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/210/2021-22

25th December, 2021

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: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Our Letter No. COSEC/203/2021-22 dated 16th December 2021

We refer to our captioned letter wherein we had informed the stock exchanges that the Company had sought approval of the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**") under Section 131 of the Companies Act, 2013, for voluntary revision in financial statements of the Company for the financial years 2019-20 and 2020-21 to give effect to the consequential changes to be made in view of the restatement of financial statements of the Company for preceding five financial years upto 31st March 2019 (i.e. financial years 2014-15 to 2018-19).

In this regard, we wish to inform you that the NCLT, vide its order dated 22nd December 2021 (order copy received by the Company on 24th December 2021), has allowed the Petition for revision of Financial Statements (standalone and consolidated) for the financial year 2019-20 and 2020-21. A copy of the order of NCLT is enclosed for your reference.

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

Thanking you

Yours faithfully,
For **CG Power and Industrial Solutions Limited**

P Varadarajan
Company Secretary and Compliance Officer

CG Power And Industrial Solutions Limited * Mumbai-400030 *

Encl. as above

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT NO. V

1. Company Petition No. 201(MB)2021

Petition filed Under Section 131 of the Companies Act, 2013.

In the matter of

CG Power and Industrial Solutions Limited) (CIN: L99999MH1937PLC002641), having) its registered address at CG House, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, Maharashtra — 400 030 ...Petitioner

Vs.

Union of India, Ministry of Corporate Affairs,) through Regional Director (Western Region) having its address at 5th Floor, Everest Building, 100 Marine Lines, Mumbai — 400001 ...Respondent

2. Interlocutory Application 29 of 2021
IN
Company Petition No. 201(MB)2021

Under Section 131 of the Companies Act, 2013.

In the matter of

Madhav Acharya

... App licant

1 . CG Power and Industrial Solutions Limited

2. Union of India, Ministry of Corporate Affairs

......Respondents

Order delivered on: 22.12.2021

Coram:

Hon'ble Smt. Suchitra Kanuparthi, Member (J)

Hon'ble Smt. Anuradha Sanjay Bhatia, Member (T)

For the Petitioner: Mr. Ravi Kadam, Senior Advocate, Mr. Ashish Kamat, Mr. Adarsh Saxena, Ms. Drishti Das and Ms. Sonu Bhasi instructed by Cyril Amarchand Mangaldas

For the Applicant in I.A. 29 of 2021 : Mr. Vikram Nankani, Senior Counsel

For the Respondent: Shri. Sanjay Shorey Director Legal and Prosecution

Shri. Chiradeep Balooni Assistant Director, Regional Director Western Region

Per: Anuradha Sanjay Bhatia
Member (T)

Suchitra Kanuparthi
Member (J)

ORDER

1. The matter is taken up by video conferencing.

2. The Petitioner Company has filed the present Company Petition under Section 131 of the Companies Act, 2013 (hereinafter referred to as the "Act) for voluntary revision of the standalone and consolidated financial statements of the Petitioner Company for financial years 2019-2020 and 2020-2021.

3. Heard the parties in the captioned Company Petition.

Brief facts

4. Notice was issued by an order dated 9th November 2021 and the Petitioner Company was directed to serve copies of the present Company Petition on the Union of India, the income tax authority and the Auditor who has audited the standalone and consolidated financial statements of the Petitioner Company for financial years 2019-2020 and 2020-2021. The Petitioner Company was also directed to publish notice of the filing of the present Company Petition in Financial Express and Loksatta.

5. An affidavit dated 22nd November 2021 has been filed showing compliance with the above order dated 9th November 2021.

6. The Present Company Petition is being filed under section 131 of the Companies Act, 2013 (hereinafter referred to as the **"Act")** r/w rules 77 and 11 of the NCLT Rules, 2016 (hereinafter referred to as the **"Rules"**) inter *alia* seeking voluntary revision of the Financial Statements of the Petitioner for the Financial Years 2019-20 and 2020-21.

7. The Petitioners states that the present company Petition is within the Limitation. The revision sought is in respect to the Financial Statements of the Petitioner for the Financial years 2019-20 and 2020-21, which are within the preceding three Financial years from the date of filing of the present Company Petition as mentioned in Section 131 (1) of the Companies Act, 2013. Further, the Board of Directors of the Petitioner has taken the decision to file the present Petition on 11.06.2021. The said Petition was filed within

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14 (fourteen) days of the said decision as mentioned in the rule 77(1) of the NCLT Rules, 2016.

8. On 27.04.2018, the statutory auditors of the Petitioner namely M/s. Chaturvedi and Shah resigned before the expiry of their tenure. *Inter alia* owing to the reason, the Regional Director (Western Region), Ministry of Corporate Affairs (hereinafter referred to as the "RD") issued the instructions to the Registrar of Companies, Mumbai (hereinafter referred to as "ROC Mumbai") to initiate inquiry in to the petitioner under section 206(1) of the Companies Act, 2013.

