets:

Initial recognition and measurement

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in 'other comprehensive income'. However, dividend on such equity investments are recognised in statement of profit and loss when the Company's right to receive payment is established.

Investment in associates, joint venture and subsidiaries

The Company accounts for its investment in subsidiaries, associates and joint venture, at cost less impairment loss except where investments is accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Impairment of financial assets

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently. measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Derivative financial instruments and hedge accounting:

The Company uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

(iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

Judgements

(i) Discontinued operations:

Power Distribution business

As stated in Note 46(a), the Company had classified the Power Distribution business ('PD') as held for disposal from 12 August, 2015 considering that the PD represented a separate major line of business of operations which were abandoned and the carrying amount could not be recovered principally through continuing use.

Assets held for sale – Land and Building at Kanjurmarg

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Company based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognised such assets at the carrying amount in the standalone financial statements.

(ii) Lease of equipment not in legal form of lease

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Useful lives of property, plant and equipment

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.

(ii) Development costs

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Company uses judgement in assessment of development cost eligible for capitalisation.

(iii) Impairment of non-financial assets

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

(iv) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Income taxes

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(vi) Defined benefit obligation

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

(vii) Revenue from contract with customers

The Company estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

(viii) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised, The cases which have been determined as remote by the Company are not disclosed.

3A. UPDATE ON REGULATORY AND OTHER MATTERS

(a) During the previous financial year, an Operations Committee ('Ops Committee') under the Chairmanship of one of the then Independent Director of the Company was constituted in March 2019. The Ops Committee was made aware of some unauthorised transactions by certain employees of the Company. An independent law firm was appointed to conduct an investigation on certain transactions entered into by /on behalf of the Company. Further in previous financial year, one of the joint statutory auditors of the Company, sought information and explanations from the Company regarding those certain transactions as part of the notice issued to the Company under section 143(12) of the Companies Act, 2013. These additional transactions were also included in the scope of review of the legal firm. Pursuant to the said investigation, the legal firm submitted their Phase 1 report in August, 2019 to the Ops Committee.

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

- Following Phase 1 investigation:
  - detailed disclosures made by the Company in its standalone financial statements for the year ended 31 March, 2019, adopted by the Board of Directors of the Company on 30 August, 2019
  - the Company has issued recovery notices to various entities demanding repayment of sum owed by them to the Company (Refer note 3A(d) below)
  - the Company has filed the suits for recovery against identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs for recovery of sum towards the loss caused to the Company's subsidiary CG Power Solutions Limited ('CGPSOL') by unauthorised transactions (Refer note 3A(e) below).
- Pursuant to the Interim Order of the Securities and Exchange Board of India ('SEBI') dated 17 September, 2019 ('Interim Order'), BSE had vide its letter dated 10 October, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion / siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided details available with the Company. Forensic Auditor completed its audit and has submitted its report to SEBI. The Company is yet to receive a copy of the Report from SEBI.
- The Company and its subsidiary, CGPSOL received notices from the Serious Fraud Investigation Office ('SFIO'), to investigate into the affairs of the Company and its 15 related / group companies. The Company is providing the information and documents as requisitioned from time to time and is extending full cooperation to the investigation.
- Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated 17 September, 2019 giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion / siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated 11 March, 2020 confirmed its interim order dated 17 September, 2019. The Company has submitted all details as requested by SEBI during these proceedings.
- On 5 March, 2020, the NCLT has passed its order allowing re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies for the 5 years ended as on 31 March, 2019.
- Certain further transactions (discussed elsewhere in the notes) related to the transactions which were part of Phase 1 investigation, are included by the Company in the Phase 2 investigation which is in progress. The Board of Directors of the Company has appointed Hon'ble Justice (Retd.) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.
- A summon dated 21 August, 2019 addressed to the Director, CGPSOL, a wholly owned subsidiary of the Company, was received from the Enforcement Directorate ('ED') in connection with a proceeding before it relating to an unknown entity seeking certain information from CGPSOL. The summon received was sent to the mentioned Directors of CGPSOL. Thereafter, a summon dated 17 October, 2019 addressed to the Whole-time Executive Director of the Company was received. In response to the said summon, full response has been submitted to ED along with the available information and documents of CGPSOL and the summon has been attended. The Company will continue to cooperate with authorities in providing the information requirements, as required.

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

- The senior officials of the Company are engaging with varied regulatory bodies and authorities in India in relation to investigations and cooperating and providing details as been requested by them.

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

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

(c) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. The Company and AHL had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on 13 February, 2019 effective from 1 October 2018 (New Royalty Agreement). Further, during the quarter ended 31 December, 2019, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void. Accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of New Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

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

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

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

(i) Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of ₹ 811.23 crores (Principal amount of ₹ 552.33 crores together with interest aggregating to ₹ 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CGPSOL by unauthorised / illegal liquidation of its mutual funds.

(ii) Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 399.30 crores (principal ₹ 280.00 crores together with interest aggregating ₹ 119.30 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal liquidation of its fixed deposits.

(iii) Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 478.93 crores - (principal ₹ 320.91 crores together with interest aggregating ₹ 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

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

(f) During the year, the Company has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Company has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to ₹ 266.40 crores in the standalone financial statement for the year ended 31 March, 2020. However, the Company will continue with the recovery process for the said receivables. In view of the national lockdown on account of corona virus outbreak, the remaining recovery cases shall be filed upon normal functioning of the Courts.

(g) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Company has vide its application dated 18 October, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI. Pending the outcome of said application and pending the decision of SEBI, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.

(h) During the year, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for ₹ 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on 3 January, 2020 and a supplementary letter on 7 January, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals), hereafter 'CIT(A)'. The Company had also filed an appeal before CIT(A) on 15 January, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Company had also filed a letter on 24 January, 2020 to CIT(A) requesting for early disposal of appeal. The assessing officer has issued a letter on 6 February, 2020 in response to our stay application and rejected Company's stay application. After careful consideration of all facts, the Company has filed writ petition before Bombay High Court contesting against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Bombay High Court vide its order dated 13 March, 2020 had granted an interim stay until admission of appeal which was scheduled to be heard on 12 June, 2020. In response to Company's prayer, the CIT(A) scheduled a hearing on 16 June, 2020. In view of COVID-19 situation, the office of CIT(A) is not functioning and the Company awaits further communication from CIT(A) office and on next hearing date. Further in view of COVID-19 situation, the hearing scheduled on 12 June, 2020 before the Bombay High Court could not be heard and therefore the Company awaits next hearing date for the admission of appeal from the Bombay High Court.

(i) Four suppliers due to non-payment of their dues have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim is being contested by the Company due to a pre-existing dispute (refer note 56) and for other claims the Company is in discussions with the claimants for an amicable settlement.

(j) During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on the date of issuance of these standalone financial statements, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

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

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

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

(k) During the year, Company's subsidiaries, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') have been referred to bankruptcy court in Belgium, upon application filed by the public prosecutor in view of outstanding payments to creditors in Belgium. The court has on 3 February, 2020, declared HBE and PSBE as bankrupt, and appointed three Receiver who will proceed to auction their assets including their investments in PT CG Power Systems Indonesia ('PTID') and CG Power Systems Ireland Limited ('CGIE') and CG Sales Network France SA ('SNFR'). HBE together with PSBE, PTID, CGIE, SNFR and CG Power Solutions Saudi Arabia Limited ('PSOL SA'), constitute HBE Group. The Company believes that carrying value of outstanding balances recoverable from CG International B.V. ('CGIBV'), the subsidiary of the Company which holds investments in Belgium and underneath operations and investments of CGIBV may not be recoverable. As stated in Note 47, in the current year, the Company has made a provision for impairment in relation to the investments in CGIBV and CG International Holdings Singapore Pte. Limited and other receivables from HBE and its step down subsidiaries. The Company has not considered provision for corporate guarantees extended in relation to these operations aggregating ₹ 642.29 crores (EURO 77.59 million), on the assumption that the estimated value of proceeds of the bankruptcy assets (including underneath operations in Indonesia and Ireland) to be realised by the Receivers is expected to substantially meet the obligations if any arises, in relation to these corporate guarantees. The Company has been monitoring the situation and evaluating any further assessment required to be done in relation to this matter and to that extent the provision accounted subsequent to period end may vary.

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

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

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

₹ crores

Name of the entity	Relationship	As at 31-03-2020	As at 31-03-2019
(A) Advance / Loan given			
CG Power Solutions Limited	Subsidiary	1218.87	1226.15
Avantha Holdings Limited*	Promoter affiliate company	680.47	685.32
Avantha Realty Limited	Promoter affiliate company	10.66	10.66
Ballarpur Industries Limited	Promoter affiliate company	-	68.50
Solaris Industrial Chemicals Limited	Promoter affiliate company	97.00	98.20
Acton Global Private Limited	Connected party	175.00	175.00
Blue Garden Estate Private Limited	Connected party	176.11	176.11
Total		2358.11	**2439.94**
(B) Loan payable			
Blue Garden Estate Private Limited	Connected party	320.00	320.00
Total		320.00	**320.00**

* The balance with AHL has reduced on account of Goods and Service Tax ('GST') related to brand royalty for the period April, 2018 to September, 2018.

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

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

During the current year, certain unexecuted orders were transferred to Company's subsidiary, PTID, on account of closure activity of Transformer Division at Kanjurmarg. The Company made advance payment of ₹ 32.76 crores to PTID against the purchase order to execute the said orders. Subsequently, during the current year, the Company lost control over PTID due to ongoing bankruptcy proceeding at Belgium. Hence the Company has made provision for the amount of ₹ 32.76 crores considering the remote possibility of recovery.

(n) As a result of the transactions disclosed by the Company in its standalone financial statements for the year ended 31 March, 2019, the Company has potentially not complied with the provisions of Section 185, Section 186 and certain other applicable sections of the Companies Act, 2013. The Company also believes that there may be potential non-compliances under Listing Regulations; Income Tax Act, 1961 and other statutes and regulations. As described in Note 2.1 above, the Company is in the process of investigation in respect of certain transactions and evaluating the implications of these potential non-compliances and the potential remedies available.

(o) The Company had on 24 January, 2020, informed the stock exchanges of the Board's decision to apply to the Central Government for removal of M/s K K Mankeshwar & Co, one of the Joint Statutory Auditors of the Company under section 140 (1) of the Companies Act, 2013. Upon communication of the Board's decision, M/s K K Mankeshwar & Co had on 25 January, 2020, sent their resignation. In view of the same, the Company has sought clarification from the Ministry of Corporate Affairs on filing of application under section 140(1) of the Companies Act or treating the resignation of M/s K K Mankeshwar & Co as vacation of office of one of the Joint Statutory Auditors. Since no response was received from MCA as an abundant precaution, the Company has filed application for approval of the Central Government for removal of M/s K K Mankeshwar & Co as Joint Statutory Auditors of the Company.

₹ crores

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Right-of-Use assets*	Furniture and fittings	Office equipments	Vehicles	Total	Capital work -in-progress
Deemed cost:										
As at 1-04-2019	**49.42**	**86.03**	**616.44**	**511.81**	**-**	**57.70**	**19.41**	**9.02**	**1349.83**	**11.37**
Additions	-	-	10.48	9.35	17.82	3.02	1.23	0.90	42.80	1.07
Disposals / transfers	-	-	0.05	87.73	-	29.96	0.22	2.58	120.54	11.23
Transferred adjustments	-	(86.03)	(0.11)	0.48	86.03	(0.31)	(0.06)	-	-	-
Transferred adjustments from discontinued operation	-	-	0.11	-	-	-	-	-	0.11	-
As at 31-03-2020	**49.42**	**-**	**626.87**	**433.91**	**103.85**	**30.45**	**20.36**	**7.34**	**1272.20**	**1.21**
Accumulated depreciation:										
As at 1-04-2019	**-**	**14.78**	**134.14**	**203.59**	**-**	**14.54**	**11.50**	**4.07**	**382.62**	**-**
Depreciation charge for the year	-	-	23.61	37.47	5.89	2.87	3.05	1.17	74.06	-
Disposals / transfers	-	-	0.05	22.60	-	3.57	0.17	1.55	27.94	-
Transferred adjustments	-	(14.78)	(0.02)	0.20	14.78	(0.12)	(0.06)	-	-	-
Transferred adjustments from discontinued operation	-	-	0.02	-	-	-	-	-	0.02	-
As at 31-03-2020	**-**	**-**	**157.70**	**218.66**	**20.67**	**13.72**	**14.32**	**3.69**	**428.76**	**-**
Net book value										
As at 31-03-2019	49.42	71.25	482.30	308.22	-	43.16	7.91	4.95	967.21	11.37
As at 31-03-2020	**49.42**	**-**	**469.17**	**215.25**	**83.18**	**16.73**	**6.04**	**3.65**	**843.44**	**1.21**

Note:

* The Company has adopted Ind AS 116, w.e.f. 1 April, 2019, hence leasehold land is now part of right-of-use ('ROU') assets. Under the modified retrospective method, excluding the leasehold land, the Company has recognised ₹ 17.11 crores as ROU assets as at 1 April, 2019 (Refer note 40).

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

5. INTANGIBLE ASSETS

	Computer software	Technical know-how	Commercial rights	Development cost	Total	Intangible assets under development#
Deemed cost:						
As at 1-04-2019	**72.00**	**12.30**	**31.09**	**90.38**	**205.77**	**23.42**
Additions	0.77	-	-	17.44	18.21	12.40
Disposals / transfers	3.49	-	-	-	3.49	17.44
Impairment for the year	-	-	-	-	-	4.13
As at 31-03-2020	**69.28**	**12.30**	**31.09**	**107.82**	**220.49**	**14.25**
Accumulated amortisation:						
As at 1-04-2019	**57.76**	**10.92**	**29.61**	**67.79**	**166.08**	**-**
Amortisation charge for the year	4.96	0.41	1.11	9.81	16.29	-
Disposals / transfers	1.05	-	-	-	1.05	-
As at 31-03-2020	**61.67**	**11.33**	**30.72**	**77.60**	**181.32**	**-**
Net book value						
As at 31-03-2019	14.24	1.38	1.48	22.59	39.69	23.42
As at 31-03-2020	**7.61**	**0.97**	**0.37**	**30.22**	**39.17**	**14.25**

Refer note 41 for expenses capitalised during the year

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	Face value per unit in ₹ unless otherwise specified	No. of shares / units			
		As at 31-03-2020	As at 31-03-2019	**As at 31-03-2020**	As at 31-03-2019
Details of investments:					
A) Quoted investments					
Government or trust securities					
Central Government Securities 10.18% GOI 2026 of ₹ 100 each	100	39000	39000	0.39	0.39
(Carried at amortised cost)					
Total (A)				0.39	0.39
B) Unquoted investments					
Investments in equity instruments (carried at cost)					
Investment in subsidiary companies					
Fully paid equity shares					
1. CG International B.V.	EUR 100	1530000	1530000	1190.54	1190.54
Less: Provision for diminution in value of investment*				(1190.54)	(545.86)
				-	644.68
2. CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited)	2	250000	250000	0.05	0.05
Less: Provision for diminution in value of investment				(0.05)	(0.05)
				-	-
3. CG International Holdings Singapore Pte. Limited	USD 1	44121460	44121460	238.29	238.29
Less: Provision for diminution in value of investment*				(238.29)	-
				-	238.29
4. CG PPI Adhesive Products Limited	10	3175520	3175520	13.03	13.03
5. CG Power Solutions Limited	10	50000	50000	0.05	0.05
6. PT Crompton Prima Switchgear Indonesia				1.15	1.15
Less: Provision for diminution in value of investment*				(1.15)	-
				-	1.15
Partly paid equity shares					
CG Power Equipments Limited (*Formerly* Crompton Greaves Consumer Products Limited)	0.20	156436537	156436537	3.13	3.13
Less: Provision for diminution in value of investment				(3.13)	(3.13)
				-	-
				13.08	897.20
Carried at fair value					
Through other comprehensive income					
Avantha Power & Infrastructure Limited	10	213300228	213300228	151.80	151.80
Less: Provision for Impairment#				(151.80)	(151.80)
				-	-

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd.)

	Face value per unit in ₹ unless otherwise specified	No. of shares / units			
		As at 31-03-2020	As at 31-03-2019	**As at 31-03-2020**	As at 31-03-2019
B) Unquoted investments (Contd.)					
Through profit or loss					
1. Dinette Exclusive Club Private Limited	100	500	500	0.01	0.01
2. Radiant Electronics Limited	100	190000	190000	0.00	0.00
				0.01	0.01
Investments in debentures or bonds					
Carried at fair value through profit and loss					
1. Avantha Holdings Limited	100	800000	800000	8.00	8.00
(Optionally Convertible, Zero Coupon, Non-marketable, transferable Debentures)					
Less: Provision for diminution in value of investment				(8.00)	(8.00)
				-	-
2. Dinette Exclusive Club Private Limited	100	5000	5000	0.05	0.05
(0% Unsecured Irredeemable Non-convertible Debentures of ₹ 100 each)					
				0.05	0.05
Other non-current investments					
1. UTI Hybrid Equity Fund - Dividend Plan - Payout	10	55909	55909	0.11	0.15
2. Power Equipment Limited	USD 10	20600	20600	0.00	0.00
3. Exide Life Traditional Employee Benefits Plan Scheme		1	1	0.27	0.26
4. HDFC Life Secure Managed Fund		313075	313224	0.84	0.76
5. IndiaFirst Employee Benefit Plan Equity Advantage Fund		23171	23171	0.05	0.04
				1.27	1.21
Total (B)				14.41	898.47
Total (A+B)				14.80	898.86
Notes:					
Quoted investments					
Book value				0.39	0.39
Market value				0.39	0.39
Unquoted investments					
Book value				14.41	898.47

Note:

* Refer note 47 for provision for diminution in value of investment.

\# The carrying amount of investment in Avantha Power & Infrastructure Limited has been fully provided, as the same has been considered to be non-recoverable based on the management evaluation.

₹ crores

	As at 31-03-2020	As at 31-03-2019
7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES		
Unsecured		
Considered good (Refer note 55)	4.23	6.24
	4.23	6.24

	As at 31-03-2020	As at 31-03-2019
8. NON-CURRENT FINANCIAL ASSETS - LOANS		
Unsecured, considered good, unless otherwise stated		
Deposits	6.52	6.96
Loans to subsidiaries (net)*	1218.87	1392.48
	1225.39	1399.44

* Loans to subsidiaries (net) include allowance for credit impaired loans to subsidiaries of ₹ 1794.30 crores (as at 31 March, 2019, ₹ 1470.61 crores).

	As at 31-03-2020	As at 31-03-2019
9. NON-CURRENT FINANCIAL ASSETS - OTHERS		
Unsecured, considered good, unless otherwise stated		
Fixed deposits with original maturity period of more than 12 months**	33.54	5.06
Financial guarantee fees receivable (Refer note 45)	-	38.58
Advance to others#*	1139.24	526.74
Advance to other related parties (Refer note 45)	-	862.68
	1172.78	1433.06

\# Includes receivable from connected parties (as termed in Note 3A(l)) of ₹ 351.11 crores as at 31-03-2020 and as at 31-03-2019.

* Includes receivable from promoter affiliate companies (as termed in Note 3A(l)) of ₹ 788.13 crores as at 31-03-2020.

** Deposits of ₹ 33.54 crores (₹ 5.06 crores as at 31 March, 2019) are held as margin money.

	As at 31-03-2020	As at 31-03-2019
10. NON-CURRENT ASSETS - OTHERS		
Unsecured, considered good, unless otherwise stated		
Capital advances	1.08	1.88
	1.08	1.88

	As at 31-03-2020		As at 31-03-2019	
11. INVENTORIES				
Raw materials	132.14		199.60	
Add: Goods-in-transit	3.07		22.72	
		135.21		222.32
Work-in-progress		104.23		199.88
Finished goods		27.43		102.55
Stock-in-trade		2.10		2.62
Stores, spares and packing materials		3.67		3.68
Loose tools		0.05		0.11
		272.69		531.16

Note: Mode of valuation of inventories is stated in Note 2.5

₹ crores

12. CURRENT FINANCIAL ASSETS - INVESTMENTS

		Face value per unit in ₹ unless otherwise specified	No. of shares / units			
			As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Details of investments:						
Investments in equity instruments						
1	Nicco Corporation Limited	2	330390	330390	0.01	0.01
2	JCT Electronics Limited	1	250000	250000	0.00	0.00
					0.01	0.01
Note:						
Quoted investments						
	Book value				0.01	0.01
	Market value				0.01	0.01

	As at 31-03-2020		As at 31-03-2019	
13. TRADE RECEIVABLES				
Unsecured:				
Considered good	386.88		1135.81	
Credit impaired	267.28		152.24	
	654.16		1288.05	
Less: Allowance for credit impaired	267.28		152.24	
		386.88		1135.81
Receivables from related parties (Refer note 45)		16.18		42.72
		403.06		1178.53

Refer note 55 for trade receivables considered as contract balances.

	As at 31-03-2020		As at 31-03-2019	
14. CASH AND CASH EQUIVALENTS				
Balances with banks:				
On current accounts	73.05		66.07	
Fixed deposits with original maturity of less than 3 months (Refer note below)	27.87		37.92	
		100.92		103.99
Cash on hand		0.02		0.05
		100.94		104.04

Note:
Deposits of ₹ 27.87 crores (₹ 37.92 crores as at 31 March, 2019) are held as margin money.

₹ crores

			As at 31-03-2020		As at 31-03-2019
15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS					
Other balances:					
Earmarked balances with banks - Unclaimed dividend (Refer note (a) below)			0.46		0.72
Fixed deposits with original maturity of more than 3 months and upto 12 months (Refer note (b) below)			39.22		15.65
			39.68		16.37

Notes:

(a) Earmarked balances are restricted for use. There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020, and 31 March, 2019.

(b) Deposits of ₹ 39.22 crores (₹ 15.65 crores as at 31 March, 2019) are held as margin money.

	As at 31-03-2020		As at 31-03-2019	
16. CURRENT FINANCIAL ASSETS - LOANS				
Unsecured, considered good, unless otherwise stated				
Loans to subsidiaries (Refer note 45)		0.03		8.45
Security deposits:				
Considered good	35.61		31.73	
Considered doubtful	0.52		0.52	
	36.13		32.25	
Less: Allowance for bad and doubtful deposits	0.52		0.52	
		35.61		31.73
		35.64		40.18

	As at 31-03-2020	As at 31-03-2019
17. CURRENT FINANCIAL ASSETS - OTHERS		
Financial guarantee fees receivable (Refer note 45)	-	35.20
Derivative instruments	-	4.89
Others	2.79	0.63
	2.79	40.72

	As at 31-03-2020	As at 31-03-2019
18. OTHER CURRENT ASSETS		
Advance to suppliers	33.02	32.11
Statutory and other receivables	243.21	217.81
	276.23	249.92

₹ crores

	As at 31-03-2020	As at 31-03-2019
19. SHARE CAPITAL		
Authorised		
2,03,80,00,000 equity shares of ₹ 2 each	407.60	407.60
(2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2019)		
Issued		
62,67,88,442 equity shares of ₹ 2 each	125.35	125.35
(62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2019)		
Subscribed and paid-up		
62,67,46,142 equity shares of ₹ 2 each	125.35	125.35
(62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2019)		
Forfeited shares:		
42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175)	0.00	0.00
(42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) as at 31 March, 2019)		
	125.35	125.35

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Authorised share capital	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	2038000000	407.60	2038000000	407.60
Balance at the end of the year	2038000000	407.60	2038000000	407.60

Issued share capital	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	626788442	125.35	626788442	125.35
Balance at the end of the year	626788442	125.35	626788442	125.35

Subscribed and paid-up	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	626746142	125.35	626746142	125.35
Balance at the end of the year	626746142	125.35	626746142	125.35

The Company has not issued any equity shares during the current and in the previous year.

(b) Terms / rights attached to equity shares:

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

19. SHARE CAPITAL (Contd.)

(c) Details of shareholders holding more than 5 % shares in the Company

	As at 31-03-2020		As at 31-03-2019	
	%	No of Shares	%	No of Shares
1. Yes Bank Limited	12.77	80050000	-	-
2. L&T Finance Limited	9.99	62600000	-	-
3. HDFC Trustee Company Limited - HDFC Equity Fund	9.17	57451000	9.17	57451000
4. Bharti (SBM) Holdings Private Limited	8.29	51969354	4.99	31275000
5. Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund	8.16	51164364	8.93	55960974
6. KKR India Financial Services Private Limited	8.10	50736588	-	-
7. Vistra ITCL India Limited	0.81	5096248	21.60	135392496
8. Avantha Holdings Limited	-	-	12.77	80050000

(d) Aggregate number of shares issued as GDRs

	As at 31-03-2020		As at 31-03-2019	
	%	No of Shares	%	No of Shares
The Bank of New York	0.11	687234	0.12	775949

	As at 31-03-2020	As at 31-03-2019
20. OTHER EQUITY		
Retained earnings	(304.08)	1495.20
General reserve	415.89	415.89
Capital reserve	672.49	672.49
Capital redemption reserve	12.95	12.95
Securities premium	18.29	18.29
Equity Instruments through other comprehensive income	(227.00)	(227.00)
	588.54	2387.82

(a) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2019-20 (2018-19 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(b) Nature and purpose of reserves:

(1) Retained Earnings:

Retained earnings are the profits that the Company has earned till date and includes any transfers to general reserve, dividends or other distributions paid to shareholders and impact on account of transition to Ind AS.

(2) General reserve:

General reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilised by the Company in accordance with the Companies Act, 2013.

(3) Capital reserve:

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

(4) Capital redemption reserve:

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(5) Securities premium:

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

(6) Equity Instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets are disposed of.

	As at 31-03-2020	As at 31-03-2019
21. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Term loans from banks / financial Institutions (Refer note (a) and (b) below)	281.89	678.96
Unsecured loans		
Term loans from banks (Refer note (c) below)	71.00	72.20
	352.89	751.16

Notes:

Security created to the extent of :

(a) Secured term loans from banks:

(1) The term loan of ₹ 300.14 crores (as at 31 March 2019 ₹ 367.66 crores) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3 August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on certain identified plant and machinery and fixed assets with minimum value of ₹ 297.00 crores. (Current maturity pertaining to the said loan is ₹ 227.46 crores (as at 31 March, 2019 ₹ 151.63 crores), Refer note 27).

(2) The term loan of ₹ 125.24 crores (as at 31 March 2019 ₹ 139.56 crores) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crores and 13 months for ₹ 43.50 crores respectively. The loan is secured by First charge on movable and immovable property of ₹ 69.70 crores of specific location. Subservient charges on identified assets having market value of minimum ₹ 100.00 crores (Current maturity pertaining to the said loan is ₹ 103.12 crores (as at 31 March, 2019 ₹ 45.38 crores), Refer note 27).

(3) The term loan of ₹ 279.59 crores (as at 31 March, 2019 ₹ 305.00 crores) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24 July, 2017, in 36 equal monthly instalments after a moratorium of 2 years from the date of first disbursement. The loan is secured by second charge on identfied plant and machinery and immovable fixed assets. (Current maturity pertaining to the said loan is ₹ 152.50 crores (Previous year ₹ 76.25 crores), Refer note 27).

(b) Secured term loan from financial institutions:

The term loan of ₹ 170.00 crores (as at 31 March, 2019 ₹ 175.00 crores). The Facility (together with all interests, liquidated damages, fees, costs, charges, expenses and other monies and all other amounts stipulated and payable by the borrower to the lender) (whether expended by the Lender itself or not) shall be secured by (a) Exclusive charge on certain identified movable and immovable fixed assets of the Co-borrowers, both current and future (b) Demand Promissory Note.

Nature of Repayment: (a) Door-to-door tenor of 5 years, Principles moratorium for 12 months from the date of disbursement (b) 20% of total repayment will be paid in second & third year of loan in 8 quarterly installments and the balance 80% will be paid in forth & fifth year of the loan in 8 equal quarterly installments.

Rate of Interest: The Borrower shall, until the Facility amount is fully paid off, pay to the Lender, interest at the rate, equivalent to the Benchmark Rate (BR) + Spread. BR + Spread = Applicable Interest Rate % per annum.

Interest rate will be fixed till the moratorium period and then will linked to Benchmark Rate 1 year Bank MCLR Rate. The spread shall be defined on the date of first disbursement in a manner such that the applicable interest rate works out to 12.50% per annum payable monthly.

The spread shall remain fixed for 1 year from the date of first disbursement. Thereafter, the spread shall be reset annually and in case the increased spread is not acceptable, the Borrower shall have the right to prepay the facility in full within a period of 30 days from such Reset date, with a prior written notice of not less than 15 days. However, such increased rate shall be payable till the date of repayment. (Current maturity pertaining to the said term loan is ₹ 110.00 crores (as at 31 March, 2019 ₹ 35.00 crores), Refer note 27).

(c) Unsecured term loans from banks:

(1) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11 July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity pertaining to the said term loan is ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores), Refer note 27).

(2) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16 May, 2017, in 15 structured monthly installments with first starting after 9 months from the date of disbursement. (Current maturity of the said term loan is ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores), Refer note 27).

(3) An assignment cum put agreement was entered by certain CIPs on behalf of the Company without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ('SICL') - a related party, and the bank in September 2018 ('SICL Assignment') under which the Royalty payable by Company to AHL was assigned over to the bank. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March, 2019 in escrow account of SICL, the deposit will be refunded by the Company. On 20 March, 2019, the Company did not pay any royalty to this escrow on 20 March, 2019 as an amount of ₹ 78.25 crores was already paid in advance to AHL by the Company against Royalty to AHL. The bank has issued a communication to the Company of its intent to exercise the put option as per the aforementioned assignment and has asked the Company to discharge the liability outstanding of ₹ 71.00 crores. The Board having considered all necessary facts and based on its own internal assessment had recorded a liability towards the Bank amounting to ₹ 72.20 crores (including interest amount to ₹ 1.20 crores) and a corresponding receivable from SICL in the standalone financial statements for the year ended 31 March, 2019. During the current year, the liability amount is reduced based on confirmation from the bank.

	As at 31-03-2020	As at 31-03-2019
22. NON-CURRENT OTHER FINANCIAL LIABILITIES		
Lease liabilities (Refer note 40)	10.37	-
Deposits payable	5.85	5.59
Term loans from others (Refer note below)	188.04	292.68
	204.26	298.27

Notes:

Security created to the extent of :

Secured term loan from others:

(1) As per the Phase-1 investigation report, the term loan of ₹ 165.00 crores (as at 31 March, 2019 ₹ 165.00 crores) was availed by Blue Garden Estates Private Limited ('BGEPL'), the borrower, from Aditya Birla Finance Limited ('ABFL'), for tenure of five years with moratorium of 3 years and repayable in 8 quarterly installments after moratorium period. BGEPL in turn lent the said term loan amount to the Company, which has been onward transferred to Avantha Holdings Limited ('AHL'). The terms and conditions of this loan for the borrower are as under:

(i) The borrower for the first three years from the date of first disbursement shall pay fixed interest rate of 12.50% p.a. Thereafter until the facility amount is fully paid off, borrower shall pay to ABFL, interest equivalent to the Benchmark Rate (BR) + Spread.

(ii) The loan is secured by:

(a) Exclusive charge on all the movable and immovable assets of the borrower, both present and future.

(b) Facility DSRA of ₹ 10.00 crores (Debt Service Reserve Account) will be maintained through the facility of the loan either in funded form or to be kept as undisbursed amount of the facility as may be acceptable to ABFL. Funded DSRA to be created by way of lien marked fixed deposit / debt mutual fund (with Birla Sunlife MF) / cash equivalent, to the satisfaction of ABFL.

(c) Pledge of 100% shares of the borrower.

(d) Assignment of all rights and benefits under the interest bearing advance made to the vendor and escrow of all proceeds (including interests) from vendor on which ABFL shall have an exclusive charge.

(e) Corporate Guarantee of Avantha Holdings Limited in favor of BGEPL.

(f) Cross Collateral with existing facilities extended by BGEPL.

(g) Demand Promissory Note.

(h) First right on receivables of the sale proceeds from the land and property located at Kanjurmarg in Mumbai shall be routed through designated Escrow Account and shall be utilised for liquidation of facilities extended by ABFL to the Company.

BGEPL has extended this loan facility to the Company at interest rate of 15% p.a.

(Current maturity pertaining to the said term loan is ₹ 13.21 crores (as at 31 March, 2019 ₹ 3.57 crores), Refer note 27).

(2) The term loan of ₹ 155.00 crores (as at 31 March 2019 ₹ 155.00 crores) was availed by Blue Garden Estates Private Limited ('BGEPL'), the borrower, from Aditya Birla Finance Limited ('ABFL'), for tenure of 120 months from first disbursement. The loan is repayable in 28 equal quarterly installments after the moratorium period of 36 months. BGEPL in turn lent the said term loan amount to the Company which was then transferred to the holding Company of BGEPL, Acton Global Private Limited and AHL. The terms and conditions of this loan for the borrower are as under:

(i) Interest to be serviced on monthly basis @ 12.50% p. a. fixed rate upto 36 months from the end of the month in which last disbursement happens. After 36 months, interest rate to be reset as per mutually agreed terms.

(ii) The loan is secured by:

(a) Corporate Guarantee of Holding Company of borrower viz. M/s. Acton Global Private Limited

(b) Pledge of 100% shares of Borrower i.e. BGEPL in favour of ABFL

(c) Creation of Escrow account and Lien on such account in favor of ABFL towards credit proceeds of interest payment on monthly basis (if any) from vendor towards advance received by it from borrower.

(iii) Right on land and building A-3, MIDC Ambad, Nasik, Maharashtra - 422 010 or any other alternate security offered to BGEPL. BGEPL has extended this loan facility to the Company at interest rate of 15% p.a.

(Current maturity pertaining to the said term loan is ₹ 118.75 crores (as at 31 March, 2019 ₹ 23.75 crores), Refer note 27).

(3) ABFL using an unregistered Power of Attorney issued by BGEPL (issued on the basis of a Power of Attorney unauthorisedly issued by the Company to BGEPL), has unilaterally executed a mortgage deed on the Nasik Land and Kanjur land. After issue of the mortgage deed, ABFL attempted to create a charge with the Registrar of Companies (RoC), which issue notice to the Company. The Company has objected to the creation of the charge on the basis that the transaction of ABFL loan to BGEPL involving the Company and its properties were unauthorised and without approval and also pointing out the above facts. The charge, consequently has not been registered by the RoC. (Also Refer note 3A(j))

(4) The above stated transactions and term loans ('loans') were part of Phase -1 investigation (Refer note 2.1) as per which these were part of unauthorised transactions. In order to facilitate a resolution process with lenders under the RBI's circular on Prudential Framework for Resolution of Stressed Assets dated 7 June, 2019 ("Distressed Asset Circular") in the interest of all stakeholders of the Company, these loans have been included in the debt resolution process (Refer note 57). The company has reserved its right to initiate legal proceedings against these loans if the debt of the Company is not resolved under the resolution process in accordance with the Distressed Asset Circular or as may be required under applicable law or as per the directions of any regulatory authority.

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2020	As at 31-03-2019
23. NON-CURRENT PROVISIONS		
Provision for leave encashment	21.23	23.86
Provision for post retirement medical benefit (Refer note 43)	-	10.37
Other provisions (Refer note 29)	12.10	20.60
	33.33	54.83

24. TAXATION

Income tax recognised in statement of profit and loss:

	2019-20	2018-19
Statement of profit or loss:		
Current income tax (continuing operations)	-	50.21
Deferred tax:		
Relating to origination and reversal of temporary differences - continuing operations	(110.62)	(39.17)
Relating to origination and reversal of temporary differences - discontinued operations	-	(11.78)
Total Income tax recognised in statement of profit or loss	(110.62)	(0.74)
Statement of other comprehensive income		
Current tax related to items recognised in other comprehensive income during the year	-	(1.21)
Deferred tax related to items recognised in other comprehensive income during the year	(0.05)	-
Total Income tax recognised in other comprehensive income	(0.05)	(1.21)

Income Tax expense:

Reconciliation of income tax expense applicable to accounting loss before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

	2019-20	2018-19
Loss before tax from continuing operations	(1909.82)	(1384.41)
Loss before tax from discontinued operations	-	(33.72)
Accounting loss before income tax	(1909.82)	(1418.13)
Applicable income tax rate	34.944%	34.944%
Computed tax expense	(667.37)	(495.55)
Income exempt from taxation	(0.13)	(0.13)
Expense not deductible in determining taxable profits	3.74	5.56
Tax impact on allowances under section 35(2AB) of Income tax act, 1961	(9.08)	(7.47)
Deferred tax assets not recognised on account of lack of convincing evidence in respect of future taxable income	598.02	477.20
Impact of deferred tax created at lower rate	(10.54)	21.40
Tax impact on other comprehensive income	-	(1.21)
Other temporary differences	(25.26)	(0.54)
Net income tax expense charged to statement of profit and loss	(110.62)	(0.74)
Income tax attributable to continued operations	(110.62)	11.04
Income tax attributable to discontinued operations	-	(11.78)
	(110.62)	(0.74)

The Company has not availed the option permitted under section 115BAA of the Income Tax Act, 1961 in current year. In view of this, the Company has currently made provision for tax based on the normal tax rates (i.e. on the basis of rate applicable to the Company immediately before the amendment).

₹ crores

24. TAXATION (Contd.)

Deferred tax relates to the following:

	Balance sheet		Recognised in statement of profit and loss	
	As at 31-03-2020	As at 31-03-2019	2019-20	2018-19
Expenses allowable on payment basis	8.76	1.88	6.88	0.42
Other items giving rise to temporary differences	131.92	67.06	64.86	36.89
Accelerated depreciation for tax purposes	(55.07)	(82.06)	26.99	(0.95)
Fair valuation of property, plant and equipment	(199.81)	(205.87)	6.06	(9.49)
Impairment of loan	3.92	3.92	-	0.04
Provision for loss allowance	47.37	37.90	9.47	20.45
Unabsorbed losses and Unabsorbed depreciation	-	-	-	18.99
Tax impact on account of adoption of Ind AS 115	33.93	37.52	(3.59)	(15.40)
Impairment of receivables	7.84	7.84	-	-
Deferred tax asset / (liability)	(21.14)	(131.81)		
Net (income) / expense			110.67	50.95
Deferred tax expense / (credit):				
Relating to origination and reversal of temporary differences - continuing operations			110.67	39.17
Relating to origination and reversal of temporary differences - discontinued operations			-	11.78
Total			110.67	50.95

Reconciliation of deferred tax assets / (liabilities) net

	As at 31-03-2020	As at 31-03-2019
Opening balance	(131.81)	(235.68)
Tax income / (expense) during the year recognised in profit or loss from continued operations	110.62	39.17
Tax income / (expense) during the year recognised in profit or loss from discontinued operations	-	11.78
Deferred tax on Other Comprehensive Income	0.05	-
Tax impact on account of first time adoption of Ind AS 115	-	52.92
Closing balance	(21.14)	(131.81)

25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31-03-2020	As at 31-03-2019
Secured loans		
Banks (Refer note below)	370.59	357.10
Unsecured Loans		
Banks	519.18	627.71
Others	4.27	51.80
	894.04	1036.61

Note:

Secured by First charge by way of hypothecation on entire current assets present and future of the Company, namely, stock of raw materials, work-in-progress, semi finished and finished goods, stores and spares not relating to plant and machinery (consumables stores and spares), trade receivables including proceeds thereof on realisation and other movables which are in the nature of current assets of the Company.

25. CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

Disclosure on defaults in payment of loans and interest

The Company has made certain defaults in repayment of dues to banks, financial institutions and other lenders.

Following are the details of continuing defaults as at 31 March, 2020:

	As at 31-03-2020	Period of default
Secured current borrowings	49.00	less than 1 year
Unsecured current borrowings	506.82	less than 1 year
Current maturities long-term loans from banks / financial institutions	185.53	less than 1 year
Current maturities long-term loans from others	27.32	less than 1 year
Interest accrued on borrowings	87.69	less than 1 year

26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31-03-2020	As at 31-03-2019
Acceptances	7.06	85.70
Due to micro and small enterprises (Refer note below)	120.06	123.73
Due to other than micro and small enterprises	1042.65	1325.09
Due to subsidiaries (Refer note 45)	20.19	20.12
	1189.96	1554.64

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, have been determined based on the information available with the company and the required disclosures are given below:

		As at 31-03-2020	As at 31-03-2019
(a)	Principal amount due to suppliers	120.06	123.73
(b)	Interest accrued and due to suppliers on the above amount, unpaid	6.69	0.39
(c)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	23.21	23.67
(d)	Interest paid to suppliers (other than Section 16)	-	-
(e)	Interest paid to suppliers (Section 16)	0.15	0.08
(f)	Interest due and payable towards suppliers for payments already made	3.47	1.17
(g)	Interest accrued and remaining unpaid at the end of each of the year to suppliers	10.16	1.56

₹ crores

		As at 31-03-2020		As at 31-03-2019
27. CURRENT-OTHER FINANCIAL LIABILITIES				
Current maturities of long- term loans from banks / financial institutions (Refer note 21)		593.08		347.62
Current maturities of long-term loans from others (Refer note 22)		131.96		27.32
Interest-free sales tax deferral loans from State Government		0.12		0.12
Lease liabilities (Refer note 40)		4.08		-
Interest accrued on borrowings		126.88		30.03
Dues to related parties:				
Dues to subsidiaries (Refer note 45)		1.07		10.31
Investor Education and Protection Fund: (Refer note (a) below)				
Unclaimed dividend		0.46		0.72
Security deposits		8.93		8.40
Due to directors (Refer note 45)		-		3.29
Financial guarantee obligations		-		74.07
Other payables:				
Due to employees	19.52		19.58	
Others	171.20		151.01	
		190.72		170.59
		1057.30		672.47

Note :

(a) There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020 and 31 March, 2019.

(b) Refer note 25 on disclosure on defaults in payment of loans and interest.

		As at 31-03-2020		As at 31-03-2019
28. OTHER CURRENT LIABILITIES				
Advances from customers (Refer note 55)		147.90		122.68
Due to customers (Refer note 55)		14.35		14.23
Other payables:				
Statutory liabilities	5.03		9.49	
Others	18.53		19.75	
		23.56		29.24
		185.81		166.15

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2020	As at 31-03-2019
29. SHORT-TERM PROVISIONS		
Provision for gratuity (Refer note 43)	2.05	-
Provision for post retirement medical benefit (Refer note 43)	-	0.46
Provision for leave encashment	1.68	2.71
Other provisions (Refer note below)	113.24	72.66
	116.97	75.83

Note:

(1) Movement in provisions:

	Provision for Warranties	Provision for Tax related Litigations	Other Litigation Claims	Total
	2019-20	2019-20	2019-20	2019-20
Carrying amount at the beginning of the year	64.93	18.19	10.14	93.26
Additional provision made during the year	11.73	13.59	26.02	51.34
Unused amounts reversed during the year	16.86	2.15	0.25	19.26
Carrying amount at the end of the year	59.80	29.63	35.91	125.34
Non-current (Refer note 23)	12.10	-	-	12.10
Current (Refer note 29)	47.70	29.63	35.91	113.24
Total	59.80	29.63	35.91	125.34

(2) Nature of provisions:

(a) Product Warranties: The Company gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for Tax related Litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the Act / Rules.

(c) Provision for Litigation related obligations represents estimated liabilities that are expected to materialise in respect of matters under litigation.

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

	2019-20		2018-19	
30. REVENUE FROM OPERATIONS				
Sale of products	2986.82		5168.22	
Sale of services	31.11		41.47	
Construction contracts	100.22		55.59	
		3118.15		5265.28
Other operating income - scrap sales		51.33		90.32
		3169.48		5355.60

Note:

Refer note 55 for disclosures on revenue from contracts with customers.

	2019-20	2018-19
31. OTHER INCOME		
Interest income from:		
Subsidiaries (Refer note 45)	-	177.69
Deposits with banks	4.39	10.21
Others	6.86	23.78
Dividend income from investment in subsidiary (Refer note 45)	0.38	0.38
Fair value gain on financial instruments at fair value through profit or loss	0.06	-
Other non-operating income:		
Income from business service centers (Refer note 40)	9.43	5.69
Income recognised on corporate guarantee	25.17	55.82
Miscellaneous income	10.59	2.43
	56.88	276.00

	2019-20	2018-19
32. COST OF MATERIALS CONSUMED		
Opening inventories	222.32	176.98
Add: Purchases	1860.23	3773.90
Less: Closing inventories	135.21	222.32
	1947.34	3728.56

	2019-20	2018-19
33. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	60.92	34.79
	60.92	34.79

	2019-20		2018-19	
34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Closing inventories:				
Finished goods	27.43		102.55	
Work-in-progress	104.23		199.88	
Stock-in-trade	2.10		2.62	
		133.76		305.05
Opening inventories:				
Finished goods	102.55		40.45	
Work-in-progress	199.88		191.65	
Stock-in-trade	2.62		0.60	
		305.05		232.70
Net (increase) / decrease in inventories		171.29		(72.35)

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

	2019-20	2018-19
35. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	279.12	319.51
Contribution to provident and other funds (Refer note 43)	21.08	22.14
Post retirement medical benefits (Refer note 43)	-	0.95
Staff welfare expenses	22.73	29.86
	322.93	372.46

	2019-20	2018-19
36. FINANCE COSTS		
Interest on loans from banks / financial institutions	279.98	337.02
Interest expense on lease liabilities (Refer note 40)	1.80	-
	281.78	337.02

	2019-20	2018-19
37. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment (Refer note 4)*	74.06	83.96
Amortisation of Intangible assets (Refer note 5)#	16.48	19.94
	90.54	103.90

Notes:

* Depreciation for the current year includes depreciation of ROU assets of ₹ 5.89 crores.

\# Includes current year ₹ 0.19 crores and previous year ₹ 0.80 crores on account of impairment.

	2019-20	2018-19
38. OTHER EXPENSES		
Consumption of stores and spares	13.62	30.35
Power and fuel	32.24	44.87
Rent	4.18	13.72
Repairs to buildings	1.71	7.56
Repairs to machinery	11.51	23.70
Insurance	8.22	6.78
Rates and taxes	20.64	17.03
Freight and forwarding	66.61	131.10
Packing materials	36.72	61.21
After sales services including warranties	16.39	46.70
Sales promotion	3.94	29.91
Sub contracting charges	95.14	212.60
Directors' sitting fees	1.85	0.76
Allowance for doubtful debts and advances	63.70	58.38
Corporate social responsibility expenses (Refer note 42)	0.89	3.25
Legal and professional charges	25.47	54.99
Miscellaneous expenses (Refer note below)	134.97	187.50
	537.80	930.41

Note:

Miscellaneous expenses includes the following:

	2019-20	2018-19
Auditors remuneration (excluding Goods and Service Tax)		
Audit fees	1.35	1.83
Limited review fees	0.82	0.69
Other services	0.95	0.15
Out of pocket expenses	0.58	0.70
	3.70	3.37

The above auditor's remuneration for current year does not include additional fees of ₹ 1.25 crores accounted under the head Exceptional items, paid towards additional cost incurred by them during audit of financial year 2018-19.

		As at 31-03-2020	As at 31-03-2019
39.	**CONTINGENT LIABILITIES AND COMMITMENTS**		
A.	**Contingent Liabilities:**		
	(to the extent not provided for)		
(a)	Claims against the Company not acknowledged as debts	5.29	5.36
(b)	Sales tax / VAT liability that may arise in respect of matters in appeal	14.07	14.41
(c)	Excise duty / customs duty / service tax liability that may arise in respect of matters in appeal	14.32	15.11
(d)	Income tax liability that may arise in respect of matters in appeal preferred by the department	1.89	1.21
B.	**Financial guarantees:**		
	Loan guarantee given on behalf of other related party (Refer note (vii) below)	-	391.88
	Loan guarantee given on behalf of other promoter affiliate company (Refer note (vii) below)	391.88	-
C.	**Commitments:**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.26	10.05

Notes:

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration / appellate proceedings.

(ii) Sales tax / VAT cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts, refund of excise duty on export of transformers, interest payment on Provisional Assessment Cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(v) Claims against CG include disputes pertaining to expenses incurred towards setting up a transformer plant, claim pertaining to fluctuation in foreign currency on imported materials supplied and claim towards procurement of man power services.

(vi) The Company has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating ₹ 69.08 crores which are not a part of contingent liability. As part of its working capital monitoring process, the Company has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.

