

INDEPENDENT AUDITOR'S REPORT

To the Members of Fedders Electric and Engineering Limited
(Formerly known as Fedders Lloyd Corporation Limited)

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **Fedders Electric and Engineering Limited** (Formerly known as Fedders Lloyd Corporation Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by 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 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

The Company has concluded the transaction with respect to the sale of the brand name, logo, trademark or any other intellectual property rights associated with "LLOYD" and/or "Lloyd" to Havells India Limited for a consideration of ₹ 50.00 Crores on 8th May, 2017. Subsequent upon conclusion of the aforesaid transaction and upon receipt of approval from the Registrar of Companies, Uttar Pradesh for change in name of the Company on 23rd May, 2017, the name of the Company has been changed from "Fedders Lloyd Corporation Limited" to "Fedders Electric and Engineering Limited" w.e.f. 23rd May, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;
 - (f) 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"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The financial statements have disclosed the impact of pending litigations on the financial position of the Company as referred to in Note No. 40.
 - ii. The Company did not have long-term contracts including derivative contracts for which there were no material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund ("IEPF") by the Company.
 - iv. The Company has provided requisite disclosures in its Standalone Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and those are in accordance with the books of accounts maintained by the Company. Refer Note No. 41 of the Standalone Financial Statements.

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Regn. No. 000891N

Place: New Delhi
Dated: 30th May, 2017

Brijesh C. Mathur
Partner
M. No. 083540

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the Members of the Company on the Standalone Financial Statements for the year ended 31st March 2017, we report that:

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets.
 - b) The Fixed Assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the Fixed Assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - 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.
2.
 - a) The Inventory has been physically verified during the year by the management at reasonable intervals.
 - b) The procedures of the physical verification of the Inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the Business.
 - c) The Company is maintaining proper records of the Inventory. The discrepancies noticed on physical stocks and the book records were not material.
3.
 - a) The Company has given Loans to its wholly owned subsidiary Fedders Lloyd Trading FZE of AED 19,925 (Equivalent to INR 0.03 Cr). Total Due as on 31st March, 2017 in AED 1,214,154 (Equivalent to INR 1.66 Cr)
 - b) The Loans granted to the Bodies Corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule as the loans are repayable on demand.
 - c) There are no overdue amounts in respect of the Loans granted to the Bodies Corporate listed in the register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans and investments made.
5. According to the information and explanations given to us, the Company has not accepted any Deposit, in terms of the directive issued by the Reserve Bank of India and the provisions of the sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
6. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7.
 - a) According to the records of the Company, the Company is regular in depositing undisputed Statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Excise, Valued Added Tax, Cess and any other statutory dues with the appropriate authorities, however there is some delay in depositing Govt. dues. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty and Cess were outstanding, at the financial reporting period ending on 31st March, 2017 for a period of more than 6 (six) months from the date they became payable.

- b) According to information and explanations given to us, following demands of Income Tax and Sales Tax are under disputes:

Particulars	Financial Year	Amount (₹ in Crores)	Dispute Pending
Income Tax Matters (Pending rectification)	2005-06	0.06	Assessing Officer, New Delhi
	2007-08	0.02	Assessing Officer, New Delhi
	2008-09	0.01	Assessing Officer, New Delhi
	2010-11	0.29	Assessing Officer, New Delhi
	2011-12	0.16	Assessing Officer, New Delhi
	2012-13	0.04	Assessing Officer, New Delhi
Sales Tax Matter (Pending rectification)	2011-12	0.09	Additional Commissioner Appeal 4, (UP Commercial Tax, Ghaziabad, UP.)
Sales Tax Matter (Pending rectification)	2012-13	1.07	Additional Commissioner Appeal 4, (UP Commercial Tax, Ghaziabad, UP.)

In addition to the above, the Company has received total demand of ₹ 0.61 Crore under show cause notices from Excise Department, Noida. The Company has made suitable reply of the same. The adjudication order is awaited.

Recovery suits filed by the parties for ₹ 6.49 Crores not acknowledged as debt/liability.

8. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues of banks. The Company did not have any outstanding debentures during the year.
9. In our opinion, and according to the information and explanations given to us, the Term Loans have been applied for the purposes for which they were obtained. The Company did not raise any money by way of Initial Public Offer or Further Public Offer (including debt instruments) during the year.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. 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.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records, the Company, subsequent upon receipt of 25% of the issue price from the Promoters and Promoters' Group, had issued and allotted 50,00,000 warrants convertible into equivalent number of equity shares on preferential basis to its Promoters and Promoters' Group at the issue price of ₹ 75 per warrant.

The aforesaid warrant holders had applied for exercising their right for conversion of 32,00,000 warrants into equity shares and had paid balance 75% aggregating to ₹18,00,00,000/-. Consequently, the Company had allotted equity shares to the aforesaid holders in 2 (two) Tranches. The details of allotment are as mentioned below:

1. Allotment on 30th December, 2016 in Tranche-I

Sl. No.	Names of the Allottee(s)	No. of Equity Shares allotted upon conversion
1.	Airserco Pvt. Ltd.	400,000
2.	Fedders Credits Ltd. (Formerly Lloyd Credits Ltd.)	400,000
3.	Himalayan Mineral Waters Pvt. Ltd.	400,000
4.	Fedders Aircool Pvt. Ltd. (Formerly Lloyd Aircon Pvt. Ltd.)	300,000
5.	Pandit Kanahaya Lal Punj Pvt. Ltd.	400,000
6.	Fedders Stock & Investments Pvt. Ltd. (Formerly Lloyd Stock & Investments Pvt. Ltd.)	160,000
	TOTAL	2,060,000

