

09<sup>th</sup> August, 2022

**BSE Limited**

Department of Corporate Services  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai-400 001  
Scrip Code: 500139

**NSE Limited**

Department of Corporate Services  
Exchange Plaza, Bandra,  
Kurla Complex, Bandra (West)  
Mumbai-400 051  
Scrip Code: FEDDERELEC

**SUBJECT: SUBMISSION OF 63<sup>rd</sup> ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 2018-2019.**

Dear Sir/Madam,

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015 the copy of Annual Report for the financial year ended 2018-2019, which is being sent to shareholders through permitted mode, is enclosed herewith.

The Annual Report and Notice of AGM are also available on the Company's websites i.e. [www.imcapitals.com/fedders-electric-engineering/](http://www.imcapitals.com/fedders-electric-engineering/).

Thanking you,

For **Fedders Electric and Engineering Limited**

  
Sakshi Goel

Company Secretary & Compliance Officer



Encl. As Above

**FEDDERS ELECTRIC AND ENGINEERING LIMITED  
CIN NO: L29299UP1957PLC021118**

**63<sup>RD</sup> ANNUAL REPORT  
2018-19**

## **ANNUAL REPORT 2018-19**

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### **CORPORATE INFORMATION**

#### **Board of Directors**

Mr. Vishal Singhal  
(Appointed w.e.f 06.10.2021)  
Ms. Tanya Singhal  
(Appointed w.e.f 06.10.2021)  
Mr. Anil Kumar Kaushik  
(Appointed w.e.f 06.10.2021)  
Mr. Sanjeev Kumar Singhal  
(Appointed w.e.f 09.06.2022)

Managing Director  
  
Woman Director  
  
Independent Director  
  
Independent Director

#### **Chief Financial Officer**

Mr. Narendra Kumar Mishra

#### **Company Secretary & Compliance Officer**

Ms. Sakshi Goel

#### **Statutory Auditor**

M/s. Rajiv Malhotra & Co.

#### **Secretarial Auditor**

M/s. SKP & Co.

#### **Cost Auditor**

M/s. Jain Sharma & Associates

#### **Registrar & Share Transfer Agents**

Skyline Financial Services Private Limited

#### **Registered Office**

6 and 6/1, UPSIDC Industrial Area, Sikandrabad, District Bulandshahr-203205 (U.P.)

#### **Corporate Office**

C-4, Noida Phase-II,  
Gautam Buddha Nagar- 201305 Uttar Pradesh

#### **Bankers**

State Bank of India  
Central Bank of India  
ICICI Bank Limited  
Karnataka Bank Limited  
Punjab National Bank  
Standard Chartered Bank  
Axis Bank

<b>CONTENTS</b>
Board's Report
Secretarial Audit Report
Corporate Governance Report
Management Discussion & Analysis Report
Standalone Independent Auditors' Report
Standalone Financial Statement
Consolidated Independent Auditors' Report
Consolidated Financial Statement



## BOARD'S REPORTS

### Dear Shareholders,

Your directors present the 63<sup>rd</sup> Report of Board of Directors on the business and operations of Fedders Electric and Engineering Limited ("Company") together with its Audited financial statements for the year ended 31<sup>st</sup> March, 2019.

Fedders Electric and Engineering Limited went into Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") in terms of order passed by the Hon'ble National Company Law Tribunal ("NCLT"), Allahabad Bench with effect from 14<sup>th</sup> August, 2019. Its affairs, business, and assets were being managed by the Insolvency Professional, Mr. Ashok Kumar Gulla, appointed as Interim Resolution Professional by the NCLT, Allahabad vide order dated 14<sup>th</sup> August, 2019 and continued as Resolution Professional by the approval of Committee of Creditors in its meeting held on 12<sup>th</sup> September, 2019 under provisions of the Code. Further, the Hon'ble NCLT, Allahabad bench vide its order dated 06.10.2021 has approved the Resolution Plan submitted by IM+ Capitals Ltd. (Successful Resolution Applicant or SRA or RA).

### 1. FINANCIAL PERFORMANCE

The financial performance of the Company during the year under review is summarized below:

(Rupees in crores)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March, 2018
Revenue from Operations	130.40	1239.06
Other Income	2.33	1.23
Total Revenue	132.73	1240.29
Total Expenses	668.45	1780.99
Profit before Tax	-535.72	-495.52
<b>Tax Expenses:</b>		
Current Tax	-1.25	-0.46
Deferred Tax	0	0
Profit after Tax	-534.47	-495.98
<b>Earnings Per Share</b>		
1. Basic	(157.34)	(146.01)
2. Diluted	(157.34)	(146.01)

The consolidated performance of the Company as per consolidated financial statements is as under:

(Rupees in crores)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March, 2018
Revenue from Operations	130.40	1239.06
Other Income	2.33	1.23
Total Revenue	132.73	1240.29
Total Expenses	665.62	1782.75
Profit before Tax	-532.89	-497.28
<b>Tax Expenses:</b>		
Current Tax	-	-
Deferred Tax	-1.25	0.47
Profit after Tax	-531.64	-497.75
<b>Earnings PerShare</b>		
1. Basic	(156.50)	(146.53)
2. Diluted	(156.50)	(146.53)

## 2. STATE OF AFFAIRS AND OPERATIONAL HIGHLIGHTS

During the year under review, the total revenue from operations of your Company for the year ended 31<sup>st</sup> March, 2019 stood at 132.73 Crores as against the revenue of Rs. 1240.29 Crores earned in the previous year ended on 31<sup>st</sup> March, 2018. The Company incurred a loss of Rs. 531.64 Crores, for the year ended 31<sup>st</sup> March, 2019 in comparison with the loss on 497.75 Crores in the previous year.

At present, Company is completing its existing projects only and most of its plants are non-operational, the new Management is making best endeavors to re-start the operations of the Company.

## 3. SHARE CAPITAL

There was no change in the Company's Share Capital during the year under review.

## 4. DIVIDEND

In view of losses incurred during the period under review, the Company does not recommend any dividend on the equity shares for the financial year ended March 31, 2019.

## 5. DEPOSITS

During the year under review, your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

The aforementioned information based on the fact that RP during his tenure did not receive any claims

**ANNUAL REPORT 2018-19**

from the deposit holders, if any, against the Company, and, further the entire liabilities of the Company has been settled as per the approved resolution plan.

**6. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, 5 (Five) meetings of the Board of Directors were held. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Report.

**7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Composition of the Board of Directors has been changed due to appointment and resignation of Director of during the year.

S. No	Name of Director	Designation	Date of Appointment during FY	Date of Cessation during FY
1.	Sham Sunder Dhawan	Whole time Director		05-05-2018
2.	Akhter Aziz Siddiqi	Whole time Director and CFO		23-05-2018
3.	Randhir Jain	Director	13-06-2018	17-09-2018
4.	Bindu Dogra	Director		24-08-2018
5.	Ritushri Sharma	Director		24-08-2018
6.	Arun Kumar Joshi	Director		25-08-2018
7.	Prabhu Nath Sinha	Independent Director	20-10-2018	
8.	Satya Narayan Gupta	Independent Director	30-12-2018	08-10-2018
9.	Sanjiv Kavaljit Singh	Independent Director	08-11-2018	
10.	Sadhna Syal	Independent Director	08-02-2019	

After the year ended 31<sup>st</sup> March, 2019, the designation of Mr. Sanjiv Kavaljit Singh has been changed from Independent Director to Whole time director and CEO of the Company w.e.f 04<sup>th</sup> June, 2019 and Mr. Vansh Vardhan Joshi (DIN: 06843644), appointed as Independent Director w.e.f 04<sup>th</sup> June 2019 and resigned from the directorship w.e.f. 06.10.2021.

**ANNUAL REPORT 2018-19**

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Ms. Shagun Bajpai was appointed as the Company Secretary and Compliance Officer w.e.f 04<sup>th</sup> June, 2019 and resigned from the post of Company Secretary w.e.f. 17.01.2020.

Mr. Sanjiv Kavaljit Singh, Whole Time Director, Mr. Prabhu Nath Sinha and Ms. Sadhna Syal, Independent Director, of the Company has resigned from the Directorship of the Company w.e.f 29<sup>th</sup> August, 2019, 18<sup>th</sup> October, 2019 and 08<sup>th</sup> November, 2019 respectively.

Mr. Pulkit Basin, Company Secretary of the Company has resigned from the post of the Company w.e.f 02<sup>nd</sup> January, 2019.

Mr. Anup Bhargava, appointed as CFO of the Company w.e.f 13<sup>th</sup> June, 2018 and he resigned from the post of CFO w.e.f 12<sup>th</sup> November, 2018.

Mr. Rajeev Kumar Bansal, appointed as CFO of the Company w.e.f 13<sup>th</sup> June, 2018 and he resigned from the post of CFO w.e.f 23<sup>rd</sup> November, 2018.

Mr. Neeraj Gupta, appointed as CFO of the Company w.e.f 29<sup>th</sup> November, 2018 and he resigned from the post of CFO w.e.f 16<sup>th</sup> October, 2021

Fedders Electric & Engineering Limited was admitted under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016 vide Hon'ble National Company Law Tribunal Allahabad Bench order dated 14.08.2019. The Resolution Plan submitted by IM+ Capitals Limited has been approved by Hon'ble NCLT vide its order dated 06.10.2021 and the Company was taken over by IM+ Capitals Limited. As per approved resolution Plan, the Board was reconstituted on 6<sup>th</sup> October, 2021 and following Directors were appointed thereafter: -

Mr. Vishal Singhal, Director, (DIN: 03518795)

Ms. Tanya Singhal, Director (DIN: 08930315)

Mr. Anil Kumar Kaushik, Independent Director (DIN: 09131927)

Further, Ms. Kirti Jain was appointed as Company Secretary & Compliance Officer and Mr. Narender Kumar Mishra appointed as Chief Financial Officer (CFO) of the Company w.e.f. 20<sup>th</sup> October, 2021, and Ms. Kirti Jain resigned from the said post w.e.f. 30<sup>th</sup> April, 2022.

Ms. Sakshi Goel as appointed as Company Secretary & Compliance Officer and Mr. Sanjeev Kumar Singhal appointed as Independent Director w.e.f 09<sup>th</sup> June 2022

**8. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the Declarations from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under the provisions of Section 149 of the Companies Act, 2013 read with the schedules and Rules issued thereunder as well as Regulations 16 of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 (including any statutory modification(s) or re-

**ANNUAL REPORT 2018-19**

enactment(s) thereof for the time being in force).

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits: -

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**10. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

During the period under review, there are no companies which have become or ceased to be its Subsidiary, Associates & Joint Venture. The detail of existing Subsidiary Companies are given in Form AOC-1 as per **Annexure 1**.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of Fedders Lloyd Trading FZE, are available on the website of the Company i.e., [www.imcapitals.com/fedders-electric-engineering/](http://www.imcapitals.com/fedders-electric-engineering/). The Company will make these documents available upon request made by any shareholder of the Company.

**11. STATUTORY AUDITORS**

As per Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its adjourned Annual General Meeting held in year 2019 for the financial year ended 31st March, 2018 approved the appointment of M/s Rajiv Malhotra & Co., Chartered Accountants, having ICAI Registration No. 021479N as the Statutory Auditors of the Company for a term of 2 years i.e. from conclusion of the 62nd AGM till the conclusion of 64th AGM of the Company, to conduct the Audit for the financial year 2018-19 and 2019-20.

## 12. AUDITORS' REPORT

The Auditor Report of the Statutory Auditor is annexed herewith which forms part of the Annual Report.

### Management Reply

Fedders Electric and Engineering Limited went into Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") in terms of order passed by the Hon'ble National Company Law Tribunal ("NCLT"), Allahabad Bench with effect from 14th August, 2019. Its affairs, business, and assets were being managed by the Insolvency Professional, Mr. Ashok Kumar Gulla, appointed as Interim Resolution Professional by the NCLT, Allahabad vide order dated 14th August, 2019 and continued as Resolution Professional by the approval of Committee of Creditors in its meeting held on 12th September, 2019 under provisions of the Code. Further, the Hon'ble NCLT, Allahabad bench vide its order dated 06.10.2021 has approved the Resolution Plan submitted by IM+ Capitals Ltd. (Successful Resolution Applicant or SRA or RA).

The Board of the Company was reconstituted in terms of the Resolution Plan. The present management acknowledges the qualifications observed by Auditors in the Audit Report on Financial Statements for the financial year ended 31<sup>st</sup> March 2019 and ensures the applicable compliances in the upcoming years.

## 13. SECRETARIAL AUDITOR

In terms of Section 204 of the Act and rules made thereunder, M/s. SKP & Co., Company Secretaries were appointed as Secretarial Auditors for the financial year 2018-19. The Secretarial Audit Report for the financial year ended on March 31, 2019 is annexed herewith marked as **Annexure-2** to this Report.

Further, there were qualifications have given by Secretarial Auditor in their Secretarial Audit Report. The present management acknowledges the qualifications observed by Secretarial Auditors and emphasis the highest standard of compliances in the upcoming years.

## 14. CORPORATE GOVERNANCE

The Company is committed towards maintaining the highest standards of Corporate Governance and adhering to the disclosure norms as set out by the Securities and Exchange Board of India and other Regulatory Authorities. Your directors re-affirm their commitment to the corporate governance standards to the extent they are applicable to the Company. In compliance with Regulation 34 of Listing Regulations, a detailed Corporate Governance Report is annexed herewith marked as **Annexure-3** to and forms part of this Report.

## 15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is marked as **Annexure -4** and form part of this Report.

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**16. BOARD EVALUATION**

In terms of the Act and the rules made thereunder and as per the applicable provisions of the Listing Regulations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the year ended 31st March, 2019. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

**17. COMMITTEES OF THE BOARD OF DIRECTORS**

Your Company had following Committees of Board of Directors during the year under review:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee.

The role and composition of these Committees, including the number of meetings held during the year under review and the related attendance, are provided under Corporate Governance Report which forms part of this Report.

**18. CHANGES IN THE NATURE OF THE BUSINESS**

There has been no change in the nature of business of the Company during the financial year 2018-19.

**19. MATERIAL AND SIGNIFICANT CHANGES**

Fedders Electric and Engineering Limited went into Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") in terms of order passed by the Hon'ble National Company Law Tribunal ("NCLT"), Allahabad Bench with effect from 14<sup>th</sup> August, 2019. Its affairs, business, and assets were being managed by the Insolvency Professional, Mr. Ashok Kumar Gulla, appointed as Interim Resolution Professional by the NCLT, Allahabad vide order dated 14<sup>th</sup> August, 2019 and continued as Resolution Professional by the approval of Committee of Creditors in its meeting held on 12<sup>th</sup> September, 2019 under provisions of the Code. Further, the Hon'ble NCLT, Allahabad bench vide its order dated 06.10.2021 has approved the Resolution Plan submitted by IM+ Capitals Ltd. (Successful Resolution Applicant or SRA or RA).

The takeover of the Company by the RA is complete and the Board of Directors has been constituted to take over the management of the Company.

**20. RELATED PARTY TRANSACTIONS**



All the related party transactions are entered on an arm's length basis and are in compliance with the applicable provisions of the Act and Listing Regulations. Pursuant to the provisions of Section 188 of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the details in **Form AOC-2** is annexed with this Report as **Annexure-5**. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. A statement of all related party transactions was presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

## **21. INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has been no effective and reliable Internal Control System commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is not well defined in the organization and is aligned with the statutory requirements. The efficacy of the internal checks and control systems are validated by Statutory Auditors, Auditor has disclaimer opinion on Internal Control system and Adequacy.

The erstwhile Audit Committee has reviewed the internal audit plans, adequacy and effectiveness of the internal control system, significant audit observations and monitors the sustainability of remedial measures.

## **22. CORPORATE SOCIAL RESPONSIBILITY**

The provisions of Corporate Social Responsibilities shall not be applicable being the losses incurred by the Company during the immediately previous financial year i.e. 2017-18.

## **23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND RESEARCH & DEVELOPMENT**

In accordance with the requirements of section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, a statement showing particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are annexed hereto as **Annexure-6** and forms part of this Report.

## **24. VIGIL MECHANISM**

In accordance with the provisions of the Act and Listing Regulations, the Company has adopted a Whistle Blower Policy, as part of Vigil Mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is an actual or suspected fraud or perceived to be in violation of or in conflict with the Code of Conduct of the Company. The details of the Whistle Blower Policy are explained in the Corporate Governance Report.

## **25. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return (MGT-9) pursuant to the provisions of Section 92 read with Rule 12 of the



**ANNUAL REPORT 2018-19**

Companies (Management and administration) Rules, 2014 is furnished in **Annexure -7** and is attached to this Report.

**26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

There were no loans or guarantees or security given by Company and investments made by the Company under Section 186 of the Companies Act, 2013 during the financial year given in note 5 of financial statement.

**27. PARTICULARS OF EMPLOYEES**

The Statement pertaining to provision of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring the names of top ten employees in terms of remuneration drawn forms part of this Board's report. However, as per Section 136(1) of the Act and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the said statement. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. It is also stated here that there were no employee during the year who were in receipt of remuneration mention in Rule 5 (2) (I), (II) and (III) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

**28. REMUNERATION POLICY**

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. This Policy of the Company acts as a guideline for determining, inter alia, qualification, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of the performance of the Director, Key Managerial Personnel and Senior Management.

**29. RISK MANAGEMENT**

The Company has identified potential risks and required mitigation measures. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These were discussed at the meetings of the Audit Committee of the Company.

**30. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has always provided a congenial atmosphere for work to all the employees, that is free from discrimination and harassment including sexual harassment. There were no cases/complaints pertaining to the sexual harassment reported to the Board during the year under review.

**31. LISTING OF EQUITY SHARES**

The Equity Shares of your Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Annual Listing Fees for the year 2018-19 have been paid to these stock

exchanges.

### **32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

The National Company Law Tribunal (NCLT), Allahabad Bench has ordered the initiation of CIRP against the Company on 14th August, 2019, pursuant to the application filed by the State Bank of India ("Financial Creditor") of the Company. Vide said order, Mr. Ashok Kumar Gulla with IP Registration No. IBBI/IPA-003/IP-N00024/2017-2018/10174 was appointed as an Interim Resolution Professional. Further, he was confirmed as the Resolution Professional by the CoC of the Company in its meeting held on 12th September, 2019. Further, the Hon'ble NCLT, Allahabad bench vide its order dated 06.10.2021 has approved the Resolution Plan submitted by IM+ Capitals Ltd. (Successful Resolution Applicant or SRA or RA). The Board of Directors has been constituted to take over the management of the Company

### **33. INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), during the year under review, the dividend declared for the financial year 2010-11 which was remained unclaimed from seven consecutive years was transferred to Investor Education and Protection Fund. Further, shares of the Company, in respect of which dividend has not been claimed from seven consecutive years from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

### **34. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND-AS) W.E.F. 01ST APRIL, 2017**

As per Notification of Ministry of Corporate Affairs (MCA) on 16<sup>th</sup> February, 2015, Companies (Indian Accounting Standards) Rules, 2015 ("IND-AS") came into existence which later on came into force with effect from 1st April, 2015. In accordance with the Guidelines issued by MCA and SEBI vide circular CIR/CFD/FAC/62/2016 dated 5th July, 2016, the Company is mandatorily required to prepare its financial statements along with the financial results for the accounting period beginning on or after 1st April, 2017 in accordance with IND-AS as notified by the MCA.

### **35. DISCLOSURE WITH RESPECT TO MAINTENANCE OF COST RECORDS**

Pursuant to the provisions of section 148(1) of the Act and rules made thereunder, the Company is required to maintain Cost records and accordingly, such accounts and records are maintained by the Company.

### **36. RATIO OF REMUNERATION**

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in the Statement annexed herewith as **Annexure 8**.

### **37. HEALTH, SAFETY AND ENVIRONMENT**

**ANNUAL REPORT 2018-19**

Your Company has complied with all the applicable Health & Safety Standards, Environment Laws and Labour laws and has been taking all necessary measures to protect the environment and provide workers a safe work environment. Your Company is committed towards improvement in Health & Safety as well as Environmental performance by providing a safe & healthy work environment to all its employees and co-workers.

**38. HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

Your Company considers people as its biggest assets and "Believing in People" is at the heart of its human resource strategy. Lot of efforts are put in for talent management, strong performance management, learning and training initiatives in order to ensure that your Company consistently develops inspiring strong and credible leadership. During the year under review, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

**39. ACKNOWLEDGMENTS**

Your directors take this opportunity to thank the Customers, Employees, Financial Institutions, Banks, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company who all made our consistent growth possible.

Your directors also wish to record their appreciation for the continued co-operation and support extended by the governments of various countries where we have our operations.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
FEDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022  
place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
**Managing Director**  
**DIN: 03518795**

Sd/-  
**TANYA SINGHAL**  
**Director**  
**DIN: 08930315**

*Note: The Board of Directors has provided the information on the basis of the information and records received from the Corporate Debtor and Resolution Professional.*

**Annexure 1**
**Form AOC-1**

(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- the Company has one subsidiary**

S. No.	Name of the Subsidiary Company	Reporting Period	Capital	Reserves	Total Assets	Total Liab.	Investments	Turnover	Profit / (Loss) before taxation	Provision for Taxation	Profit/ (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Fedders Lloyd Trading FZE P.O. Box No. 331007, Ras Al Khaimah, United Arab Emirates	2018-19	5,00,000	34,43,082	0	0	Nil	0	(761102)	-	(761102)	-	100%

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

S. No.	Name of associates /Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate /joint venture is not consolidated	Net worth attributable to shareholders as per latest audited	Profit/Loss for the year	
			No. of shares	Amount of Investment in Associate	Extent of Holding				Considered in Consolidation	Not Considered in Consolidation

**ANNUAL REPORT 2018-19**

				s/Joint Venture	(%)			Balance Sheet		ation
<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**Table no. 1.6**

1. Names of associates or joint ventures which are yet to commence operations- NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year- NIL

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
EDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022**

**Place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
Director  
DIN: 03518795

Sd/-  
**TANYA SINGHAL**  
Director  
DIN: 08930315

**ANNEXURE-2**

**SECRETARIAL AUDIT REPORT  
for the Financial Year ended on March 31, 2019**

*[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]*

The Members,  
Fedders Electric and Engineering Limited  
(Formerly, Fedders Lloyd Corporation  
Limited)  
CIN: L29299UP1957PLC021118

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Fedders Electric And Engineering 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 also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder, as applicable;
- (ii) The Securities Contracts (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, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), wherever applicable :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and/or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and;
- (h) The Securities and Exchange Board of India (Buyback of Securities)

Regulations, 1998;

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following :

1. *The Company did not hold its Annual General Meeting (AGM) for Financial Year ended on 2017-18 within the period specified u/s 96 of Companies Act, 2013. The same was also not held within the extension granted by the concerned Registrar of Companies u/s 96(1) until December 31, 2018. Further, the Company failed to file its Annual Return u/s 92(4), as on the due date of Annual General Meeting, for the said Financial Year as per the provisions of Sub Section 4 of Section 92 where the Annual General Meeting was not held. However, AGM for the financial year 2017-18 was held on November 8, 2019 and the same was adjourned, due to non adoption of audited Financial Statements for the Financial Year 2017-18. Thereafter, the adjourned AGM was held on November 27, 2019. And Annual Return u/s 92(4) was filed accordingly after the conclusion of the said AGM.*
2. *The Board of Directors of the Company has not been duly constituted as per the requirements of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure requirements) Regulation, 2015 on several occasions during the period under review. The Company had no Board of Directors for a continuous period of Forty Three days. The Board of Directors of the Company did not have minimum number of directors for a continuous period of seventy five days and further for a period of thirty nine days during the period under review. Intermittent vacancy of woman director was filled-in after a period of one hundred and sixty six days in default of provisions of Section 149 of Companies Act, 2013 read with Rule 3 of Companies (Appointment & Qualification of Directors) Rules, 2014.*



3. *The Company has not submitted several forms and returns with the concerned Registrar of Companies as required by various provisions of the Companies Act 2013 and rules made thereunder.*
4. *The Company has not strictly followed the provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India.*
5. *Statutory Registers as required to be maintained under various provisions of Companies Act, 2013 have not been duly maintained or updated.*
6. *In want of proper information and records, we are unable to ascertain whether the Company had proper Board processes and compliance mechanism in place during the audit period.*
7. *No Separate Meeting of independent directors was held during FY 2018-19 pursuant to Section 149(8) read with Schedule IV of Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.*
8. *The Company has not complied with various provisions of SEBI regulations as listed above including the provisions of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.*
9. *The Company does not have any functional website as on the date of issue of the report as required under Regulation 46 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.*
10. *The Company has not complied with the applicable provisions of Foreign Exchange Management Act 1999 and regulations made thereunder.*
11. *Corporate Insolvency Resolution Proceedings have been initiated by the order dated August 14, 2019, of Hon'ble National Company Law Tribunal, Allahabad bench after the close of the Financial Year under review but before the issue of this report and Appointment of Interim Resolution Professional (IRP) has been made by the said order of Hon'ble National Company Law Tribunal post classification of Company's Account as non-performing assets by the financial creditors of the Company. During the period of conducting the audit, the Company neither had a company secretary in employment of the Company nor there was any other officer of the Company who has been in regular employment of the Company with knowledge of secretarial and legal documents and records of the Company. Thus, our audit has been based on documents which were produced before us or otherwise came to our knowledge. Our observations listed above are those which we could ascertain and thought, to our judgement, worth reporting and cannot be considered exhaustive.*

We further report that:

The Board of Directors of the Company is not constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. In want of information it cannot be confirmed whether adequate notice was given to all directors to schedule the Board Meetings and whether agenda and detailed notes on agenda were sent at least seven days in advance and whether a system exists for seeking and



obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

From the Minutes of the meetings produced before us it appears that majority decision is carried through. No dissenting views of members of the Board were found recorded in the Minutes of the Meetings produced before us.

We further report that in want of information we are unable to comment on adequacy of systems and processes in the Company commensurating with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that after the close of the period under review, following event(s)/ action(s) have taken place which have a major bearing on the Company's affairs:

Fedders Electric and Engineering Limited is presently i.e.as on the date of this report, undergoing Corporate Insolvency Resolution Process (CIRP) vide order dated August14, 2019, passed by the Hon'ble National Company Law Tribunal, Allahabad bench ("NCLT") under the provisions of the Insolvency &Bankruptcy Code,2016 ("IBC") and the rules and regulations made there under. By virtue of the said order, Interim Resolution Professional ("IRP") was appointed for the Company/Corporate Debtor and thereafter, was confirmed as the Resolution Professional ("RP") in the first meeting of Committee of Creditors ("COC") held on September 12, 2019. As per the Provisions Clause (b) of Sub-Section (1) of Section 17 of Insolvency & Bankruptcy Code,2016 the Powers of Board of Directors of the Company/Corporate Debtor stand suspended and are exercised by the Interim Resolution Professional or Resolution Professional after their respective appointments.

**For SKP & Co. Company Secretaries**

**Sd/-**

**(CS Sundeep K. Parashar)**

**M. No.: FCS 6136**

**C.P. No.: 6575**

**UDIN: F006136B000876601**

**Place:Vaishali**

**Date:07.10.2020**

**Annexure-A**

To,

The Members,  
Fedders Electric and Engineering  
Limited (Formerly, Fedders Lloyd  
Corporation Limited)  
CIN: L29299UP1957PLC021118

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

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.

1. We have followed the audit practices and processes 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 processes and practices we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial record and Books of Accounts of the Company.
3. 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.
4. 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 SKP & Co. Company Secretaries**

Sd/-  
(CS Sundeep K. Parashar)  
M. No.: FCS 6136  
Place: Vaishali  
C.P. No.: 6575  
UDIN: F006136B000876

**Date: 07.10.2020  
Place:- Vaishali**

## **REPORT ON CORPORATE GOVERNANCE**

In accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the report containing the details of Corporate Governance systems and processes is given below.

Fedders Electric and Engineering Limited went into Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") in terms of order passed by the Hon'ble National Company Law Tribunal ("NCLT"), Allahabad Bench with effect from 14th August, 2019. Its affairs, business, and assets were being managed by the Insolvency Professional, Mr. Ashok Kumar Gulla, appointed as Interim Resolution Professional by the NCLT, Allahabad vide order dated 14th August, 2019 and continued as Resolution Professional by the approval of Committee of Creditors in its meeting held on 12th September, 2019 under provisions of the Code. Further, the Hon'ble NCLT, Allahabad bench vide its order dated 06.10.2021 has approved the Resolution Plan submitted by IM+ Capitals Ltd. (Successful Resolution Applicant or SRA or RA).

### **I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

We believe in the philosophy that good corporate governance is not an end in itself. It is a means to support economic efficiency, sustainable growth and financial stability. It facilitates companies' access to capital for long-term investment and helps ensure that shareholders and other stakeholders, who contribute to the success of the corporation, are treated fairly. The Company has created a transparent set of rules and controls in which shareholders, directors and officers have aligned incentives. For us, it is not enough to merely be profitable; we also demonstrate good corporate citizenship along with the practice of discipline and integrity through environmental awareness, ethical behaviour and sound corporate governance practices.

The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

Fedders Electric has formulated a Corporate Compliance Program which is designed and implemented to manage risks, prevent illegal and unethical conduct, and mitigate or eliminate punishments and liabilities when such conduct does take place. The Company has always endeavoured to accept and follow the internationally recognized code of conduct within the organization. It has always been the aim of the Company to exceed and excel through fair and transparent practices. We acknowledge our individual and collective responsibilities to manage our business activities along with catering to the needs of the society we operate in.

### **II. BOARD OF DIRECTORS**

The Board of Directors ("Board") is the primary direct stakeholder influencing corporate governance. Directors are elected by the Board Members and appointed by the shareholders, and represent the Company. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. We strive to maintain an effective, informed and independent Board to ensure the highest standards of Corporate Governance.

During the year under review, Mr. Sham Sunder Dhawan (DIN: 00528056), Whole-time Director of the Company resigned from his office w.e.f. 5th May, 2018. The Board placed on record its appreciation for his continuous support, guidance and contribution during his tenure as the Whole-time Director on the Board

**ANNUAL REPORT 2018-19**

of the Company.