(vii) AHL had obtained a loan of ₹ 500.00 crores from a bank for which a comfort letter was unauthorisedly issued on behalf of the Company by a CIP allegedly to discharge AHL's pecuniary obligations. No disclosure was made in the financial statements of prior years. Certain CIPs signed post-dated cheques ('PDCs') in violation of Rules of Procedure ('ROPs') and without the knowledge of the Board of Directors and submitted for repayment purposes on behalf of AHL in accordance with the Comfort Letter. The PDCs were replaced from time to time by CIP on account of the previous cheques becoming time-barred / stale in violation of ROPs without requisite approvals. Last PDC for ₹ 210.00 crores presented by the bank returned as dishonoured due to insufficient funds and the bank issued notice under section 138 of Negotiable Instruments Act, 1881 dated 30 April, 2019 ('Notice') to the Company on account of the cheque being returned unpaid. The Company responded to the Notice denying the existence of the alleged comfort letter and the fact that the PDC cheques were signed by certain CIPs in violation of ROP and requisite approvals. However the Bank has filed a complaint against the Company and certain directors before magistrate court and the company received all documents including the comfort letter together with the notice received from the Magistrate Court. The Company is contesting the same and has also filed petition in before the Delhi High Court to quash the complaint. The above proceedings filed are pending. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment, that no amount was received by the Company from these borrowings which could have led to an obligation on the Company to repay, the Board has decided to disclose the same as a contingent liability amounting to ₹ 391.88 crores. AHL has ceased to be a related party w.e.f. 9 October, 2019 and disclosed as promoter affiliate company.

40. LEASES

(i) Company as a lessee

The Company has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended 31 March, 2019 have not been restated. Under the modified retrospective method, the Company has recognised ₹ 17.11 crores as right-of-use ('ROU') asset as at 1 April, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial periods to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on loss after tax and earnings per share for the year ended 31 March, 2020 on adoption of Ind AS 116.

Movement in carrying value of right of use assets for the year ended 31 March, 2020

	Land	Building	Furniture and fittings	Vehicles	Total
Adoption of Ind AS 116 Leases as at 1-04-2019	0.59	13.79	0.32	2.41	17.11
Leasehold land transferred as at 1-04-2019	71.25	-	-	-	71.25
Additions	-	0.71	-	-	0.71
Less: Depreciation	1.45	3.54	0.07	0.83	5.89
Closing net carrying balance as at 31-03-2020	70.39	10.96	0.25	1.58	83.18

Movement in lease liabilities during the year ended 31 March, 2020

Adoption of Ind AS 116 Leases as at 1-04-2019	17.11
Add: Addition	0.71
Add: Accretion of interest	1.80
Less: Payment	5.17
Closing balance as at 31-03-2020	14.45

Breakup of current and non-current lease liabilities as at 31 March, 2020

Current lease liabilities	4.08
Non-current lease liabilities	10.37
Total	14.45

Amounts recognised in the statement of profit and loss

	2019-20
Other Expenses	
Short-term lease rent expense	2.55
Low value asset lease rent expense	0.13
Variable lease rent expense	0.72
Finance Cost	
Interest expense on lease liability	1.80
Depreciation and amortisation expense	
Depreciation of ROU lease assets	5.89

Amounts recognised in the statement of cash flow

	2019-20
Total cash outflow for leases	5.17

Contractual maturities of lease liabilities as at 31 March, 2020 on an undiscounted basis

Less than 1 year	5.46
1 - 5 years	11.15
More than 5 years	3.67
Total	20.28

₹ crores

40. LEASES (Contd.)

(ii) Company as a lessor

Amounts recognised in the statement of profit and loss

	2019-20	2018-19
Other Income		
Non-operating lease income	9.43	5.69

Undiscounted lease payments to be received

	As at 31-03-2020	As at 31-03-2019
Maturity analysis:		
Less than 1 year	8.64	7.49
1 - 5 years	2.61	9.41
More than 5 years	-	-
Total	11.25	16.90

41. EXPENDITURE ON RESEARCH AND DEVELOPMENT

	2019-20	2018-19
(a) Capital expenditure:		
Building	-	0.43
Plant and equipments	0.15	0.88
Furniture and fittings	-	0.22
Intangible assets	0.05	0.02
Intangible assets under development	12.40	14.12
Sub-total (a)	12.60	15.67
(b) Revenue expenditure:		
Raw materials consumed	0.09	0.82
Employee benefits	13.21	14.33
Depreciation and amortisation	13.00	13.22
Other expenses		
Consumption of stores and spares	0.00	0.14
Power and fuel	0.26	0.16
Rent	0.12	0.12
Repairs to machinery	0.00	0.00
Insurance	0.00	0.01
Rates and taxes	-	0.01
Miscellaneous expenses	1.32	3.32
Sub-total (b)	28.00	32.13
Total (a) + (b)	40.60	47.80

₹ crores

42. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

(a) Gross amount required to be spent by the company during the year is ₹ 0.85 crores (Previous year ₹ 3.70 crores)

(b) Amount spent during the year on:

		2019-20	2018-19
(i)	Construction / acquisition of asset	-	-
(ii)	On purposes other than (i) above	0.89	3.25
	Total	0.89	3.25

Note:

Amount spent during the year includes amount yet to be paid in cash of ₹ 0.59 crores (Previous year ₹ Nil).

43. EMPLOYEE BENEFITS

(a) Defined contribution plans:

Amount of ₹ 18.90 crores (Previous year ₹ 17.71 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

Benefits (Contribution to)	2019-20	2018-19
Provident fund	12.95	12.15
Superannuation fund	4.70	4.88
Employee state insurance scheme	0.24	0.37
Labour welfare scheme	0.01	0.02
National pension scheme	1.00	0.29
Total	18.90	17.71

(b) Defined benefit plans:

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Company makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Post-retirement medical benefits:

During the financial year 2019-20, management has reviewed and decided to discontinue the policy of Post-retirement medical benefit. Consequently the accumulated provision of ₹ 10.83 crores has been reversed and recognised as an exceptional item in statement of profit and loss.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Nonfunded)	2018-19 (Nonfunded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present Value of defined benefit obligation at the beginning of the year	48.73	63.60	10.83	10.68
2	Interest cost	3.76	5.02	-	0.83
3	Current service cost	2.89	3.83	-	0.12
4	Curtailment	-	-	-	-
5	Past service cost (Refer note 47)	-	(17.16)	-	-
6	Benefits paid directly by employer	-	(0.32)	-	(0.47)
7	Benefits paid	(16.77)	(6.86)	-	-
8	Actuarial changes arising from changes in financial assumptions	2.35	0.44	-	(0.25)
9	Actuarial changes arising from changes in experience adjustments	1.34	0.18	-	(0.08)
10	Reversal due to change in policy (Refer note 47)	-	-	(10.83)	-
11	Present Value of defined benefit obligation at the end of the year	42.30	48.73	-	10.83

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Nonfunded)	2018-19 (Nonfunded)
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	57.99	55.92	NA	NA
2	Interest income	4.47	4.41	NA	NA
3	Contributions paid by the employer	(9.00)	7.68	NA	NA
4	Benefits paid from the fund	(16.77)	(6.86)	NA	NA
5	Assets transferred out / divestments	-	-	NA	NA
6	Return on plan assets excluding interest income	3.56	(3.16)	NA	NA
7	Fair value of plan assets at the end of the year	40.25	57.99	NA	NA
III	**Net asset / (liability) recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	(42.30)	(48.73)	-	(10.83)
2	Fair value of plan assets at the end of the year	40.25	57.99	-	-
3	Amount recognised in the balance sheet	(2.05)	9.26	-	(10.83)
4	Net (liability) / asset- current	(2.05)	9.26	-	(0.46)
	Net (liability) / asset- non-current	-	-	-	(10.37)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	2.89	3.83	-	0.12
2	Interest cost on benefit obligation (net)	(0.71)	0.61	-	0.83
3	Curtailment	-	-	-	-
4	Past service cost (Refer note 47)	-	(17.16)	-	-
5	Total expenses included in employee benefits expense	2.18	(12.72)	-	0.95
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in demographic assumptions	-	-	NA	-
2	Actuarial changes arising from changes in financial assumptions	2.35	0.44	NA	(0.25)
3	Actuarial changes arising from changes in experience adjustments	1.34	0.18	NA	(0.08)
4	Return on plan assets excluding interest income	(3.56)	3.16	NA	NA
5	Recognised in other comprehensive income	0.13	3.78	NA	(0.33)
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	4.92	7.99	NA	0.50
2	Between 2 and 5 years	15.87	19.79	NA	2.29
3	Between 6 and 10 years	18.96	21.17	NA	3.72
VII	**Quantitative sensitivity analysis for significant assumption is as below:**				
1	**Increase/(decrease) on present value of defined benefits obligation at the end of the year**				
	(i) One percentage point increase in discount rate	(2.62)	(2.63)	NA	(1.37)
	(ii) One percentage point decrease in discount rate	2.98	2.97	NA	1.74
	(i) One percentage point increase in rate of salary increase	3.04	3.05	NA	NA
	(ii) One percentage point decrease in rate of salary increase	(2.72)	(2.74)	NA	NA
	(i) One percentage point increase in employee turnover rate	0.70	0.91	NA	NA
	(ii) One percentage point decrease in employee turnover rate	(0.78)	(1.02)	NA	NA
	(i) One percentage point increase in medical Inflation rate	NA	NA	NA	1.76
	(ii) One percentage point decrease in medical Inflation rate	NA	NA	NA	(1.39)

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Nonfunded)	2018-19 (Nonfunded)
2	**Sensitivity Analysis Method** Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.				
VIII	**The major categories of plan assets as a percentage of total plan assets**				
	Insurer managed funds	100%	100%	NA	NA
IX	**Weighted average duration of the defined benefit obligation (in years)**	8	7	NA	30
X	**Actuarial assumptions**				
1	Discount rate	6.83% p.a.	7.72% p.a.	NA	7.76% p.a.
2	Salary escalation	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	NA	NA
3	Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	NA	Indian Assured Lives Mortality (2006-08) Ultimate
4	Mortality post retirement rate	NA	NA	NA	Indian Assured Lives Mortality (2006-08)
5	Rate of employee turnover	4.00%p.a.	4.00%p.a.	NA	4.00%p.a.
6	Medical premium inflation rate	NA	NA	NA	2.00%p.a.

	2019-20	2018-19	2019-20	2018-19
Expected contribution to the defined benefit plan for the next annual reporting period	4.77	-	NA	NA

Notes :

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

(c) Provident Fund:

The Company makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the company has obtained actuarial valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

	As at 31-03-2020	As at 31-03-2019
Plan assets at year end, at fair value	298.63	337.45
Present value of defined obligation at year end	266.31	304.36

Assumptions used in determining the present value of obligation:

	As at 31-03-2020	As at 31-03-2019
Rate of discounting	6.83% p.a.	7.72% p.a.
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition rate	4.00% p.a.	4.00% p.a.
Guaranteed rate of interest	8.50% p.a.	8.65% p.a.
Whilst in service withdrawal	5.00% p.a.	5.00% p.a.

44. SEGMENT REPORTING

The Company has the following reportable segments:

Power Systems : Transformer, Switchgear and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

Identifications of segments:

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

Segment revenue and results:

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

Inter segment transfer:

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Company level.

44. SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended 31 March, 2020 is as follows:

	Power Systems	Industrial Systems	Discontinued Operations	Eliminations /Unallocable Expenditure / Assets*	Total
Revenue					
External sales (Gross sales)	1117.02	2052.46	-	-	3169.48
Add: Inter segment sales	0.26	0.02	-	(0.28)	-
Total revenue	1117.28	2052.48	-	(0.28)	3169.48
Segment results	(61.70)	246.78	-	-	185.08
Less: Finance costs					281.78
Less: Foreign exchange (gain) / loss					25.81
Less: Other unallocable expenditure net of unallocable income					89.54
Loss after finance cost but before exceptional items and tax					(212.05)
Exceptional items (net)					(1697.77)
Tax expense					(110.62)
Loss from continuing operations after tax					(1799.20)
Loss from discontinued operations after tax					-
Loss for the year					(1799.20)
Other information:					
Segment assets	860.90	637.77	279.86	2991.06	4769.59
Segment liabilities	828.95	784.49	-	2442.26	4055.70
Capital expenditure#	16.16	6.61	-	4.42	27.19
Depreciation and amortisation#	46.27	28.20	-	16.07	90.54
Impairment of intangible assets under development#	3.94	-	-	-	3.94
Non-cash expenses other than depreciation and amortisation#	53.11	8.53	-	2.06	63.70

₹ crores

44. SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended 31 March, 2019 is as follows:

	Power Systems	Industrial Systems	Discontinued Operations	Eliminations / Unallocable Expenditure / Assets*	Total
Revenue					
External sales (Gross sales)	2275.07	3080.53	-	-	5355.60
Add: Inter segment sales	1.78	0.87	-	(2.65)	-
Total revenue	2276.85	3081.40	-	(2.65)	5355.60
Segment results	85.97	371.04	-	-	457.01
Less: Finance costs					337.02
Less: Foreign exchange (gain) / loss					62.95
Less: Other unallocable expenditure net of unallocable income					(76.82)
Profit after finance cost but before exceptional items and tax					133.86
Exceptional items (net)					(1518.27)
Tax expense					11.04
Loss from continuing operations after tax					(1395.45)
Loss from discontinued operations after tax					(21.94)
Loss for the year					(1417.39)
Other information:					
Segment assets	1481.15	1154.35	280.43	4339.01	7254.94
Segment liabilities	1052.00	906.34	-	2783.43	4741.77
Capital expenditure#	26.60	40.56	-	5.89	73.05
Depreciation and amortisation#	51.12	30.47	-	22.31	103.90
Impairment of intangible assets under development#	14.15	-	-	-	14.15
Non-cash expenses other than depreciation and amortisation#	34.57	2.13	-	11.05	47.75

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Deferred tax assets / liabilities are not considered in capital employed.

The disclosure pertains to continuing business segments.

Geographical Information:

	2019-20			2018-19		
	Domestic	**Overseas**	**Total**	Domestic	Overseas	Total
Revenue from contracts with customers	**2630.52**	**538.96**	**3169.48**	4579.08	776.52	5355.60

Note:

During the year ended 31 March, 2020 and 31 March, 2019 revenue from transactions with a single external customer did not amount to 10% or more of the Company's revenues from external customers.

	As at 31-03-2020			As at 31-03-2019		
	Domestic	**Overseas**	**Total**	Domestic	Overseas	Total
Non-current assets	**903.38**	**-**	**903.38**	1049.81	-	1049.81

45. RELATED PARTY DISCLOSURES

(a) List of related parties

(i) Subsidiaries:

Sr. No.	Name of the Related Parties	Country of Incorporation	% Equity Interest As at 31-03-2020	% Equity Interest As at 31-03-2019
1	CG Power Solutions Limited	India	**100.00**	100.00
2	CG-PPI Adhesive Products Limited	India	**81.42**	81.42
3	CG Power Equipments Limited	India	**100.00**	100.00
4	CG International Holdings Singapore Pte. Limited	Singapore	**100.00**	100.00
5	CG Sales Networks Malaysia Sdn. Bhd. (formerly known as "Crompton Greaves Sales Network Malaysia Sdn.Bhd.")	Malaysia	**100.00**	100.00
6	CG International B.V.	The Netherlands	**100.00**	100.00
7	CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)*	Belgium	**-**	100.00
8	CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)*	Belgium	**-**	100.00
9	CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020)*	Ireland	**-**	100.00
10	PT CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020)*	Indonesia	**-**	95.00
11	CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020)*	France	**-**	99.70
12	CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020)*	Saudi Arabia	**-**	51.00
13	CG Electric Systems Hungary Zrt.	Hungary	**100.00**	100.00
14	CG Power Solutions UK Limited (Refer note 3 below)	United Kingdom	**100.00**	100.00
15	CG Power Systems Canada Inc.	Canada	**100.00**	100.00
16	CG-Ganz Generator and Motor Limited Liability Company (formerly known as "CG Holdings Hungary Kft.")	Hungary	**100.00**	100.00
17	CG Service Systems France SAS	France	**100.00**	100.00
18	CG Industrial Holdings Sweden AB	Sweden	**100.00**	100.00
19	CG Drives and Automation Sweden AB	Sweden	**100.00**	100.00
20	CG Drives and Automation Germany GmbH	Germany	**100.00**	100.00
21	CG Drives and Automation Netherlands B.V.	The Netherlands	**100.00**	100.00
22	CG Middle East FZE	UAE	**100.00**	100.00
23	CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019)	USA	**-**	100.00
24	QEI, LLC	USA	**100.00**	100.00
25	CG Power Americas, LLC	USA	**100.00**	100.00
26	CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019)	USA	**-**	100.00
27	PT Crompton Prima Switchgear Indonesia (Subsidiary w.e.f. FY 2018-19)	Indonesia	**51.00**	51.00
28	CG Power and Industrial Solutions Limited Middle East FZCO (Incorporated on 15 October, 2018) (Refer note 3 below)	UAE	**100.00**	100.00

* During the current year, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') are declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020 and the Court has appointed Receivers. Based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Limited and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Limited, PT CG Power Systems Indonesia and CG Sales Networks France SA (collectively 'HBE Group') w.e.f. the date of bankruptcy. As stated in Note 53 in Consolidated Financial Statements for the year ended 31 March, 2020, these Subsidiaries are deconsolidated w.e.f. 1 January, 2020 and consequently these entities ceased to be treated as subsidiaries and related parties w.e.f. 1 January, 2020.

₹ crores

45. RELATED PARTY DISCLOSURES (Contd.)

(ii) Associate:

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2020	% Equity Interest As at 31-03-2019
1	CG International BV TR. & Cont. Pvt. Co. LLC. (liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC")	Sharjah	-	49.00

(iii) Key Management Personnel:

1	Sudhir Mathur	-	Whole Time - Executive Director (w.e.f. 10 May, 2019) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 9 May, 2019)
2	Ashish Kumar Guha	-	Non- Executive Independent Director and Chairman (Appointed as Chairman w.e.f. 25 September, 2019)
3	Narayan K. Seshadri	-	Non- Executive Independent Director
4	Ramni Nirula	-	Non- Executive Independent Director
5	Jitender Balakrishnan	-	Non- Executive Independent Director
6	Pradeep Mathur	-	Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019)
7	Dr. Aditi Raja	-	Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
8	Dr. Rathin Roy	-	Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
9	Alen Ferns	-	Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020)
10	Gautam Thapar	-	Non- Executive Director, Chairman and Promoter Director (Ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be director w.e.f. 9 October, 2019)
11	K. N. Neelkant	-	Executive Director, CEO & Managing Director (Resigned w.e.f. 30 September, 2019)
12	V. R. Venkatesh	-	Chief Financial Officer (Ceased w.e.f. 30 August, 2019)
13	Omkar Goswami	-	Non- Executive Director (Resigned w.e.f. 14 December, 2019)
14	Valentin Von Massow	-	Non- Executive Independent Director (Ceased w.e.f. 5 August, 2019)
15	Shikha Kapadia	-	Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019)
16	Nimesh S Shah	-	Company Secretary and Compliance Officer (Appointed w.e.f. 1 January, 2020 and resigned w.e.f. 31 January, 2020)

(iv) Other Related Parties in which directors are interested:

1	Ballarpur Industries Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
2	BILT Graphic Paper Products Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
3	Avantha Holdings Limited ('AHL')#	(Ceased to be a related party w.e.f. 9 October, 2019)
4	Avantha Realty Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
5	Jhabua Power Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
6	Solaris Industrial Chemicals Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
7	CERG Advisory Private Limited	(Ceased to be a related party w.e.f. 14 December, 2019)

Ceased to be a related party upon resignation of Mr Gautam Thapar w.e.f. 9 October, 2019

(v) Post Employment Benefit Entity:

1 CG Provident Fund

2 CG Gratuity Fund

45. RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties (Refer note 1 below):

Sr. No.	Nature of transaction / relationship	2019-20	2018-19
1	**Purchase of goods and services**		
	Subsidiaries		
	CG-PPI Adhesive Products Limited	2.36	6.01
	CG Power Systems Belgium N.V.	-	0.05
	CG Electric Systems Hungary Zrt.	11.53	1.53
	CG Holdings Belgium N.V.	-	0.27
	CG Drives and Automation Sweden AB	2.75	1.33
	Total	16.64	9.19
2	**Sales of goods and services**		
	Subsidiaries		
	CG Sales Network Malaysia Sdn.Bhd.	(0.02)	0.05
	CG Holdings Belgium N.V.	0.95	-
	CG Power Systems Belgium N.V.	4.15	34.51
	PT CG Power Systems Indonesia	0.53	3.49
	CG Electric Systems Hungary Zrt.	0.05	-
	PT Crompton Prima Switchgear Indonesia	12.45	15.99
	CG Holdings Americas, LLC	-	0.43
	CG Drives & Automation Sweden AB	9.71	13.65
	CG Drives and Automations Germany GmbH	1.50	8.79
	CG Drives & Automation Netherland	0.00	-
	CG Power Americas, LLC	23.67	22.54
		52.99	99.45
	Other Related Parties		
	BILT Graphic Paper Products Limited	-	0.01
	Jhabua Power Limited	0.02	0.39
		0.02	0.40
	Total	53.01	99.85
3	**Interest expenses**		
	Subsidiary		
	CG-PPI Adhesive Products Limited	0.38	0.41
	Total	0.38	0.41
4	**Dividend received**		
	Subsidiary		
	CG-PPI Adhesive Products Limited	0.38	0.38
	Total	0.38	0.38
5	**Guarantee fee**		
	Subsidiaries		
	CG International Holdings Singapore Pte. Limited	5.27	10.48
	CG International B.V.	21.32	50.64
	PT CG Power Systems Indonesia	2.46	5.40
	Total	29.05	66.52

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Nature of transaction / relationship	2019-20	2018-19
6	**Interest income**		
	Subsidiaries		
	CG Power Solutions Limited	-	127.81
	CG International Holdings Singapore Pte. Limited	-	0.06
	CG International B.V.	-	49.82
	Total	-	177.69
7	**Trade Payable written back**		
	Subsidiaries		
	CG Power Systems Belgium N.V.	0.59	-
	CG Holdings Belgium N.V.	0.54	-
	CG Power Americas, LLC	0.19	-
	Total	1.32	-
8	**Liability written back**		
	Subsidiaries		
	CG Holdings Belgium N.V.	1.10	-
	CG Power Americas, LLC	0.86	-
	CG Drives & Automation Sweden AB	0.01	-
	Total	1.97	-
9	**Payment of salaries, commission and perquisites**		
	Key Management Personnel		
	Sudhir Mathur**	2.78	-
	K. N. Neelkant**	2.74	4.67
	V R Venkatesh**	0.80	1.90
	Shikha Kapadia**	0.41	0.56
	Nimesh Shah**	0.05	-
	Alen Ferns**	0.01	-
	Total	6.79	7.13
10	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	-	1.87
	Jhabua Power Limited	-	0.55
	Total	-	2.42
11	**Commission Paid**		
	Subsidiary		
	CG Sales Network Malaysia Sdn.Bhd.	3.32	6.39
	Total	3.32	6.39
12	**Amounts written off**		
	Other Related party		
	BILT Graphic Paper Products Limited	-	2.80
	Total	-	2.80
13	**Guarantee Fee Expense**		
	Subsidiaries		
	CG International B.V.	3.73	10.40
	PT CG Power Systems Indonesia	0.15	0.30
	Total	3.88	10.70

₹ crores

NOTES ACCOMPANYING THE STANDALONE FINANCIAL STATEMENTS (Contd.)

45. RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Nature of transaction / relationship	2019-20	2018-19
14	**Other expenses**		
	Subsidiaries		
	CG Holdings Belgium N.V.	0.19	0.08
	CG-PPI Adhesive Products Limited	0.00	-
	PT CG Power Systems Indonesia	0.21	1.16
	CG Electric Systems Hungary Zrt.	0.14	-
		0.54	1.24
	Other Related Parties		
	Avantha Holdings Limited	-	38.06
	Jhabua Power Limited	-	0.19
	CERG Advisory Private Limited	0.06	-
		0.06	38.25
	Total	0.60	39.49
15	**Recovery of expenses**		
	Subsidiaries		
	CG International B.V.	-	12.32
	CG International Holdings Singapore Pte. Limited	0.05	-
	Total	0.05	12.32
16	**Provision against advances**		
	Subsidiaries		
	CG International B.V.	296.31	1365.61
	CG International Holdings Singapore Pte. Limited	19.44	-
	PT CG Power Systems Indonesia	35.14	-
	CG Power Systems Belgium N.V.	7.94	-
	CG Drives & Automation Sweden AB	0.28	-
	CG Industrial Holdings Sweden AB	0.06	-
	CG Sales Network Malaysia Sdn. Bhd.	0.00	-
	Total	359.17	1365.61
17	**Provision against trade receivables**		
	Subsidiaries		
	PT CG Power Systems Indonesia	0.18	-
	PT Crompton Prima Switchgear Indonesia	46.05	-
	CG Power Americas, LLC	11.00	-
	CG Power Systems Belgium N.V.	1.99	-
	CG Holdings Belgium N.V.	3.38	-
	Total	62.60	-
18	**Provision against investments**		
	Subsidiaries		
	CG International B.V.	644.68	-
	CG International Holdings Singapore Pte. Limited	238.29	-
	PT Crompton Prima Switchgear Indonesia	1.15	-
	Total	884.12	-

₹ crores

45. RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Nature of transaction / relationship		2019-20	2018-19
19	**Loans and advances given (net of repayments/conversion/provisions) during the year**			
	Subsidiaries			
	CG Power Solutions Limited		(7.28)	2.58
	CG International Holdings Singapore Pte. Limited		(13.90)	10.72
	CG International B.V.		(144.53)	(1005.78)
	CG Sales Network Malaysia Sdn. Bhd.		(0.00)	-
	CG Power Systems Belgium N.V.		(7.90)	0.25
	PT CG Power Systems Indonesia		(0.07)	-
	CG Electric Systems Hungary Zrt.		(8.01)	8.04
	CG Industrial Holdings Sweden AB		(0.06)	-
	CG Drives and Automation Sweden AB		(0.28)	-
			(182.03)	(984.19)
	Other Related Parties##			
	Avantha Holdings Limited		(4.85)	(15.08)
	Avantha Realty Limited		-	0.43
	Solaris Industrial Chemicals Limited		-	98.20
			(4.85)	83.55
	Total		(186.88)	(900.64)

** Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

(c) Amount due to / from related parties (Refer note 1 below):

Sr. No.	Nature of transaction / relationship		As at 31-03-2020	As at 31-03-2019
1	**Trade payable**			
	Subsidiaries			
	CG-PPI Adhesive Products Limited		5.85	4.29
	CG Sales Network Malaysia Sdn.Bhd.		2.51	1.62
	CG Holdings Belgium N.V.		-	0.54
	CG Power Systems Belgium N.V.		-	4.45
	CG Electric Systems Hungary Zrt.		0.85	1.18
	CG Drives and Automation Sweden AB		5.67	2.65
	CG Holdings Americas, LLC		-	0.18
	CG Power Americas, LLC		5.31	4.85
	PT CG Power Systems Indonesia		-	0.36
		(A)	20.19	20.12
	Non-current		-	-
	Current		20.19	20.12
			20.19	20.12
	Other Related Party			
	Jhabua Power Limited		-	1.01
		(B)	-	1.01
	Non-current		-	-
	Current		-	1.01
			-	1.01
	Total	**(A+B)**	20.19	21.13

₹ crores

45. RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Nature of transaction / relationship		As at 31-03-2020	As at 31-03-2019
2	**Trade receivable**			
	Subsidiaries			
	CG Sales Network Malaysia Sdn.Bhd.		0.01	0.03
	CG Holdings Belgium N.V.		-	3.30
	CG Power Systems Belgium N.V.		-	1.98
	PT Crompton Prima Switchgear Indonesia		0.00	15.94
	CG Electric Systems Hungary Zrt.		0.05	(0.00)
	CG Drives & Automation Netherland		0.00	-
	CG Drives and Automation Sweden AB		7.15	5.73
	CG Drives & Automation Germany GmbH		0.76	1.69
	CG Holdings Americas, LLC		-	0.13
	CG Power Americas, LLC		8.21	8.29
	CG Solutions Americas, LLC		-	0.26
	PT CG Power Systems Indonesia		-	3.51
		(A)	16.18	40.86
	Non-current		-	-
	Current		16.18	40.86
			16.18	40.86
	Other Related Parties			
	Ballarpur Industries Limited		-	0.08
	BILT Graphic Paper Products Limited		-	0.47
	Jhabua Power Limited		-	1.31
		(B)	-	1.86
	Non-current		-	-
	Current		-	1.86
			-	1.86
	Total	**(A+B)**	16.18	42.72
3	**Loans and advances receivable (net)**			
	Subsidiaries			
	CG Power Solutions Limited		1218.87	1226.15
	CG International Holdings Singapore Pte. Limited		-	13.90
	CG Sales Network Malaysia Sdn. Bhd.		-	0.00
	CG International B.V.		-	144.53
	CG Power Systems Belgium N.V.		-	7.90
	PT CG Power Systems Indonesia		-	0.07
	CG Electric Systems Hungary Zrt.		0.03	8.04
	CG Industrial Holdings Sweden AB		-	0.06
	CG Drives and Automation Sweden AB		-	0.28
		(A)	1218.90	1400.93
	Non-current		1218.87	1392.48
	Current		0.03	8.45
			1218.90	1400.93
	Other Related Parties##			
	Avantha Holdings Limited		-	685.32
	Avantha Realty Limited		-	10.66
	Ballarpur Industries Limited		-	68.50
	Solaris Industrial Chemicals Limited		-	98.20
		(B)	-	862.68
	Non-current		-	862.68
	Current		-	-
			-	862.68
	Total	**(A+B)**	1218.90	2263.61

45. RELATED PARTY DISCLOSURES (Contd.)

Sr. No.	Nature of transaction / relationship	As at 31-03-2020	As at 31-03-2019
4	**Financial guarantee fees receivable**		
	Subsidiaries		
	CG International B.V.	-	42.25
	CG International Holdings Singapore Pte. Limited	-	31.53
		-	73.78
	Non-current	-	38.58
	Current	-	35.20
	Total	-	73.78
5	**Loans and advances payable**		
	Subsidiaries		
	CG Holdings Belgium N.V.	-	1.14
	CG Drives and Automation Sweden AB	-	1.61
	CG Holdings Americas, LLC	-	0.08
	CG Power Americas, LLC	1.07	6.71
	CG Solutions Americas, LLC	-	0.77
	CG-PPI Adhesive Products Limited	4.61	-
		5.68	10.31
	Non-current	-	-
	Current	5.68	10.31
	Total	5.68	10.31
6	**Due to Key Management Personnel**		
	K. N. Neelkant	-	3.29
		-	3.29
	Non-current	-	-
	Current	-	3.29
	Total	-	3.29
7	**Guarantees outstanding (utilised)**		
	Subsidiaries		
	CG International Holdings Singapore Pte. Limited	213.24	349.48
	CG International B.V.	579.02	889.23
	CG Electric Systems Hungary Zrt.	241.73	253.82
	CG Drives & Automation Sweden AB	25.66	81.55
	PT CG Power Systems Indonesia	-	152.13
	PT Crompton Prima Switchgear Indonesia	18.62	47.61
	Other Related Party		
	Avantha Holdings Limited##	-	500.00
	Total	1078.27	2273.82

These transactions and balances are subject to investigation to ensure completeness of such transactions / accounting adjustments as disclosed in note 3A(l) and 61.

45. RELATED PARTY DISCLOSURES (Contd.)

(d) Compensation of Key Management Personnel of the Company:

₹ crores

Nature of transaction	2019-20	2018-19
Short-term employee benefits	6.54	6.93
Post-employment benefits	0.25	0.20
Total compensation paid to key management personnel	6.79	7.13

Notes:

1 Other related parties in which directors are interested (serial no. 1 to 6 in 45(a)(iv) above) have ceased to be related parties w.e.f. 9 October, 2019 and are considered as promoter affiliate companies in the Standalone financial statements for the current year ended 31 March, 2020. Above related party disclosure does not include transactions with these entities after the date these entities ceased to be related parties of the Company. Similarly the amount due to / from related parties does not include balances with these parties as at 31 March, 2020.

2 The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and are done in the ordinary course of business except transactions with other related parties disclosed above in note b(19) and closing balances of Other Related Parties disclosed in note c(3),c(7), where management plans to investigate to ensure completeness of these transactions / accounting adjustments.

3 The Board of Directors of the Company have approved the proposal of liquidation of two of the step down subsidiaries of the Company viz. CG Power Solutions UK Limited and CG Power and Industrial Solutions Limited Middle East FZCO.

4. The Company makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company contributed ₹ 12.95 crores (Previous year ₹ 12.15 crores).

5 The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (CG Gratuity Fund). During the year, the Company contributed ₹ Nil (Previous year ₹ 7.68 crores).

46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Power Distribution Franchise with Maharashtra State Electricity Distribution Company Limited

On 1 June, 2011, the Company had entered into Power Distribution Franchise Agreement ('DFA') with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India.

As per the terms of the arrangements, the Company had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large.

MSEDCL should supply / sale electricity to the Company at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Company should distribute and supply the electricity at the tariff determined by the regulatory authorities.

The Company should conduct normal maintenance activities of network and other assets to maintain uninterrupted service. The Company is a private operator and MSEDCL is a Government body. The Company undertook obligation of public service granted by MSEDCL. Thus, the arrangement was a public-to-private service concession. The electricity distribution service is totally regulated by the MSEDCL or other Government regulatory authorities.

MSEDCL had given right to the Company to use its distribution assets which would always belong to MSEDCL. During the tenure of the arrangement, if the Company incurred any capital expenditure, the same should vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Company for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Company had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

Therefore, the arrangement was a Service concession arrangement under Appendix C to Ind AS 115. The Company had a contractual right to receive the residual value of the capital expenditure done under the arrangement and accordingly, will recognise financial asset. Further, the Company had right to charge the consumers for the services and therefore, there was an intangible asset. Consequent to the certain unresolved disputes arising out of the DFA of the Company with MSEDCL, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee in Jalgaon from the Company with effect from 12 August, 2015. Accordingly, the Company has classified Power Distribution Segment as discontinued operations.

In respect of discontinued Distribution Franchise business, the Company and MSEDCL have entered into final settlement on 16 February, 2018. Considering the non-recoverability of balance dues of ₹ 34.21 crores (As at 31 March, 2019), the Company has provided for ₹ 33.72 crores (previous year). During the current financial year the Company has received an amount of ₹ 0.49 crores from the outstanding balance.

(b) Transformer Division - Kanjurmarg

As part of its asset optimisation initiative, 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). Consequently, the Board had approved the closure of the Kanjurmarg factory for completion of sale of land. The plant & machineries of Transformer Division (T1) were shifted to other manufacturing facilities. Accordingly, in the previous year ended31 March, 2019, carrying value of land and building amounting to ₹ 279.94 crores has been classified as 'Asset held for sale' in accordance with "Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations" and had recognised a provision for restructuring cost towards closure / shifting of the said manufacturing facility at Kanjurmarg of ₹ 95.39 crores in accordance with "Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets". During the current year, based on additional update, the Company has actualised and reversed exceptional provision of ₹ 31.29 crores related to expected restructuring cost.

The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Company. The Company is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. As per contractual terms, interest @ 18% p.a. is payable on such delay in consummation of sale. During the current year, the Company has recognised a provision for an amount ₹ 53.23 crores towards interest provision. The Company continues to engage with EVIE and shall negotiate settlement of current and future interest liability.

The restructuring provision, reversal thereof and interest towards completion of land sale forms part of the exceptional items in the financial statements (Refer note 47).

46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

Statement of profit and loss of the discontinued operations:

	2019-20	2018-19
	Power Distribution	Power Distribution
Revenue from operations	-	-
Expenses (net of other income)	-	33.72
Loss before tax	-	(33.72)
Tax credit	-	(11.78)
Loss after tax from discontinued operations	-	(21.94)

The major classes of assets and liabilities of the discontinued operations are as under:

	As at 31-03-2020		As at 31-03-2019	
	Transformer Division - Kanjurmarg	Power Distribution	Transformer Division - Kanjurmarg	Power Distribution
Assets				
Land and building (net)	279.85	-	279.94	-
Trade receivables	-	-	-	0.49
Assets classified as held for sale (A)	279.85	-	279.94	0.49
Liabilities directly associated with assets classified as held for sale (B)	-	-	-	-
Net assets directly associated with disposal group (A-B)	279.85	-	279.94	0.49

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

	2019-20	2018-19
Operating	0.49	2.08
Investing	-	-
Financing	-	-

47. EXCEPTIONAL ITEMS

	2019-20	2018-19
Provision against loan given to subsidiaries	-	(40.61)
Impairment of investments in subsidiaries (Refer note (a) below)	(884.12)	-
Provision against doubtful advances (Refer note (b) below)	(334.98)	-
Provision against litigation (for trade receivable and claims) (Refer note (c) below)	(22.48)	(35.45)
Impairment of loan given to subsidiary (Refer note (a) below)	(315.75)	(1325.00)
Provision for advances, trade receivables and trade payable (net) - overseas subsidiaries (Refer note (a) below)	(92.31)	-
Curtailment of gratuity liability	-	17.16
Provision for impairment of intangible assets under development	-	(14.15)
Shortfall of provident fund liability (Refer note (d) below)	(0.78)	(24.83)
Post retirement medical benefit provision reversal due to change in policy (Refer note 43(b))	10.83	-
Provision for interest towards delay in completion of land sale and expected restructuring cost (Refer note 46)	(21.94)	(95.39)
Professional and consultancy fees due to ongoing investigations and debt resolution plan (Refer note (e) below)	(36.24)	-
Total	(1697.77)	(1518.27)

Notes:

(a) The Company had a total exposure of ₹ 940.99 crores (Previous year ₹ 2352.50 crores) in CG International B.V., ('CGIBV'), ₹ 257.73 crores in CG International Holdings Singapore Pte. Limited ('CGSN'), ₹ 46.40 crores in CG Power Systems Belgium N.V. and its step down subsidiaries and ₹ 47.06 crores in PT Crompton Prima Switchgear Indonesia ('CPSI') from receivables and investments as at 31 March, 2020. The Company evaluated the recoverability of such investment and receivable balances and recorded an impairment provision of ₹ 1292.18 crores in the current year.

47. EXCEPTIONAL ITEMS (Contd.)

(b) As explained in Note 3A(f), during the current year, the Company has recognised provision for certain outstanding amount due from third parties / unrelated parties aggregating to ₹ 266.40 crores. Further one of the promoter affiliate entity is under bankruptcy process at NCLT. The Company has filed its claim before the NCLT in respect of the receivables of ₹ 68.58 crores (including ₹ 0.08 crores of trade receivable). Considering the fact that it is more than certain that the outstanding receivables in such process may not be collected, in their totality and hence during the current year, the Company have made a provision of ₹ 68.58 crores.

(c) One of the customers of the Company had raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory and consequently, had invoked arbitration proceedings. During the current year, the Customer agreed to settle the dispute and the arbitration proceeding was finally terminated. Under the settlement agreement, the Company was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer failing which the settlement agreement provided for payment of 2.9 million USD by the Company to the customer. In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and the Company does not have control over the transformer. Considering these facts, during the current year, the Company has recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds.

(d) During the year, the Company has recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.

(e) During the year, the Company has incurred professional and consultancy charges of ₹ 36.24 crores towards ongoing investigations in relation to matters disclosed in these standalone financial statements and the debt resolution process initiatives.

48. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. The Company has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others (except financial guarantee fees receivable and derivative instruments), current financial liabilities - borrowings, trade payables and other financial liabilities (except derivative instruments and current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
2. The fair values of the quoted investments / units of mutual fund schemes are based on market price / net asset value at the reporting date.
3. The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.
4. Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

	Note No.	Carrying amount	Fair value		
		As at 31-03-2020	Level 1	Level 2	Level 3
Financial assets at amortised cost:					
Non-current investments*	6	0.39	0.39	-	-
Non-current financial assets loans (Refer note (a) below)	8	1225.39	-	6.52	-
Non-current financial assets others (Refer note (a) below)	9	1172.78	-	33.54	-
Total		2398.56	0.39	40.06	-
Financial assets at fair value through profit or loss:					
Non-current investments	6	1.33	-	1.33	-
Current investments	12	0.01	0.01	-	-
Total		1.34	0.01	1.33	-
Financial liabilities at amortised cost:					
Long term loans from bank (Refer note (b) below)	21	352.89	-	281.89	-
Non-current other financial liabilities (Refer note (b) below)	22	204.26	-	5.85	10.37
Current maturities of long-term borrowings (Refer note (b) below)	27	725.04	-	593.08	-
Total		1282.19	-	880.82	10.37

₹ crores

48. FAIR VALUE MEASUREMENTS (Contd.)

	Note No.	Carrying amount As at 31-03-2019	Fair value Level 1	Level 2	Level 3
Financial assets at amortised cost:					
Non-current investments*	6	0.39	0.39	-	-
Financial guarantee fees receivable (non-current)	9	38.58	-	38.58	-
Financial guarantee fees receivable (current)	17	35.20	-	35.20	-
Non-current financial assets loans (Refer note (a) below)	8	1399.44	-	6.96	-
Non-current financial assets others (Refer note (a) below)	9	1394.48	-	5.06	-
Total		2868.09	0.39	85.80	-
Financial assets at fair value through profit or loss:					
Derivative instruments	17	4.89	-	4.89	-
Non-current investments	6	1.27	-	1.27	-
Current investments	12	0.01	0.01	-	-
Total		6.17	0.01	6.16	-
Financial liabilities at amortised cost:					
Long term loans from bank (Refer note (b) below)	21	751.16	-	678.96	-
Non-current other financial liabilities (Refer note (b) below)	22	298.27	-	5.59	-
Current maturities of long-term borrowings (Refer note (b) below)	27	374.94	-	347.62	-
Total		1424.37	-	1032.17	-

* Excludes investment in subsidiaries measured at cost.

During the reporting period ending 31 March, 2020 and 31 March, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes:

	As at 31-03-2020	As at 31-03-2019
a) The carrying amount includes below (other than those categorised in the fair value hierarchy above):		
Advance to subsidiaries	1218.87	1392.48
Advance to others	1139.24	526.74
Advance to other related parties	-	862.68
Total	2358.11	2781.90

As specified in note 3A(l) the Company has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The Company has initiated recovery process in consultation with legal counsels including filing legal suits and will be taking further actions as may be legally advised. Hence the fair value of these advances is not ascertainable.

	As at 31-03-2020	As at 31-03-2019
b) The carrying amount includes below (other than those categorised in the fair value hierarchy above):		
Term loans from banks	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long- term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Company has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company has managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest risk

	As at 31-03-2020	As at 31-03-2019
Floating Rate borrowings	2165.78	2471.65

Interest rate sensitivity

	2019-20	2018-19
25 bps increase - Decrease in profit	(5.41)	(6.18)
25 bps decrease - Increase in profit	5.41	6.18

Foreign currency risk

The Company's functional currency is Indian Rupee. The Company undertakes transactions denominated in foreign currencies and consequently the Company is exposed to foreign exchange risk Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Unhedged foreign currency exposure as at 31 March, 2020

	USD	Euro	JPY	CHF	Others	Total
Trade receivables	132.52	13.56	-	-	2.13	148.21
Short-term borrowings	(286.46)	-	-	-	-	(286.46)
Trade payables	(60.99)	(17.18)	(1.74)	(2.92)	(0.23)	(83.06)
Commission payable	(25.91)	(2.43)	-	-	(0.12)	(28.46)

Unhedged foreign currency exposure as at 31 March, 2019

	USD	Euro	JPY	CHF	Others	Total
Trade receivables	118.87	42.98	-	-	2.51	164.36
Loans and other receivables	13.89	144.53	-	-	-	158.42
Short-term borrowings	(418.61)	-	-	-	-	(418.61)
Trade payables	(73.85)	(38.58)	(5.44)	(3.71)	(0.82)	(122.40)
Commission Payable	(19.76)	(1.45)	-	-	-	(21.21)
Forward contracts for receivable	1.76	-	-	-	-	1.76
Forward contracts for loans	-	3.13	-	-	-	3.13

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax

	2019-20		2018-19	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
USD	(2.41)	2.41	(4.28)	4.28
Euro	(0.06)	0.06	0.33	(0.33)
JPY	(0.02)	0.02	(0.05)	0.05
CHF	(0.03)	0.03	(0.04)	0.04
Others	0.02	(0.02)	0.02	(0.02)
Increase / (decrease) in profit or loss	(2.50)	2.50	(4.02)	4.02

Credit risk

Credit risk refers to the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. General payment terms for the customers include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project.

Where the loans or receivables are impaired, the Company continues to engage in enforcement activity to attempt to recover the receivable due.

The Company is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees and derivative financial instruments.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

Exposure to credit risk

	As at 31-03-2020	As at 31-03-2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Government or trust securities	0.39	0.39
Investments in Debentures or bonds	0.05	0.05
Other non-current investments	1.27	1.21
Long-term loans (Refer note below)	1225.39	1399.44
Long term financial assets - others (Refer note below)	1172.78	1433.06
Cash and cash equivalents and other bank balances	140.62	120.41
Current financial assets - loans	35.64	40.18
Current financial assets - others	2.79	40.72
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	674.57	1337.01

Notes:

	As at 31-03-2020	As at 31-03-2019
The closing balances includes below:		
Advance to subsidiaries	1218.87	1392.48
Advance to others	1139.24	526.74
Advance to other related parties	-	862.68
Total	2358.11	2781.90

As specified in note 3A(l), the Company has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The balances are subject to investigation to ensure completeness of such transactions / accounting adjustments as disclosed in Note 61 and recovery notices and proceedings as specified in Note 3A(d) and 3A(e).

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The ageing analysis of the receivables (gross of provision) (current as well as non-current) has been considered from the date the invoice falls due.

As at 31-03-2020	
Up to 3 months	196.24
3 to 6 months	48.13
More than 6 months	430.20
	674.57
As at 31-03-2019	
Up to 3 months	894.91
3 to 6 months	108.65
More than 6 months	333.45
	1337.01

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

As at 1-04-2018	102.25
Provided during the year	99.10
Amounts written off	(17.77)
Reversals of provision	(31.34)
As at 31-03-2019	152.24
Provided during the year	122.17
Reversals of provision	(7.13)
As at 31-03-2020	267.28

No significant changes in estimation techniques or assumptions were made during the reporting period.

Also Refer note 57 for mitigating factors explained on the going concern assumptions.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 March, 2020, the Company's current liabilities exceeds its current assets by ₹ 2270.69 crores subject to classification of bank borrowings depending on conclusion of resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on ICA gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from 31 March, 2019, explained in these standalone financial statements, the Company is facing financial stress and is working on various options to avail the required financial support. Refer note 57 for mitigating factors explained on the going concern assumptions.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31-03-2020	Less than 1 year	1 to 5 years	Over 5 years	Total
Interest-free sales tax deferral loans from State Government	0.12	-	-	0.12
Deposits payable	-	5.85	-	5.85
Current maturities of long term borrowings	593.08	-	-	593.08
Long term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores)	-	358.66	-	358.66
Short-term borrowings	894.04	-	-	894.04
Trade payables	1189.96	-	-	1189.96
Current maturities of non-current other financial liabilities	131.96	-	-	131.96
Non-current other financial liabilities	-	179.11	8.93	188.04
Other financial liabilities	328.06	-	-	328.06
Lease liabilities	4.08	9.40	0.97	14.45

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

As at 31-03-2019	Less than 1 year	1 to 5 years	Over 5 years	Total
Interest-free sales tax deferral loans from State Government	0.12	-	-	0.12
Deposits payable	-	5.59	-	5.59
Current maturities of long term borrowings	347.62	-	-	347.62
Long term borrowings (excluding unamortised upfront fees of ₹ 16.26 crores)	-	767.42	-	767.42
Short-term borrowings	1036.61	-	-	1036.61
Trade payables	1554.64	-	-	1554.64
Current maturities of non-current other financial liabilities	27.32	-	-	27.32
Non-current other financial liabilities	-	255.18	37.50	292.68
Other financial liabilities	297.41	-	-	297.41

The amount of guarantees given (utilised) on behalf of subsidiaries included in Note 45 represents the maximum amount the Company could be forced to settle. Based on the expectation at the end of the reporting year, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. General credit terms for the payables are in the range of 30 to 180 days.

Notes:

	As at 31-03-2020	As at 31-03-2019
Contractual maturities of financial liabilities includes:		
Term loans from bank	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long- term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Company has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

Also Refer note 57 for mitigating factors explained on the going concern assumptions.

Collaterals:

The Company has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfill certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered (Refer note 21 and 25).

50. CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	As at 31-03-2020	As at 31-03-2019
Total debt (Refer note below)	2160.13	2455.51
Equity	713.89	2513.17
Total debt and equity	2874.02	4968.68
Gearing ratio	75.16%	49.42%

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2020 and 31 March, 2019.