2. Allotment on 13th January, 2017 in Tranche-II

Sl. No.	Names of the Allottee(s)	No. of Equity Shares allotted upon conversion
1.	Airserco Pvt. Ltd.	100,000
2.	Fedders Credits Ltd. (Formerly Lloyd Credits Ltd.)	100,000
3.	Himalayan Mineral Waters Pvt. Ltd.	100,000
4.	Fedders Aircool Pvt. Ltd. (Formerly Lloyd Aircon Pvt. Ltd.)	200,000
5.	Pandit Kanahaya Lal Punj Pvt. Ltd.	300,000
6.	Fedders Stock & Investments Pvt. Ltd. (Formerly Lloyd Stock & Investments Pvt. Ltd.)	340,000
	TOTAL	1,140,000

Upon the exercise of right of conversion of warrants by the allottee(s), the Paid-up share capital of the Company stands increased to ₹ 33,96,97,000/- divided into 3,39,69,700 equity shares of face value ₹ 10/- each.

The remaining 18,00,000 warrants allotted to the warrant holders stand forfeited in accordance with the SEBI (ICDR) Regulations, 2009. Consequent upon the above allotments and forfeiture of warrants, there are no pending warrants due for conversion.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Regn. No. 000891N

Place: New Delhi
Dated: 30th May, 2017

Brijesh C. Mathur
Partner
M. No. 083540

Annexure - B to the Auditors' Report

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 Limited (Formerly known as Fedders Lloyd Corporation Limited) ("the Company") as on 31st March, 2017 in conjunction with our audit of the Standalone 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 ("Guidance Note") 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 Act.

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act 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 ICAI. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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.

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Regn. No. 000891N

Place: New Delhi
Dated: 30th May, 2017

Brijesh C. Mathur
Partner
M. No. 083540

BALANCE SHEET

AS AT 31ST MARCH, 2017

(₹ In Crores)

Particulars	Note	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	33.97	30.77
(b) Reserves and Surplus	3	424.45	383.90
(c) Share Warrants		-	9.37
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	13.21	42.82
(b) Deferred tax liabilities (Net)	5	15.07	13.04
(c) Long term liabilities	6	3.64	4.03
(3) Current Liabilities			
(a) Short-term borrowings	7	425.60	436.29
(b) Trade payables	8	198.07	184.60
(c) Other current liabilities	9	62.72	57.99
(d) Short-term provisions	10	21.75	24.45
TOTAL		1,198.48	1,187.26
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	255.87	260.11
(ii) Intangible assets		0.51	0.64
(iii) Capital work-in-progress		12.05	11.86
(b) Non-current investments	12	0.66	0.66
(c) Long term loans and advances	13	13.81	11.23
(2) Current assets			
(a) Inventories	14	379.81	393.89
(b) Trade receivables	15	458.10	437.74
(c) Cash and cash equivalents	16	8.16	10.99
(d) Short-term loans and advances	17	69.51	60.14
TOTAL		1,198.48	1,187.26

NOTES TO ACCOUNTS

Accompanying Notes are an integral part of the Financial Statements

As per our Report of even date attached

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Registration No. 000891N

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

Brijesh C. Mathur
Partner
Membership No. 083540

S. S. Dhawan
Whole-time Director
DIN: 00528056

A. A. Siddiqi
Whole-time Director & CFO
DIN: 07726807

Place:- New Delhi
Dated:- 30th May, 2017

Pulkit Bhasin
Company Secretary
ICSI M. No.: A27686

A. K. Joshi
Director
DIN: 06747753

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ In Crores)

Particulars	Note	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
I. Income			
Revenue from operations (Gross)	18	1,364.85	1,041.78
Less:- Excise Duty		11.27	10.84
Revenue from operations (Net)		1,353.58	1,030.94
Other Income	19	2.75	4.07
Total Revenue (I)		1,356.33	1,035.01
II. Expenses			
Cost of materials consumed	20	1,134.08	866.01
Changes in inventories of Finished Goods, Work-in Progress and Stock-in-Trade	21	11.56	(14.14)
Employee Benefit Expenses	22	37.32	28.30
Other Expenses	23	64.44	56.78
Total Expenses (II)		1,247.40	936.95
III. Profit before Interest, Depreciation/Amortisation and Tax (EBITDA)	(I - II)	108.93	98.06
Finance Costs	24	64.86	49.04
Depreciation & Amortisation	25	12.92	9.74
IV. Profit before Tax		31.15	39.28
V. Tax expense			
(1) Current tax		8.55	13.35
(2) Deferred tax		2.04	4.35
VI. Profit (Loss) from the period from continuing operations		20.56	21.58
VII. Earning per equity share:			
(1) Basic		6.05	7.03
(2) Diluted		6.05	6.04

As per our Report of even date attached

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Registration No. 000891N

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

Brijesh C. Mathur
Partner
Membership No. 083540

S. S. Dhawan
Whole-time Director
DIN: 00528056

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Place:- New Delhi
Dated:- 30th May, 2017

Pulkit Bhasin
Company Secretary
ICSI M. No.: A27686

A. K. Joshi
Director
DIN: 06747753

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31ST MARCH, 2017

(₹ In Crores)