Further, Mr. Akhter Aziz Siddiqi (DIN: 07726807), Whole-time Director and Chief Financial Officer of the Company resigned from his office w.e.f. 23<sup>rd</sup> May, 2018. The Board placed on record its appreciation for his constant guidance and contribution during his tenure as the Whole-time Director and Chief Financial Officer on the Board of the Company.

The Board of Directors of the Company in its meeting held on 13th June, 2018, pursuant to the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Randhir Jain (DIN: 08156040), as the Whole-time Director of the Company for a term of 2 years w.e.f. 13th June, 2018. Moreover, the Board in its meeting held on the same day had also appointed Mr. Anup Bhargava and Mr. Rajeev Kumar Bansal as the Chief Executive Officer and Chief Financial Officer of the Company, respectively. Thereafter, Mr. Randhir Jain resigned from the Directorship of the Company w.e.f. 17<sup>th</sup> September, 2018. Mrs. Bindu Dogra (DIN: 06580704) and Mrs. Ritushri Sharma (DIN: 06747753), Independent Directors of the Company resigned from the Directorship of the Company w.e.f. 24th August, 2018 and subsequently, Mr. Arun Kumar Joshi (DIN: 06747753), Independent Director of the Company tendered his resignation w.e.f. 25th August, 2018. The Board placed on record their consistent support, guidance and contribution during their tenure as the Independent Directors on the Board of the Company.

Further, pursuant to the resignation of Mr. Randhir Jain on 17th September, 2018, there were no Directors left on Board. Therefore, in accordance with the provisions Section 168(3) of the Act, the Promoter and Promoter Group of the Company appointed Mr. Satya Narayan Gupta (DIN: 06571433), Mr. Prabhu Nath Sinha (DIN: 02506030) and Mr. Sanjiv Kavaljit Singh (DIN: 00015689) as the Non- Executive Independent Directors of the Company w.e.f. 8th October, 2018, 20th October, 2018 and 8th November 2018 respectively, to hold office upto the ensuing General Meeting of the Company. However, Mr. Satya Narayan Gupta resigned from his Directorship soon after his appointment, on 30th December, 2018. Furthermore, the Company removed Mr. Anup Bhargava from his position of the Chief Executive Officer of the Company on grounds of non-adherence to the Company's Code of Conduct and illegal activities carried out by him during his tenure.

Thereafter, Mr. Rajeev Kumar Bansal, Chief Financial Officer of the Company resigned w.e.f. 23<sup>rd</sup> November, 2018, pursuant to which the Board appointed Mr. Neeraj Gupta as the Chief Financial Officer in its meeting held on 29th November, 2018, thereby filing the vacancy caused by his resignation.

Later on, it was required to fill the vacancy caused by the resignation of Mr. Satya Narayan Gupta and appoint a Woman Director on Board to comply with the requirements of the Act and the Listing Regulations, hence, pursuant to Section 174(2) of the Act, the remaining Directors on Board, in their Meeting held on 8th February, 2019 had appointed Ms. Sadhna Syal (DIN: 07837529) as the Non- Executive Independent Director on the Board of the Company, to hold office upto the ensuing General Meeting of the Company.

Further, the Board was also required to comply with the requirements of Section 203 of the Act and appoint a Whole-time Director and Company Secretary, as all the Directors on Board were Non-Executive Directors and Mr. Pulkit Bhasin had also tendered his resignation w.e.f. 2nd January, 2019 from his position of Company Secretary and Compliance Officer of the Company. Consequently, the Board of Directors of the Company in its meeting held on 4th June, 2019 had appointed Mr. Sanjiv Kavaljit Singh, as the Whole-time Director & Chief Executive Officer of the Company for a term of 2 years w.e.f. 4th June, 2019. A declaration in respect of the change in his status of Directorship from Independent to Non- Independent has been received by the Company, in accordance with Section 149 of the Act. The said appointment is subject to the

**ANNUAL REPORT 2018-19**

approval of the Members at the ensuing General Meeting of the Company. Moreover, the Board in its meeting held on the same day had also appointed Ms. Shagun Bajpai as the Company Secretary and Compliance Officer of the Company and Mr. Vansh Vardhan Joshi (DIN: 06843644) was appointed as the Non- Executive Independent Director on the Board of the Company, to hold office upto the ensuing General Meeting of the Company.

**A. Composition and Category of Board of Directors**

The Board comprises of an optimal mix of executive and non-executive Directors having great knowledge and experience in diversified areas, enabling the Board to discharge its responsibilities and provide effective leadership to the business.

As on 31st March 2019, the Board of Directors consists of 3 (three) Directors comprising of 3 (three) Independent Directors, out of 3 Independent Directors, 1 is a woman independent director.

None of the Directors is a Director in more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013 ("Act") or acts as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of the Listing Regulations).

During the financial year under review, none of the Non-Executive Directors had any material pecuniary relationship or transactions with the Company apart from receiving sitting fees for attending meetings of Board of Directors and Committees thereof. None of the Directors of your Company are inter-se related to each other. The Independent Directors fulfil the conditions as specified under law and are independent of the management of the Company.

The composition of the Board is in not in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act and the details are provided herein below:

<b>Name of Directors</b>	<b>DIN</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Equity Shares held in the Company</b>
<sup>1</sup> Mr. Sham Sunder Dhawan	00528056	Whole-time Director	Executive Director	-
<sup>2</sup> Mr. Akhter Aziz Siddiqi	07726807	Whole-time Director & CFO	Executive Director	-
<sup>3</sup> Mrs. Bindu Dogra	06580704	Director	Non-Executive Independent Director	-
<sup>4</sup> Mrs. Ritushri Sharma	06747745	Director	Non-Executive Independent Director	-
<sup>5</sup> Mr. Arun Kumar Joshi	06747753	Director	Non-Executive Independent Director	100
<sup>6</sup> Mr. Randhir Jain	08156040	Whole-time Director	Executive Director	-
<sup>7</sup> Mr. Satya Narayan Gupta	06571433	Director	Non-Executive Independent Director	-
<sup>8</sup> Mr. Prabhu Nath Sinha	02506030	Director	Non-Executive Independent Director	-

**ANNUAL REPORT 2018-19**

<sup>9</sup> Mr. Sanjiv Kavaljit Singh	00015689	Director	Non-Executive Independent Director	-
<sup>10</sup> Ms. Sadhna Syal	07837529	Director	Non-Executive Independent Director	-

<sup>1</sup>Ceased to be Whole-time Director w.e.f. 05<sup>th</sup> May, 2018.

<sup>2</sup>Ceased to be Whole-time Director & CFO w.e.f. 23<sup>rd</sup> May, 2018.

<sup>3</sup>Ceased to be Non-Executive Independent Director w.e.f. 24<sup>th</sup> August, 2018

<sup>4</sup>Ceased to be Non-Executive Independent Director w.e.f. 24<sup>th</sup> August, 2018

<sup>5</sup>Ceased to be Non-Executive Independent Director w.e.f. 25<sup>th</sup> August, 2018

<sup>6</sup>Appointed as Additional & Whole-time Director w.e.f. 13<sup>th</sup> June, 2018 and ceased to the Whole-time Director w.e.f. 17<sup>th</sup> September, 2018

<sup>7</sup>Appointed as Non-Executive Independent Director w.e.f. 8<sup>th</sup> October, 2018 and ceased to the Director w.e.f. 30<sup>th</sup> December, 2018

<sup>8</sup>Appointed as Non-Executive Independent Director w.e.f. 20<sup>th</sup> October, 2018 and ceased to the Director w.e.f. 29<sup>th</sup> August, 2019

<sup>9</sup>Appointed as Non-Executive Independent Director w.e.f. 8<sup>th</sup> November, 2018 and subsequently appointed as Whole-time Director & CEO w.e.f. 4<sup>th</sup> June, 2019

<sup>10</sup>Appointed as Non-Executive Independent Director w.e.f. 8<sup>th</sup> February, 2019

**Detailed reasons of resignation of independent director:** Independent Director resigned from the directorship of the Company, due to his pre-occupation in other assignments and same has been disclosed and confirmed by him.

## **B. Board Procedures**

The Board of Directors meet atleast once in each quarter to, inter alia, generally review annual operating and capital expenditure plans, financial statements of business segments, compliance report(s) of all laws applicable to the Company, minutes of the Board Meetings of Subsidiary Companies, short-term borrowings, any other proposal from the management regarding any restructuring of investments, etc.

## **C. Number of Board Meetings**

On the basis of information received, the Company generally adheres to the provisions of the Act read with the Rules issued thereunder, read with the Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors and its Committees.

Minimum 4 (four) Board Meetings are held in every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs of the Company. All material information is circulated to the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Regulation 17(7) of the Listing Regulations to enable them for making value addition as well as exercising their judgment to take informed decisions.

During the period under review, the following 5 (five) meetings of the Board of Directors were held on:

- I. 13<sup>th</sup> June, 2018
- II. 10<sup>th</sup> August, 2018
- III. 08<sup>th</sup> November, 2018
- IV. 29<sup>th</sup> November, 2018 and
- V. 08<sup>th</sup> February, 2019

## ANNUAL REPORT 2018-19

The intervening period between two Board Meetings was well within the maximum time gap as stipulated under Regulation 17 of the Listing Regulations read with the Act.

### **D. Director's Attendance Record and their other Directorships/Committee Memberships:**

As mandated by Regulation 26 of the Listing Regulations, none of the Director is a member of more than 10 (ten) Board level Committees (considering only Audit Committee and Stakeholders Relationship Committee) or Chairman of more than 5 (five) Committees across all public limited companies (listed or unlisted) in which he/she is a director.

Further, all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any change in their positions.

Relevant details for the financial year 2018-19, in accordance with the requirements of the Listing Regulations are given below:

Sl. No.	Name of the Directors	Attendance at		No. of Directorship in other Public	No. of Committees Positions held in other Public Companies	
		Board Meetings	Last AGM		Chairperson	Member
1.	Mrs. Bindu Dogra	2	No	Nil	Nil	Nil
2.	Mrs. Ritushri Sharma	2	No	Nil	Nil	Nil
3.	Mr. Arun Kumar Joshi	2	No	Nil	Nil	Nil
4.	Mr. Randhir Jain	2	No	Nil	Nil	Nil
5.	Mr. Satya Narayan Gupta	3	No	Nil	Nil	Nil
6.	Mr Prabhu Nath Sinha	3	Yes	Nil	Nil	Nil
7.	Mr Sanjiv Kavaljit Singh	2	Yes		Nil	Nil

Notes:

- Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act are excluded for the above purposes.
- Only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies are considered for the purpose of reckoning committee positions.

### **E. Matrix of Skills / Expertise / Competencies of the Board of Directors –**



## ANNUAL REPORT 2018-19

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and the board along with the names of the Directors, who possess such skill/expertise/competence, are given below: -

1. Business & Industry: Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
2. Behavioral skills: attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
3. Financial Expertise: Financial and risk management, Internal control, Experience of complex financial reporting processes, capital allocation, resource utilisation, Understanding of Financial policies and accounting statement and assessing economic conditions.
4. Strategy and Planning: Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
5. Technical & Professional skills: attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
6. Governance & Compliance: developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustaining corporate ethics and values.

S. No.	Name of Director	Skills
1.	Mr. Prabhu Nath Sinha	Business & Industry, Behavioural skills, Financial Expertise, Strategy and Planning, Technical & Professional skills and Governance & Compliance
2.	Mr. Sanjiv Kavaljit Singh	Business & Industry, Behavioural skills, Technical & Professional skills and Governance & Compliance
3.	Mr. Sadhna Syal	Business & Industry, Behavioural skills, Technical & Professional skills and Governance & Compliance

### F. Familiarization Programme

Your Company has put in place a structured induction and Familiarization Programme for all of its directors including the Independent Directors. The Company conducts Familiarization Programme for the Independent Directors to provide them an opportunity to familiarize with the Company, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities and contribute significantly towards the growth of the Company.

### III. BOARD COMMITTEES

In compliance with the statutory requirements and to focus effectively on the issues and to ensure expedient resolution of the diverse matters, the Board has constituted various committees with specific terms of reference and scope. The Committees are the Board's empowered agents and operate as per their charter/terms of reference.

The Board has currently established the following statutory and non-statutory committees:



## **ANNUAL REPORT 2018-19**

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1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholder's Relationship Committee
4. Committee of Board of Directors

### **1. Audit Committee**

The Audit Committee is, inter alia, entrusted with the responsibilities to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors.

The composition of the Audit Committee is in alignment with the provisions of section 177 of the Act and Rules framed thereunder and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. The Committee invites the Directors, CFO and Statutory Auditor to attend the meetings of the Committee.

#### **(a) Terms of reference of the Audit Committee:**

The Audit Committee is empowered, pursuant to its terms of reference and its roles inter alia, includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management the quarterly, half-yearly and annual financial statements, standalone as well as consolidated, before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis Report of the financial condition and results of operations;
4. Reviewing with the management, the Auditor's Report before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Section 134(3)(c) of the Act;
  - b) Changes, if any, in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgement by management and significant adjustments made in the financial statements arising out of audit findings;
  - c) Compliance with listing and other legal requirements relating to financial statements;
  - d) Disclosure of any Related Party Transactions (RPTs); and
  - e) Qualifications in the draft Audit Report, if any.
5. Reviewing the financial statements of unlisted subsidiary companies (including joint ventures) and investments made by the unlisted subsidiary companies (including joint ventures);
6. Reviewing and considering the following w.r.t. appointment of Auditors before recommending to the Board:

**ANNUAL REPORT 2018-19**

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- a) Qualifications and experience of the individual/firm proposed to be considered for appointment as Auditor;
  - b) Whether such qualifications and experience are commensurate with the size and requirements of the Company; and
7. recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor, fixing of audit fees and approving payments for any other service;
  8. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  9. Reviewing and approving quarterly and yearly management representation letters to the Statutory Auditor;
  10. Reviewing management letters/letters of internal control weaknesses issued by the Statutory Auditors and ensuring suitable follow-up thereon;
  11. Reviewing and monitoring the Auditor 's independence and performance, and effectiveness of audit process;
  12. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
  13. Evaluating the internal financial controls and risk management policies/system of the Company;
  14. Discussion with the Internal Auditors on Internal Audit Reports relating to internal control weaknesses and any other significant findings and follow-up thereon;
  15. Reviewing the internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
  16. Review and comment upon the report made by the Statutory Auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the Company by its officers/employees;
  17. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;
  18. Reviewing the statements of significant related party transactions submitted by the management;
  19. Reviewing and scrutinizing the inter-corporate loans and investments;
  20. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same;
  21. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

22. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
23. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
24. Review and approve policy formulated for determination of material subsidiaries;
25. Review and approve policy on materiality of related party transactions and also dealing with related party transactions.
26. Review of statement of deviations:
  - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32 (7) of the Listing Regulations.
27. Valuation of undertakings or assets of the Company, wherever it is necessary.
28. Reviewing such other functions as envisaged under the provisions of Section 177 of the Act read with the Rules made thereunder and the Listing Regulations.

#### **(b) Composition, Meeting and Attendance**

During the financial year under review, 4 (four) Audit Committee meetings were held on 13th June, 2018, 10th August, 2018, 29th November, 2018 & 08th February, 2019 respectively. During the year under review, the Audit Committee comprised of 3 (three) Members. The composition and attendance of the Members at the meetings held during the year are as follows:

<b>Name of Directors</b>	<b>Designation</b>	<b>Category of Director</b>	<b>No of meetings held during the</b>	<b>No. of meetings attended</b>
Mr.Arun Kumar Joshi	Chairperson	Non-Executive Independent Director	4	2
Mrs.Ritushri Sharma	Member	Non-Executive Independent	4	2
Mrs. Bindu Dogra	Member	Non-Executive Independent	4	2
Mr. Prabhu Nath Sinha	Chairperson	Non-Executive	4	2

**ANNUAL REPORT 2018-19**

Mr. Sanjiv Kavaljit Singh	Member	Whole-time Director	4	2
Ms. Sadhna Syal	Member	Non-Executive	4	1

Note 1: Mr. Arun Kumar Joshi Independent Director of Company has resigned from the directorship w.e.f 25<sup>th</sup> August, 2018 and Mrs. Ritushri Sharma and Mrs. Bindu Dogra have resigned from the directorship w.e.f 24<sup>th</sup> August, 2018.

The Company Secretary acted as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last AGM held on 27<sup>th</sup> November, 2019 to answer the shareholders' queries.

**The Composition of the Audit Committee as on 31<sup>st</sup> March 2019 is as under:**

Name of Directors	Designation	Category of Director
Mr. Prabhu Nath Sinha	Chairperson	Non-Executive Independent Director
Mr. Sanjiv Kavaljit Singh	Member	Non-Executive Independent Director
Ms. Sadhna Syal	Member	Non-Executive Independent Director

## 1. **nation and Remuneration Committee**

The Nomination and Remuneration Committee is constituted in compliance with the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations

The Nomination and Remuneration Committee broadly plays a dual role for determining the composition of the Board based on need and requirements of the Company from time to time and determines the overall compensation framework and policy for Directors, senior management and employees. The Committee further reviews that the human resource practices of the Company are effective in maintaining and retaining a competent workforce.

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of applicable laws and the Nomination and Remuneration Policy:

**(a) of reference of the Nomination and Remuneration Committee:**

1. tification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, formulation of criteria for evaluation of performance of independent directors and the board of directors;
2. ulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
3. fy the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

**ANNUAL REPORT 2018-19**

4. out remuneration principles for Directors, Key Managerial Personnel and Senior Management Personnel linked to their effort, performance and achievement relating to the Company's goals trends and practices that prevail in peer companies across the industry.
5. her to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. To ensure the Board Diversity by constituting the structure of Board of Directors.

**(b) ition, Meeting and Attendance**

During the financial year, no meeting of Nomination and Remuneration Committee is held in the Company.

The composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March 2019 is detailed below:

<b>Name of Directors</b>	<b>Designation</b>	<b>Category of Director</b>
Mr. Prabhu Nath Sinha	Chairperson	Non-Executive Independent Director
Mr. Sanjiv Kavaljit Singh	Member	Non-Executive Independent Director
Ms. Sadhna Syal	Member	Non-Executive Independent Director

**(c) mance Evaluation Criteria for Independent Directors**

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation; the Directors who are subject to evaluation had not participated.

**(d) ration Policy**

The Remuneration Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Remuneration Policy of your Company applies to the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees of the Company.

In determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees of the Company, a Remuneration Policy has been framed by the Nomination and Remuneration Committee and approved by the Board with the following broad objectives:

- i. Ensuring that the level and composition of remuneration is reasonable and sufficient

**ANNUAL REPORT 2018-19**

to attract, retain and motivate directors of the quality required to run the Company successfully.

- ii. Motivate Key Managerial Personnel and Senior Management to achieve excellence in their performance.
- iii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iv. Ensuring that the remuneration to Directors, KMP and Senior Management involves a balance between fixed & incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

**DETAILS OF THE REMUNERATION PAID DURING THE FINANCIAL YEAR 2018-19 IS AS MENTIONED BELOW:**

Sl. No.	Name of the Director	Gross Salary (Rs. p.a.)	Perquisites, Provident Fund and other benefits (Rs. p.a.)	Total (Rs. p.a.)
1.	Mr. Sham Sunder	8,00,000	0	8,00,000
2.	Mr. Akhter Aziz Siddiqi	5,00,000	0	5,00,000
3.	Sanjiv Kavaljit Singh	14,00,000	0	14,00,000
4.	Randhir Jain	8,00,000	0	8,00,000

**Non-Executive Independent Directors**

The Company decreased the sitting fee to be paid to the Non-Executive Independent Directors from Rs. 49,000/- to Rs. 22,000/- per meeting for attending meetings of the Board of Directors of the Company. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

**2. eholders' Relationship Committee**

The Stakeholders' Relationship Committee oversees, inter-alia, redressal of shareholders' and investors' grievances, non- receipt of Annual Report, non-receipt of Dividend, transfer/transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation/rematerialization of shares and related matters.

**(a) Terms of reference of the Stakeholders' Relationship Committee**

The terms of reference of the Committee include enquiring into and redressing complaints of shareholders and investors. The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of the Act read with Rules made thereunder and Regulation 20 read with Part D of Schedule II of the Listing Regulations.

**(b) Composition, Meeting and Attendance**

During the financial year, no meeting of Stakeholders' Relationship Committee is held in the Company.

The composition of the Stakeholders' Relationship Committee as on 31<sup>st</sup> March 2019 is given below:

<b>Name of Directors</b>	<b>Designation</b>	<b>Category of Director</b>
Mr. Prabhu Nath Sinha	Chairperson	Non-Executive Independent Director
Mr. Sanjiv Kavaljit Singh	Member	Non-Executive Independent Director
Ms. Sadhna Syal	Member	Non-Executive Independent Director

The Company Secretary being the Compliance Officer took all necessary and immediate steps for investors' grievances.

**Details of Investors' Complaints\requests received & redressed during the year:**

<b>Opening Balance</b>	<b>Received During the year</b>	<b>Resolved During the year</b>	<b>Closing Balance</b>
0	0	0	0

**3. ittee of Board of Directors**

In line with the provisions of section 179 of the Act, the Company has constituted a Committee of Board of Directors which is entrusted with substantial powers and responsibilities. The Committee is authorized to transact all the businesses which the Board of Directors is empowered to transact except for the transactions that are mandated to be dealt in at the Board Meeting pursuant to the provisions of the Act.

The Committee meets at regular intervals to decide upon the matters of routine nature and the minutes of the Committee meeting held during the quarter are placed before the Board for its consideration and ratification.

**(a) Terms of reference of the Committee of Board of Directors**

In accordance with the provisions of the Act, the Committee of Board of Directors has been authorized to grant powers in connection with day-to-day routine matters such as authorization for various tender purposes, banking matters or any other matters for day-to-day business operations of the Company for its smooth functioning.

#### 4. **rate Social Responsibility Committee**

Brief Outline of the Company's CSR Policy, including overview of projects or programmes undertaken Corporate Social Responsibility (CSR) activities of Fedders Electric and Engineering Limited (formerly known as Fedders Lloyd Corporation Limited) ("the Company/ Fedders Electric") reflect its philosophy of implementing sound business practices and assisting communities in which it operates; helping shape a better, more sustainable society. We firmly believe that these activities benefit society and enhance the corporate value.

The provisions of Corporate Social Responsibilities shall not be applicable being the losses incurred by the Company during the immediately previous financial year i.e. 2017-18 and hence, no meeting was held during the financial year 2018-19.

Composition of CSR committee: The composition of the Corporate Social Responsibility Committee as on 31st March, 2019 is as follows:

<b>Name of the Directors</b>	<b>Designation</b>	<b>Category</b>
Mr. Sanjiv Kavaljit Singh	Chairperson	Non-Executive Independent Director
Ms. Sadhna Syal	Member	Non-Executive Independent
Mr. Prabhu Nath Sinha	Member	Non-Executive Independent

#### IV. GENERAL BODY MEETINGS

- Details of the last 3 Annual General Meetings of the Company

<b>FINANCIAL</b>	<b>LOCATION(S)</b>	<b>MEETING DATE</b>	<b>TIME</b>
2017-2018	Regd. Office: 6 and 6/1, UPSIDC Industrial Area, Sikandrabad, District Bulandshahr, Uttar Pradesh-203205.	8 <sup>th</sup> November, 2019	09.00 A.M.
2016-2017	Regd. Office: 6 and 6/1, UPSIDC Industrial Area, Sikandrabad, District Bulandshahr, Uttar Pradesh-203205.	22nd September, 2017	09.30 A.M.
2015-2016	Regd. Office: 6 and 6/1, UPSIDC Industrial Area, Sikandrabad, District Bulandshahr, Uttar Pradesh-203205.	27th August, 2016	09.30 A.M.

#### **DETAILS OF THE SPECIAL RESOLUTIONS PASSED DURING PREVIOUS THREE ANNUAL GENERAL MEETINGS**



## **ANNUAL REPORT 2018-19**

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The Shareholders passed a Special Resolution in the 62<sup>nd</sup> Annual General Meeting held on 08<sup>th</sup> November, 2018

- To approve the appointment of Mr. Sanjiv Kavaljit Singh (DIN: 00015689) as the Whole-time Director of the Company.

The Shareholders passed a Special Resolution in the 61<sup>st</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2017

- To approve the re-appointment of Mr. Sham Sunder Dhawan (DIN: 00528056) as the Whole time Director of the Company and payment of remuneration thereof.
- To ratify the remuneration of Cost Auditor M/s Jain Sharma & Associates To approve the re-appointment of Mr. Brij Raj Punj (DIN: 00080956) as the Managing Director of the Company and payment of remuneration thereof.
- To approve the appointment of Mr. Akhter Aziz Siddiqui (DIN: 07726807) as the Whole time Director of the Company and payment of remuneration thereof.

### **POSTAL BALLOT**

No Postal ballot conducted during the year.

#### **Whether any resolutions are proposed to be conducted through postal ballot:**

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

### **V. MEANS OF COMMUNICATION**

Timely disclosure of the information on corporate financial performance and the corporate developments is a sign of good governance practice, which the Company follows:

Publication of quarterly results: Quarterly, half-yearly and annual financial results of the Company were published in leading English and vernacular language newspaper.

#### **• Website:**

There was no functional website of the Company as reported in Secretarial Audit Report.

#### **• Stock Exchanges:**

Your Company makes timely disclosures of necessary information to BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in terms of the Listing Regulations and other rules and regulations issued by the Securities and Exchange Board of India ("SEBI").

#### **• NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre:**

NEAPS and BSE Listing Centre are web-based applications designed by NSE and BSE respectively, for the

**ANNUAL REPORT 2018-19**

Corporates to electronically file all compliance related filings, inter alia, Shareholding Pattern, Corporate Governance Report, corporate announcements, amongst others in accordance with the Rules, Regulations and Guidelines issued by SEBI.

- **SCORES (SEBI Complaints Redress System)**

SCORES is a web-based centralized system provided by SEBI to the investors to lodge complaints against listed companies and registered intermediaries and is available 24\*7. It facilitates redressal of investor grievances in a speedy manner. The complainant may use SCORES portal to submit the grievance directly to companies/ intermediaries and the complaint shall be forwarded to the entity for resolution. The entity is required to redress the grievance within 30 days, failing which the complaint shall be registered in SCORES.

- **Exclusive Email ID for investors**

The Company has designated the Email ID investor.relations@fedderselectric.com exclusively for investor servicing, and the same is prominently displayed on the Company's website.

**VI. CODE OF CONDUCT**

Code of Conduct is a comprehensive document that serves as the ethical road map for the employees and the Company. It also, inter alia, governs the conduct of business in consonance with national interest, fair and accurate presentation of financial statements, being an employer providing equal opportunities to its employees, prohibition on acceptance of gifts and donations that can be intended or perceived to obtain business or uncompetitive favors, practicing political non-alignment, safe and healthy environment for its people, maintaining quality of products and services, being a good corporate citizen, ethical conduct and commitment for enhancement of stakeholder's value. The Company has a Code of Conduct for the Company for its employees to abide by, placed on the website of the Company [www.fedderselectric.com](http://www.fedderselectric.com). The Company also has a Code of Conduct for its Board Members and Senior Management Personnel pursuant to the provisions of the Act and as per Regulation 17 of the Listing Regulations. The Code of Conduct for Board Members and Senior Management Personnel has been placed on the Company's website.

**VII. DISCLOSURES****a) Related Party Transactions**

The new management is not able to ascertain from records whether there were materially significant related party transactions i.e. transactions by the Company of material nature with the related parties which could conflict with the interests of the Company. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

**b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years**

**ANNUAL REPORT 2018-19**

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No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

However, the Company was fined by the Stock Exchanges for non-submission of Financial Results for the quarter and financial year ended 31st March, 2019 in accordance with Regulation 33 of the Listing Regulations.

**c) Whistle Blower Policy Mechanism**

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers and shareholders in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee. In accordance with Listing Regulations and provisions of the Act your Company has adopted a Whistle Blower Policy with an objective to provide its employees a vigil mechanism whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication.

During the financial year ended 31st March, 2019, no personnel have been denied access to the Chairman of the Audit Committee of the Company.

**d) Disclosure of Accounting Treatment**

Pursuant to the Notification of Ministry of Corporate Affairs ("MCA") on 16th February, 2015 Companies (Indian Accounting Standards) Rules, 2015 ("IND-AS") came into existence which later on came into force with effect from 1st April, 2015. In accordance with the Guidelines issued by MCA and SEBI vide circular CIR/CFD/FAC/62/2016 dated 5th July, 2016, the Company was mandatorily required to prepare its financial statements along with the financial results for the accounting period beginning from 1st April, 2017 in accordance with IND-AS as notified by the MCA.

Therefore, during the year under review, the Company has adopted IND-AS in the preparation of financial statements and has not adopted a treatment different from that prescribed under it.

**e) Reconciliation of Share Capital Audit**

Mr. Sanjay Chugh, a qualified Practicing Company Secretary carried out a quarterly Share Capital Audit for the purpose of reconciliation of Share Capital held with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and in physical form with the issued/listed capital during the period under review. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**f) Compliance with mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

## **ANNUAL REPORT 2018-19**

The Corporate Governance Report of the Company for the financial ended 31st March, 2019 is generally in compliance with the requirements of the Listing Regulations. However, there are certain non-compliances of Listing Regulations were also observed.

### **DISCRETIONARY REQUIREMENTS:**

#### **A. The Board**

After the death, of Late Mr. Brij Raj Punj as an Executive Chairperson, no office for the Chairperson was required to be maintained at the Company's expense. There was no reimbursement of expenses to the Chairperson in performance of his duties. Subsequently, there being no statutory requirement to designate any Director as the Chairperson of the Company, the Board elects its Chairperson amongst the Directors present in every Board Meeting.

#### **B. Shareholders' Rights**

As the Company's quarterly results are published in an English newspaper having a circulation all over India and in a Hindi newspaper having a circulation in the region of National Capital Territory of Delhi and also uploaded on the Company's website [www.fedderelectric.com](http://www.fedderelectric.com), the half-yearly declaration of financial performance is not sent separately to each household of shareholders of the Company.