50. CAPITAL MANAGEMENT (Contd.)

Notes:

	As at 31-03-2020	As at 31-03-2019
Closing balances includes below:		
Term loans from bank	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long-term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Company has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1-04-2019	Cash Inflows / (Outflows)	Effect of reclassification	Foreign exchange movement impact	Finance cost charged during the year	Others	As at 31-03-2020
Non-current financial liabilities - borrowings:							
Secured loans							
Term loans from banks	678.96	-	(407.56)	-	10.49	-	281.89
Unsecured loans							
Term loans from banks	72.20	-	-	-	-	(1.20)	71.00
Non-current other financial liabilities							
Term loans from others	292.68	-	(104.64)	-	-	-	188.04
Current financial liabilities - borrowings:							
Secured loans							
Banks	357.10	(50.09)	33.89	29.69	-	-	370.59
Unsecured loans							
Banks	627.71	(124.43)	15.90	-	-	-	519.18
Others	51.80	2.26	(49.79)	-	-	-	4.27
Current other financial liabilities:							
Current maturities of long term borrowings	347.62	(162.10)	407.56	-	-	-	593.08
Current maturities of long term loans - others	27.32	-	104.64	-	-	-	131.96
Interest-free sales tax deferral loans from State Government	0.12	-	-	-	-	-	0.12
Interest accrued but not due on borrowings	30.03	(174.44)	-	-	271.29	-	126.88
Total	2485.54	(508.80)	-	29.69	281.78	(1.20)	2287.01

Note:

The above disclosure does not include the cash flow movement for lease liabilities (Refer note 40).

51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

	As at 1-04-2018	Cash Inflows / (Outflows)	Effect of reclassification	Foreign exchange movement impact	Finance cost charged during the year	Others	As at 31-03-2019
Non-current financial liabilities - borrowings:							
Secured loans							
Term loans from banks	974.80	-	(308.26)	-	12.42	-	678.96
Unsecured loans							
Term loans from banks	36.85	72.20	(39.36)	-	2.51	-	72.20
Non-current other financial liabilities							
Term loans from others	390.00	(70.00)	(27.32)	-	-	-	292.68
Current financial liabilities - borrowings:							
Secured loans							
Banks	318.59	28.47	-	10.04	-	-	357.10
Unsecured loans							
Banks	467.84	159.87	-	-	-	-	627.71
Others	89.71	(37.91)	-	-	-	-	51.80
Current other financial liabilities:							
Current maturities of long term borrowings	283.92	(283.92)	347.62	-	-	-	347.62
Current maturities of long term loans - others	-	-	27.32	-	-	-	27.32
Interest-free sales tax deferral loans from State Government	0.12	-	-	-	-	-	0.12
Interest accrued but not due on borrowings	6.90	(298.96)	-	-	322.09	-	30.03
Total	2568.73	(430.25)	-	10.04	337.02	-	2485.54

52. EARNINGS PER SHARE

		2019-20	2018-19
Face value of equity share	₹	**2.00**	2.00
Equity shares outstanding	Nos.	**626746142**	626746142
Loss for the year (continuing operations)	₹ crores	**(1799.20)**	(1395.45)
Earnings per share (for continuing operations)	₹	**(28.71)**	(22.27)
Loss for the year (discontinued operations)	₹ crores	**-**	(21.94)
Earnings per share (for discontinued operations)	₹	**-**	(0.35)
Loss for the year (total operations)	₹ crores	**(1799.20)**	(1417.39)
Earnings per share (for continuing operations and discontinued operations)	₹	**(28.71)**	(22.62)

53. PARTICULARS IN RESPECT OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 53(F) READ WITH PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

	Balance as at		Maximum outstanding during	
	31-03-2020	31-03-2019	2019-20	2018-19
(a) Principal outstanding of loans and advances in the nature of loans given to subsidiaries				
CG Power Solutions Limited*	**1070.27**	1077.55	**1077.55**	1314.58
CG International B.V. (Net of provision)	**-**	144.53	**280.50**	1041.17
CG International Holdings Singapore Pte. Limited	**-**	0.69	**0.71**	0.69
(b) Loans and advances in the nature of loans where repayment schedule is not specified				
CG International B.V.	**-**	144.53	**280.50**	1041.17

* As specified in note 3A(l) the Company has estimated the timing of recovery of outstanding balance from such Company and accordingly, has classified the balance as non-current. The Company has initiated recovery process in consultation with legal counsels and has filed certain recovery suits and will be taking further actions as may be legally advised.

54. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

Loans given and investments made are given under the respective heads.

Corporate guarantees given by the Company in respect of loans:

Name of the Company	As at 31-03-2020	As at 31-03-2019
CG International B.V.	**904.37**	889.23
CG Electric Systems Hungary Zrt.	**270.55**	253.82
CG International Holdings Singapore Pte. Limited	**372.51**	349.48
CG Drives & Automation Sweden AB	**86.92**	81.55
PT CG Power Systems Indonesia	**166.45**	152.13
PT Crompton Prima Switchgear Indonesia	**52.09**	47.61
Avantha Holdings Limited	**500.00**	500.00
	2352.89	2273.82

55. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019-20	2018-19
Revenue reconciliation		
Revenue as per contracted price	**3206.65**	5400.06
Less: Adjustments		
Discounts	**29.66**	42.02
Others (includes liquidated damages, price variations, etc.)	**7.51**	2.44
Revenue recognised as per statement of profit and loss	**3169.48**	5355.60

	2019-20	2018-19
Revenue recognised in current year from		
Amount included in contract liability at the beginning of the year	**67.32**	23.95
Performance obligations satisfied in previous periods	**-**	-

55. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)

	2019-20	2018-19
Revenue from contracts with customers		
Power Systems Business	1117.02	2275.07
Industrial Systems Business	2052.46	3080.53
Total	3169.48	5355.60

	As at 31-03-2020	As at 31-03-2019
Contract balances:		
Trade receivables		
Non-current	4.23	6.24
Current	403.06	1178.53
Contract assets	0.64	1.53
Contract liabilities		
Advance from customers	147.90	122.68
Due to customers	14.35	14.23

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and is transferred to trade receivables on completion of milestones and its related invoicing.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation.

56. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy'), the Company had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Company faced unresolved warranty claims with potential liability of ₹ 30.44 crores in respect of Lucy products from various customers. The Company was not provided counter bank guarantees against the bank guarantees provided by the Company to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Company withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism prescribed under the Distribution Agreement. However, Lucy, opted to file petition against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of ₹ 23.50 crores (Principal of ₹ 19.98 crores + interest of ₹ 3.52 crores). The Company is contesting this in the NCLT as a pre-existing contractual dispute. However, in view of the COVID-19 the scheduled hearing has been adjourned by NCLT and fresh date is yet to be notified till the date of issue of financial statements. Basis the Company's internal assessment, management believes that no additional provision is required at this stage and this case will be in favor of the Company.

57. The Company has incurred a net loss before exceptional item of ₹ 212.05 crores during the year ended 31 March, 2020 and also incurred losses during the previous year ended 31 March, 2019. As at 31 March, 2020, the Company's current liabilities exceeds its current assets by ₹ 2270.69 crores subject to classification of bank borrowings depending on conclusion of resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on Inter-Creditor Agreement ('ICA') gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from 31 March, 2019, explained elsewhere hereinafter, the going concern basis of preparation of these audited standalone financial statements could be materially affected as at 31 March, 2020.

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

- The Company has been in active discussions with its lenders with respect to the Corrective Action Plan, after the execution of the ICA, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Company and its lenders are in discussion with potential investors for infusion of capital in the Company.
- The Company has an unexecuted business order book of over ₹ 2853.00 crores as on the date of issuance of standalone financial statements.

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

In view of the uncertainties regarding the extent and duration of current COVID-19 situation, the Company is not able to predict the future impact on the business operations. However, even before this pandemic situation, the Company because of the various reasons discussed in notes above has been facing financial stress and is working on various options to avail the required financial support. The Company believes post requisite financial restructuring, there will be no significant impact on the recoverability of its financial and non-financial assets, subject to the past events and possible impact thereof, as discussed above.

59. RECENT ACCOUNTING PRONOUNCEMENTS (STANDARDS ISSUED BUT NOT EFFECTIVE)

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2020.

60. The Company had reinstated the standalone financial statements for the previous year ended 31 March, 2018 and opening balance sheet as at 1 April, 2017 for that period and the impact of the reinstatement for such financial years were disclosed in the standalone financial statements for the year ended 31 March, 2019. The facts disclosed or disclosure made or provisions made in terms of the aforesaid reinstatement are subject to admission of liability by the Company and the Company reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Company has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

61. As specified in the Basis of Preparation in Note 2.1 of the standalone financial statements and considering the fact that NCLT has allowed re-opening of books of accounts and recasting of financial information of the Company for the 5 years ended 31 March, 2019, Directors of the Company are of the view that financial statements of the Company and the report of the Board for the relevant prior years may not comply with the provisions of Section 129 and section 134 of the Companies Act, 2013, till such recasting, if any, is completed.

62. In view of the non-availability of Chief Financial Officer, the Board of Directors of the Company have at its meeting held on 27 June, 2020 requested and authorised Mr. Susheel Todi, Vice President and Group Financial Controller, to sign the standalone financial statements.

63. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

64. Amounts shown as ₹ 0.00 represents amount below ₹ 50000 (Rupees Fifty Thousand).

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Mumbai : 27 June, 2020

Susheel Todi
Vice President and Group Financial Controller

Form AOC - I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures
Part 'A' : Subsidiaries

₹ crores

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2020

Sr. No.	Name of Subsidiary	Date of Acquisition / Incorporation	Reporting year of the subsidiary ended on	Reporting Currency	Exchange Rate: Closing	Exchange Rate: Average	Capital: Equity Share Capital	Capital: Preference Share Capital	Reserves	Total Assets	Total Liabilities	Investments (except investments in subsidiaries)	Turnover (including Other income)	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed Dividend	% of Shareholding	Country of Incorporation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	CG-PPI Adhesive Products Limited	04-Nov-88	31-Mar-20	INR	1.00	1.00	3.90	-	13.75	23.24	5.59	-	15.79	(1.02)	(0.19)	(0.83)	-	81.42%	India
2	CG Power Solutions Limited	14-Mar-12	31-Mar-20	INR	1.00	1.00	0.05	-	(507.60)	1282.06	1789.61	-	0.33	(83.44)	-	(83.44)	-	100.00%	India
3	CG Power Equipments Limited	19-Sep-14	31-Mar-20	INR	1.00	1.00	3.18	-	(3.15)	0.03	-	-	-	(0.00)	-	(0.00)	-	100.00%	India
4	CG Sales Networks Malaysia Sdn. Bhd.(formerly known as "Crompton Greaves Sales Network Malaysia Sdn.Bhd.")	30-Sep-13	31-Mar-20	MYR	17.49	17.26	0.36	-	6.08	8.74	2.30	-	9.60	(0.51)	0.09	(0.60)	-	100.00%	Malaysia
5	CG International Holdings Singapore Pte. Limited	06-Jun-11	31-Mar-20	EUR	82.78	80.32	260.45	-	(290.34)	402.60	432.49	-	2.33	(258.01)	-	(258.01)	-	100.00%	Singapore
6	CG International B.V.	01-Apr-05	31-Mar-20	EUR	82.78	80.32	1514.87	-	(2808.85)	660.47	1954.45	-	12.53	(1218.68)	-	(1218.69)	-	100.00%	The Netherlands
7	CG Holdings Belgium N.V. *	13-May-05	31-Mar-20	EUR	82.78	80.32	-	-	-	-	-	-	156.94	(37.07)	-	(37.07)	-	100.00%	Belgium
8	CG Power Systems Belgium N.V.*	13-May-05	31-Mar-20	EUR	82.78	80.32	-	-	-	-	-	-	364.07	(118.30)	-	(118.30)	-	100.00%	Belgium
9	CG Power Systems Ireland Limited *	13-May-05	31-Mar-20	EUR	82.78	80.32	-	-	-	-	-	-	413.81	27.83	0.80	27.03	-	100.00%	Ireland
10	PT CG Power Systems Indonesia *	13-May-05	31-Mar-20	IDR	0.00463	0.00502	-	-	-	-	-	-	444.06	0.52	(0.65)	1.17	-	95.00%	Indonesia
11	CG Sales Networks France SA *	13-May-05	31-Mar-20	EUR	82.78	80.32	-	-	-	-	-	-	4.41	0.15	0.12	0.03	-	99.70%	France
12	CG Power Solutions Saudi Arabia Limited *	21-Dec-10	31-Dec-19	SAR	20.11	19.41	-	-	-	-	-	-	-	-	-	-	-	51.00%	Saudi Arabia
13	CG Power Systems Canada Inc.	13-May-05	31-Mar-20	CAD	53.06	53.73	145.92	42.45	(185.18)	5.36	2.17	-	-	(0.07)	-	(0.07)	-	100.00%	Canada
14	PT Crompton Prima Switchgear Indonesia	07-May-14	31-Dec-19	IDR	0.00463	0.00502	34.49	-	(23.54)	160.73	149.78	-	32.13	(16.94)	(4.23)	(12.71)	-	51.00%	Indonesia
15	CG-Ganz Generator and Motor Limited Liability Company (formerly "CG Holdings Hungary Kft.")	26-Sep-06	31-Mar-20	EUR	82.78	80.32	32.41	-	25.84	114.23	55.98	-	0.64	0.26	0.01	0.25	-	100.00%	Hungary
16	CG Electric Systems Hungary Zrt.	16-Oct-06	31-Mar-20	EUR	82.78	80.32	39.73	-	(54.78)	487.57	502.62	-	205.33	(86.67)	-	(86.67)	-	100.00%	Hungary
17	CG Service Systems France SAS	02-Jun-08	31-Mar-20	EUR	82.78	80.32	7.28	-	(5.06)	14.20	11.98	-	24.95	(0.99)	-	(0.99)	-	100.00%	France
18	CG Power Solutions UK Limited	01-Apr-10	31-Mar-20	GBP	93.39	92.30	0.00	-	(14.45)	25.40	39.85	-	2.43	(5.34)	-	(5.34)	-	100.00%	United Kingdom
19	CG Industrial Holdings Sweden AB	10-Jun-11	31-Mar-20	SEK	7.47	7.50	104.58	-	(3.88)	222.17	121.47	-	-	(0.53)	-	(0.53)	-	100.00%	Sweden
20	CG Drives and Automation Sweden AB	10-Jun-11	31-Mar-20	SEK	7.47	7.50	19.15	-	179.92	270.25	71.18	-	235.34	4.12	0.43	3.69	-	100.00%	Sweden
21	CG Drives and Automation Netherlands B.V.	10-Jun-11	31-Mar-20	EUR	82.78	80.32	4.92	-	21.82	40.12	13.38	-	52.96	2.16	0.42	1.74	-	100.00%	The Netherlands
22	CG Drives and Automation Germany GmbH	10-Jun-11	31-Mar-20	EUR	82.78	80.32	0.21	-	12.84	36.14	23.09	-	139.16	(0.54)	(0.24)	(0.30)	-	100.00%	Germany
23	CG Middle East FZE	14-Apr-13	31-Mar-20	EUR	82.78	80.32	1.71	-	(520.67)	242.78	761.74	-	1.31	(665.34)	-	(665.34)	-	100.00%	UAE
24	CG Power Americas, LLC	08-Jan-16	31-Mar-20	USD	75.66	72.81	-	-	(189.69)	70.38	260.07	-	64.62	(10.20)	-	(10.20)	-	100.00%	USA
25	QEI, LLC	15-Apr-15	31-Mar-20	USD	75.66	72.81	-	-	67.53	119.25	51.72	-	76.25	10.10	-	10.10	-	100.00%	USA
26	CG Holdings Americas, LLC #	07-Oct-16	31-Mar-20	USD	75.66	72.81	-	-	-	-	-	-	-	-	-	-	-	-	USA
27	CG Solutions Americas, LLC #	07-Oct-16	31-Mar-20	USD	75.66	72.81	-	-	-	-	-	-	-	-	-	-	-	-	USA
28	CG Power and Industrial Solutions Limited Middle East FZCO	15-Oct-18	31-Mar-20	EUR	82.78	80.32	-	-	-	-	-	-	-	-	-	-	-	100.00%	UAE

* During the current year, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') are declared bankrupt and based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Limited and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Limited, PT CG Power Systems Indonesia and CG Sales Networks France SA. Consequently these entities ceased to be treated as subsidiaries w.e.f. 1 January, 2020 (Refer note 53 in consolidated financial statements).

\# Merged with CG Power Americas, LLC w.e.f. 1 April, 2019.

Form AOC - I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures
Part 'A' : Subsidiaries

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

Notes:

1 **Name of the subsidiaries which are yet to commence the operations**

CG Power and Industrial Solutions Limited Middle East FZCO

2 **Name of the subsidiaries which have been liquidated or sold during the year**

Nil

3 **Name of the subsidiaries which have been demerged during the year**

Nil

4 **Name of the subsidiaries ceased to be subsidiaries on account of loss of control during the year (w.e.f. 1 January, 2020)**

CG Holdings Belgium N.V.

CG Power Systems Belgium N.V.

CG Power Systems Ireland Limited

PT CG Power Systems Indonesia

CG Sales Networks France SA

CG Power Solutions Saudi Arabia Limited

5 **Name of the subsidiaries merged during the year**

CG Holdings Americas, LLC (merged with CG Power Americas,LLC w.e.f.1 April, 2019)

CG Solutions Americas, LLC (merged with CG Power Americas, LLC w.e.f.1 April, 2019)

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

Form AOC - I

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures
Part 'B' : Associates and Joint Ventures

₹ crores

INFORMATION IN RESPECT OF ASSOCIATE COMPANIES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH, 2020

S. No.	Name of Associate / Joint Venture	Date of Acquisition / Incorporation	Latest Audited Balance Sheet Date	Share of Associate / Joint Venture held by company on the year end			Description of how there is significant infuence	Reason why the Associate / Joint Venture is not consolidated	Networth attributable to shareholding as per latest audited balance sheet	Profit / (loss) for the year	
				Number of Shares held	Amount of Investment in Associate / Joint Venture	Extent of Holding %				Considered in Consolidation	Not considered in Consolidation
1	2	3	4	5	6	7	8	9	10	11	12
1	CG International BV TR. & Cont. Pvt. Co. LLC. (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC")	13-May-2005	31-Mar-2018	-	-	-	Control of more than 26% of total share capital	-	-	-	-

Notes:

1. Name of the associates or joint ventures which are yet to commence the operations - Nil
2. Name of the associates which have been liquidated or sold during the year - CG International BV TR. & Cont. Pvt. Co. LLC. (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC"), liquidated w.e.f. 18 June, 2019

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

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Independent Director
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Aditi Raja
Independent Director
(DIN: 00164313)

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

09

consolidated financials

Report on the Audit of the Consolidated Ind AS Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying Consolidated Ind AS Financial Statements of CG Power and Industrial Solutions Limited ("hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Consolidated Financial Statements').

We do not express an opinion on the accompanying Consolidated Financial Statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

Basis for Disclaimer of Opinion

As explained in the note 2.1 of the Consolidated Financial Statements, National Company Law Tribunal (NCLT) has passed an order allowing the Ministry of Corporate Affairs (MCA) to reopen the books of accounts and recast the financial statements of the Holding Company and its subsidiaries ('Proposed Revision') under Section 130 of the Companies Act 2013. As stated in note 2.1, the Board of Directors of the Holding Company taking into significance of the basis of preparation and the matters described in notes to the Consolidated Financial Statements, believes that the accompanying Consolidated Financial Statements have not been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, hence could be materially misstated and thus, do not present a true and fair view.

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

1. We draw attention to note 3A(b), note 3A(j) and note 3A(l) of the Consolidated Financial Statements. There are certain outstanding identified receivables and identified liabilities as at March 31, 2019 aggregating ₹ 3023.08 crores and ₹ 326.30 crores respectively, which as explained to us, were dues from / dues to promoter affiliate companies and connected parties and the transactions that resulted in such identified receivables and identified liabilities were approved by erstwhile Certain Identified Personnel (CIP). Out of the above receivables during the year ended March 31, 2020, the Group has made provision of ₹ 68.50 crores in relation to receivables from a promoter affiliate company since that is subjected to insolvency process. Further, as more fully explained in the note 3A(m), during the year ended March 31, 2020, the Group had extended loans and advances aggregating to ₹ 422.80 crores to promoter affiliate companies, related parties and unrelated parties which were approved by the CIP and were in relation to the earlier year transactions. These balances were either provided or settled subsequently during the year and are not carried forward as at year end. The Board of Directors of Holding Company had initiated investigation to evaluate the business and commercial rationale of the underlying transactions and balances.

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

   During the year, the Board of Directors issued recovery notices to various unrelated parties, as more fully explained in note 3A(e) and note 50(d) of the Consolidated Financial Statements. Basis the unsatisfactory and unsuccessful attempt to complete the recovery as explained in note 3A(e) of the Consolidated Financial Statements, management has made provision of ₹ 963.91 crores during the year ended March 31, 2020.

   As of the date of this report, investigations are ongoing and not yet concluded by the Board of Directors and thus we are unable to quantify the adjustments to the Consolidated Financial Statements in relation to such outstanding identified receivables aggregating to ₹ 2954.58 crores and identified liabilities of ₹ 326.30 cores and provisions in relation to unrelated parties balances amounting to ₹ 963.91 crores as at year end.

2. We draw attention to note 2.2, note 50 and note 53 of the Consolidated Financial Statements, which describes that during February 2020, the Court of Belgium has ordered bankruptcy proceedings against CG Holdings Belgium NV and CG Power Systems Belgium NV subsidiaries located in Belgium, which in turn hold investments in four downstream wholly owned subsidiary companies ('Belgium Group'). As the Holding Company does not have access to the financial information of the Belgium Group from January 01, 2020, the Group has consolidated the financial information for the period from April 1, 2019 to December 31, 2019. On deconsolidation, basis the assumed date as defined by the group, the group has accounted deconsolidation adjustments as stated in note 2.2, note 50 and note 53 of the Consolidated Financial Statements.

   Consequent to the above, the Group has recorded a provision for net liabilities of ₹ 341.15 crores (net of assets ₹ 229.32 crores) payable by CG Group to Belgium group as per the balances as on December 31, 2019. In addition to this group has also accounted net loss of ₹119.95 crores as deconsolidation adjustment as at January 01, 2020. The group has not accounted corporate guarantees amounting to

   ₹ 642.29 crores extended to Belgium Group as stated in note 53 of Consolidated Financial Statements, as the management of Holding Company believes, that the recoverable value of assets in the Belgium Group will be sufficient to meet any possible obligations, if any arises in relation to these corporate guarantees.

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

3. We draw attention to note 3A(k) and note 50(e) of the Consolidated Financial Statements, which describes that the Group has accounted impairment losses aggregating to ₹ 354.02 crores towards the net asset (including Goodwill) balances of certain overseas entities other than the Belgium Group as mentioned in paragraph 2 above, which are based on management assumption that such balances may not be recovered. Without any underlying documentation to justify the basis of such impairment loss, we are unable to comment on the completeness, appropriateness of the impairment provision recorded in the Consolidated Financial Statements.

4. We draw attention to note 3A(j) and note 3A(l) of the Consolidated Financial Statements. The Group has entered into various transactions with certain identified connected parties wherein some of the Holding Company's employees owned beneficial ownership in such connected parties and further certain senior management personnel of the Holding Company were directors of these connected parties. Pending ongoing investigation, the Holding Company has not yet completed its assessment to determine the nature of its relationship with these connected parties and whether the Group holds control over these connected parties, hence, the Holding Company has not concluded whether these parties should be consolidated at March 31, 2020.

   We were unable to obtain sufficient appropriate audit evidence with respect of completeness of the list of related parties, disclosure of related party transactions and potential impact on consolidated financial statements as disclosed in note 3A(l) of these Consolidated Financial Statements.

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

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

6. We draw your attention to note 3A(b), 3A(g), 3A(h), 3A(i), 40(vi), 45(c), 54 and note 55 of the Consolidated Financial Statements which describes that identified litigations and contingencies are pending to be evaluated by the management of the Holding Company and the management has not ascertained the legal position of the group, the possible cash outflow and its consequential impact on these Consolidated Financial Statements.

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

7. We draw your attention to note 3A(o) to the Consolidated Financial Statements which describes that the Board of Directors of the Holding Company have instructed the management to undertake a detailed investigation in relation to the matters of possible non-compliance with respect to various provisions of the Companies Act 2013, the Income Tax 1961, the Foreign Exchange Management Act 1999, Prevention of Money Laundering Act, 2002, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and other regulations, as applicable to the Group (Applicable Laws). The Holding Company is in process of investigation and evaluation of implication of potential non compliances of Applicable Laws.

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

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

8. We draw attention to the Basis of Preparation of these Consolidated Financial Statements, which indicate that the accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of 11 subsidiaries, part of continued operations of the Group, whose financial statements and other financial information reflect total assets of ₹ 2315.68 crores as at March 31, 2020, total revenues of ₹ 1576.75 crores, total net loss after tax ₹ 980.39 crores and total comprehensive loss (net) of ₹ 980.39 crores for year ended March 31, 2020 and net cash outflows of ₹ 68.84 crores for the year ended March 31, 2020, in respect of 4 subsidiaries, part of discontinued operations of the Group, whose financial statements and other financial information reflect total assets of ₹ 5.29 crores as at March 31, 2020, total revenues of ₹ 3.66 crores, total net loss after tax ₹ 0.04 crores and total comprehensive loss (net) of ₹ 0.04 crores for the year ended March 31, 2020 and net cash outflows of ₹ 0.24 crores for the year ended March 31, 2020, as considered in the Consolidated Financial Statements based on their financial statements and other financial information which have not been audited by their auditors. These unaudited financial statements and other financial information are considered by the management of Holding Company on the basis of financial information available with them (either approved or not approved by individual subsidiaries) for preparation of these Consolidated Financial Statements including elimination of related party transactions and conversion of financial statements into accounting principles generally accepted in India. Our report, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such financial statements and other financial information as available and considered by the management. We are unable to determine the impact on total revenues, assets and loss for the year had these entities been subjected to an audit.

9. We draw attention to note 2.2 of these Consolidated Financial Statements, which indicate non-compliance with the regulation 33(3)(h) of the Listing Regulations, which requires the Group to ensure audit of at-least 80% of its operations with effect from April 01, 2019. Further elimination of intercompany transactions for preparation of these Consolidated Financial Statements are made based on the unaudited financial statements available with the Holding Company.

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

10. **Going Concern Assessment**

   We draw attention to note 56 in the Consolidated Financial Statements which indicate that (a) the Group has incurred a net loss during the current and previous years and has negative net worth as at year end; (b) the Group's current liabilities exceeded its current assets as at the balance sheet date; (c) Certain lenders of the Holding Company are yet to conclude the Inter Creditor Agreement ('ICA'), till the date of adoption of these Consolidated Financial Statements.

   Pending the outcome of the matters described in the paragraph 1 to 9 and the matters disclosed in (a) to (c) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Group will be able to service its debts, realize its assets and discharge its liabilities as and when they become due over the period of next 12 months. Accordingly, we are unable to comment on whether the Group will be able to continue as Going Concern.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Group's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's Consolidated Financial Statements in accordance with Standards on Auditing

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CG POWER AND INDUSTRIAL SOLUTIONS LIMITED (Contd.)

and to issue an auditor's report. However, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

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

Other Matters

(i) We did not audit the financial statements and other financial information, in respect of 10 subsidiaries which are part of continued operations of the Group and whose separate financial statements include total assets of ₹ 1653.14 crores as at March 31, 2020, total revenues of ₹ 543.42 crores, total net loss after tax of ₹ 1363.65 crores, total comprehensive loss of ₹ 1363.65 crores, for the year ended on that date and net cash inflows of ₹ 47.51 crores for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our report on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such other auditors.

   Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Holding Company's management. Our disclaimer of opinion is 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 matters described in the Basis for Disclaimer of Opinion paragraph and the conversion adjustments prepared by the management of the Holding Company.

(ii) 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.

(iii) The comparative Ind AS financial information for the year ended March 31, 2019 included in these Consolidated Financial Statements, on which we have issued a disclaimer of opinion dated August 30, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit;

   (b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

   (c) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether such matters have any adverse effect on the functioning of the Group;

   (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further, due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section of this audit report, we are unable to state whether the directors of subsidiaries incorporated in India are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group with reference to these Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report;

   (h) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in

India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries incorporated in India:

i. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements;

ii. Due to possible effects of the matters described in the Basis of Disclaimer of Opinion paragraph, we are unable to comment on whether the Group has any long-term contracts including derivative contracts as at March 31, 2020. Further, we are unable to state whether adequate provisions have been made for material foreseeable losses in respect of long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Further, due to the matters described in the Basis for Disclaimer of Opinion section of this audit report, we are unable to state whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the subsidiaries incorporated in India.

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

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN: 20049237AAAAAU5713

Place of Signature: Mumbai
Date: June 27, 2020

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of CG Power and Industrial Solutions Limited ("the Holding Company") and its subsidiaries which are incorporated in India as at March 31, 2020, in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI.

Because of the matters described in the Basis for Disclaimer of Opinion in the main audit report we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements as at March 31, 2019 and whether such internal financial controls were operating effectively.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Holding Company and Subsidiaries incorporated in India had adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements as at March 31, 2020 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements.

Explanatory paragraph

We were engaged to audit, in accordance with the Standards on Auditing issued by the ICAI, as specified under Section 143(10) of the Act, the Consolidated Financial Statements of CG Power and Industrial Solutions Limited, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the related Consolidated Statement of Profit and Loss and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 Consolidated Financial Statements of CG Power and Industrial Solutions Limited and this report affects our report dated June 27, 2020 which expressed a disclaimer of opinion on those Consolidated Financial Statements.

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

per Shyamsundar Pachisia
Partner
Membership Number: 49237
UDIN: 20049237AAAAAU5713

Place of Signature: Mumbai
Date: June 27, 2020

₹ crores

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

		Note No.	As at 31-03-2020		As at 31-03-2019	
ASSETS						
(1)	**Non-current assets**					
(a)	Property, plant and equipment	4	1228.07		1746.72	
(b)	Capital work-in-progress	4	11.88		67.63	
(c)	Goodwill	5	150.16		140.87	
(d)	Intangible assets	5	110.75		162.28	
(e)	Intangible assets under development	5	15.74		23.42	
(f)	Financial assets					
(i)	Investments	6	1.73		129.88	
(ii)	Trade receivables	7	4.23		13.35	
(iii)	Loans	8	6.52		6.96	
(iv)	Others	9	2982.07		3770.04	
(g)	Deferred tax assets (net)	10	14.53		25.31	
(h)	Other non-current assets	11	10.03		9.85	
				4535.71		6096.31
(2)	**Current assets**					
(a)	Inventories	12	384.34		1192.80	
(b)	Financial assets					
(i)	Investments	13	0.01		0.01	
(ii)	Trade receivables	14	522.20		1695.78	
(iii)	Cash and cash equivalents	15	210.89		233.98	
(iv)	Bank balances other than (iii) above	16	50.38		36.78	
(v)	Loans	17	41.67		30.66	
(vi)	Others	18	232.11		9.33	
(c)	Current tax assets (net)		46.87		33.67	
(d)	Other current assets	19	372.21		685.09	
				1860.68		3918.10
(3)	**Assets classified as held for sale and discontinued operations**	45		309.44		321.46
	TOTAL ASSETS			6705.83		10335.87
EQUITY AND LIABILITIES						
EQUITY						
(a)	Equity share capital	20	125.35		125.35	
(b)	Other equity	21	(229.03)		2060.02	
				(103.68)		2185.37
LIABILITIES						
(1)	**Non-current liabilities**					
(a)	Financial liabilities					
(i)	Borrowings	22	737.84		1447.54	
(ii)	Other financial liabilities	23	209.87		298.37	
				947.71		1745.91
(b)	Provisions	24		33.58		84.22
(c)	Deferred tax liabilities (net)	10		56.65		238.76
(d)	Other non-current liabilities	25		1.10		-
(2)	**Current liabilities**					
(a)	Financial liabilities					
(i)	Borrowings	26	923.26		1282.89	
(ii)	Trade payables	27	1305.62		2314.05	
(iii)	Other financial liabilities	28	2040.31		914.24	
				4269.19		4511.18
(b)	Other current liabilities	29		973.56		1310.07
(c)	Provisions	30		498.17		212.83
(3)	**Liabilities associated with group of assets classified as held for sale and discontinued operations**	45		29.55		47.53
	TOTAL EQUITY AND LIABILITIES			6705.83		10335.87
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES		2				

The accompanying notes form an integral part of consolidated financial statements

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

₹ crores

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	Note No.	2019-20		2018-19	
INCOME					
Revenue from operations	31		5109.88		7997.91
Other income	32		48.13		50.91
Total Income			5158.01		8048.82
EXPENSES					
Cost of materials consumed	33	3069.04		5075.09	
Purchases of stock-in-trade	34	60.92		34.79	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	198.15		87.76	
Employee benefits expense	36	867.13		1063.34	
Finance costs	37	324.05		382.99	
Depreciation and amortisation expense	38	211.48		225.25	
Foreign exchange (gain) / loss (net)		72.53		97.12	
Other expenses	39	845.20		1374.75	
Total expenses			5648.50		8341.09
Loss before exceptional items and tax			(490.49)		(292.27)
Exceptional items (net)	50		(1787.88)		(166.68)
Loss before tax			(2278.37)		(458.95)
Tax expense:					
Current tax	10	2.64		82.98	
Deferred tax / (credit)	10	(121.11)		(50.40)	
			(118.47)		32.58
Loss from continuing operations after tax			(2159.90)		(491.53)
Loss from discontinued operations before tax	45	(6.92)		(27.09)	
Tax expense / (credit) on discontinued operations	10	0.12		(11.49)	
Loss from discontinued operations after tax			(7.04)		(15.60)
Loss for the year			(2166.94)		(507.13)
Attributable to:					
Equity holders of the parent			(2159.45)		(503.50)
Non-controlling interests			7.49		3.63
			(2166.94)		(507.13)
Other comprehensive income:					
A (i) Items that will not be reclassified to profit or loss					
(a) Remeasurement gain / (loss) on defined benefit plans		(0.36)		(16.36)	
(b) Changes in fair value of FVTOCI equity instruments		-		(121.62)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.11		1.21	
B (i) Items that will be reclassified to profit or loss		52.70		(12.11)	
(ii) Income tax relating to items that will be reclassified to profit or loss		-		-	
Total other comprehensive income for the year			52.45		(148.88)
Total comprehensive income for the year			(2114.49)		(656.01)
Attributable to:					
Equity holders of the parent			(2107.00)		(652.38)
Non-controlling interests			7.49		3.63
Earnings per share for continuing operations (basic and diluted) (₹)	49		(34.34)		(7.78)
(Face value of ₹ 2 each)					
Earnings per share for discontinued operations (basic and diluted) (₹)	49		(0.11)		(0.25)
(Face value of ₹ 2 each)					
Earnings per share (basic and diluted) (₹)	49				
(Face value of ₹ 2 each)			(34.45)		(8.03)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2				

The accompanying notes form an integral part of consolidated financial statements

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
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Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

₹ crores

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020

			2019-20	2018-19
[A]	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Loss before tax from continuing operations		(2278.37)	(458.95)
	Adjustments for:			
	Depreciation and amortisation expense		211.48	225.25
	Allowances for doubtful receivables		55.84	28.08
	Bad debts written off		6.61	28.73
	(Gain) / loss arising on financial instruments designated as FVTPL		(0.06)	7.85
	Finance costs		324.05	382.99
	Interest income		(7.77)	(32.26)
	Unrealised exchange (gain) / loss (net)		(8.12)	2.43
	Unrealised exchange (gain) / loss on consolidation (net)		60.51	0.51
	Intangible assets write off		3.94	-
	(Profit)/ loss on sale of property, plant and equipment (net)		0.08	6.69
	Exceptional items (net)		1760.57	166.68
			2407.13	816.95
	Operating profit before working capital changes		128.76	358.00
	Adjustments for:			
	(Increase) / Decrease in trade and other receivables		711.74	356.05
	(Increase) / Decrease in inventories		292.24	33.58
	Increase / (Decrease) in trade and other payables		(409.02)	101.27
	Increase / (Decrease) in provisions		(2.58)	(49.56)
			592.38	441.34
	Cash (used in) / from operations		721.14	799.34
	Direct taxes paid (net of refunds)		(19.22)	(38.17)
	Non-controlling interest in (profit) / loss		(7.49)	12.07
	Net cash flow (used in) / from continuing operating activities		694.43	773.24
	Net cash flow (used in) / from discontinued operating activities		(12.80)	37.62
	Net cash flow (used in) / from continuing and discontinued operating activities	[A]	681.63	810.86
[B]	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Add: Inflows from investing activities			
	Sale of property, plant and equipment and intangible assets		9.17	6.30
	Interest received		5.61	31.95
			14.78	38.25
	***Less:* Outflows from investing activities**			
	Purchase of property, plant and equipment (including capital work -in- progress and capital advances) and intangible assets		(51.84)	(135.37)
	Unrealised exchange gain on consolidation (net)		(55.05)	(2.45)
	Loans given to other related parties		-	(309.99)
	Loans given to other than related parties		(14.94)	(249.53)
	Recognition of fixed assets on classification of joint venture to subsidiary		-	(85.85)
			(121.83)	(783.19)
	Net cash flow (used in) / from continuing investing activities		(107.05)	(744.94)
	Net cash flow (used in) / from discontinued investing activities		-	-
	Net cash flow (used in) / from continuing and discontinued investing activities	[B]	(107.05)	(744.94)

₹ crores

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

			2019-20	2018-19
[C]	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Add: Inflows from financing activities			
	Recognition of borrowing on classification of joint venture to subsidiary		-	63.21
	Proceeds from long-term borrowings		-	419.66
	Proceeds from short-term borrowings		307.18	850.98
	Changes in non-controlling interest		7.49	3.63
			314.67	1337.48
	***Less:* Outflows from financing activities**			
	Repayment of long-term borrowings		(339.87)	(359.38)
	Repayment of short-term borrowings		(364.34)	(806.85)
	Repayment of lease liabilities		(12.72)	-
	Unrealised exchange loss / (gain) on consolidation (net)		65.58	(23.63)
	Interest paid		(190.94)	(360.48)
			(842.29)	(1550.34)
	Net cash flow (used in) / from continuing financing activities		(527.62)	(212.86)
	Net cash flow (used in) / from discontinued financing activities		-	-
	Net cash flow (used in) / from continuing and discontinued financing activities	[C]	(527.62)	(212.86)
	NET INCREASE/ (DECREASE) IN CASH AND BANK BALANCES (A+B+C)		46.96	(146.94)
	***Less:* Reduction in cash and cash equivalents on account of deconsolidation of subsidiaries**		(70.60)	-
	NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES		(23.64)	(146.94)
	Cash and cash equivalents at beginning of the year		234.58	381.52
	Cash and cash equivalents at end of the year		210.94	234.58
	Cash and cash equivalents from continuing operations (Refer note 15)		210.89	233.98
	Cash and cash equivalents from discontinued operations		0.05	0.60
	Cash and cash equivalents from continuing and discontinued operations		210.94	234.58

1. Refer note 51 in respect of disclosure for changes in liabilities arising from financing activities.
2. Purchase of property, plant and equipment and intangible assets include movement of capital work-in-progress and intangible assets under development respectively during the year.
3. The consolidated statement of cash flow has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
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As per our report of even date
For S R B C & CO LLP
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per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Mumbai : 27 June, 2020

Susheel Todi
Vice President and Group Financial Controller

₹ crores

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2020

Balance as at 1-04-2019	Changes in equity share capital during the year	Balance as at 31-03-2020
125.35	-	125.35

For the year ended 31 March, 2019

Balance as at 1-04-2018	Changes in equity share capital during the year	Balance as at 31-03-2019
125.35	-	125.35

(B) OTHER EQUITY

For the year ended 31 March, 2020

	Retained Earnings	Effective portion of Cash Flow Hedge	Foreign Currency Translation Reserve	Equity Instruments through Other Comprehensive Income	Capital Reserve	Capital Reserve on Consolidation	Capital Redemption Reserve	Securities Premium	Statutory Reserve	Total	Non-Controlling interest	Total Equity
Balance as at 1 April, 2019	1151.39	1.32	182.22	(244.31)	671.65	144.63	12.95	18.30	67.05	2005.20	54.82	2060.02
Loss for the year	(2159.45)	-	-	-	-	-	-	-	-	(2159.45)	(7.49)	(2166.94)
Reduction on deconsolidation of subsidiaries	39.47	-	-	-	-	-	-	-	-	39.47	(39.47)	-
Other comprehensive income for the year												
- Remeasurement gain / (loss) on defined benefit plans	(0.25)	-	-	-	-	-	-	-	-	(0.25)	-	(0.25)
- Foreign currency translation differences	-	-	52.82	-	-	-	-	-	-	52.82	7.68	60.50
- Effective portion of cash flow hedge	-	(0.12)	-	-	-	-	-	-	-	(0.12)	-	(0.12)
Transferred to Statement of profit and loss / Retained Earning on deconsolidation of subsidiaries	141.05	(0.83)	(181.41)	-	-	(141.05)	-	-	-	(182.24)	-	(182.24)
Balance as at 31 March, 2020	(827.79)	0.37	53.63	(244.31)	671.65	3.58	12.95	18.30	67.05	(244.57)	15.54	(229.03)

For the year ended 31 March, 2019

	Retained Earnings	Effective portion of Cash Flow Hedge	Foreign Currency Translation Reserve	Equity Instruments through Other Comprehensive Income	Capital Reserve	Capital Reserve on Consolidation	Capital Redemption Reserve	Securities Premium	Statutory Reserve	Total	Non-Controlling interest	Total Equity
Balance as at 1 April, 2018	1583.08	(4.14)	211.35	(122.51)	671.65	144.63	12.95	18.30	67.05	2582.36	6.43	2588.79
Prior period errors	186.62	-	(11.56)	-	-	-	-	-	-	175.06	32.29	207.35
Restated balance as at 1 April, 2018	1769.70	(4.14)	199.79	(122.51)	671.65	144.63	12.95	18.30	67.05	2757.42	38.72	2796.14
Loss for the year	(503.50)	-	-	-	-	-	-	-	-	(503.50)	(3.63)	(507.13)
Recognition of Non controlling interest on reclassification of joint venture to subsidiary	-	-	-	-	-	-	-	-	-	-	15.70	15.70
Changes in accounting policy as per Ind AS 115	(99.84)	-	-	-	-	-	-	-	-	(99.84)	-	(99.84)
Other comprehensive income for the year												
- Remeasurement gain / (loss) on defined benefit plans	(14.97)	-	-	-	-	-	-	-	-	(14.97)	-	(14.97)
- Fair value loss on financial asset	-	-	-	(121.80)	-	-	-	-	-	(121.80)	-	(121.80)
- Foreign currency translation differences	-	-	(17.57)	-	-	-	-	-	-	(17.57)	4.03	(13.54)
- Effective portion of cash flow hedge	-	5.46	-	-	-	-	-	-	-	5.46	-	5.46
Balance as at 31 March, 2019	1151.39	1.32	182.22	(244.31)	671.65	144.63	12.95	18.30	67.05	2005.20	54.82	2060.02

For and on behalf of the Board

Ashish Kumar Guha
Chairman
(DIN: 00004364)

Sudhir Mathur
Whole Time Executive Director
(DIN: 01705609)

Narayan K.Seshadri
Independent Director
(DIN: 00053563)

Ramni Nirula
Independent Director
(DIN: 00015330)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Jitender Balakrishnan
Independent Director
(DIN: 00028320)

Pradeep Mathur
Independent Director
(DIN: 05198770)

Rathin Roy
Independent Director
(DIN: 08662401)

Aditi Raja
Independent Director
(DIN: 00164313)

per Shyamsundar Pachisia
Partner
Membership No. 049237
Mumbai : 27 June, 2020

Alen Ferns
Company Secretary

Susheel Todi
Vice President and Group Financial Controller

Mumbai : 27 June, 2020

1. CORPORATE INFORMATION

CG Power and Industrial Solutions Limited (the 'Company' or 'Parent') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at 6th Floor, CG house, Dr. Annie Besant Road, Worli, Mumbai - 400 030, India. The Company has changed its name from Crompton Greaves Limited to CG Power and Industrial Solutions Limited w.e.f. 27 February, 2017.

The Company and its subsidiaries (collectively the 'Group') is a global enterprise providing end-to-end solutions to utilities, industries and consumers for the management and application of efficient and sustainable electrical energy. It offers products, services and solutions in two main business segments, viz. Power Systems and Industrial Systems for the year ended 31 March, 2020.

The consolidated financial statements of the Group for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the directors on 27 June, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act, 2013. The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

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

Certain identified financial assets and identified financial liabilities in relation to transactions and balances with certain promoter affiliate companies (Refer note 3A(f)) and connected parties (Refer note 3A(l)), are stated at carrying value basis the transactions accounted in the books of the Group and as explained in the consolidated financial statements for the year ended 31 March, 2019.

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

Taking into consideration the explanation provided as above, the Board of Directors of the Company believes that these consolidated financial statements read with subsequent notes hereinafter, 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 consolidated financial statements for the year ended 31 March, 2019, impacting consolidated financial statements and recoverability of receivables from the promoter affiliate companies and connected parties. Hence these consolidated financial statements could be materially misstated to that extent and undergo change and thus, do not represent a true and fair view as per section 129 of the Companies Act, 2013.

The consolidated financial statements are presented in Indian Rupees ('₹') and all values are rounded to the nearest crores, except when otherwise indicated.

2.2 Basis of consolidation:

The Group consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The entities are consolidated from the date control commences until the date control ceases.

The consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss on each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of profit and loss. Any investment retained is recognised at fair value.

Changes in the Group's holding that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's holding and the non-controlling interests are adjusted to reflect the changes in their relative holding. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Joint Ventures are entities over which the Group has joint control. Associates are entities over which the Group has significant influence but not control. Investments in Joint Ventures and Associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in Joint Ventures and Associates includes goodwill identified on acquisition.

During the year-end, the following entities of the Group had either no officers or directors on account of either their removal or resignation

(i) CG Power Solutions Limited

(ii) CG Middle East FZE

(iii) CG- Ganz Generator and Motor LLC

(iv) CG Electric Systems Hungary Zrt.

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

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

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

* Consolidated upto 31 December, 2019 (for reasons explained in Note 53)

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

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

* Consolidated upto 31 December, 2019 (for reasons explained in Note 53)

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

2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, net of trade discounts and rebates, directly attributable costs of bringing the asset to its working condition for its intended use and capitalised borrowing costs. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent expenditure related to an item of property, plant and equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date and stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of profit and loss when the asset is derecognised.

Depreciation is provided on straight-line method over the useful lives of assets. Depreciation commences when an asset is ready for its intended use. The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, where the useful lives was determined by technical evaluation. Freehold land is not depreciated. Depreciation on additions to / deductions from assets is provided on pro-rata basis with reference to the month of addition / deletion.

The range of useful lives of the property, plant and equipment are as follows:

- Plant and machinery – 1 to 21 years
- Furniture and fittings – 1 to 15 years
- Office equipments – 1 to 15 years
- Buildings – 3 to 60 years
- Vehicles – 1 to 8 years
- Leasehold land – 24 to 999 years

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

Foreign companies

Depreciation on property, plant and equipment has been provided at the rates required / permissible by the GAAPs of the respective countries. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for Plant and machinery, Furniture and fittings, Office equipments and Vehicles as its deemed cost. Also, the Group has elected to measure Freehold land, Leasehold Land and Building at its fair value and considered it as deemed cost as on the date of transition to Ind AS.

2.4 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in consolidated statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Research and development expenditure:

Revenue expenditure on research activities is expensed under the respective heads of accounts in the period in which it is incurred.

Development expenditure on an individual project is capitalised as intangible asset, if all of the following criteria can be demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) The Group has intention to complete the development of intangible asset and use or sell it;

(iii) The Group has ability to use or sell the intangible asset;

(iv) The manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) The Group has ability to measure the expenditure attributable to the intangible asset during the development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over a period of five years. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised as follows:

- Computer software : Over a period of five to six years;
- Technical know-how (including technology) : Over a period of five years (from the date of availability for its use);
- Commercial rights : Over a period of ten years;
- Brand name and customer lists (including trade mark) : Over a period of ten years; and
- Other intangible assets : Over a period of three to fifteen years.

On transition to Ind AS, the Group has elected to continue with the carrying value as per the previous GAAP for all intangible assets as its deemed cost.

2.5 Impairment of non-financial assets:

At least at the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any indication exists, or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognised in the consolidated statement of profit and loss, when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's (CGU's) fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.6 Inventories:

Inventories are valued as under:

- Raw materials, packing materials, construction materials, stores and spares, loose tools and traded goods at lower of cost and net realisable value. Cost is determined on weighted average basis.
- Work-in-progress and finished goods (manufacturing) at lower of cost and net realisable value. Cost includes an appropriate share of production overheads based on normal operating capacity. Finished goods cost is determined on weighted average basis.

The cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete and slow moving items of inventories are valued at cost or net realisable value, whichever is lower. Goods and Materials in transit are valued at actual cost incurred up to the reporting date. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.7 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.8 Foreign currency transactions:

The Group's consolidated financial statements are presented in Indian Rupees ('₹'), which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised in the consolidated statement of profit and loss in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the consolidated statement of profit and loss is also recognised in other comprehensive income or the consolidated statement of profit and loss respectively).