Particulars	Period Ended		Period Ended	
	31.03.2017		31.03.2016	
A. Cash Flow from Operating Activities:				
Net Profit before tax		31.14		39.28
Adjustments for :				
Add : Depreciation	12.92		9.74	
Interest paid	55.28	68.20	43.29	53.03
Less: Interest Income	(0.52)		(0.71)	
Dividend Income	-	(0.52)	-	(0.71)
Operating profit before working capital changes		98.82		91.60
Trade & Other Receivables	(20.36)		(8.22)	
Inventories	14.08		22.37	
Loans & Advances	(7.35)		2.32	
Short Term Borrowings	-		-	
Other Current Liabilities	4.73		(4.39)	
Long Term Liabilities	(0.40)		(0.02)	
Trade & Other Payable	13.46	4.16	(29.75)	(17.69)
Cash generated from operations		102.98		73.91
Direct Tax Paid	(17.16)	(17.16)	(8.92)	(8.92)
Net Cash Flow from Operating Activities		85.82		64.99
B Cash Flow from Investing Activities:				
Purchase of fixed assets	(8.84)		(8.79)	
Sale of investments	-		0.07	
Interest Received	0.52		0.71	
Dividend Received	-	(8.32)	-	(8.01)
Net Cash Flow from Investing Activities		(8.32)		(8.01)
C Cash Flow from Financial Activities:				
Proceeds/Repayment from Long Term Borrowing	(40.29)		(27.19)	
Dividend Paid	(2.30)		(3.08)	
Dividend Tax	(0.47)		(0.53)	
Proceeds from Share Capital/Warrants	18.00		9.37	
Interest paid	(55.28)	(80.34)	(43.29)	(64.72)
Net Cash Flow from Financing Activities		(80.34)		(64.72)
Net increase/decrease in Cash and Cash Equivalents (A+B+C)		(2.84)		(7.74)
Opening Balance of Cash and Cash Equivalents		10.99		18.73
Closing Balance of Cash and Cash Equivalents		8.15		10.99
Net increase/decrease in Cash and Cash Equivalents		(2.84)		(7.74)

As per our Report of even date

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Registration No. 000891N

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

Brijesh C. Mathur
Partner
Membership No. 083540

S. S. Dhawan
Whole-time Director
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A. A. Siddiqi
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DIN: 07726807

Place:- New Delhi
Dated:- 30th May, 2017

Pulkit Bhasin
Company Secretary
ICSI M. No.: A27686

A. K. Joshi
Director
DIN: 06747753

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE:- 1

1.1 CORPORATE INFORMATION

Fedders Electric and Engineering Limited (Formerly known as Fedders Lloyd Corporation Limited) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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 equipments/components to various funded projects by multilateral agencies.

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

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

1.2 BASIS OF PREPARATION

The Financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the relevant rules made thereunder. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

b) Tangible Fixed Assets

Fixed assets except leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes freight, duties, taxes and other incidental expenses related to acquisition and installation. CENVAT claim, if any, on capital goods is reduced from the cost.

Capital Work-in-Progress

Projects under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c) Depreciation on Tangible Fixed Assets

- i) Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in schedule II to the Companies Act, 2013.
- ii) Depreciation on assets added during the year, is calculated on pro-rata basis with reference to the date of installation.

- iii) Depreciation rates have been arrived after applying estimated life provided in the Schedule – II. For calculating depreciation on various categories of assets following estimated life has been provided in the schedule :

Type of Assets	Useful Life in Years
Building	30
Plant & Machinery	15
Office Equipments	5
Vehicles	8
Furniture & Fixtures	10

d) Intangible Assets

Intangible Assets are stated at cost of acquisition.

e) Grant

Grants are recognized when there is reasonable assurance that the grant will be received and conditions attached to them are complied with.

f) Research and development

Research costs are expensed as incurred.

g) Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under Operating Leases are recognized as an expense on a straight line basis in the Statement of Profit & Loss over the lease term.

h) Impairment of Assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized.

i) Inventory Valuation

- i) Raw materials and consumables are valued at cost and includes purchase price, freight costs, customs duty (wherever paid) and are net of credit availed under CENVAT scheme. The cost is determined using the Weighted Average Method.
- ii) Stock in process is valued at own production costs after providing for obsolescence, if any. The own production costs includes direct and indirect materials, direct and indirect labour and other manufacturing overheads incurred in bringing them to their respective present location and condition.
- iii) Finished goods are valued at lower of own production costs on the basis of Weighted Average Method or net realizable value, after providing for obsolescence, if any. The own production costs includes direct and indirect materials, direct and indirect labour and other manufacturing overheads incurred in bringing them to their respective present location and condition.
- iv) Stock in transit lying in customs warehouse is valued at cost but does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.

j) Revenue Recognition

- i) Income and Expenditure are recognized on accrual basis.
- ii) Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Central Sales Taxes and Value Added Taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise Duty deducted from Revenue (gross) is the amount that is included in the Revenue (gross) and not the entire amount of liability arising during the year.

- iii) Export sales are accounted on the basis of date of bill of lading.
- iv) Sales and service include Excise Duty and adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account.
- v) Revenue from project related activity is recognized on the basis of running bills raised on the basis of completion of the project activities.
- vi) Dividend income is recognized when the right to receive the dividend is established.