9. After completion of the inquiry, ROC Mumbai submitted its report on 05.11.2018, under section 208 of the Companies Act, 2013 (hereinafter referred to as the "ROC Report"). The report recommended a detailed inspection under section 206(5) of the Companies Act, 2013 in to the books of accounts and records, which indicate the financial and accounting abnormalities *inter alia* due to the Petitioner being in violation of an applicable law and also due to the independent auditor reports of the existing auditor. Accordingly, the Respondent *vide* its letter dated 03.05.2019 directed the inspection into the books of the accounts and other records of the Petitioner.

10. On or about 19.08.2019, the Petitioner filed information with the Bombay Stock Exchange (hereinafter referred to as "BSE") and the National Stock Exchange (hereinafter referred to as "NSE") in the form the self-disclosure letter dated 19.08.2019 under the subject "*outcome of the Board Meeting dated 19.08.2019*". The disclosure *inter alia* records that the accounts of the company were incorrect, the total liabilities, advances to related and

unrelated parties, and the net worth of the Petitioner and its group companies may have been potentially understated, and the Operations Committee had discovered various unauthorized and undisclosed transactions and entries by certain personnel of Petitioner. The disclosure further records that the petitioner has appointed a law firm, namely Vaish Associates to conduct an investigation in to its affairs and that that Vaish Associates had submitted its preliminary phase I investigation report dated 05.08.2019. The Petitioner craves leave to refer to and rely upon the self-disclosure letter dated 19.08.2019, when produced.

11. The Phase I Investigation Report *Inter alia* highlighted nine transactions pertaining to alienation of assets of the Petitioner and loans and advances to related and unrelated parties of the Petitioner by the personnel of the Petitioner which are *prima facie* unauthorized, improper, fraudulent and suspicious in nature. A copy of Phase I Investigation Report was submitted to the Respondent on 03.09.2019. the Petitioner craves leave to refer to and rely on Phase I Investigation Report and the letter dated 03.09.2019, when produced.

12. On 23rd September 2019, the RD submitted its inspection report under Section 208 of the Companies Act, 2013 in terms of which it was recommended *inter alia* that a petition under Section 130 of the Companies Act, 2013 be filed for re-opening and recasting of the books of account/financial statements of the Petitioner.

13. Accordingly, in November 2019, the Respondent filed Company Petition No. 4127 of 2019 under Section 130 of the Companies Act, 2013 seeking re-opening of the books of accounts and re-casting of the financial

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statements of the Petitioner and its subsidiary companies for the financial years 2014-2015 to 2018-2019 in order to correct the distortions due to the fraud that took place within the Petitioner group and to reflect a true and fair view of the affairs and accounts thereof. The Petitioner crave leave to refer to and rely upon the papers and proceedings in C.P. No. 4127 of 2019, when produced.

14. By an order dated 05.03.2020, this Hon'ble Tribunal *inter alia* ordered re-opening of the books of accounts and re-casting of the financial statements of the Petitioner and its subsidiary companies for five years, i.e. financial years 2014-2015 to 2018-2019.

15. Pursuant to and in compliance with the March 5 Order, M/s. Kalyaniwalla & Mistry LLP has been appointed by the Respondent for the purpose of re-opening the books of accounts and re-casting the financial statements of the Petitioner. The Respondent has also appointed M/s. CNK & Associates LLP for the purpose of auditing the re-opened and re-casted books of accounts and re-casted financial statements.

16. The said firms of chartered accountants are in the process of carrying out the exercise of re-opening the books of accounts of the Petitioner, re-casting the financial statements of the Petitioner and thereafter auditing the re-opened and re-casted books of accounts and re-casted financial statements. The said exercise is at an advanced stage of completion. This Bench on 26.10.2021 in C.P. 270 of 2021 have taken the reinstated standalone and consolidated financial statements of the Petitioner for the financial year 2014-15 to 2018-19.

17. In light of the above facts, the Petitioner company is seeking revision of its financial statements for the financial years 2019-2020 and 2020-2021 on the following grounds:

a. The independent auditors of the Petitioner company have disclaimed the financial statements/ results for financial years 2019-2020 and 2020-2021 as not representing a true and fair view *inter alia* due to the ongoing exercise of re-opening the books of accounts and re-casting the financial statements of the Petitioner company for financial years 2014-2015 to 2018-2019, pursuant to the March 5 Order. The Board of Directors of the Petitioner company has approved the said financial statements/ results and agreed that the said financial statements/ results do not represent a true and fair view. Accordingly, the said financial statements/ results do not comply with the provisions of section 129 of the Companies Act, 2013 and the Petitioner company ought to be permitted to prepare revised financial statements for the Financial years 2019-2020 and 2020-2021.