2.9 Revenue recognition:

(a) Revenue from sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services is recognised when services are rendered.

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In contracts where freight is arranged by the Group and recovered from the customers, the same is treated as separate performance obligation and revenue is recognised when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items in a contract when they are highly probable to be provided.

The variable consideration is estimated at contract inception updated thereafter at each reporting date or until crystallisation of the amount. Liquidated damages are recognised as a part of variable consideration.

In revenue arrangements with multiple performance obligations, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their consolidated selling prices.

(b) Revenue from construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, Revenue from such contracts is recognised based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs. Revenue is adjusted towards liquidated damages, and price variations / escalation, wherever, applicable. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and generally when it is agreed with customer. Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognised in the period in which estimates are revised.

(c) Dividend and interest income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is recognised taking into account the amount outstanding and the effective interest rate.

2.10 Employee benefits:

Short-term employee benefits

All employee benefits payable wholly within twelve months after the end of the reporting period in which the employees render the related services, are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amounts of the benefits expected in exchange for the related services.

Post-employment benefits

Defined Contribution Scheme:

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

Provident fund:

Contributions to Provident Fund are made to a Trust administered by the Group and are charged to consolidated profit or loss as incurred. The Group is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company making interest shortfall a defined benefit plan. Accordingly, the Group obtains actuarial valuation and based on the valuation if there is no deficiency as at the balance sheet date then, the liability is restricted towards monthly contributions only.

Defined Benefit Plans:

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with the actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated statement profit or loss. Past service cost is recognised in the consolidated statement of profit and loss in the period of plan amendment or when the Group recognised related re-structuring costs.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements;
- net interest expense or income.

Gratuity:

Gratuity is a defined benefit obligation plan operated by the Holding Company and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with Gratuity Fund of the Group. Remeasurements, comprising of actuarial gains and losses are recognised in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to the consolidated profit and loss subsequently. Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date.

Leave encashment:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company and its Indian subsidiaries treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognised in full in the consolidated statement of profit and loss.

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

Termination benefits:

Termination benefits are recognised as an expense when the entity can no longer withdraw the offer of the termination benefits or when the entity recognise any related restructuring costs whichever is earlier.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (generally over twelve months) to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12 Segment accounting:

Operating segments are those components of the business whose operating results are regularly reviewed by the Chief Operating Decision Maker in the Group to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.

(iv) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

(v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

2.13 Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At the date of commencement of the lease, the Group recognises right-of-use asset ('ROU') and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these

short term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A ROU asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The ROU assets are depreciated from the commencement date using the straight-line method over the shorter of lease term or useful life of ROU. ROU are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Group as a lessor

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.14 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the consolidated financial statements by the Board of Directors.

2.15 Income taxes:

Income tax expense for the period comprises of current and deferred income tax. Income tax expense is recognised in the consolidated statement of profit and loss except when they are relating to items that are recognised in OCI or directly in equity, in which case, it is also recognised in relating to items recognised directly in OCI or equity respectively.

Current tax

Current tax comprises the expected income tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Minimum alternate tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

2.16 Provisions, Contingent liabilities, Contingent assets and Commitments:

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet.

Warranty provisions

Provisions for the expected cost of warranty obligations are recognised at the time of sale of relevant product or service, at the best estimate of the expenditure required to settle the Group's obligation.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.17 Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the statement of profit and loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.18 Exceptional items:

An item of income or expense which by its size, type or incidence is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed as such in the consolidated financial statements.

2.19 Business combinations and goodwill:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical costs. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.20 Investment in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or a joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or a joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit and loss of an associate and a joint venture is shown in the consolidated statement of profit and loss outside operating profit and represents profit and loss after tax of the associate and joint venture.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate or a joint venture' in the consolidated statement of profit and loss.

2.21 Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are classified as non-current.

Operating cycle:

A portion of the Group's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised / paid within one year, have been classified as current. For all other activities, operating cycle is twelve months.

2.22 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.23 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit and loss after tax from discontinued operations in the consolidated statement of profit or loss. Also comparative consolidated statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities classified as held for disposal are presented separately from other assets and liabilities in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.24 Financial instruments:

The Group recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

(i) Financial assets:

Initial recognition and measurement

Financial assets are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value depending on the classification of the financial assets.

Where financial assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss or 'FVTPL'), or recognised in other comprehensive income (i.e. fair value through other comprehensive income or 'FVTOCI').

A financial asset is measured at amortised cost (net of any write down for impairment) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

All equity investments are measured at fair value, with fair value changes recognised in the consolidated statement of profit and loss, except for those equity investments for which the entity has elected to present fair value changes in 'other comprehensive income'. However, dividend on such equity investments are recognised in consolidated statement of profit and loss when the Group's right to receive payment is established.

Impairment of financial assets

The Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical credit loss experience to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, which are not at fair value through profit or loss, are deducted from the fair value on initial recognition.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantee contracts

A Financial guarantee contracts is a contract that requires the Group to make specified payment to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are Subsequently measured at the higher of, the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

(iii) Derivative financial instruments and hedge accounting:

The Group uses various derivative financial instruments to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to the consolidated statement of profit and loss when the hedge item affects profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit and loss as other expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities within the next financial year.

(i) Discontinued operations:

Power Distribution business

As stated in Note 45(b), the Group had classified the Power Distribution business ('PD') as held for disposal from 12 August, 2015 considering that the PD represented a separate major line of business of operations which were abandoned and the carrying amount could not be recovered principally through continuing use.

Assets held for sale – Land and Building at Kanjurmarg

The carrying value of land and building at Kanjurmarg has been classified as 'Asset held for sale'. The Group based on its internal assessment determined the fair value of such land and building to be in excess of the carrying amount and hence, in accordance with the relevant accounting standard has recognised such assets at the carrying amount in the consolidated financial statements.

(ii) Lease of equipment not in legal form of lease

Significant judgment is required to apply lease accounting rules under Ind AS 116. In assessing the applicability to arrangements entered into by the Group, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Ind AS 116.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Useful lives of property, plant and equipment

Management reviews useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors. This reassessment may result in change in depreciation expected in future period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

(ii) Development costs

Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management assesses and monitors whether the recognition requirements for development costs continue to be met. There is inherent uncertainty in the economic success of any product development. The Group uses judgement in assessment of development cost eligible for capitalisation.

(iii) Impairment of non-financial assets

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

(iv) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Income taxes

Deferred tax assets for unused tax losses are recognised only when it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(vi) Defined benefit obligation

In accounting for post-retirement benefits, actuarial method uses several statistical and other factors to anticipate future events that are used to calculate defined benefit obligation. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Revenue from contract with customers

The Group estimates variable considerations in the nature of volume rebates, discounts, performance bonuses, penalties and similar items and adjusts the transaction price for the sale of goods and services. These expected variable considerations are analysed either at customer or contracts basis against agreed terms with customers and may differ from actual results.

(viii) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in notes but are not recognised, The cases which have been determined as remote by the Group are not disclosed.

3A. UPDATE ON REGULATORY AND OTHER MATTERS

(a) During the previous financial year, an Operations Committee ('Ops Committee') was constituted under the Chairmanship of one of the then Independent Director of the Company was constituted in March, 2019. The Ops Committee was made aware of some unauthorised transactions by certain employees of the Group. An independent law firm was appointed to conduct an investigation on certain transactions entered into by/on behalf of the Group. Further in previous financial year, one of the joint statutory auditors of the Group, sought information and explanations from the Group regarding those certain transactions as part of the notice issued to the Company under section 143(12) of the Companies Act, 2013. These additional transactions were also included in the scope of review of the legal firm. Pursuant to the said investigation, the legal firm submitted their phase I report in August 2019 to the Ops Committee.

During the year ended 31 March, 2020 and subsequent to that, below are the updates / key steps taken by the management of the Group, in relation to regulatory and recovery actions:

- Following Phase 1 investigation:
  - detailed disclosures made by the Group in its consolidated financial statements for the year ended 31 March, 2019, adopted by the Board of Directors of the Company on 30 August, 2019
  - the Group has issued recovery notices to various entities demanding repayment of sum owed by them to the Company (Refer note 3A(c) below)

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

- the Company has filed the suits for recovery against identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs for recovery of sum towards the loss caused to the Company's subsidiary CG Power Solutions Limited ('CG PSOL') by unauthorised transactions (Refer note 3A(d) below).

- Pursuant to the Interim Order of Securities and Exchange Board of India ('SEBI') dated 17 September, 2019 ('Interim Order') BSE has vide its letter dated 10 October, 2019 appointed a Forensic Auditor to verify the books of accounts, wrongful diversion / siphoning of Company's funds and other related matters for period 2015-16 till the date of the Interim Order. The officials of the Company engaged with the Forensic Auditor and provided details available with the Group. The Forensic Auditor completed its audit and has submitted its report to SEBI. The Company is yet to receive a copy of the Report from SEBI.

- The Company and its subsidiary, CGPSOL received notices from the Serious Fraud Investigation Office ('SFIO'), to investigate into the affairs of the Company and its 15 related / group companies. The Company is providing the information and documents as requisitioned from time to time and is extending full cooperation to the investigation.

- Based on the examination of the Phase I Investigation Report, SEBI passed an interim order dated 17 September, 2019 ('Interim Order') giving specific directions to the Company and identified promoter affiliate companies, former Directors connected with the promoter group and former KMPs in relation to wrongful diversion / siphoning of Company's funds and other related matters. Further SEBI has vide its confirmatory order dated 11 March, 2020 confirmed its interim order dated 17 September, 2019. The Company has submitted all details as requested by SEBI during these proceedings.

- On 5 March, 2020, the NCLT has passed its order allowing re-opening of books of accounts and recasting of financial statements of the Company and its subsidiary companies for the 5 years ended as on 31 March, 2019.

- Certain further transactions (discussed elsewhere in the notes) related to the transactions which were part of Phase 1 of investigation, are included by the Company in the Phase 2 of investigation which is in progress. The Board of Directors of the Company has appointed Hon'able Justice (Retd) T. S. Thakur, former Chief Justice of India, the Head of Investigations to independently monitor the progress and review the outcome of the investigation.

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

- The senior officials of the Company are engaging with varied regulatory bodies and authorities in India in relation to investigations and cooperating and providing details as been requested by them.

(b) The Company had in January 2010, entered into a Brand License and support agreement with Avantha Holdings Limited ('AHL') for use of 'Avantha' brand for a consideration which was based on a specified percentage of its annual consolidated net operating revenues ('ANOR') as defined in that agreement ('Royalty Agreement') and which was amended from time to time and till September 2018 the specified percentage was 1% of ANOR. Royalty was accrued until September 2018 and not thereafter. The Company and AHL had terminated the Royalty Agreement and entered into a new Brand Royalty Agreement on 13 February, 2019 effective from 1 October 2018 (New Royalty Agreement). Further, during the quarter ended 31 December, 2018, the Company has rescinded the New Royalty Agreement with AHL. Consequently, the New Royalty Agreement stands null and void. Accordingly, the Company does not have liability towards payment of brand royalty and shall not have any liability of any nature whatsoever towards AHL under or pursuant to the Royalty Agreement or the New Royalty Agreement. AHL has contested the rescission of this Royalty Agreement, though it has directed the Company to discontinue the usage of Avantha brand, which the Company has discontinued.

(c) The Company has issued recovery notices to 7 (seven) entities demanding repayment of a sum of ₹ 1314.78 crores owed by them to the Company. Besides, the Company's legal counsel on instruction of the Company, have issued 23 recovery notices on behalf of the Company's subsidiaries - CG Power Solutions Limited, CG Middle East FZE ('CGME') and CG International Holdings Singapore Pte Ltd ('CG Singapore') ("Subsidiaries") for recovery of an aggregate sum of ₹ 2095.64 crores owed by various entities. Three notices sent by the Company (recovery amount of ₹ 452.12 crores) and 9 (nine) notices sent on behalf of the Subsidiaries (recovery amount of ₹ 429.85 crores) have been returned undelivered ('Undelivered Notices'). Besides the above, recovery notices for claims ₹ 74.63 crores owed to the Company and ₹ 395.18 crores owed to certain Subsidiaries could not be sent for want of requisite details including communication details ('Unsent Notices').

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

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

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

(i) Civil Suit in the High Court of Bombay against BILT Graphic Paper Products Limited, Avantha Holdings Limited, and former Directors connected with the promoter group and former KMPs for recovery of ₹ 811.23 crores (Principal amount of ₹ 552.33 crores together with interest aggregating to ₹ 258.90 crores at the rate of 18% p.a.) towards the loss caused to the Company's subsidiary CGPSOL by unauthorised / illegal liquidation of its mutual funds.

(ii) Civil Suit in the High Court of Bombay against Solaris Industrial Chemicals Limited, Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 399.30 crores (principal ₹ 280.00 crores together with interest aggregating ₹ 119.30 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal liquidation of its fixed deposits.

(iii) Civil Suit in the High Court of Bombay against Avantha Holdings Limited and former Directors connected with the promoter group and former KMPs for recovery of ₹ 478.93 crores - (principal ₹ 320.91 crores together with interest aggregating ₹ 178.02 crores at the rate of 18% p.a.) towards the loss caused to CGPSOL due to unauthorised / illegal transfer of funds from CGPSOL.

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

(e) During the year, the Group has carried out the process for recovery of outstanding advances by issuing recovery notices to various third parties. In the process, few notices were returned undelivered ('Undelivered notices') and few notices could not be sent for want of requisite details ('Unsent notices'). In view of the same, based on prudence, the Group has made a provision for such outstanding amount due from third parties / unrelated parities aggregating to ₹ 963.91 crores in the consolidated financial statements for the year ended 31 March, 2020. However, the Group will continue with the recovery process for the said receivables. In view of the national lockdown on account of corona virus outbreak, the remaining recovery cases shall be filed upon normal functioning of the Courts.

(f) In view of the reduction in the shareholding of the promoters in the Company to a negligible percentage, subsequent detection of un-authorised transactions with the Group companies, leading to fraudulent transfers to the promoter company, Avantha Holdings Limited and its related entities and consequent removal of Mr. Gautam Thapar as the Company's Chairman, the Company has vide its application dated 18 October, 2019 has sought for exemption from the conditions provided under Regulation 31A(3)(b) of the Listing Regulations (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') for reclassification of promoters read with Regulation 102 of the Listing Regulations for reclassification of Avantha Holdings Limited and others from promoter shareholder to public shareholders. The application is pending consideration of SEBI. Pending the outcome of said application and pending the decision of SEBI, the Company continues to disclose Avantha Holdings Limited and Gautam Thapar, as Promoters and the related entities / subsidiaries as Promoter Affiliate Companies.

(g) During the year, the Company received assessment order u/s 143(3) of the Income Tax Act, 1961 ('Act') for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the Company received notice of demand u/s 156 of the Act for ₹ 606.30 crores of taxes including interest. The Company further received show cause notice u/s 274 read with section 270A of the Act for levy of penalty. In response to the notice of demand and show cause, the Company had filed stay application on 3 January, 2020 and a supplementary letter on 7 January, 2020 to stay the demand until disposal of appeal by Commissioner of Income Tax (Appeals), hereafter 'CIT(A)'. The Company had also filed an appeal before CIT(A) on 15 January, 2020 against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Company had also filed a letter on 24 January, 2020 to CIT(A) requesting for early disposal of appeal. The assessing officer has issued a letter on 6 February, 2020 in response to our stay application and rejected Company's stay application. After careful consideration of all facts, the Company has filed writ petition before Bombay High Court contesting against the demand raised by the Assessing Officer as the Company believes on the basis of grounds in the demand, the demand is not tenable. The Bombay High Court vide its order dated 13 March, 2020 had granted an interim stay until admission of appeal which was scheduled to be heard on 12 June, 2020. In response to Company's prayer, the CIT(A) scheduled a hearing on 16 June, 2020. In view of COVID-19 situation, the office of CIT(A) is not functioning and the Company awaits further communication from CIT(A) office and on next hearing date. Further in view of COVID-19 situation, the hearing scheduled on 12 June, 2020 before the Bombay High Court could not be heard and therefore the Company awaits next hearing date for the admission of appeal from the Bombay High Court.

(h) During the year, CGPSOL has received assessment order u/s 143(3) of the Income Tax Act, 1961 for the financial year 2016-17 (Assessment Year 2017-18). Along with the order, the CGPSOL received notice u/s 274 read with section 270A from income tax department for levy of penalty. However, in the absence of availability of any director or officer, CGPSOL could not attend the penalty hearing and has not yet filed appeal before Commissioner of Income Tax (Appeals) contesting the order and penalty. Assessing officer is updated about CGPSOL's inability to file an appeal.

(i) Four suppliers due to non-payment of their dues have approached NCLT under Insolvency and Bankruptcy Code. The Company has received notices in respect of such applications in NCLT. One such claim is being contested by the Company due to a pre-existing dispute (Refer note 54) and for other claims the Company is in discussions with the claimants for an amicable settlement.

(j) During the year, a loan from a particular lender was not rolled over, leading to a technical default of borrowing terms and conditions with the lenders. All the lenders of the Company have formed a consortium, led by State Bank of India ('SBI'). The management is in discussion with the lenders of the Company to work out a resolution plan. Further, the lenders to the Company are in the process of signing the Inter Creditor Agreement ('ICA'). As on the date of issuance of these consolidated financial statements, 11 out of the 14 lenders (by count) have signed the ICA while the Company is pursuing discussion with the rest of the lenders along with lead banker.

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

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

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

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

(k) During the year ended, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for international operations (other than HBE and its subsidiaries) aggregating to ₹ 354.02 crores. The Group believes certain receivables in CGME and CG Singapore are recoverable as the Group has right to recover those receivables and recovery proceedings are initiated on behalf of such receivables (disclosed in note 3A(l) below).

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

(l) The Group has reclassified identified receivables from various promoter affiliate companies as defined in note 3A(f) and connected parties as non-current assets as at year end consequent to the ongoing investigation and potential delays in recovery. As explained in note 3A, the Group has initiated recovery process in consultation with legal counsels and has filed certain recovery suits (Refer note 3A) and will be taking further actions as may be legally advised. Further, no interest has been accrued on all such balances from1 April, 2019.

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

₹ crores

Name of the entity	Relationship	As at 31-03-2020	As at 31-03-2019
(A) Advances / Loan given			
Avantha Holdings Limited*	Promoter affiliate company	1001.37	1006.22
Avantha International Assets BV	Promoter affiliate company	350.74	350.74
Avantha Realty Limited	Promoter affiliate company	10.65	10.65
Avantha Power & Infrastructure Ltd	Promoter affiliate company	15.00	15.00
Ballarpur Industries Limited	Promoter affiliate company	-	68.50
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	378.20
Blue Garden Estate Private Limited	Connected party	287.74	287.74
Acton Global Private Limited	Connected party	175.00	175.00
Total		**2948.53**	**3023.08**
(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**

* The balance with AHL has reduced on account of Goods and Service Tax ('GST') related to brand royalty for the period April, 2018 to September, 2018.

3A. UPDATE ON REGULATORY AND OTHER MATTERS (Contd.)

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

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

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

(o) As a result of the transactions disclosed by the Company in its consolidated financial statements for the year ended 31 March, 2019, the Company has potentially not complied with the provisions of Section 185, Section 186 and certain other applicable sections of the Companies Act, 2013. The Company also believes that there may be potential non-compliances Listing Regulations; Income Tax Act, 1961 and other statutes and regulations. As described in Note 2.1 above, the Company is in the process of investigation in respect of certain transactions and evaluating the implications of these potential non-compliances and the potential remedies available.

(p) The Company had on 24 January, 2020, informed the stock exchanges of the Board's decision to apply to the Central Government for removal of M/s K K Mankeshwar & Co, one of the Joint Statutory Auditors of the Company under section 140 (1) of the Companies Act, 2013. Upon communication of the Board's decision, M/s K K Mankeshwar & Co had on 25 January, 2020, sent their resignation. In view of the same, the Company has sought clarification from the Ministry of Corporate Affairs on filing of application under section 140(1) of the Companies Act or treating the resignation of M/s K K Mankeshwar & Co as vacation of office of one of the Joint Statutory Auditors. Since no response was received from MCA as an abundant precaution, the Company has filed application for approval of the Central Government for removal of M/s K K Mankeshwar & Co as Joint Statutory Auditors of the Company.

4. PROPERTY, PLANT AND EQUIPMENT

₹ crores

	Freehold land	Leasehold land	Buildings	Plant and machinery	Right-of-Use assets*	Furniture and fittings	Office equipments	Vehicles	Total	Capital work-in-progress
Deemed cost:										
As at 01-04-2019	**228.29**	**86.05**	**1128.05**	**930.93**	**-**	**65.19**	**31.46**	**17.59**	**2487.56**	**67.63**
Additions	-	-	11.24	18.01	63.42	3.30	2.26	0.96	99.19	22.04
Disposals / transfers	-	-	0.05	91.60	-	30.09	0.42	2.60	124.76	60.60
Transferred adjustments	-	(86.05)	(0.11)	0.48	86.05	(0.31)	(0.06)	-	-	-
Less: translation adjustments	(16.72)	-	(45.14)	(34.30)	(1.31)	(0.94)	(2.62)	(1.66)	(102.69)	0.26
Reduction on deconsolidation of subsidiaries	128.00	-	311.60	278.30	28.71	7.30	8.35	0.01	762.27	16.93
Transferred adjustments from discontinued operation	-	-	0.11	-	-	-	-	-	0.11	-
As at 31-03-2020	**117.01**	**-**	**872.78**	**613.82**	**122.07**	**31.73**	**27.51**	**17.60**	**1802.52**	**11.88**
Accumulated depreciation:										
As at 01-04-2019	**-**	**14.80**	**289.08**	**391.84**	**-**	**18.62**	**19.95**	**6.55**	**740.84**	**-**
Depreciation charge for the year	-	-	44.94	66.43	20.57	3.65	3.99	2.14	141.72	-
Impairment for the year (Refer note 50)	-	-	8.95	-	-	-	-	-	8.95	-
Disposals / transfers	-	-	0.25	26.28	-	3.67	0.35	1.57	32.12	-
Transferred adjustments	-	(14.80)	(0.02)	0.20	14.80	(0.12)	(0.06)	-	-	-
Less: translation adjustments	-	-	(26.44)	(29.18)	-	(0.75)	(2.52)	(1.43)	(60.32)	-
Reduction on deconsolidation of subsidiaries	-	-	147.31	177.17	7.84	5.30	7.66	-	345.28	-
Transferred adjustments from discontinued operation	-	-	0.02	-	-	-	-	-	0.02	-
As at 31-03-2020	**-**	**-**	**221.85**	**284.20**	**27.53**	**13.93**	**18.39**	**8.55**	**574.45**	**-**
Net book value										
As at 31-03-2019	228.29	71.25	838.97	539.09	-	46.57	11.51	11.04	1746.72	67.63
As at 31-03-2020	**117.01**	**-**	**650.93**	**329.62**	**94.54**	**17.80**	**9.12**	**9.05**	**1228.07**	**11.88**

Note:

* The Group has adopted Ind AS 116, w.e.f 1 April, 2019, hence leasehold land is now part of Right-to-Use ('ROU') assets. Under the modified retrospective method, excluding the leasehold land, the Group has recognised ₹ 54.83 crores as ROU assets as at 1 April, 2019 (Refer note 48).

5. INTANGIBLE ASSETS

₹ crores

	Brand names and customer lists	Computer software	Technical know-how	Commercial rights	Development cost	Total	Goodwill	Intangible assets under development
Deemed cost:								
As at 1-04-2019	**254.06**	**144.66**	**98.41**	**31.09**	**180.03**	**708.25**	**140.87**	**23.42**
Additions	0.04	2.86	36.24	-	28.65	67.79	-	13.85
Disposals / transfers	-	3.49	-	-	-	3.49	-	17.44
Impaiment for the year	-	-	-	-	-	-	-	4.13
Less: translation adjustments	(21.13)	(12.00)	(36.96)	-	(3.72)	(73.81)	(9.29)	(0.04)
Reduction on deconsolidation of subsidiaries	-	60.95	79.49	-	-	140.44	-	-
As at 31-03-2020	**275.23**	**95.08**	**92.12**	**31.09**	**212.40**	**705.92**	**150.16**	**15.74**
Accumulated amortisation:								
As at 1-04-2019	**201.84**	**112.10**	**96.79**	**29.61**	**105.63**	**545.97**	**-**	**-**
Amortisation charge for the year	17.82	9.99	12.28	1.11	28.37	69.57	-	-
Impairment for the year (Refer note 50)	25.38	-	-	-	-	25.38	-	-
Disposals / transfers	-	1.05	-	-	-	1.05	-	-
Less: translation adjustments	(18.56)	(10.76)	(36.44)	-	(2.40)	(68.16)	-	-
Reduction on deconsolidation of subsidiaries	-	58.50	54.36	-	-	112.86	-	-
As at 31-03-2020	**263.60**	**73.30**	**91.15**	**30.72**	**136.40**	**595.17**	**-**	**-**
Net book value								
As at 31-03-2019	52.22	32.56	1.62	1.48	74.40	162.28	140.87	23.42
As at 31-03-2020	**11.63**	**21.78**	**0.97**	**0.37**	**76.00**	**110.75**	**150.16**	**15.74**

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5. INTANGIBLE ASSETS (contd.)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill relating to continuing business segments has been allocated to the cash generating units (CGUs) as follows:

CGUs /Segments	As at 31-03-2020	As at 31-03-2019
Power Systems	-	-
Industrial Systems	150.16	140.87
Total goodwill	**150.16**	**140.87**

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value in use and fair value less cost to sell. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Group's operating segment.

The Group generally uses discounted cash flow based method to determine the recoverable amount. These discounted cash flow calculations use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The discount rate calculation is derived from weighted average cost of capital (WACC) of CGU's. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use / fair value less costs to sell for impairment test purposes.

	As at 31-03-2020	As at 31-03-2019
Terminal value growth rate	NA	2%
Pre tax discount rate	NA	9.50%

The pre tax discount rate (WACC) used in previous year 2018-19 was 9.50%

During the current year, the Group has not separately tested for impairment the goodwill balances, however, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for international operations.

An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2020	As at 31-03-2019
6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS		
Quoted investments		
Government or trust securities (Carried at amortised cost)	0.39	0.39
Total (A)	0.39	0.39
Unquoted investments		
Investments in equity instruments		
Carried at fair value through other comprehensive income #	-	-
Carried at fair value through profit and loss	0.01	0.01
Investments in debentures or bonds		
Carried at fair value through profit and loss	0.05	0.05
Other non-current investments		
Carried at fair value through profit and loss	128.77	129.43
Less: Provision for diminution in value of investment	(127.49)	-
Total (B)	1.34	129.49
Total (A+B)	1.73	129.88
Notes:		
Quoted investments		
Book value	0.39	0.39
Market value	0.39	0.39
Unquoted investments		
Book value	1.34	129.49

The carrying amount of investment in Avantha Power & Infrastructure Limited has been fully provided, as the same has been considered to be non-recoverable based on the management evaluation.

	As at 31-03-2020	As at 31-03-2019
7. NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES		
Unsecured		
Considered good (Refer note 52)	4.23	13.35
	4.23	13.35

	As at 31-03-2020	As at 31-03-2019
8. NON-CURRENT FINANCIAL ASSETS - LOANS		
Unsecured, considered good, unless otherwise stated		
Deposits	6.52	6.96
	6.52	6.96

	As at 31-03-2020	As at 31-03-2019
9. NON-CURRENT FINANCIAL ASSETS-OTHERS		
Unsecured, considered good, unless otherwise stated		
Fixed deposits with original maturity period of more than 12 months**	33.54	14.61
Advance to others# *	2948.53	1195.09
Advance to other related parties (Refer note 41)	-	2560.34
	2982.07	3770.04

\# Includes receivable from connected parties (as termed in Note 3A(l)) of ₹ 462.74 crores as at 31 March, 2020 and as at 31 March, 2019.

* Includes receivable from promoter affiliate companies (as termed in Note 3A(l)) of ₹ 2485.79 crores as at 31 March, 2020.

** Deposits of ₹ 33.54 crores (₹ 14.61 crores as at 31 March, 2019) are held as margin money.

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

10. TAXATION

Income tax recognised in consolidated statement of profit and loss:

	2019-20	2018-19
Consolidated statement of profit or loss		
Current income tax (continuing operations)	2.64	82.98
Current income tax (discontinued operations)	0.12	0.29
Deferred tax:		
Relating to origination and reversal of temporary differences (continuing operations)	(121.11)	(50.40)
Relating to origination and reversal of temporary differences (discontinued operations)	-	(11.78)
Total income tax recongnised in consolidated statement of profit or loss	(118.35)	21.09
Consolidated statement of other comprehensive income		
Current tax related to items recognised in other comprehensive income during the year	-	(1.21)
Deferred tax related to items recognised in other comprehensive income during the year	(0.11)	-
Total income tax recongnised in other comprehensive income	(0.11)	(1.21)

Income Tax expense

Reconciliation of Income tax expense applicable to accounting loss before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

	2019-20	2018-19
Loss before tax from continuing operations	(2278.37)	(458.95)
Loss before tax from discontinued operations	(6.92)	(27.09)
Accounting loss before income tax	(2285.29)	(486.04)
Applicable income tax rate	34.944%	34.944%
Computed tax expense	(798.57)	(169.84)
Income exempt from taxation	165.16	(86.52)
Expense not deductible in determining taxable profits	(346.77)	35.15
Tax impact on allowances under section 35(2AB) of Income tax act, 1961	(9.08)	(7.47)
Deferred tax assets not recognised on account of lack of convincing evidence in respect of future taxable income	663.21	179.54
Tax paid at lower rate	238.09	76.57
Tax impact on other comprehensive income	-	(1.21)
Other temporary differences	(30.39)	(5.13)
Net income tax expense charged to consolidated statement of profit and loss	(118.35)	21.09
Income tax attributable to continuing operations	(118.47)	32.58
Income tax attributable to discontinued operations	0.12	(11.49)
Total	(118.35)	21.09

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

10. TAXATION (contd.)

Deferred tax relates to the following:

	Balance sheet		Recognised in consolidated statement of profit and loss	
	As at 31-03-2020	As at 31-03-2019	2019-20	2018-19
Expenses allowable on payment basis	9.14	8.50	6.99	(0.07)
Other items giving rise to temporary differences	132.14	75.60	66.15	39.98
Accelerated depreciation for tax purposes	(90.90)	(189.29)	32.23	4.63
Fair valuation of property, plant and equipment	(199.81)	(205.87)	6.06	(9.49)
Impairment of loan	3.92	3.92	-	0.04
Provision for loss allowance	56.68	43.57	9.47	20.45
Unabsorbed losses and unabsorbed depreciation	4.94	4.76	3.80	22.04
Tax impact on account of adoption of Ind AS 115	33.93	37.52	(3.59)	(15.40)
Impairment of receivables	7.84	7.84	-	-
Deferred tax asset / (liability)	(42.12)	(213.45)		
Net (income) / expense			(121.11)	(62.18)
Deferred tax expense / (credit):				
Relating to origination and reversal of temporary differences - continuing operations			(121.11)	(50.40)
Relating to origination and reversal of temporary differences - discontinued operations			-	(11.78)
Total			(121.11)	(62.18)

Reconciliation of deferred tax assets / (liabilities) net

	As at 31-03-2020	As at 31-03-2019
Opening balance	(213.45)	(335.19)
Tax income / (expense) during the year recognised in profit or loss from continuing operations	121.11	50.40
Tax income / (expense) during the year recognised in profit or loss from discontinued operations	0.11	11.78
Tax impact on account of adoption of Ind AS 115	-	52.92
Reduction on deconsolidation of subsidiaries	56.85	-
Translation adjustment	(6.74)	6.64
Closing balance	(42.12)	(213.45)

Deferred tax assets have not been recognised in respect of losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

	As at 31-03-2020	As at 31-03-2019
11. NON-CURRENT ASSETS-OTHERS		
Unsecured, considered good, unless otherwise stated		
Capital advances	1.10	1.89
Others	8.93	7.96
	10.03	9.85

₹ crores

	As at 31-03-2020		As at 31-03-2019	
12. INVENTORIES				
Raw materials	175.84		361.55	
Add: Goods-in-transit	3.43		28.63	
		179.27		390.18
Work-in-progress		159.07		668.45
Finished goods		40.11		127.69
Stock-in-trade		2.10		2.62
Stores, spares and packing materials		3.74		3.75
Loose tools		0.05		0.11
		384.34		1192.80

Note: Mode of valuation of inventories is stated in Note 2.6

	As at 31-03-2020	As at 31-03-2019
13. CURRENT FINANCIAL ASSETS-INVESTMENTS		
Quoted investments		
Investments in equity instruments		
Carried at fair value through profit and loss	0.01	0.01
	0.01	0.01
Note:		
Quoted investments		
Book value	0.01	0.01
Market value	0.01	0.01

	As at 31-03-2020		As at 31-03-2019	
14. TRADE RECEIVABLES				
Unsecured:				
Considered good	522.20		1695.78	
Credit impaired	283.35		189.54	
		805.55		1885.32
Less: Allowance for credit impaired		283.35		189.54
		522.20		1695.78

Notes:

Refer note 41 for trade receivables from related parties.

Refer note 52 for trade receivables considered as contract balances.

	As at 31-03-2020		As at 31-03-2019	
15. CASH AND CASH EQUIVALENTS				
Balances with banks:				
On current accounts	182.97		195.35	
On deposit accounts (Refer note below)	27.87		38.49	
		210.84		233.84
Cash on hand		0.05		0.14
		210.89		233.98

Note:

Deposits of ₹ 27.87 crores (₹ 37.92 crores as at 31 March, 2019) are held as margin money.

₹ crores

	As at 31-03-2020		As at 31-03-2019	
16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS				
Other balances:				
Earmarked balances with banks for:				
Unclaimed dividend (Refer note (a) below)	0.47		0.74	
Others	10.69		20.39	
		11.16		21.13
Fixed deposits with original maturity of more than 3 months and upto 12 months (Refer note (b) below)		39.22		15.65
		50.38		36.78

Notes:

(a) Earmarked balances are restricted for use. There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020, and 31 March, 2019.

(b) Deposits of ₹ 39.22 crores (₹ 15.65 crores as at 31 March, 2019) are held as margin money.

	As at 31-03-2020		As at 31-03-2019	
17. CURRENT FINANCIAL ASSETS - LOANS				
Unsecured, considered good, unless otherwise stated				
Advances recoverable in cash or in kind or for value to be received:				
Considered good	0.02		0.04	
Considered doubtful	-		6.52	
	0.02		6.56	
Less: Allowance for bad and doubtful advances	-		6.52	
		0.02		0.04
Security deposits:				
Considered good	41.65		30.62	
Considered doubtful	0.52		0.52	
	42.17		31.14	
Less: Allowance for bad and doubtful deposits	0.52		0.52	
		41.65		30.62
		41.67		30.66

	As at 31-03-2020	As at 31-03-2019
18. CURRENT FINANCIAL ASSETS - OTHERS		
Derivative instruments	-	8.70
Others	2.79	0.63
Receivable on deconsolidation of HBE Group (Refer note 53)	229.32	-
	232.11	9.33

	As at 31-03-2020	As at 31-03-2019
19. OTHER CURRENT ASSETS		
Advance to suppliers	88.47	75.99
Statutory and other receivables	283.74	609.10
	372.21	685.09

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2020	As at 31-03-2019
20. SHARE CAPITAL		
Authorised		
2,03,80,00,000 equity shares of ₹ 2 each	407.60	407.60
(2,03,80,00,000 equity shares of ₹ 2 each as at 31 March, 2019)		
Issued		
62,67,88,442 equity shares of ₹ 2 each	125.35	125.35
(62,67,88,442 equity shares of ₹ 2 each as at 31 March, 2019)		
Subscribed and paid-up		
62,67,46,142 equity shares of ₹ 2 each	125.35	125.35
(62,67,46,142 equity shares of ₹ 2 each as at 31 March, 2019)		
Forfeited shares:		
42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175)	0.00	0.00
(42,300 equity shares of ₹ 2 each, partly paid (Amount paid-up ₹ 32,175) as at 31 March, 2019)		
	125.35	125.35

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Authorised share capital	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	2038000000	407.60	2038000000	407.60
Balance at the end of the year	2038000000	407.60	2038000000	407.60

Issued share capital	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	626788442	125.35	626788442	125.35
Balance at the end of the year	626788442	125.35	626788442	125.35

Subscribed and paid-up	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
Balance at the beginning of the year	626746142	125.35	626746142	125.35
Balance at the end of the year	626746142	125.35	626746142	125.35

The Company has not issued any equity shares during the current and in the previous year.

(b) Terms / rights attached to equity shares

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) Details of shareholders holding more than 5 % shares in the Company

	As at 31-03-2020		As at 31-03-2019	
	%	No of Shares	%	No of Shares
1. Yes Bank Limited	12.77	80050000	-	-
2. L&T Finance Limited	9.99	62600000	-	-
3. HDFC Trustee Company Limited - HDFC Equity Fund	9.17	57451000	9.17	57451000
4. Bharti (SBM) Holdings Private Limited	8.29	51969354	4.99	31275000
5. Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund	8.16	51164364	8.93	55960974
6. KKR India Financial Services Private Limited	8.10	50736588	-	-
7. Vistra ITCL India Limited	0.81	5096248	21.60	135392496
8. Avantha Holdings Limited	-	-	12.77	80050000

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

20. SHARE CAPITAL (Contd.)

(d) Aggregate number of shares issued as GDRs

	As at 31-03-2020		As at 31-03-2019	
	%	No of Shares	%	No of Shares
The Bank of New York	0.11	687234	0.12	775949

	As at 31-03-2020	As at 31-03-2019
21. OTHER EQUITY		
Retained earnings	(827.79)	1151.39
Effective portion of cash flow hedge	0.37	1.32
Foreign currency translation reserve	53.63	182.22
Equity instruments through other comprehensive income	(244.31)	(244.31)
Capital reserve	671.65	671.65
Capital reserve on consolidation	3.58	144.63
Capital redemption reserve	12.95	12.95
Securities premium	18.30	18.30
Statutory reserve	67.05	67.05
Non-controlling interest	15.54	54.82
	(229.03)	2060.02

(a) Dividend paid and proposed:

No dividends have been proposed, declared or paid during the financial year 2019-20 (2018-19 ₹ Nil) or after the financial year but before the financial statements were approved for issue.

(b) Nature and purpose of reserves:

(i) Retained earnings:

Retained earnings are the profits that the Group has earned till date and includes any transfers to general reserve, dividends or other distributions paid to shareholders and impact on account of transition to Ind AS.

(ii) Effective portion of cash flow hedge:

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

(iii) Foreign currency translation reserve:

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(iv) Equity instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets are disposed of.

(v) Capital reserve:

Capital reserve mainly represents the amount recognised on demerger of consumer product business.

(vi) Capital reserve on consolidation:

Capital reserve on consolidation is on account of subsidiaries acquired.

(vii) Capital redemption reserve:

Capital redemption reserve was created on buy back of shares. The Company may issue fully paid-up bonus shares to its members out of the capital redemption reserve account.

(viii) Securities premium:

Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

(ix) Statutory reserve:

Statutory reserve represents profits set aside as per the local statutory requirement of overseas subsidiaries and the same is not available for distribution.

	As at 31-03-2020	As at 31-03-2019
22. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Term loans from banks / financial Institutions (Refer note (a) and (b) below)	648.37	1125.49
Unsecured loans		
Term loans from banks (Refer note (c) below)	89.47	316.37
Finance lease obligations (Refer note (d) and (e) below)	-	5.68
	737.84	1447.54

Notes:

Security created to the extent of:

(a) Secured term loans from banks:

(i) The term loan of ₹ 300.14 crores (as at 31 March, 2019 ₹ 367.66 crores) at an interest rate of 1 year Bank's MCLR plus a spread of 1.55% p.a. payable monthly. The loan is repayable within five years from the date of disbursement i.e. 3 August, 2016, in 18 structured quarterly payments with a moratorium of 6 months. The loan is secured by First exclusive charge on certain identified plant and machinery and fixed assets with minimum value of ₹ 297.00 crores. (Current maturity pertaining to the said loan is ₹ 227.46 crores (as at 31 March, 2019 ₹ 151.63 crores), Refer note 28).

(ii) The term loan of ₹ 125.24 crores (as at 31 March, 2019 ₹ 139.56 crores) at an interest rate of 6 months MCLR. The loan tenure is 42 months for ₹ 159.51 crores and 13 months for ₹ 43.50 crores respectively. The loan is secured by First charge on movable and immovable property of ₹ 69.70 crores of specified location. Subservient charges on identified assets having market value of minimum ₹ 100.00 crores (Current maturity pertaining to the said loan is ₹ 103.12 crores (as at 31 March, 2019 ₹ 45.38), Refer note 28).

(iii) The term loan of ₹ 279.59 crores (as at 31 March, 2019 ₹ 305.00 crores) at an interest rate of 1 year Bank's MCLR plus 1.75% p.a. payable at monthly interval. The loan is repayable within five years from the date of disbursement i.e. 24 July, 2017, in 36 equal monthly instalments after a moratorium of 2 years from the date of first disbursement. The loan is secured by second charge on identified plant and machinery and immovable fixed assets. (Current maturity pertaining to the said loan is ₹ 152.50 crores (as at 31 March, 2019 ₹ 76.25 crores), Refer note 28).

(iv) The term loans having an outstanding amount of ₹ 0.44 crores (as at 31 March, 2019 ₹ 0.65 crores). The loans are repayable in 6-48 equal monthly instalments and are secured by hypothecation of vehicles. (Current maturity pertaining to the said loan is ₹ 0.15 crores (as at 31 March, 2019 ₹ 0.27 crores), Refer note 28).

(v) The term loan of ₹ 245.82 crores (as at 31 March, 2019 ₹ 259.59 crores) at an interest rate of 3 Months LIBOR+450 bps. The loan is repayable in 16 equal quarterly instalments starting from January 2019 and is secured by way of exclusive charge on all inventory and receivables situated at specified location. The loan is supported by Corporate Guarantee of CG International B.V. (Current maturity pertaining to the said loan is ₹ 113.49 crores (as at 31 March, 2019 ₹ 69.15 crores), Refer note 28).

(vi) The term loan of ₹ 31.96 crores (as at 31 March, 2019 ₹ 63.21 crores) is repayable on 25 September, 2020. The loan is secured by land, factory, machineries, inventories and receivables situated at specified location. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited upto 51% of loan liability. (Current maturity pertaining to the said loan is ₹ 31.96 crores (as at 31 March, 2019 ₹ 26.90 crores), Refer note 28).

(vii) The term loan of ₹ 233.86 crores (as at 31 March, 2019 ₹ 219.40 crores) is secured by way of fixed and floating charge on all assets situated at specified location. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. Repayment of the loan will commence from December 2022 and will be repayable in 4 equal annual instalments.

(b) Secured term loan from financial institutions:

The term loan of ₹ 170.00 crores (as at 31 March, 2019 ₹ 175.00 crores). The Facility (together with all interests, liquidated damages, fees, costs, charges, expenses and other monies and all other amounts stipulated and payable by the borrower to the lender) (whether expended by the Lender itself or not) shall be secured by (a) Exclusive charge on certain identified movable and immovable fixed assets of the Co-borrowers, both current and future (b) Demand Promissory Note.

Nature of Repayment: (a) Door-to-door tenor of 5 years, Principles moratorium for 12 months from the date of disbursement (b) 20% of total repayment will be paid in second and third year of loan in 8 quarterly installments and the balance 80% will be paid in forth and fifth year of the loan in 8 equal quarterly installments.

Rate of Interest: The Borrower shall, until the Facility amount is fully paid off, pay to the Lender, interest at the rate, equivalent to the Benchmark Rate (BR) + Spread. BR + Spread = Applicable Interest Rate % per annum.

Interest rate will be fixed till the moratorium period and then will linked to Benchmark Rate 1 year Bank MCLR Rate. The spread shall be defined on the date of first disbursement in a manner such that the applicable interest rate works out to 12.50% per annum payable monthly.

The spread shall remain fixed for 1 year from the date of first disbursement. Thereafter, the spread shall be reset annually and in case the increased spread is not acceptable, the Borrower shall have the right to prepay the facility in full within a period of 30 days from such Reset date, with a prior written notice of not less than 15 days. However, such increased rate shall be payable till the date of repayment. (Current maturity pertaining to the said term loan is ₹ 110.00 crores (as at 31 March, 2019 ₹ 35.00 crores), Refer note 28).

22. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd.)

(c) Unsecured term loans from banks:

(i) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores) at an interest rate linked to Bank's 1 year MCLR (Floating rate). The loan is repayable within 2.75 years from the date of disbursement i.e. 11 July, 2016, in 10 equal quarterly installments with first installment starting after 6 months from the date of disbursement. (Current maturity pertaining to the said loan is ₹ Nil (as at 31 March, 2019 ₹ 24.36 crores), Refer note 28).

(ii) The term loan of ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores) at an interest rate of bank MCLR plus applicable margin payable at monthly intervals. The loan is repayable within 2 years from the date of disbursement i.e. 16 May, 2017, in 15 structured monthly instalments with first starting after 9 months from the date of disbursement. (Current maturity of the said loan is ₹ Nil (as at 31 March, 2019 ₹ 15.00 crores), Refer note 28).

(iii) An assignment cum put agreement was entered by certain CIPs on behalf of the Company without the approval of Board of Directors, with AHL, Solaris Industrial Chemicals Limited ('SICL') - a related party, and the bank in September 2018 ('SICL Assignment') under which the Royalty payable by Company to AHL was assigned over to the bank. One of the conditions of this arrangement with AHL was that if the Company does not pay royalty before 20 March, 2019 in escrow account of SICL, the deposit will be refunded by the Company. On 20 March, 2019, the Company did not pay any royalty to this escrow on 20 March, 2019 as an amount of ₹ 78.25 crores was already paid in advance to AHL by the Company against Royalty to AHL. The bank has issued a communication to the Company of its intent to exercise the put option as per the aforementioned assignment and has asked the Company to discharge the liability outstanding of ₹ 71.00 crores. The Board having considered all necessary facts and based on its own internal assessment had recorded a liability towards the Bank amounting to ₹ 72.20 crores (including interest amount to ₹ 1.20 crores) and a corresponding receivable from SICL in the consolidated financial statements for the year ended 31 March, 2019. During the current year, the liability amount is reduced based on confirmation from the bank.

(iv) The term loan of ₹ 213.24 crores (as at 31 March, 2019 ₹ 339.85 crores) at an interest rate of Euribor+2.25%. During the year, the entire amount is treated as repayable on demand. The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited. (Current maturity pertaining to the said loan is ₹ 213.24 crores (as at 31 March, 2019 ₹ 95.68 crores), Refer note 28).

(v) The term loan of ₹ 18.47 crores (as at 31 March, 2019 ₹ Nil) with interest at the rate ranging from 8.05% to 8.60% per annum. (Current maturity of the said loan is ₹ Nil (as at 31 March, 2019 ₹ Nil).

(d) Finance lease obligations are repayable in equated monthly installments.

(e) Finance lease:

The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

	As at 31-03-2020		As at 31-03-2019	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	-	-	1.55	0.99
After one year but not more than five years	-	-	5.68	4.69
More than five years	-	-	-	-
Total minimum lease payments	-	-	7.23	5.68
Less: amounts representing finance charges	-	-	1.55	-
Present value of minimum lease payments	-	-	5.68	5.68

	As at 31-03-2020	As at 31-03-2019
23. NON-CURRENT OTHER FINANCIAL LIABILITIES		
Lease liabilities (Refer note 48)	15.88	-
Deposits payable	5.95	5.69
Term loans from others (Refer notes below)	188.04	292.68
	209.87	298.37

Notes:

Security created to the extent of:

Secured term loan from others:

(1) As per the Phase-1 investigation report, the term loan of ₹ 165.00 crores (as at 31 March, 2019 ₹ 165.00 crores) was availed by Blue Garden Estates Private Limited ('BGEPL'), the borrower, from Aditya Birla Finance Limited ('ABFL'), for tenure of five years with moratorium of 3 years and repayable in 8 quarterly installments after moratorium period. BGEPL in turn lent the said term loan amount to the Company, which has been onward transferred to Avantha Holdings Limited ('AHL'). The terms and conditions of this loan for the borrower are as under:

(i) The borrower for the first three years from the date of first disbursement shall pay fixed interest rate of 12.50% p.a. Thereafter until the facility amount is fully paid off, borrower shall pay to ABFL, interest equivalent to the Benchmark Rate (BR) + Spread.

23. NON-CURRENT OTHER FINANCIAL LIABILITIES (Contd.)

(ii) The loan is secured by:

(a) Exclusive charge on all the movable and immovable assets of the borrower, both present and future.

(b) Facility DSRA of ₹ 10.00 crores (Debt Service Reserve Account) will be maintained through the facility of the loan either in funded form or to be kept as undisbursed amount of the facility as may be acceptable to ABFL. Funded DSRA to be created by way of lien marked fixed deposit / debt mutual fund (with Birla Sunlife MF) / cash equivalent, to the satisfaction of ABFL.