#### **C. Modified Opinion in Audit Report**

Statutory Auditors have given a Disclaimer of Opinion in their Audit Report for the year. The Board comments on the Disclaimer and qualifications made by them are available in the Board Report.

#### **D. Separate posts of Chairperson and CEO**

Late Mr. Brij Raj Punj served as the Executive Chairperson of the Company and was also appointed as the Managing Director of the Company. Subsequent to his death, the Board elects a chairperson to preside over every Meeting amongst the Members present.

Currently, Mr. Sanjiv Kavaljit Singh is the Whole-time Director & Chief Executive Officer of the Company.

#### **E. Reporting of Internal Auditors**

The Report of the Internal Auditors is placed before the Audit Committee on periodical basis.

## **VIII. GENERAL SHAREHOLDERS INFORMATION**

1	Annual General Meeting	Remark
	Date	01 <sup>st</sup> September, 2022
	Time	11:30 A.M.

**ANNUAL REPORT 2018-19**

	Venue	At the Registered Office of the Company situated at 6 and 6/1, UPSIDC Industrial Area, Sikandrabad, District Bulandshahr- 203205, Uttar Pradesh
<b>2</b>	<b>Financial Year</b>	1st April, 2018 to 31st March, 2019
<b>3</b>	<b>Date of Book Closure</b>	26 <sup>th</sup> August, 2022 to 01 <sup>st</sup> September, 2022
<b>4</b>	<b>Date of Dividend Payment</b>	N.A.
<b>5</b>	Name and address of Stock Exchanges at which Company's securities are listed;	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Limited ("NSE") Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400051
<b>6</b>	Stock Code/ Symbol	BSE: 500139 NSE: FEDDERELC ISIN No.: INE249C01011
<b>7</b>	Listing Fees to Stock exchanges	The Company has paid the Annual Listing Fees for the financial year 2018- 19 to the above Stock Exchanges.
<b>8</b>	Custodial Fees to Depositories	The Company has paid custodial fees for the financial year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**IX. MARKET PRICE DATA:**

Monthly high and low of the Equity Shares of the Company at BSE and NSE during the year ended 31st March, 2019 are as follows:

Months during the financial year ended 31st March, 2019	BSE		NSE	
	High (Rs. /share)	Low (Rs. /share)	High (Rs. /share)	Low (Rs. /share)
April, 2018	72.35	62.15	72.25	62.75
May, 2018	70.80	60.20	70.85	60.00
June, 2018	63.95	28.85	63.50	28.80
July, 2018	30.70	17.60	30.65	17.45
August, 2018	27.90	19.35	27.95	19.30
September, 2018	22.55	17.20	22.50	17.50

**ANNUAL REPORT 2018-19**

October, 2018	19.50	13.90	19.55	13.80
November, 2018	18.50	15.25	18.90	15.40
December, 2018	15.50	14.05	15.45	14.00
January, 2019	13.35	11.46	13.30	11.45
February, 2019	10.89	9.35	10.90	9.45
March, 2019	8.90	7.63	9.50	8.15

Source: BSE and NSE website

The performance comparison of the Company's Share Price with BSE Sensex.

**X. SHARE TRANSFER SYSTEM**

The Company has appointed Skyline Financial Services Private Limited as the Registrar and Share Transfer Agent ("RTA") of the Company. The work related to share transfer in terms of both physical and electronic mode is being dealt at single point by the RTA. After the completion of preliminary formalities of transfer/transmission by the RTA, the approval of transfer of shares in the physical form is given by the Stakeholders' Relationship Committee ("SRC") of the Board of Directors.

The Company obtains a half-yearly Compliance Certificate from a Company Secretary in practice to the effect that all certificates have been issued within 30 (thirty) days of the date of valid lodgment of transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

However, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, notified on 8th June, 2018, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The said amendment shall come into force on the one hundred and eightieth day from the date of its publication in the Official Gazette i.e., 5th December, 2018. All the Shareholders holding shares in physical form have been duly informed of the said amendment in accordance with the Circulars issued by the Stock Exchanges.

**XI. Dividend Payment date:** Not Applicable. Due to inadequate profits in the financial year 2018-19, Company does not recommend any dividend for the shareholders.

**MANDATORY TRANSFER OF SHARES TO DEMAT ACCOUNT OF INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY ("IEPF") IN CASE OF UNPAID/ UNCLAIMED DIVIDEND ON SHARES FOR A CONSECUTIVE PERIOD OF SEVEN YEARS**

In view of extinguishment of all the shares before approval of resolution plan vide Hon'ble NCLT order dated 6<sup>th</sup> October 2021, this provision shall not be applicable.

**xii. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2019**

No. of Shares held of Nominal Value of Rs. 10	Shareholders	Total Shares
--------------------------------------------------	--------------	--------------

**ANNUAL REPORT 2018-19**

each	Number	% to Total	No. of Shares Held	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5000	24301	83.38	37835140	11.14
5,001 to 10,000	2449	8.40	20492510	6.03
10,001 to 20,000	1235	4.24	19237320	5.66
20,001 to 30,000	446	1.53	11571430	3.41
30,001 to 40,000	180	0.62	6511180	1.92
40,001 to 50,000	157	0.54	7519690	2.21
50,001 to 1,00,000	221	0.76	15829060	4.66
1,00,001 and & above	156	0.54	220700670	64.97
<b>TOTAL</b>	<b>29145</b>	<b>100</b>	<b>339697000</b>	<b>100</b>

**xii. DEMATERIALIZATION OF SHARES AND LIQUIDITY**

The Company has established connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar & Share Transfer Agent- Skyline Financial Services (P) Ltd. This has facilitated the shareholders to hold and trade their shares in 'electronic form'. As on 31st March, 2019, 3,34,76,598 equity shares of the Company, forming 98.55% of the shareholding stand dematerialized.

**xiv. GREEN INITIATIVE IN CORPORATE GOVERNANCE**

As a continuing endeavor towards the 'Go Green' initiative, the Company proposes to send future correspondence and documents such as Notice of the General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report etc. in electronic form, to the E-mail addresses as provided by the Members and made available to us by the Depositories. For Members who have not registered their E-mail addresses, physical copies are being sent by the permitted mode.

In compliance with the provisions of Section 108 of the Act read with the Rules framed thereunder and as per the provisions of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all the resolutions set forth in the Notice.

**xv. Certificate on Corporate Governance**

A Certificate from DR Associates, Company Secretaries, regarding compliance of Corporate Governance practices by the Company is attached as Annexure III to CG Report which is based upon their detailed examination of Corporate Governance practices adopted by the Company



**ANNUAL REPORT 2018-19**

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**xvi. COMMODITY PRICE RISK**

During the year under review, the Company has managed the foreign exchange risk and hedging risk to the extent considered necessary.

**xvii. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

- a . Number of complaints filed during the financial year- NIL
- b . Number of complaints disposed of during the financial year- NIL
- c . Number of complaints pending as on end of the financial year- NIL

**xviii. PLANT LOCATIONS**

- a . Plot No. 6 and 6/1, UPSIDC Industrial Area, Sikandrabad- 203205, Uttar Pradesh
- b . C-4, Phase- II, Noida Dist. Gautam Budh Nagar, Uttar Pradesh- 201305
- c . 836, 837, Jambusar- Bharuch Road, Village- Magnad, Dist. Bharuch, Gujarat 392150.
- d. Saketi Road, Industrial Area, Tehsil Nahan, Dist. Simor, Himanchal Pradesh
- e. S-23 & 24, Phase-III, SIPCOT Industrial Complex, Mukundarayapuram, Ranipet-632405
- f. Plant No. 24, Sector 2, IIE Pantnagar, Dist. Udham Singh Nagar, Uttarakhand

**OVERSEAS SUBSIDIARY:**

**Fedders Lloyd Trading FZE**

P.O. Box No. 331007, Ras Al Kaimah,  
United Arab Emirates

**XVII ADDRESS FOR CORRESPONDENCE**

Corporate Office

**INVESTOR RELATIONS DEPARTMENT**

C-4, Noida Phase-II

Gautam Budh Nagar-201305, Uttar Pradesh

Tel No.: + 91-120-4258918

E mail id: investor.relations@fedderselectric.com

Website: www.fedderselectric.com

Registrar & Share Transfer Agent

**SKYLINE FINANCIAL SERVICES PRIVATE LIMITED**

D-153 A, First Floor,

Okhla Industrial Area, Phase-I, New Delhi- 110020

Tel No.: +91-11-26812682, 26812683, 84

Fax: +91-11-26812684

**ANNUAL REPORT 2018-19**

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E mail ID: [admin@skylinerta.com](mailto:admin@skylinerta.com)

Website: [www.skylinerta.com](http://www.skylinerta.com)

**COMPLIANCE OFFICER**

Ms. Sakshi Goel

Company Secretary

ICSI Membership No.: A46999

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the year ended 31st March, 2019.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
FEDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022  
Place: Uttar Pradesh**

Sd/-  
**VISHAL SINGHAL**  
**Managing Director**  
**DIN: 03518795**

Sd/-  
**TANYA SINGHAL**  
**Director**  
**DIN: 08930315**

**COMPLIANCE CERTIFICATE**

(Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Board of Directors,  
**Fedders Electric and Engineering Limited**  
**6 and 6/1, UPSIDC Industrial Area, Sikandrabad, Bulandshahr,**  
**Uttar Pradesh 203205**

Dear Sirs,

We have reviewed the financial statements together with the Cash Flow Statement of Fedders Electric and Engineering Limited for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2019 which is fraudulent, illegal or violate of the Company's code of conduct.
4. We accept the responsibility for establishing and maintaining internal controls for financial accounting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and the observation have been informed for deficiency in design or operation of such internal controls during the period under review and to strengthen the internal control processes.

We further certify that the following information has been indicated to the Auditors and the Audit committee:

- a) There have been no significant changes in internal control over financial reporting during the year;



**ANNUAL REPORT 2018-19**

- b) There have been no significant changes in accounting policies during the year;  
and
- c) There have been no instances of significant fraud of which we have become aware and the involvement therein; of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
FEDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022  
Place: Ghaziabad**

**Sd/-  
VISHAL SINGHAL  
Managing Director  
DIN: 03518795**

**Sd/-  
NARENDRA KUMAR MISHRA  
CFO  
DIN: AINPM2689J**



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
***(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI***  
***(Listing Obligations and Disclosure Requirements) Regulations, 2015)***

Fedders Electric and Engineering Limited  
6 and 6/1, UPSIDC Industrial Area,  
Sikandrabad, Bulandshahr,  
Uttar Pradesh – 203205

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Fedders Electric and Engineering Limited having CIN L29299UP1957PLC021118 and having registered office at 6 and 6/1, UPSIDC Industrial Area, Sikandrabad, Bulandshahr, Uttar Pradesh – 203205, (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.

Fedders Electric & Engineering Limited was admitted under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016 and w.e.f. 14<sup>th</sup> August 2019, its business and assets were being managed by Resolution Professional, Mr. Ashok Kumar Gulla, appointed by the Hon'ble National Company Law Tribunal Allahabad Bench vide order dated 14.08.2019.

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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that:

- *In the absence of information and records of the erstwhile directors as on 31.03.2019, we are not able to express our opinion whether the Directors of the Company as on 31.03.2019, were 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.*

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 DR Associates  
Company Secretaries  
Firm Regn.: P2007DE003300

Date: 09<sup>th</sup> August 2022  
Place: New Delhi

Deepak Gupta  
Partner  
CP No.: 4629  
UDIN: F005339D000764922



**CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,  
Fedders Electric and Engineering Limited  
6 and 6/1, UPSIDC Industrial Area,  
Sikandrabad, Bulandshahr,  
Uttar Pradesh - 203205

We have examined the compliances of conditions of Corporate Governance by Fedders Electric and Engineering Limited, for the year ended on 31<sup>st</sup> March 2020, as stipulated in Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to examine the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Fedders Electric & Engineering Limited was admitted under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016 and w.e.f. 14th August 2019, its business and assets were being managed by Resolution Professional, Mr. Ashok Kumar Gulla, appointed by the Hon'ble National Company Law Tribunal Allahabad Bench vide order dated 14.08.2019.

In our opinion and to the best of our information and according to the explanations given to us, we express our opinion as follows:

- ***In the Secretarial Audit Report issued by M/s SKP & Co., Company Secretaries, various observations were mentioned including the constitution of Board of Directors and Committees was not in terms of the provisions of Listing Regulations, non-compliances of the various provisions of the Listing Regulations and non-maintenance of functional website.***
- ***In the absence of information and records pertaining to the financial year ended 31<sup>st</sup> March 2019, we are not able to express our opinion in respect of compliance of the various conditions of the Corporate Governance as stipulated in the above mentioned Listing Regulations.***

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: New Delhi  
Date: 09<sup>th</sup> August 2022

For DR Associates,  
Company Secretaries  
Firm Regn.: P2007DE003300

(Deepak Gupta)  
Partner  
CP No.: 4629  
UDIN: F005339D000764891



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

This Management Discussion & Analysis Report presents the key performance highlights of the year 2018-19 pertaining to the Company's business. This review should be read in conjunction with the Integrated Report presented in the earlier sections of this Annual Report, the Company's financial statements, the schedules and notes thereto and the other information included elsewhere in this Annual Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS), complying with the requirements of the Company's Act 2013 and the guidelines issued by Securities and Exchange Board of India (SEBI).

### **INDIAN ECONOMY**

The growth has been achieved against the backdrop of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio makes it all the more creditable. Demonetization that emerged as the biggest economic reform in the year. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI, etc., thus strengthening the momentum of reforms.

Make in India, Digital India, Skill India, Rural Electrification Drive, Smart Cities Mission, impetus on infrastructure, rising disposable income, low inflationary pressures, implementation of the Seventh Pay Commission, recovery in exports and private investments resulted in FY 2018-19 witnessing robust growth. Retail inflation eased to a five-month low in March 2018 to 4.28%, but remained above Reserve Bank of India's (RBI) medium-term target.

Major risks to the economy may come from oil prices and growing tendency of protectionism around the world, triggered by US's so-called reciprocal taxes. However, domestic factors, including from adjustments to the GST, would play a greater role.

The International Monetary Fund (IMF) has said that India could grow at 7.4% in the current year 2018, as against China's 6.8%, making it the fastest growing country among emerging economies. Notably, the International Monetary Fund has projected a 7.8% growth rate for India in 2019

### **GLOBAL ECONOMIC OVERVIEW**

It has been a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions in many countries.

On the economic front, however, 2017 is ended on a high note, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade.

One notable aspect of last year's upswing is its breadth. Growth accelerated in about three quarters of countries-the highest share since 2010. Even more important, some of the countries that had high unemployment for some time, for example, several in the euro area, are participating in the growth surge and experiencing strong employment growth. Some of the larger emerging market economies, such as Argentina, Brazil, and Russia, exited their recessions. Still, in per capita terms, growth in almost half of emerging market and developing economies-especially the smaller ones-lagged behind advanced economies, and almost a quarter have seen declines. Countries that struggled included fuel exporters and low-income economies

**ANNUAL REPORT 2018-19**

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suffering from civil strife or natural disasters.

Boosted by a recovery in investment, global trade growth rebounded from its slowest pace since 200, other than during the recession of 2009. Weak capital spending in the energy sector had been an important contributor to the weakness in global investment in 2016.

Reveries of an economic sweet spot should not lull policymakers or markets into complacency. Good times are most likely temporary. To ensure a more durable recovery, policymakers must seize the opportunity for reform.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr. Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020. The Gross Value Added (GVA) at basic current prices from the manufacturing sector in India grew at a CAGR of 4.34 per cent during FY12 and FY18 as per the second advance estimates of annual national income published by the Government of India. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022. Business conditions in the Indian manufacturing sector continue to remain positive.

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. India exports its engineering goods mostly to the US and Europe, which accounts for over 60 per cent of the total exports. Engineering exports for the period of FY 18-19 were US\$ 76.20 billion as against US\$ 81 billion in the same period previous year.

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In 2019, India ranked 44th out of 167 countries in World Bank's Logistics Performance Index (LPI) 2018. Favorable valuations make the sector an attractive opportunity. Also, increasing impetus to develop infrastructure in the Country is attracting major global players making this sector as one of the largest receivers of FDI Inflows in India.

Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required. HVAC systems are becoming one of the key building blocks in modern infrastructure. Rise in infrastructure, rapid urbanization and growth in commercial properties are some of the key factors fueling the market for HVAC systems in India. With healthy growth anticipated in the real estate sector, the country is expected to witness strong infrastructure development, which would boost the market for HVAC systems over the next five years.

**SEGMENT-WISE PERFORMANCE AND BUSINESS OUTLOOK**

The Company's strategy for longer term growth has been to continually expand its addressable market by investing in newer geographies and newer industry verticals. Accordingly, the Company's business is broadly

**ANNUAL REPORT 2018-19**

classified into following three segments:

**STEEL STRUCTURES & ENGINEERING**

The Steel Structures & Engineering business of the Company is equipped with highly experienced engineers and "State of the Art" manufacturing facilities with ultramodern plants and machineries for designing any prefabricated structure with latest design and technology. The Company provides onsite fabrication of steel structures, erection, installation, supply, prefabrication of structural steel components at the fabrication facilities for large industrial projects such as Power, Refineries, Steel, Fertilizer, Railways, Petrochemical projects, Pre-engineered structure for metro stations, structural sheds, Metro Depots and Special Spans in Steel Structure. The Company undertakes Turnkey Projects for designing, engineering, supplying and commissioning of complete Pre-Engineered Building Solutions.

During the period under review, the Steel Structures & Engineering segment of the Company registered the Revenue of Rs. 130.40 Crores which represents 100% of total revenue generated by the Company.

**ENVIRONMENTAL CONTROL SYSTEMS**

The key trends in the Heating, Ventilation and Air Conditioning ("HVAC") industry are energy savings and precision system control which has led to the use of adjustable frequency drives in HVAC systems today. The HVAC system is designed to reduce energy consumption while maintaining the interior conditions at a comfortable level to keep occupants healthy & productive.

One of the Company's key objectives is to become a leading organization for manufacturing of World Class HVAC Equipment's like Air Handling Units, Fan Coil Units, Air Distribution Products etc. and ensuring healthy environment. The Company pursues energy efficiency aggressively and implements more environmental friendly solutions in the HVAC sector. The Company's environmental control systems division primarily provides the HVAC Equipment to Defence, Railways, Telecom and other specialized application segments, which includes designing, manufacture and supply of Air Handling Units, Fan Coil Units, Air Distribution products, Ventilation Units, etc. used mainly in Commercial Space, shopping malls, Buildings, Theaters, Auditoriums, Schools, Universities, Libraries, Temples, Hospitals, IT Industry, Airport, Hotels, etc. Fedders Electric is the only Indian Company which has provided Air Conditioning solution for Main Battle Tank.

During the year under review, the Company executed orders for Air Conditioning System for Rail Coaches.

**OPPORTUNITIES, RISKS AND CONCERNS**

The Indian steel sector growth has been driven by the domestic availability of raw materials such as iron ore and easy availability of cost-effective labour. Steel sector has thus emerged as a major contributor to India's manufacturing output. The industry is technologically advanced with state-of-the-art steel mills. There has been continuous modernization and up-gradation of older plants and improvement in energy efficiency levels. Steel demand in emerging and developing economies (excl. China) is expected to increase by 4.9% in 2018 and 4.5% in 2019. Large scale Infrastructure expansion plans for 121 five-year plan (FY 12-17) and raising per capita steel consumption in India promises unprecedented growth potential on Indian Manufacturing Industry during next 10 years.

As an integral part of Urbanization, more than 550 km of Metro Rail projects and 381 km of regional rapid transport systems are under planning and consideration. The Ministry is also in the process of forming a new Metro Policy to promote construction of Metro lines under different financing and administrative models.

**ANNUAL REPORT 2018-19**

Accordingly, the Company has plans to facilitate in execution of such projects for urbanization.

The Indian manufacturing sector, for the last two to three years, has been facing challenges despite the continuous effort of the government to boost manufacturing and generate employment through 'Make in India' and 'Skill India' initiatives, alongwith reforms for improving the ease of doing business. However, the situation is not only linked to the government policies and is also attributed to increased global uncertainty, impacting the manufacturing sector. Further, the subdued demand scenario has kept the domestic and foreign players from making any fresh investments. Volatility in commodity prices and general uncertainty has impacted business environment across the globe and recovery pace in both mature and emerging markets.

Higher demand for energy has led to increasing capacity additions for power generation that, in turn, boosted demand for power generation & transmission. India's power demand is expected to rise up to 1,905 TWh by FY 22. To meet the rising electricity demand, the Central Government plans to expedite market opportunity of US\$ 14.94 billion for power transmission. Private sector companies are being encouraged to participate in rail projects, which were largely in the public domain. The Cabinet approved 'participative models for rail-connectivity & capacity augmented projects', which allows private ownership of some railway lines. The Government proposes to complete electrification of 4000 km of track in the next 3 years.

There are enormous investment opportunities for private players across the entire power sector value chain consisting of generation, transmission, and distribution, and in various infrastructure projects. Therefore, the entry of more private players into the power sector has resulted in increased competition.

The HVAC market in India is from \$ 8,526.7 million in 2019, the Indian heating, ventilation, and air conditioning (HVAC) market size is expected to grow to \$31,598.6 million by 2030, at a CAGR of 16.0% during the forecast period (2020-2030). Growth in retail, hospitality and commercial sectors is significantly boosting the demand for such systems in the country, as these sectors involve large-scale application of HVAC systems in organized retail outlets, shopping complexes, hotels, etc. Moreover, with anticipated growth in FDI (Foreign Direct Investment), several international players are expected to enter and start operations in the Indian retail market.

Risk management at Fedders Electric is an enterprise-wide function and a holistic approach has been adopted based on Enterprise Risk Management (ERM) Framework. The framework encompasses practices relating to identification, assessment, monitoring and mitigation of various risks towards achievement of business objectives. The ERM is aimed at dealing with uncertainty and to minimize adverse risk impact on business objectives and enables the Company to leverage business opportunities effectively. The Company relentlessly endeavors not only to minimize risks but convert them into business opportunities that allow it to maximize returns for shareholders from diverse situations. The Company has aligned risk management process with every part of the critical business processes to ensure that the processes are designed & operated effectively towards the achievement of business objectives.

Risks are identified & assessed across all key business functions in a holistic manner.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company's philosophy towards internal controls is based on the principle of healthy growth with a proactive approach to risk management. The Company has a proper and adequate system of Internal Control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The Internal Control is supplemented by an extensive program of internal audits, review by management and procedures. It is designed to ensure that the

**ANNUAL REPORT 2018-19**

financial and other records are reliable for preparing financial statements, other data and for maintaining accountability of assets. The Company ensures adherence to all statutes.

**FINANCIAL PERFORMANCE**

The Financial Performance with respect to operational performance of the Company is discussed in the Directors' Report which forms part of the Annual Report.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)**

People management is the backbone of your Company and it is regarded as one of the important resources for the success of Fedders. Over the years, your Company has strengthened its HR processes to ensure continual development and growth of its employees. HR processes are fine-tuned and updated to attract and recruit talent into the Company.

The Company strongly believes in enhancing the value of its people asset consistently. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organization. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline.

The Company has well documented and updated policies in place to prevent any kind of discrimination and harassment, including sexual harassment. The Whistle Blower Policy plays an important role as a watchdog.

The company currently has adequate man power and personnel to conduct the business without any complication or hindrances. The overall human and industrial relations have remained peaceful and composed during the period under review. As on 31<sup>st</sup> March, 2019, the total number of employees on the Company's payroll stood at 253.

**DISCLOSURE OF ACCOUNTING TREATMENT**

The accounts have been prepared in accordance with Indian Accounting Standards (Ind AS) and Disclosures thereon comply with requirements of Ind AS, stipulations contained in Schedule- III (revised) as applicable under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, Companies (Indian Accounting Standards) Rules 2015 as amended from time to time, MSMED Act, 2006, other pronouncement of ICAI, provisions of the Companies Act and Rules and guidelines issued by SEBI as applicable.

**CAUTIONARY STATEMENT**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and other statutes over which the Company does not have any direct control.

**ANNEXURE 5**
**AOC-2**

*(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

The Company has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or not at arm's length during the year ended 31st March, 2019. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules.

<b>Sl. No</b>	<b>Particulars</b>	<b>Details</b>
a)	Names(s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transactions	Nil
c)	Duration of the contracts/arrangements/transactions	Nil
d)	Salient terms of the contracts or arrangements or transaction including	Nil
e)	Justification for entering into such contracts or arrangements or	Nil
f)	Date(s) of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	Nil

**2. Details of material contracts or arrangements or transactions at Arm's Length basis:**

The Company has not entered into any material contract/arrangement/transaction with its related parties.

<b>Sl. No.</b>	<b>Name of the Related Party</b>	<b>Nature of Transaction</b>	<b>Duration of the contracts/arrangements/transactions</b>	<b>Salient terms of the contracts or arrangements</b>	<b>Amount paid as a</b>



**ANNUAL REPORT 2018-19**

				nts or transaction s including the value, if any	
1.	Leel Electrical Limited (Formerly Known as Lloyd Electric & Engineering)	<b>Sale of Goods</b>	2018-19	35.21	Nil
2.	Leel Electrical Limited (Formerly Known as Lloyd Electric & Engineering)	<b>Purchase of Goods</b>	2018-19	12.01	Nil
3.	Airserco Private Limited	<b>Sale Return of Goods</b>	2018-19	34.48	Nil
4.	Airserco Private Limited	<b>Purchase Return of Goods</b>	2018-19	6.62	Nil
5.	PSL Engineering Private Limited	<b>Sale Return of Goods</b>	2018-19	33.81	Nil
6.	PSL Engineering Private Limited	<b>Purchase Return of Goods</b>	2018-19	14.75	Nil
7.	Himalayan Mineral Waters Private Limited	<b>Rent</b>	2018-19	0.09	Nil

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
EDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022**

**Place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
**Director**  
**DIN: 03518795**

Sd/-  
**TANYA SINGHAL**  
**Director**  
**DIN: 08930315**

**ANNEXURE-6**

Information as per Section 134 of the Companies Act, 2013, read with the Companies (Account) Rules, 2014 and forming part of the Directors' Report for the period from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019:



**ANNUAL REPORT 2018-19**

<b>A</b>	<b>Conservation of Energy</b>  Steps taken to impact on conservation Steps taken for utilization of alternate sources of energy Capital investment on the conservation equipment	The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity.  However, the Company considered the conservation of energy as its priority and always ensuring minimum consumption by way of better energy conservation.	
<b>B</b>	<b>Technology Absorption</b> Technology Absorption Benefits derived Expenditure or Research & Development, if any Details of technology imported, if any year of import Whether imported technology fully absorbed Areas where absorption of imported technology has not taken place if any	The Company is taking care of latest development and advancements in technology and all steps are being taken to adopt the same.	
<b>C</b>	<b>Foreign Exchange</b>	For the period from 1-04-2018 to 31-03-2019	For the period from 1-01-2017 to 31-03-2018
	<b>Earnings</b> <b>Outgo</b>	0.94 1.33	6.23 101.64

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
EDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022  
Place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
**Managing Director**  
**DIN: 03518795**

Sd/-  
**TANYA SINGHAL**  
**Director**  
**DIN: 08930315**

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L29299UP1957PLC021118
ii)	Registration Date	16/01/1957
iii)	Name of the Company	FEDDERS ELECTRIC AND ENGINEERING LIMITED
iv)	Category of the Company	Company Limited by Shares
	Sub-Category of the Company	Non-Government Company
v)	<b>REGISTERED OFFICE ADDRESS OF COMPANY AND CONTACT DETAILS</b>	
	Address	6 and 6/1 UPSIDC Industrial Area Sikandrabad Bulandshahr UP 203205
	Town /City	Bulandshahr
	State	Uttar Pradesh
	Pin Code	203205
	Country Name	India
	Country Code	+91
	Telephone (With STD Area Code Number)	011-4169337
	Email Address	Investor.relations@fedderselectric.com
	Address for correspondence:	6 and 6/1 UPSIDC Industrial Area Sikandrabad Bulandshahr UP 203205
vi)	Whether Listed Company (Yes/No)	Yes
vii)	<b>Name and Address of Registrar &amp; Transfer Agents (RTA):- Full address and contact details to be given.</b>	
	Registrar & Transfer Agents ( RTA ):-	Skyline Financial Services Private Limited
	Address	D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020
	Town / City	New Delhi
	State	Delhi
	Pin Code:	110020
	Telephone (With STD Area Code Number)	011- 40450193



**ANNUAL REPORT 2018-19**

<b>d) Bodies Corp</b>	13927773	0	13927773	41.00	13927773	0	13927773	41.00	0.19
			3		3				
<b>e) Banks / FI</b>	-	-	-	-	-	-	-	-	-
<b>f) Any Other</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	<b>17651482</b>	<b>0</b>	<b>17651482</b>	<b>51.96</b>	<b>17651482</b>	<b>0</b>	<b>17651482</b>	<b>51.96</b>	<b>0.24</b>
<b>2) Foreign</b>									
<b>g) NRIs- Individuals</b>	200	0	200	0	200	0	200	0	0.00
<b>h) Other- Individuals</b>	-	-	-	-	-	-	-	-	-
<b>i) Bodies Corp.</b>	-	-	-	-	-	-	-	-	-
<b>j) Banks / FI</b>	-	-	-	-	-	-	-	-	-
<b>k) Any Other...</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0.00</b>
<b>Total Promoter Shareholding (A)=(A)(1)+ (A)(2)</b>	<b>17651682</b>	<b>0</b>	<b>17651682</b>	<b>51.96</b>	<b>17651682</b>	<b>0</b>	<b>17651682</b>	<b>51.96</b>	<b>0.24</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
<b>a) Mutual Funds</b>	-	-	-	-	-	-	-	-	-
<b>b) Banks / FI</b>	51536	0	51536	0.15	205	0	205		-0.15
<b>c) Central Govt</b>	-	-	-	-	-	-	-	-	-
<b>d) State Govt(s)</b>	-	-	-	-	-	-	-	-	-
<b>e) Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>f) Insurance Companies</b>	-	-	-	-	-	-	-	-	-
<b>g) FIIs</b>	-	-	-	-	-	-	-	-	-
<b>h) Foreign Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>51536</b>	<b>0</b>	<b>51536</b>	<b>0.15</b>	<b>205</b>	<b>0</b>	<b>205</b>		<b>-0.15</b>
<b>2) Non- Institutions</b>									
<b>1. Non Institutions</b>									
<b>a) Bodies Corp.</b>	2786548	3800	2790348	8.21	1289084	3800	1292884	3.81	-4.40



**ANNUAL REPORT 2018-19**

<b>Grand Total (A+B+C)</b>	<b>3341188 7</b>	<b>55781 3</b>	<b>3396970 0</b>	<b>100</b>	<b>334765 98</b>	<b>4931 02</b>	<b>3396970 0</b>	<b>10 0</b>	<b>0.00</b>
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# rounded off to nearest two decimals.