Excise Duty/Service Tax

Excise Duty/Service Tax is accounted on the basis of both, payments made in respect of goods cleared/ services provided and provisions made for goods lying in customs warehouse.

k) Investments

Investments are either classified as current or long term investment based on Management's intention. Current investments (if any) are carried at the lower of cost and fair value of each investment individually. Investments in subsidiary company are of long-term strategic value. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

l) Foreign Currency Transactions*i. Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.

m) Retirement Benefits

Provident Fund:-

Retirement benefit in form of provident fund is a defined contribution scheme for eligible employees. Both the eligible employees and the Company make monthly contributions to the provident fund plan equal to the specified percentage of the covered employee's salary. The Company's contributions are charged to the profit and Loss account for the period in which the employee renders the related service.

Gratuity:-

The Company's liability in respect of payment of Gratuity is provided on accrual basis as per actuarial valuation. The company is in process of having arrangement with Insurance co. to administer its Superannuation & Gratuity Fund.

Leave Encashment:-

Leave Encashment are valued at cost to company basis without considering any discounting and salary increase and provided on the basis of actual valuation.

n) Taxation

Current Tax

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961, except for the overseas subsidiaries and joint ventures where current tax provisions is determined based on the local tax laws. Deferred tax is recognized for all timing differences, subject to the consideration of prudence applying the tax rates that have been substantively enacted by the Balance Sheet date.

Deferred Tax

Deferred tax liabilities represent the tax effect of temporary differences substantially on account of differences in the written down value of Fixed Assets on account of differing depreciation methods and rates and other timing differences.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as Current Tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

o) Borrowing Cost

Cost in connection with the borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortized and charged to the Profit and Loss Account, over the tenure of the loan. Borrowing cost to the extent directly attributable to acquisition of fixed assets are added to the cost of fixed assets.

p) Segment Reporting

i. Business Segment

As per Accounting Standard 17 on Segment Reporting of ICAI, the Company has reportable segments viz. Environmental Control Systems, Steel Structural & Engineering and Power Projects during the year under review. Accordingly, the reporting is done segment wise.

ii. Geographical Segment

The analysis of geographical segment is based on the geographical location of the customers. The Company operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets. The Company has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

- Sales within India represent sales made to customers located within India.
- Sales outside India represent sales made to customers located outside India.

q) Earning Per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise the Net Profits After Tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

r) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard-3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

t) Sundry Debtors/Loans & Advances

Company, as a policy, obtains balance confirmation from Sundry Debtors, Creditors and other advances on monthly /quarterly/half-yearly basis depending upon quantum of transaction made with the parties. Considering the same, the Company does not have all balance confirmations as at 31st March, 2017 the effect of the same, if any, which is not likely to be material will be adjusted at the time of confirmation.

u) Provisions/Contingencies

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes to Financial Statement.

v) Derivative Instruments

The Company has entered into derivative contracts in the nature of interest rate swaps and forward contracts with intention to hedge its requirements and firm commitments. The contracts are mark to market and losses are recognized in the Statement of Profit and Loss. Gains arising on the same are not recognized on ground of prudence.

NOTE 2 : SHARE CAPITAL**(₹ In Crores)**

Particulars	As at 31.03.2017	As at 31.03.2016
1. Authorized Capital		
7,00,00,000 Equity Shares of ₹ 10/- each (Previous year 7,00,00,000 Equity Shares of ₹ 10/- each)	70.00	70.00
Total Authorized Share Capital	70.00	70.00
2. Issued & Subscribed Capital		
339,69,700 Equity Shares of ₹ 10/- each (Previous Year 3,07,69,700 Equity Shares of ₹ 10/- each)	33.97	30.77
3. Paid up Capital		
339,69,700 Equity Shares of ₹ 10/- each (Previous Year 3,07,69,700 equity shares of ₹ 10/- each)	33.97	30.77
Total Issued, Subscribed and Fully Paid-up Share Capital	33.97	30.77

The Company had, pursuant to the approval of Board of Directors, Shareholders and other regulatory approvals and subsequent upon receipt of 25% of the issue price from the Promoters and Promoters' Group, allotted 50,00,000 warrants convertible into equivalent number of equity shares on preferential basis to its Promoters and Promoters' Group on 3rd August, 2015 at the issue price of ₹ 75 per warrant.

The aforesaid warrant holders had applied for exercising their right for conversion of 32,00,000 warrants into equity shares and had paid balance 75% aggregating to ₹ 18,00,00,000/-. Consequently, the Company had allotted equity shares to the aforesaid holders in 2 (two) Tranches, on 30th December, 2016 and 13th January, 2017 respectively. The remaining 18,00,000 warrants held by the warrant holders were forfeited in accordance with the applicable provisions of the SEBI (ICDR) Regulations, 2009.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount (₹ in Crores)	No. of Shares	Amount (₹ in Crores)
Equity Shares				
Shares outstanding at the beginning of the year	30,769,700	30.77	30,769,700	30.77
Shares Issued during the year	3,200,000	3.20	-	-
Shares outstanding at the End of the year	33,969,700	33.97	30,769,700	30.77

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 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 shareholders in the ensuing Annual General Meeting.

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.