b. The financial statements of the Petitioner company for financial year 2019-2020 have been laid before the AGM of the Petitioner company held on 19th October 2020 and delivered to the ROC Mumbai on 14th November 2020. Accordingly, revisions of the said financial statements shall be confined only to making the necessary alterations/ corrections to give effect to the re-cast accounts of previous financial years which is being done pursuant to the March 5 Order and, by doing so, make the said financial statements compliant with Section 129 of the Companies Act, 2013. The Petitioner company intends to appoint M/s. CNK & Associates LLP, to revise the financial statements for financial year 2019-2020 as the said firm of Chartered Accountants is already carrying out the exercise of auditing the re-cast financial statements for previous financial years pursuant to the March 5 Order.

c. The financial statements of the Petitioner company for financial year 2020-2021 have not been sent out to the members or delivered to the ROC Mumbai or placed before the shareholders of the Petitioner in a general meeting.

REPLY OF RESPONDENT IN C.P. 201 OF 2021

18. The Respondent confirmed that the Petitioner have filed an application under section 131 of the Companies Act, seeking voluntary revision of Financial statements for the financial year 2019-2020 and 2020-21 based on the recasted financial statements of the Petitioner for the F.Y. 2014-15 to 2018-19. This Tribunal in C.P. 4127 of 2019 has allowed the reopening of the books of accounts and recasting of the Financial statement of the Petitioner company for the year 2014-15 to 2018-19.

19. Pursuant to the order of the Chartered Accountants have completed the books of accounts of the Petitioner and recasting of the Financial statement of the Petitioner and its subsidiary companies and the same has taken on record by the Tribunal by its order in C.P. 270 of 2021 on 26.10.2021.

20. One Mr. Madhav Acharya have preferred a company appeal (AT No. 133 of 2021 before the Hon'ble NCLAT challenging the order of NCLT dated 26.10.2021. However, there is no stay granted by the Hon'ble NCLAT.

21.In view of the order of this Tribunal of 26.10.2021, the Petitioner would have to revise its financial statements for the financial year 2019-20 and 2020-21 based as a consequence of as a recasted statements for the earlier years. Without such revisions the present financial statements of the Petitioners for the Financial year 2019-20 and 2020-21 would not reflect a true and correct view because of the impact of reopening of the books of accounts and recasting of the Financial years for the previous 5 financial years. The Respondent also stated that they have no objection for the revision of the Financial statement 2019-20 and 2020-21.

I.A. 29 of 2021

22.The intervenor filed an application to implead in the present company Petition on the following grounds;

a. the present Petition is a filed in consequence of recasting of financial statements of the original petitioner for the financial year ending on 31.03.2015 to 31.03.2019 and the said application was allowed on 05.03.2020 in C.P. 4127 of 2019.

b. the Applicant is a necessary party to the application for revision of accounts for the F.Y. 2019-20, 2020-21. The issue as to whether the applicant ought to be heard before an application for revision/ recasting of accounts is considered or allowed is no more res integra. The Respondent No. 1 / Original Petitioner is not permitted to reagitate this issue. Section 420(1) of Companies Act, 2013 requires that this Tribunal to pass orders after giving opportunity of being heard and principles of natural justice to be followed.

c. the Respondent No. 1/ Original Petitioner has filed various proceedings inter alia against the applicant vide commercial suit no.

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62 of 2021, 53 of 2021, 56 of 2021 and 93 of 2021 before the Hon'ble Bombay High Court. Hence, the Petitioner upon revision of financial statement attempt to present the same in the minor so as to portray as the applicant was involved in siphoning of the funds. The revised accounts could have civil and penal consequences for the applicant. Therefore, in the interest of justice the applicant should be heard by the Tribunal.

d. The applicant has been embroiled in various proceedings before the Authorities as well as SEBI and Serious Fraud Investigation Office (SFIO). The Petitioner had taken an adversarial position to the applicant inter alia by obtaining the report issued by the M/s Vaish Associates. This Tribunal on 05.03.2020 has observed that there was a internal fight between the present management of the R1 and the erstwhile management.

e. The applicant sought to be made a party on the ground that he was a respondent in C.P. 4127 of 2019 filed by Union of India Under section 130 of the Act for reopening the books of accounts and recasting of the Financial statements for the year 2014-15 to 2018-19.