**ANNUAL REPORT 2018-19**
**ii) Shareholding of Promoters:-**

S. No	Shareholder's Name	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2018)			Shareholding at the end of the year (31 <sup>st</sup> March, 2019)			% 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	Fedders Sales Private Limited (Formerly Lloyd Sales Private Limited)	4293619	12.58	-	4293619	12.58	-	-
2	Perfect Radiators and Oil Coolers Private Limited	3826525	11.21	-	3826525	11.21	-	-
3	Airserco Private Limited	1752709	5.14	-	1752709	5.16	-	-
4	Brij Raj Punj	1632667	4.81	-	1632667	4.81	-	-
5	Fedders Manufacturing Private Limited (Formerly Lloyd Manufacturing Private Limited)	1254920	3.69	-	1254920	3.69	-	-
6	Renu Punj	1103352	3.25	-	1103352	3.25	-	-
7	Pandit Kanahaya Lal Punj Private Limited	700000	2.06	-	700000	2.06	-	-
8	Fedders Aircool Private Limited (Formerly Lloyd Aircon Private Limited)	500000	1.47	-	500000	1.47	-	-
9	Fedders Stock & Investments Private Limited	500000	1.47	-	500000	1.47	-	-



**ANNUAL REPORT 2018-19**

	(Formerly Lloyd Stock & Investments Private Limited)							
10	Himalayan Mineral Waters Private Limited	500000	1.47	-	500000	1.47	-	-
11	Fedders Credits Limited (Formerly Lloyd Credits Limited)	500000	1.47	-	500000	1.47	-	-
12	Bharat Raj Punj	454990	1.34	-	454990	1.34	-	-
13	Brinda Jajoo	296200	0.87	-	296200	0.87	-	-
14	Bhavna Sareen	236500	0.70	-	236500	0.70	-	-
15	Punj Services Private Limited	100000	0.29	-	100000	0.29	-	-
16	Tulsi Vansh Prakash	200	0.00		200	0.00		

# rounded off to nearest two decimals.

**iii) Change in Promoters' Shareholding**

Sl. No.		Shareholding at the beginning of the year		Changes during the year		Cumulative Shareholding during the year		Shareholding at the end of the year
		No. of shares	% of total shares of the company#	Date of change in shareholding *	Changes during the year	No. of shares	% of total shares of the company#	
				No				

# rounded off to nearest two decimals.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.		Shareholding at the beginning of the year		Shareholding at the end of the year		Changes during the year(%)
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the Company	
1	Investor Education	366863	1.08	404798	1.19	00

**ANNUAL REPORT 2018-19**

	And Protection Fund Authority, Ministry of Corporate Affairs					
2	Ranga Prasad N	0.00	0.00	391071	1.15	-1.15
3	Ramakant Kasat	134301	0.39	223991	0.66	0.27
4	Rajul Estates Private Limited	203532	0.60	203532	0.60	0.00
5	Ranga Prasad Nuthakki	0.00	0.00	128073	0.38	0.38
6	Porinju V Veliyath	0.00	0.00	125000	0.37	0.37
7	Rajesh Gandhi	0.00	0.00	98507	0.29	0.29
8	Bhaijee Portfolio Limited	52000	0.15	87000	0.26	0.26
9	Karvy Stock Broking Limited	94455	0.28	81737	0.24	0.04
10	Damji Ravji Maru	75618	0.22	75618	0.22	0.00

# rounded off to nearest two decimals.

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.		Shareholding at the beginning of the year		Changes during the year		Cumulative Shareholding during the year		Shareholding at the end of the year
	Name of the Directors and KMP	No. of shares	% of total shares of the company#	Date of change in shareholding	Changes during the year	No. of shares	% of total shares of the company#	
1.	Mr. Sanjiv Kawaljit Singh, Director	-	-	-	-	-	-	-
2.	Mr. Prabhu Nath Sinha, Director	-	-	-	-	-	-	-
3.	Ms. Sadhna Syal, Director	100	0.00	-	-	100	0.00	100
4.	Ms. Shagun Bajpai, Company Secretary	-	-	-	-	-	-	-

# Rounded off to nearest two decimals.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

**ANNUAL REPORT 2018-19**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	432.26	-	-	432.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.37	-	-	0.37
<b>Total (i+ii+iii)</b>	432.63	0.00	0.00	432.63
<b>Change in Indebtedness during the financial year</b>				
* Addition	315.12	-	-	315.12
* Reduction	-	-	-	-
<b>Net Change</b>	315.12	0.00	0.00	315.12
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	747.38	-	-	747.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	747.38	0.00	0.00	747.38

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**i. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rupees)

<b>S N.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/WTD/ Manager</b>				<b>Total Amount</b>
1	Gross salary	<b>Mr. Sanjiv Kavaljit Singh</b>	<b>Mr. Sham Sunder Dhawan</b>	<b>Mr. Akhter Aziz Siddiqi</b>	<b>Mr. Randhir Jain</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,00,000	8,00,000	5,00,000	8,00,000	35,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>14,00,000</b>	<b>8,00,000</b>	<b>5,00,000</b>	<b>8,00,000</b>	<b>35,00,000</b>

**ii) Remuneration to other directors:**

<b>S. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of Directors</b>			<b>Total Amount</b>
1	Independent Directors	Nil	Nil	Nil	
	Fee for attending board committee meetings	Nil	Nil	Nil	
	Commission	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	
	<b>Total (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
2	Other Non-Executive Directors	N.A.	N.A.	N.A.	

**ANNUAL REPORT 2018-19**

	Fee for attending board committee meetings	Nil	Nil	Nil	
	Commission	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	
	Total (2)	Nil	Nil	Nil	
	Total (B)=(1+2)	Nil	Nil	Nil	
	Total Managerial Remuneration	Nil	Nil	Nil	
	Overall Ceiling as per the Act				

**iii) Remuneration to key managerial personnel other than MD/Manager/WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr.Pulkit Bhasin, Company Secretary	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (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	10,00,000	10,00,000
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		

**ANNUAL REPORT 2018-19**

5.	Others, please specify		
6.	Total		

**VII. 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)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
EDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022**

**Place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
Managing Director  
DIN: 03518795

Sd/-  
**TANYA SINGHAL**  
Director  
DIN: 08930315

**ANNEXURE-8**
**PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

<b>Sl. No.</b>	<b>Name of the Directors</b>	<b>Designation</b>	<b>Ratio</b>
1	Mr. Sham Sunder Dhawan	Whole-time Director	0.44:1
2	Mr. Akhter Aziz Siddiqi	Whole-time Director	0.28:1
3	Mr. Randhir Jain	Whole-time Director	0.44
5	Sanjiv Kavaljit Singh	Whole-time Director & CEO	0.78:1

For this purpose, sitting fees paid to the directors has not been considered as remuneration.

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: **NA**
- (iii) The percentage increase in the median remuneration of employees in the financial year: **NIL**
- (iv) The numbers of permanent employees on the rolls of Company: **253**
- (v) **Average percentile increases 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:**  
The average increase in salaries of employees in the 2028-19 was **NIL**. Percentage increase in the managerial remuneration for the year was **NIL**
- (vi) **If remuneration is as per the remuneration policy of the company:** It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
EDDERS ELECTRIC AND ENGINEERING LIMITED**

**Date: 04.08.2022  
Place: Ghaziabad**

Sd/-  
**VISHAL SINGHAL**  
Managing Director  
DIN: 03518795

Sd/-  
**TANYA SINGHAL**  
Director  
DIN: 08930315





**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of

**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**(FORMERLY KNOWN AS FEDDERS LLYOD CORPORATION LIMITED)**

Report on the audit of Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Financial Statements of **FEDDERS ELECTRIC AND ENGINEERING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including statement of other comprehensive income), the statement of cash Flows and the 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 (herein after referred to as "Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Disclaimer Opinion section of our report, the standalone Ind AS financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its Profit and Loss (including other comprehensive income), Cash Flow Statement and its statement of changes in equity for the year ended.

**Corporate Insolvency Resolution Process as per the Insolvency & Bankruptcy Code, 2016 (IBC)**

The Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") vide its order dated 14<sup>th</sup> August 2019 admitted an insolvency and bankruptcy petition filed by State Bank of India (a lead member of lender consortium) against Fedders Electric & Engineering Limited ("the Company") and appointed Mr. Ashok Kumar Gulla to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated under extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules and regulations. In their meeting held on 12<sup>th</sup> September, 2019, Committee of Creditors (COC) approved appointment of IRP as Resolution Professional (RP). Estimated date for completion of Corporate Insolvency Resolution Process (CIRP) was 10<sup>th</sup> February 2020. Subsequently, Hon'ble Tribunal allowed one-time extension of 90 days for completion of CIRP which will expire on 10<sup>th</sup> May 2020. Due to COVID-19 lockdown from 25<sup>th</sup> March 2020 till 31<sup>st</sup> May 2020 (68 days), the period of CIRP get extended up to 17<sup>th</sup> July 2020.

**Basis for Disclaimer Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our **disclaimer opinion**.

1. As per "**Indian Accounting Standard 36**" which describe about impairment of asset, if the carrying amount of the asset is more than recoverable amount then asset need to be impaired and as per **Indian**





**Accounting Standard 109**" on financial instruments which also contains provisions of impairment of financial assets through expected credit loss method basis these provisions we were required to seek for any impairment obligations from management.

2. As per "**Indian Accounting Standard 109**" Company was required to get the investment at fair value but the same has not been done by the company, accordingly we are unable to ascertain the effect of the same on the Financial statements. We were not provided ownership documentations for investments (Note 5) and FDR (Note 9) and accrued interest ( Note 11)
3. We were appointed as auditor of the Company after 31.03.2019 and thus could not observe the counting of physical inventories at the beginning and end of the year, the Company has also not maintained proper records including reconciliation of goods purchased / sold in terms of quantities held at 31.03.2019 and 31.03.2018 which are valued at **Rs 41.92 Crores (before provision) and Rs 82.33 Crores**, respectively in the Note No.6 of the Financial Statements. We were asked to carry out physical verification on inventory and fixed asset which was not adequately assessed as on 31.03.2019. Due to non-availability of full records, such assessment could not be fully ascertained. Accordingly, it is considered necessary that Management arrive at for provision at their best estimates basis looking to state of inventory, receivable and fixed asset after taking into account existence, location, condition, maintenance, ownership of particular assets. Management had decided to carry the whole value in balance sheet and a provision is created for estimated decreased value of inventory which is routed through Profit & Loss account and provisioning accounts.
4. We sought External Confirmation from the top 10 customers and vendors for the year ended 31.03.2019 which we cannot conclude **because of confirmations not received from most of the parties, further master data saved of most of the parties, in the ERP system of company is not correct, we cannot satisfy ourselves for the balances of parties appearing in the financial statements.**

In view of these, read along with our comments mentioned in para 1 above and considering that the company does not have process in place to perform periodical reconciliation of balance with customers and vendors, we were unable to comment on recoverability of account receivable balance and advance given to suppliers and completeness of account payable balances. Although it was informed that RP issued letters to parties which are appearing as account recoverable as on Insolvency Commencement Date i.e. 14.08.2019. The said letters were issued after the reporting period ended on 31.03.2019 but before date of audit report.

5. The company has done multiple inter party balance adjustments during the year, due to which there is reduction in account balances of suppliers and vendors.
6. The Company has been continuously making losses, consequently its net worth is negative and the Company's total liabilities exceeded its total assets. This indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, in view of the CIRP in respect of the Company, which is in progress, the accounts have been prepared on a going concern.
7. The company has not filed its financial results for the year ended 31 st March 2019 on or before the due date as prescribed under regulation 33 of the SEBI (listing obligations and Disclosure Requirements) Regulations, 2015 and thus violated the aforementioned regulations.

#### **Emphasis of Matter**





We draw attention to the following:

- a) With reference to audit report of financial year 2017-18, auditor had given disclaimer of opinion about sales of Rs. 545.24 crore and purchase of amounting Rs. 544.54 crores for which company does not have sufficient and satisfactory supporting evidence. Further above-mentioned sales and purchases have been transacted between identical parties. With effect of the opinion during the year company had reversed both the sale and purchase values of Rs 414.54 crores

According to above mentioned limitations, we were unable to comment on appropriateness of transactions between corresponding supplier / vendor.

Further the treatment of the rectification is not done as mentioned in Ind AS 8 it is done through prospective bases and routed through profit & loss account statement as exceptional item.

- b) Corporate Insolvency Resolution Process (CIRP) initiated under Insolvency and Bankruptcy Code, 2016 ('the Code') and the outcome of the CIRP is subject to decision of APEX Court / NCLT.
- c) Considering the ongoing corporate insolvency resolution process, the certainty as to the realization of unused tax losses and MAT credit available cannot be ascertained at this stage. Consequently, adjustment to deferred tax (net) and MAT credit available have not been given effect to.
- d) The Exceptional items for the year ended March 31st, 2019 comprises provision for bad & doubtful debts as well as bad debts. The Company has also filed claims in the capacity of Operational Creditor for the Corporate Debtor (Customers) who are undergoing CIRP, Liquidation or Compromise & Arrangement Scheme viz. Claim of Rs. 11.93 crore filed with KSS Petron; Rs. 5.87 crore filed with IL&FS Transportation Networks Limited; Rs. 2.57 crore filed with Lanco Infratech Limited. The Company has made necessary provision against these recoverable at their best estimation.
- e) The company is facing financial and liquidity crisis since last more than 3 years which resulted in failure to meet commitments to Financial Creditors and other creditors. Operations were severely affected due to liquidity crunch resulted in delay in completion of various projects and consequent effect of being faced with various penalties, Liquidated damages and invocation of bank Guarantees. Major operational activities are closed from more than one year and available management and staff are assuring their best efforts to minimize further deterioration. On the bases of the best judgment's management had created provisions against the various assets which were not treated as specified in respective Ind AS: -
1. Provision against Fixed Assets value Rs. 38.63 Crore
  2. Provision against value of CWIP Rs. 1.00 Crore
  3. Provision against value of Inventories Rs. 14.67 Crore
  4. Provision / Bad debts with respect to Customers Rs. 235.47 Crore
  5. Provision against loss of Investments in Subsidiary Rs. 4.28 Crores

#### Other Matters

- i. Forensic Audit of the Company has been ordered by State Bank of India vide letter dated 15.09.2018.
- ii. Transaction Audit of the Company under the Provisions of the IBC, 2016 has been done and report is submitted to IRP.
- iii. Special Audit under Income Tax Act 1961, of the Company has been ordered by competent Income tax authority vide its' letter dated 21.12.2019, report of the same is not shared with us.
- iv. Company's financing arrangements expired majorly on July 11,2018 as communicated to the Company, via meeting of consortium Bankers convened on dated 21.07.2018 declaring the Bank Accounts as Non- Performing Asset. The situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The aforesaid non-





performance was resulted into Corporate Insolvency Resolution Process under the provisions of IBC, 2016.

- v. As per section 148 of the Companies Act, 2013, Cost Audit is applicable on the Company for which Cost Auditor is appointed for the financial year 2018-19 and the same is under process.
- vi. As per Section 204 of the Companies Act, 2013, Company is required to obtain Secretarial Audit Report from independent practicing Company Secretary which is not available at the time of the issuing of our Audit report.
- vii. Multiple bank accounts were opened by bankers due to devolvement of various letter of credits, the company is not having the complete accounts statements in possession. Therefore, we were unable to comment on the transactions happened with those accounts during the year.
- viii. Reconciliation of sales and purchases with GST returns is not available due to locked user ID's in GST portal and change of various accounting staff.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Disclaimer opinion and emphasis of matter, we have determined that there are no other key audit matters to communicate in our report.

#### **Information other than the standalone Ind AS financial statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management and Those Charged with Governance's Responsibility for the Standalone Ind AS financial statements**

The Management and Board of Directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('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, total comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; 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 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

As stated in section 17 of the IBC, 2016; the management of affairs of the company shall vest in IRP and the powers of the Board of Directors of the company shall stand suspended and exercised by IRP from the date of appointment of IRP. Further, there is no Whole Time Company Secretary in the company on the reporting date to ensure and provide details/documents related to secretarial compliances. In absence of the Board of Directors and Whole Time Company Secretary, these statements have been signed by Chief Financial Officer taken on record by RP and affixing of signature on these statements by the RP should not be construed as endorsement or certification by the RP of any facts or figures provided herein.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial





statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A** statement on the matters Specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a) As explained in the Basis for Disclaimer for Opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) The effects of the matters described in the Basis for Disclaimer for Opinion Paragraph, in our opinion, proper books of account as required by law have not been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from various locations not visited by us.
- c) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit & loss, Cash flow Statements and Statements of Changes in Equity dealt with by this report are in agreement with the books of account and with the return received from various locations not visited by us.
- d) Due to the possible effect of the matter described in the basis for Disclaimer of opinion, we are unable to state the aforesaid standalone IND AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the relevant rules there under;
- e) The matter described in the basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) In terms of section 17 (1) (b) of the Insolvency and Bankruptcy Code, 2016 ("the Code"), the powers of the Board of Directors have been suspended and are exercised by the Resolution Professional. Written representation from directors have been taken on record by the Board of Directors. Accordingly, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in the terms of Section 164 (2) of the Act.



- g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses a Disclaimer opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In absence of proper records, we would not be able to comment whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- The company has disclosed the impact of pending litigations on its financial position in its standalone IND AS financial statements [Refer Note no. 34]
  - The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - It cannot be identified basis the available records whether there has been any occasion in case of the Company during the year under report to the Investor Education and Protection Fund.

For Rajiv Malhotra & Associates  
Chartered Accountants  
FRN: 021479N

CA Sunil Kr Sakral  
[Partner]

Membership Number: 509537

UDIN - 20509537AAAAAG9090

Place : New Delhi

Dated : 08/07/2020





## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

### I. In respect of fixed assets:

- a) According to the information and explanation given to us and on the basis of examination of books and records, the Company has maintained the records, however the same was not showing full particulars including quantitative details and situation of fixed assets and as informed the company is in the process of updating the same.
- b) According to the information and explanations given to us those fixed assets were not physically verified by the management at reasonable intervals. Whereas during the course of the audit we had visited limited numbers of sites/ factories and not found proper list / manpower on the location to explain us about the assets, therefore we cannot comment on material discrepancies, if any.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company. However, none is made available to us as they are pledged with the financial institutions. It was further informed that RP has come to know about Vrindavan Land Parcels and subsequently extracted certified copies of documents from the revenue department clearly states the said property is in the name of the company but no related asset is capitalized in the books of the corporate debtor. As stated in Lender Consortium Agreement, Original Copies of Deeds/Agreements of immovable properties, collateral against the debt facility, are held with Lender. During review of the minutes of board meeting dt. 13.06.2018 we noted that a resolution was passed by the board for sale of property situated at A 11 & 12, UPSIDC Area, Sikandrabad, Bulandshahar – 203205. Sale consideration is received but there is not treatment of sale of land done in the books in absence of sale deed of the property.

II. **In respect of Inventories:** - The Company does not have any effective mechanism for physical verification of inventories at regular intervals during the year. Although, we have been assigned a detailed physical verification of inventory during the course of audit for which we had given our report of even date for discrepancies, those are still needed to be consider for valuation purposes. For the valuation of inventories, we have relied upon figures disclosed by management of the company in books of accounts.

III. Company has granted loans to its wholly owned subsidiary company which is covered in the register maintained under Section 189 of the company Act, 2013.

- (1) The terms and condition of grant of such loan is prejudicial to the interest as no interest has been charged during the whole financial year.
- (2) No schedule of repayment of principal and payment of interest has been stipulated.
- (3) As no repayment schedule has been specified, so overdue cannot be determined.

IV. Except for the effects of matters described in the basis of Disclaimer of Opinion of our main report, according to the information & explanation given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantee and securities.

V. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public covered under Section 73 to 76 of the Companies Act, 2013. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company. Whereas **in some cases company had defaulted for payments to its' vendors / advance from customers more than 365 days those are not reported as information not provided till the date of signing**





**of report.** It is to be noted that RP has invited claims from creditors of the corporate debtor during the CIRP Process. In response of the same various creditors have filed their claims with RP. Although, we have not been provided with Outstanding Ageing Reports by the company.

- VI.** We have not reviewed the records maintained by the company pursuant to the rules prescribed by the central government for maintenance of cost records under sub-section (l) of section 148 of the act as we have not been provided with the same. Moreover, as informed by the company, cost audit is under process.

According to the information and explanations given to us and based on the records of the company examined by us, the company has not been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and service tax and other material statutory dues, as applicable, with the appropriate authorities in India during the year ended 31<sup>st</sup> March, 2019. According to the information and explanation given to us, arrears of undisputed statutory dues outstanding for a period of more than 6 months as on 31<sup>st</sup> March, 2019 were Rs. 4.36 crore.

According to the information and explanation given to us and based on the records of the company examined by us, the company has not paid/deposited following statutory dues on account of any disputes.

S.No.	Name of Statute	Period	Forum where dispute is pending	Amount (Rs. In Cr)
1	Basic Excise Duty	2009-10, 12-13 to 14-15	Central Sales Tax, Local Sales Tax, VAT, Interest & Penalty etc.	10.93
2	Central Excise Act 1944.	1996-97, 2014-15, 16-17	Excise Duty, Interest & Penalty	1.95
3	Income Tax Act 1961	FY 2006-07 to 16-17	Income Tax	2.04
	<b>Total</b>			<b>14.92</b>

- VII.** The Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") vide its order dated 14<sup>th</sup> August 2019 admitted an insolvency and bankruptcy petition filed by State Bank of India (a lead member of lender consortium) against Fedders Electric & Engineering Limited ("the Company") and appointed Mr. Ashok Kumar Gulla to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated under extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules and regulations. In their meeting held on 12<sup>th</sup> September, 2019, Committee of Creditors (CoC) approved appointment of IRP as Resolution Professional (RP). Estimated date for completion of Corporate Insolvency Resolution Process (CIRP) was 10<sup>th</sup> February 2020. Subsequently, Hon'ble Tribunal allowed one-time extension of 90 days for completion of CIRP which will expire on 10<sup>th</sup> May 2020. Due to COVID-19 lockdown from 25<sup>th</sup> March 2020 till 31<sup>st</sup> May 2020 (68 days), the period of CIRP get extended up to 17<sup>th</sup> July 2020.

As stated in section 17 of the IBC, 2016; the management of affairs of the company shall vest in IRP and the powers of the Board of Directors of the company shall stand suspended and exercised by IRP from the date of appointment of IRP. Further, there is no Whole Time Company Secretary in the company on the reporting date to ensure and provide details/documents related to secretarial compliances. In absence of the Board of Directors and Whole Time Company Secretary, these statements have been signed by Chief Financial Officer taken on record by RP and affixing of signature on these statements by the RP should not be construed as endorsement or certification by the RP of any facts or figures provided herein.





- VIII. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- IX. In our opinion and according to the information and explanations given to us, we have not observed any reported fraud during the year. Although, State Bank of India being the lead member of Lending Consortium engaged M/s Kansal Singhal & Associates who submitted their draft report to State Bank of India. The copy of draft record is not available in record of the company. Further, Resolution Professional (RP) with concurrence of Committee of Creditors appointed M/s Grant Thornton India LLP as Transaction Review Auditor under the provisions of IBC, 2016. As informed by RP, the said report is for limited purpose and also covers fraudulent transactions. RP in compliance of relevant provisions of the code filed necessary application to Hon'ble NCLT, Allahabad Bench seeking necessary action on the identified transaction.
- X. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- XI. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XII. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- XIII. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- XIV. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- XV. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Rajiv Malhotra & Associates  
Chartered Accountants  
FRN: 021479N



CA Sunil Kr Sakral  
[Partner]

Membership Number: 509537

UDIN-20509537AAAAAG9090

Place : New Delhi

Dated : 08/07/2020



**Annexure – B to Independent Auditors' Report**  
**(Referred to in our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **FEDDERS ELECTRIC AND ENGINEERING LTD.** as of 31st March 2019 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 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with Authorizations of management and directors of the company; and (3) provide reasonable Assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

#### Disclaimer Opinion

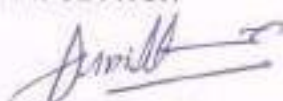
The system of internal financial controls with regard to the company were not made available to us to enable us to determine if the company has established adequate financial controls over financial reporting were operating effectively as at March 31, 2019.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the company, and the disclaimer has affected our opinion on the financial statements of the company and we have issued a disclaimer of opinion on the financial statements.

**For Rajiv Malhotra & Associates**

**Chartered Accountants**

**FRN: 021479N**



**CA Sunil Kr Sakral**

**[Partner]**

**Membership Number: 509537**

**UDIN-20509537AAAAAG9090**

**Place : New Delhi**

**Dated 28/07/2020**





**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2019**

Particulars	Note No.	(Rupees in crores)	
		As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
(1) Non - Current Assets			
(a) Property, Plant and Equipment	5	183.90	240.83
(b) Capital work - in - progress		-	1.00
(c) Other Intangible Assets	4	0.15	0.35
(d) Financial assets			
(i) Non Current Investments	5	0.98	0.91
(ii) Other financial assets		-	-
<b>Total Non- Current Assets</b>		<b>185.03</b>	<b>243.09</b>
(2) Current Assets			
(a) Inventories	6	27.25	82.33
(b) Financial assets			
(i) Trade receivables	7	132.59	255.17
(ii) Cash and cash equivalents	8	11.85	1.46
(iii) Bank Balances other than (ii) above	9	12.50	24.16
(iv) Loan	10	150.88	107.75
(iii) Other financial assets	11	127.61	180.78
(c) Other current assets	12	50.00	33.96
<b>Total Current Assets</b>		<b>512.69</b>	<b>685.61</b>
<b>TOTAL ASSETS</b>		<b>697.72</b>	<b>928.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	13	33.97	33.97
(b) Other Equity	14	-612.08	-77.68
<b>Total Equity</b>		<b>-578.11</b>	<b>-43.71</b>
<b>LIABILITIES</b>			
(1) Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	0.00	0.00
(ii) Provision	16	3.79	3.80
(b) Deferred tax liabilities (Net)	17	16.76	18.01
<b>Total Non- Current Liabilities</b>		<b>20.55</b>	<b>21.81</b>
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	738.70	418.76
(i) Trade payables	19	247.21	322.65
Dues of micro and small enterprises		-	-
Dues other than micro and small		-	-
(a) Other financial liabilities	20	234.01	152.55
(b) Other current liabilities	21	30.21	55.67
(c) Provisions	22	5.15	0.97
(d) Current tax liabilities (Net)	23	-	-
<b>Total Current Liabilities</b>		<b>1,255.28</b>	<b>950.60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>697.72</b>	<b>928.70</b>

**Summary of significant accounting policies**

The accompanying notes are an integral part of the financial statements 3 to 51

As per our report of even date attached.