(c) Pledge of 100% shares of the borrower.

(d) Assignment of all rights and benefits under the interest bearing advance made to the vendor and escrow of all proceeds (including interests) from vendor on which ABFL shall have an exclusive charge.

(e) Corporate Guarantee of Avantha Holdings Limited in favor of BGEPL.

(f) Cross Collateral with existing facilities extended by BGEPL.

(g) Demand Promissory Note.

(h) First right on receivables of the sale proceeds from the land and property located at Kanjurmarg in Mumbai shall be routed through designated Escrow Account and shall be utilised for liquidation of facilities extended by ABFL to the Company.

BGEPL has extended this loan facility to the Company at interest rate of 15% p.a.

(Current maturity pertaining to the said term loan is ₹ 13.21 crores (as at 31 March, 2019 ₹ 3.57 crores), Refer note 28).

(2) The term loan of ₹ 155.00 crores (as at 31 March, 2019 ₹ 155.00 crores) was availed by Blue Garden Estates Private Limited (BGEPL), the borrower, from Aditya Birla Finance Limited (ABFL), for tenure of 120 months from first disbursement. The loan is repayable in 28 equal quarterly installments after the moratorium period of 36 months. BGEPL in turn lent the said term loan amount to the Company which was then transferred to the holding Company of BGEPL, Acton Global Private Limited and AHL. The terms and conditions of this loan for the borrower are as under:

(i) Interest to be serviced on monthly basis @ 12.50% p. a. fixed rate upto 36 months from the end of the month in which last disbursement happens. After 36 months, interest rate to be reset as per mutually agreed terms.

(ii) The loan is secured by:

(a) Corporate Guarantee of Holding Company of borrower viz. M/s. Acton Global Private Limited

(b) Pledge of 100% shares of Borrower i.e. BGEPL in favour of ABFL

(c) Creation of Escrow account and Lien on such account in favor of ABFL towards credit proceeds of interest payment on monthly basis (if any) from vendor towards advance received by it from borrower.

(iii) Right on land and building A-3, MIDC Ambad, Nasik, Maharashtra 422010 or any other alternate security offered to BGEPL. BGEPL has extended this loan facility to the Company at interest rate of 15% p.a.

(Current maturity pertaining to the said term loan is ₹ 118.75 crores (as at 31 March, 2019 ₹ 23.75 crores), Refer note 28).

(3) ABFL using an unregistered Power of Attorney issued by BGEPL (issued on the basis of a Power of Attorney unauthorisedly issued by the Company to BGEPL), has unilaterally executed a mortgage deed on the Nasik Land and Kanjur land. After issue of the mortgage deed, ABFL attempted to create a charge with the Registrar of Companies (RoC), which issue notice to the Company. The Company has objected to the creation of the charge on the basis that the transaction of ABFL loan to BGEPL involving the Company and its properties were unauthorised and without approval and also pointing out the above facts. The charge, consequently has not been registered by the RoC. (Also Refer note 3A(j))

(4) The above stated transactions and term loans ('loans') were part of Phase -1 investigation (Refer note 2.1) as per which these were part of unauthorised transactions. In order to facilitate a resolution process with lenders under the Reserve Bank of India's circular on Prudential Framework for Resolution of Stressed Assets dated 7 June, 2019 ("Distressed Asset Circular") in the interest of all stakeholders of the Group, these loans have been included in the debt resolution process (Refer note 56). The Group has reserved its right to initiate legal proceedings against these loans if the debt of the Company is not resolved under the resolution process in accordance with the Distressed Asset Circular or as may be required under applicable law or as per the directions of any regulatory authority.

	As at 31-03-2020	As at 31-03-2019
24. NON-CURRENT PROVISIONS		
Provision for employee benefits	21.48	63.62
Other provisions (Refer note 30)	12.10	20.60
	33.58	84.22

	As at 31-03-2020	As at 31-03-2019
25. OTHER NON-CURRENT LIABILITIES		
Others	1.10	-
	1.10	-

	As at 31-03-2020	As at 31-03-2019
26. CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured loans		
Banks (Refer notes below)	397.88	603.38
Unsecured loans		
Banks	525.38	627.71
Others	-	51.80
	923.26	1282.89

Notes:

(i) Working capital demand loan of ₹ 1.34 crores (as at 31 March, 2019 ₹ Nil) from bank is secured by hypothecation of stocks and book debts and is further secured by mortgage by deposit of title deeds in respect of its immovable properties, both present and future consisting of land, factory building structures, erections, godowns and furniture and fixtures situated at specified location.

(ii) Working capital demand loans of ₹ 370.59 crores (as at 31 March, 2019 ₹ 566.62 crores) is secured by First charge by hypothecation on entire current assets both present and future of the borrower, namely, stock of raw materials, goods in progress, semi finished and finished goods, stores and spares not relating to plant and machinery (consumables stores and spares), bills receivables and book debts including proceeds thereof on realisation and other movables which are in the nature of current assets of the borrower.

(iii) Working capital demand loan of ₹ 25.95 crores (as at 31 March, 2019 ₹ 36.76 crores) is secured by exclusive charge on fixed assets, intangibles and entire current assets (except bank account) present and future of the borrower at specified location.The loan is supported by Corporate Guarantee of CG Power and Industrial Solutions Limited and 100% pledge of equity shares of CG Industrial Holdings Sweden AB and CG Drives and Automation Sweden AB.

Borrowings pertaining to discontinued operations are included under the head 'Liabilities associated with group of assets classified as held for sale and discontinued operations' (Refer note 45).

Disclosure on defaults in payment of loans and interest

The Group has made certain defaults in repayment of dues to banks, financial institutions and other lenders.

Following are the details of continuing defaults as at 31 March, 2020:

	As at 31-03-2020	Period of default
Secured current borrowings	49.00	less than 1 year
Unsecured current borrowings	506.82	less than 1 year
Current maturities long- term loans from banks / financial institutions	439.24	less than 1 year
Current maturities long- term loans from others	27.32	less than 1 year
Interest accrued on borrowings	99.20	less than 1 year

	As at 31-03-2020	As at 31-03-2019
27. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
Acceptances	7.06	135.17
Due to others	1298.56	2178.88
	1305.62	2314.05

Note:

Refer note 41 for trade payables to related parties.

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31-03-2020		As at 31-03-2019	
28. CURRENT-OTHER FINANCIAL LIABILITIES				
Current maturities of long- term loans from banks / financial institution (Refer note 22)		951.92		539.62
Current maturities of long- term loans from others (Refer note 23)		131.96		27.32
Interest free sales tax deferral loans from State Government		0.12		0.12
Lease liabilities (Refer note 48)		9.99		-
Interest accrued on borrowings		138.29		15.67
Investor Education and Protection Fund:				
Unclaimed dividend (Refer note (a) below)		0.46		0.72
Due to directors (Refer note 41)		-		3.29
Financial guarantee obligations		-		0.28
Liability on deconsolidation HBE Group (Refer note 53)		570.47		-
Other payables:				
Due to erstwhile shareholders	-		0.05	
Security deposits	8.93		8.40	
Due to employees	40.67		125.69	
Others	187.50		193.08	
		237.10		327.22
		2040.31		914.24

Note:

(a) There are no unclaimed dividend amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March, 2020 and 31 March, 2019.

(b) Refer note 26 on disclosure on defaults in payment of loans and interest.

	As at 31-03-2020		As at 31-03-2019	
29. OTHER CURRENT LIABILITIES				
Advances from customers (Refer note 52)		278.54		504.67
Due to customers (Refer note 52)		14.35		81.23
Other payables:				
Statutory liabilities	52.41		68.09	
Advance from others	566.70		566.70	
Others	61.56		89.38	
		680.67		724.17
		973.56		1310.07

	As at 31-03-2020	As at 31-03-2019
30. SHORT-TERM PROVISIONS		
Provision for employee benefits	3.94	3.15
Other provisions (Refer note below)	140.21	209.68
Provision for liquidation of subsidiaries business (Refer note 50)	354.02	-
	498.17	212.83

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

30. SHORT-TERM PROVISIONS (contd.)

Note:

(1) Movement in provisions:

	Provision for Warranties	Provision for Tax related litigations	Liquidated damages	Other litigation claims	Environmental obligations	Onerous contracts	Total
	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
Carrying amount at the beginning of the year	88.12	18.19	69.03	27.13	17.83	9.98	230.28
Additional provision made during the year	16.01	13.59	14.24	26.02	-	-	69.86
Amounts used during the year	3.71	-	8.28	-	-	2.96	14.95
Unused amounts reversed during the year	18.62	2.14	-	0.33	-	-	21.09
Reduction on deconsolidation of subsidiaries	18.25	-	58.58	17.50	18.44	4.31	117.08
Translation adjustment	0.85	-	2.94	0.58	0.61	0.31	5.29
Carrying amount at the end of the year	64.40	29.64	19.35	35.90	-	3.02	152.31
Non-current	12.10	-	-	-	-	-	12.10
Current	52.30	29.64	19.35	35.90	-	3.02	140.21
Total	64.40	29.64	19.35	35.90	-	3.02	152.31

(2) Nature of provisions:

(a) Product Warranties: The Group gives warranties on certain products and services in the nature of repairs / replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of two years.

(b) Provision for tax related litigations include liability on account of non-collection of declaration forms and other legal matters related to Sales Tax, Excise Duty, Custom Duty and Service Tax which are in appeal under the Act / Rules.

(c) Provision for liquidated damages has been made on contracts for which delivery dates are exceeded and computed in reasonable and prudent manner.

(d) Provision for litigation related obligations represents estimated liabilities that are expected to materialise in respect of matters under litigation.

(e) Provision for environmental obligations represents liabilities towards the costs expected to be incurred to treat contaminated soil / effluents at its manufacturing locations, wherever required by local law.

(f) Provision for onerous contracts have been made on contracts when it is probable that the estimated cost will exceed the total contract revenue.

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2019-20		2018-19	
31. REVENUE FROM OPERATIONS				
Sale of products	4672.85		7605.86	
Sale of services	87.51		83.24	
Construction contracts	290.96		208.68	
		5051.32		7897.78
Other operating income - scrap sales		58.56		100.13
		5109.88		7997.91

Note:

Refer note 52 for disclosures on revenue from contracts with customers.

	2019-20	2018-19
32. OTHER INCOME		
Interest income from:		
Deposits with banks	0.02	10.22
Others	7.75	22.04
Fair value gain on financial instruments at fair value through profit or loss	0.06	-
Other non-operating income:		
Income from business service centers (Refer note 48)	9.43	5.69
Government grant	1.11	1.77
Miscellaneous income	29.76	11.19
	48.13	50.91

	2019-20	2018-19
33. COST OF MATERIALS CONSUMED		
Opening inventories	390.18	335.32
Add: Purchases	2858.13	5129.95
Less: Closing inventories	179.27	390.18
	3069.04	5075.09

	2019-20	2018-19
34. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	60.92	34.79
	60.92	34.79

	2019-20		2018-19	
35. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Closing inventories:				
Finished goods	40.11		127.69	
Work-in-progress	159.07		668.45	
Stock-in-trade	2.10		2.62	
	201.28		798.76	
Opening inventories:				
Finished goods	127.69		67.48	
Work-in-progress	668.45		818.44	
Stock-in-trade	2.62		0.60	
	798.76	597.48	886.52	87.76
Less: Reduction on deconsolidation of subsidiaries		(399.33)		-
Net (increase) / decrease in inventories		198.15		87.76

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2019-20	2018-19
36. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	711.29	858.17
Contribution to provident and other funds (Refer note 43)	101.75	129.93
Post retirement medical benefits	-	0.95
Staff welfare expenses	54.09	74.29
	867.13	1063.34

	2019-20	2018-19
37. FINANCE COSTS		
Interest on loans from banks / financial institutions	320.67	382.99
Interest expense on lease liabilities (Refer note 48)	3.38	-
	324.05	382.99

	2019-20	2018-19
38. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment (Refer note 4)*	141.91	148.39
Amortisation of Intangible assets (Refer note 5)#	69.57	76.86
	211.48	225.25

Notes:

* Depreciation for the current year includes depreciation of ROU assets of ₹ 20.57 crores.

Includes current year ₹ 0.19 crores and previous year ₹ 0.80 crores on account of impairment.

	2019-20	2018-19
39. OTHER EXPENSES		
Consumption of stores and spares	28.52	44.16
Power and fuel	55.37	75.61
Rent	21.54	59.54
Repairs to buildings	5.97	12.45
Repairs to machinery	24.00	39.50
Repairs to others	16.34	19.49
Insurance	18.23	23.20
Rates and taxes	34.43	28.41
Freight and forwarding	132.45	216.29
Packing materials	39.89	63.19
After sales services including warranties	17.42	7.94
Travelling and conveyance	28.43	44.28
Sales promotion	4.67	46.39
Bank charges	41.38	49.19
Sub contracting charges	118.56	251.44
Directors' sitting fees	1.97	0.87
Allowance for doubtful debts and advances	55.85	73.08
Legal and professional charges	51.13	104.13
Miscellaneous expenses	149.05	215.59
	845.20	1374.75

₹ crores

		As at 31-03-2020	As at 31-03-2019
40.	**CONTINGENT LIABILITIES AND COMMITMENTS**		
A.	**Contingent liabilities:**		
	(to the extent not provided for)		
(a)	Claims against the Group not acknowledged as debts	**5.29**	5.36
(b)	Sales tax / VAT liability that may arise in respect of matters in appeal	**15.31**	16.41
(c)	Excise duty / custom duty / service tax liability that may arise in respect of matters in appeal	**14.32**	15.29
(d)	Income tax liability that may arise in respect of matters in appeal preferred by the department	**1.90**	4.34
B.	**Financial guarantees:**		
	Loan guarantee given on behalf of other related party (Refer note (vii) below)	**-**	391.88
	Loan guarantee given on behalf of other promoter affiliate company (Refer note (vii) below)	**391.88**	-
C.	**Commitments:**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**4.36**	10.17

Notes:

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration / appellate proceedings.

(ii) Sales tax / VAT cases include disputes pertaining to disallowances of Input tax credit and non-submission of various forms with authorities.

(iii) Excise duty / custom duty / service tax cases include disputes pertaining to inadmissibility of cenvat credit, short payment of service tax on work contracts, refund of excise duty on export of transformers, interest payment on Provisional Assessment Cases, etc.

(iv) Contingent liabilities for Income tax cases pertains to difference on account of cenvat credit and valuation of closing inventory, disallowance of expenses, etc.

(v) Claims against Group include disputes pertaining expenses incurred towards setting up a transformer plant, claim pertaining to fluctuation in foreign currency on imported materials supplied and claim towards procurement of manpower services.

(vi) The Group has outstanding C Forms submission pending for submission to tax authorities for prior years in relation to sales tax aggregating ₹ 69.08 crores which are not a part of contingent liability. As part of its working capital monitoring process, the Group has initiated the extensive review of available documentation, and assessment of recoverability of such balances through collection and submission of such C Forms.

(vii) AHL had obtained a loan of ₹ 500.00 crores from a bank for which a comfort letter was unauthorisedly issued on behalf of the Company by a CIP allegedly to discharge AHL's pecuniary obligations. No disclosure was made in the financial statements of prior years. Certain CIPs signed post-dated cheques ('PDCs') in violation of Rules of Procedure ('ROPs') and without the knowledge of the Board of Directors and submitted for repayment purposes on behalf of AHL in accordance with the Comfort Letter. The PDCs were replaced from time to time by CIP on account of the previous cheques becoming time-barred / stale in violation of ROPs without requisite approvals. Last PDC for ₹ 210.00 crores presented by the bank returned as dishonoured due to insufficient funds and the bank issued notice under section 138 of Negotiable Instruments Act, 1881 dated 30 April, 2019 ('Notice') to the Company on account of the cheque being returned unpaid. The Company responded to the Notice denying the existence of the alleged comfort letter and the fact that the PDC cheques were signed by certain CIPs in violation of ROP and requisite approvals. However the Bank has filed a complaint against the Company and certain directors before magistrate court and the company received all documents including the comfort letter together with the notice received from the Magistrate Court. The Company is contesting the same and has also filed petition in before the Delhi High Court to quash the complaint. The above proceedings filed are pending. However, considering the uncertainty involved in the matter, the Board having considered all necessary facts and based on its own internal assessment, that no amount was received by the Company from these borrowings which could have led to an obligation on the Company to repay, the Board has decided to disclose the same as a contingent liability amounting to ₹ 391.88 crores. AHL has ceased to be a related party w.e.f. 9 October, 2019 and disclosed as promoter affiliate company.

₹ crores

41. RELATED PARTY DISCLOSURES

(a) Details of the Group's subsidiaries and associate at the end of the reporting period considered in the preparation of the consolidated financial statements are as follows:

(i) Subsidiaries:

Sr. No.	Name of the Related Parties	Country of Incorporation	% Equity Interest As at 31-03-2020	% Equity Interest As at 31-03-2019
1	CG Power Solutions Limited	India	**100.00**	100.00
2	CG-PPI Adhesive Products Limited	India	**81.42**	81.42
3	CG Power Equipments Limited	India	**100.00**	100.00
4	CG International Holdings Singapore Pte. Limited	Singapore	**100.00**	100.00
5	CG Sales Networks Malaysia Sdn. Bhd. (formerly known as "Crompton Greaves Sales Network Malaysia Sdn. Bhd.")	Malaysia	**100.00**	100.00
6	CG International B.V.	The Netherlands	**100.00**	100.00
7	CG Holdings Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)*	Belgium	**-**	100.00
8	CG Power Systems Belgium N.V. (Ceased to be a related party w.e.f. 1 January, 2020)*	Belgium	**-**	100.00
9	CG Power Systems Ireland Limited (Ceased to be a related party w.e.f. 1 January, 2020)*	Ireland	**-**	100.00
10	PT CG Power Systems Indonesia (Ceased to be a related party w.e.f. 1 January, 2020)*	Indonesia	**-**	95.00
11	CG Sales Networks France SA (Ceased to be a related party w.e.f. 1 January, 2020)*	France	**-**	99.70
12	CG Power Solutions Saudi Arabia Limited (Ceased to be a related party w.e.f. 1 January, 2020)*	Saudi Arabia	**-**	51.00
13	CG Electric Systems Hungary Zrt.	Hungary	**100.00**	100.00
14	CG Power Solutions UK Limited	United Kingdom	**100.00**	100.00
15	CG Power Systems Canada Inc.	Canada	**100.00**	100.00
16	CG- Ganz Generator and Motor Limited Liability Company (formerly known as "CG Holdings Hungary Kft.")	Hungary	**100.00**	100.00
17	CG Service Systems France SAS	France	**100.00**	100.00
18	CG Industrial Holdings Sweden AB	Sweden	**100.00**	100.00
19	CG Drives and Automation Sweden AB	Sweden	**100.00**	100.00
20	CG Drives and Automation Germany GmbH	Germany	**100.00**	100.00
21	CG Drives and Automation Netherlands B.V.	The Netherlands	**100.00**	100.00
22	CG Middle East FZE	UAE	**100.00**	100.00
23	CG Holdings Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019)	USA	**-**	100.00
24	QEI, LLC	USA	**100.00**	100.00
25	CG Power Americas, LLC	USA	**100.00**	100.00
26	CG Solutions Americas, LLC (merged with CG Power Americas LLC w.e.f. 1 April, 2019)	USA	**-**	100.00
27	PT Crompton Prima Switchgear Indonesia (Subsidiary w.e.f. FY 2018-19)	Indonesia	**51.00**	51.00
28	CG Power and Industrial Solutions Limited Middle East FZCO (incorporated on 15 October, 2018)	UAE	**100.00**	100.00

* During the current year, CG Holdings Belgium N.V. ('HBE') and CG Power Systems Belgium N.V. ('PSBE') are declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020 and the Court has appointed Receivers. Based on the legal advice obtained, the Group believes that it no longer retains control over above-mentioned subsidiaries, CG Power Solutions Saudi Arabia Limited and also of the step down subsidiaries of PSBE viz., CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia and CG Sales Networks France SA (collectively 'HBE Group') w.e.f. the date of bankruptcy. As stated in note 53, the Group has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries w.e.f. 1 January, 2020 (assumed date) and consequently these entities ceased to be treated as subsidiaries and as related parties w.e.f. 1 January, 2020.

₹ crores

41. RELATED PARTY DISCLOSURES (Contd.)

List of related parties and relationships

(ii) Associate:

Sr. No.	Name of the Related Party	Country of Incorporation	% Equity Interest As at 31-03-2020	% Equity Interest As at 31-03-2019
1	CG International BV TR. & Cont. Pvt. Co. LLC. (Liquidated w.e.f. 18 June, 2019) (formerly known as "Pauwels Middle East Trading & Contracting (Pvt) Co. LLC")	Sharjah	-	49.00

Note:

In the case of PT Crompton Prima Switchgear Indonesia, the financial statements as at 31 December, 2019 have been considered. Material adjustments required for any significant events or transactions for the three months upto 31 March, 2020 have been considered.

(iii) Key Management Personnel:

1	Sudhir Mathur	-	Whole Time - Executive Director (w.e.f. 10 May, 2019) (Non- Executive Independent Director w.e.f. 1 October, 2018 upto 9 May, 2019)
2	Ashish Kumar Guha	-	Non- Executive Independent Director, and Chairman (Appointed as Chairman w.e.f. 25 September, 2019)
3	Narayan K. Seshadri	-	Non- Executive Independent Director
4	Ramni Nirula	-	Non- Executive Independent Director
5	Jitender Balakrishnan	-	Non- Executive Independent Director
6	Pradeep Mathur	-	Non- Executive Independent Director (Appointed w.e.f. 30 December, 2019)
7	Dr. Aditi Raja	-	Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
8	Dr. Rathin Roy	-	Non- Executive Independent Director (Appointed w.e.f. 24 January, 2020)
9	Alen Ferns	-	Company Secretary and Compliance Officer (Appointed w.e.f. 18 March, 2020)
10	Gautam Thapar	-	Non- Executive Director, Chairman and Promoter Director (Ceased to be Chairman w.e.f. 29 August, 2019 and ceased to be Director w.e.f. 9 October, 2019)
11	K. N. Neelkant	-	Executive Director, CEO & Managing Director (Resigned w.e.f. 30 September, 2019)
12	V. R. Venkatesh	-	Chief Financial Officer (Ceased w.e.f. 30 August, 2019)
13	Omkar Goswami	-	Non- Executive Director (Resigned w.e.f. 14 December, 2019)
14	Valentin Von Massow	-	Non- Executive Independent Director (Ceased w.e.f. 5 August, 2019)
15	Shikha Kapadia	-	Company Secretary and Compliance Officer (Resigned as the Company Secretary and Compliance Officer w.e.f. 31 December, 2019)
16	Nimesh S Shah	-	Company Secretary and Compliance Officer (Appointed w.e.f. 1 January 2020 and resigned w.e.f. 31 January, 2020)

(iv) Other Related Parties in which directors are interested:

1	Ballarpur Industries Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
2	BILT Graphic Paper Products Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
3	Avantha Holdings Limited ('AHL')#	(Ceased to be a related party w.e.f. 9 October, 2019)
4	Avantha Realty Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
5	Jhabua Power Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
6	Solaris Industrial Chemicals Limited#	(Ceased to be a related party w.e.f. 9 October, 2019)
7	Avantha Power & Infrastructure Ltd#	(Ceased to be a related party w.e.f. 9 October, 2019)
8	Avantha International Assets BV#	(Ceased to be a related party w.e.f. 9 October, 2019)
9	Ballarpur International Holdings BV#	(Ceased to be a related party w.e.f. 9 October, 2019)
10	Mirabelle Trading PTE Ltd.#	(Ceased to be a related party w.e.f. 9 October, 2019)
11	CERG Advisory Private Limited	(Ceased to be a related party w.e.f. 14 December, 2019)

Ceased to be a related party upon resignation of Mr Gautam Thapar w.e.f. 9 October, 2019

(v) Post Employment Benefit Entity:

1 CG Provident Fund

2 CG Gratuity Fund

41. RELATED PARTY DISCLOSURES (Contd.)

(b) The following transactions were carried out with the related parties (Refer note 1 below):

Sr. No.	Nature of transaction / relationship	2019-20	2018-19
1	**Sales of goods and services**		
	Other Related Parties		
	BILT Graphic Paper Products Limited	-	0.01
	Jhabua Power Limited	0.02	0.39
	Total	0.02	0.40
2	**Interest income**		
	Other Related Party		
	Avantha International Assets BV##	-	8.62
	Total	-	8.62
3	**Payment of salaries, commission and perquisites**		
	Key Management Personnel**		
	Sudhir Mathur	2.78	-
	K. N. Neelkant	2.74	4.67
	V. R. Venkatesh	0.80	1.90
	Shikha Kapadia	0.41	0.56
	Nimesh Shah	0.05	-
	Alen Ferns	0.01	-
	Total	6.79	7.13
4	**Rent paid**		
	Other Related Parties		
	Avantha Realty Limited	-	1.87
	Jhabua Power Limited	-	0.55
	Total	-	2.42
5	**Amounts written off**		
	Other Related Party		
	BILT Graphic Paper Products Limited	-	2.80
	Total	-	2.80
6	**Other expenses**		
	Other Related Parties		
	Avantha Holdings Limited	-	38.06
	Jhabua Power Limited	-	0.19
	CERG Advisory Private Limited	0.06	-
	Total	0.06	38.25
7	**Loans and advances given (net of repayments / provisions) during the year**		
	Other Related Parties##		
	Avantha Holdings Limited	(4.85)	(15.08)
	Avantha Realty Limited	-	0.43
	Solaris Industrial Chemicals Limited	-	98.20
	Avantha International Assets BV	-	348.46
	Ballarpur International Holdings BV	-	3.11
	Mirabelle Trading Pte Ltd.	-	34.36
	Total	(4.85)	469.48

** Remuneration does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Group as a whole.

41. RELATED PARTY DISCLOSURES (Contd.)

(c) Amount due to / from related parties (Refer note 1 below):

Sr. No.	Nature of transaction / relationship	2019-20	2018-19
1	**Trade payable**		
	Other Related Parties		
	Mirabelle Trading Pte Ltd.##	-	6.30
	Jhabua Power Limited	-	1.01
		-	7.31
	Non-current	-	-
	Current	-	7.31
	Total	-	7.31
2	**Trade receivable**		
	Other Related Parties		
	Ballarpur Industries Limited	-	0.08
	BILT Graphic Paper Products Limited	-	0.47
	Jhabua Power Limited	-	1.31
		-	1.86
	Non-current	-	-
	Current	-	1.86
	Total	-	1.86
3	**Loans and advances receivable (net)**		
	Other Related Parties##		
	Avantha Holdings Limited	-	1006.22
	Avantha Realty Limited	-	10.65
	Avantha Power & Infrastructure Ltd	-	15.00
	Ballarpur Industries Limited	-	68.50
	Ballarpur Graphics Paper Product Limited	-	552.33
	Solaris Industrial Chemicals Limited	-	378.20
	Ballarpur International Holdings BV	-	85.37
	Avantha International Assets BV	-	350.74
	Mirabelle Trading Pte Ltd.	-	93.33
		-	2560.34
	Non-current	-	2560.34
	Current	-	-
	Total	-	2560.34
4	**Due to Key Management Personnel**		
	K. N. Neelkant	-	3.29
		-	3.29
	Non-current	-	-
	Current	-	3.29
	Total	-	3.29
5	**Guarantees outstanding (utilised)**		
	Other Related Party		
	Avantha Holdings Limited##	-	500.00
	Total	-	500.00

These transactions and balances are subject to investigation to ensure completeness of such transactions / accounting adjustments as disclosed in Note 3A(l) and 60.

41. RELATED PARTY DISCLOSURES (Contd.)

(d) Compensation of Key Management Personnel of the Group:

Nature of transaction	2019-20	2018-19
Short-term employee benefits	6.54	6.93
Post-employment benefits	0.25	0.20
Total compensation paid to key management personnel	6.79	7.13

Notes:

1. Other related parties in which directors are interested (serial no. 1 to 10 in a(iv) above) have ceased to be related parties w.e.f. 9 October, 2019 and are considered as promoter affiliate companies in the consolidated financial statements for the current year ended 31 March, 2020. Above related party disclosure does not include transactions with these entities after the date these entities ceased to be related parties of the Group. Similarly the amount due to / from related parties does not include balances with these parties as at 31 March, 2020.
2. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and are done in the ordinary course of business except transactions with Other Related Parties disclosed above in note b(2),(7) and closing balances with Other Related Parties disclosed in note c(1),(3),(5), where management has initiated the investigations to ensure completeness of these transactions / accounting adjustments.

   Outstanding balances at the year-end are unsecured and settlement occurs in cash.
3. The Group makes monthly contributions to provident fund managed by "CG Provident Fund" for certain eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Group contributed ₹ 12.95 crores (Previous year ₹ 12.15 crores).
4. The Group maintains gratuity trust for the purpose of administering the gratuity payment to its employees (CG Gratuity Fund). During the year, the Group contributed ₹ Nil (Previous year ₹ 7.68 crores).

42. DISCLOSURE OF INTEREST IN OTHER ENTITIES

(a) Material non-controlling interest for continuing operations

	Principal place of business / Country of incorporation	Proportion of interest held by Non-controlling entities as at	
		31-03-2020 %	31-03-2019 %
CG-PPI Adhesive Products Limited	India	18.58	18.58
PT Crompton Prima Switchgear Indonesia#	Indonesia	49.00	49.00
PT CG Power Systems Indonesia (upto 31 December, 2019) (Refer note 53)	Indonesia	-	5.00

The proportion of voting rights held by non controlling interest does not differ from the proportion of ownership interest.

Summarised statement of profit and loss:

	CG-PPI Adhesive Products Limited		PT Crompton Prima Switchgear Indonesia #		PT CG Power Systems Indonesia	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	15.32	23.07	32.12	9.26	422.19	854.05
Other Income	0.47	0.79	0.01	-	21.87	23.65
Cost of materials consumed	(9.00)	(13.40)	(33.26)	(8.95)	(276.04)	(569.23)
Other expenses	(7.75)	(7.35)	(13.00)	(17.66)	(165.72)	(212.35)
Finance costs	(0.06)	(0.01)	(2.81)	(1.63)	(1.78)	(1.20)
Pre-tax profit / (loss) from continuing operations	(1.02)	3.10	(16.94)	(18.98)	0.52	94.92
Income tax expense / (credit)	(0.19)	0.81	(4.23)	(2.88)	(0.65)	18.91
Post-tax profit / (loss) from continuing operations (A)	(0.83)	2.29	(12.71)	(16.10)	1.17	76.01
Other comprehensive income (B)	(0.17)	0.02	-	-	-	4.40
Total comprehensive income (A+B) = C	(1.00)	2.31	(12.71)	(16.10)	1.17	80.41
Attributable to non-controlling interest	(0.19)	0.43	(6.23)	(7.89)	0.06	4.02
Dividend paid to non-controlling interest	0.09	0.09	-	-	-	1.09

42. DISCLOSURE OF INTEREST IN OTHER ENTITIES (Contd.)

Summarised balance sheet:

	CG-PPI Adhesive Products Limited		PT Crompton Prima Switchgear Indonesia #		PT CG Power Systems Indonesia	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Current assets	18.63	19.52	28.11	22.97	-	1026.42
Non-current assets	4.61	4.81	132.62	125.43	-	89.93
Current liabilities	(5.34)	(4.80)	(70.38)	(47.33)	-	(291.79)
Non-current liabilities	(0.25)	(0.31)	(79.40)	(84.05)	-	-
Total equity	17.65	19.22	10.95	17.02	-	824.56
Attributable to:						
Equity holders of parent	14.37	15.65	5.58	8.68	-	783.33
Non-controlling interest	3.28	3.57	5.37	8.34	-	41.23

Summarised cash flow information:

	CG-PPI Adhesive Products Limited		PT Crompton Prima Switchgear Indonesia #		PT CG Power Systems Indonesia	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Cash flows from:						
Operating activities	(1.34)	(0.03)	7.41	(19.52)	43.41	20.72
Investing activities	(4.30)	(0.37)	(2.90)	(8.38)	(1.40)	(42.82)
Financing activities	0.72	(0.57)	(7.43)	31.64	(34.01)	7.95
Net increase / (decrease) in cash and cash equivalents	(4.92)	(0.97)	(2.92)	3.74	8.00	(14.15)

From previous year onward, earstwhile Joint venture of the Group, PT Crompton Prima Switchgear Indonesia ("CPSI"), has been treated as subsidiary of the Group on account of the control exercised by the Group from the effective date. The Group has 51.00% of share holding in equity share capital of CPSI. The principal place of business is Indonesia.

(b) Investment In Associates

(i) General information

The Group had 49.00% of share holding in equity share capital of CG International Bv Tr. & Cont. Pvt. Co. LLC (earlier known as Pauwels Middle East Trading & Contracting Pvt. Co. LLC). Its principal place of business is United Arab Emirates. This associate entity has been liquidated w.e.f. 18 June, 2019.

(ii) Summarised financial information of the associates

	As at 31-03-2020	As at 31-03-2019
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	0.01
Non-current liabilities	-	-
Equity	-	(0.01)
Group's share of net assets	-	(0.01)
Carrying amount of interest in associates	-	-

The above amount of equity includes accumulated losses of the associates of ₹ Nil (31 March, 2019: ₹ 0.24 crores) on which the Group has recognised its share to the extent of cost of its investments.

42. DISCLOSURE OF INTEREST IN OTHER ENTITIES (Contd.)

	2019-20	2018-19
Revenue	-	-
Pre-tax profit / (loss)	-	(0.02)
Income tax expense	-	-
Post-tax profit / (loss)	-	(0.02)
Other comprehensive income	-	0.26
Total comprehensive income / (loss)	-	0.24
Group's share of total comprehensive income / (loss) recognised in the statement of profit and loss	-	-
Dividends received from associates	-	-

43. EMPLOYEE BENEFITS

(a) Defined contribution plans:

Amount of ₹88.79 crores (Previous year ₹ 107.06 crores) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

Benefits (Contribution to)	2019-20	2018-19
Provident fund	13.10	12.29
Superannuation fund	4.71	4.89
Employee state insurance scheme	0.28	0.43
Labour welfare scheme	0.01	0.02
National pension scheme	1.00	0.29
Family pension	69.69	89.14
Total	88.79	107.06

(b) Defined benefit plans:

Gratuity:

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. All the employees will be eligible for gratuity without capping of maximum limit of ₹ 0.20 crores. The gratuity amount is calculated as per Payment of Gratuity Act.

The Group makes annual contributions to the CG Gratuity Fund, which is funded defined benefit plan for qualifying employees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Post-retirement medical benefit:

During the financial year 2019-20, management has reviewed and decided to discontinue the policy of Post-retirement medical benefit. Consequently the accumulated provision of ₹ 10.83 crores has been reversed and recognised as an exceptional item in statement of profit and loss.

The following tables summarise the components of net benefit expenses recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans:

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non-funded)	2018-19 (Non-funded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present value of defined benefit obligation at the beginning of the year	49.04	63.91	10.83	10.68
2	Interest cost	3.78	5.04	-	0.83
3	Current service cost	2.91	3.85	-	0.12
4	Past service cost (Refer note 50)	-	(17.16)	-	-
5	Benefits paid directly by the employer	-	(0.32)	-	(0.47)
6	Benefits paid	(16.88)	(6.87)	-	-
7	Actuarial changes arising from changes in financial assumptions	2.35	0.41	-	(0.25)
8	Actuarial changes arising from changes in experience adjustments	1.57	0.18	-	(0.08)
9	Reversal due to change in policy (Refer note 50)	-	-	(10.83)	-
10	Present value of defined benefit obligation at the end of the year	42.77	49.04	-	10.83

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non-funded)	2018-19 (Non-funded)
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	58.33	56.23	NA	NA
2	Interest income	4.49	4.43	NA	NA
3	Contributions paid by the employer	(8.99)	7.70	NA	NA
4	Benefits paid from the fund	(16.88)	(6.87)	NA	NA
5	Return on plan assets excluding interest income	3.56	(3.16)	NA	NA
6	Fair value of plan assets at the end of the year	40.51	58.33	NA	NA
III	**Net asset / (liability) recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	(42.77)	(49.04)	-	(10.83)
2	Fair value of plan assets at the end of the year	40.51	58.33	-	-
3	Amount recognised in the balance sheet	(2.26)	9.29	-	(10.83)
4	Net (liability) / asset- current	(2.26)	9.29	-	(0.46)
	Net (liability / asset- non-current	-	-	-	(10.37)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	2.91	3.85	-	0.12
2	Interest cost on benefit obligation (net)	(0.68)	0.63	-	0.83
3	Curtailment (Refer note 50)	-	(17.18)	-	-
4	Expected return on plan assets	-	-	-	-
5	Total expenses included in employee benefits expense	2.23	(12.70)	-	0.95
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in financial assumptions	2.35	0.41	-	(0.25)
2	Actuarial changes arising from changes in experience adjustments	1.57	0.18	-	(0.08)
3	Return on plan assets excluding interest income	(3.56)	3.16	NA	NA
4	Recognised in other comprehensive income	0.36	3.75	-	(0.33)
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	4.92	7.99	NA	0.50
2	Between 2 and 5 years	15.87	19.79	NA	2.29
3	Between 6 and 10 years	18.96	21.17	NA	3.72
VII	**Quantitative sensitivity analysis for significant assumption is as below:**				
1	**Increase/(decrease) in present value of defined benefits obligation at the end of the year**				
	(i) One percentage point increase in discount rate	(2.62)	(2.63)	NA	(1.37)
	(ii) One percentage point decrease in discount rate	2.98	2.97	NA	1.74
	(i) One percentage point increase in rate of salary increase	3.04	3.05	NA	NA
	(ii) One percentage point decrease in rate of salary increase	(2.72)	(2.74)	NA	NA
	(i) One percentage point increase in employee turnover rate	0.70	0.91	NA	NA
	(ii) One percentage point decrease in employee turnover rate	(0.78)	(1.02)	NA	NA
	(i) One percentage point increase in medical inflation rate	NA	NA	NA	1.76
	(ii) One percentage point decrease in medical inflation rate	NA	NA	NA	(1.39)

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

		Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non-funded)	2018-19 (Non-funded)
2	**Sensitivity Analysis Method**				
	Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.				
VIII	**The major categories of plan assets as a percentage of total plan asset**				
	Insurer managed funds	100%	100%	NA	NA
IX	**Weighted average duration of the defined benefit obligation (in years)**	8	7	NA	30
X	**Actuarial assumptions**				
1	Discount rate	6.83%-7.00% p.a.	7.72%-8.00% p.a.	NA	7.76% p.a.
2	Salary escalation	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	6.00% p.a. for the next 1 year, 4.00% p.a. for the next 2 years, starting from the 2nd year, 3.50% p.a. thereafter, starting from the 4th year	NA	NA
3	Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	NA	Indian Assured Lives Mortality (2006-08) Ultimate
4	Mortality post retirement rate	NA	NA	NA	Indian Assured Lives Mortality (2006-08)
5	Rate of employee turnover	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.
6	Medical premium inflation rate	NA	NA	NA	2.00 % p.a.

	2019-20	2018-19	2019-20	2018-19
Expected contribution to the defined benefit plan for the next annual reporting period	4.77	-	NA	NA

Notes:

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

Pension obligation:

The Group operates post retirement pension plan for its eligible employees, a defined benefit retirement plan with assets held in a separately administered funds. The scheme provides retirement benefits on the basis of members' final salary.

The Group also provides other post-employment termination benefits, which is separation pay. The separation pay benefit is paid to employees in the case of voluntary resignation, subject to a minimum number of years of service. This benefit has been accounted for using the same methodology as for the defined benefit pension plan.

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

The following tables summarise the components of net benefit expenses recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans:

		Pension		Pension	
		2019-20 (Funded)	2018-19 (Funded)	**2019-20 (Non-funded)**	2018-19 (Non-funded)
I	**The movement in the present value of defined benefit obligation**				
1	Present value of defined benefit obligation at the beginning of the year	**307.74**	306.26	**4.04**	3.33
2	Current service cost	**10.77**	18.33	**-**	1.33
3	Interest cost	**-**	8.63	**-**	0.24
4	Benefits paid directly by employer	**(5.69)**	(0.08)	**-**	-
5	Benefits paid from the fund	**-**	(26.05)	**-**	(0.69)
6	Actuarial (gain) / losses				
	- experience adjustments	**-**	17.49	**-**	(0.18)
	- financial assumptions	**-**	(7.02)	**-**	(0.00)
7	Past service cost / (gain)	**-**	(2.26)	**-**	(0.05)
8	Settlement payment	**-**	(0.35)	**-**	-
9	Employee contributions	**-**	1.39	**-**	-
10	Translation difference	**14.15**	(8.60)	**(0.18)**	0.06
11	Present value of defined benefit obligation at the end of the year	**326.97**	307.74	**3.86**	4.04
II	**The movement in fair value of plan assets**				
1	Fair value of plan assets at the beginning of the year	**282.52**	291.03	**NA**	NA
2	Interest income	**-**	6.12	**NA**	NA
3	Return on plan assets excluding interest income	**-**	0.96	**NA**	NA
4	Due to termination benefit - Remeasurement	**-**	(2.26)	**NA**	NA
5	Employer contributions	**-**	21.13	**NA**	NA
6	Benefit paid	**-**	(26.05)	**NA**	NA
7	Translation difference	**12.37**	(8.41)	**NA**	NA
8	Fair value of plan assets at the end of the year	**294.89**	282.52	**NA**	NA
III	**Net (asset) / liability recognised in the balance sheet**				
1	Present value of defined benefit obligation at the end of the year	**(326.97)**	(307.74)	**(3.85)**	(4.04)
2	Fair value of plan assets at the end of the year	**294.89**	282.52	**-**	-
3	Net pension (liability) / asset	**(32.08)**	(25.22)	**(3.85)**	(4.04)
4	Deduction on deconsolidation of subsidiaries	**31.98**	-	**3.85**	-
5	Net pension (liability) / asset recognised in the balance sheet	**(0.10)**	(25.22)	**-**	(4.04)
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	**10.77**	18.33	**-**	1.33
2	Interest cost on benefit obligation (net)	**-**	1.36	**-**	0.24
3	Past service cost	**-**	(2.26)	**-**	(0.05)
4	Settlement and curtailment cost	**-**	(0.35)	**-**	-
5	Actuarial (gain) / losses	**-**	-	**-**	(0.18)
6	Total expenses included in employee benefits expense	**10.77**	17.08	**-**	1.34

₹ crores

43. EMPLOYEE BENEFITS (Contd.)

		Pension		Pension	
		2019-20 (Funded)	2018-19 (Funded)	**2019-20 (Non-funded)**	2018-19 (Non-funded)
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in financial assumptions	**-**	5.17	**-**	-
2	Actuarial changes arising from changes in experience adjustments	**-**	5.47	**-**	(0.18)
3	Return on plan assets excluding interest income	**-**	2.45	**-**	-
4	Recognised in other comprehensive income	**-**	13.09	**-**	(0.18)

VI	**The major categories of plan assets as a percentage of total plan assets**	**As at 31-03-2020**	As at 31-03-2019
	Insurer managed funds	**NA**	100.00%
	Total	**NA**	100.00%
VII	**Actuarial assumptions:**		
1	Discount rate	**NA**	8.35% p.a.
2	Future salary and pension increases	**NA**	7.50% p.a.

(c) Provident fund:

The Group makes contribution towards provident fund to CG Provident Fund which is administered by the trustees. The Rules of the Group's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Group making interest shortfall a defined benefit plan. Accordingly, the Group has obtained actuary valuation and based on the below provided assumption there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

	As at 31-03-2020	As at 31-03-2019
Plan assets at year end, at fair value	**298.63**	337.45
Present value of defined obligation at year end	**266.31**	304.36

Assumptions used in determining the present value of obligation:

	As at 31-03-2020	As at 31-03-2019
Rate of discounting	**6.83% p.a.**	7.72% p.a.
Mortality rate	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition rate	**4.00% p.a.**	4.00% p.a.
Guaranteed rate of interest	**8.50% p.a.**	8.65% p.a.
Whilst in service withdrawal	**5.00% p.a.**	5.00% p.a.

₹ crores

44. SEGMENT REPORTING

The Group has the following reportable segments:

Power Systems : Transformer, Switchgear, Automation and Turnkey Projects

Industrial Systems : Electric Motors, Alternators, Drives, Traction Electronics and SCADA

Identification of segments:

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Operating segments have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in the Ind AS.

Segment revenue and results:

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets / liabilities.

Inter segment transfer:

Inter segment prices are normally negotiated amongst segments with reference to the costs, market price and business risks. Profit or loss on inter segment transfers are eliminated at the Group level.

Summary of the Segmental Information as at and for the year ended 31 March, 2020 is as follows:

	Power Systems	Industrial Systems	Others	Discontinued operations	Eliminations /Unallocable Expenditure / Assets*	Total
Revenue						
External sales (Gross sales)	2735.58	2361.34	12.96	-	-	5109.88
Add: Inter segment sales	0.26	0.02	-	-	(0.28)	-
Total revenue	2735.84	2361.36	12.96	-	(0.28)	5109.88
Segment results	(222.30)	246.91	(3.67)	-	-	20.94
Less: Finance costs						324.05
Less: Foreign exchange (gain) / loss (net)						72.53
Less: Other unallocable expenditure net of unallocable income						114.85
Loss after finance cost but before exceptional items and tax						(490.49)
Exceptional items (net)						(1787.88)
Tax expense / (credit)						(118.47)
Loss from continuing operations after tax						(2159.90)
Loss from discontinued operations after tax						(7.04)
Loss for the year						(2166.94)
Other information:						
Segment assets	1830.46	979.82	12.75	309.44	3573.36	6705.83
Segment liabilities	2409.88	1096.96	4.26	29.55	3268.86	6809.51
Capital expenditure#	19.92	27.36	0.14	-	4.42	51.84
Depreciation and amortisation#	135.68	59.14	0.59	-	16.07	211.48
Impairment of tangible and intangible assets#	38.27	-	-	-	-	38.27
Non-cash expenses other than depreciation and amortisation#	51.68	8.96	0.10	-	1.71	62.45

44. SEGMENT REPORTING (Contd.)

Summary of the Segmental Information as at and for the year ended 31 March, 2019 is as follows:

	Power Systems	Industrial Systems	Others	Discontinued operations	Eliminations / Unallocable Expenditure / Assets*	Total
Revenue						
External sales (Gross sales)	4608.55	3372.30	17.06	-	-	7997.91
Add: Inter segment sales	1.78	0.87	-	-	(2.65)	-
Total revenue	4610.33	3373.17	17.06	-	(2.65)	7997.91
Segment results	(22.87)	372.35	(3.32)	-	-	346.16
Less: Finance costs						382.99
Less: Foreign exchange (gain) / loss (net)						97.12
Less: Other unallocable expenditure net of unallocable income						158.32
Loss after finance cost but before exceptional items and tax						(292.27)
Exceptional items (net)						(166.68)
Tax expense						32.58
Loss from continuing operations after tax						(491.53)
Loss from discontinued operations after tax						(15.60)
Loss for the year						(507.13)
Other information:						
Segment assets	4695.40	1503.71	19.24	321.46	3796.06	10335.87
Segment liabilities	3191.52	950.66	4.33	47.53	3956.46	8150.50
Capital expenditure#	95.12	33.45	0.91	-	5.89	135.37
Depreciation and amortisation#	144.79	57.61	0.54	-	22.31	225.25
Impairment of intangible assets under development#	14.15	-	-	-	-	14.15
Non-cash expenses other than depreciation amortisation#	51.36	2.13	0.12	-	11.05	64.66

The disclosure pertains to continuing business segments.

* Unallocable assets comprise assets and liabilities which cannot be allocated to the segments. Deferred tax assets / liabilities are not considered in capital employed.

Geographical Information:

	2019-20			2018-19		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue from contracts with customers	2643.48	2466.40	5109.88	4596.13	3401.78	7997.91

Note:

During the year ended 31 March, 2020 and 31 March, 2019 revenue from transactions with a single external customer did not amount to 10% or more of the Group's revenues from external customers.

	As at 31-03-2020			As at 31-03-2019		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Non-current assets	907.71	623.15	1530.86	1057.65	1106.47	2164.12

45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Following subsidiaries / business units are considered as discontinued operations as at 31 March, 2020:

(i) Power distribution franchise business

(ii) CG Solutions Americas, LLC (merged with CG Power Americas, LLC w.e.f. 1 April, 2019)

(iii) CG Power Systems Canada Inc.

(iv) CG Power Equipments Limited

(v) CG Sales Networks France SA (upto 31 December, 2019) (Refer note 53)

(vi) CG Power Solutions Saudi Arabia Limited (upto 31 December, 2019) (Refer note 53).

(b) Power Distribution Franchise with Maharashtra State Electricity Distribution Company Limited

On 1 June, 2011, the Group had entered into Power Distribution Franchise Agreement ('DFA') with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for distribution of power in Jalgaon region of Maharashtra, India.