Reply of the Respondent in I.A. 29 of 2021

23. The Respondents sought for the rejection on the following reasons

a. The applicant was a director of the Petitioner from 01.04.2016 to 30.09.2017 after which he resigned from the said position. The applicant was involved in the affairs of the Petitioner company for the year 2016-17 but however he is not a part of the Petitioner company for the relevant period of financial years pertaining to 2019-20 and 2020-21 therefore, he is not the necessary party.

b. Section 131 provides for voluntary revision of financial statements by the directors of the Company however, section 130(1) of the Companies act provides for the reopening of accounts of the company, when an application in this regard is filed by Central govt, the income tax authority, SEBI and any other statutory regulatory body or authority or any person concerned. The statue provides that under section 131 of the Act, the company can make a specific application for voluntary revision of accounts thus the Applicant/ Intervenor is not necessary party.

c. The applicant has not locus standi to intervene in the said matter.

d. The order of the Hon'ble Tribunal under Section 130 of the Act dated 05.03.2020 have recorded the detailed investigation of SFIO and have ordered the investigation by two independent chartered accountant firms.

e. This Tribunal on 26.10.2021 in C.A. 270 of 2021 have taken the reinstated standalone and consolidated financial statements of the Petitioner for the financial year 2014-15 to 2018-19.

f. Hence, the respondent sought for the dismissal of the I.A.

Findings

24. The only issue which remains for consideration is whether the company be allowed to revise its Financial Statements for the year 2019-20 and 2020-21 and whether the objection raised in the intervention application is maintainable?

25. Heard the learned senior counsel appearing for the Petitioner and during the course of the arguments pointed out that vide an order dated 05.03.2020 in C.P. No. 4127 of 2019 filed under section 130 of the Companies Act,

this Tribunal allowed the prayer for reopening of the books of accounts and recasting of the financial statement for the year 2014-2015 to 2018-19 and subsequently this Tribunal vide an order dated 26.10.2021 in C.A. No. 270 of 2021 have directed as follows;

Order

"Accordingly, we order the following restated financial statements to be taken on record under section 130 of the Companies Act, 2013 so that the same may be treated as Final:

a. Restated standalone and consolidated financial statements of CG Power and Industrial Solutions Limited for the financial statements from the financial year 2014-15 to Financial Year 2018-19;
b. Restated financial statements of CG-PPI Adhesive Products Limited, CG Power Solutions Limited and CG Power Equipments Limited for the financial years from Financial Year 2014-15 to Financial Year 2018-19 and
c. Restated financial statements of Crompton Greaves Consumer Electricals Limited for the Financial year 2014-15.

The jurisdictional Registrar of Companies of each of the aforesaid companies are directed to take the above restated financial statements on record. The respective companies are also directed to make the above restated financial statements available on their respective websites along with a copy of this order."

26.In view of the said order the ROC was directed to take the above reinstated financial statements on record.

27.As a consequence of the said recasting of accounts for the financial years as per the order this application for voluntary revision of financial statements for the year 2019-20 and 2020-21 has been filed. Further, the order dated 26.10.2021 also records at para 32 and 33 as follows;

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"32. It is also not in dispute that the Intervenors are no longer associated with the Respondent company in any way. The Intervenors apprehension is that the recast accounts/ financial statements may be used against them in various proceedings. It is also pertinent not in dispute that the Intervenors are no longer associated with the Respondent company in any way. The Intervenors apprehension is that the recast accounts/ financial statements may be used against them in various proceedings.

33. It this proceedings, this Tribunal is not concerned with what action should be taken against the persons responsible for not having prepared the earlier accounts/ financial statements properly."

28.In view of the above observations of the Tribunal in CA No. 270 in CP No. 4127 of 2019 dated 26.10.2021, this Bench is of the considered opinion that since the revised financial statements for the year 2014-2015 to 2018-19 has been taken on record, consequentially there should be a revision of financial statement for the year 2019-20 and 2020-21. The RoC has also filed their reply stating that there is no objection for the revision of the Financial Statements for the year 2019-20 and 2020-21.

29.The objection of the intervenors is thereby rejected and this Bench also observes that the intervenor have no locus standi in the present Petition which is filed under section 131 for voluntary revision of the financial statements of the Petitioner company. Though the intervenor was made a party to the C.P. No. 4127 of 2019, he is not a necessary party to the present proceedings and that this is a mere application to revise the financial statements of the Petitioner. The Intervenor/ applicant was a director of the petitioner from 01.04.2016 to 30.09.2017 after which he resigned from the said position. The applicant was involved in the affairs of the Petitioner company for the year 2016-17 but however he is not a part of the Petitioner

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company for the relevant period of financial years pertaining to 2019-20 and 2020-21 therefore, he is not the necessary party to the present proceedings.

30. This Court doth orders as follows:

a. The revision of Financial Statement (standalone and consolidated) for the year 2019-2020 and 2020-2021 is allowed.

b. I.A. No. 29 of 2021 is dismissed.

c. C.P. No. 201 of 2021 is hereby allowed.

Sd/-	Sd/-
Anuradha Sanjay Bhatia Member (T)	Suchitra Kanuparthi Member (J)

Certified True Copy
Copy Issued "free of cost"
On 24/12/2021

Deputy Registrar
National Company Law Tribunal Mumbai Bench
Government of India