Rajiv Malhotra & Associates

Chartered Accountants

Firm's Registration Number: 021479N

(CA Sunil Kr. Sakral)

Partner

M. No. 509537



Place : Noida

Dated : 08/07/2020

For and on behalf of the Board of Directors of  
Fedders Electric And Engineering Limited

(Ashok Kumar Gupta)

Resolution Professional

# Regn. No. - 88100403/1P-N00024/2017-2018/10174

(Neelam Gupta)

CFO

**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

(Rupees in crores)			
Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	24	130.40	1,239.06
Other income	25	2.33	1.23
<b>Total Income</b>		<b>132.73</b>	<b>1,240.29</b>
<b>Expenses</b>			
Cost of material consumed	26	114.66	1,235.58
Changes in inventories of Finished goods and Work-in-progress	27	5.26	226.45
Excise Duty on sale of goods		-	1.91
Employee benefit expenses	28	26.20	39.54
Finance Cost	29	31.47	72.82
Depreciation & amortization expenses	30	18.49	18.28
Other Expenses	31	472.37	186.41
<b>Total Expenses</b>		<b>668.45</b>	<b>1,780.99</b>
Profit before exceptional items & tax		-535.72	-540.70
Add: Exceptional items		-	45.18
Add: Exceptional items- reversal of last year purchase		-414.54	-
Add: Exceptional items- reversal of last year sales		414.54	-
<b>Profit/(Loss) before tax</b>		<b>-535.72</b>	<b>-495.52</b>
<b>Less: Tax expenses</b>			
(1) Current tax			
of Current year		-	-
of Earlier years			
(2) Deferred tax			
of Current year		-1.25	0.46
of Earlier years			
<b>Total Tax Expenses</b>		<b>-1.25</b>	<b>0.46</b>
<b>Profit after tax</b>	<b>A</b>	<b>-534.47</b>	<b>-495.98</b>
<b>Other Comprehensive Income</b>			
A. (i) Items that will be reclassified to profit or loss		-	-
B. (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		-	0.44
Fair value gain on investment		0.07	0.12
Revaluation Reserve		-	-0.20
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-0.12
<b>Total Other Comprehensive Income for the year</b>	<b>B</b>	<b>0.07</b>	<b>0.24</b>
<b>Total Comprehensive Income for the year</b>	<b>(A+B)</b>	<b>-534.40</b>	<b>-495.74</b>
<b>Earning per equity share (Face Value of Rs. 1/- each)</b>	<b>32</b>		
(1) Basic		-157.34	-146.01
(2) Diluted		-157.34	-146.01

**Summary of significant accounting policies**

2

The accompanying notes are an integral part of the financial statements 3 to 51

As per our report of even date attached

**Rajiv Malhotra & Associates**

Chartered Accountants

Firm's Registration Number: 021479N

(CA) Guril Kr. Sakral

Partner

M. No. 509537

Place : Noida

Dated : 08/07/2020



For and on behalf of the Board of Directors of  
**Fedders Electric And Engineering Limited**

(Ashok Kumar Gupta)

Resolution Professional

IP Regn. No- 1881/PA-003/IP-N00024/2017-2018/10174

(Neeraj Gupta)  
 CFO

**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 March 2018**

Particulars	Period ended 31.03.2018		Period ended 31.03.2017	
	Amount in Rupees		Amount in Rupees	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit/(Loss) before tax		-535.72		-495.52
Adjustments for:				
Add: Depreciation	18.49		18.28	
Reassessment of defined benefit plan	-		0.44	
Expected Credit loss	-		2.10	
Interest expenses	25.43	43.91	59.06	79.37
Less:				
Interest income	-1.07		-0.80	
Gratuity Paid	-		-	
Dividend income	-	-1.07	-	-0.80
Operating profit before working capital changes		-452.87		-416.15
Trade & other receivables	122.58		196.39	
Inventories	55.06		297.48	
Loans & Advances	-43.13		-105.09	
Other financial assets	53.17		-132.11	
Other current assets	-16.04		-34.57	
Other financial liability	81.46		93.46	
Other Current Liabilities	-25.46		52.02	
Provisions	4.17		1.13	
Trade & other payable	-75.44	356.39	124.58	512.29
Cash generated from operations		-316.48		95.34
Direct tax paid	-	-	-4.04	-4.04
Net Cash Flow from Operating Activities		-316.48		91.30
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Property Plant and equipment	39.64		7.89	
Sale of investments	-		-	
Interest received	1.07		0.80	
Dividend received	-	40.71	-	8.69
Net Cash Flow from Investing Activities		40.71		8.69
<b>C. Cash Flow from Financial Activities:</b>				
Long Term Loans and Advances	-		-	
Proceeds from Borrowing	319.94		-33.98	
Dividend Paid	-		-4.08	
Dividend Tax	-		-	
Proceeds from Share Capital/Warrants	-		-	
Interest paid	-25.43	294.51	-59.06	-83.12
Net Cash Flow from Financing Activities		294.51		-83.12
Net increase/decrease in Cash and Cash Equivalents (A+B+C)		-1.26		17.47
Opening Balance of Cash and Cash Equivalents		15.62		8.15
Closing Balance of Cash and Cash Equivalents		14.36		25.62
Net increase/ decrease in Cash and Cash Equivalents		-1.26		17.47

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standards-7 "Statements of Cash Flow".

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
**Rajiv Malhotra & Associates**  
Chartered Accountants  
Firm's Registration Number: 021478N



Place : Noida

Dated : 08/07/2020.

For and on behalf of the Board of Directors of  
**Fedders Electric And Engineering Limited**

*Ashok Kumar Gulla*  
(Ashok Kumar Gulla)  
Resolution Professional

IP Regn. No- 1886/PA-001/PA-M00014/2017-2018/10174

*Neera Gupta*  
[Neera] Gupta  
CFO





NOTE NO.3 PROPERTY, PLANT AND EQUIPMENT	Accumulated Depreciation							NET CARRYING AMOUNT
	GROSS CARRYING AMOUNT			DEDUCTION DURING THE YEAR				
	AS AT 01.04.2018	PURCHASE DURING THE YEAR	AS AT 31.03.2019	UP TO 31.03.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	
PARTICULARS							AS AT 31.03.2018	AS AT 31.03.2019
Land - Freehold	55.01	-	53.83	86.45	3.79	13.94	55.81	53.83
Building	103.31	-	100.35	1.82	0.00	8.10	73.82	53.14
Office Furniture	2.86	-	2.86	3.31	-	8.04	3.38	0.81
Temple's Soil	4.52	-	3.51	-	-	11.87	186.72	0.14
Plant & Machinery	271.96	0.23	252.84	172.71	14.52	0.11	166.08	166.08
Computer	6.81	0.03	3.75	4.90	0.01	0.26	3.81	3.23
Furniture and Fixtures	3.81	0.03	2.57	0.38	0.08	0.26	3.72	3.23
Office Equipment's	4.25	0.03	4.06	4.21	0.08	0.04	4.40	0.55
Motor Car	3.04	-	1.82	1.34	0.00	-	0.00	0.11
Solar & Motor Cycle	0.11	-	0.11	0.09	0.00	0.00	0.00	0.01
	614.76	0.30	412.04	378.41	18.27	18.65	248.23	187.90
Total Property, Plant and Equipment								

NOTE NO 4 CAPITAL WORK IN PROGRESS											
GROSS CARRYING AMOUNT					Accumulated Depreciation					NET CARRYING AMOUNT	NET CARRYING AMOUNT
AS AT 01.04.2018	AS AT 31.03.2019	UP TO 31.03.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	AS AT 31.03.2018	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2019		
98878231.000											
Capital Work in Progress	1.00	1.00		1.00				1.00	1.00		
Total	1.00	1.00		1.00				1.00	1.00		

NOTE NO.5 OTHER INTANGIBLE ASSETS	Accumulated Depreciation							NET CARRYING AMOUNT
	GROSS CARRYING AMOUNT			DEDUCTION DURING THE YEAR				
PARTICULARS	AS AT 01.04.2018	AS AT 31.03.2019	UP TO 01.04.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	AS AT 31.03.2018	AS AT 31.03.2019
Software	1.70	1.20	0.37	0.23	-	-	1.37	0.97
	1.70	1.20	0.37	0.23	-	-	1.37	0.97
Total Other Intangible Assets	425.53	412.04	378.41	18.27	38.65	0.20	248.23	187.90

\* The fixed assets shown are as per books of accounts, no physical verification has been done during last year as well in current year. The requirement of assets carried forward and not provided for has been determined by assets.



**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH 2019**

5

NOM CURRENT INVESTMENTS

(Rupees in crores)

Particulars	As at March-19		As at March-18		
	Face	No. of Shares	Value	No. of Shares	Value
Trade Investments					
Quoted					
Equity Instruments (At FVOD)					
LEEL Electricals Ltd	10	100	-	100.00	-
SBI Mutual Fund (Gold Fund)		50,000	0.05	50,000	0.05
State Bank Of India PSU		50,000	0.05	50,000	0.05
State Bank of Bikaner & Jaipur	10	10,500	0.34	1,750.00	0.35
Total Value of Quoted Investments			0.44	0.37	
Unquoted-Non Trade					
Equity Instruments (At Cost)					
Subsidiary Company					
Fedders Lloyd Trading PTE		5	0.54	5	0.54
Total Value of Unquoted Investments			0.54	0.54	
			0.98	0.91	
Aggregate amount of quoted investments			0.44	0.37	
Aggregate amount of unquoted investments			0.54	0.54	

6

INVENTORIES

Particulars	As at March 31, 2019		As at March 31, 2018	
Raw materials		16.61		71.48
Work in progress		2.29		5.45
Finished goods		3.02		4.92
Material in Transit		-		0.28
Less:- Provision		14.57		-
		27.23		82.33

7

TRADE RECEIVABLES

Particulars	As at March 31, 2019		As at March 31, 2018	
(Unsecured)				
Considered good	176.02	-	261.71	-
Expected credit loss	-7.95	-	-6.54	-
Less: Pro for impairment of Trade receivable	235.48	132.59		255.17
		132.59		255.17

8

CASH AND BANK BALANCES

Cash and Cash Equivalents

Particulars	As at March 31, 2019		As at March 31, 2018	
Balances with banks		11.84		1.38
Cash on Hand		0.02		0.08
		11.86		1.46

9

Bank Balances

Particulars	As at March 31, 2019		As at March 31, 2018	
Unclaimed dividend account		0.48		0.69
Deposits with maturity for less than 12 months		12.02		23.47
		12.50		24.16

10

Loan

Particulars	As at March 31, 2019		As at March 31, 2018	
Loan to related party		150.88		107.75
		150.88		107.75

11

OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2019		As at March 31, 2018	
Retention Money	89.53	-		-
Less:- Provision	-1.35	87.98		130.69
Interest accrued on fixed deposit		0.40		0.40
Advances to employee		1.65		1.30
LD Receivable		23.21		21.74
Earnest Money & Other Deposit		14.37		26.65
		127.61		180.78

RAJIV MALHOTRA & ASSOCIATES

CA





## 12 OTHER CURRENT ASSETS

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Balances with Statutory/ Govt. Authorities	3.38	2.60
Supplier advances	37.74	22.55
Prepaid expenses	0.14	1.08
Insurance claim recoverable	0.03	0.03
Advance tax and TDS	8.71	7.70
	<u>50.00</u>	<u>33.96</u>

## 13 EQUITY SHARE CAPITAL

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Authorised Share Capital</b>		
700,00,000 Equity shares, Rs. 10- par value	70.00	70.00
(31 March 2018: 700,00,000 equity shares Rs. 10- each)		
	<u>70.00</u>	<u>70.00</u>
<b>Issued, Subscribed and Fully Paid Up Shares</b>		
33969700 Equity shares, Rs. 10- par value fully paid up	33.97	33.97
(31 March 2018: 33969700 equity shares Rs. 10- each)		
	<u>33.97</u>	<u>33.97</u>

Note No 13.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2019:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	33,969,700.00	33.97	33,969,700	33.97
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back (if any)	-	-	-	-
Number of shares at the end	<u>33,969,700.00</u>	<u>33.97</u>	<u>33,969,700.00</u>	<u>33.97</u>

Note No 13.2: Terms/rights attached to equity shares

(A) The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the (B) in the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No 13.3: The details of shareholders holding more than 5% shares in the company:

Name of the shareholder	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares held	% held as at	No. of shares held	% held as at
Zenith Impex Pvt Ltd	1,951,910.00	5.74	1,951,910.00	5.74
Royal Estates Pvt Ltd	1,003,562.00	2.95	1,003,562.00	2.95
Lloyd Sales Pvt Ltd	4,293,619.00	12.64	4,293,619.00	12.64
Perfect Radiators and Oil Coolers Pvt Ltd	3,826,525.00	11.26	3,826,525.00	11.26
Mr. Brij Raj Punj	1,632,667.00	4.81	1,632,667.00	4.81
Amsarco Pvt. Ltd.	1,752,709.00	5.16	1,752,709.00	5.16

## 14 OTHER EQUITY

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Reserves &amp; surplus*</b>		
a) Share warrant	-	-
b) Securities Premium Reserve	46.44	46.44
c) General Reserve	360.55	360.55
d) Retained Earnings	-1,030.04	-495.57
e) Capital reserve	3.38	3.38
f) Revaluation reserve	6.92	6.92
	<u>-612.75</u>	<u>-78.28</u>
<b>Other Comprehensive Income (OCI)</b>		
Actuarial gain & loss	0.74	0.74
Investment carried at Fair value	0.26	0.19
Revaluation reserve	-0.33	-0.33
	<u>0.67</u>	<u>0.60</u>
	<u>-612.08</u>	<u>-77.68</u>
<b>Share warrant</b>		
Balance as per last financial statement	-	3.38
Adjusted during the year	-	-3.38
	<u>-</u>	<u>-</u>
<b>Security premium</b>		
Balance as per last financial statement	46.44	46.44
Premium on issue of share	-	-
	<u>46.44</u>	<u>46.44</u>



<b>General reserve</b>		
Balance as per last financial statement	360.55	360.55
Addition during the year	-	-
Deletion during the year	-	-
	<u>360.55</u>	<u>360.55</u>
<b>Retained earning</b>		
Balance as per last financial statement	-495.57	4.51
Profit for the period	-534.47	-495.99
Dividend during the year	-	-4.00
Transfer to general reserve	-	-
	<u>-1,030.04</u>	<u>-495.57</u>
<b>Capital reserve</b>		
Balance as per last financial statement	3.38	-
Addition during the year	-	3.38
	<u>3.38</u>	<u>3.38</u>
<b>Revaluation reserve</b>		
Balance as per last financial statement	6.92	-
Addition during the year	-	6.92
	<u>6.92</u>	<u>6.92</u>
<b>Remeasurement of defined benefit plan</b>		
Balance as per last financial statement	0.74	0.45
Addition during the year	-	0.29
	<u>0.74</u>	<u>0.74</u>
<b>Investment carried at fair value</b>		
Balance as per last financial statement	0.19	0.07
Addition during the year	0.07	0.12
	<u>0.26</u>	<u>0.19</u>
<b>Revaluation reserve</b>		
Balance as per last financial statement	-0.33	-0.20
Addition during the year	-	-0.13
	<u>-0.33</u>	<u>-0.33</u>
<b>Total other equity</b>	<u>-612.08</u>	<u>77.58</u>
<b>15. BORROWINGS</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Secured</u>		
Term Loans		
From banks		
Foreign Currency loan	0.00	0.00
Indian Currency Loan	-	-
	<u>0.00</u>	<u>0.00</u>
<b>16. Provision</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
Gratuity	3.79	3.80
	<u>3.79</u>	<u>3.80</u>
<b>17. DEFERRED TAX LIABILITIES (NET)</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Deferred tax liabilities</u>		
Depreciation	2.17	2.17
Others	14.59	15.84
	<u>16.76</u>	<u>18.01</u>
<u>Less: Deferred tax assets</u>		
Others	-	-
	<u>-</u>	<u>-</u>
<b>Net</b>	<u>16.76</u>	<u>18.01</u>
<b>18. BORROWINGS</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Secured</u>		
From banks	738.70	418.76
	<u>738.70</u>	<u>418.76</u>



## 19. TRADE PAYABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Dues of micro and small enterprises	3.81	2.49
Dues other than micro and small enterprises	245.40	320.16
	<u>247.21</u>	<u>222.65</u>

## 20. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt	8.58	13.50
Interest Accrued but not due on Term Loan	-	0.37
Payable on account of employees	3.44	4.31
Security Deposit	74.43	69.39
Expenses payable	2.89	5.00
Audit fee payable	0.05	0.15
Unclaimed dividend	0.48	0.69
Advance from related party	144.04	59.14
	<u>234.01</u>	<u>152.55</u>

## 21. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from customer	29.11	49.00
Statutory dues payable	-1.01	5.88
Sr Cr. Employee	2.11	0.79
	<u>30.21</u>	<u>55.67</u>

## 22. PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
Leave encashment	0.87	0.97
Provision for loss on investment	4.28	-
	<u>5.15</u>	<u>0.97</u>

## 23. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for tax	-	-
less Advance tax	-	-
	<u>-</u>	<u>-</u>





## 24 REVENUE FROM OPERATIONS

### Particulars

For the year ended 31  
March 2018

Less:- Discount

### Particulars

For the year ended 31  
March 2018

### Interest Income

## Particulars

For the year ended 31  
March 2018

Raw materials, consumables & component consumed

## Particulars

For the year ended 31  
March 2013

Inventories at the end of the year

## Particulars

For the year ended 31  
March 2018

Wages (Workers)

**29 FINANCE COST**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest Expense	25.43	59.06
Bank Charges	6.04	13.76
	<u>31.47</u>	<u>72.82</u>

**30 DEPRECIATION & AMORTIZATION EXPENSES**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on Property, Plant and Equipment	18.77	18.06
Amortisation on Intangible Assets	0.22	0.22
	<u>18.49</u>	<u>18.28</u>

**31 OTHER EXPENSES**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Repair and Maintenance		
- Plant & Machinery	0.08	0.50
- Building & Office	-	0.09
- Others	3.16	0.35
Electricity Charges	1.99	3.42
Factory Overheads	38.35	50.86
Insurance	0.36	1.03
Rent Rate & Taxes	1.85	3.70
Postage & Courier & Telephone Expenses	0.54	1.66
Printing and stationery	0.17	0.20
Tender Fees	-	0.04
Audit Fee (including service tax&GST)	0.05	0.15
Legal & Professional Expenses	1.73	1.03
Travelling & Conveyance Expenses	2.03	4.45
Motor Car Expenses	0.43	0.23
Advertisement Expenses	0.01	0.75
Selling expenses	1.77	5.03
Commission	-	1.57
Exhibition Expenses	0.02	0.08
Research & Development Expenses	0.02	0.06
Watch & Ward	2.12	2.72
Computer /Software Expenses	0.16	0.40
Donation	-	1.00
Fees & Taxes (including club fee)	0.12	0.49
Director Remuneration & Sitting Fees	0.37	1.98
Warranty Expenses	0.12	6.07
Loss on foreign exchange fluctuation	2.19	0.66
Bad Debts	2.80	97.81
Misc. Expenses	0.01	0.08
Loss on Sale of Fixed Assets	0.08	-
Loss on investment in Subsidiary A/c	4.28	-
Expenses Entry of Fixed Assets	38.63	-
Expenses Entry of CWIP	1.00	-
Expenses Entry of Inventories	14.48	-
Expenses Entry of Retention Money	1.55	-
Provision for impairment of Trade receivable	235.48	-
LO/ Performance Penalties Expenses	115.70	-
	<u>472.37</u>	<u>188.41</u>

**32 EARNING PER SHARE**

Particulars	2018-2019	2017-2018
(A) Profit attributable to Equity Shareholders (Rs.)	-534.47	-495.98
(B) No. of Equity Share outstanding during the year.	3.40	3.40
(C) Face Value of each Equity Share (Rs.)	10	10
(D) Basic & Diluted earning per Share (Rs.)	-157.34	-146.01





NOTES TO ACCOUNTS:

33) Contingent liability not provided for

Particulars	As at 31.03.2019 (Rs. in Crore)	As at 31.03.2018 (Rs. in Crore)
A. Claims against the company / disputed liabilities not acknowledged as debts*		
a. Recovery Suits filed by the parties in different court	13.87	32.68
b. Recovery Suits filed by the co. different court	29.53	29.83
c. Central Excise & Customs Matters	1.95	1.95
d. Sale Tax Matters	10.93	10.93
• Sales Tax Demand for Uttar Pradesh for Rs. 1,07,00,000/-, Rs. 77,00,000/- and Rs. 2,58,00,000/- for Year 2012-13, 2013-14, 2014-15 respectively.		
• Sales Tax Demand for Punjab for Rs. 4,89,68,963/- for Year 2010-11		
• Sales Tax Demand for Gujarat for Rs. 1,61,42,755/- for Year 2013-14		
e. Income Tax Matters (Pending Rectifications) 2,04,89,249/-	2.04	1.13
f. Non Filing of Financial Results to NSE and BSE as per Regulation 33 of the SEBI (Listing obligations and disclosure Requirements) Regulations, 2015	0.40	0.26
B. Guarantees		
i) Bank Guarantees which includes the following	134.60	279.49
ii) Bank Guarantees amounting to USD 9,17,576.53 (INR 6,52,39,691/-)		

34) Contracts remaining to be executed  
On capital account and not provided for

NIL

NIL

35) Micro and Small Scale Business Entities

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosure are required to be made relating to MSME, On the basis of information and record available with the company, the following disclosure are made for the amounts due to Micro, Small and Medium Enterprises:

Particulars	As at 31.03.2019	As at 31.03.2018
Principal amount due to any supplier as at the year end	1.81	2.49
Interest due on the principal amount unpaid at the year end to any supplier:	NIL	NIL
TOTAL	1.81	2.49

- Principal amount mentioned above are under dispute.



36) Disclosure as per regulation 34 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

a) Loan given to Subsidiary and outstanding

(Rs. in Crores)

Name of the Company	Relationship	Amount Outstanding as on 31.03.2019	Amount Outstanding as on 31.03.2018
Fedders Lloyd Trading FZE	100% Owned Subsidiary	2.17	2.17

b) Loan taken from Subsidiary and payable

(Rs. in Crores)

Name of the Company	Relationship	Amount Outstanding as on 31.03.2019	Amount Outstanding as on 31.03.2018
		NIL	NIL

37) Related Party Disclosures: (in which some Directors are interested)

A. Names of related parties and related Party relationships

- i. Wholly Owned Subsidiaries
  - a. Fedders Lloyd Trading FZE
  - b. Fedders Lloyd Nigeria Limited
- ii. List of Key management personnel as defined under Indian Accounting Standard (Ind AS) 24, 'Related party disclosures':
 

a. Mr. Sanjiv Kavaljit Singh	Whole Time Director & CEO (w.e.f 08.11.2018 to 18.10.2019)
b. Mr. Sham Sunder Dhawan	Whole Time Director (w.e.f 26.04.2008 to 05.05.2018)
c. Mr. Akhter Aziz Siddiqi	Whole Time Director (w.e.f 09.02.2017 to 23.05.2018)
d. Mr. Pulkit Bhasin	Company Secretary (w.e.f 30.05.2016 to 02.01.2019)
e. Mr. Randhir Jain	Whole Time Director (w.e.f 13.06.2018 to 17.09.2018)
- iii. Enterprises owned or significantly influenced by key management personnel or their relatives;
  - a. Airserco Private Limited
  - b. LEEL ELECTRICALS LIMITED
  - c. Perfect Radiators & Oil Coolers Pvt. Ltd.
  - d. PSL Engineering Pvt. Ltd.
  - e. Regal Information Technology Pvt. Ltd.
  - f. Fedders Credits Ltd. (Formerly Lloyd Credits Ltd.)
  - g. Fedders IT Technology Pvt. Ltd. (Formerly Lloyd IT Technology Pvt. Ltd.)
  - h. Fedders Sales Pvt. Ltd. (Formerly Lloyd Sales Pvt. Ltd.)
  - i. Fedders Manufacturing Pvt. Ltd. (Formerly Lloyd Manufacturing Pvt. Ltd.)
  - j. Fedders Infotech (India) Pvt. Ltd. (Formerly Lloyd Infotech (India) Pvt. Ltd.)
  - k. Fedders Stock & Investments Pvt. Ltd. (Formerly Lloyd Stock & Investments Pvt. Ltd.)
  - l. Himalayan Mineral Waters Pvt. Ltd.
  - m. Punj Engineering Pvt. Ltd.
  - n. Punj Services Pvt. Ltd.
  - o. Pandit Kanahaya Lal Punj Pvt. Ltd.
  - p. PSL Wolfe JV Pvt. Ltd.
  - q. Pandit Kanahaya Lal Punj Trust
  - r. Brij Raj Punj(HUF)





B. Transactions during the period with Related Parties are as under:

Name of Related Party	Rs. in Crores	
	2018-19 Amount	2017-18 Amount
<b>LEEL ELECTRICALS LIMITED (Formerly Known as Lloyd Electric and Engineering Ltd)</b>		
Sales of Goods	35.21	70.11
Purchase of Goods	12.01	3.60
Security Deposit	51.21	61.29
<b>Airserco Private Limited</b>		
Sales of Goods	0	64.21
Sales Return of Goods	34.38	
Purchase of Goods	0	7.81
Purchase Return of Goods	6.62	
<b>PSL Engineering Private Limited</b>		
Sales of Goods	0	63.79
Sales Return of Goods	33.81	
Purchase of Goods	0	NIL
Purchase Return of Goods	14.75	
<b>Pandit Kanahaya Lal Punj Trust</b>		
Donation	0.00	1.00
<b>Himalayan Mineral Waters Pvt Limited</b>		
Rent	0.09	0.21
<b>Key Management Personnel</b>		
Managerial Remuneration Paid		
-Mr. Brij Raj Punj	0.00	0.58
-Mr. Sanjiv Kavaljit Singh	0.14	0.00
-Mr. Sham Sunder Dhawan	0.08	1.03
-Mr. Akhter Aziz Siddiqi	0.05	0.35
-Mr. Randhir Jain	0.08	0
-Mr. Pulkit Bhasin	0.10	0.14

38) Additional Information:-

Value of Import (C.I.F) Value:

Particular	2018-19	2017-18
i) Raw Materials Components & Parts	1.12	6.75
ii) Capital Goods	0.00	0.00
Total	1.12	96.75

Value of Raw Material consumed:

	March 31, 2019		March 31, 2018	
	Percentage	Value	Percentage	Value
Import	0.97	1.12	7.83	96.75
Indigenous	99.03	113.54	92.17	1138.83
Total	100.00	114.66	100.00	1235.58



Remittance in Foreign Currency on account of:

Particulars	March 31, 2019	March 31, 2018
Import Raw Material components & parts	0.75	100.52
Travelling Expenses	0.19	0.63
Other Expenses	0.39	0.49
<b>Total</b>	<b>1.33</b>	<b>101.64</b>

Earning in Foreign Exchange:

Particulars	March 31, 2019	March 31, 2018
Export Sale	0.94	6.23
<b>Total</b>	<b>0.94</b>	<b>6.23</b>

Excise duty Paid NIL (Last Year Rs.1.91 Crores ) charged on sales)

The Company has a bad debts Rs. 2.80 Crores (Last year Rs.95.62 Crores

External Commercial Borrowings:-

The Company has total ECB of USD 12,45,434.05 INR 8,64,07,965.30 (Last year USD 20,37,687.54 (INR 13,25,39,552/-) is out standing as on date.

39) Remuneration to Auditors:

(Rs. in Crores)

Particulars	March 31, 2019	March 31, 2018
Audit fees	5.00	0.15
Tax Audit	0.00	0.00
Service Tax (including SBC & KKC)	0.00	0.00
<b>Total</b>	<b>5.00</b>	<b>0.15</b>

40) Primary Segment Reporting (Business Segment)

The Company has following Business segments as its primary reportable segments

- Environmental control system
- Steel Structure & Engineering
- Power Project

Segment Revenues, Results and Other Information:

(Rs. in Crores)

Particulars	March 31, 2019	March 31, 2018
<b>I. Segment Revenue</b>		
i. Environmental control system	18.04	31.66
ii. Steel Structure & Engineering	80.70	994.98
iii. Power Project	33.98	213.65
<b>Sub:- Total (i+ii+iii)</b>	<b>132.72</b>	<b>1240.29</b>
Less:- Inter Segment Revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>132.72</b>	<b>1240.29</b>
<b>II. Segment Results</b>		
<b>(PROFIT (+)/LOSS(-))</b>		
i. Environmental control system	(25.02)	(14.94)
ii. Steel Structure & Engineering	(294.06)	(357.75)
iii. Power Project	(181.95)	(91.03)
<b>Sub:- Total (i+ii+iii)</b>	<b>(501.03)</b>	<b>(463.72)</b>
Less:-i. Finance Cost	31.46	72.82





ii. Other un-allocable expenditure net of	3.22	4.16
iii. Un-allocable income		45.18
<b>Total Profit before tax</b>	<b>(535.71)</b>	<b>(495.53)</b>
	-	-
<b>III. Capital Employed (Total assets – current Liability) *</b>	-	-

\*As certain assets of the Company including manufacturing facilities are often deployed interchangeably, across various

Segments, it is impractical to allocate these assets and liabilities segment wise.

#### 41). Employee Benefit Expenses:

Disclosure figures of the gratuity liability of the employees, in accordance with Ind AS 19. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

#### Present Benefit Obligation-As per Actuarial Valuation

Particulars	(Rs. In Crores)	
	March 31, 2019	March 31, 2018
Present Value of obligation as at the beginning of the period	3.80	3.64
Interest Cost	0.29	0.27
Service Cost	0.27	0.41
Benefit Paid	(0.33)	(0.37)
Past service cost including curtailment Gain/Loss on obligation	0.00	0.28
Total Actuarial Gain/Loss on Obligation	(0.24)	(0.43)
<b>Present Value of obligation as at the End of the period</b>	<b>3.79</b>	<b>3.80</b>

#### The Amount recognized in the Income Statement

Particulars	March 31, 2019	March 31, 2018
Interest Cost	0.29	0.27
Service Cost	0.27	0.69
<b>Expenses recognized in the Income Statement</b>	<b>0.56</b>	<b>0.96</b>

#### Net Liability recognized in the Balance Sheet

Particulars	March 31, 2019	March 31, 2018
Present Value of obligation at end	3.79	3.80
Fair Value of Plant Assets	-	-
Unfunded Liability /Provision in Balance Sheet	(3.79)	(3.80)
<b>Unfunded Liability recognized in the Balance Sheet</b>	<b>(3.79)</b>	<b>(3.80)</b>

#### Remeasurement (gain)/ loss recognized in other comprehensive income

Particulars	March 31, 2019	March 31, 2018
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.01)	0.07
Actuarial (Gain)/Loss on arising from Experience Adjustment	0.37	0.37
<b>Total</b>	<b>0.36</b>	<b>0.44</b>

#### Principal assumptions used in determining defined benefit obligation.

Particulars	March 31, 2019	March 31, 2018
i) Discounting Rate	7.66	7.71
ii) Future salary Increase	8.00	8.00
iii) Retirement Age (Years)	60	60



iv) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
v) Ages	Withdrawal	Withdrawal
	Rate (%)	Rate (%)
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

**Sensitivity Analysis of the defined benefit obligation.**

<b>a) Impact of the change in discount rate</b>	
Present Value of Obligation at the end of the period	3.79
Impact due to increase of 0.50%	(0.12)
Impact due to decrease of 0.50 %	0.13
<b>b) Impact of the change in salary increase</b>	
Present Value of Obligation at the end of the period	3.79
a) Impact due to increase of 0.50%	0.12
b) Impact due to decrease of 0.50 %	(0.11)

**42) Capital Management**

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The Company manages its capital to ensure that the company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the company.