(b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares of ₹ 10/- each fully paid-up				
Zenith Impex Pvt. Ltd.	1,951,910	5.74	2,951,910	9.59
Rajul Estates Pvt. Ltd.	1,003,562	2.95	2,403,562	7.81
Fedders Sales Pvt. Ltd. (Formerly Lloyd Sales Pvt. Ltd.)	4,293,619	12.64	4,293,619	13.95
Perfect Radiators and Oil Coolers Pvt. Ltd.	3,826,525	11.26	3,826,525	12.44
Mr. Brij Raj Punj	1,632,667	4.81	1,632,667	5.31
Airserco Pvt. Ltd.	1,752,709	5.16	1,252,709	4.07

As per the records of the company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE 3 : RESERVES AND SURPLUS

(₹ In Crores)

Particulars		As at 31.03.2017	As at 31.03.2016
1) Capital Reserve			
Revaluation Reserve	₹ 104828017		
Less: Set off depreciation	₹ 920507		
	₹ 103907510	10.39	10.48
Money received against 18 Lacs share warrants forfeited as option not exercised by warrant holders (25% upfront money on 18 Lacs warrants issued @ ₹ 75/- each)		3.38	-
		13.77	10.48
2) Securities Premium Account			
Opening balance		25.64	25.64
Add: Premium on Shares issued during F.Y. 2016-17		20.80	
		46.44	25.64
3) General Reserve			
Opening balance		340.55	315.55
Add: Transfer from Profit & Loss a/c		20.00	25.00
		360.55	340.55
4) Profit & Loss Account			
Profit for the Year		20.56	21.58
Balance Brought Forward from Previous year		7.23	13.42
		27.79	34.99
Less:- Appropriations			
Proposed Dividend		3.40	2.30
Provision for tax on Dividend		0.69	0.47
Transfer to General Reserve		20.00	25.00
Balance Carried to Balance Sheet		3.70	7.23
TOTAL		424.45	383.90

NOTE 4 : LONG TERM BORROWINGS

(₹ In Crores)

Particulars		As at 31.03.2017	As at 31.03.2016
1. Term Loans			
From Schedule Banks:-			
Foreign Currency loan		13.21	39.59
Indian Currency Loan		-	3.23
TOTAL		13.21	42.82

Note:-

- Foreign Currency Loan (ECB)-1 of USD 7.32 Million from ICICI BANK carries interest @ 6 mths LIBOR plus 4%. The loan is repayable in 22 quarterly installments starting from 18 months from the date of first draw-down i.e. 3rd Oct '11.
- Foreign Currency Loan (ECB)-2 of USD 3.3 Million from ICICI BANK carries interest @ 6 mths LIBOR plus 4%. The loan is repayable in 22 quarterly installments starting from 18 months from the date of first draw-down i.e. 1st June '11.
- Foreign Currency Loan (ECB)-3 of USD 4 Million from ICICI BANK carries interest @ 6 mths LIBOR plus 4%. The loan is repayable in 22 quarterly installments starting from 18 months from the date of first draw-down i.e. 29th April '11.

NOTE 5 : DEFERRED TAX LIABILITIES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Opening Balance	13.04	8.69
Deferred Tax Liability on account of Depreciation	2.17	4.53
Less: transferred from Deferred Tax Asset	0.14	0.19
Net Deferred Tax Liability	15.07	13.04

NOTE 6 : LONG TERM LIABILITIES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Gratuity payable	3.64	4.03
	-	
TOTAL	3.64	4.03

NOTE 7 : SHORT TERM BORROWINGS

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
1. Working Capital Loans		
From Banks	425.60	436.29
TOTAL	425.60	436.29

1. The working capital loans, fund based as well as non fund based from banks are secured by way of first hypothecation charge on the stocks/book debts, both present and future and second charge on pari-passu basis on the fixed assets of the Company.

NOTE 8 : TRADE PAYABLES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Sundry Creditors	198.07	184.60
TOTAL	198.07	184.60

NOTE 9 : OTHER CURRENT LIABILITIES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Interest Accrued but not due on Term Loan	0.62	-
Other Liabilities	9.21	8.32
Unclaimed Dividend	0.67	0.68
Security Deposit	26.42	16.91
Current maturity of Long Term Borrowings		
Foreign Currency loan	25.48	25.43
Indian Currency Loan	-	6.25
Loan against Vehicles (secured by hypothecation of vehicle financed)	0.32	0.40
TOTAL	62.72	57.99

NOTE 10 : CURRENT PROVISIONS

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Income Tax	17.66	21.67
Provision for Dividend	3.40	2.31
Provision for Tax on Dividend	0.69	0.47
TOTAL	21.75	24.45

NOTE 11 : FIXED ASSETS

(₹ In Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Transfer/ Adjustment	As at 31.03.2017	Up to 31.03.2016	For the year	Adjustment	Total	As at 31.03.2017	Up to 31.03.2016
Land	53.82	-	-	53.82	-	-	-	-	53.82	53.82
Building Factory	109.32	0.02	-	109.34	30.42	2.81	-	33.23	76.12	78.90
Office Premises	2.76	-	-	2.76	1.77	0.01	-	1.77	0.99	1.00
Temporary Shed	3.52	-	-	3.52	3.35	-	-	3.35	0.18	0.18
Furniture & Fixtures	3.77	0.03	-	3.81	1.96	0.28	-	2.24	1.56	1.81
Plant & Machinery	216.72	8.34	-	225.06	94.24	8.96	-	103.20	121.85	122.47
Computer	5.05	0.20	-	5.25	4.75	0.16	-	4.92	0.33	0.30
Office Equipments	4.40	0.04	-	4.44	3.79	0.50	-	4.29	0.15	0.61
Motor Car	3.04	-	-	3.04	2.04	0.15	-	2.19	0.85	0.99
Scooter & Motor Cycle	0.11	-	-	0.11	0.08	0.01	-	0.09	0.02	0.03
Intangible Assets	1.21	0.01	-	1.22	0.57	0.13	-	0.70	0.51	0.64
TOTAL	403.72	8.64	-	412.37	142.97	13.01	-	155.98	256.38	260.75
(Previous Year)	395.60	8.12	-	403.72	133.16	9.81	-	142.97	260.75	262.44