As per the terms of the arrangements, the Group had obtained the right ('franchise') to distribute the electricity for the period of 10 years to the public at large.

MSEDCL should supply / sale electricity to the Group at rate prescribed under regulatory guidelines (MERC directives on load shedding). The Group should distribute and supply the electricity at the tariff determined by the regulatory authorities.

The Group should conduct normal maintenance activities of network and other assets to maintain uninterrupted service. The Group is a private operator and MSEDCL is a Government body. The Group undertook obligation of public service granted by MSEDCL. Thus, the arrangement was a public-to-private service concession. The electricity distribution service is totally regulated by the MSEDCL or other Government regulatory authorities.

MSEDCL had given right to the Group to use its distribution assets which would always belong to MSEDCL. During the tenure of the arrangement, if the Group incurred any capital expenditure, the same should vest with MSEDCL at the end of the contract. MSEDCL shall reimburse the Group for the capital expenditure incurred at the then value calculated based on pre-determined depreciation rate. Thus, MSEDCL controls significant residual interest in the concession assets. Accordingly, the Group had a contractual right to receive cash from MSEDCL for the capital expenditure incurred.

Therefore, the arrangement was a Service concession arrangement under Appendix C to Ind AS 115. The Group had a contractual right to receive the residual value of the capital expenditure done under the arrangement and accordingly, will recognise financial asset. Further, the Group had right to charge the consumers for the services and therefore, there was an intangible asset.

Consequent to the certain unresolved disputes arising out of the DFA of the Group with MSEDCL, MSEDCL had exercised its step in rights and taken over the Distribution Franchisee in Jalgaon from the Group with effect from 12 August, 2015. Accordingly, the Group has classified Power Distribution Segment as discontinued operations.

In respect of discontinued Distribution Franchise business, the Group and MSEDCL have entered into final settlement on 16 February, 2018.

Considering the non-recoverability of balance dues of ₹ 34.21 crores (As at 31 March, 2019), the Group has provided for ₹ 33.72 crores (previous year). During the current financial year the Group has received an amount of ₹ 0.49 crores from the outstanding balance.

(c) Transformer Division - Kanjurmarg

As part of its asset optimisation initiative, the Group had entered into a definitive agreement for sale of its remaining portion of land at Kanjurmarg to Evie Real Estate Private Limited (EVIE). Consequently, the Board had approved the closure of the Kanjurmarg factory for completion of sale of land. The plant & machineries of Transformer Division (T1) were shifted to other manufacturing facilities. Accordingly, in the previous year ended 31 March, 2019, carrying value of land and building amounting to ₹ 279.94 crores has been classified as 'Asset held for sale' in accordance with "IND AS 105 Non-current Assets Held for Sale and Discontinued Operations" and had recognised a provision for restructuring cost towards closure / shifting of the said manufacturing facility at Kanjurmarg ₹ 95.39 crores in accordance with "IND AS 37 Provisions, Contingent Liabilities and Contingent Assets". During the current year, based on additional update, the Group has actualised and reversed exceptional provision of ₹ 31.29 crores related to expected restructuring cost.

The consummation of sale of land is linked to certain conditions precedent which are required to be fulfilled by the Group. The Group is in the process of fulfilling those conditions including various 'No Objection Certificates' from different municipal / government departments. As per contractual terms, interest @ 18% p.a. is payable on such delay in consummation of sale. During the current year, the Group has recognised a provision for an amount ₹ 53.23 crores towards interest provision. The Group continues to engage with EVIE and shall negotiate settlement of current and future interest liability.

The restructuring provision, reversal thereof and interest towards completion of land sale forms part of the exceptional items in the consolidatd financial statements.

(d) Others

The Group continues to identify prospective buyer(s) for its Indian subsidiary namely CG Power Equipments Limited. Hence the business will continue to be reflected as discontinued operations and disclosed as 'Others' segment separately.

45. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Contd.)

Statement of profit and loss of the discontinued operations is as under:

	2019-20				2018-19			
	Transmission and Distribution	**Power Distribution**	**Others**	**Total**	Transmission and Distribution	Power Distribution	Others	Total
Revenue from operations	-	-	-	-	-	-	-	-
Expenses (net of other income)	6.92	-	-	6.92	(6.65)	33.73	0.01	27.09
Profit / (loss) before tax	(6.92)	-	-	(6.92)	6.65	(33.73)	(0.01)	(27.09)
Tax credit / (expense)	(0.12)	-	-	(0.12)	(0.29)	11.78	-	11.49
Profit / (loss) after tax from discontinued operations	(7.04)	-	-	(7.04)	6.36	(21.95)	(0.01)	(15.60)

The major classes of assets and liabilities of the discontinued operation are as under:

	As at 31-03-2020			As at 31-03-2019		
	Transmission and Distribution	**Power Distribution**	**Others**	Transmission and Distribution	Power Distribution	Others
Assets						
Land and building (net)	281.63	-	-	283.17	-	-
Trade receivables	-	-	-	9.92	0.49	-
Cash and cash equivalents	1.23	-	0.03	1.74	-	0.03
Deferred tax assets (net)	23.19	-	-	21.76	-	-
Current financial assets- loans	-	-	-	0.07	-	-
Other current assets	3.36	-	-	4.28	-	-
Assets classified as held for sale (A)	309.41	-	0.03	320.94	0.49	0.03
Liabilities						
Deferred tax liabilities (net)	23.19	-	-	21.76	-	-
Current financial liabilities – borrowings	-	-	-	7.17	-	-
Trade payables	-	-	-	9.52	-	-
Other current financial liabilities	5.68	-	-	6.96	-	-
Other current liabilities	0.00	-	-	0.15	-	-
Provisions	0.68	-	-	1.97	-	-
Liabilities directly associated with assets classified as held for sale (B)	29.55	-	-	47.53	-	-
Net assets directly associated with disposal group (A-B)	279.86	-	0.03	273.41	0.49	0.03

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

	2019-20	2018-19
Operating	(12.80)	37.62
Investing	-	-
Financing	-	-

₹ crores

46. FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. The Group has not disclosed the fair value of financial instruments such as trade receivables, cash & cash equivalents, bank balances other than cash and cash equivalents, current financial assets - loans, current financial assets - others (except financial guarantee fees receivable and derivative instruments), current financial liabilities borrowings, trade payables and other financial liabilities (except derivative instruments and current maturities of long term borrowings) because their carrying amounts are a reasonable approximation of fair value and hence these have not been categorised in any level in the table given below. Further, for financial assets, the Group has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
2. The fair values of the quoted investments / units of mutual fund schemes are based on market price / net asset value at the reporting date.
3. The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.
4. Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

	Note No.	Carrying amount As at 31-03-2020	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets at amortised cost:					
Non-current investments	6	0.39	0.39	-	-
Non-current financial assets loans (Refer note (a) below)	8	6.52	-	6.52	-
Non-current financial assets others (Refer note (a) below)	9	2982.07	-	33.54	-
Total		2988.98	0.39	40.06	-
Financial assets at fair value through profit or loss:					
Non-current investments	6	1.34	-	1.34	-
Current investments	13	0.01	0.01	-	-
Total		1.35	0.01	1.34	-
Financial liabilities at amortised cost:					
Long term loans from bank (Refer note (b) below)	22	737.84	-	666.84	-
Non-current other financial liabilities (Refer note (b) below)	23	209.87	-	5.95	15.88
Current maturities of long term borrowings (Refer note (b) below)	28	1083.88	-	951.92	-
Total		2031.59	-	1624.71	15.88

46. FAIR VALUE MEASUREMENTS (Contd.)

	Note No.	Carrying amount As at 31-03-2019	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets at amortised cost:					
Non-current investments	6	0.39	0.39	-	-
Non-current financial assets loans (Refer note (a) below)	8	6.96	-	6.96	-
Non-current financial assets others (Refer note (a) below)	9	3770.04	-	14.61	-
Total		3777.39	0.39	21.57	-
Financial assets at fair value through profit or loss:					
Non-current investments	6	129.49	-	129.49	-
Current investments	13	0.01	0.01	-	-
Derivative instruments	18	8.70	-	8.70	-
Total		138.20	0.01	138.19	-
Financial liabilities at amortised cost:					
Long term loans from bank (Refer note (b) below)	22	1441.86	-	1369.66	-
Finance lease obligation	22	5.68	-	5.68	-
Non-current other financial liabilities (Refer note (b) below)	23	298.37	-	5.69	-
Current maturities of long term borrowings (Refer note (b) below)	28	566.94	-	539.62	-
Total		2312.85	-	1920.65	-

During the reporting period ending 31 March, 2020 and 31 March, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes:

	As at 31-03-2020	As at 31-03-2019
a) The carrying amount includes below (other than those categorised in the fair value hierarchy above):		
Advance to others	2948.53	1195.09
Advance to other related parties	-	2560.34
Total	2948.53	3755.43

As specified in note 3A(l), the Group has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The Group has initiated recovery process in consultation with legal counsels including filing legal suits and will be taking further actions as may be legally advised. Hence the fair value of these advances is not ascertainable.

	As at 31-03-2020	As at 31-03-2019
b) The carrying amount includes below (other than those categorised in the fair value hierarchy above):		
Term loans from bank	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long- term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Group and the Group reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

₹ crores

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks namely credit risk, interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include foreign currency receivables, payables, loans and borrowings, derivative financial instruments and FVTOCI investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group has managed its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest risk

	As at 31-03-2020	As at 31-03-2019
Floating rate borrowings	2938.79	3599.97

Interest rate sensitivity

	2019-20	2018-19
25 bp increase - Decrease in profit	(7.35)	(9.00)
25 bp decrease - Increase in profit	7.35	9.00

Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in overseas markets and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Unhedge foreign currency exposure as at 31 March, 2020

	USD	Euro	GBP	IDR	Others	Total
Trade receivables	142.87	119.17	0.74	-	(25.15)	237.63
Loans and other receivables	128.95	3.92	-	-	379.76	512.63
Bank balances in current accounts and term deposit accounts	(82.08)	128.82	17.41	-	55.64	119.79
Trade payables	(102.77)	(123.32)	(3.76)	(2.92)	(72.65)	(305.42)
Commission Payable	(25.91)	(2.43)	-	-	(0.12)	(28.46)
Long-term borrowings	(245.82)	(363.58)	-	-	(127.30)	(736.70)
Short-term borrowings	(286.46)	(1398.12)	-	-	(39.73)	(1724.31)
Other short-term financial liabilities	(9.62)	(386.87)	(0.17)	(4.19)	(34.14)	(434.99)
Lease liabilities	-	(8.61)	-	-	(2.70)	(11.31)

₹ crores

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Unhedge foreign currency exposure as at 31 March, 2019

	USD	Euro	GBP	IDR	Others	Total
Trade receivables	223.14	155.66	25.70	280.38	50.38	735.26
Loans and other receivables	73.20	154.28	-	-	144.86	372.34
Bank balances in current accounts and term deposit accounts	(100.24)	146.90	20.57	7.78	56.98	131.99
Trade payables	(160.86)	(614.31)	(6.72)	(116.61)	(57.17)	(955.67)
Commission Payable	(19.76)	(1.45)	-	-	-	(21.21)
Long-term borrowings	-	(679.04)	-	-	(180.91)	(859.95)
Short term borrowings	(418.61)	(1375.16)	-	-	(49.84)	(1843.61)
Other short term financial liabilities	(26.82)	(65.03)	(321.80)	(8.15)	(113.65)	535.45
Forward contracts for receivable	1.76	-	-	-	-	1.76
Forward contracts for loan	-	3.13	-	-	-	3.13

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

	2019-20		2018-19	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
USD	1.27	(1.27)	(2.48)	2.48
Euro	23.65	(23.65)	28.33	(28.33)
GBP	0.20	(0.20)	3.75	(3.75)
IDR	-	-	3.97	(3.97)
Others	4.71	(4.71)	4.41	(4.41)
Increase / (decrease) in profit or loss	29.83	(29.83)	37.98	(37.98)

1% increase or decrease in foreign exchange rates will have the following impact on equity:

	2019-20		2018-19	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	3.68	(3.68)	1.81	(1.81)
Euro	23.71	(23.71)	28.00	(28.00)
GBP	0.20	(0.20)	3.75	(3.75)
IDR	-	-	3.97	(3.97)
Others	1.09	(1.09)	2.28	(2.28)
Increase / (decrease) in equity	28.68	(28.68)	39.81	(39.81)

Credit risk

Credit risk refers to the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. General payment terms for the customer include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project.

Where the loans or receivables are impaired, the Group continues to engage in enforcement activity to attempt to recover the receivable due.

The Group is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees and derivative financial instruments.

In respect of financial guarantees provided by the Group to banks and financial institutions, the maximum exposure which the Group is exposed to is the maximum amount which the Group would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Exposure to credit risk

	As at 31-03-2020	As at 31-03-2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Government or trust securities	0.39	0.39
Investments in debentures or bonds	0.05	0.05
Other non-current investments	1.29	129.43
Long-term loans and advances	6.52	6.96
Long-term financial assets - others (Refer note below)	2982.07	3770.04
Cash and cash equivalents and other bank balances	261.27	270.76
Current financial assets - loans	41.67	30.66
Current financial assets - others	232.11	9.33
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	809.78	1898.67

Notes:

	As at 31-03-2020	As at 31-03-2019
The closing balances includes below:		
Advance to others	2948.53	1195.09
Advance to other related parties	-	2560.34
Total	2948.53	3755.43

As specified in note 3A(l), the Group has estimated the timing of recovery of outstanding balances from such Companies and accordingly, has classified the balances as non-current. The balances are subject to investigation to ensure completeness of such transactions / accounting adjustments as disclosed in note 60 and recovery notices and proceedings as specified in Note 3A(c) and 3A(d).

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) (current as well as non-current) has been considered from the date the invoice falls due.

As at 31-03-2020	
Up to 3 months	277.77
3 to 6 months	62.53
More than 6 months	469.48
	809.78
As at 31-03-2019	
Up to 3 months	1231.22
3 to 6 months	138.63
More than 6 months	528.82
	1898.67

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The following table summarizes the change in the loss allowances measured using life time expected credit loss model:

As at 1-04-2018	109.11
Provided during the year	109.33
Amounts written off	(17.82)
Reversals of provision	(10.80)
Translation adjustments	(0.28)
As at 31-03-2019	189.54
Provided during the year	138.04
Amounts written off	(1.55)
Reversals of provision	(8.34)
Reduction on deconsolidation of subsidiaries	(35.18)
Translation adjustments	0.84
As at 31-03-2020	283.35

No significant changes in estimation techniques or assumptions were made during the reporting period.

Also refer note 56 for mitigating factors explained on the going concern assumption.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 March, 2020, the Group's current liabilities exceeds its current assets by ₹ 3880.24 crores subject to classification of bank borrowings depending on conclusion of resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on ICA gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from 31 March, 2019, explained in these consolidated financial statements, the Group is facing financial stress and is working on various options to avail the required financial support. Refer note 56 for mitigating factors explained on the going concern assumptions.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31 March 2020	Less than 1 year	1 to 5 years	Over 5 years	Total
Interest-free sales tax deferral loans from State Government	0.12	-	-	0.12
Deposits payable	-	5.95	-	5.95
Current maturities of long term borrowings	951.92	-	-	951.92
Long term borrowings (excluding unamortised upfront fees of ₹ 5.77 crores)	-	696.84	46.77	743.61
Short-term borrowings	923.26	-	-	923.26
Trade payables	1305.62	-	-	1305.62
Current maturities of non-current other financial liabilities	131.96	-	-	131.96
Non-current other financial liabilities	-	179.11	8.93	188.04
Other financial liabilities	946.32	-	-	946.32
Lease liabilities	10.08	14.82	0.97	25.87

As at 31 March 2019	Less than 1 year	1 to 5 years	Over 5 years	Total
Interest-free sales tax deferral loans from State Government	0.12	-	-	0.12
Deposits payable	-	5.69	-	5.69
Current maturities of long term borrowings	539.62	-	-	539.62
Long term borrowings (excluding unamortised upfront fees of ₹ 16.26 crores)	-	1326.00	132.12	1458.12
Short-term borrowings	1282.89	-	-	1282.89
Trade payables	2314.05	-	-	2314.05
Current maturities of non-current other financial liabilities	27.32	-	-	27.32
Non-current other financial liabilities	-	255.18	37.50	292.68
Finance lease obligation	-	5.68	-	5.68
Other financial liabilities	347.18	-	-	347.18

General credit terms for the payables are in the range of 30 to 180 days.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Notes:

	As at 31-03-2020	As at 31-03-2019
Contractual maturities of financial liabilities includes:		
Term loans from bank	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long- term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Group and the Group reserves all its rights under law and / or contract and/or in equity to contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

Also refer note 56 for mitigating factors explained on the going concern assumptions.

Collaterals:

The Group has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfill certain collateral requirements for the banking facilities extended to the Group. There is obligation to return the securities to the Group once these banking facilities are surrendered. (Refer note 22 and 26).

Capital management:

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Group monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Gearing ratio:

The gearing ratio at the end of the reporting period was as follows:

	As at 31-03-2020	As at 31-03-2019
Total debt (Refer note below)	2964.96	3595.86
Equity	(103.68)	2185.37
Total debt and equity	2861.28	5781.23
Gearing ratio	103.62%	62.20%

No changes were made in objectives, policies or process for managing capital during the year ended 31 March, 2020 and 31 March, 2019.

Note:

	As at 31-03-2020	As at 31-03-2019
Closing balances includes below:		
Term loans from bank	71.00	72.20
Term loan from others	188.04	292.68
Current maturities of long- term loans from others	131.96	27.32
Total	391.00	392.20

The facts disclosed or disclosure made or provisions made as above are subject to admission of liability by the Group and the Group reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

Hedging activities and derivatives

	As at 31-03-2020		As at 31-03-2019	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	-	-	-	0.04

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The fair value of derivative liabilities have been determined using rates quoted by the Group's bankers at the reporting date which are calculated by reference to the market interest rates and foreign exchange rates.

The Group enter into forward exchange and commodity contracts to manage its exposure to the variability of cash flows, primarily related to future sales and purchases of inventories denominated in foreign currencies over the next 12 months.

As at 31 March, 2020, the net gain on derivatives of ₹ Nil (as at 31 March, 2019: net gain of ₹ 5.46 crores) earned from changes in the fair value of forward foreign exchange and commodity contracts that are highly effective, has been recognised in hedging reserve.

The Group expects that substantially all of this amount get credited into the profit or loss within 12 months from the reporting date.

48. LEASES

(i) Group as a lessee:

The Group has adopted Ind AS 116 and applied the Standard to its leases using the modified retrospective method. Accordingly, comparatives for the year ended 31 March, 2019 have not been restated. Under the modified retrospective method, the Group has recognised ₹ 54.83 crores as right-of-use ('ROU') asset as at 1 April, 2019 and a corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The nature of expenses in respect of operating leases has changed from lease rent in previous financial periods to amortisation for right of use asset and finance cost for interest accrued on lease liability. There is no material impact of transition on loss after tax and earnings per share for the year ended 31 March, 2020 on adoption of Ind AS 116.

Movement in carrying value of right of use assets for the year ended 31 March, 2020

	Land	Buildings	Plant and machinery	Furniture and fittings	Office equipments	Vehicles	Total
Adoption of Ind AS 116 Leases as at 01-04-2019	0.59	27.05	2.29	0.32	0.13	24.45	54.83
Leasehold land transferred as at 1-04-2019	71.25	-	-	-	-	-	71.25
Additions	-	1.50	-	-	-	7.09	8.59
Less: Depreciation	1.45	8.31	0.65	0.07	0.06	10.03	20.57
Translation adjustments	-	0.37	0.13	-	-	0.81	1.31
Less: Reduction on deconsolidation of subsidiaries	-	3.40	1.77	-	-	15.70	20.87
Closing net carrying balance as at 31-03-2020	70.39	17.21	-	0.25	0.07	6.62	94.54

Movement in lease liabilities during the year ended 31 March, 2020

Adoption of Ind AS 116 Leases as at 01-04-2019	54.83
Add: Addition	8.59
Add: Accretion of interest	3.38
Less: Payment	20.98
Add: Translation adjustments	1.29
Less: Reduction on deconsolidation of subsidiaries	21.24
Closing balance as at 31-03-2020	25.87

Breakup of current and non-current lease liabilities as at 31 March, 2020

Current lease liabilities	9.99
Non-current lease liabilities	15.88
Total	25.87

48. LEASES (Contd.)

Amounts recognised in the consolidated statement of profit and loss

	2019-20
Other Expenses	
Short-term lease rent expense	10.54
Low value asset lease rent expense	9.01
Variable lease rent expense	1.64
Finance Cost	
Interest expense on lease liability	3.38
Depreciation and amortisation expense	
Depreciation of ROU lease assets	20.57

Amounts recognised in the consolidated statement of cash flow

	2019-20
Total cash outflow for leases	12.72

Contractual maturities of lease liabilities as at 31 March, 2020 on an undiscounted basis

Less than 1 year	11.79
1 - 5 years	16.74
More than 5 years	3.67
Total	32.20

(ii) Group as a lessor:

Amounts recognised in the consolidated statement of profit and loss

	2019-20	2018-19
Other Income		
Non-operating lease income	9.43	5.69

Undiscounted lease payments to be received

	As at 31-03-2020	As at 31-03-2019
Maturity analysis:		
Less than 1 year	8.64	7.49
1 - 5 years	2.61	9.41
More than 5 years	-	-
Total	11.25	16.90

49. EARNINGS PER SHARE

		2019-20	2018-19
Face value of equity share	₹	2.00	2.00
Equity shares outstanding	Nos.	626746142	626746142
Loss for the year (continuing operations)	₹ crores	(2152.41)	(487.90)
Earnings per share (for continuing operations)	₹	(34.34)	(7.78)
Loss for the year (discontinued operations)	₹ crores	(7.04)	(15.60)
Earnings per share (for discontinued operations)	₹	(0.11)	(0.25)
Loss for the year (total operations)	₹ crores	(2159.45)	(503.50)
Earnings per share (for continuing and discontinued operations)	₹	(34.45)	(8.03)

50. EXCEPTIONAL ITEMS

	2019-20	2018-19
Provision against litigation (for trade receivable and claims) (Refer note (a) below)	(22.48)	(35.45)
Curtailment of gratuity liability	-	17.16
Provision for impairment of tangible and intangible assets (Refer note (b) below)	(34.33)	(14.15)
Short fall of provident fund liability (Refer note (c) below)	(0.78)	(24.83)
Provision for interest towards delay in completion of land sale and expected restructuring cost (Refer note 45)	(21.94)	(95.39)
Provision for expected cost towards closure of factory (Refer note (b) below)	(23.26)	-
Provision for doubtful advances (Refer note (d) below)	(905.00)	-
Provision for impairment of investment (Refer note (d) below)	(127.49)	-
Reserves transferred to Statement of Profit and loss on deconsolidation of subsidiaries: (Refer note 53)		
- Foreign currency translation reserve	181.41	-
- Hedge reserve	0.83	-
Provision of net assets of subsidiaries (Refer note (e) below)	(468.28)	-
Liability on deconsolidation of HBE Group (Refer note 53)	(341.15)	-
Professional and consultancy fees due to ongoing investigations and debt resolution plan (Refer note (f) below)	(36.24)	-
Retrenchment cost	-	(14.02)
Post retirement medical benefit provision reversal (Refer note 43(b))	10.83	-
Total	(1787.88)	(166.68)

Notes:

(a) One of the customers of the Group had raised a dispute on warranty claim in respect of a transformer manufactured at CG Belgium factory and consequently, had invoked arbitration proceedings. During the current year, the Customer agreed to settle the dispute and the arbitration proceeding was finally terminated. Under the settlement agreement, the Group was required to undertake necessary rectification and repair of the transformer at the Belgium facility and test the transformer failing which the settlement agreement provided for payment of USD 2.9 million by the Group to the customer. In view of the bankruptcy at Belgium, the repair and testing of said transformer has not been completed and the Group does not have control over the transformer. Considering these facts, during the current year, the Group has recognised provision of ₹ 22.48 crores towards liability for reimbursement of sale proceeds.

(b) During the current year, Group's overseas subsidiary:

- CG Electric Systems Hungary Zrt (ESHU) has accounted for impairment of ₹ 8.95 crores towards tangible assets and a provision towards expected cost of closure of factory amounting to ₹ 23.26 crores in view of continuing business losses.
- QEI LLC (QEI) has accounted for impairment of ₹ 25.38 crores towards intangible assets.

(c) During the year, the Group has recognised provision of ₹ 0.78 crores towards liability arising on account of judgement pronounced by Supreme Court of India in relation to consideration of various components of salary for computation of contribution to provident fund.

(d) As explained in Note 3A(e), during the current year, the Group has recognised provision for certain outstanding amount due from third parties / unrelated parties aggregating to ₹ 963.91 crores. Further one of the promoter affiliate entity is under bankruptcy process at NCLT. The Group has filed its claim before the NCLT in respect of the receivables of ₹ 68.58 crores (including ₹ 0.08 crores of trade receivable). Considering the fact that it is more than certain that the outstanding receivables in such process may not be collected, in their totality and hence during the current year, the Group has made a provision of ₹ 68.58 crores.

(e) During the current year, the Group has accounted net asset provision (net assets includes goodwill of ₹ 150.16 crores) for certain international operations (other than HBE and its subsidiaries) aggregating to ₹ 354.02 crores. The Group has also accounted loss on deconsolidation of HBE and its subsidiaries ₹ 114.26 crores (Refer note 53).

(f) During the year, the Group has incurred professional and consultancy charges of ₹ 36.24 crores towards ongoing investigations in relation to matters disclosed in these consolidated financial statements and the debt resolution process initiatives.

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1-04-2019	Cash Inflows / (Outflows)	Foreign exchange movement impact	Changes in fair values	Reduction on deconsolidation of subsidiaries	Effect of reclassification	Finance cost charged during the year	Others	As at 31-03-2020
Non-current financial liabilities - borrowings:									
Secured loans									
Term loans from banks	1125.49	(22.50)	18.49	-	-	(483.60)	10.49	-	648.37
Unsecured loans									
Term loans from banks	316.37	(25.64)	13.18	-	-	(213.24)	-	(1.20)	89.47
Finance lease obligations	5.68	-	-	-	-	-	-	(5.68)	-
Non-current other financial liabilities									
Term loans from others	292.68	-	-	-	-	(104.64)	-	-	188.04
Current financial liabilities - borrowings:									
Secured loans									
Banks	603.38	54.07	31.68	-	(325.16)	33.91	-	-	397.88
Unsecured loans									
Banks	627.71	(130.63)	-	-	-	15.90	-	-	512.98
Other	51.80	(2.01)	-	-	-	(49.79)	-	-	-
Current - other financial liabilities:									
Current maturities of long term borrowings	539.62	(286.75)	2.23	-	-	696.82	-	-	951.92
Current maturities of long term borrowings - Others	27.32	-	-	-	-	104.64	-	-	131.96
Interest-free sales tax deferral loans from State Government	0.12	-	-	-	-	-	-	-	0.12
Interest accrued but not due on borrowings	15.67	(190.94)	-	-	-	-	313.56	-	138.29
Non controlling interest	54.82	-	-	0.19	(39.47)	-	-	-	15.54
Total	3660.66	(604.40)	65.58	0.19	(364.63)	-	324.05	(6.88)	3074.57

Note:
The above disclosure does not include the cash flow movement for lease liabilities (Refer note 48).

₹ crores

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

51. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

	As at 1-04-2018	Cash Inflows / (Outflows)	Foreign exchange movement impact	Changes in fair values	Recognition of borrowing on classification of joint venture to subsidiary	Effect of reclassification	Finance cost charged during the year	Others	As at 31-03-2019
Non-current financial liabilities - borrowings:									
Secured loans									
Term loans from banks	1450.16	(65.14)	-	-	36.31	(308.26)	12.42		1125.49
Unsecured loans									
Term loans from banks	36.85	316.37	-	-	-	(39.36)	2.51		316.37
Finance lease obligations	7.52	(1.84)	-	-	-	-	-		5.68
Non-current other financial liabilities									
Term loans from others	390.00	(70.00)	-	-	-	(27.32)	-		292.68
Current financial liabilities - borrowings:									
Secured loans									
Banks	-	-	-	-	-	-	-	-	-
From financial institutions	20.20	(20.20)	-	-	-	-	-	-	-
Working capital demand loan from banks	665.16	(38.15)	(23.63)	-	-	-	-	-	603.38
Unsecured loans									
Banks	467.84	159.87	-	-	-	-	-	-	627.71
Other	89.71	(37.91)	-	-	-	-	-	-	51.80
Current - other financial liabilities:									
Current maturities of long term borrowings	302.98	(137.88)	-	-	26.90	347.62	-	-	539.62
Current maturities of long term borrowings - Others	-	-	-	-	-	27.32	-	-	27.32
Interest-free sales tax deferral loans from State Government	0.12	-	-	-	-	-	-	-	0.12
Current maturities of finance lease obligations	0.71	(0.71)	-	-	-	-	-	-	-
Interest accrued but not due on borrowings	8.09	(360.48)	-	-	-	-	368.06	-	15.67
Non controlling interest	38.72	3.63	-	12.47	-	-	-	-	54.82
Total	3478.06	(252.44)	(23.63)	12.47	63.21	-	382.99	-	3660.66

52. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019-20	2018-19
Revenue reconciliation		
Revenue as per contracted price	5164.37	8004.45
Less: Adjustments		
Discounts	29.68	42.03
Others (includes liquidated damages, price variance, etc.)	24.81	(35.49)
Revenue recognised as per consolidated statement of profit and loss	5109.88	7997.91

	2019-20	2018-19
Revenue recognised in current year from		
Amount included in contract liability at the beginning of the year	67.32	8.65
Performance obligations satisfied in previous periods	-	5.71

	2019-20	2018-19
Revenue from contracts with customers		
Power Systems Business	2735.58	4608.55
Industrial Systems Business	2361.34	3372.30
Others	12.96	17.06
Total	5109.88	7997.91

	As at 31-03-2020	As at 31-03-2019
Contract balances:		
Trade receivables		
Non-current	4.23	13.35
Current	522.20	1695.78
Contract assets	0.64	219.07
Contract liabilities		
Advances from customers	278.54	504.67
Due to customers	14.35	81.23

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and is transferred to trade receivables on completion of milestones and its related invoicing.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligation.

53. DECONSOLIDATION

During the year, the Group has deconsolidated the accounts of its subsidiaries CG Holdings Belgium N.V. (HBE) and CG Power Systems Belgium N.V. (PSBE), and also of the step down subsidiaries of PSBE, CG Power Systems Ireland Ltd, PT CG Power Systems Indonesia, CG Sales Networks France SA and CG Power Solutions Saudi Arabia Limited (collectively 'HBE Group'), consequent to the HBE and PSBE being declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020, which then appointed Receivers upon application filed by the public prosecutor. Based on the legal advice obtained, the Group believes that it no longer retains control over the operations of the above-mentioned subsidiaries with effect from the date of bankruptcy. The Group's legal counsels in Belgium have further advised that bankruptcy date could be advanced to a date six months prior to 3 February, 2020 based on such determination by the Court. However, the Group has not received any communication in this regard. In view of the above, the Group has considered practical expedient to deconsolidate the accounts of the above mentioned subsidiaries with effect from 1 January, 2020 (assumed date) considering the financial information available with the Group as at 31 December, 2019 due to reasons stated below.

The Board of Directors of the Company –

(i) does not have access to the books of accounts of HBE Group effective from date of declaration of bankruptcy

(ii) has the available financial information till the period ended 31 December, 2019

(iii) has not been able to obtain the information for period from 1 January, 2020 till the date of bankruptcy in respect of the above subsidiaries in spite of its requests sent to the Receivers.

(Gain) / loss recognised on deconsolidation of HBE Group is as follows:

	2019-20
Net asset of HBE Group on date of deconsolidation	114.26
Provision towards net amount payable to HBE group (Refer below details)	341.15
Loss on deconsolidation*	455.41
Less: Reserves transferred to Statement of Profit and loss on deconsolidation:	
- Foreign currency translation reserve	(181.41)
- Hedge reserve	(0.83)
Net loss recognised under Exceptional Items	273.17

* Excludes loss on discontinued operations for an amount of ₹ 5.68 crores.

Name of the Group company	Receivables	Payables	Receivable/ (Payable) (net)
CG Power and Industrial Solutions Limited	46.32	-	46.32
CG Drives and Automations Germany GmbH	2.40	0.08	2.32
CG Electric Systems Hungary Zrt.	47.01	53.43	(6.42)
CG International B.V.	81.45	87.03	(5.58)
CG Middle East FZE	1.66	166.92	(165.26)
CG Power Solutions UK Limited	19.95	16.87	3.08
CG Service Systems France SAS	1.07	3.79	(2.72)
CG Power Americas, LLC	27.04	168.06	(141.02)
CG Sales Networks Malaysia Sdn Bhd	2.42	-	2.42
CG International Holdings Singapore Pte. Limited	-	66.62	(66.62)
PT Crompton Prima Switchgear Indonesia	-	7.67	(7.67)
Total	229.32	570.47	(341.15)

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

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

54. In terms of the Distribution Agreement with Lucy India Electric Pvt Ltd ('Lucy'), the Group had secured orders from customers from time to time for Lucy products in India and supplied to customers providing bank guarantees as a security for the performance of warranty obligations of the Lucy products. The Group faced unresolved warranty claims with potential liability of ₹ 30.44 crores in respect of Lucy products from various customers. The Group was not provided counter bank guarantees against the bank guarantees provided by the Group to customers of Lucy products in breach of the conditions of sale by Lucy. Consequently, the Group withheld payment of invoices of Lucy for supply of goods and invoked the dispute resolution mechanism prescribed under the Distribution Agreement. However, Lucy, opted to file petition against the Group under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before NCLT, Mumbai claiming alleged unpaid debt of ₹ 23.50 crores (Principal of ₹ 19.98 crores + interest of ₹ 3.52 crores). The Group is contesting this in the NCLT as a pre-existing contractual dispute. However, in view of the COVID-19 the scheduled hearing has been adjourned by NCLT and fresh date is yet to be notified till the date of issue of financial statements. Basis the Group's internal assessment, management believes that no additional provision is required at this stage and this case will be in favor of the Group.

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

56. The Group has incurred a net loss before exceptional item of ₹ 490.49 crores during the year ended 31 March, 2020 and also incurred losses during the previous year ended 31 March, 2019. As at 31 March, 2020, the Group's current liabilities exceeds its current assets by ₹ 3880.24 crores subject to classification of bank borrowings depending on conclusion of debt resolution plan with lenders. The net current liabilities may consequently increase or decrease in case conclusion on Inter- Creditor Agreement ('ICA') gets extended. Given the substantial stress that may arise from events unfolding and possible impact on opening balances carried forward from 31 March, 2019, explained elsewhere hereinafter, the going concern basis of preparation of these audited consolidated financial statements could be materially affected as at 31 March, 2020.

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

- The Group has been currently in active discussions with lenders for a resolution plan for the debts of the Group, after the execution of the ICA, which has been executed by 11 out of the 14 lenders of the fund and non-fund facilities that are currently outstanding. As a part of the resolution plan, the Group and its lenders are in discussion with potential investors for infusion of capital in the Group.
- The Group has an unexecuted business order book of over ₹ 3086.00 crores as on date of issuance of consolidated financial statements.

57. Globally, including in India, the outbreak of COVID-19 emerged as a pandemic. This outbreak has caused significant disturbances and slowdown of economic activity throughout the world. The Group's operations in India and overseas were impacted in the month of March, 2020 and subsequent to that, due to suspension of production across all plants and closure of offices following nationwide lockdown announced by the Government of India and other regions across the world. The lockdown also affected the Group's customers and vendors, resulting in declined sales, ordering and manufacturing activities. Subsequent to easing of lockdown and upon receipt of requisite approvals, the Group has commenced limited operations at all its plants from 29 April, 2020 and is gradually ramping up production, sales and allied activities, in India and overseas. In view of the uncertainties regarding the extent and duration of current COVID-19 situation, the Group is not able to predict the future impact on the business operations.

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

58. RECENT ACCOUNTING PRONOUNCEMENTS (STANDARDS ISSUED BUT NOT EFFECTIVE)

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2020.

59. The Group had reinstated the consolidated financial statements for the previous year ended 31 March, 2018 and opening balance sheet as at 1 April, 2017 for that period and the impact of the reinstatement for such financial years were disclosed in the consolidated financial statements for the year ended 31 March, 2019. The facts disclosed or disclosure made or provisions made in terms of the aforesaid reinstatement are subject to admission of liability by the Group and the Group reserves all its rights under law to evaluate legality and to further contest the same, as necessary. In order to facilitate a resolution process with the lenders, the Group has kept legal proceedings in respect of certain unauthorised transactions, in abeyance reserving its right to initiate legal proceedings in case no resolution is reached.

60. As specified in the Basis of Preparation in Note 2.1 of the consolidated financial statements and considering the fact that NCLT has allowed re-opening of books of accounts and recasting of financial information of the Group for the 5 years ended 31 March, 2019, Directors of the Company are of the view that financial statements of the Group and the report of the Board for the relevant prior years may not comply with the provisions of Section 129 and section 134 of the Companies Act, 2013, till such recasting, if any, is completed.

61. In view of the non-availability of Chief Financial Officer, the Board of Directors of the Company have at its meeting held on 27 June, 2020 requested and authorised Mr. Susheel Todi, Vice President and Group Financial Controller, to sign the consolidated financial statements.

62. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

63. Amounts shown as ₹ 0.00 represents amount below ₹ 50000 (Rupees Fifty Thousand).

For and on behalf of the Board

	Ashish Kumar Guha Chairman (DIN: 00004364)	**Sudhir Mathur** Whole Time Executive Director (DIN: 01705609)	**Narayan K.Seshadri** Independent Director (DIN: 00053563)	**Ramni Nirula** Independent Director (DIN: 00015330)
As per our report of even date **For S R B C & CO LLP** Chartered Accountants ICAI Firm Registration No. 324982E/E300003	**Jitender Balakrishnan** Independent Director (DIN: 00028320)	**Pradeep Mathur** Independent Director (DIN: 05198770)	**Rathin Roy** Independent Director (DIN: 08662401)	**Aditi Raja** Independent Director (DIN: 00164313)
per Shyamsundar Pachisia Partner Membership No. 049237 Mumbai : 27 June, 2020	**Alen Ferns** Company Secretary Mumbai : 27 June, 2020	**Susheel Todi** Vice President and Group Financial Controller		

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH, 2020

Name of the entity in the Group	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ crores	As % of consolidated profit or loss	Amount ₹ crores	As % of consolidated other comprehensive income	Amount ₹ crores	As % of consolidated total comprehensive income	Amount ₹ crores
Parent :								
CG Power and Industrial Solutions Limited	688.55	713.89	(83.03)	(1799.20)	(0.15)	(0.08)	(85.09)	(1799.28)
Indian Subsidiaries :								
CG-PPI Adhesive Products Limited	17.02	17.65	(0.04)	(0.83)	(0.32)	(0.17)	(0.05)	(1.00)
CG Power Solutions Limited	(489.53)	(507.55)	(3.85)	(83.44)	-	-	(3.95)	(83.44)
CG Power Equipments Limited	0.03	0.03	(0.00)	(0.00)	-	-	(0.00)	(0.00)
Foreign Subsidiaries :								
CG International B.V.	(1248.05)	(1293.98)	(56.24)	(1218.69)	-	-	(57.63)	(1218.69)
CG Holdings Belgium N.V.	-	-	(1.71)	(37.07)	-	-	(1.75)	(37.07)
CG Power Systems Belgium N.V.	-	-	(5.46)	(118.30)	-	-	(5.59)	(118.30)
CG Power Systems Ireland Limited	-	-	1.25	27.03	-	-	1.28	27.03
CG Sales Networks France SA	-	-	0.00	0.03	-	-	0.00	0.03
CG Power Systems Canada Inc.	3.08	3.19	(0.00)	(0.07)	-	-	(0.00)	(0.07)
PT CG Power Systems Indonesia	-	-	0.05	1.17	-	-	0.06	1.17
CG-Ganz Generator and Motor Limited Liability Company (formerly "CG Holdings Hungary Kft.")	56.18	58.25	0.01	0.25	-	-	0.01	0.25
CG Electric Systems Hungary Zrt.	(14.51)	(15.05)	(4.00)	(86.67)	-	-	(4.10)	(86.67)
CG Service Systems France SAS	2.14	2.22	(0.05)	(0.99)	-	-	(0.05)	(0.99)
CG Power Americas, LLC	(182.96)	(189.69)	(0.47)	(10.20)	-	-	(0.48)	(10.20)
CG Solutions Americas, LLC (merged with CG Power Americas, LLC w.e.f. 1 April, 2019)	-	-	-	-	-	-	-	-
CG Holdings Americas, LLC (merged with CG Power Americas, LLC w.e.f. 1 April, 2019)	-	-	-	-	-	-	-	-

ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES FOR THE YEAR ENDED 31 MARCH, 2020 (Contd.)

Name of the entity in the Group	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ crores	As % of consolidated profit or loss	Amount ₹ crores	As % of consolidated other comprehensive income	Amount ₹ crores	As % of consolidated total comprehensive income	Amount ₹ crores
QEI, LLC	65.13	67.53	0.47	10.10	-	-	0.48	10.10
CG Power Solutions UK Limited	(13.94)	(14.45)	(0.25)	(5.34)	-	-	(0.25)	(5.34)
CG Power Solutions Saudi Arabia Limited	-	-	-	-	-	-	-	-
CG Industrial Holdings Sweden AB	97.13	100.70	(0.02)	(0.53)	-	-	(0.03)	(0.53)
CG Drives and Automation Sweden AB	192.00	199.07	0.17	3.69	-	-	0.17	3.69
CG Drives and Automation Netherlands B.V.	25.79	26.74	0.08	1.74	-	-	0.08	1.74
CG Drives and Automation Germany GmbH	12.59	13.05	(0.01)	(0.30)	-	-	(0.01)	(0.30)
CG Middle East FZE	(500.54)	(518.96)	(30.70)	(665.34)	-	-	(31.47)	(665.34)
CG International Holdings Singapore Pte. Limited	(28.83)	(29.89)	(11.91)	(258.01)	(5.09)	(2.67)	(12.33)	(260.68)
CG Sales Networks Malaysia Sdn. Bhd. (formerly known as "Crompton Greaves Sales Network Malaysia Sdn.Bhd.")	6.21	6.44	(0.03)	(0.60)	-	-	(0.03)	(0.60)
PT Crompton Prima Switchgear Indonesia	10.56	10.95	(0.59)	(12.71)	-	-	(0.60)	(12.71)
CG Power and Industrial Solutions Limited Middle East FZCO	-	-	-	-	-	-	-	-
Consolidation adjustment and elimination	1201.95	1246.18	96.33	2087.34	105.56	55.37	101.33	2142.71
Total	**(100.00)**	**(103.68)**	**(100.00)**	**(2166.94)**	**100.00**	**52.45**	**(100.00)**	**(2114.49)**

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accounts in foreign currency

STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

	As at 31-03-2020		As at 31-03-2019	
	USD million	USD million	USD million	USD million
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	111.48		139.87	
(b) Capital work-in-progress	0.16		1.64	
(c) Intangible assets	5.18		5.74	
(d) Intangible assets under development	1.88		3.39	
(e) Financial Assets				
(i) Investments	1.96		129.99	
(ii) Trade receivables	0.56		0.90	
(iii) Loans	161.96		202.38	
(iv) Others	155.00		207.24	
(f) Other non-current assets	0.14		0.27	
		438.32		691.42
(2) Current assets				
(a) Inventories	36.04		76.81	
(b) Financial assets				
(i) Investments	0.00		0.00	
(ii) Trade receivables	53.28		170.43	
(iii) Cash and cash equivalents	13.34		15.05	
(iv) Bank balances other than (iii) above	5.24		2.37	
(v) Loans	4.71		5.81	
(vi) Others	0.37		5.89	
(c) Current tax assets (net)	5.60		4.69	
(d) Other current assets	36.51		36.14	
		155.09		317.19
(3) Assets classified as held for sale and discontinued operations		36.99		40.55
TOTAL ASSETS		630.40		1049.16
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	16.57		18.13	
(b) Other equity	77.79		345.30	
		94.36		363.43
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	46.64		108.63	
(ii) Other financial liabilities	27.00		43.13	
		73.64		151.76
(b) Provisions		4.41		7.93
(c) Deferred tax liabilities (net)		2.79		19.06
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	118.16		149.91	
(ii) Trade payables				
(A) Total outstanding dues of micro enterprises and small enterprises; and	15.87		17.89	
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	141.41		206.93	
(iii) Other financial liabilities	139.74		97.25	
		415.18		471.98
(b) Other current liabilities		24.56		24.03
(c) Provisions		15.46		10.97
(3) Liabilities associated with group of assets classified as held for sale and discontinued operations		-		-
TOTAL EQUITY AND LIABILITIES		630.40		1049.16

Note: Closing exchange rate considered for 1 USD as at 31 March, 2020 is ₹ 75.6600 and as at 31 March, 2019 is ₹ 69.1500

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	2019-20		2018-19	
	USD million	USD million	USD million	USD million
INCOME				
Revenue from operations		435.31		762.89
Other income		7.81		39.32
Total income		443.12		802.21
EXPENSES				
Cost of materials consumed	267.45		531.12	
Purchases of stock-in-trade	8.37		4.96	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.53		(10.31)	
Employee benefits expense	44.35		53.06	
Finance costs	38.70		48.01	
Depreciation and amortisation expense	12.44		14.80	
Foreign exchange (gain) / loss (net)	3.54		8.97	
Other expenses	73.86		132.53	
Total expenses		472.24		783.14
Profit / (loss) before exceptional items and tax		(29.12)		19.07
Exceptional items (net)		(233.18)		(216.28)
Loss before tax		(262.30)		(197.21)
Tax expense:				
Current tax	-		7.15	
Deferred tax / (credit)	(15.19)		(5.58)	
		(15.19)		1.57
Loss from continuing operations after tax		(247.11)		(198.78)
Loss from discontinued operations before tax	-		(4.80)	
Tax expense / (credit) on discontinued operations	-		(1.68)	
Loss from discontinued operations after tax		-		(3.12)
Loss for the year		(247.11)		(201.90)
Other comprehensive income:				
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement gain / (loss) on defined benefit plans	(0.02)		(0.49)	
(b) Changes in fair value of FVTOCI equity instruments	-		(17.35)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01		0.17	
B (i) Items that will be reclassified to profit or loss	-		-	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
Total other comprehensive income for the year		(0.01)		(17.67)
Total comprehensive income for the year		(247.12)		(219.57)
Earnings per share for continuing operations (basic and diluted) (in USD)		(0.39)		(0.32)
Earnings per share for discontinued operations (basic and diluted) (in USD)		-		(0.00)
Earnings per share (basic and diluted) (in USD)		(0.39)		(0.32)

Note: Average exchange rate considered for 1 USD in 2019-20 is ₹ 72.8094 and in 2018-19 is ₹ 70.2012

STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

	As at 31-03-2020		As at 31-03-2019	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	101.89		124.54	
(b) Capital work-in-progress	0.15		1.46	
(c) Intangible assets	4.73		5.11	
(d) Intangible assets under development	1.72		3.02	
(e) Financial Assets				
(i) Investments	1.79		115.74	
(ii) Trade receivables	0.51		0.80	
(iii) Loans	148.03		180.20	
(iv) Others	141.67		184.53	
(f) Other non-current assets	0.13		0.24	
		400.62		615.64
(2) Current assets				
(a) Inventories	32.94		68.40	
(b) Financial assets				
(i) Investments	0.00		0.00	
(ii) Trade receivables	48.69		151.75	
(iii) Cash and cash equivalents	12.19		13.40	
(iv) Bank balances other than (iii) above	4.79		2.11	
(v) Loans	4.31		5.17	
(vi) Others	0.34		5.24	
(c) Current tax assets (net)	5.12		4.17	
(d) Other current assets	33.37		32.18	
		141.75		282.42
(3) Assets classified as held for sale and discontinued operations		33.81		36.11
TOTAL ASSETS		576.18		934.17
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	15.14		16.14	
(b) Other equity	71.10		307.46	
		86.24		323.60
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	42.63		96.72	
(ii) Other financial liabilities	24.67		38.41	
		67.30		135.13
(b) Provisions		4.03		7.06
(c) Deferred tax liabilities (net)		2.55		16.97
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	108.00		133.48	
(ii) Trade payables				
(A) Total outstanding dues of micro enterprises and small enterprises; and	14.50		15.93	
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	129.26		184.26	
(iii) Other financial liabilities	127.72		86.59	
		379.48		420.26
(b) Other current liabilities		22.45		21.39
(c) Provisions		14.13		9.76
(3) Liabilities associated with group of assets classified as held for sale and discontinued operations		-		-
TOTAL EQUITY AND LIABILITIES		576.18		934.17