The Company reviews the capital structure of the Company on a semi-annual basis. As part of this review, the company considers the cost of capital and the risks associated with each class of capital.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	(Rs. in crores)	
	As at March 31, 2019	As at March 31, 2018
Debt	747.38	432.25
Cash and bank balances	24.35	25.63
<b>Net debt</b>	<b>723.03</b>	<b>406.62</b>
Total equity	(286.65)	(43.43)
<b>Equity and net debt</b>	<b>436.38</b>	<b>363.19</b>
<b>Gearing ratio (Net Debt/Capital and Net Debt)</b>	<b>165.68%</b>	<b>111.95%</b>

**43) Financial Instruments**

**a) Financial instruments by category**

Financial assets	(Rs. in crores)	
	As at March 31, 2019	As at March 31, 2018
<b>Measured at amortized cost</b>		
a) cash and cash equivalent including bank balance	24.35	25.63
b) Loan	150.87	107.75
c) Other financial assets	127.61	180.77
d) Trade receivable	82.59	255.17
<b>Fair value through Other Comprehensive Income</b>		
Investment in equity instrument	0.44	0.37





Investment in Subsidiary at cost		
Investment in Subsidiaries	0.54	0.54
<b>Total</b>	<b>436.40</b>	<b>570.23</b>
<b>Financial liabilities</b>		
<b>Measured at amortized cost</b>		
a) Borrowing	8.68	13.50
b) Short term borrowing	738.70	418.75
b) Trade payable	247.21	322.65
c) Other financial liability	225.33	139.05
<b>Total</b>	<b>1219.92</b>	<b>893.95</b>

b) Fair value measurement of financial assets and financial liabilities

Particulars	Fair value hierarchy	Valuation technique(s) and key input(s)		
	As at March 31, 2019	As at March 31, 2018		
Investment in equity	0.44	0.37	Level 1	Based on quoted market price in active markets
Borrowing	8.68	13.50	Level 2	Discounted estimated cash flow through the expected life of the borrowings

- c) The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

Particulars	Carrying value	
	As at March 31, 2019	As at March 31, 2018
<b>i) Financial assets – Current</b>		
Trade receivables	132.59	255.17
Cash and Bank balances	24.35	25.63
Loans	150.87	107.75
Other Financial assets	127.61	180.77
<b>ii) Financial liabilities – Current</b>		
Borrowings	738.70	418.75
Trade payable	247.21	322.65
Other financial liabilities (other than current maturity of long term borrowings)	225.33	139.05

44) Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk. The company's focus is to reduce the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below





a) 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 three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk.

ii) Currency rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies

Interest rate risk

Interest rate 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 long term debt obligation at floating interest rates. The Company's borrowings outstanding as at March 31, 2018 comprise of fixed rate loans and accordingly, are not expose to risk of fluctuation in market interest rate.

ii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of industrial and domestic air conditioners and therefore require a continuous supply of copper and Aluminum being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and aluminum, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price of for each month.

b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers.

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

(Rs. in crores)					
Particulars	Weighted average effective interest rate (%)	Within 1 year	1-5 years	Total	Carrying amount
<b>As at March 31, 2019</b>					
Borrowings	7.59%	8.68	-	8.68	8.68
Short term borrowings		738.70	-	738.70	738.70
Trade payable		247.21	-	247.29	247.29
Other financial liabilities		25.33	-	225.26	225.26
<b>Total</b>		<b>1219.92</b>	<b>-</b>	<b>1219.93</b>	<b>1219.93</b>



Particulars	Weighted average effective interest rate (%)	Within 1 year	1-5 years	Total	Carrying amount
As at March 31, 2018					
Borrowings	7.59%	13.50	-	13.50	13.50
Short term borrowings		418.75	-	418.75	418.75
Trade payables		322.65	-	322.65	322.65
Other financial liabilities		139.05	-	139.05	139.05
Total		893.95	-	893.95	893.55

#### 45) Dividend Paid and Proposed

(Rs. in crores)

Particulars	31.03.19	31.03.18
Dividend declared and paid during the year:		
Final Dividend paid	0.00	3.39
Corporate Dividend Tax on Final Dividend	0.00	0.69
	<u>0.00</u>	<u>4.08</u>

#### 46) Deferred tax

Particulars	31-Mar-18	Recognized in Profit or loss	Recognized in other comprehensive income	31-Mar-19
Deferred tax (liabilities)/assets in relation to:				
Due to Depreciation	(16.45)	1.25	-	(15.20)
Financial assets and liabilities	2.27	0.00	-	2.27
Revaluation	(3.84)	-	(0.00)	(3.84)
Total	<u>(18.02)</u>	<u>1.25</u>	<u>(0.00)</u>	<u>(16.77)</u>

The company is facing financial and liquidity crisis for last more than 3 years which resulted in failure to meet commitments to Creditors and operations were severely affected due to liquidity crunch. It also resulted delay in completion of various projects and consequent effect of being faced with various penalties, Liquidated damages and invocation of bank Guarantees. Major operational activities are closed from more than two years. The all top Management people left from company and the all records and data were in very badly maintained and the reliability of books were not certain.

The Following Provisions are provided on best estimation basis and in year 2018-19:-

47) The Fixed Asset Register maintained by company was not maintained properly for over the past years, and existing assets could not physically verified with it. The Description of assets is not properly mentioned. The Current Management has tried to verify the assets but could not conclude the physical verification of assets. The Most of the plant of the company is not in operation from last 2 years and no repair and maintenance has taken place, Hence provision are provided for Rs.14,17,23,528/- for Building and Office Premises, Rs.24, 46,06,991/- is provided for Plant & Machinery, Computers, Furniture and Fixture and Motor Cars.

There was CWIP carried forwards since last many years and now it is not traceable at Plant, Hence a Provision for CWIP is provided for Rs. 1,00,34,569.00



48) The Company is engaged in EPC Business and Steel Structure business. Due to financial stress in company the company could not perform on many projects, and due to delay in projects the customer has terminated many projects in previous years as well in current year. Due to which many places the stores are locked by contractors and the stock given for erection is not returned by contractors. The Stock lying at factory premises got rusted and obsolete. The Stock Could not be verified by the company and an estimated provision for obsolete as well defective stock is provided for Rs.14,67,49,541.00.

**49) Provision for Debtors & Other Financial Assets**

Due to economic challenges in India, many infra companies have went in to liquidation and we are mainly in to infrastructure business also impacted with these challenges. Our many customers has also gone in to Liquidation, considering the current economic conditions of the customers a provision of Rs.8,15,64,916/- is provided for such customers.

During Last Financial year many audits have took place for the affair of the company from different agencies. Many Transactions do not have proper records and many balances are appearing in Sundry Debtors which are not recoverable, Hence a Provision of Rs.189,77,73,681/- is provided as non-recoverable from such non existing parties.

Further there are many sundry debtors which are more than three years old and a provision for loss of credit is provided for Rs.37,54,46,698/- for such customers.

Under the head Other Financial Assets a large sum was outstanding against retention money with the customers, which was receivable on the completion of projects, where many projects have been terminated in last years as well current year such retention money is not recoverable, Hence a provision of Rs.1,54,93,491/-.

50) Previous year's figures re-grouped / re-arranged where found necessary.

51) Notes '1' to '50' form an integral part of accounts and are duly authorized.

Refer to our Report of even date.

For Rajeev Malhotra & Associates

Chartered Accountants,

Firm's Registration Number : 021479N

For and on behalf of the Board of Directors of

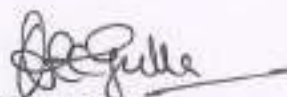
Fedders Electric and Engineering Limited.



CA Sunil Kr. Sakral

Partner

Membership No.509537



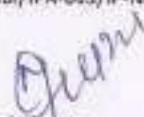
Ashok Kumar Gulla

Resolution Professional

IP Regn.No.: IBB/IPA-003/IP-N00024/2017-2018/10174

Place: New Delhi

Date: 08/07/2020



Neeraj Gupta

Chief Financial Officer



**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
(Formerly known as Fedders Lloyd Corporation Limited)

Notes to the financial statements for the year ended March 31, 2019

**1. Corporate Information**

Fedders Electric and Engineering Limited (Formerly known as Fedders Lloyd Corporation Limited) ("the Company") is a domestic Public Limited Company and is incorporated under the provisions of the Companies Act, 2013 having Registered Office at 6 and 6/1 UPSIDC Industrial Area, Sikandrabad, Bulandshahr UP - 203205. Its shares are listed on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) in India and well diversified in the fields of Environment Control Systems (ECS), Fabrication of Steel Structures for Power, Commercial and Industrial Construction Projects and implementation of high power transmission lines. The Company has also been into exports of power equipment's/ components to various funded projects by multilateral agencies.

The Company has been generating revenue mainly from three segments:-

1. Environmental Control System
2. Steel Structure & Engineering
3. Power Transmission & Distribution and Overhead Electrification (OHE)

**2. Significant accounting policies**

**2.1 Basis of preparation**

The Standalone financial statements ("financial statements") have been prepared to comply in all material aspects with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended by the Ministry of Corporate Affairs ('MCA') from time to time.

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the amounts included in the financial statements are reported in Crores of Indian Rupees, and are rounded to the nearest Crores except per share data and unless stated otherwise.

The Financial statements have been prepared in accordance with Indian Accounting Standards to the extent possible and requirements of all Ind AS have not been complied with in totality.

**2.2 Use of Estimates & Basis of Measurement**

IND AS enjoins management to make estimates and assumptions related to financial statements that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to the year. Actual result may differ from such estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision, including its impact on financial statements, is reported in the notes to accounts in the year of incorporation of revision.



The financial statements have been prepared under the historical cost convention on the accrual basis, except for certain financial instruments and provisions which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### **2.3 Recognition of Income and Expenses**

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment net of returns and allowances, trade discounts, volume rebates and taxes or duties collected on behalf of the government.

Company recognizes revenue from sale of goods when significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods.

Interest Income from debt instruments is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash flows over the expected life of financial instrument, to the gross carrying amount of the financial assets or to the amortized cost of the financial liability.

Dividend income is recognized when the Company's right to receive payment is established on or before the Balance Sheet date (Provided that it is probable that the economic benefit will flow to the Company).

Export sales are accounted on the basis of date of bill of lading.

Interest income on investment in fixed deposit is recognized on time proportion basis at the contractual rate.

Other incomes have been recognized on accrual basis in financial statements except for cash flow information.

### **2.4 Property, Plant and Equipment**

An item of Property, Plant and Equipment (PPE) is recognized as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.





Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognizes such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognized from the balance sheet and cost of the new item of PPE is recognized. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred.

Depreciation is provided on straight line method, at the rates determined based on the economic useful lives of assets estimated by the management; or at the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher. Accordingly, the Company has used the following rates:-

Name of Assets	Useful Life (in Years)
Building	30
Plant & Machinery	15
Office equipment's	5
Furniture & Fixture	10
Vehicle	8

Assets of Rs. 5,000 or less are fully depreciated in the year of purchase.

## 2.5 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as Investment Property. Investment Property is measured initially at its cost, including transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Investment Properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives.

## 2.6 Intangible Assets

Intangible Assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.



## 2.7 Goodwill

No self-generated goodwill is recognized. Goodwill arises during the course of acquisition of an entity in terms of accounting treatment provided in IND AS-103 dealing with 'Business Combination'. Goodwill represents the excess of consideration money over the fair value of net assets of the entity under acquisition. Such goodwill is construed to have indefinite life and as such is not subject to annual amortization but annual test of impairment under IND AS - 36. Any shortfall in consideration money vis-à-vis fair value of net assets on account of bargain purchase is recognized in OCI at acquisition point and subsequently transferred to capital reserve.

## 2.8 Impairment Of Non- Financial Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2.9 Government Subsidy / Grant

Government Grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

- a) Subsidy related to assets is recognized as deferred income which is recognized in the statement of profit & loss on systematic basis over the useful life of the assets. Purchase of assets and receipts of related grants are separately disclosed in statement of cash flow.
- b) Grants related to income are treated as other income in statement of profit & loss subject to due disclosure about the nature of grant.

## 2.10 Financial Instrument

### a) Financial Assets

#### Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.





## Subsequent Measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:-

- i. Financial Assets at fair value
- ii. Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss, or recognized in other comprehensive income. A financial asset that meets the following two conditions is measured at amortized cost.

- i. **Business Model Test:** The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.
- ii. **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through OCI:-

- i. **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- ii. **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected irrevocable option to present value changes in OCI.

## Investment in Associates, Joint Venture and Subsidiaries

The company has accounted for its investment in subsidiaries, associates and joint venture at cost.

## Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and debt instrument carried at FVTOCL. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables.



## **b) Financial Liabilities**

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognized in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit and loss.

### **2.11 Fair Value Measurement**

The Company measures certain financial instruments at fair value at each Balance Sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets  
Level 2: Significant inputs to the fair value measurement are directly or indirectly observable  
Level 3: Significant inputs to the fair value measurement are unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.





For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **2.12 Lease assets**

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease receipts / payments are recognized as an income / expense on a straight-line basis over the lease term.

Contingent rents are recognized as income / expense in the period in which they are earned/ incurred.

## **2.13 Inventory**

### **a) Basis of valuation**

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

### **b) Method of valuation**

Raw materials and consumables has been determined by using weighted average cost method and comprises all cost of purchase, freight costs, customs duty (wherever paid) taxes (other than those subsequently recoverable from Tax Authorities) and all other cost incurred in beginning the inventory to their present location and condition. The cost is determined using the Weighted Average Method.

**Work in progress** include direct and indirect materials, direct and indirect labour and other manufacturing overheads incurred in bringing them to their respective present location and condition.

**Finished goods** includes direct and indirect materials, direct and indirect labour and other manufacturing overheads incurred in bringing them to their respective present location and condition. Cost is determined on moving weighted average basis.

## **2.14 Employee benefits**

The Company's employee benefits mainly include wages, salaries, bonuses, contribution to plans, defined benefit plans, compensated absences, deferred compensation and share-based payments. The employee benefits are recognized in the year in which the associated services are rendered by the Company employees.



### **Defined contribution plans**

The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

### **Provident Fund and Employees' State Insurance Schemes**

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. The contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

### **Defined benefit plans**

In accordance with the local laws and regulations, all the employees in India are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method.

The obligation towards the said benefits is recognized in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognized in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognized directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.





### **Other long-term employee benefits**

The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment.

The Company provides for the liability towards the said benefit on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognized in the statement of profit and loss in the period in which they arise.

### **2.15 Tax Expenses**

Income Tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the financial year for which the financial statements are prepared by applying the tax rates as applicable.

#### **Current Tax**

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in the respective countries where the Company operates and generate taxable income. The payment made in excess / (shortfall) of the respective Company's income tax obligation for the period are recognized in the Balance Sheet as current income tax assets / liabilities.

#### **Deferred Tax**

Deferred tax is provided using the Balance Sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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 utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.



### Minimum Alternate Tax

Minimum Alternate Tax credit is recognized as an 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 of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 2.16 Provisions, Contingent Liability and Contingent Assets

- i. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.
- ii. Contingent liabilities, if material, are disclosed by way of notes and contingent assets, if any, are disclosed in the notes to financial statements.
- iii. A provision is recognized, when Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made for the amount of obligation. The expense relating to the provision is presented in the profit and loss net of any reimbursement.
- iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### 2.17 Foreign Currency Translation

These financial statements are presented in Indian rupees (INR), which is the Company's functional currency.

Transactions in foreign currency are recorded on initial recognition at the spot rate prevailing at the time of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

At the end of each reporting period:

- i. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.





- iii. Non-monetary items that are measured terms of historical cost in a foreign currency are not retranslated.

## **2.18 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized 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.

A liability is classified 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.

## **2.19 Operating Segment**

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 and loss and is measured consistently with profit and loss in the financial statements.

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 the segment including intersegment revenue.
- ii. Expenses that are directly identifiable with the segments are considered for determining the segment results. 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 and 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.



## **2.20 Earnings Per Share**

Basic Earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **2.21 Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are charged to statement of profit & loss in the period in which it is incurred except loan processing fees which is recognized as per Effective Interest Rate method.

Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **2.22 Cash and cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of cash and cash equivalents.

## **2.23 Critical accounting estimates, assumptions and judgements**

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions under-lying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

## **2.24 Investment**

Investments which are of equity in nature are carried at Fair Value and gain/loss on fair valuation is recognized through OCI.





## 2.25 Trade Receivable

Trade Receivables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

## 2.26 Trade and Other payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognized, initially at fair value, and subsequently measured at amortized cost using effective interest rate method.

## 2.27 Recent accounting pronouncement Standards issued but not yet effective

As at the date of authorisation of the financial statements, the Company has not applied the following revisions to the Ind AS that have been issued by MCA but are not yet effective:

### IND AS 116 Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Company is evaluating the requirements of the amendment and its impact, if any, on the financial statements.

### Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income



tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is evaluating the requirements of the amendment and its impact, if any, on the financial statements.





**Amendment to Ind AS 12 – Income taxes:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**Amendment to Ind AS 19 – Plan amendment, curtailment or settlement-**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.





**INDEPENDENT AUDITOR'S REPORT**

**To  
The Members of**

**FEDDERS ELECTRIC AND ENGINEERING LIMITED  
(FORMERLY KNOWN AS FEDDERS LLYOD CORPORATION LIMITED)**

**Report on the audit of Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Financial Statements of **FEDDERS ELECTRIC AND ENGINEERING LIMITED** ("hereinafter referred to as "the Holding Company") and its subsidiary company (The Holding Company and Subsidiary company collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including statement of other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Disclaimer Opinion section of our report, the Consolidated Ind AS financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its consolidated statement of Profit and Loss (including statement of other comprehensive income), Consolidated Cash Flow Statement and its statement of changes in equity for the year ended 31 March, 2019.

**Corporate Insolvency Resolution Process as per the Insolvency & Bankruptcy Code, 2016 (IBC)**

The Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") vide its order dated 14th August 2019 admitted an insolvency and bankruptcy petition filed by State Bank of India (a lead member of lender consortium) against Fedders Electric & Engineering Limited ("the Company") and appointed Mr. Ashok Kumar Gulla to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated under extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules and regulations. In their meeting held on 12th September, 2019, Committee of Creditors (COC) approved appointment of IRP as Resolution Professional (RP). Subsequently, the Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") via its order dated October 06, 2021 approved the resolution plan submitted by IM Plus Capital Limited ("Resolution Applicant", or "RA").

Pursuant to the Resolution Plan submitted by IM Plus Capital Limited and its approval by the Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") via its order dated October 06, 2021 for the corporate insolvency of the Company, which is implemented from October 06, 2021 otherwise as stated in below notes, the following consequential impacts have been given in accordance with approved resolution plan / Accounting Standards :-

- The existing directors of the Company as on the date of order have stand replaced by the new Board of Directors from their office with effect from October 06, 2021. As on date Board consist of Mr. Anil Kumar Kaushik (Chairman and Non-Executive Independent Director), Mr. Vishal Singhal (Executive Director) and Mrs. Tanya Singhal (Non-Executive Director).



- As per Para 16 of the Hon'ble NCLT order dated October 06, 2021, a Monitoring Committee/Agency has been constituted to supervise the implementation of the plan and to ensure smooth transition of business in the hands of RA/ newly constituted board.
- Pursuant to abovementioned implementation, by the first meeting of the Monitoring Committee dated October 14, 2021, Mr. Narender Kumar Mishra was appointed as Chief Financial Officer ("CFO") and Mrs. Kirti Jain was appointed as whole-time Company Secretary ("CS").

Accordingly, the above audited financials for year ended March 31, 2019 have been endorsed by newly constituted board, confirming that financial results do not contain any material misstatements.

### Basis for Disclaimer Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our **disclaimer opinion**.

1. As per "**Indian Accounting Standard 36**" which describe about impairment of asset, if the carrying amount of the asset is more than recoverable amount then asset need to be impaired and as per "**Indian Accounting Standard 109**" on financial instruments which also contains provisions of impairment of financials assets through expected credit loss method basis these provisions we were required to seek for any impairment obligations from management.
2. As per "**Indian Accounting Standard 109**" the Holding Company was required to get the Investment at fair value but the same has not been done by the company, accordingly we are unable to ascertain the effect of the same on the Financial statements. We were not provided ownership documentations for investments (Note 5) and FDR (Note 9) and accrued interest ( Note 11)
3. We were appointed as auditor of the Holding Company after 31.03.2019 and thus could not observe the counting of physical inventories at the beginning and end of the year, the Holding Company has also not maintained proper records including reconciliation of goods purchased / sold in terms of quantities held at 31.03.2019 and 31.03.2018 which are valued at **Rs 41.92 Crores (before provision)** and **Rs 82.33 Crores**, respectively in the Note No.6 of the Consolidated Financial Statements. We were asked to carry out physical verification on inventory and fixed asset which was not adequately assessed as on 31.03.2019. Due to non-availability of full records, such assessment could not be fully ascertained. Accordingly, it is considered necessary that Management arrive at for provision at their best estimates basis looking at state of inventory, receivable and fixed asset after taking into account existence, location, condition, maintenance, ownership of particular assets. The Management, at the time of finalizing the standalone financials, had decided to carry the whole value in balance sheet and a provision was created for estimated decreased value of inventory which was routed through Profit & Loss account and provisioning accounts. The same has been considered for consolidation purposes.
4. We sought External Confirmation from the top 10 customers and vendors for the year ended 31.03.2019 which we cannot conclude **because of confirmations not received from most of the parties, further master data saved of most of the parties, in the ERP system of the Holding**





**Company is not correct, we cannot satisfy ourselves for the balances of parties appearing in the financial statements.**

In view of these, read along with our comments mentioned in para 1 above and considering that the Holding Company does not have process in place to perform periodical reconciliation of balance with customers and vendors, we were unable to comment on recoverability of account receivable balance and advance given to suppliers and completeness of account payable balances. Although it was informed that RP issued letters to parties which are appearing as account recoverable as on Insolvency Commencement Date i.e. 14.08.2019. The said letters were issued after the reporting period ended on 31.03.2019 but before date of audit report.

5. The Holding Company has done multiple inter party balance adjustments during the year, due to which there is reduction in account balances of suppliers and vendors.
6. The Holding Company has been continuously making losses, consequently its net worth is negative and the Group's total liabilities exceeded its total assets. This indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, in view of the CIRP in respect of the Holding Company, and the recent approval of the resolution plan submitted by RA, the accounts have been prepared on a going concern.
7. The Holding company has not filed its financial results for the year ended 31st March 2019 on or before the due date as prescribed under regulation 33 of the SEBI (listing obligations and Disclosure Requirements) Regulations, 2015 and thus violated the aforementioned regulations.
8. The Holding Company is having one more subsidiary company as mentioned in previous auditor's report with name of Fedders Lloyd Nigeria Limited, which has been not considered in Consolidated Financial Statement and further no Financials and supporting documents has been provided to us for the verification.
9. In relation to the "subsidiary financial statement", the Entity has not carried out any commercial activity during the last 3 years and incurred a net loss of Rs. 1.43 Crores (AED 761,102) during the year ended March 31,2019, and had accumulated losses of Rs. 6.50 Crores (AED 34,43,082) as of that date. The Entity also has an equity deficit and negative working capital AED 28,000. The commercial license of the Entity has expired on March 05, 2018, and has not been renewed till date. These conditions, along with other matters as set forth above, indicate that the Entity is no longer a going concern. These financial statements have been prepared on liquidation basis. It reflects impact of adjustments which are necessary to adjust the assets and liabilities to their net realizable values. The above mentioned opinion has been considered as per the Auditor's Report of the Subsidiary Company i.e. Fedders Lloyd Trading FZE, on which we have relied thereon.

**Emphasis of Matter**

We draw attention to the following:

- a) With reference to audit report of financial year 2017-18, auditor had given disclaimer of opinion about sales of Rs. 545.24 crore and purchase of amounting Rs. 544.54 crores for which Holding company does not have sufficient and satisfactory supporting evidence. Further above-mentioned sales and purchases have been transacted between identical parties. With effect of the opinion during the year the holding company had reversed both the sale and purchase values of Rs 414.54 crores.

According to above mentioned limitations, we were unable to comment on appropriateness of transactions between corresponding supplier / vendor.





Further the treatment of the rectification is not done as mentioned in Ind AS 8 it is done through prospective bases and routed through consolidated profit & loss account statement as exceptional item.

- b) Considering that the RA is still in the process of taking over control over the operations and books of accounts of the Holding Company, the certainty as to the realization of unused tax losses and MAT credit available cannot be ascertained at this stage. Consequently, adjustment to deferred tax (net) and MAT credit available have not been given effect.
- c) The Exceptional items for the year ended March 31st, 2019 comprises provision for bad & doubtful debts as well as bad debts. The Company has also filed claims in the capacity of Operational Creditor for the Corporate Debtor (Customers) who are undergoing CIRP, Liquidation or Compromise & Arrangement Scheme viz. Claim of Rs. 11.93 crore filed with KSS Petron; Rs. 5.87 crore filed with IL&FS Transportation Networks Limited; Rs. 2.57 crore filed with Lanco Infratech Limited. The Company had made necessary provision against these recoverable at their best estimation at the time of finalization of the standalone financials. The same have been considered for consolidation purposes.
- d) The Holding company is facing financial and liquidity crisis since last more than 3 years which resulted in failure to meet commitments to Financial Creditors and other creditors. Operations were severely affected due to liquidity crunch resulted in delay in completion of various projects and consequent effect of being faced with various penalties, Liquidated damages and invocation of bank Guarantees. Major operational activities are closed from more than one year and available management and staff are assuring their best efforts to minimize further deterioration. On the basis of the best judgment's management had created provisions against the various assets, at the time of finalization of the standalone financials, which were not treated as specified in respective Ind AS: -

1. Provision against Fixed Assets value Rs. 38.63 Crore
2. Provision against value of CWIP Rs. 1.00 Crore
3. Provision against value of Inventories Rs. 14.67 Crore
4. Provision / Bad debts with respect to Customers Rs. 235.47 Crore

#### Other Matters

- i. Forensic Audit of the Holding Company has been ordered by State Bank of India vide letter dated 15.09.2018.
- ii. Transaction Audit of the Holding Company under the Provisions of the IBC, 2016 has been done and report is submitted to Hon'ble NCLT by Ex-Resolution Professional.
- iii. Special Audit under Income Tax Act 1961, of the Holding Company has been ordered by competent Income tax authority vide its' letter dated 21.12.2019, report of the same is not shared with us.
- iv. The Holding Company's financing arrangements expired majorly on July 11,2018 as communicated to the Holding Company, via meeting of consortium Bankers convened on dated 21.07.2018 declaring the Bank Accounts as Non- Performing Asset. The situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The aforesaid non-performance was resulted into Corporate Insolvency Resolution Process under the provisions of IBC, 2016.
- v. As per section 148 of the Companies Act,2013, Cost Audit is applicable on the Holding Company for which Cost Auditor is appointed for the financial year 2018-19 our report is subject to the observations mentioned in his report.





- vi. As per Section 204 of the Companies Act, 2013, Company is required to obtain Secretarial Audit Report from independent practicing Company Secretary which is provided to us during the course of review we found company had defaulted in filing of various returns and other irregularities are there, his report may be refer for detailed observations.
- vii. Multiple bank accounts were opened by bankers due to devolvement of various letter of credits, the Holding Company is not having the complete accounts statements in possession. Therefore, we were unable to comment on the transactions happened with those accounts during the year.
- viii. Reconciliation of sales and purchases with GST returns of Holding Company is not available due to locked user ID's in GST portal and change of various accounting staff.
- ix. We did not audit the financial statements of the subsidiary company, whose financial statements reflect Total Asset amounting to Rs. NIL as at March 31, 2019, Total Revenue of Rs. Nil and Total cash flow amounting to Rs. (0.03) crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid, subsidiary company, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Disclaimer opinion and emphasis of matter, we have determined that there are no other key audit matters to communicate in our report.

### **Information other than the financial statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management and Those Charged with Governance's Responsibility**

The Management and Board of Directors of the Holding company is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, financial performance, total consolidated comprehensive income, change in consolidated equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian





Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding 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; 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 financial statements, management is responsible for assessing the Holding 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.

The Board of Directors are responsible for overseeing the Holding Company's financial reporting process.

Pursuant to the Resolution Plan submitted by IM Plus Capital Limited and its approval by the Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") via its order dated October 06, 2021 for the corporate insolvency of the Company, which is implemented from October 06, 2021 otherwise as stated in below notes, the following consequential impacts have been given in accordance with approved resolution plan / Accounting Standards :-

- The existing directors of the Company as on the date of order have stand replaced by the new Board of Directors from their office with effect from October 06, 2021. As on date Board consist of Mr. Anil Kumar Kaushik (Chairman and Non-Executive Independent Director), Mr. Vishal Singhal (Executive Director) and Mrs. Tanya Singhal (Non-Executive Director).
- As per Para 16 of the Hon'ble NCLT order dated October 06, 2021, a Monitoring Committee/Agency has been constituted to supervise the implementation of the plan and to ensure smooth transition of business in the hands of RA/ newly constituted board.
- Pursuant to abovementioned implementation, by the first meeting of the Monitoring Committee dated October 14, 2021 , Mr. Narender Kumar Mishra was appointed as Chief Financial Officer ("CFO") and Mrs. Kirti Jain was appointed as whole-time Company Secretary ("CS").

Accordingly, the above audited financials for year ended March 31, 2019 have been endorsed by newly constituted board, confirming that financial results do not contain any material misstatements.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to





fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, we report that:

- a) As explained in the Basis for Disclaimer for Opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the





purpose of our audit.


- b) The effects of the matters described in the Basis for Disclaimer for Opinion Paragraph, in our opinion, proper books of account as required by law have not been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from various locations not visited by us.
- c) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Consolidated Balance Sheet, Consolidated Statement of Profit & loss, Consolidated Cash flow Statements and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account and with the return received from various locations not visited by us.
- d) Due to the possible effect of the matter described in the basis for Disclaimer of opinion, we are unable to state the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the relevant rules there under;
- e) The matter described in the basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) Since the resolution plan has already been approved by Hon'ble NCLT vide order dated October 06, 2021, monitoring committee comprising one representative from financial creditors, one representative from RA and Ex- Resolution Professional, is ensuring implementation of the resolution plan including constitution of the new board of the Company by RA. Accordingly, the above audited results for the quarter ended March 31, 2019 have been endorsed by newly constituted board/ monitoring committee, confirming that financial results do not contain any material misstatements. Written representation from directors have been taken on record by the Board of Directors. Accordingly, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in the terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the parent company and its wholly owned subsidiary company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses a Disclaimer opinion on the adequacy and operating effectiveness of the group's internal financial control over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In absence of proper records, we would not be able to comment whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements [Refer Note no. 33]
  - ii. The Group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.