Total Depreciation during the year	13.01
Less: Revaluation Reserve W/back to the extent of dep. on addition on a/c of Revaluation	0.09
Depreciation charged to Profit & Loss Account	<u>12.92</u>

NOTE 12 : INVESTMENTS

(₹ In Crores)

Particulars	Face Value	Number of Shares	AS AT 31.03.2017	Number of Shares	AS AT 31.03.2016
Quoted Shares					
LEEL Electricals Ltd (Formerly known as Lloyd Electric & Engineering Ltd.) (M.V ₹ 244.10 Per Share)	10	100	0.00	100	0.00
State Bank of Bikaner & Jaipur (M.V. ₹ 767.70 Per Share)	10	3,750	0.02	375	0.02
Sub-Total (A)			0.02		0.02
Unquoted Shares					
State Bank Of India PSU			0.05		0.05
SBI Mutual Fund (Gold Fund)			0.05		0.05
Subsidiary Company					
Fedders Lloyd Trading FZE	100000 AED	5	0.54	5	0.54
Sub-Total (B)			0.64		0.64
Total (A+B)			0.66		0.66
Additional Information :					
1) Aggregate amount of Company's -					
a) Market value of Quoted Investments			0.29		0.02
b) Unquoted Investments			0.64		0.64

NOTE 13 : LONG TERM LOANS & ADVANCES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Retention Money Recoverable	12.16	9.61
Loan to subsidiary Company	1.65	1.62
TOTAL	13.81	11.23

NOTE 14 : INVENTORIES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Raw-materials, Consumables and Components	142.33	144.67
Stock in Process	193.89	199.22
Finished Goods	43.13	49.35
Stock In Transit	0.46	0.65
TOTAL	379.81	393.89

NOTE 15 : TRADE RECEIVABLES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Outstanding for a period exceeding 6 (six) months from the date they are due for payment	82.32	74.31
Other Receivables	375.78	363.43
TOTAL	458.10	437.74

**NOTE 16 : CASH & CASH EQUIVALENTS
CASH AND BANK BALANCES**

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Cash balance in hand	0.37	0.80
Balances with Scheduled banks		
In Current Accounts	0.26	1.17
Dividend with Bank	0.67	0.68
In fixed deposits	6.85	8.32
Interest accrued on fixed deposit	0.01	0.02
TOTAL	8.16	10.99

NOTE 17 : SHORT TERM LOANS & ADVANCES

(₹ In Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Advances recoverable in cash or in kind or for value to be recovered	26.47	31.52
Advances to employees	0.88	2.39
Balances with Statutory/ Govt. Authorities	5.98	10.08
Recoverable with Govt. Authorities	0.04	0.11
Advance Income Tax & TDS	13.62	9.03
Earnest Money & Other Deposit	22.52	7.01
TOTAL	69.51	60.14

NOTE 18 : REVENUE FROM OPERATIONS

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Sale of Products		
Projects/Manufacturing Goods	1,364.85	1,041.78
TOTAL	1,364.85	1,041.78

NOTE 19 : OTHER INCOME

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Interest Income	0.52	0.71
Dividend Income	0.01	0.00
Other Income	2.22	3.36
TOTAL	2.75	4.07

NOTE 20 : COST OF MATERIAL CONSUMED

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Raw materials, consumables & component consumed		
Opening stocks	144.67	181.83
Add:- Purchases	1,129.82	827.23
Carriage Inwards	1.92	1.62
Less: Closing stocks	142.33	144.67
Cost of Raw Material, Consumables & Components Consumed	1,134.08	866.01

NOTE 21 : CHANGES IN INVENTORY

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Decrease/(Increase) in Stocks in Progress		
Opening stock	199.22	182.31
Less : Closing stock	193.89	199.22
Decrease/(Increase) in Stock in Progress	5.34	(16.91)
Decrease/(Increase) in Finished Goods		
Opening stock	49.35	52.12
Less : Closing stock	43.13	49.35
Decrease/(Increase) in Finished Goods	6.22	2.77
Total	11.56	(14.14)

NOTE 22 : EMPLOYEE BENEFIT EXPENSES**(₹ In Crores)**

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Wages (Workers)	4.51	4.09
Labour Welfare	0.23	0.16
Salary Account	30.23	21.58
Employer contribution in PF	1.65	1.28
Employer contribution in ESI	0.07	0.04
Gratuity	0.09	0.38
Bonus	0.36	0.18
Leave Encashment	0.17	0.12
Staff Welfare	0.01	0.47
Total	37.32	28.30

NOTE 23 : OTHER EXPENSES**(₹ In Crores)**

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Repair and Maintenance		
- Plant & Machinery	0.47	0.30
- Building & Office	0.17	0.15
- Others	3.59	1.31
Electricity Charges	5.48	3.27
Factory Overheads	3.41	6.62
Insurance	1.83	0.98
Rent Rate & Taxes	4.69	2.59
Postage, Courier & Telephone Expenses	1.43	1.10
Printing and Stationery	0.41	0.23
Tender Fees	0.07	0.11
Audit Fee (including service tax)	0.14	0.14
Legal & Professional Expenses	4.10	1.13
Travelling & Conveyance Expenses	5.90	2.19
Motor Car Expenses	0.39	0.28
Misc. Expenses	0.31	0.24
Loss on foreign exchange fluctuation	-	3.75
Advertisement Expenses	0.03	0.09
Discount	0.00	-
Selling expenses	16.90	16.11
Commission	1.10	6.97
Exhibition Expenses	0.02	0.19
Research & Development Expenses	0.40	0.37
Watch & Ward	2.68	1.90
Computer/Software Expenses	0.10	0.01
Donation	0.36	0.08
Fees & Taxes (including club fee)	0.42	0.27
Director Remuneration & Sitting Fees	1.76	1.40
Warranty Expenses	0.24	0.05
Bad Debts	8.04	4.95
Total	64.44	56.78