Note: Closing exchange rate considered for 1 Euro as at 31 March, 2020 is ₹ 82.7800 and as at 31 March 2019 is ₹ 77.6620

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	2019-20		2018-19	
	Euro million	Euro million	Euro million	Euro million
INCOME				
Revenue from operations		394.60		672.36
Other income		7.09		34.65
Total income		401.69		707.01
EXPENSES				
Cost of materials consumed	242.45		468.09	
Purchases of stock-in-trade	7.58		4.37	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.33		(9.08)	
Employee benefits expense	40.21		46.76	
Finance costs	35.08		42.31	
Depreciation and amortisation expense	11.27		13.04	
Foreign exchange (gain) / loss (net)	3.21		7.90	
Other expenses	66.96		116.81	
Total expenses		428.09		690.20
Profit / (loss) before exceptional items and tax		(26.40)		16.81
Exceptional items (net)		(211.37)		(190.61)
Loss before tax		(237.77)		(173.80)
Tax expense:				
Current tax	-		6.31	
Deferred tax / (credit)	(13.77)		(4.92)	
		(13.77)		1.39
Loss from continuing operations after tax		(224.00)		(175.19)
Loss from discontinued operations before tax	-		(4.23)	
Tax expense / (credit) on discontinued operations	-		(1.48)	
Loss from discontinued operations after tax		-		(2.75)
Loss for the year		(224.00)		(177.94)
Other comprehensive income:				
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement gain / (loss) on defined benefit plans	(0.02)		(0.44)	
(b) Changes in fair value of FVTOCI equity instruments	-		(15.29)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01		0.15	
B (i) Items that will be reclassified to profit or loss	-		-	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
Total other comprehensive income for the year		(0.01)		(15.58)
Total comprehensive income for the year		(224.01)		(193.52)
Earnings per share for continuing operations (basic and diluted) (in Euro)		(0.36)		(0.28)
Earnings per share for discontinued operations (basic and diluted (in Euro)		-		(0.00)
Earnings per share (basic and diluted) (in Euro)		(0.36)		(0.28)

Note: Average exchange rate considered for 1 Euro in 2019-20 is ₹ 80.3206 and in 2018-19 is ₹ 79.6541

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

	As at 31-03-2020		As at 31-03-2019	
	USD million	USD million	USD million	USD million
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	162.31		252.60	
(b) Capital work-in-progress	1.57		9.78	
(c) Goodwill	19.85		20.37	
(d) Intangible assets	14.64		23.47	
(e) Intangible assets under development	2.08		3.39	
(f) Financial assets				
(i) Investments	0.23		18.78	
(ii) Trade receivables	0.56		1.93	
(iii) Loans	0.86		1.01	
(iv) Others	394.14		545.20	
(g) Deferred tax assets (net)	1.92		3.66	
(h) Other non-current assets	1.33		1.42	
		599.49		881.61
(2) Current assets				
(a) Inventories	50.80		172.49	
(b) Financial assets				
(i) Investments	0.00		0.00	
(ii) Trade receivables	69.02		245.23	
(iii) Cash and cash equivalents	27.87		33.84	
(iv) Bank balances other than (iii) above	6.66		5.32	
(v) Loans	5.51		4.43	
(vi) Others	30.68		1.35	
(c) Current tax assets (net)	6.19		4.87	
(d) Other current assets	49.19		99.07	
		245.92		566.60
(3) Assets classified as held for sale and discontinued operations		40.90		46.49
TOTAL ASSETS		886.31		1494.70
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	16.57		18.13	
(b) Other equity	(30.27)		297.90	
		(13.70)		316.03
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	97.52		209.33	
(ii) Other financial liabilities	27.74		43.15	
		125.26		252.48
(b) Provisions		4.44		12.18
(c) Deferred tax liabilities (net)		7.49		34.53
(d) Other non-current liabilities		0.14		-
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	122.03		185.53	
(ii) Trade payables	172.56		334.64	
(iii) Other financial liabilities	269.67		132.21	
		564.26		652.38
(b) Other current liabilities		128.68		189.45
(c) Provisions		65.84		30.78
(3) Liabilities associated with group of assets classified as held for sale and discontinued operations		3.90		6.87
TOTAL EQUITY AND LIABILITIES		886.31		1494.70

Note: Closing exchange rate considered for 1 USD as at 31 March, 2020 is ₹ 75.6600 and as at 31 March, 2019 is ₹ 69.1500

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	2019-20		2018-19	
	USD million	USD million	USD million	USD million
INCOME				
Revenue from operations		701.82		1139.29
Other income		6.61		7.25
Total income		708.43		1146.54
EXPENSES				
Cost of materials consumed	421.52		722.93	
Purchases of stock-in-trade	8.37		4.96	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27.21		12.50	
Employee benefits expense	119.10		151.47	
Finance costs	44.51		54.56	
Depreciation and amortisation expense	29.04		32.09	
Foreign exchange (gain) / loss (net)	9.96		13.83	
Other expenses	116.08		195.83	
Total expenses		775.79		1188.17
Loss before exceptional items and tax		(67.36)		(41.63)
Exceptional items (net)		(245.56)		(23.75)
Loss before tax		(312.92)		(65.38)
Tax expense:				
Current tax	0.36		11.82	
Deferred tax / (credit)	(16.63)		(7.18)	
		(16.27)		4.64
Loss from continuing operations after tax		(296.65)		(70.02)
Loss from discontinued operations before tax	(0.95)		(3.86)	
Tax expense / (credits) on discontinued operations	0.02		(1.64)	
Loss from discontinued operations after tax		(0.97)		(2.22)
Loss for the year		(297.62)		(72.24)
Attributable to:				
Equity holders of the parent		(296.59)		(71.72)
Non-controlling interests		1.03		0.52
		(297.62)		(72.24)
Other comprehensive income:				
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement gain / (loss) on defined benefit plans	(0.05)		(2.33)	
(b) Changes in fair value of FVTOCI equity instruments	-		(17.32)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01		0.17	
B (i) Items that will be reclassified to profit or loss	7.24		(1.73)	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
Total other comprehensive income for the year		7.20		(21.21)
Total comprehensive income for the year		(290.42)		(93.45)
Attributable to:				
Equity holders of the parent		(289.39)		(92.93)
Non-controlling interests		1.03		0.52
Earnings per share for continuing operations (basic and diluted) (in USD)		(4.72)		(1.11)
Earnings per share for discontinued operations (basic and diluted) (in USD)		(0.01)		(0.03)
Earnings per share (basic and diluted) (in USD)		(4.73)		(1.14)

Note: Average exchange rate considered for 1 USD in 2019-20 is ₹ 72.8094 and in 2018-19 is ₹ 70.2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

	As at 31-03-2020		As at 31-03-2019	
	Euro million	Euro million	Euro million	Euro million
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	148.35		224.91	
(b) Capital work-in-progress	1.43		8.71	
(c) Goodwill	18.14		18.14	
(d) Intangible assets	13.38		20.90	
(e) Intangible assets under development	1.90		3.02	
(f) Financial assets				
(i) Investments	0.21		16.72	
(ii) Trade receivables	0.51		1.72	
(iii) Loans	0.79		0.90	
(iv) Others	360.24		485.44	
(g) Deferred tax assets (net)	1.76		3.26	
(h) Other non-current assets	1.21		1.26	
		547.92		784.98
(2) Current assets				
(a) Inventories	46.43		153.59	
(b) Financial assets				
(i) Investments	0.00		0.00	
(ii) Trade receivables	63.08		218.35	
(iii) Cash and cash equivalents	25.48		30.13	
(iv) Bank balances other than (iii) above	6.09		4.74	
(v) Loans	5.03		3.95	
(vi) Others	28.04		1.20	
(c) Current tax assets (net)	5.66		4.34	
(d) Other current assets	44.97		88.21	
		224.78		504.51
(3) Assets classified as held for sale and discontinued operations		37.38		41.39
TOTAL ASSETS		810.08		1330.88
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	15.14		16.14	
(b) Other equity	(27.67)		265.26	
		(12.53)		281.40
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	89.13		186.39	
(ii) Other financial liabilities	25.36		38.42	
		114.49		224.81
(b) Provisions		4.06		10.84
(c) Deferred tax liabilities (net)		6.84		30.74
(d) Other non-current liabilities		0.13		-
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	111.53		165.19	
(ii) Trade payables	157.72		297.96	
(iii) Other financial liabilities	246.48		117.72	
		515.73		580.87
(b) Other current liabilities		117.61		168.69
(c) Provisions		60.18		27.41
(3) Liabilities associated with group of assets classified as held for sale and discontinued operations		3.57		6.12
TOTAL EQUITY AND LIABILITIES		810.08		1330.88

Note: Closing exchange rate considered for 1 Euro as at 31 March, 2020 is ₹ 82.7800 and as at 31 March, 2019 is ₹ 77.6620

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	2019-20		2018-19	
	Euro million	Euro million	Euro million	Euro million
INCOME				
Revenue from operations		636.19		1004.08
Other income		5.99		6.39
Total income		642.18		1010.47
EXPENSES				
Cost of materials consumed	382.10		637.14	
Purchases of stock-in-trade	7.59		4.37	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24.67		11.02	
Employee benefits expense	107.96		133.49	
Finance costs	40.34		48.08	
Depreciation and amortisation expense	26.33		28.28	
Foreign exchange (gain) / loss (net)	9.03		12.19	
Other expenses	105.23		172.59	
Total expenses		703.25		1047.16
Loss before exceptional items and tax		(61.07)		(36.69)
Exceptional items (net)		(222.59)		(20.93)
Loss before tax		(283.66)		(57.62)
Tax expense:				
Current tax	0.33		10.42	
Deferred tax / (credit)	(15.08)		(6.33)	
		(14.75)		4.09
Loss from continuing operations after tax		(268.91)		(61.71)
Loss from discontinued operations before tax	(0.86)		(3.40)	
Tax expense / (credits) on discontinued operations	0.02		(1.44)	
Loss from discontinued operations after tax		(0.88)		(1.96)
Loss for the year		(269.79)		(63.67)
Attributable to:				
Equity holders of the parent		(268.86)		(63.21)
Non-controlling interests		0.93		0.46
		(269.79)		(63.67)
Other comprehensive income:				
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement gain / (loss) on defined benefit plans	(0.04)		(2.05)	
(b) Changes in fair value of FVTOCI equity instruments	-		(15.27)	
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01		0.15	
B (i) Items that will be reclassified to profit or loss	6.56		(1.52)	
(ii) Income tax relating to items that will be reclassified to profit or loss	-		-	
Total other comprehensive income for the year		6.53		(18.69)
Total comprehensive income for the year		(263.26)		(82.36)
Attributable to:				
Equity holders of the parent		(262.33)		(81.90)
Non-controlling interests		0.93		0.46
Earnings per share for continuing operations (basic and diluted) (in Euro)		(4.28)		(0.98)
Earnings per share for discontinued operations (basic and diluted) (in Euro)		(0.01)		(0.03)
Earnings per share (basic and diluted) (in Euro)		(4.29)		(1.01)

Note: Average exchange rate considered for 1 Euro in 2019-20 is ₹ 80.3206 and in 2018-19 is ₹ 79.6541

11 products & services

Power Systems

CG INDIA

TRANSFORMERS

- Auto Transformers (up to 1200kV)
- Low Power Transformers (up to 132 kV)
- Distribution Transformers
- Energy Efficient Transformers (BIS Level, IS:1180)
- Dry Type Transformers (Cast Resin)
- BIO Transformers (Filled with Natural/ Synthetic Ester Oil)
- Locomotive Transformers
- Solar Inverter Application Transformers
- Converter Application Transformers
- Traction Transformers
- Furnace Transformers
- Rectifier Transformers
- Shunt Reactors (upto 800kV)
- Series Reactors
- Variable Shunt Reactors
- Generator Transformers (up to 800kV)
- Systems Transformers
- Phase Shifting Transformers
- Earthing Transformers
- Isolation Transformers
- Coupling Transformers for STATCOM

SWITCHGEAR

- Current Transformers upto 800kV (with Porcelain and Composite Insulators)
- Capacitive Voltage Transformer upto 1200kV (with Porcelain and Composite Insulators)
- Inductive Voltage Transformers up to 420kV
- Condenser Bushings upto 800kV
- Coupling/Grading Capacitors up to 420kV
- Indoor & Outdoor Vacuum Circuit Breakers up to 40.5kV
- Indoor GIS up to 36kV
- Indoor and Outdoor Ring Main Units upto 36kV
- Gas Circuit Breakers upto 800kV
- Lightning Arresters upto 1200kV along with allied accessories (Porcelain as well as Polymer Insulators)
- Disconnectors upto 245kV
- Vacuum Interrupters upto 72.5kV
- LV & MV Vacuum Contactors upto 15kV, Forward / Reverse Vacuum Contactor Panels up to 12kV
- Automatic Vacuum Capacitor Switch/ Outdoor Vacuum Contactor Upto 12kV
- Numerical Protection Relays, Substation Automation & Control Products
- Gas Insulated Switchgear (GIS) 66–145–245kV
- Dead Tank Circuit Breaker (DTB) 72.5kV
- MV Electrical soft starters upto 12kV/100KW–20MW
- Automatic Circuit Reclosers up to 36kV
- Gas Insulated Sectionalizer/Load Break Switch upto 36kV
- HT Automatic Power Factor Correction Systems up to 12kV
- Fixed Capacitor Bank upto 33kV

ENGINEERING PROJECTS

Projects on turnkey basis from concept to commissioning:

- Turnkey Air Insulated Substation upto 765kV
- Turnkey Gas Insulated Substation upto 400kV
- Engineered Packages
- Construction Packages for own EHV Equipments

CG POWER SYSTEM SERVICE

- Installation and commissioning
- Onsite Services and Inspection
- Repairs, Upgrading and Retrofitting
- Condition monitoring and diagnosis
- Service Contracts
- Supply of Spare Parts
- Training

QEI INC.

AUTOMATION SOLUTIONS

QEI (formerly CG Automation Solutions) is the oldest and most experienced U.S. Based supplier of SCADA systems for Electric, Transit and Water/Wastewater utilities. CG Automation is a full service company, with the engineering, manufacturing, training, and service personnel to support each customer's SCADA requirements from inception to completion.

- Tone Telemetry Devices
- Remote Telemetry Unit
- Substation Automation
- Substation Automation Solutions

Industrial Systems

MV MOTORS & GENERATORS

- MV & LV Induction Motor including safe area and all type of hazardous area machines upto 12MW, Polarity upto 24 poles, Voltage up to 13.2kV and in frame Size 315 to 1250 (both horizontal and vertical frame), Squirrel Cage and Slip Ring Induction motors in enclosure type TEFC, CACA, CACW, SPDP & TETV.
- Synchronous Generators from upto 25MVA in frame size up to 1250, upto13.2kV in enclosures type CACA, CACW & SPDP.
- Industrial duty DC machines upto 2000kW, in frame size upto 630, Voltage upto 800V, in enclosures type CACA, CACW & SPDP.

LT MOTORS

- AC Motors, Frame 63 to 500 (0.18kW to 630kW)

- TEFC Motors available in Squirrel cage & Slipring constructions, suitable for Safe Area & Hazardous Area
- AC Motors Apex Series, Frame 80 to 450LX (0.75 to 630kW) IE 2 Efficiency and Frame 80 to 355LX (0.75 to 315KW) IE 3 Efficiency
- AC Motor NEMA Range 143 to 504 (0.75 to 150KW) EPACT & OWP and AC Motor NEMA Range 143 to 405 (0.75 to 75KW) Premium
- AC Motor Kibosh Series, Frame 80 to 200L (0.37kW to 30kW)
- Laminated Yoke DC Motors Frame 100 to 400 (2.2kW to 550kW)
- Solid Yoke DC motors Frame 180 to 315 (1.1KW to 75KW)
- Mill duty motors DC motors Frame 802 to 816 (7.5KW to 200KW)
- Alternators Brushless Series Frame 132 to 450 (5kVA to 2250kVA)
- Alternator Ustad Series: Slipring Alternators from 5kVA to 82.5kVA

FHP MOTORS

- NEMA B42, B48 Frame: 30 to 370W, 2/4/6/8 Pole Sheet Metal Body Motors
- M50 Frame (NEMA B56/143T/184): 187 to 2250W, 2/4/6/8 Pole Sheet Metal Body Motors
- 100S Frame: 1100 to 2250W, 4/6 Pole Sheet Metal Body Motors
- IEC 80–160 - Cast Iron Frame : 370 to 5500W, 4 Pole Single Phase Motors
- IEC 63–112 - Aluminium Frame 187 to 2250W, 2/4 Pole Single Phase Motors
- Flame Proof Enclosure: 370 to 750W, 4 Pole Motors
- Customized frames: 20 to 1500W, 2/4/6/8 Pole Motors for Appliance/Equipment's
- BLDC (Brushless DC) Motors – 40, 100 & 160 Watts – 500 RPM

COMMERCIAL PRODUCT RANGE

- Domestic Exhaust Fans: 9 Inches and 12 Inches
- Cooler Kits: 16 ,17,18 Inches & 20 Inches
- Cooler Pumps: 20W & 40W for 5 feet and 8 feet height coolers
- Heavy Duty Exhaust Fans: 12 inches to 36 inches
- DOL Starters
  - Single Phase Mini Starters Recommended Motor output: 0.75kw to 2.20Kw, Relay range: 4 – 20 Amps
  - Single Phase DOL Starters Recommended motor output: 0.75Kw to 3.70Kw, Relay range: 6-32 Amps
  - Three Phase DOL Starters Recommended motor output: 0.75Kw to 15kw, Relay range: 1.5–32 Amp
- Domestic Pumps
  - Slow speed self priming pumps: 0.5 and 1.0HP
  - Open Well Submersible Pump: 0.5 HP to 2.0HP
  - High Speed Self Priming Pumps: 0.5, 1.0 and 1.5HP
  - High Speed Super Suction Pumps: 0.5 and 1.0HP
  - Bore well Submersible Pumps: 3 Inches & 4 Inches
  - Shallow well Jet Pumps: 0.5 and 1.0HP
  - Centrifugal Mono Block Pumps: 0.5 to 2.0 HP
  - Self Priming Pressure Booster Pumps :0.5 to 1.0 HP
  - Horizontal Multistage Pressure Booster Pump : 0.75 to 1.5 HP
  - Sewage Submersible Pump : 0.5 to 3.0 HP

INDUSTRIAL DRIVES AND AUTOMATION (INDIA)

- LV Drives Systems upto 3MW, Voltage upto 690VAC
- DC Drives System upto 5400kW, Voltage upto 1000VDC
- Offering automation product PLC & HMI (New Product)
- CG is into solution business for Sector wise application specific solutions & projects, including Inverter Duty Transformer, Variable Frequency Drives, Switchgear Panels and Rotating Machines as complete package

INDUSTRIAL DRIVES AND AUTOMATION (SWEDEN)

- LV Drives Systems upto 3MW, Voltage upto 690VAC
- LV Softstarters upto 1.6MW, upto 690V
- Active front end Drive (AFE) -55kW to 1MW voltage upto 690Volt
- Shaft Power Monitors
- Rotating Heat Exchanger Drives with Switched Reluctance Motors
- CG is into solution business for Sector wise application specific solutions & projects

RAILWAY BUSINESS

TRACTION MACHINES & SYSTEM DIVISION

- Traction Motors
- Traction Alternators
- Electrics for Diesel Electrics tower Car and Self-propelled inspection car
- Traction Electrics for MEMUs and EMUs (under development)
- AC Traction Motors for MEMUs and EMUs (under development)

RAIL TRANSPORTATION TRACTION ELECTRONICS DIVISION

- Power and Auxiliary Convertors
- Vehicle Control Unit
- Rolling Stock for locomotive EMU/ MEMU
- Propulsion System for EMU & MEMU Loco
- Train Control Monitoring Systems
- Control Equipment

RAILWAY SIGNALLING DIVISION

Coach Products

- BLDC Carriage Fans
- Switch Board Panels

Control Panels for Loco and Coaches

Signaling Products

- Signaling Relays
- Point Machines

STAMPING AND LAMINATION

- 0.5mm, 0.65mm thick lamination from 65mm (2.6inches) to 1300mm (51inches) diameter in CRNGO and CRCA material in all grades & coatings for guaranteed watt loss & permeability as per customer requirement
- High speed up to 425mm diameter with additional features like air gap cutting, auto stacked stators and stacked & skew rotors
- Notching operation up to 1300mm (51 inches) diameter by single point notching

12 establishments

Registered Office

CG House, 6th Floor
Dr Annie Besant Road
Worli, Mumbai 400 030
Maharashtra, India
Tel +91 (0)22 2423 7777, 2423 7764, 2423 7765
Fax +91 (0)22 2423 7733

Power Systems

TRANSFORMER DIVISION

Plot No. T1-T5 MPAKVN Industrial Area
District Bhind, Malanpur 477 116
Madhya Pradesh, India
Tel +91 (0)7539 826 900 1751
Email *pradip.kar@cgglobal.com*

Plot No. 29, 30, 31& 32
New Industrial Area No.1
AKVN, District Raisen,
Mandideep 462 046,
Madhya Pradesh, India
Tel +91 (0)7480 408200, 408201
Email *anirban.saha@cgglobal.com*

SWITCHGEAR DVISION

A-3, M.I.D.C., Ambad,
Nashik 422 010
Maharashtra, India
Tel +91 (0)253 230 1401
Email *mangesh.sonak@cgglobal.com*

S6 & POWER QUALITY

Vacuum Interrupters & Instrument Transformer Division
D2 & D1/2, MIDC, Waluj
Aurangabad 431 136,
Maharashtra, India
Tel +91 (0) 240 255 8000
Fax +91 (0)240 255 4697
Email *delip.wakode@cgglobal.com*

ENGINEERING PROJECTS DIVISION

16th Floor, Tower A, Building No 5
DLF Cyber City, Sector 25-A
DLF Phase III, Gurgaon 122 002
Haryana, India
Tel +91 (0)124 462 7700
Fax +91 (0)124 462 7777
Email *sanjay.sahni@cgglobal.com*

Industrial Systems

TRACTION MACHINES & SYSTEM DIVISION

D5 Industrial Area, MPAKVN
Mandideep 462 046
Madhya Pradesh, India
Tel +91 (0)7480 400 0102, 400 103, 400 181/2
Email *dinesh.nimje@cgglobal.com*

LARGE INDUSTRIAL MACHINES

Plot No. 9, MPAKVN, Phase 2
New Industrial Area, Mandideep 462 046
Madhya Pradesh, India
Tel +91 (0)7480 427 107, 427 102, 427 110
Email *ashok.kulkarni@cgglobal.com*

LT MOTORS (UNIT I)

Plot No. A-6/2, MIDC Industrial Area,
Ahmednagar 414 111
Maharashtra, India
Tel +91 (0)241 662 6102, 277 7500
Email *ramesh.kumar@cgglobal.com*

LT MOTORS (UNIT II)

B-108/109, MIDC Industrial Area,
Ahmednagar 414 111
Maharashtra, India
Tel +91 (0)241 662 4121
Email *vishram.lele@cgglobal.com*

LT MOTORS (UNIT III)

S/14-15, Colvale Industrial Estate,
Colvale, Bardez 403 513,
Goa, India
Tel +91 (0)832 240 4001
Email *harish.savaikar@cgglobal.com*

COMMERCIAL MOTORS

Plot No. 196-198,
Kundaim Industrial Estate,
Ponda 403 115, Goa, India
Tel +91 (0)832 398 3205
Email *pradip.arote@cgglobal.com*

COMMERCIAL PRODUCTS

Plot No. 196-198,
Kundaim Industrial Estate,
Ponda 403 115, Goa, India
Tel +91 (0)832 398 3228
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DRIVES & AUTOMATION

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Madhya Pradesh, India
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Email *pankaj.pandey@cgglobal.com*

RAIL TRANSPORTATION & TRACTION ELECTRONICS

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New Industrial Area
Mandideep 462 046
Madhya Pradesh, India
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Email *ranjan.singh@cgglobal.com*

RAILWAY SIGNALLING DIVISION

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Madhya Pradesh, India
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Email *sunil.kelkar@cgglobal.com*

STAMPINGS DIVISION

B-110, B-111/B, B-112/2
MIDC Industrial Area,
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Branch & Marketing Offices

NORTHERN REGION

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Sima Plaza, 3rd Floor
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Ujjawal Co-operative Housing Society,
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SOUTHERN REGION
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Region EMEA

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SE-250 24 Helsingborg, Sweden
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The Netherlands

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CG DRIVES & AUTOMATION
NETHERLANDS BV
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Postbus 132, 5530 AC BLADEL
The Netherlands
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CG DRIVES & AUTOMATION
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Germany
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Fax +49 (0)3943 92055

SALES OFFICES
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Dubai Silicon Oasis E7
P.O. Box: 341201
Dubai, UAE
Tel +971 4 3724667

Region Americas

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Automation Solutions
(formerly CG Automation Solutions)
60 Fadem Road
Springfield, NJ 07081, USA
Tel +1 908 379 7400

SALES OFFICE
CG POWER AMERICAS LLC
3625 NW, 82nd Ave, Ste 202
Miami, Florida 33166, USA
Tel +1 203 512 8396

SERVICE
CG POWER AMERICAS, LLC
3625 NW 82nd Ave, Ste 202
Miami, Florida 33166, USA
Tel +1 203 512 8396

QEI, LLC
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Springfield, NJ 07081, USA
Tel +1 908 379 7400

Region SEAP

REGISTERED OFFICE
CG INTERNATIONAL HOLDINGS
SINGAPORE PTE. LTD.
79, Robinson Road, #16-01, CPF Building,
Singapore, 068897

SALES OFFICES
CG SALES NETWORK MALAYSIA SDN. BHD.
Unit No B-1-21, Block B,
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Pusat Perniagaan Seksyen 8
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Tel +60 3 7954 4766
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Notes

Corporate Communications
and Corporate Secretarial

DESIGN
WWW.ICDINDIA.COM

PRINT
WWW.SAPPRINTS.COM

Smart solutions.
Strong relationships.

CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

(CIN : L99999MH1937PLC002641)
Registered Office: 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai 400 030
Email: *investorservices@cgglobal.com* **Website**: *www.cgglobal.com*
Phone: +91 22 2423 7777 **Fax**: +91 22 2423 7733

NOTICE

NOTICE is hereby given that the Eighty Third Annual General Meeting of the Members of **CG POWER AND INDUSTRIAL SOLUTIONS LIMITED** will be held on **Monday, 19 October 2020 at 3:00 p.m. (IST)** through Video Conferencing (‘**VC**’)/ Other Audio-Visual Means (‘**OAVM**’) to transact the following business:

ORDINARY BUSINESS:

Adoption of Financial Statements

1. To consider and adopt:

    (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2020, together with the reports of the Board of Directors and Auditors thereon; and

    (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2020, together with the report of Auditors thereon.

Re-appointment of Director retiring by rotation

2. To appoint Mr. Sudhir Mathur, who retires by rotation as a Director and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Ratification of remuneration payable to Cost Auditor

3. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

    “**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs Only) plus taxes as applicable and reimbursement of out-of-pocket expenses, to conduct the audit of cost records of the Company for the financial year ending 31 March 2021, to be paid to M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No.000010), as approved by the Board of Directors of the Company, be and is hereby ratified and confirmed.”

Appointment of Mr. Pradeep Mathur (DIN: 05198770) as an Independent Director

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

    “**RESOLVED THAT** pursuant to the provisions of Sections 149,150,152,160 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Pradeep Mathur (DIN: 05198770), who was appointed as an Additional Director (Non-Executive Independent) of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, with effect from 30 December 2019, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and to hold office for a term of five consecutive years from 30 December 2019 up to 29 December 2024.”

Appointment of Dr. Aditi Raja (DIN: 00164313) as an Independent Director

5. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

    “**RESOLVED THAT** pursuant to the provisions of Sections 149,150,152,160 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr. Aditi Raja (DIN: 00164313), who was appointed as an Additional Director (Non-Executive Independent) of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, with effect from 24 January 2020, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and to hold office for a term of five consecutive years from 24 January 2020 up to 23 January 2025."

Appointment of Dr. Rathin Roy (DIN: 08662401) as an Independent Director

6. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 149,150,152,160 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr. Rathin Roy (DIN: 08662401), who was appointed as an Additional Director (Non-Executive Independent) of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, with effect from 24 January 2020, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and to hold office for a term of five consecutive years from 24 January 2020 up to 23 January 2025."

Waiver of recovery and ratification of managerial remuneration paid to Mr. Sudhir Mathur, Whole Time Executive Director of the Company for the financial year 2019-20 due to loss in the said financial year

7. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 197 and 198 read with Schedule V of the Companies Act, 2013 (the '**Act**'), and other applicable provisions, if any, of the Act and the Rules framed thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof), and pursuant to the recommendation of the Nomination and Remuneration Committee and of the Board of Directors of the Company and in pursuance of the Ordinary Resolution passed by the Members at the 82^{nd} Annual General Meeting of the Company held on 14 December 2019 (**'82^{nd} AGM'**), the approval of the Members be and is hereby accorded for waiver of recovery and ratification of the managerial remuneration paid to Mr. Sudhir Mathur, Whole Time Executive Director of the Company for the financial year 2019-20, due to loss in the said financial year, which exceeds the limits specified under Section 197 read with Schedule V of the Act, and which is within the overall limits of remuneration approved by the Members at the 82^{nd} AGM.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize and execute any document(s) / deed(s) / writing(s) / paper(s) / agreement(s) and generally to do all acts, deeds, matters and things, including but not limited to delegation of all or any of the above powers to any Committee of the Board of Directors or any Director(s) / Official(s) of the Company that may be deemed necessary, proper, expedient or incidental, in its absolute discretion for the purpose of giving effect to this resolution."

Payment of remuneration to Mr. Sudhir Mathur, Whole Time Executive Director in case of loss or inadequacy of profits

8. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and of the Board of Directors of the Company and in pursuance of the Ordinary Resolution passed by the Members at the 82^{nd} Annual General Meeting of the Company held on 14 December 2019 (**'82^{nd} AGM'**), the approval of the Members be and is hereby accorded for payment of remuneration, as per the details mentioned in the explanatory statement, to Mr. Sudhir Mathur (DIN: 01705609), Whole Time Executive Director of the Company, as minimum remuneration for a period of three years starting from 1 April 2020 up to 31 March 2023, in the event of loss or inadequacy of profits, if any, in any of these financial years, in conformity with Section 197, read with Schedule V of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors, on the recommendation of Nomination and Remuneration Committee of the Company, be and are hereby authorised to alter the terms and conditions and/or revise the remuneration package of Mr. Sudhir Mathur, Whole Time Executive Director of the Company, as and when necessary, in conformity with Section 197, read with Schedule V of the Companies Act, 2013, including the remuneration to be paid in the event of loss or inadequacy of profits, if any, in any of the three years starting from 1 April 2020 up to 31 March 2023 without being required to seek any further consent or approval of the Shareholders.

RESOLVED FURTHER THAT in conformity with Section 197, read with Schedule V of the Companies Act, 2013, in case of loss or inadequacy of profits in any of the three years starting from 1 April 2020 up to 31 March 2023, if there is also a default in payment of dues in the said financial years, to any bank or public financial institution concerned or the non-convertible debenture holders, if any, or any other secured creditor, as the case may be, then the Company shall take the necessary approvals including but not limited to approvals from such bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, for the payment of remuneration as contemplated under Section 197, read with Schedule V of the Companies Act, 2013 without being required to seek any further consent or approval of the shareholders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize and execute any document(s) / deed(s) / writing(s) / paper(s) / agreement(s) and generally to do all acts, deeds, matters and things, including but not limited to delegation of all or any of the above powers to any Committee of the Board of Directors or any Director(s) / Official(s) of the Company that may be deemed necessary, proper, expedient or incidental, in its absolute discretion for the purpose of giving effect to this resolution."

9. Re-classification of the existing Promoters and Promoter Group as Public

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Regulation 31A and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI LODR**') (including any modification(s) or re-enactment thereof for the time being in force), and other applicable laws, approval granted (subject to meeting of other conditions) by Securities and Exchange Board of India ('**SEBI**') vide its letter dated 4 September 2020, having no.SEBI/HO/CFD/CMD1/0W 12020/1443611 under Regulation 102 of SEBI LODR, directions issued by SEBI vide a confirmatory order no. WTM/GM/CFD/78/2019–20 dated 11 March 2020 ('**Confirmatory Order**') and subject to the necessary approvals from the stock exchange(s) and other statutory/regulatory authorities, as may be required, consent of the members of the Company ('**Members**') be and is hereby accorded to reclassify the following persons/ entities (hereinafter individually and jointly referred to as the '**Existing Promoters**') from the category of 'Promoter & Promoter Group' to the category of '**Public Shareholders**' of the Company:

Sr. No.	Name of the Existing Promoters	No. of shares held as on 11 September 2020	Shareholding as a percentage of total number of shares
1.	Varun Prakashan Private Limited	5,022	0.001
2.	Avantha Realty Limited	3,552	0.001
3.	Avantha Holdings Limited	-	-
	Total	**8,574**	**0.002**

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded for reclassifying the entities/companies/ firms etc. associated with the above three entities or Mr. Gautam Thapar, the erstwhile Chairman of the Board of Directors of the Company from the Promoter & Promoter Group category to Public category.

RESOLVED FURTHER THAT the Members confirm and consent that, upon completion of the preferential allotment of equity shares and warrants to Tube Investments of India Limited in terms of the approval granted by the Members in the extra-ordinary general meeting held on 2 September 2020, Tube Investments of India Limited will acquire control and management of the Company and will have the right to appoint a majority of the directors on the board of the Company and will be classified as the 'Promoter' of the Company in compliance with applicable laws.

RESOLVED FURTHER THAT the directors of the Company and/or company secretary & compliance officer of the Company be and are hereby severally authorized to prepare, modify, finalise, sign, execute, deliver and submit all the necessary applications, declarations, forms, papers and documents as may be necessary or required in this regard to be filed with SEBI, the stock exchange(s), and other statutory or regulatory authority, and further to do all acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid resolution including to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of Members of the Company."

By Order of the Board
For **CG Power and Industrial Solutions Limited**

Alen Ferns
Company Secretary and Compliance Officer
Membership No. ACS 30633

Mumbai, 16 September 2020

NOTES:

(a) Convening of Annual General Meeting through Video Conferencing / other Audio Visual Means facility:

In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8 April 2020, 13 April 2020 and 5 May 2020 respectively, issued by the Ministry of Corporate Affairs (hereinafter collectively referred as '**MCA Circulars**') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by the Securities and Exchange Board of India ('**SEBI Circular**') and in line with the Order passed by the Registrar of Companies, Maharashtra, Mumbai on 8 September 2020 granting general exemption to the Companies for holding the Annual General Meetings up to 31 December 2020 and in compliance with the provisions of the Companies Act 2013 ('**Act**') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI LODR**'), the 83rd Annual General Meeting of the Company (**'AGM'** or **'Meeting'**) is being conducted through Video Conferencing ('**VC**') / other Audio Visual Means ('**OAVM**') facility, which does not require physical presence of members at a common venue. Hence, Members are requested to attend and participate at the ensuing AGM through VC / OAVM facility being provided by the Company through National Securities Depository Limited ('**NSDL**').

The deemed venue for the AGM shall be the Registered Office of the Company.

(b) Quorum:

The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the AGM. The Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time to start the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.

The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

(c) Proxy(ies):

Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

(d) Explanatory Statement:

An Explanatory Statement as per Section 102 of the Act in respect of the businesses under Item Nos. 1, 3, 4, 5, 6, 7, 8 and 9 of this Notice, proposed to be transacted at the AGM and relevant information with respect to Directors seeking appointment at the Meeting under Item Nos. 2, 4, 5 and 6 of this Notice respectively, as required under Regulation 36 of the SEBI LODR and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('**SS-2**'), are annexed to this Notice.

(e) Corporate Representations:

Pursuant to the provisions of Section 113 of the Act, Body Corporate Members who intend their authorised representative(s) to attend the AGM are requested to send, to the Company, a certified copy of the Resolution of its Board of Directors or other governing body, authorizing such representative(s) along with the respective specimen signature(s) of those representative(s) authorised to attend the AGM through VC/OAVM facility and participate thereat and cast their votes through e-voting. The said resolution/authorization shall be sent to the scrutinizer by email through its registered email address to acs.pmehta@gmail.com with a copy marked to investorservices@cgglobal.com.

(f) Queries:

Members who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at investorservices@cgglobal.com. Questions/ queries received by the Company till Saturday, 17 October 2020 shall only be considered and responded during the AGM.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending an email to investorservices@cgglobal.com any time before **05:00 p.m. (IST) on Friday, 16 October 2020**, mentioning their name, demat account number/folio number, email id, mobile number. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM, depending on availability of time.

The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting. The Members may be allowed to pose questions during the course of the AGM.

(g) *Unclaimed/Unpaid Dividends and Shares:*

During the financial year 2019-20, in terms of the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ('IEPF Rules'), the dividend(s) which have remained unclaimed/unpaid for a period of 7 (seven) consecutive years and the corresponding equity shares have been transferred to the Investor Education and Protection Fund ('**IEPF**') and Investor Education and Protection Fund Authority respectively.

Further, in compliance with the IEPF Rules, the Company had communicated individually to all the concerned shareholders at their registered addresses, whose share(s) were liable to be transferred, for taking the appropriate action(s). Additionally Notices were also published in the Newspapers - Free Press Journal / Financial Express and Navashakti / Loksatta in this regard.

Unpaid/unclaimed Dividend(s) pertaining to the financial years 2013-14 to 2014-15 which, if remain unclaimed/unpaid for a period of seven consecutive years, are due to be transferred to IEPF on the dates given as under:

Date of Declaration of Dividend	Due Date for Transfer to the IEPF
8 November 2013	7 December 2020
29 January 2014	28 February 2021
5 August 2014	4 September 2021
1 October 2014	15 November 2021
3 February 2015	2 March 2022

Pursuant to the IEPF Rules, the Company has uploaded details of unpaid and unclaimed dividend amount(s) lying with the Company, as on 14 December 2019 (date of previous Annual General Meeting) in the Investors section on the website of the Company www.cgglobal.com and also on the website of the IEPF Authority www.iepf.gov.in. Members are requested to visit the website of the Company and/or IEPF Authority to check the status of their unpaid/ unclaimed dividends and shares and are requested to contact Datamatics Business Solutions Limited (Formerly known as Datamatics Financial Services Limited), the Registrar and Share Transfer Agent of the Company ('**RTA**'), by email at cginvestors@datamaticsbpm.com, to claim the same.

(h) *Dispatch of Notice and Annual Report through electronic means and inspection of documents:*

In terms of sections 101 and 136 of the Act, read with rules made thereunder and Regulation 36 of the SEBI LODR as amended from time to time, the listed companies may send the Annual Report and the notice of AGM by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars and SEBI Circular, electronic copy of the Notice of 83rd AGM along with the Annual Report for FY 2019-20 is being sent to all the Members whose e-mail addresses are registered with the Company/ RTA/Depository Participant(s).

The Members may also note that the Annual Report and the Notice of the AGM will also be available on the Company's website www.cgglobal.com and on the website of Stock Exchanges (where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited) and also on the website of NSDL at www.evoting.nsdl.com for download. Members may note that relevant documents referred in the Notice and other documents as required under applicable laws shall be made available for inspection in accordance with applicable statutory requirement based on request received by the Company at investorservices@cgglobal.com.

For members who have not received the Notice of 83rd AGM along with the Annual Report for FY2019-20 due to change/ non-registration of their e-mail address with the Company/ RTA/ Depository Participants, they may request for the said Notice and Annual Report, by sending an email at cginvestors@datamaticsbpm.com or investorservices@cgglobal.com. Post receipt of such request and verification of records of the shareholder, the shareholder would be provided soft copy of the said Notice and Annual Report. It is clarified that for registration of email address, the shareholders are however requested to follow due procedure for registering their e-mail address with the Company/ RTA in respect of physical holdings and with the Depository Participants in respect of electronic holdings. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their Depository

Participants/ RTA/ Company to enable servicing of notices/ documents/ Annual Reports electronically to their email address.

The Members who have not received any communication regarding this AGM for any reason whatsoever, and are eligible to vote, are also entitled to vote and may obtain the User ID and password or instructions for remote e-voting by contacting the Company's Registrar & Share Transfer Agent, Datamatics Business Solutions Limited (**'RTA'**) at Tel No.022-6671 2001 to 6671 2006 or e-mail at cginvestors@datamaticsbpm.com between 09:00 a.m. to 5:00 p.m. IST on all working days, except Saturday and Sunday or contact the Company at investorservices@cgglobal.com or NSDL at evoting@nsdl.co.in.

Any person becoming the Member of the Company after the dispatch of notice of the AGM and holding shares as on the cut-off date i.e. Monday, 12 October 2020 may obtain the user ID and password by referring to the e-voting instructions attached to this notice and also available on the Company's website www.cgglobal.com and the website of NSDL www.evoting.nsdl.com. Alternatively, member may send request providing their email address, mobile number and self-attested PAN copy via email to cginvestors@datamaticsbpm.com for obtaining the Notice of 83rd AGM and Annual Report.

(i) Scrutinizer:

The Board of Directors, at its meeting held on 16 September 2020, has appointed Mr. Prashant S. Mehta (Membership No ACS 5814), Proprietor of M/s. P. Mehta & Associates, Practising Company Secretaries (C.P. No. 17341), as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman/ Whole Time Executive Director /Company Secretary of the Company after completion of the scrutiny of the remote e-voting and e-voting at the AGM. The results will be announced by the Chairman/Whole Time Executive Director /Company Secretary of the Company within 48 (forty eight) hours from the conclusion of the AGM and will be posted on the Company's website viz. www.cgglobal.com and will also be posted on the website of NSDL at www.evoting.nsdl.com. The results shall also be intimated to the Stock Exchanges where the securities of the Company are listed.

(j) Electronic voting:

In compliance with provisions of Sections 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 ('**Rules**'), Regulation 44 of SEBI LODR, and SS-2, the Company is providing remote e-voting facility to enable members to cast their votes electronically on the matters included in this Notice. For this purpose, the Company has engaged the services of NSDL to provide e-Voting facility to enable the Members to cast their votes electronically. The facility of casting votes by a member using remote e-voting system as well as e-voting at the AGM will be provided by NSDL.

Members are requested to follow the procedure as stated in the instructions of this notice for casting of votes electronically.

The cut-off date for determining the Members eligible to vote on resolutions proposed to be considered at the Meeting is Monday, 12 October 2020. The remote e-voting period will commence on Thursday, 15 October 2020 at 9:00 a.m. (IST) and end on Sunday, 18 October 2020 at 5:00 p.m. (IST). The remote e-voting will not be allowed beyond the aforesaid date and time. The remote e-voting module shall be disabled thereafter.

The Resolutions set out in this notice will be deemed to have been passed on the date of the AGM, if approved by the requisite majority.

Only those members whose names are appearing on the Register of Members / List of Beneficial Owners as on the cut-off date i.e. Monday, 12 October 2020, shall be entitled to cast their vote through remote e-voting or voting through VC /OAVM at the AGM, as the case may be. A person who is not a member on the cut-off date should treat this notice for information purpose only.

The Members who have cast their vote by remote e-voting prior to the AGM, may also attend and participate in the proceedings of the AGM through VC/OAVM but shall not be entitled to cast their votes again. The Members can opt for only one mode of voting i.e. remote e-voting or e-voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting through VC/OAVM at AGM will not be considered. Members must note that voting by show of hands will not be available at the Meeting in terms of the aforesaid provisions.

(k) Voting Rights:

Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on the cut-off date being Monday, 12 October 2020.

(l) Registrar & Share Transfer Agent & Investor Services Department:

The Company's Registrar & Share Transfer ('**RTA**') is Datamatics Business Solutions Limited (Formerly known as Datamatics Financial Services Limited) ('**DBSL**'). In addition to the RTA, our Corporate Secretarial Department is happy to assist in case of any difficulties being experienced by the Members in their interaction with DBSL. For any communication, the Shareholders may send an e-mail to the Company's Corporate Secretarial Department at investorservices@cgglobal.com.

Address and details for correspondence with DBSL and the Corporate Secretarial Department are provided in the section titled 'Report on Corporate Governance' in the 83rd Annual Report for FY 2019-20 accompanying this Notice

(m) Route Map:

In view of the extraordinary circumstances due to COVID-19 pandemic prevailing in the country, the Company will hold the AGM through VC/OAVM, without the physical presence of the Members in terms of MCA Circulars. Hence, the route map is not annexed to this Notice.

(n) Dematerialization of Shares:

Attention is drawn to Regulation 40 of SEBI LODR which has mandated that transfer of securities would be carried out only in dematerialized form.

Members are therefore requested to dematerialize their physical holdings. For any clarification, assistance or information relating to dematerialization of Company's shares, please contact the Company's RTA, DBSL at Tel No.022- 6671 2001 to 6671 2006 or e-mail at cginvestors@datamaticsbpm.com.

By Order of the Board
For **CG Power and Industrial Solutions Limited**

Alen Ferns
Company Secretary and Compliance Officer
Membership No. ACS 30633

Mumbai, 16 September 2020

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In conformity with the provisions of Section 102 of the Companies Act, 2013 ('**Act**') and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('**SS-2**'), the following Explanatory Statement and annexure thereto should be taken as forming part of this Notice.

Item No. 1

Given the nature and financial magnitude of the observations made (a) in the disclosures dated 19 August 2019 made by the Company to the stock exchanges (b) by the Statutory Auditors in their 'Basis for Disclaimer of Opinion', as disclosed in the Statutory Audit Report both on standalone and consolidated financial statements for the year ended 31 March 2020 forming part of the enclosed 83rd Annual Report for FY 2019-20 ('**Annual Report**') and considering various ongoing investigations and order of the Hon'ble National Company Law Tribunal, Mumbai Bench allowing the re-opening of books of accounts and recasting of financial information of the Company and its subsidiary companies for five years ended as on 31 March 2019, the financial statement of the Company for the financial year ended on 31 March 2020 do not include all the impacts and disclosure of information required to be included and disclosed in relation to past transactions. Hence, the audited financial results could be materially misstated to that extent and undergo changes, and thus, do not represent a true and fair state of the financial position of the Company.

For further details, kindly refer the Statutory Auditor's Report and notes to accounts of both standalone and consolidated financial statement for the year ended 31 March 2020 in the accompanying Annual Report.

Item No. 3

The Board of Directors of the Company, on the recommendation of the Audit Committee, have at their Meeting held on 22 August 2020, approved the appointment of M/s. R. Nanabhoy & Associates, Cost Accountants (Firm Registration No.000010) for conducting the audit of the cost records of the Company for the financial year ending 31 March 2021 at a remuneration of ₹7,00,000/- (Rupees Seven Lakhs Only) plus applicable taxes and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 3 of this Notice for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year ending 31 March 2021.

Except to the extent of their shareholding in the Company, if any, none of the Directors, Key Managerial Personnel or their relatives are in any way, financially or otherwise, concerned or interested in the said Ordinary Resolution set out at Item No. 3 of the accompanying Notice.

The Board of Directors recommends the Ordinary Resolution at Item No. 3 for approval of the Members.

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company had, at their meeting held on 30 December 2019, appointed Mr. Pradeep Mathur (DIN: 05198770) as an Additional Director in the capacity of Non-Executive Independent Director on the Board of Directors of the Company. In terms of the provisions of Section 161 of the Act, Mr. Pradeep Mathur holds office up to the date of this Annual General Meeting and is eligible for being appointed as an Independent Director.

The Company has received a notice in writing from a Member proposing candidature of Mr. Pradeep Mathur for the office of the Director of the Company.

Mr. Pradeep Mathur is an entrepreneur and investor. He has done his post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad with a specialization in Finance. Mr. Mathur is having rich experience of around 37 years and was previously associated with Tupperware India as its managing director. He also held several senior management positions in Tupperware Asia Pacific and served as the Senior VP and Global CFO of the Corporation. He is also currently serving as an independent director in Lemon Tree Hotels Limited and some of its subsidiaries.

Other details of Mr. Pradeep Mathur as stipulated under Regulation 36 of the SEBI LODR and SS–2 are provided in the Annexure to this Explanatory Statement.

Mr. Mathur has confirmed that he meets the criteria of independence as provided under Section 149 of the Act and Regulation 16 of SEBI LODR. In the opinion of the Board, Mr. Mathur fulfils the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the SEBI LODR for his appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that Mr. Mathur's association would be of immense benefit to the Company and desires to avail his services as an Independent Director of the Company.

In view of the above and in terms of the provisions of Section 149 and other applicable provisions of the Act, Mr. Pradeep Mathur is proposed to be appointed as a Non-Executive Independent Director of the Company for five consecutive years, from 30 December 2019 to 29 December 2024.

Except Mr. Pradeep Mathur, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives, are in any way, financially or otherwise, concerned or interested in the said Ordinary Resolution set out at Item No. 4 of the accompanying Notice. Mr. Mathur is not related to any Director of the Company. The Explanatory Statement together with the accompanying Notice and Annexure thereto may also be regarded as a disclosure under Regulation 36 of SEBI LODR.