- ii. It cannot be identified basis the available records whether there has been any occasion in case of the Company during the year under report to the Investor Education and Protection Fund.

For Rajiv Malhotra & Associates  
Chartered Accountants  
FRN: 021479N



CA Sunil Kr Sakral  
[Partner]

Membership Number: 509537



Place : Noida

Dated : 21/03/2022



## **Annexure – A to Independent Auditors' Report**

**(Referred to in our report of even date)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **FEDDERS ELECTRIC AND ENGINEERING LTD.** as of 31st March 2019 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 management of Holding Company and its Subsidiary company incorporated outside of India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 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.

Pursuant to the Resolution Plan submitted by IM Plus Capital Limited and its approval by the Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") via its order dated October 06, 2021 for the corporate insolvency of the Company, which is implemented from October 06, 2021 otherwise as stated in below notes, the following consequential impacts have been given in accordance with approved resolution plan / Accounting Standards :-

- The existing directors of the Company as on the date of order have stand replaced by the new Board of Directors from their office with effect from October 06, 2021. As on date Board consist of Mr. Anil Kumar Kaushik (Chairman and Non-Executive Independent Director), Mr. Vishal Singhal (Executive Director) and Mrs. Tanya Singhal (Non-Executive Director).
- As per Para 16 of the Hon'ble NCLT order dated October 06, 2021, a Monitoring Committee/Agency has been constituted to supervise the implementation of the plan and to ensure smooth transition of business in the hands of RA/ newly constituted board.
- Pursuant to abovementioned implementation, by the first meeting of the Monitoring Committee dated October 14, 2021, Mr. Narender Kumar Mishra was appointed as Chief Financial Officer ("CFO") and Mrs. Kirti Jain was appointed as whole-time Company Secretary ("CS").

Accordingly, the above audited results for the quarter ended March 31, 2019 have been endorsed by newly constituted board, confirming that financial results do not contain any material misstatements.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls





and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion on the Holding Company and its Subsidiary company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 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 consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with Authorizations of management and directors of the company; and (3) provide reasonable Assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Disclaimer Opinion**

The system of internal financial controls with regard to the Group were not made available to us to enable us to determine if the Holding company has established adequate financial controls over financial reporting were operating effectively as at March 31, 2019.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Holding company, and the disclaimer has affected our opinion on the financial statements of the Holding Company and we have issued a disclaimer of opinion on the Consolidated financial statements.

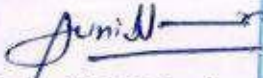




## Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary company and consolidated on the basis of audited financial statements, which is company incorporated outside India, is based on the facts furnished by the management.

For Rajiv Malhotra & Associates  
Chartered Accountants  
FRN: 021479N

  
CA Sunil Kr Sakral  
[Partner]

Membership Number: 509537

VDIN: 22509537AFHCWB3932

Place : Noida

Dated : 21/03/2022



**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2019**

Particulars	Note No.	(Amount in Crores)	
		As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
(1) <b>Non - Current Assets</b>			
(a) Property, Plant and Equipment	3	183.90	240.83
(b) Capital work - in - progress		-	1.00
(c) Other Intangible Assets	4	0.15	0.35
(d) <b>Financial assets</b>			
(i) Non Current Investments	5	0.44	0.37
(iii) Other financial assets		-	-
<b>Total Non- Current Assets</b>		<b>184.50</b>	<b>242.55</b>
(2) <b>Current Assets</b>			
(a) Inventories	6	27.25	82.33
(b) <b>Financial assets</b>			
(i) Trade receivables	7	132.59	255.17
(ii) Cash and cash equivalents	8	11.86	1.49
(iii) Bank Balances other than (ii) above	9	12.49	24.17
(iv) Loan	10	148.70	105.57
(iii) Other financial assets	11	127.61	181.28
(c) Other current assets	12	50.01	33.95
<b>Total Current Assets</b>		<b>510.52</b>	<b>683.96</b>
<b>TOTAL ASSETS</b>		<b>695.01</b>	<b>926.51</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	13	33.97	33.97
(b) Other Equity	14	-613.75	-82.09
<b>Total Equity</b>		<b>-579.78</b>	<b>-48.12</b>
<b>LIABILITIES</b>			
(1) <b>Non Current Liabilities</b>			
(a) <b>Financial Liabilities</b>			
(i) Borrowings	15	0.00	0.00
(ii) Provision	16	3.79	2.99
(b) Deferred tax liabilities (Net)	17	16.77	18.04
<b>Total Non- Current Liabilities</b>		<b>20.55</b>	<b>21.03</b>
(2) <b>Current Liabilities</b>			
(a) <b>Financial Liabilities</b>			
(i) Borrowings	18	738.70	418.75
(i) Trade payables	19	250.39	325.64
Dues of micro and small enterprises		-	-
Dues other than micro and small		-	-
(ii) Other financial liabilities	20	234.08	152.56
(b) Other current liabilities	21	30.21	54.88
(c) Provisions	22	0.88	1.78
(d) Current tax liabilities (Net)	23	-	-
<b>Total Current Liabilities</b>		<b>1,254.25</b>	<b>953.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>695.01</b>	<b>926.51</b>

**Summary of significant accounting policies**

The accompanying notes are an integral part of the financial statements 3 to 47

As per our report of even date attached,

**Rajiv Malhotra & Associates**

Chartered Accountants

Firm's Registration Number: 021479N

(CA Sunil Kr. Sakral)

Partner

M. No. 509537

Place : Noida

Dated : 21 March 2022

UDIN: 22509537AFHCWB3932



For and on behalf of the Board of Directors of  
Fedders Electric And Engineering Limited

(Anil Kumar Kashik)

Director

DIN: 09131927

(Narender Kumar Mishra)

CFO

(Vishal Singhal)

Director

DIN: 03518795

(Kirti Jain)

Company Secretary

M. No. A61919



**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

(Amount in Crores)			
Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	24	130.40	1,239.06
Other income	25	2.33	1.23
<b>Total Income</b>		<b>132.73</b>	<b>1,240.29</b>
<b>Expenses</b>			
Cost of material consumed	26	114.66	1,235.58
Changes in inventories of Finished goods and Work - In -progress	27	5.26	226.45
Excise Duty on sale of goods		-	1.91
Employee benefit expenses	28	26.20	39.54
Finance Cost	29	31.47	72.82
Depreciation & amortization expenses	30	18.49	18.28
Other Expenses	31	469.54	188.17
<b>Total Expenses</b>		<b>665.62</b>	<b>1,782.75</b>
Profit before exceptional items & tax		-532.89	-542.46
Add: Exceptional Items		-	45.18
Add: Exceptional items- reversal of last year purchase		-414.54	-
Add: Exceptional items- reversal of last year sales		414.54	-
<b>Profit/(Loss) before tax</b>		<b>-532.89</b>	<b>-497.28</b>
<b>Less: Tax expenses</b>			
(1) Current tax		-	-
of Current year		-	-
of Earlier years		-	-
(2) Deferred tax		-1.25	0.47
of Current year		-	-
of Earlier years		-	-
<b>Total Tax Expenses</b>		<b>-1.25</b>	<b>0.47</b>
<b>Profit after tax</b>	<b>A</b>	<b>-531.64</b>	<b>-497.75</b>
<b>Other Comprehensive Income</b>			
A. (i) Items that will be reclassified to profit or loss		-	-
B. (i) Items that will not be reclassified to profit or loss		-	0.44
Remeasurements of the defined benefit plans		0.07	0.15
Fair value gain on investment		-	-0.20
Revaluation Reserve		-0.12	-0.50
Foreign Currency Translation Reserve		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-0.12
<b>Total Other Comprehensive Income for the year</b>	<b>B</b>	<b>-0.05</b>	<b>-0.22</b>
<b>Total Comprehensive Income for the year</b>	<b>(A+B)</b>	<b>-531.69</b>	<b>-497.97</b>
Earning per equity share (Face Value of Rs. 1/- each)	32	-156.50	-146.53
(1) Basic		-156.50	-146.53
(2) Diluted		-	-
<b>Summary of significant accounting policies</b>	<b>2</b>		
The accompanying notes are an integral part of the financial statements 3 to 47			

As per our report of even date attached

**Rajiv Malhotra & Associates**  
**Chartered Accountants**

Firm's Registration Number: 021479N

*(Signature)*  
 Partner

M. No. 509537

UDIN: 22509537AFCWB2932

Place : Noida  
 Dated : 21 March 2022



**For and on behalf of the Board of Directors of**  
**Fedders Electric And Engineering Limited**

(Anil Kumar Kaushik)

Director

DIN: 09131927

(Narender Kumar Mishra)

CFO

(Vishal Singhal)  
 Director

DIN: 03518795

(Kirti Jain)

Company Secretary

M. No. A61919





**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 March 2019**

Particulars	Period ended 31.03.2019 Amount in Rupees (In Cr)		Period ended 31.03.2018 Amount in Rupees (In Cr)	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit/(Loss) before tax		532.89		497.28
Adjustments for:				
Add: Depreciation	18.49		18.28	
FCFR	-0.12		-0.50	
Remeasurement of defined benefit plan	-		0.43	
Expected Credit loss	-		2.19	
Interest expenses	25.43	43.80	59.06	79.46
Less: Interest Income	-1.07		-0.80	
Gratuity Paid	-	-1.07	-0.00	-0.80
Dividend Income	-	490.16	-	418.62
<b>Operating profit before working capital changes</b>				
Trade & other receivables	122.58		196.39	
Inventories	55.08		297.48	
Loans & Advances	-43.13		-105.57	
Other financial assets	53.67		-129.53	
Related party Advance	-		-	
Other current assets	16.05		-14.57	
Other financial liability	81.52		93.45	
Other Current Liability	24.67		51.24	
Provisions	-0.11		1.13	
Trade & other payable	75.25	153.63	124.52	514.54
<b>Cash generated from operations</b>		336.33		95.92
Direct tax paid	-	-	-4.04	-4.04
<b>Net Cash Flow from Operating Activities</b>		336.33		91.88
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Property Plant and equipment	39.64		7.89	
Sale of investments	-		-	
Interest received	1.07		0.80	
Dividend received	-	40.71	-	8.69
<b>Net Cash Flow from Investing Activities</b>		40.71		8.69
<b>C. Cash Flow from Financial Activities:</b>				
Long Term Loans and Advances	-		-	
Proceeds from borrowing	319.95		19.96	
Dividend Paid	-		-4.08	
Dividend Tax	-		-	
Proceeds from Share Capital/Warrants	-		-	
Interest paid	-25.43	294.52	-59.06	83.12
<b>Net Cash Flow from Financing Activities</b>		294.52		83.12
<b>Net Increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		1.30		17.45
Opening Balance of Cash and Cash Equivalents		25.66		8.19
Closing Balance of Cash and Cash Equivalents		24.35		75.65
<b>Net Increase/ decrease in Cash and Cash Equivalents</b>		-1.30		17.47

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standards-7 "Statements of Cash Flow".

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
**Rajiv Malhotra & Associates**  
Chartered Accountants  
Firm's Registration Number: 021479N

(Anand K. Sakral)  
Partner  
M. No. 509537

UDIN: 22509537AFHCB393L

Place: Noida  
Dated: 23 March 2022

For and on behalf of the Board of Directors of  
**Fedders Electric And Engineering Limited**

(Anil Kumar K. Joshi)  
Director  
DIN: 0913192

(Narender Kumar Mishra)  
CFO

(Vishal Singhali)  
Director  
DIN: 03518795

(Kirti Jain)  
Company Secretary  
M. No. 461919



NOTE NO 3  
PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS CARRYING AMOUNT				Accumulated Depreciation				NET CARRYING AMOUNT
	AS AT 01.04.2018	PURCHASE DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2019	UP TO 01.04.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	AS AT 31.03.2019
Land - Freehold	53.83	-	-	53.83	-	-	-	-	53.83
Building	108.35	-	-	108.35	36.46	3.23	13.93	-	72.89
Office Premises	2.89	-	-	2.89	-	0.05	0.20	-	2.67
Temporary Shed	3.52	-	-	3.52	3.26	-	0.04	-	0.18
Plant & Machinery	227.46	0.23	-	227.69	117.71	14.52	23.87	-	106.75
Computer	5.31	0.03	-	5.34	4.90	0.01	0.11	-	5.21
Furniture & Fixtures	3.82	0.01	-	3.83	2.52	0.28	0.26	-	3.56
Office Equipment's	4.93	0.02	-	4.95	4.21	0.00	0.18	-	4.40
Motor Car	3.04	-	-	3.04	2.38	0.19	0.04	-	2.31
Motor & Motor Cycle	0.11	-	-	0.11	0.09	0.00	0.00	0.10	0.66
Total Property, Plant and Equipment	414.263	0.26	0.62	415.14	173.43	18.27	38.63	0.30	236.04
									246.83
									183.90

NOTE NO 4  
CAPITAL WORK-IN-PROGRESS

PARTICULARS	GROSS CARRYING AMOUNT				Accumulated Depreciation				NET CARRYING AMOUNT
	AS AT 01.04.2018	PURCHASE DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2019	UP TO 01.04.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	AS AT 31.03.2019
Capital Work in Progress	1.00	-	-	1.00	-	-	1.00	-	1.00
Total	1.00	-	-	1.00	-	-	1.00	-	1.00

NOTE NO 4  
OTHER INTANGIBLE ASSETS

PARTICULARS	GROSS CARRYING AMOUNT				Accumulated Depreciation				NET CARRYING AMOUNT
	AS AT 01.04.2018	PURCHASE DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2019	UP TO 01.04.2018	DEP. FOR THE YEAR	Provision for Impairment	DEDUCTION DURING THE YEAR	AS AT 31.03.2019
Software	1.26	0.02	-	1.28	0.91	0.22	-	-	0.35
Total Other Intangible Assets	1.26	0.02	-	1.28	0.92	0.22	-	-	0.35
	415.53	0.31	0.62	416.46	174.35	18.49	38.63	0.30	236.17
									246.38
									184.06

\* The Fixed Assets shown are as per books of accounts. No physical verification has been done during last year as well in current year. The impairment of Assets cannot be assessed and not provided for loss on impairment of Assets.



**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH 2019**

**5 NON CURRENT INVESTMENTS**

(Amount in Crores)

Particulars	As at		As at	
	March-19		March-18	
	Face	No. of Shares	No. of Shares	Value
<b>Trade Investments</b>				
Quoted				
<u>Equity Instruments (At FVOCI)</u>				
LEEL Electricals Ltd	10	100	100.00	0.00
SBI Mutual Fund (Gold Fund)		50,000	50,000	0.05
State Bank Of India PSU		50,000	50,000	0.06
State Bank of Bikaner & Jaipur	10	10,500	3,750.00	0.26
<b>Total Value of Quoted Investments</b>				<b>0.44</b>
<b>Unquoted-Non Trade</b>				
<u>Equity Instruments (At Cost)</u>				
<u>Subsidiary Company</u>				
Fedders Lloyd Trading FZE		5	5	-
<b>Total Value of Unquoted Investments</b>				<b>0.44</b>
Aggregate amount of quoted investments				0.44
Aggregate amount of unquoted investments				-

**6 INVENTORIES**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
Raw materials		36.62		71.48
Work in progress		2.29		5.64
Finished goods		3.02		4.92
Material in Transit		-		0.28
Less:- Provision		-14.67		-
		<b>27.25</b>		<b>82.33</b>

**7 TRADE RECEIVABLES**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
(Unsecured)				
Considered good	376.02		261.71	
Expected credit loss	-7.95		-6.54	
Less: Pro for Impairment of Trade receivable	-235.48		-	
		<b>132.59</b>		<b>255.17</b>

**8 CASH AND BANK BALANCES**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
Balances with banks		11.85		1.41
Cash on Hand		0.02		0.08
		<b>11.86</b>		<b>1.49</b>

**9 Bank Balances**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
Unclaimed dividend account		0.48		0.69
Deposits with maturity for Less than 12 months		12.02		23.48
		<b>12.49</b>		<b>24.17</b>

**10 Loan**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
Loan to related party		148.70		105.57
		<b>148.70</b>		<b>105.57</b>

**11 OTHER FINANCIAL ASSETS**

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
Retention Money	89.53			
Less:- Provision	-1.55			
Interest accrued on fixed deposit		87.98		130.69
Advances to employee		0.40		0.40
LD Recoverable		1.65		0.51
		23.21		21.74
Earnest Money & Other Deposit		14.37		27.94
		<b>127.61</b>		<b>181.28</b>





**12 OTHER CURRENT ASSETS**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Balances with Statutory/ Govt. Authorities	3.38	2.60
Supplier advances	37.74	22.55
Prepaid expenses	0.14	1.08
Insurance claim recoverable	0.03	0.03
Advance tax and TDS	8.71	7.70
	<b>50.01</b>	<b>33.95</b>

**13 EQUITY SHARE CAPITAL**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Authorized Share Capital</b>		
700,00,000 Equity shares, Re. 10- par value	700.00	700.00
(31 March 2017: 700,00,000 equity shares Re. 10- each)		
(1 April 2016: 700,00,000 equity shares Re. 10- each)		
	<b>700.00</b>	<b>700.00</b>
<b>Issued, Subscribed and Fully Paid Up Shares</b>		
33969700 Equity shares, Re. 10- par value fully paid up	33.97	33.97
(31 March 2017: 33969700 equity shares Re. 10- each)		
(1 April 2016: 30769700 equity shares Re. 10- each)		
	<b>33.97</b>	<b>33.97</b>

**Note No 13.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2018:**

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	3,39,69,700.00	33.97	33969700	33.97
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back (if any)	-	-	-	-
<b>Number of shares at the end</b>	<b>3,39,69,700.00</b>	<b>33.97</b>	<b>3,39,69,700.00</b>	<b>33.97</b>

**Note No 13.2: Terms/rights attached to equity shares**

(A) The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the

(B) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Note No 13.3: The details of shareholders holding more than 5% shares in the company :**

Name of the shareholder	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares held	% held as at	No. of shares held	% held as at
Zenith Impex Pvt Ltd	19,51,910.00	5.74	19,51,910.00	5.74
Rajul Estates Pvt Ltd	10,03,562.00	2.95	10,03,562.00	2.95
Lloyd Sales Pvt Ltd	42,93,619.00	12.64	42,93,619.00	12.64
Perfect Radiators and Oil Coolers Pvt Ltd	38,26,525.00	11.26	38,26,525.00	11.26
Mr. Brij Raj Punj	16,32,667.00	4.81	16,32,667.00	4.81
Airserco Pvt. Ltd.	17,52,709.00	5.16	17,52,709.00	5.16

**14 OTHER EQUITY**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Reserves &amp; surplus*</b>		
a) Share warrant	-	-
a) Capital Reserve	46.44	46.44
b) Securities Premium Reserve	360.55	360.55
c) General Reserve	-1,030.04	-499.15
d) Retained Earnings	3.38	3.38
e) Capital reserve	6.92	6.92
f) Revaluation reserve	<b>-612.75</b>	<b>-81.86</b>
<b>Other Comprehensive Income (OCI)</b>		
Actuarial gain & loss	0.74	0.74
Investment carried at Fair value	0.26	0.19
Revaluation reserve	-0.33	-0.33
Foreign currency translation reserve	<b>0.67</b>	<b>-0.23</b>
	<b>-612.08</b>	<b>-82.09</b>
<b>Share warrant</b>		
Balance as per last financial statement	-	3.38
Adjusted during the year	-	-3.38
	-	-





<b>Security premium</b>		
Balance as per last financial statement	46.44	46.44
Premium on issue of share	-	-
	<u>46.44</u>	<u>46.44</u>
<b>General reserve</b>		
Balance as per last financial statement	360.55	360.55
Addition during the year	-	-
Deletion during the year	-	-
	<u>360.55</u>	<u>360.55</u>
<b>Retained earning</b>		
Balance as per last financial statement	-495.57	2.69
Profit for the period	-534.47	-497.75
Dividend during the year	-	-4.09
Transfer to general reserve	-	-
	<u>-1,030.05</u>	<u>-499.15</u>
<b>Capital reserve</b>		
Balance as per last financial statement	3.38	-
Addition during the year	-	3.38
	<u>3.38</u>	<u>3.38</u>
<b>Revaluation reserve</b>		
Balance as per last financial statement	6.92	-
Addition during the year	-	6.92
	<u>6.92</u>	<u>6.92</u>
<b>Remeasurement of defined benefit plan</b>		
Balance as per last financial statement	0.74	0.45
Addition during the year	-	0.29
	<u>0.74</u>	<u>0.74</u>
<b>Investment carried at fair value</b>		
Balance as per last financial statement	0.19	0.07
Addition during the year	0.07	0.12
	<u>0.26</u>	<u>0.19</u>
<b>Revaluation reserve</b>		
Balance as per last financial statement	-0.33	-0.20
Addition during the year	-	-0.13
	<u>-0.33</u>	<u>-0.33</u>
<b>Total other equity</b>	<u>-612.09</u>	<u>-81.26</u>
<b>15 BORROWINGS</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Secured</u>		
Term Loans		
From banks		
Foreign Currency loan	0.00	0.00
Indian Currency Loan	-	-
	<u>0.00</u>	<u>0.00</u>
<b>16 Provision</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
Gratuity	3.79	2.99
	<u>3.79</u>	<u>2.99</u>
<b>17 DEFERRED TAX LIABILITIES (NET)</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Deferred tax liabilities</u>		
Depreciation	2.17	2.17
Others	14.59	15.86
	<u>16.77</u>	<u>18.04</u>
<u>Less: Deferred tax assets</u>		
Others	-	-
	<u>-</u>	<u>-</u>
<b>Net</b>	<u>16.77</u>	<u>18.04</u>
<b>18 BORROWINGS</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<u>Secured</u>		
From banks	738.70	418.75



**19 TRADE PAYABLES**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Current</b>		
Dues of micro and small enterprises	1.81	2.49
Dues other than micro and small enterprises	248.58	323.15
	<u>250.39</u>	<u>325.64</u>

**20 OTHER FINANCIAL LIABILITIES**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Current maturities of long term debt	8.68	13.50
Interest Accrued but not due on Term Loan	-	0.37
Payable on account of employees	3.44	4.31
Security Deposit	74.43	69.39
Expenses payables	2.96	5.01
Audit fee payable	0.05	0.15
Unclaimed dividend	0.48	0.69
Advance from related party	144.03	59.14
	<u>234.08</u>	<u>152.56</u>

**21 OTHER CURRENT LIABILITIES**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Advance from customer	29.11	49.00
Statutory dues payable	1.01	5.88
Sr Cr. Employee	2.11	-
	<u>30.21</u>	<u>54.88</u>

**22 PROVISIONS**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Gratuity	-	0.81
Leave encashment	0.88	0.97
Provision for loss on investment	-	-
	<u>0.88</u>	<u>1.78</u>

**23 CURRENT TAX LIABILITIES (NET)**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Provision for tax	-	-
Less Advance tax	-	-
	<u>-</u>	<u>-</u>





**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
**NOTES TO PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019**

<b>24 REVENUE FROM OPERATIONS</b>		
Particulars	For the year ended 31 March 2019	(Amount in Crores) For the year ended 31 March 2018
<u>Sale of product</u>		
Projects/Manufacturing Goods	130.40	1,239.06
	<u>130.40</u>	<u>1,239.06</u>
Less:- Discount		
	<u>130.40</u>	<u>1,239.06</u>
	<u>130.40</u>	<u>1,239.06</u>
<b>25 OTHER INCOME</b>		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income	1.07	0.80
Dividend income	-	0.00
Other income	1.26	0.43
	<u>2.33</u>	<u>1.23</u>
<b>26 COST OF MATERIALS CONSUMED</b>		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw materials, consumables & component consumed		
Opening stocks	71.48	142.33
Add: Purchases	79.38	1,163.35
Carriage Inwards	0.42	1.38
Less: Closing stocks	36.62	71.48
	<u>114.66</u>	<u>1,235.58</u>
<b>27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<u>Inventories at the end of the year</u>		
Finished Goods	3.02	4.92
Work In Progress	2.29	5.64
	<u>5.31</u>	<u>10.57</u>
<u>Inventories at the beginning of the year</u>		
Finished Goods	4.92	43.13
Work In Progress	5.64	193.89
	<u>10.57</u>	<u>237.02</u>
	<u>5.26</u>	<u>226.45</u>
<b>28 EMPLOYEE BENEFIT EXPENSES</b>		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Wages (Workers)	3.71	4.26
Labour Welfare	0.58	0.20
Salary & wages	20.05	31.33
Contribution to provident and other fund	0.97	1.45
Employer contribution in ESI	0.09	0.13
Gratuity	0.32	0.54
Bonus	0.29	0.36
Leave Encashment	-0.01	0.87
Staff Welfare	0.21	0.40
	<u>26.20</u>	<u>39.54</u>





**29 FINANCE COST**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest Expense	25.43	59.06
Bank Charges	6.04	13.76
	<b>31.47</b>	<b>72.82</b>

**30 DEPRECIATION & AMORTIZATION EXPENSES**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on Property, Plant and Equipment	18.27	18.06
Amortisation on Intangible Assets	0.22	0.22
	<b>18.49</b>	<b>18.28</b>

**31 OTHER EXPENSES**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Repair and Maintenance</b>		
- Plant & Machinery	0.08	0.50
- Building & Office	0.00	0.09
- Others	3.58	0.35
Electricity Charges	1.99	3.42
Factory Overheads	38.35	50.86
Insurance	0.36	1.03
Rent Rate & Taxes	1.90	3.74
Postage & Courier & Telephone Expenses	0.54	1.66
Printing and stationery	0.17	0.20
Tender Fees	0.00	0.04
Audit Fee (including service tax&GST)	0.05	0.17
Legal & Professional Expenses	1.73	1.07
Travelling & Conveyance Expenses	2.03	4.45
Motor Car Expenses	0.43	0.23
Advertisement Expenses	0.01	0.75
Discount	-	0.00
Selling expenses	1.77	5.03
Commission	-	1.57
Exhibition Expenses	0.02	0.08
Research & Development Expenses	0.02	0.06
Watch & Ward	2.12	2.71
Computer /Software Expenses	0.16	0.39
Donation	-	1.00
Fees & Taxes(including club fee)	0.21	0.49
Director Remuneration & Sitting Fees	0.37	1.98
Warranty Expenses	0.12	6.07
Loss on foreign exchange fluctuation	2.19	0.66
Bad Debts	2.80	99.47
Misc. Expenses	0.01	0.08
Loss on Sale of Fixed Assets	0.07	-
Loss on investment in Subsidiary A/c	-	-
Expenses Entry of Fixed Assets	38.63	-
Expenses Entry of CWIP	1.00	-
Expenses Entry of Inventories	14.67	-
Expenses Entry of Retention Money	1.55	-
Provision for Impairment of Trade receivable	236.87	-
LD/ Performance Penalties Expenses	115.70	-
	<b>469.54</b>	<b>188.17</b>

**32 EARNING PER SHARE**

Particulars	2018-2019	2017-2018
(A) Profit attributable to Equity Shareholders (Rs.)	-531.64	-495.99
(B) No. of Equity Share outstanding during the year.	3,39,69,700	3,39,69,700
(C) Face Value of each Equity Share ( Rs.)	10	10
(D) Basic & Diluted earning per Share ( Rs.)	-156.50	-146.01





**FEDDERS ELECTRIC AND ENGINEERING LIMITED**  
(Formerly known as Fedders Lloyd Corporation Limited)

**Notes to the Consolidated financial statements for the year ended March 31, 2019**

**1. Corporate Information**

Fedders Electric and Engineering Limited (Formerly known as Fedders Lloyd Corporation Limited) ("the Company") is a public group domicile in India and is incorporated under the provisions of the Companies Act, 2013 having Registered Office at 6 and 6/1 UPSIDC Industrial Area, Sikandrabad, Bulandshahr UP - 203205. Its shares are listed on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) in India and well diversified in the fields of Environment Control Systems (ECS), Fabrication of Steel Structures for Power, Commercial and Industrial Construction Projects and implementation of high power transmission lines. The Group has also been into exports of power equipment's/ components to various funded projects by multilateral agencies.

The Group has been generating revenue mainly from three segments:-

1. Environmental Control System
2. Steel Structure & Engineering
3. Power Transmission & Distribution and Overhead Electrification (OHE)

**2. Significant accounting policies**

**2.1 Basis of preparation**

The Consolidated Financial Statements have been prepared to comply in all material aspects with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended by the Ministry of Corporate Affairs ("MCA") from time to time.

The Consolidated financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

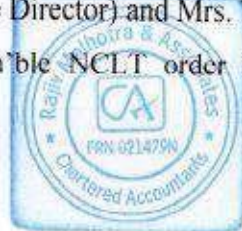
Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the amounts included in the consolidated financial statements are reported in Crores of Indian Rupees, and are rounded to the nearest Crores except per share data and unless stated otherwise.

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards to the extent possible and requirements of all Ind AS have not been complied with in totality.

Pursuant to the Resolution Plan submitted by IM Plus Capital Limited and its approval by the Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT") via its order dated October 06, 2021 for the corporate insolvency of the Company, which is implemented from October 06, 2021 otherwise as stated in below notes, the following consequential impacts have been given in accordance with approved resolution plan / Accounting Standards :-

- The existing directors of the Company as on the date of order have stand replaced by the new Board of Directors from their office with effect from October 06, 2021. As on date Board consist of Mr. Anil Kumar Kaushik (Chairman and Non-Executive Independent Director), Mr. Vishal Singhal (Executive Director) and Mrs. Tanya Singhal (Non-Executive Director).
- As per Para 16 of the Hon'ble NCLT order dated October 06, 2021, a Monitoring





Committee/Agency has been constituted to supervise the implementation of the plan and to ensure smooth transition of business in the hands of RA/ newly constituted board.

- Pursuant to abovementioned implementation, by the first meeting of the Monitoring Committee dated October 14, 2021, Mr. Narender Kumar Mishra was appointed as Chief Financial Officer ("CFO") and Mrs. Kirti Jain was appointed as whole-time Company Secretary ("CS").