NOTE 24 : FINANCE COSTS

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Interest Paid	55.28	43.29
Bank charges	9.58	5.75
Total	64.86	49.04

NOTE 25 : DEPRECIATION AND AMORTISATION

(₹ In Crores)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016 (9 Months)
Depreciation on Tangible Assets	12.92	9.74
Total	12.92	9.74

NOTE 26 : RELATED PARTY DISCLOSURES

a) Related Companies	Nature of relationship (Associated co./subsidiary co./directors interested)
Airserco Pvt. Ltd	Directors Interested
LEEL Electricals Ltd. (Formerly known as Lloyd Electric & Engineering Ltd.)	Directors Interested
Perfect Radiators & Oil Coolers Pvt. Ltd.	Directors Interested
PSL Engineering Pvt. Ltd.	Directors Interested
Regal Information Technology Pvt. Ltd.	Directors Interested
Fedders Credits Ltd. (Formerly known as Lloyd Credits Ltd.)	Directors Interested
Fedders Sales Pvt. Ltd. (Formerly known as Lloyd Sales Pvt. Ltd.)	Directors Interested
Fedders Manufacturing Pvt. Ltd. (Formerly known as Lloyd Manufacturing Pvt. Ltd.)	Directors Interested
Himalayan Mineral Waters Pvt. Ltd.	Directors Interested
Fedders Aircool Pvt. Ltd. (Formerly known as Lloyd Aircon Pvt. Ltd.)	Directors Interested
Fedders IT Technology Pvt. Ltd. (Formerly known as Lloyd IT Technology Pvt. Ltd.)	Directors Interested
Fedders Infotech (India) Pvt. Ltd. (Formerly known as Lloyd Infotech (India) Pvt. Ltd.)	Directors Interested
Fedders Stock & Investment Pvt. Ltd. (Formerly known as Lloyd Stock & Investment Pvt. Ltd.)	Directors Interested
Punj Engineering Pvt. Ltd.	Directors Interested
Punj Services Pvt. Ltd.	Directors Interested
Pandit Kanahya Lal Punj Pvt, Ltd.	Directors Interested
Pandit Kanahya Lal Punj Trust	Directors Interested
Brij Raj Punj (HUF)	Directors Interested
FOREIGN SUBSIDIARY COMPANY	
Fedders Lloyd Trading FZE	100% Subsidiary

b) Key Managerial Personnel:	
Mr. Brij Raj Punj	Chairman & Managing Director
Mr. Sham Sunder Dhawan	Whole-time Director
Mr. Akhter Aziz Siddiqi	Whole-time Director
c) Transactions with Related Companies	
	(₹ In Crores)
LEEL Electricals Ltd.	
Purchase of Goods	13.26
Sale of Goods	59.72
PSL Engineering Pvt. Ltd.	
Purchase of Goods	0.02
Sale of Goods	5.12
Pandit Kanahya Lal Punj Trust	
Donation	0.33
Himalayan Mineral Waters Pvt. Ltd.	
Rent	0.18

NOTE 27 : VALUE OF IMPORT (C.I.F) VALUE

Particulars	
i) Raw Materials Components & Parts	21.80
ii) Capital Goods	3.26
TOTAL	25.06

NOTE 28 : VALUE OF RAW MATERIALS CONSUMED

Particulars	Percentage (%)	Value (₹ In Crores)
Imported	1.84	20.85
Indigenous	98.16	1113.23
TOTAL	100.00	1134.08

NOTE 29 : REMITTANCE IN FOREIGN CURRENCY

Particulars	(₹ In Crores)
Import Raw Materials Component & Parts	23.74
Plant & Machinery/Tools	NIL
Travelling Expenses	2.42
Other Expenses	4.23
TOTAL	30.39

NOTE 30 : EARNINGS IN FOREIGN EXCHANGE

Particulars	(₹ In Crores)
Export Sales	54.63

NOTE 31 : PAYMENT TO AUDITORS

Particulars	(₹ In Crores)
Audit Fees	0.11
Tax Audit fee	0.01
Add: Service Tax	0.02
TOTAL	0.14

NOTE 32 : PAYMENT TO DIRECTORS

Particulars	(₹ In Crores)
Remuneration & Perks/Consultancy	1.74
Provident Fund	0.13
Bonus	0.00
TOTAL	1.87

NOTE 33 : Company, as policy, obtains balance confirmation from Sundry Debtors, Sundry Creditors and other advances on monthly/quarterly/half-yearly basis depending upon quantum of transactions made with the parties. Considering the same, the Company does not have all balance confirmation as at 31st March 2017 the effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation.

NOTE 34 : Excise duty of ₹ 11.27 Crores charged on Sales.

NOTE 35 : The Company has made Bad Debts for ₹ 8.04 Crores.