The Board of Directors recommends the Ordinary Resolution at Item No. 4 of this Notice for approval of the Members.

Item No. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company had, at their meeting held on 24 January 2020, appointed Dr. Aditi Raja (DIN: 00164313) as an Additional Director in the capacity of Non-Executive Independent Director on the Board of Directors of the Company. In terms of the provisions of Section 161 of the Act, Dr. Aditi Raja holds office up to the date of this Annual General Meeting and is eligible for being appointed as an Independent Director.

The Company has received a notice in writing from a Member proposing candidature of Dr. Raja for the office of the Director of the Company.

Dr. Aditi Raja has over 34 years of senior managerial experience in the government including 16 years as an Indian Audits and Accounts Service officer. She has over 21 years of experience in leadership positions in the Energy sector and three years' experience in the private sector as an Energy and Infrastructure expert consultant.

She holds Masters in Business Law from National Law College, Ph.D., Nematology and Master of Science, Nematology from Indian Agricultural Research Institute, New Delhi and Bachelor of Science (Honours) Zoology from Hindu College, University of Delhi, India. She is specialized in Public policy, institutional design, legislative drafting, regulation, financial accounting and audit of public undertakings and government departments, generation, transmission, distribution and trading in the power sector, including unbundling and privatization of power sector entities, procurement, project management, implementation and monitoring of infrastructure projects, technology and financial viability of renewable energy projects, capacity development and mentoring in all the above areas. She served as a director on the board of various companies inter-alia Mangalore Electricity Supply Company Limited, Karnataka Vidyuth Karkhane Ltd.

Other details of Dr. Aditi Raja as stipulated under Regulation 36 of the SEBI LODR and SS–2 are provided in the Annexure to this Explanatory Statement.

Dr. Raja has confirmed that she meets the criteria of independence as provided under Section 149 of the Act and Regulation 16 of SEBI LODR. In the opinion of the Board, Dr. Raja fulfils the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the SEBI LODR for her appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that Dr. Raja's association would be of immense benefit to the Company and desires to avail her services as an Independent Director of the Company.

In view of the above and in terms of the provisions of Section 149 and other applicable provisions of the Act, Dr. Aditi Raja is proposed to be appointed as a Non-Executive Independent Director of the Company for five consecutive years, from 24 January 2020 to 23 January 2025.

Except Dr. Aditi Raja, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives, are in any way, financially or otherwise, concerned or interested in the said Ordinary Resolution set out at Item No. 5 of the accompanying Notice. Dr. Raja is not related to any Director of the Company. The Explanatory Statement together with the accompanying Notice and Annexure thereto may also be regarded as a disclosure under Regulation 36 of SEBI LODR.

The Board of Directors recommends the Ordinary Resolution at Item No. 5 of this Notice for approval of the Members.

Item No. 6

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company had, at their meeting held on 24 January 2020, appointed Dr. Rathin Roy (DIN: 08662401) as an Additional Director in the capacity of Non-Executive Independent Director on the Board of Directors of the Company. In terms of the provisions of Section 161 of the Act, Dr. Rathin Roy holds office up to the date of this Annual General Meeting and is eligible for being appointed as an Independent Director.

The Company has received a notice in writing from a Member proposing candidature of Dr. Roy for the office of the Director of the Company.

Dr. Roy is Managing Director of the Overseas Development Institute (ODI), London. Previously he was Director and CEO of the National Institute of Public Finance and Policy, New Delhi. He is a Distinguished Honorary Professor at IIT Kanpur. With postings in London, New York, Kathmandu, Brasilla and Bangkok, he has worked as an Economic Diplomat and Policy Advisor with UNDP, focusing on emerging economies. He has taught at the Universities of Manchester and London and served as Economic Adviser with the Thirteenth Finance Commission and as a Member, Seventh Central Pay Commission, Government of India; and as a Member, Economic Advisory Council to the Prime Minister of India. Dr. Roy is Member of India Advisory Committee, United Nations Environment Programme (UNEP) Inquiry into a Sustainable Financial System, Member on the Meta Council on Inclusive Growth, World Economic Forum, Geneva and Member on FRBM Review Committee, Government of India. Dr. Roy's policy interests and publications have mainly focused on fiscal and macro economic issues pertinent to human development in developing and emerging economies. Dr. Roy has written extensively on fiscal space for human development, inter-government fiscal issues, fiscal marksmanship, macro-economic conditionality and IMF Article-IV policy analyses.

Dr. Roy holds a Ph. D and an M. Phil in Economics from the University of Cambridge, an MA in Economics from the Jawaharlal Nehru University and BA (Hons) in Economics from St. Stephen's College, University of Delhi. He has around 30 plus years of experience.

Other details of Dr. Roy as stipulated under Regulation 36 of the SEBI LODR and SS–2 are provided in the Annexure to this Explanatory Statement.

Dr. Roy has confirmed that he meets the criteria of independence as provided under Section 149 of the Act and Regulation 16 of SEBI LODR. In the opinion of the Board, Dr. Roy fulfils the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the SEBI LODR for his appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that Dr. Roy's association would be of immense benefit to the Company and desires to avail his services as an Independent Director of the Company.

In view of the above and in terms of the provisions of Section 149 and other applicable provisions of the Act, Dr. Rathin Roy is proposed to be appointed as a Non-Executive Independent Director of the Company for five consecutive years, from 24 January 2020 to 23 January 2025.

Except Dr. Rathin Roy, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives, are in any way, financially or otherwise, concerned or interested in the said Ordinary Resolution set out at Item No. 6 of the accompanying Notice. Dr. Roy is not related to any Director of the Company. The Explanatory Statement together with the accompanying Notice and Annexure thereto may also be regarded as a disclosure under Regulation 36 of SEBI LODR.

The Board of Directors recommends the Ordinary Resolution at Item No. 6 of this Notice for approval of the Members.

Item No. 7 & 8

Mr. Sudhir Mathur was appointed as an Additional Director in the capacity of Non-Executive Independent Director on the Board of the Company with effect from 1 October 2018 and thereafter as a Whole Time Executive Director of the Company for a period of five years with effect from 10 May 2019. The Members of the Company had approved such appointment along with its terms and conditions through Ordinary Resolution passed at the 82nd Annual General Meeting of the Company held on 14 December 2019 ('82nd AGM').

The terms and conditions of appointment of Mr. Sudhir Mathur as approved by the Members at the 82nd AGM are reproduced below:

Salary:

Fixed Pay: ₹ 2.5 Crore per annum

(Annual increment will be decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee each year which shall be merit based and will take into account the performance of Mr. Mathur against goals set by the Board as well as the performance of the Company).

Perquisites, Allowances:

A basket of perquisites, allowances up to ₹ 1 Crore per annum which would include rent free accommodation owned/leased by the Company, one club membership, car facility and other retiral benefits in terms of the Company's Rules as may be agreed upon with Mr. Mathur, up to the above amount.

For the purpose of calculating the above ceilings, perquisites would be evaluated in accordance with valuation principles adopted for Indian Income Tax purposes or reasonable estimates with respect to personal use, as applicable.

Performance Bonus (Target Variable Pay):

In addition to the above, Mr. Mathur shall also be entitled to Performance Linked Incentive of ₹ 1.5 Crore as may be determined by the Board basis the recommendation of Nomination and Remuneration Committee taking into consideration various criteria, including the performance of Mr. Mathur and the performance of the Company. The variable pay can be of any nature which may include stock options subject to applicable law and requisite approvals.

Thereafter, annually throughout the tenure of Mr. Mathur the terms of his remuneration will be determined by the Board basis the recommendation of Nomination and Remuneration Committee for each financial year or part thereof, subject to the applicable provisions of Schedule V of the Act or other applicable provisions of the Act or any other law for the time being in force, taking into consideration various criteria, including the performance of Mr. Mathur and the performance of the Company and subject to requisite approvals being obtained.

Leave:

Mr. Sudhir Mathur shall also be entitled for leave with full pay or encashment thereof, as per the rules of the Company.

Income-tax on the aforesaid remuneration package, as applicable, as per Indian Income-tax law, would be payable by Mr. Sudhir Mathur. However, the Company may pay the income-tax on certain non-monetary perquisites as permitted by Income-tax law and approved by the Nomination and Remuneration Committee.

Pursuant to the above approval Mr. Mathur was paid an overall remuneration of ₹ 2.79 Crore during the financial year ended 31 March 2020.

The said Ordinary Resolution passed at the 82nd AGM mentioned that in any of the financial years during the tenure of Mr. Sudhir Mathur, including the financial year 2019-20, if the Company has no profits or its profits are inadequate, the Company shall take requisite approvals for payment of remuneration to Mr. Sudhir Mathur including the approval of the Members of the Company as per the applicable provisions of Schedule V of the Act.

Owing to the significant monetary diversions and financial irregularities in the past, the Company is currently facing severe financial stress. The net loss of the Company for the financial year 2019-20 stood at ₹ 1,799 Crore on a standalone basis and ₹ 2,159 Crore on a consolidated basis. Further, the net loss calculated in terms of Section 198 of the Companies Act, 2013 ('**the Act**') amounted to ₹ 378 Crore. Hence there is no profit in the financial year 2019-20 as calculated in terms of Section 198 of the Act for determination of Managerial Remuneration.

Pursuant to Section 197(10) of the Act, the members of the Company can waive the recovery of excess remuneration by passing a special resolution. In view of the above and considering the losses incurred for the financial year 2019-20, the Company is required to take approval of the members of the Company for waiver of recovery and ratification of remuneration paid to Mr. Mathur for the financial year 2019-20 in terms of Section 197 of the Act read with Schedule V thereto.

Accordingly, it is proposed to seek the approval of Members by passing the Special Resolution as set out at Item No. 7 of the accompanying Notice for waiver of recovery and ratification of the entire remuneration paid to Mr. Sudhir Mathur for the FY 2019-20 due to loss in the said financial year. The Board of Directors of the Company believes that the remuneration as previously approved by the Members of the Company and paid to Mr. Sudhir Mathur is justified in terms of his key role within the Company.

Further, the members may note that owing to the critical financial crises faced by the Company, Mr. Sudhir Mathur has *suo moto* waived his right to receive 35% of his fixed remuneration from 1 April 2020 to 30 September 2020.

Members are further informed that in the last month of FY 2019-20, due to the wide spread of COVID-19 pandemic developing rapidly into a global crisis, the Government of India ('**GOI**') enforced nationwide lockdown on all economic activities. Consequent to the directions issued by GOI and in the interest of the health and safety of the employees of the Company, the Company temporarily shut down all its factories in India. All the manufacturing plants of the Company located in Maharashtra, Madhya Pradesh and Goa and the sales offices operations all over the country were suspended consequent to nation-wide lockdown. This has also impacted the financial performance of the Company for the consequent quarters of FY 2020-21.

In view of the prevailing volatility and unpredictability of the overall impact of the COVID-19 pandemic, it is not possible to provide a precise estimation of the impact on profitability.

Pursuant to the provisions of Section 196, 197 and 198 of the Act, read with Schedule V, a company having inadequate / nil profits, can pay remuneration to its managerial personnel subject to the approval of members in conformity with the conditions prescribed in Section 197, read with Schedule V of the Act.

Accordingly, the Nomination and Remuneration Committee and the Board recommend payment of remuneration to Mr. Sudhir Mathur, as per the terms and conditions provided above as minimum remuneration in the event of loss or inadequacy of profits, if any, in any financial year between 1 April 2020 to 31 March 2023 in conformity with Section 197 read with Schedule V of the Act.

As per the requirement of Schedule V of the Companies Act, 2013, in view of the default in repayment of principal / interest on loan, the Company has obtained the approval of the Steering Committee of the Lenders for waiver of recovery of remuneration paid to Mr. Mathur for financial year 2019-20. Further, the members may note that the Company had taken the approval of Steering Committee of the Lenders for the remuneration paid to Mr. Mathur for the period from 1 April 2020 to June 30, 2020. In case of loss or inadequacy of profits in any of the three financial years starting from 1 April 2020 up to 31 March 2023, if there is also a default in payment of dues in the said financial years to any bank or public financial institution concerned or the non-convertible debenture holders, if any, or any other secured creditor, as the case may be, then the Company shall obtain the requisite approval from such bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be for the minimum remuneration paid / to be paid to Mr. Mathur in any such financial year.

Mr. Mathur does not hold any equity shares in the Company either in his individual capacity, or beneficially for others and is not related to any Director or Key Managerial Personnel of the Company.

The Company remains committed to pursue the long term interest of all its stakeholders and considers it necessary to retain high caliber talent to contribute to its growth trajectory. This requires that the Company's leadership team shall be appropriately remunerated as per talent. The Board considers that Mr. Mathur's contribution to the Company would be of immense benefit and accordingly, the Board recommends the Special Resolutions at Item No. 7 and 8 of this Notice, for the approval of the Members of the Company.

Except for Mr. Mathur, none of the Directors and Key Managerial Personnel of the Company or their relatives are in any way financially or otherwise, concerned or interested in the said Special Resolutions as set out at Item Nos. 7 and 8 of the accompanying Notice except to the extent of their shareholding in the Company, if any.

This Explanatory Statement together with accompanying Notice may be regarded as a memorandum setting out terms of employment of Mr. Mathur under Section 190 of the Act.

Information pursuant to the provisions of Schedule V of the Act is as follows:

I. General Information:

1. Nature of Industry:

   The Company provides end-to-end solutions in the management and application of electrical energy. Our portfolio has been structured into Power Systems and Industrial Systems. Our unique and diverse portfolio ranges from transformers, switchgear, circuit breakers, network protection & control gear, project engineering, HT and LT motors, drives, Power Automation Products and turnkey solutions in all these areas; thus enhancing many aspects of industrial and personal life.

2. Date of commencement of commercial operations: The Company started its commercial production in the year 1937.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable**.**

4. Financial performance based on given indicators:

(₹ Crores)

PARTICULARS	Stand-alone		Consolidated	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Net Sales and Services	3,169	5,356	5,110	7,998
EBIDTA	**160**	**575**	**45**	**316**
Less: Finance cost	281	337	324	383
Less: Depreciation	91	104	211	225
Profit / (loss) before Exceptional Items & Tax	**(212)**	**134**	**(490)**	**(292)**
Exceptional items (net)	(1,698)	(1,518)	(1,788)	(167)
Loss Before Tax	**(1,910)**	**(1,384)**	**(2,278)**	**(459)**
Less: Tax Expense / (Credit)	(111)	11	(118)	33
Loss from continuing operations	(1,799)	(1,395)	(2,160)	(492)
Less: Minority Interest	NA	NA	8	4
Share of profit / (loss) in Associates and Joint Venture	NA	NA	-	-
Loss after minority interest and share of Associate and Joint Venture	**(1,799)**	**(1,395)**	**(2,152)**	**(488)**
Loss before tax from discontinued operations	**-**	**(34)**	**(7)**	**(27)**
Tax expenses / (Credit) from discontinued operations	-	(12)	0	(11)
Net Loss from discontinued operations	**-**	**(22)**	**(7)**	**(16)**
Total Loss for the year	**(1,799)**	**(1,417)**	**(2,159)**	**(504)**

5. Foreign investments or collaborations, if any:

The Company has Foreign Portfolio Investments through Stock Exchange Platform, the details of the same as of 31 March 2020 is provided below:

Particulars	No. of shares	%
Foreign Portfolio Investors	36,071,245	5.76
Non Resident Indians (Repatriation)	27,05,689	0.43
Non Resident Indians (Non-Repatriation)	20,84,426	0.33
Overseas Corporate Bodies	61,250	0.01
Foreign National	808	0.00

The Company has not entered into any Foreign Collaborations.

II. Information about Mr. Mathur:

1. Background details, Job profile and his suitability:

Mr. Sudhir Mathur has more than 32 years of rich expertise and experience in operations, finance, marketing, supply chain and strategic planning. He has a proven track record in deploying large capital to enable value creation for companies. Mr. Mathur has held leadership positions in high-growth sectors like Oil & Gas, Telecom and Infrastructure. He was the Chief Executive Officer of Cairn Oil & Gas – Vedanta Limited, where he was instrumental in defining the organization's strategy and execution to make it India's largest private sector Oil & Gas Player.

Prior to joining Cairn in September 2012, Mr. Mathur was the Chief Financial Officer and Head of the Netco Business for Aircel Cellular Limited. He has formerly held several leadership positions of increasing responsibility at Delhi International Airport Limited, Idea Cellular, Ballarpur Industries Limited, and PricewaterhouseCoopers, India.

Mr. Mathur is an Economics graduate from Shri Ram College of Commerce, Delhi University, and earned his Master's degree in Business Administration from Cornell University, New York, USA.

Mr. Mathur's experience of many years across functions and industries in leadership positions is of immense value to the company during financial stress specially in dealing with our supply chain partners, customers, banks as well as motivation of employees.

2. Past Remunerations:

   As mentioned earlier, Mr. Sudhir Mathur was appointed as an Additional Director (Non-Executive Independent Director) on the Board of the Company with effect from 1 October 2018. During the financial year 2018-19, he was paid remuneration of ₹ 0.03 Crore by way of sitting fees for attending meetings of the Board of Directors and its committees. Mr. Sudhir Mathur was appointed as a Whole Time Executive Director of the Company w.e.f. 10 May 2019 and during the financial year 2019-20, he was paid remuneration as per the terms and conditions mentioned in the above explanatory statement.

3. Recognition or awards:

   Mr. Mathur has won many awards in the areas of leadership, finance and CSR.

4. Remuneration proposed:

   As set out herein above

5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

   After benchmarking with the remuneration drawn by other companies in the same industry and of comparable size, the remuneration payable to Mr. Sudhir Mathur was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company at its meeting held on 7 September 2020, subject to approval of Members of the Company. Mr. Mathur's experience, areas of expertise, his existing profile and responsibilities coupled with the complex nature of Company's business and special efforts put in by him in restructuring the Company's debts, bringing in the new investor and resolving the financial stress of the Company justify payment of the proposed remuneration.

6. Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

   Mr. Mathur's association with the Company is always in a professional capacity. He does not hold any securities of the Company. Except to the remuneration paid/ payable to Mr. Mathur, there is no other pecuniary relationship with the Company. Further he is not related to the promoters or any director of the Company or any of the key managerial personnel.

III. Other Information

1. Reasons for Loss or Inadequate Profits:

   The financial performance of the Company has been impacted pursuant to significant monetary diversions and financial irregularities in the past. For the financial year ended 31 March 2020, the Company has made significant provisions and write-offs in the books of accounts. Further, in the last month of FY 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing the Government to enforce nationwide lockdown on all economic activities. This too has been one of the contributing factors for dip in the sales revenue of the Company.

2. Steps taken or proposed to be taken to improve performance:

   With a view to resolve the financial stress of the Company and to maximize recovery of the debt repayable to the lenders of the Company ('**Lenders**'), the Board of Directors of the Company had in-principle decided to work jointly with the Lenders for equity fund raising as part of the debt resolution Plan. Subsequently, the Lenders and the Company received a binding offer from Tube Investments of India Limited, a member of the Murugappa group ('**the Subscriber**') for resolving the debts of the Company and to infuse capital of ₹ 700 Crore in the Company by way of subscribing to equity shares and warrants which was approved by shareholders in the extra-ordinary general meeting ('**EGM**') held on 2 September 2020. Further, in this regard, a securities subscription agreement ('**SSA**') has been entered between the Company and the Subscriber, subject to certain conditions precedent which *inter-alia* included the Subscriber being declared a winner of the swiss challenge process launched by the Lenders jointly with the Company.

   Upon conclusion of the swiss challenge process, the Subscriber has been declared as the winner and its bid has been declared as the successful offer. Subsequent to the date of the SSA and further assessment of financial liabilities and outlook of the Company by the Subscriber, the Company received an additional offer from the Subscriber to infuse additional capital aggregating up to ₹100 Crore in the Company by way of equity. The Company is seeking approval of its shareholders through an extra-ordinary general meeting scheduled on 24 September 2020 for the proposed issue of additional equity shares to the Subscriber.

   Further, the Company has divested and is in the process of further divesting some of its overseas business units to make the organization structure more linear and to focus only on the core assets of the Company.

   This will help the Company to improve its performance and realize its potential in FY 2021 and thereafter.

3. Expected increase in productivity and profits in measurable terms:

   Under the leadership of Mr. Mathur, the overall performance of the Company is expected to improve.

IV. Disclosures:

The Company has made appropriate disclosures as required under Schedule V of the Act in the 'Report on Corporate Governance' forming part of the 83rd Annual Report of the Company accompanying this Notice.

Item No. 9

We refer to (i) the stock exchange intimation on outcome of meeting of board of directors of the Company ('**Board**', which term shall be deemed to include any committee of the Board thereof) dated 19 August 2019 made by the Company in terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI LODR**'), whereby the Company had made the relevant disclosures to all stakeholders about the findings in relation to the unauthorized transactions/financial irregularities brought to the attention of the Board, (ii) and subsequent events including the directions issued by the Securities and Exchange Board of India ('**SEBI**') vide interim and confirmatory orders dated 17 September 2019 and 11 March 2020 respectively.

The directions issued by SEBI vide confirmatory order no. WTM/GM/CFD/78/2019–20 dated 11 March 2020 ('**Confirmatory Order**') *inter alia* included specific directions provided as under:

(a) "Gautam Thapar, V. R. Venkatesh, Madhav Acharya and B. Hariharan are restrained from:

  (i) accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, till further orders;

  (ii) being associated with any intermediary registered with SEBI or any listed entity or its material unlisted subsidiary, till further orders."

(b) "Avantha Holdings Limited, Acton Global Private Limited and Solaris Industrial Chemicals Limited are directed to retain funds/other assets to the extent of receivables shown as outstanding to the Company, as per Table XII at paragraph 30A of Confirmatory Order. To the extent of their liability, the aforesaid companies are restrained from disposing, selling or alienating, in any other manner, their assets or divert funds, till further orders."

The following entities are currently classified as 'Promoter & Promoter Group' in the shareholding pattern filed by the Company with the stock exchanges as per the requirements of SEBI LODR.

Sr. No.	Name of the Existing Promoters	No. of shares held as on 11 September 2020	Shareholding as a percentage of total number of shares
1.	Varun Prakashan Private Limited	5,022	0.001
2.	Avantha Realty Limited	3,552	0.001
3.	Avantha Holdings Limited	-	-
	Total	**8,574**	**0.002**

The members may note that basis the information available on the website of Ministry of Corporate Affairs, Mr. Gautam Thapar:

(a) is a substantial shareholder in Avantha Holdings Limited as of 31 March 2019; and

(b) holds 100% equity shares of Avantha Realty Limited, which in turn holds 100% shares of Varun Prakashan Pvt. Ltd as of 31 March 2019.

In view of the above, Mr. Gautam Thapar continues to be indirectly associated with the Company despite the directions made by SEBI in the Confirmatory Order, whereby, Mr. Gautam Thapar was restrained from being associated with any listed entity or its material subsidiary.

Reclassification of promoters is regulated by Regulation 31A of SEBI LODR, which stipulates that the application seeking re-classification can be made only by the promoter(s) seeking re-classification. Therefore, in light of the directions made by SEBI in its Confirmatory Order, the Company had voluntarily approached SEBI for seeking relaxation from SEBI from the strict enforcement of the provisions of Regulation 31A of SEBI LODR. Pursuant to such application, SEBI vide its letter dated 4 September 2020 (copy annexed to Notice as **Annexure A**) ('**Exemption Letter**') granted its exemption from the strict enforcement of the applicability of procedure specified under Regulation 31A(3)(a)(i) & proviso to Regulation 31A(3)(a)(ii) and from the applicability of Regulation 31A(3)(b)(vi)-(vii) & Regulation 31A(4)(a) of the SEBI LODR. Therefore, in view of the Exemption Letter, the Members may note that the proposal seeking re-classification of Existing Promoters is made by the Company of its own accord. To the best of the knowledge of the Company, it is confirmed that the Existing Promoters meet the requirements under Regulation 31A(3)(b)(i)-(v) of SEBI LODR as set out below:

(a) they together, do not hold more than 10 percent of the total voting rights in the Company;

(b) they do not exercise control over the affairs of the Company directly or indirectly;

(c) they do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;

(d) they do not have any representation on the board of directors (including not having a nominee director) of the Company; and

(e) they do not act as a key managerial person in the Company;

Further, pursuant to the requirement under Regulation 31A(3)(c) of SEBI LODR, the Company confirms that it:

(a) is compliant with the minimum public shareholding requirement as stipulated under Regulation 38 of the SEBI LODR;

(b) does not have trading in its shares suspended by the stock exchanges; and

(c) does not have any outstanding dues to SEBI, the stock exchanges or the depositories.

The proposal for reclassification was considered and approved by the Board at its meeting held on 16 September 2020, subject to Members' approval and that of stock exchange(s).

The shareholding pattern of the Company before and after the proposed reclassification of Existing Promoters is furnished below:

Before proposed reclassification of Existing Promoters			**After proposed reclassification of Existing Promoters**		
Category	**Number of Shares**	**Percentage of share capital**	**Category**	**Number of Shares***	**Percentage of share capital**
Promoter & Promoter Group	8,574	0.002	**Promoter & Promoter Group**	Nil	0.00
Public	62,67,37,568	99.998	**Public**	62,67,46,142	100.00
Total	**62,67,46,142**	**100.00**	**Total**	**62,67,46,142**	**100.00**

* This is considered prior to fresh issuance of equity pursuant to Original Offer to the Subscriber as detailed below.

Further as already disclosed to the shareholders, the Company had received an offer dated 7 August 2020 (as modified on 11 August 2020) from Tube Investments of India Limited ('**Subscriber**') for resolving the debts of the Company and to infuse capital in the Company by subscribing to equity shares worth ₹ 550 Crore (approximately) and warrants worth ₹ 150 Crore (approximately) on a preferential basis, to meet the business requirement of the Company. The Company after obtaining the Board's approval had executed a Securities Subscription Agreement dated 7 August 2020 as amended by the Amendment Agreement to the Securities Subscription Agreement ('**SSA**') with the Subscriber and obtained the approval of the members at the extra-ordinary general meeting held on 2 September 2020 for offer, issuance and allotment of equity shares and warrants pursuant to the SSA. Thereafter, the Company received an additional offer from the Subscriber to infuse additional capital aggregating up to ₹ 100 Crore in the Company and the Company is seeking approval of its shareholders through an extra-ordinary general meeting scheduled on 24 September 2020 for the proposed issuance of additional equity shares.

Pursuant to the SSA, after issuance and allotment of securities as approved by the members at the extra-ordinary general meeting held on 2 September 2020 to the Subscriber, the Subscriber will acquire control and management of the Company and will have the right to appoint a majority of the directors on the board of the Company, subject to compliance with applicable laws.

After the completion of the proposed allotment under the SSA, as per the definition of 'promoter' under Regulation 2(oo) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, the Subscriber will be the promoter of the Company. Hence confirmation and consent of the members is sought for classification of the Subscriber, i.e. Tube Investments of India Limited as the 'promoter' of the Company subsequent to the completion of the preferential allotment of equity shares and warrants to the Subscriber as approved by the members at the extra-ordinary general meeting held on 2 September 2020.

Accordingly, the Board recommends the resolution set out at Item No. 9 of the Notice, for the approval of the Members by way of an Ordinary Resolution. Further, Existing Promoters and persons related to the Existing Promoters shall not be entitled to vote on Item No. 9 in accordance with Regulation 31A(3)(a)(iii) of the SEBI LODR.

None of the directors or key managerial personnel of the Company, or their respective relatives are in any way concerned or interested in the resolution set out at Item No. 9 of the Notice.

By Order of the Board
For **CG Power and Industrial Solutions Limited**

Alen Ferns
Company Secretary and Compliance Officer
Membership No. ACS 30633

Mumbai, 16 September 2020

ANNEXURE TO ITEM NOS. 2, 4, 5 AND 6 OF THE NOTICE CONVENING THE 83RD ANNUAL GENERAL MEETING OF THE COMPANY

Details of Directors seeking appointment / re-appointment at the 83rd Annual General Meeting of the Company pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India

Name of the Director	**Mr. Sudhir Mathur** (Item No. 2)	**Mr. Pradeep Mathur** (Item No. 4)	**Dr. Aditi Raja** (Item No. 5)	**Dr. Rathin Roy** (Item No. 6)
DIN	01705609	05198770	00164313	08662401
Nationality	Indian	USA	Indian	Indian
Date of First Appointment on the Board of Directors	1 October 2018 as Additional Independent Director 10 May 2019 as Whole Time Executive Director	30 December 2019 as an Additional Independent Director	24 January 2020 as an Additional Independent Director	24 January 2020 as an Additional Independent Director
Age	58 years	62 years	60 years	54 years
Qualifications	Economics graduate from Shri Ram College of Commerce, Delhi University, and Master's degree in Business Administration from Cornell University, New York, USA.	Post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad with a specialization in Finance	- Masters in Business Law - Ph.D., Nematology and Master of Science, Nematology - Bachelor of Science (Honours) Zoology	- Ph.D and an M.Phil in Economics, - MA in Economics - BA (Hons) in Economics
Capacity	Whole Time Executive Director	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director
Experience and expertise in Specific Functional Areas	Mr. Mathur has more than 32 years of rich expertise and experience in operations, finance, marketing, strategic planning and regulatory affairs. He has a proven track record in deploying large capital to enable value creation for companies. Mr. Mathur has been exposed to high-growth sectors like Oil & Gas, Telecom and Infrastructure. He was the Chief Executive Officer of Cairn Oil & Gas – Vedanta Limited, where he was instrumental in defining the organisation's strategy and its execution.	Mr. Mathur is having rich experience of around 37 years and was previously associated with Tupperware India as its managing director. He also held several senior management positions in Tupperware Asia Pacific and served as the Senior VP and Global CFO of the Corporation.	Dr. Aditi Raja has over 34 years of senior managerial experience in the government including 16 years as an Indian Audits and Accounts Service officer. She has over 21 years of experience in leadership positions in the Energy sector and three years' experience in the private sector as an Energy and Infrastructure expert consultant. She is specialized in Public policy, institutional design, legislative drafting, regulation, financial accounting and audit of public undertakings and government departments, Generation, transmission, distribution and trading in the power sector, including unbundling and privatization of power sector entities, procurement, project management, implementation and monitoring of infrastructure projects, technology and financial viability of renewable energy projects, capacity development and mentoring in all the above areas.	Dr. Roy's policy interests and publications have mainly focused on fiscal and macroeconomic issues pertinent to human development in developing and emerging economies. Dr. Roy has written extensively on fiscal space for human development, inter-government fiscal issues, fiscal marksmanship, macro-economic conditionality and IMF Article-IV policy analyses. He has around 30 plus years of experience.

Name of the Director	**Mr. Sudhir Mathur** (Item No. 2)	**Mr. Pradeep Mathur** (Item No. 4)	**Dr. Aditi Raja** (Item No. 5)	**Dr. Rathin Roy** (Item No. 6)
List of Directorships held in other Companies	• CG-PPI Adhesive Products Limited • CG Power Americas, LLC • QEI, LLC	• Lemon Tree Hotels Limited • Fleur Hotels Private Limited • Nightingale Hotels Private Limited • Berggruen Hotels Private Limited • ILearn2Trade Solutions Private Limited	• Skand Private Limited • The Mysore Electrical Industries Limited	NIL
Membership/ Chairmanship in the Committees of the Boards of companies in which he/she is a Director	**CG Power and Industrial Solutions Limited** • Corporate Social Responsibility Committee – Member • Capital Restructuring Committee – Member • Stakeholders' Relationship Committee – Member • Risk Committee – Member • Special Situation Committee – Member	**CG Power and Industrial Solutions Limited** • Corporate Social Responsibility Committee – Member • Audit Committee – Member • Risk Committee – Member • Capital Restructuring Committee – Chairman **Lemon Tree Hotels Limited** • Audit Committee – Chairman **Fleur Hotels Private Limited** • Audit Committee – Member	**CG Power and Industrial Solutions Limited** • Audit Committee – Member • Stakeholders' Relationship Committee – Chairperson	**CG Power and Industrial Solutions Limited** • Nomination and Remuneration Committee – Member • Risk Committee – Chairman • Capital Restructuring Committee – Member
Terms and Conditions of appointment/ re-appointment	Kindly refer explanatory statement of this notice at Item No. 8	Non Executive Independent Director of the Company, not liable to retire by rotation and to hold office from 30 December 2019 up to 29 December 2024	Non Executive Independent Director of the Company, not liable to retire by rotation and to hold office from 24 January 2020 up to 23 January 2025	Non Executive Independent Director of the Company, not liable to retire by rotation and to hold office from 24 January 2020 up to 23 January 2025
Details of remuneration sought to be paid	As set out in accompanying explanatory statement of this Notice at Items No. 8	Entitled to the sitting fees for attending meetings of the Board/Committees and profit based commission within the limits set out in the Act.		
Last drawn remuneration	Provided in the section titled 'Directors' Report' of the 83rd Annual Report of the Company accompanying this Notice.			
Number of meetings of Board attended during the year	Provided in the section titled 'Report on Corporate Governance' of the 83rd Annual Report of the Company accompanying this Notice.			
Number of shares held in the Company	NIL			
Justification for choosing the individual for appointment as an Independent Director	N.A.	As set out in accompanying explanatory statement of this Notice at Item No. 4	As set out in accompanying explanatory statement of this Notice at Item No. 5	As set out in accompanying explanatory statement of this Notice at Item No. 6
Relationship with other Directors'/ KMPs	Not related to any Director / Key Managerial Personnel			

By Order of the Board
For **CG Power and Industrial Solutions Limited**

Alen Ferns
Company Secretary and Compliance Officer
Membership No. ACS 30633

Mumbai, 16 September 2020

General Manager
Compliance and Monitoring Division
Corporation Finance Department

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

SEBI/HO/CFD/CMD1/OW/2020/14436/1
September 4, 2020

To

Mr. Alen Ferns, Company Secretary,
CG Power and Industrial Solutions Limited,
CG House, 6th Floor, Dr. Annie Besant Road,
Worli, Mumbai – 400030.

Sir,

Sub: Application under regulation 102 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ('LODR Regulations') seeking relaxation from strict enforcement of certain provisions of regulation 31A of the LODR Regulations in relation to the proposed re-classification of promoters.

1. This has reference to the application dated August 27, 2020 received from CG Power and Industrial Solutions Limited ('**CG Power' / 'Company'**) on the captioned subject.

2. The following facts, in brief, are gathered from the application dated August 27, 2020 and email dated August 31, 2020 to SEBI and other publicly available information about the Company:

   a. SEBI vide its order no. WTM/GM/CFD/35/2019-20 dated September 17, 2019 ('**Interim Order'**) in the matter of CG Power and Industrial Solutions Limited had passed certain directions against Gautam Thapar and six other entities (including ex-directors and CFO) for wrongful diversion of funds from the listed entity. Gautam Thapar, among others, was prohibited from accessing securities market and further prohibited from buying/selling or otherwise dealing in securities. The aforementioned individuals (Gautam Thapar, ex-directors and CFO) were also prohibited from being associated with any listed entity or its material subsidiary. Avantha Group entities including Avantha Holdings Limited and Solaris Industrial Chemicals Limited were directed to retain funds/assets to the extent shown as receivables to CG Power.

   b. Subsequent to the Interim Order, which was upheld by SAT, SEBI, after giving all the Noticees an opportunity of making submissions and being heard, had passed a confirmatory order dated March 11, 2020 ('**Confirmatory Order'**) with certain directions against the Noticees to the Confirmatory Order.

   c. Vide both the Interim and Confirmatory Orders, SEBI had restrained Noticees 2 – 5 (viz., Gautam Thapar, V R Venkatesh, Madhav Acharya and B. Hariharan) from being associated with any intermediary registered with SEBI or any listed entity or its material unlisted subsidiary, in any manner whatsoever, till further orders.

   d. The promoters of the Company ("Promoters") as per the shareholding pattern of the Company as on the quarter ended June 30, 2020, are as follows:

1. Avantha Holdings Limited ("**Avantha Holdings**");
2. Avantha Realty Limited; and
3. Varun Prakashan Private Limited.

The above three entities are controlled by Gautam Thapar and they continue to be associated with the Company despite SEBI's directions in the Confirmatory Order.

e. As per the Shareholding Pattern for the quarter ended June 30, 2020, the Promoters are holding 8,574 Equity Shares i.e. a very negligible percentage of the paid up share capital of the Company. While as on December 31, 2018, the Promoters' shareholding in the Company was at 34.42% of the paid up share capital of the Company, the same got reduced to a negligible percentage since the pledge by the Promoters (of a large part of their shareholding) was invoked by their lenders upon non-payment of borrowings for the purpose of which a large part of the Promoters' shareholding in the Company was encumbered.

f. The board of directors of the Company had, *in-principle,* decided to work jointly with the Lenders for equity fund raising as part of the resolution plan in accordance with the Reserve Bank of India's circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019 (as amended or modified) ('Prudential Framework').

g. The Company received a binding offer dated August 7, 2020 (as modified on August 11, 2020) from Tube Investments of India Limited ('Prospective Investor'), for resolving the debts of the Company and to infuse capital in the Company to meet its business requirement.

h. The Company had called an EGM on September 2, 2020 for seeking approval of shareholders for issuance of equity shares and warrants to the prospective investor.

3. The Company has sought relaxation from strict compliance with the following requirements specified under Regulation 31A of the LODR Regulations, as they are merely technical and procedural in nature in the context of the case:

a. *Regulation 31A(3)(a)(i)*: Requirement for the promoter seeking re-classification to initiate the re-classification process by making a request to the company seeking such re-classification and instead allowing the Company to make this application to the stock exchanges and will seek the required board and Shareholders' approval for the same.

b. *Proviso to Regulation 31A(3)(a)(ii)*: Requirement of the time gap of at least 3 (three) months between the board meeting and the shareholders' meeting to consider the request for promoter re-classification.

c. *Regulation 31A(3)(b)(vi)*: Requirement of the promoters seeking re-classification or persons related to them *to* not be a wilful defaulter as per the Reserve Bank of India guidelines.

d. *Regulation 31A(3)(b)(vii):* Requirement of the promoters seeking re-classification or persons related to them to not be a fugitive economic offender.

e. *Regulation 31A(4)(a):* Requirement of the promoters seeking re-classification to comply with all conditions required for re-classification, failing which there will be automatic re-classification to the promoter group.

4. After examination of your application/email, the following are SEBI's observations:

a. The Confirmatory order of SEBI had a specific direction by which Gautam Thapar, V R Venkatesh, Madhav Acharya and B. Hariharan were restrained from being associated with any intermediary registered with SEBI or any listed entity or its material unlisted subsidiary, in any manner whatsoever.

b. Further, at para 46(c) of the Confirmatory Order, it was clarified that:

> "*The restraint from 'being associated' with 'any listed entity or its material unlisted subsidiary' shall also operate as a prohibition against Noticees no. 2, 3, 4 and 5 from association with any Company, whether listed or material unlisted subsidiary including involvement in the capacity of an Advisor/Consultant.*"

c. As submitted by the Company, Gautam Thapar is a substantial shareholder in Avantha Holdings. Furthermore, as on March 31, 2019, he holds 100% equity shares of Avantha Realty Limited which in turn holds 100% of shares of Varun Prakashan Limited. Despite the Confirmatory order, by virtue of being the controlling shareholder of the promoters of CG Power viz., Avantha Holdings, Avantha Realty and Varun Prakashan, Gautam Thapar is still indirectly associated with the listed entity i.e., CG Power.

d. Considering the directions contained in the Confirmatory Order of SEBI, it is but natural that Avantha Group entities, controlled by Gautam Thapar, are removed as promoters of the Company. Further, as submitted by the Company in its application and vide email dated August 31, 2020, to the best of its knowledge, the promoters of CG Power, promoter group along with their Persons Acting in Concert do not:
   (i) together, hold more than ten percent of the total voting rights in the Company;
   (ii) exercise control over the affairs of the Company directly or indirectly;

(iii) have representation on the board of directors (including not having a nominee director) of the Company;
(iv) act as a key managerial person in the Company;
(v) No shareholders agreement is entered by the Company with respect to any special rights given to promoter or promoter group, nor the Company is in knowledge of any such rights or agreement.

e. The Company has also stated that it is in compliance with the following requirements of regulation 31A(3)(c) of the LODR Regulations:
   (i) requirement for minimum public shareholding as required under regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   (ii) does not have trading in its shares suspended by the stock exchanges;
   (iii) does not have any outstanding dues to the Board, the stock exchanges or the depositories.

5. In view of the above, the following are SEBI's observations on the relaxations sought by the Company:

   a. *Regulation 31A(3)(a)(i) on promoter initiating the re-classification process*: In view of the directions issued by SEBI against Gautam Thapar and other individuals/entities, the requirement that the promoter should initiate the re-classification process is only technical in nature;

   b. *Regulation 31A(3)(a)(ii) on time gap between board and shareholder meeting*: The time gap of 3 months between the board meeting and the shareholders meeting has been mandated to enable the shareholders to grasp and decide about the reclassification of existing promoters. However, in this case, removal of Gautam Thapar as Chairman of the Company and the findings in SEBI's Interim and Confirmatory Orders, where, *inter-alia,* he was restrained from being associated with any intermediary registered with SEBI or any listed entity or its material unlisted subsidiary, are information already available in the public domain. As such, in the instant case, the time-gap of 3 months would be a mere technical and procedural requirement.

   c. *Regulation 31A(3)(b)(vi) and 31A(3)(b)(vii) on 'wilful defaulter' and 'fugitive economic offenders' and regulation 31A(4)(a) on automatic re-classification:* The proposed re-classification is not based on the request from the promoter(s) but on the basis of findings in the orders passed by SEBI. Hence, the conditions stipulated in regulation 31A(3)(b)(vi) – (vii) are technical in nature.

   d. Shareholders are the final authority on deciding the issue of re-classification of promoters.

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6. In view of the aforesaid, the Competent Authority has approved your application under Regulation 102(1)(d) of the LODR Regulation for exemption from the applicability of the procedure specified under Regulation 31A(3)(a)(i) & proviso to Regulation 31A(3)(a)(ii) of the LODR Regulations and from the applicability of Regulations 31A(3)(b)(vi) – (vii) & Regulation 31A(4)(a) of the LODR Regulations, for the proposed re-classification of the existing promoters.

7. The Company shall comply with the other provisions of regulation 31A of the LODR Regulations, except as exempted at para 6 above, for re-classification of existing promoters. The Company shall annex this letter to the notice to AGM/EGM to be called for approving the re-classification of existing promoters. The Company is also advised to disclose this letter to the stock exchanges.

Yours faithfully,

Pradeep Ramakrishnan

Copy to

BSE and NSE (*via email*)

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE ANNUAL GENERAL MEETING ('AGM / MEETING') THROUGH VIDEO CONFERENCE/ OTHER AUDIO VISUAL MEANS ('VC/OAVM') ARE AS UNDER:

1. Members will be able to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Members login where the E-voting Event Number ('EVEN') of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned herein to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of National Securities Depository Limited ('NSDL').
2. Facility of joining the AGM through VC/OAVM shall be open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis.
3. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800 222 990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in / 022-24994360 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at sagar.ghosalkar@nsdl.co.in / 022-24994553.
4. The facility of participation at the AGM through VC/OAVM will be made available to 1000 Members on first come first serve basis.
5. Members and Institutional Investors are encouraged to attend and vote in the AGM. Members may join the Meeting through Laptops for better experience.
6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

Instructions for voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR') and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('SS-2'), the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be considered and transacted at the AGM by electronic means. The facility of casting the votes by the Members using an electronic voting system from any place before the Meeting ('remote e-voting') and during the Meeting will be provided through the e-voting services provided by NSDL.

II. The instructions for remote e-voting and e-voting during the Meeting are provided herewith. The Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their voting right at the Meeting.

III. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on Thursday, 15 October 2020 at 9:00 am (IST) and ends on Sunday, 18 October 2020 at 5:00 pm (IST). During this period Members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Monday, 12 October 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

V. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. Monday, 12 October 2020.

Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Monday, 12 October 2020, may obtain the login ID and password by sending a request at *evoting@nsdl.co.in*.

VI. Only a person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories or the Company, as on the cut-off date i.e. Monday, 12 October 2020, shall be entitled to avail the facility of remote e-voting as well as voting at the Meeting through e-voting. A person who is not a Member of the Company as on the cut-off date as provided above should treat this Notice for information purposes only.

VII. The Company has appointed Mr. Prashant S. Mehta (Membership No ACS 5814), Proprietor of M/s. P. Mehta & Associates, Practising Company Secretaries (C.P. No. 17341) as the Scrutinizer to scrutinize the voting process through remote e-voting and voting at the Meeting (through e-voting) in a fair and transparent manner.

VIII. The Scrutinizer shall after the conclusion of voting at the Meeting, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, and submit to the Chairman/ Whole Time Executive Director /Company Secretary of the Company after completion of the scrutiny of the remote e-voting and e-voting at the Meeting. The results will be announced by the Chairman/Whole Time Executive Director / Company Secretary of the Company within 48 (forty eight) hours from the conclusion of the AGM.

IX. The Results declared along with the consolidated Scrutiniser's Report will be placed on the website of the Company and on the website of NSDL immediately. The results shall also be immediately forwarded to the Stock Exchanges on which the Company's shares are traded i.e. BSE Limited and National Stock Exchange of India Limited.

X. Subject to receipt of requisite numbers of votes, the Resolutions shall deem to be passed on the date of the Meeting.

A. Remote e-voting

The details of the process and manner for remote e-voting are explained herein below. Remote e-voting consists of "Two Steps" as follows:

Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if EVEN is 101456 and folio number is 001*** then user ID is 101456001***

5. Your password details are given below:
   a) If you are already registered for e-Voting with NSDL, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the "initial password" which was communicated to you by NSDL. Once you retrieve your "initial password", you need to enter the "initial password" and the system will force you to change your password.
   c) How to retrieve your "initial password"?
      i. If your email ID is registered in your demat account or with the Company, your "initial password" is communicated to you on your said email ID. Trace the email sent to you from NSDL in your mailbox. Open

the email and open the attachment i.e. a PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your “User ID” and your “initial password”.

ii. If your email ID is not registered, please follow steps mentioned below in this Notice.

6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
   a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Click on “Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of CG Power and Industrial Solutions Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members:

1. Institutional/Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by email to acs.pmehta@gmail.com with a copy marked to *evoting@nsdl.co.in* and the Company at investorservices@cgglobal.com.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/ Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries relating to e-voting, you may refer the Frequently Asked Questions (FAQs) and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222- 990 or send a request at *evoting@nsdl.co.in*. In case of any queries in relation to e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL at pallavid@nsdl.co.in / 022-24994545 & Ms. Sarita Mote, Assistant Manager, NSDL at saritam@nsdl.co.in / 022- 24994890.
4. You can also update your mobile number and email ID in the user profile details which may be used for sending future communication(s).
5. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Monday, 12 October 2020.

B. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please send a request by email to the RTA at cginvestors@datamaticsbpm.com by providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card).
2. In case shares are held in demat mode, the Members are also requested to register/update their email address, PAN and Bank Account details with the Depository Participant where their respective dematerialised accounts are maintained.

C. The Instructions for Members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.
5. If any votes are cast by the Members through e-voting available during the AGM and if the same Members have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the Meeting is available only to the Members attending the Meeting.

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CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
(CIN : L99999MH1937PLC002641)
Registered Office: 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai 400 030
Email: *investorservices@cgglobal.com* **Website**: *www.cgglobal.com*
Phone: +91 22 2423 7777 **Fax**: +91 22 2423 7733

Smart solutions.
Strong relationships.

Date:

Dear Shareholder(s),

Sub: Registration of e-mail address

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, we request you to kindly register your e-mail id in order to receive the Notices of future Annual General Meetings, Annual Report and other correspondences of the Company in electronic form, by sending a duly filled in and signed copy of the below registration form to the Company's Registrar and Share Transfer Agent 'Datamatics Business Solutions Limited' at Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai 400 093 or through email at cginvestors@ datamaticsbpm.com.

Shareholders who hold shares in dematerialized form are requested to approach the concerned Depository Participant for updating/modifying their e-mail id(s) as the case may be.

For CG Power and Industrial Solutions Limited

Alen Ferns
Company Secretary and Compliance Officer
Membership No. ACS 30633

E-MAIL REGISTRATION FORM

To* :

The Company (for Shareholders holding shares in physical mode)

The Depository Participants (for Shareholders holding shares in dematerialised form)

Sub: Registration of e-mail address - CG Power and Industrial Solutions Limited

I/We would like to receive Notices, Annual Reports and other communications/documents from the Company in electronic mode. I/We request you to register my/our e-mail address for receiving communications/documents electronically as per the following details:

Name of the Shareholder(s)	
Folio/DP ID/Client ID	
E-mail address	
Mobile No	

Date:

Place:

Signature of the Shareholder(s)#

* Please tick as applicable.

\# Please ensure that the form is signed by the registered Shareholder along with Joint Shareholder(s), if any.

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