Accordingly, the above audited results for the year ended March 31, 2019 have been endorsed by newly constituted board, confirming that financial results do not contain any material misstatements. Since, the newly constituted board came into existence after NCLT order dated October 06 2021, these audited results have been endorsed by newly constituted board for the limited purpose of compliances, based on limited information available with them.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries, associates and a joint venture as at and for the year ended March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent Group is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial





statements of the parent Group to enable the parent Group to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### **Consolidation procedure:-**

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra Group transactions.

Profit or loss and 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 interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets and liabilities.

#### **2.2 Use of Estimates & Basis of Measurement**

IND AS enjoins management to make estimates and assumptions related to Consolidated financial statements that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to the year. Actual result may differ from such estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision, including its impact on Consolidated financial statements, is reported in the notes to accounts in the year of incorporation of revision. These Consolidated financial statements have been prepared under the historical cost convention on the accrual basis, except for certain financial instruments and provisions which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.





## 2.3 Recognition of Income and Expenses

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment net of returns and allowances, trade discounts, volume rebates and taxes or duties collected on behalf of the government.

Group recognizes revenue from sale of goods when significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods.

Interest Income from debt instruments is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash flows over the expected life of financial instrument, to the gross carrying amount of the financial assets or to the amortized cost of the financial liability.

Dividend income is recognized when the Group's right to receive payment is established on or before the Balance Sheet date (Provided that it is probable that the economic benefit will flow to the Group).

Export sales are accounted on the basis of date of bill of lading.

Interest income on investment in fixed deposit is recognized on time proportion basis at the contractual rate.

Other incomes have been recognized on accrual basis in financial statements except for cash flow information.

## 2.4 Property, Plant and Equipment

An item of Property, Plant and Equipment (PPE) is recognized as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Group recognizes such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognized from the balance sheet and cost of the new item of PPE is recognized. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred.

Depreciation is provided on straight line method, at the rates determined based on the economic useful lives of assets estimated by the management; or at the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher. Accordingly, the Group has used the following rates:-





Name of Assets	Useful Life (in Years)
Building	30
Plant & Machinery	15
Office equipment's	5
Furniture & Fixture	10
Vehicle	8

Assets of Rs. 5,000 or less are fully depreciated in the year of purchase.

## 2.5 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as Investment Property. Investment Property is measured initially at its cost, including transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Investment Properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives.

## 2.6 Intangible Assets

Intangible Assets with finite useful lives acquired by the Group are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognized as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 2.7 Goodwill

No self-generated goodwill is recognized. Goodwill arises during the course of acquisition of an entity in terms of accounting treatment provided in IND AS-103 dealing with 'Business Combination'. Goodwill represents the excess of consideration money over the fair value of net assets of the entity under acquisition. Such goodwill is construed to have indefinite life and as such is not subject to annual amortization but annual test of impairment under IND AS - 36. Any shortfall in consideration money vis-à-vis fair value of net assets on account of bargain purchase is recognized in OCI at acquisition point and subsequently transferred to capital reserve.

## 2.8 Impairment Of Non- Financial Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which





there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **2.9 Government Subsidy / Grant**

Government Grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

- a) Subsidy related to assets is recognized as deferred income which is recognized in the statement of profit & loss on systematic basis over the useful life of the assets. Purchase of assets and receipts of related grants are separately disclosed in statement of cash flow.
- b) Grants related to income are treated as other income in statement of profit & loss subject to due disclosure about the nature of grant.

## **2.10 Financial Instrument**

### **a) Financial Assets**

#### **Initial Recognition and Measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

#### **Subsequent Measurement**

For purpose of subsequent measurement financial assets are classified in two broad categories:-

- i. Financial Assets at fair value
- ii. Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss, or recognized in other comprehensive income. A financial asset that meets the following two conditions is measured at amortized cost.

- i. **Business Model Test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows.
- ii. **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through OCI:-

- i. **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.





- ii. **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected irrevocable option to present value changes in OCI.

### **Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### **b) Financial Liabilities**

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognized in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit and loss.

## **2.11 Fair Value Measurement**

The Group measures certain financial instruments at fair value at each Balance Sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.





The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable

For assets and liabilities that are recognized in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **2.12 Lease assets**

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease receipts / payments are recognized as an income / expense on a straight-line basis over the lease term.

Contingent rents are recognized as income / expense in the period in which they are earned/ incurred.

## **2.13 Inventory**

### **a) Basis of valuation**

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

### **b) Method of valuation**

Raw materials and consumables has been determined by using weighted average cost method and comprises all cost of purchase, freight costs, customs duty (wherever paid) taxes (other than those subsequently recoverable from Tax Authorities) and all other cost incurred in beginning the inventory to their present location and condition. The cost is determined using the Weighted Average Method.

Work in progress include direct and indirect materials, direct and indirect labour and other





manufacturing overheads incurred in bringing them to their respective present location and condition.

**Finished goods** includes direct and indirect materials, direct and indirect labour and other manufacturing overheads incurred in bringing them to their respective present location and condition. Cost is determined on moving weighted average basis.

**Stock in transit** lying in customs warehouse does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.

## **2.14 Employee benefits**

The Group's employee benefits mainly include wages, salaries, bonuses, contribution to plans, defined benefit plans, compensated absences, deferred compensation and share-based payments. The employee benefits are recognized in the year in which the associated services are rendered by the Group employees.

### **Defined contribution plans**

The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

### **Provident Fund and Employees' State Insurance Schemes**

All employees of the Group are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. The contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Group are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

### **Defined benefit plans**

In accordance with the local laws and regulations, all the employees in India are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

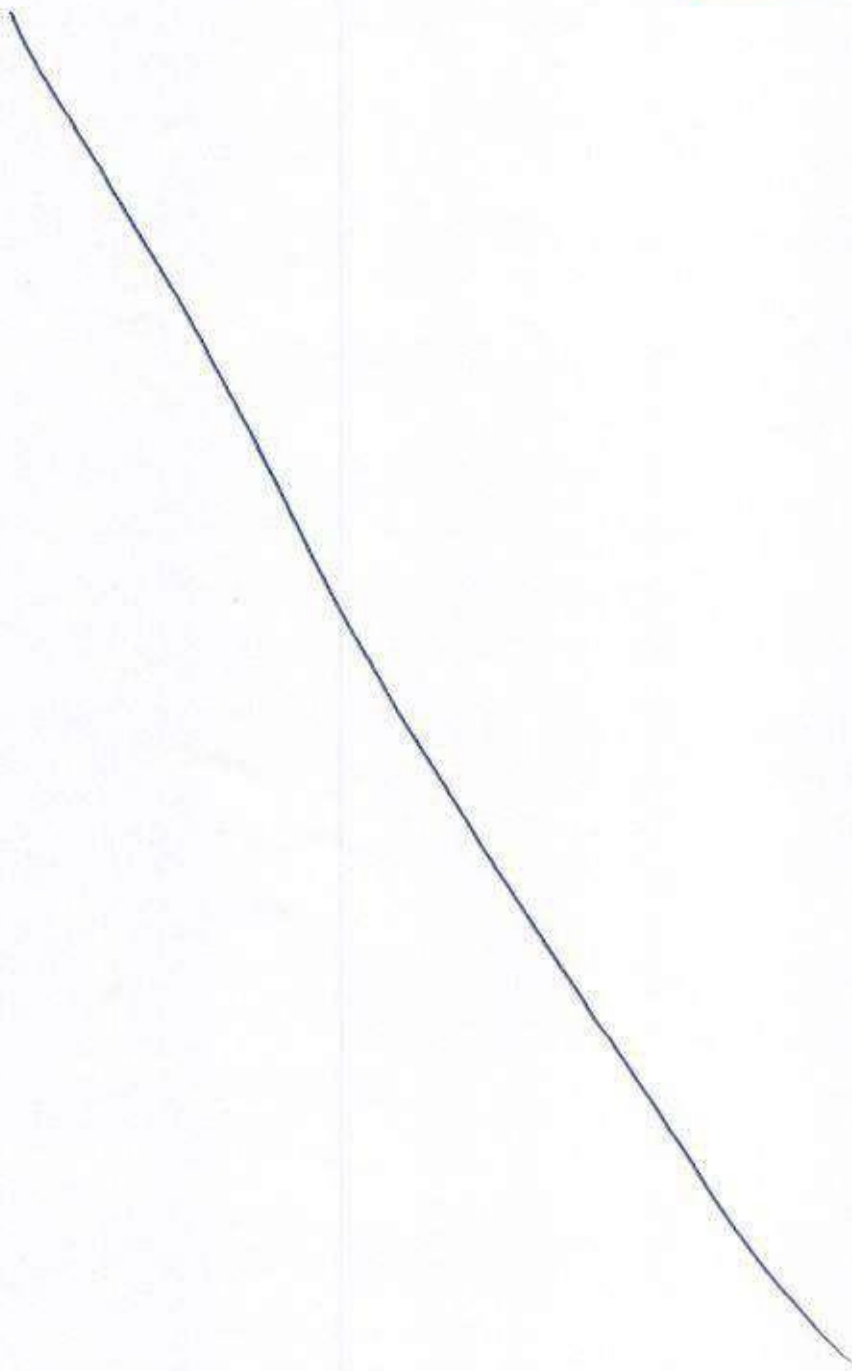
The Group provides for the liability towards the said plans on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method.

The obligation towards the said benefits is recognized in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognized in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognized directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial



assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.





### **Other long-term employee benefits**

The employees of the Group are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment.

The Group provides for the liability towards the said benefit on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognized in the statement of profit and loss in the period in which they arise.

### **2.15 Tax Expenses**

Income Tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the financial year for which the financial statements are prepared by applying the tax rates as applicable.

#### **Current Tax**

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in the respective countries where the Group operates and generate taxable income. The payment made in excess / (shortfall) of the respective Group's income tax obligation for the period are recognized in the Balance Sheet as current income tax assets / liabilities.

#### **Deferred Tax**

Deferred tax is provided using the Balance Sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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 utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.





## **Minimum Alternate Tax**

Minimum Alternate Tax credit is recognized as an 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 of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

## **2.16 Provisions, Contingent Liability and Contingent Assets**

- i. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.
- ii. Contingent liabilities, if material, are disclosed by way of notes and contingent assets, if any, are disclosed in the notes to financial statements.
- iii. A provision is recognized, when Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made for the amount of obligation. The expense relating to the provision is presented in the profit and loss net of any reimbursement.
- iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

## **2.17 Foreign Currency Translation**

These Consolidated financial statements are presented in Indian rupees (INR), which is the Group's functional currency.

Transactions in foreign currency are recorded on initial recognition at the spot rate prevailing at the time of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

At the end of each reporting period:

- i. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.





- iii. Non-monetary items that are measured terms of historical cost in a foreign currency are not retranslated.

## **2.18 Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized 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.

A liability is classified 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.

## **2.19 Operating Segment**

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 and loss and is measured consistently with profit and loss in the financial statements.

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 the segment including intersegment revenue.
- ii. Expenses that are directly identifiable with the segments are considered for determining the segment results. 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 and 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.





## **2.20 Earnings Per Share**

Basic Earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **2.21 Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are charged to statement of profit & loss in the period in which it is incurred except loan processing fees which is recognized as per Effective Interest Rate method.

Borrowing costs consist of interest and other costs that Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **2.22 Cash and cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Group's cash management, are also included as a component of cash and cash equivalents.

## **2.23 Critical accounting estimates, assumptions and judgements**

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. The said estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Group regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions under-lying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognized in the financial statements in the year in which they become known.

## **2.24 Investments**

Investments which are of equity in nature are carried at Fair Value and gain/loss on fair valuation is recognized through OCI.





## **2.25 Trade Receivable**

Trade Receivables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

## **2.26 Trade and Other payable**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognized, initially at fair value, and subsequently measured at amortized cost using effective interest rate method.

## **2.27 Recent accounting pronouncement Standards issued but not yet effective**

As at the date of authorization of the financial statements, the Group has not applied the following revisions to the Ind AS that have been issued by MCA but are not yet effective:

### **IND AS 116 Leases**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Group is evaluating the requirements of the amendment and its impact, if any, on the financial statements.

### **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.





The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Group is evaluating the requirements of the amendment and its impact, if any, on the financial statements.

#### **Amendment to Ind AS 12 – Income taxes:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.

#### **Amendment to Ind AS 19 – Plan amendment, curtailment or settlement-**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:  
to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.





# NOTES TO ACCOUNTS:

## 33) Contingent liability not provided for

Particulars	As at 31.03.2019 (Rs. in Crore)	As at 31.03.2018 (Rs. in Crore)
A. Claims against the company / disputed liabilities not acknowledged as debts*		
a. Recovery Suits filed by the parties in different court	13.87	32.68
b. Recovery Suits filed by the co. different court	29.53	29.83
c. Central Excise & Customs Matters	1.95	1.95
d. Sale Tax Matters	10.93	10.93
• Sales Tax Demand for Uttar Pradesh for Rs. 1,07,00,000/-, Rs. 77,00,000/- and Rs. 2,58,00,000/- for Year 2012-13, 2013-14, 2014-15 respectively.		
• Sales Tax Demand for Punjab for Rs. 4,89,68,963/- for Year 2010-11		
• Sales Tax Demand for Gujarat for Rs. 1,61,42,755/- for Year 2013-14		
e. Income Tax Matters (Pending Rectifications) 2,04,89,249/-		
f. Non Filing of Financial Results to NSE and BSE as per Regulation 33 of the SEBI (Listing obligations and disclosure Requirements) Regulations, 2015	2.04	1.13
		0.26
B. Guarantees*		
i) Bank Guarantees which Includes the Bank Guarantees issued in foreign currency amounting to USD 9,17,576.53(INR 6,52,39,691/-)	134.60	279.49

\* Contingent liabilities against bank guarantees outstanding have come down to INR 27.57 Crores, as on the reporting date

## 34) Contracts remaining to be executed On capital account and not provided for

NIL

NIL

## 35) Micro and Small Scale Business Entities

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosure are required to be made relating to MSME, On the basis of information and record available with the company, the following disclosure are made for the amounts due to Micro, Small and Medium Enterprises:

Particulars	As at 31.03.2019	As at 31.03.2018
Principal amount due to any supplier as at the year end	1.81	2.49
Interest due on the principal amount unpaid at the year end to any supplier:	NIL	NIL
TOTAL	1.81	2.49

- Principal amount mentioned above are under dispute.





36) **Related Party Disclosures: (in which some Directors are interested)**

**A. Names of related parties and related Party relationships**

- i. Wholly Owned Subsidiaries
  - a. Fedders Lloyd Trading FZE
  - b. Fedders Lloyd Nigeria Limited\*
- ii. List of Key management personnel as defined under Indian Accounting Standard (Ind AS) 24, 'Related party disclosures:
 

a. Mr. Sanjiv Kavaljit Singh	Whole Time Director & CEO (w.e.f 08.11.2018 to 18.10.2019)
b. Mr. Sham Sunder Dhawan	Whole Time Director (w.e.f 26.04.2008 to 05.05.2018)
c. Mr. Akhter Aziz Siddiqi	Whole Time Director (w.e.f 09.02.2017 to 23.05.2018)
d. Mr. Pulkit Bhasin	Company Secretary (w.e.f 30.05.2016 to 02.01.2019)
e. Mr. Randhir Jain	Whole Time Director (w.e.f 13.06.2018 to 17.09.2018)
- iii. Enterprises owned or significantly influenced by key management personnel or their relatives;
  - a. Airserco Private Limited
  - b. LEEL ELECTRICALS LIMITED
  - c. Perfect Radiators & Oil Coolers Pvt. Ltd.
  - d. PSL Engineering Pvt. Ltd.
  - e. Regal Information Technology Pvt. Ltd.
  - f. Fedders Credits Ltd. (Formerly Lloyd Credits Ltd.)
  - g. Fedders IT Technology Pvt. Ltd. (Formerly Lloyd IT Technology Pvt. Ltd.)
  - h. Fedders Sales Pvt. Ltd. (Formerly Lloyd Sales Pvt. Ltd.)
  - i. Fedders Manufacturing Pvt. Ltd. (Formerly Lloyd Manufacturing Pvt. Ltd.)
  - j. Fedders Infotech (India) Pvt. Ltd. (Formerly Lloyd Infotech (India) Pvt. Ltd.)
  - k. Fedders Stock & Investments Pvt. Ltd. (Formerly Lloyd Stock & Investments Pvt. Ltd.)
  - l. Himalayan Mineral Waters Pvt. Ltd.
  - m. Punj Engineering Pvt. Ltd.
  - n. Punj Services Pvt. Ltd.
  - o. Pandit Kanahaya Lal Punj Pvt. Ltd.
  - p. PSL Wolfe JV Pvt. Ltd.
  - q. Pandit Kanahaya Lal Punj Trust
  - r. Brij Raj Punj(HUF)

**B. Transactions during the period with Related Parties are as under:**

Name of Related Party	Rs. in Crores	
	2018-19 Amount	2017-18 Amount
<b>LEEL ELECTRICALS LIMITED (Formerly Known as Lloyd Electric and Engineering Ltd)</b>		
Sales of Goods	35.21	70.11
Purchase of Goods	12.01	3.60
Security Deposit	51.21	61.29
<b>Airserco Private Limited</b>		
Sales of Goods	0	64.21
Sales Return of Goods	34.38	
Purchase of Goods	0	7.81
Purchase Return of Goods	6.62	
<b>PSL Engineering Private Limited</b>		
Sales of Goods	0	63.79
Sales Return of Goods	33.81	





Purchase of Goods	0	NIL
Purchase Return of Goods	14.75	
<b>Pandit Kanahaya Lal Punj Trust</b>		
Donation	0.00	1.00
<b>Himalayan Mineral Waters Pvt Limited</b>		
Rent	0.09	0.21
<b>Key Management Personnel</b>		
Managerial Remuneration Paid		
-Mr. Brij Raj Punj	0.00	0.58
-Mr. Sanjiv Kavaljit Singh	0.14	0.00
-Mr. Sham Sunder Dhawan	0.08	1.03
-Mr. Akhter Aziz Siddiqi	0.05	0.35
-Mr. Randhir Jain	0.08	0
-Mr. Pulkit Bhasin	0.10	0.14

\* Since, the newly constituted board came into existence after NCLT order dated 06 October 2021, these audited results have been endorsed by newly constituted board for the limited purpose of compliance, based on limited information available with them. While Fedders Lloyd Nigeria Limited is appearing as a subsidiary in FY 2017-18 audited financials, but no information with respect to investment in the same is available, as on the reporting date, with newly constituted board.

**37) Additional Information:-**

**Value of Import (C.I.F) Value:**

Particular	2018-19	2017-18
i) Raw Materials Components & Parts	1.12	96.75
ii) Capital Goods	0.00	0.00
<b>Total</b>	<b>1.12</b>	<b>96.75</b>

**Value of Raw Material consumed:**

	March 31, 2019		March 31, 2018	
	Percentage	Value	Percentage	Value
Import	0.97	1.12	7.83	96.75
Indigenous	99.03	113.54	92.17	1,138.83
<b>Total</b>	<b>100</b>	<b>114.66</b>	<b>100.00</b>	<b>1,235.58</b>

**Remittance in Foreign Currency on account of:**

Particulars	March 31, 2019	March 31, 2018
Import Raw Material components & parts	0.75	100.52
Travelling Expenses	0.19	0.63
Other Expenses	0.39	0.49
<b>Total</b>	<b>1.33</b>	<b>101.64</b>



**Earning in Foreign Exchange:**

Particulars	March 31, 2019	March 31, 2018
Export Sale	0.94	6.23
<b>Total</b>	<b>0.94</b>	<b>6.23</b>

Excise duty Paid NIL (Last Year Rs.1.91 Crores ) charged on sales)

The Company has a bad debts Rs. 2.80 Crores (Last year Rs.95.62 Crores

External Commercial Borrowings:-

The Company has total ECB of USD 12,45,434.05 INR 8,64,07,965.30 (Last year USD 20,37,687.54 (INR 13,25,39,552/-) is outstanding as on date.

**38) Remuneration to Auditors:**

Particulars	(Rs. in Crores)	
	March 31, 2019	March 31, 2018
Audit fees	5.01	0.15
Tax Audit	0.00	0.00
Service Tax (Including SBC & KKC)	0.00	0.00
<b>Total</b>	<b>5.01</b>	<b>0.15</b>

**39) Operating Segment Reporting (Business Segment)**

The Company has following Business segments as its primary reportable segments

- Environmental control system
- Steel Structure & Engineering
- Power Project

**Segment Revenues, Results and Other Information:**

Particulars	(Rs. In Crores)	
	March 31, 2019	March 31, 2018
<b>I. Segment Revenue</b>		
i. Environmental control system	18.04	31.66
ii. Steel Structure & Engineering	80.70	994.98
iii. Power Project	33.98	213.65
<b>Sub:- Total (i+ii+iii)</b>	<b>132.72</b>	<b>1,240.29</b>
Less:- Inter Segment Revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>132.72</b>	<b>1,240.29</b>
<b>II. Segment Results</b>		
<b>(PROFIT (+)/LOSS(-))</b>		
i. Environmental control system	(25.06)	(14.94)
ii. Steel Structure & Engineering	(290.40)	(357.75)
iii. Power Project	(182.75)	(91.03)
<b>Sub:- Total (i+ii+iii)</b>	<b>(498.21)</b>	<b>(465.48)</b>
Less:-i. Finance Cost	31.47	72.82





ii. Other un-allocable expenditure net of	3.22	4.16
iii. Un-allocable income		45.18
<b>Total Profit before tax</b>	<b>(532.90)</b>	<b>(497.28)</b>
	-	-
<b>III. Capital Employed (Total assets – current Liability) *</b>	-	-

\*As certain assets of the Company including manufacturing facilities are often deployed interchangeably, across various Segments, it is impractical to allocate these assets and liabilities segment wise.

#### 40). Employee Benefit Expenses:

Disclosure figures of the gratuity liability of the employees, in accordance with Ind AS 19. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

#### Present Benefit Obligation-As per Actuarial Valuation

Particulars	(Rs. In Crores)	
	March 31, 2019	March 31, 2018
<b>Present Value of obligation as at the beginning of the period</b>	3.80	3.64
Interest Cost	0.29	0.27
Service Cost	0.27	0.41
Benefit Paid	(0.33)	(0.37)
Past service cost including curtailment Gain/Loss on obligation	0.00	0.28
Total Actuarial Gain/Loss on Obligation	(0.24)	(0.43)
<b>Present Value of obligation as at the End of the period</b>	<b>3.79</b>	<b>3.80</b>

#### The Amount recognized in the Income Statement

Particulars	March 31, 2019	March 31, 2018
Interest Cost	0.29	0.27
Service Cost	0.27	0.69
<b>Expenses recognized in the Income Statement</b>	<b>0.56</b>	<b>0.96</b>

#### Net Liability recognized in the Balance Sheet

Particulars	March 31, 2019	March 31, 2018
<b>Present Value of obligation at end</b>	3.79	3.80
Fair Value of Plant Assets	-	-
Unfunded Liability /Provision in Balance Sheet	(3.79)	(3.80)
<b>Unfunded Liability recognized in the Balance Sheet</b>	<b>(3.79)</b>	<b>(3.80)</b>

#### Remeasurement (gain)/ loss recognized in other comprehensive income

Particulars	March 31, 2019	March 31, 2018
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.01)	0.07
Actuarial (Gain)/Loss on arising from Experience Adjustment	0.37	0.37
<b>Total</b>	<b>0.36</b>	<b>0.44</b>

Principal assumptions used in determining defined benefit obligation.





Particulars	March 31, 2019	March 31, 2018
i) Discounting Rate	7.66	7.71
ii) Future salary Increase	8.00	8.00
iii) Retirement Age (Years)	60	60
iv) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
v) Ages	Withdrawal	Withdrawal
	Rate (%)	Rate (%)
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

#### Sensitivity Analysis of the defined benefit obligation.

<b>a) Impact of the change in discount rate</b>	
Present Value of Obligation at the end of the period	<b>3.79</b>
Impact due to increase of 0.50%	(0.12)
Impact due to decrease of 0.50 %	0.13
<b>b) Impact of the change in salary increase</b>	
Present Value of Obligation at the end of the period	<b>3.79</b>
a) Impact due to increase of 0.50%	0.12
b) Impact due to decrease of 0.50 %	(0.11)

#### 41) Capital Management

For the purposes of Group's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The Group manages its capital to ensure that the company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and total equity of the company.

The Group reviews the capital structure of the Company on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	(Rs. in crores)	
	As at March 31, 2019	As at March 31, 2018
Debt	747.38	432.25
Cash and bank balances	24.35	25.65
<b>Net debt</b>	<b>723.03</b>	<b>406.62</b>
Total equity	(579.79)	(48.12)
<b>Equity and net debt</b>	<b>143.24</b>	<b>358.50</b>
<b>Gearing ratio (Net Debt/Capital and Net Debt)</b>	<b>504.77%</b>	<b>113.42%</b>





#### 42) Financial Instruments

##### a) Financial instruments by category

(Rs. in crores)

Financial assets	As at March 31, 2019	As at March 31, 2018
<b>Measured at amortized cost</b>		
a) cash and cash equivalent including bank balance	24.35	25.65
b) Loan	148.70	105.57
c) Other financial assets	127.61	181.27
d) Trade receivable	132.59	255.17
<b>Fair value through Other Comprehensive Income</b>		
Investment in equity instrument	0.44	0.37
<b>Investment in Subsidiary at cost</b>		
Investment in Subsidiaries	-	-
<b>Total</b>	<b>433.69</b>	<b>568.03</b>
<b>Financial liabilities</b>		
<b>Measured at amortized cost</b>		
a) Borrowing	8.68	13.50
b) Short term borrowing	738.70	418.75
b) Trade payable	250.38	325.65
c) Other financial liability	225.39	139.05
<b>Total</b>	<b>1,223.15</b>	<b>896.95</b>

##### b) Fair value measurement of financial assets and financial liabilities

Particulars	Fair value hierarchy	Valuation technique(s) and key input(s)		
	As at March 31, 2019	As at March 31, 2018		
Investment in equity	0.44	0.37	Level 1	Based on quoted market price in active markets
Borrowing	8.68	13.50	Level 2	Discounted estimated cash flow through the expected life of the borrowings

- c) The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

	Carrying value	
Particulars	As at March 31, 2019	As at March 31, 2018
<b>i) Financial assets – Current</b>		
Trade receivables	132.59	255.17
Cash and Bank balances	24.65	25.65





Loans	148.70	105.57	
Other Financial assets	127.61	181.28	
<b>ii) Financial liabilities – Current</b>			
Borrowings	747.38	432.25	
Trade payable	250.38	325.64	
Other Financial liabilities (other than current maturity of long term borrowings)			
	225.39	139.06	

#### 43) Financial risk management objectives and policies

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below

##### a) 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 three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk.

##### i) Currency rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies

##### Interest rate risk

Interest rate 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 long term debt obligation at floating interest rates. The Group's borrowings outstanding as at March 31, 2019 comprise of fixed rate loans and accordingly, are not expose to risk of fluctuation in market interest rate.

##### ii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of industrial and domestic air conditioners and therefore require a continuous supply of copper and Aluminum being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and aluminum, the Group has entered into various purchase contracts for these material for which there is an active market. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price of for each month.

##### b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers.





Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

**c) Liquidity risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be low.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

(Rs. in crores)

Particulars	Weighted average effective interest rate (%)	Within 1 year	1-5 years	Total	Carrying amount
<b>As at March 31, 2019</b>					
Borrowings	7.59%	8.68	-	8.68	8.68
Short term borrowings		738.70	-	738.70	738.70
Trade payable		250.38	-	250.38	250.38
Other financial liabilities		225.39	-	225.39	225.39
<b>Total</b>		<b>1,223.15</b>	<b>-</b>	<b>1,223.15</b>	<b>1,223.15</b>

Particulars	Weighted average effective interest rate (%)	Within 1 year	1-5 years	Total	Carrying amount
<b>As at March 31, 2018</b>					
Borrowings	7.59%	13.50	-	13.50	13.50
Short term borrowings		418.75	-	418.75	418.75
Trade payables		325.65	-	325.65	325.65
Other financial liabilities		139.05	-	139.05	139.05
<b>Total</b>		<b>896.95</b>	<b>-</b>	<b>896.95</b>	<b>896.95</b>





## 44) Dividend Paid and Proposed

(Rs. in crores)

Particulars	31.03.19	31.03.18
<b>Dividend declared and paid during the year:</b>		
Final Dividend paid	0.00	3.39
Corporate Dividend Tax on Final Dividend	0.00	0.69
	<b>0.00</b>	<b>4.08</b>

## 45) Deferred tax

Particulars	31-Mar-18	Recognized in Profit or loss	Recognized in other comprehensive income	31-Mar-19
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Due to Depreciation	2.28	-	-	2.28
Financial assets and liabilities	(16.45)	1.25	-	(15.20)
Revaluation	(3.84)	-	(0.00)	(3.84)
<b>Total</b>	<b>(18.03)</b>	<b>1.25</b>	<b>(0.00)</b>	<b>(16.76)</b>

46) Previous year's figures re-grouped/ re-arranged where found necessary.

47) Notes '1' to '46' form an integral part of accounts and are duly authorized.

Refer to our Report of even date.

For Rajeev Malhotra &amp; Associates

Chartered Accountants,

Firm's Registration Number :


For and on behalf of the Board of Directors of  
Fedders Electric and Engineering Limited.

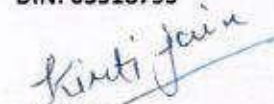
Sunil Sakral  
Partner

Membership No.

UDIN: 22509537AFHCLWB3932



Anil Kumar Kaushik  
(Director)  
DIN: 09131927

Narender Kumar Mishra  
(CFO)

Vishal Singhal  
(Director)  
DIN: 03518795

Kirti Jain  
(Company Secretary)  
Membership No. - A61919

Place: Noida

Date: 21 March 2022



## **ANNUAL REPORT 2018-19**

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**Registered Office: 6 and 6/1 UPSIDC Industrial Area Sikandrabad Bulandshahr UP  
203205**

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