NOTE 36 : SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(₹ In Crores)

Particulars	For the year ended	
	As at 31.03.2017	As at 31.03.2016
1. Segment Revenue		
(a) Segment – ENVIRONMENTAL CONTROL SYSTEMS	47.94	20.03
(b) Segment – STEEL STRUCTURE & ENGINEERING	1,053.22	749.33
(c) Segment – POWER PROJECTS	255.17	265.65
Total	1,356.33	1,035.01
Less: Inter Segment Revenue	-	-
Net sales/Income From Operations	1,356.33	1,035.01
2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from each segment)		
(a) Segment – ENVIRONMENTAL CONTROL SYSTEMS	4.63	2.35
(b) Segment – STEEL STRUCTURE & ENGINEERING	66.41	62.50
(c) Segment – POWER PROJECTS	31.34	28.34
Total	102.38	93.19
Less: (i) Interest	64.86	49.04
(ii) Other Un-allocable Expenditure net off	6.37	4.87
(iii) Un-allocable income	-	-
Total Profit Before Tax	31.15	39.28
3. Capital Employed (Total Assets-Current Liabilities)	490.00	499.00

NOTE 37 : BENEFIT EXPENSE-AS PER ACTUARIAL VALUATION OF GRATUITY

1. The Actuarial Valuation has been prepared with the objective of identifying the financial status and required disclosure figures of the gratuity liability of the employees, in accordance with AS-15(R)

2 Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Movement in the liability recognized in the balance sheet.

	31.03.2017
a) Opening net liability (31.03.2016)	4,03,67,627
b) Expense as above	9,16,608
c) Benefits paid	(48,92,519)
d) Actual return on plan assets	--
e) Acquisition adjustment	--
f) Closing net liability (31.03.2017)	3,63,91,716

Expense recognized in the Statement of Profit and Loss

	31.03.2017
a) Current service cost	48,14,126
b) Past service cost	--
c) Interest cost	30,27,572
d) Expected return on plan assets	--
e) Curtailment cost/(Credit)	--
f) Settlement cost/(credit)	--
g) Net actuarial (gain)/loss recognized in the period	(69,25,090)
h) Expenses recognized in the Statement of Profit & Losses	9,16,608

Change in present value of obligation

	31.03.2017
a) Present value of obligation as at the beginning of the period (31.03.2016)	4,03,67,627
b) Acquisition adjustment	--
c) Interest cost	30,27,572
d) Past service cost	--
e) Current service cost	48,14,126
f) Curtailment cost/(Credit)	--
g) Settlement cost/(Credit)	--
h) Benefits paid	(48,92,519)
i) Actuarial (gain)/loss on obligation	(69,25,090)
j) Present value of obligation as at the end of period (31.03.2017)	3,63,91,716

NOTE 38 : In the opinion of the Board, the current assets are approximately of the value stated, if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

NOTE 39 : DISCLOSURE UNDER MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED)

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

- a) Principal amount due to any supplier as at the year end : ₹ 1.49 Crores (under dispute)
- b) Interest due on the principal amount unpaid at the year end to any supplier : NIL

NOTE 40 : CONTINGENT LIABILITIES

- Bank Guarantees: ₹ 323.53 Crores* (Previous year ₹ 335.25 Crores)
*Includes the bank guarantees amounting to USD 54,25,915 (INR 35.18 Crore) invocation initiated by the beneficiaries in respects of certain contracts in Ethiopia under execution, against which the Company has got permanent injunction from Ethiopian court. The matter is under arbitration proceedings on direction of Ethiopian court.
- Sales Tax Assessment demands for Financial Year 2011-12 and 2012-13 of ₹ 0.09 Crore and ₹ 1.07 Crore respectively are pending under appeal and the tribunal has granted stay against the demand.
- Show cause notice cum demand for ₹ 0.61 Crore issued by Excise deptt. for duty on freight. Appeal against the impugned order has been filed before Commissioner of Central Excise.
- Recovery suits filed by the parties in different court but not acknowledged as debts/liabilities: ₹ 6.49 Crores.
- Income Tax demands of ₹ 0.58 Crores pending for rectification.

NOTE 41 : DETAILS OF SPECIFIED BANK NOTES (SBN)

(₹ In Crores)

	SBN	Other Denomination Notes	Total
Closing balance as at 8 th November, 2016	-	0.21	0.21
Add: Withdrawal from Bank accounts	-	0.29	0.29
Transaction between 9 th November, 2016 to 30 th December, 2016	-	0.35	0.35
Less: Deposited in Bank	-	-	-
Closing Balance as at 30 th December, 2016	-	0.15	0.15

NOTE 42 : The Company has concluded the transaction with respect to the sale of the brand name, logo, trademark or any other intellectual property rights associated with "LLOYD" and/or "Lloyd" to Havells India Limited for a consideration of ₹ 50.00 Crores on 8th May, 2017. Subsequently, after approval from the Registrar of Companies, Uttar Pradesh, the name of the Company has been changed from Fedders Lloyd Corporation Limited to Fedders Electric and Engineering Limited w.e.f. 23rd May, 2017

NOTE 43 : Previous year figures are for 9 (nine) months and not comparable with current year 12 (twelve) Months, figures for previous year are regroup and rearranged.

As per our Report of even date attached

For Suresh C. Mathur & Co.
Chartered Accountants
Firm Registration No. 000891N

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

Brijesh C. Mathur
Partner
Membership No. 083540

S. S. Dhawan
Whole-time Director
DIN: 00528056

A. A. Siddiqi
Whole-time Director & CFO
DIN: 07726807

Place:- New Delhi
Dated:- 30th May, 2017

Pulkit Bhasin
Company Secretary
ICSI M. No.: A27686

A. K. Joshi
Director
DIN: 06747753