FEDDERS ELECTRIC & ENGINEERING LIMITED
(Formerly Fedders Llyod Corporation Ltd)
C-4, Phase-II, Noida 201305
Uttar Pradesh (INDIA)
Tel. : 91-120-4258918
CIN : L29299UP1957PLC021118

27th August, 2020

To,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400001
Maharashtra
BSE Code: 500139
Fax No: 022-22722039

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051, Maharashtra
NSE Code: FEDDERELEC
Fax No: 022-26598237/38

Ref: Approval of Unaudited Standalone Financial Results of the Company for the Quarter ended 31st March, 2019

Dear Sir/Ma'am,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding herewith a copy of the Unaudited Standalone Financial Results and Auditors' Limited Review Reports thereon for the quarters ended **31st March, 2019** which has been taken on record by the Resolution Professional of the Company.

You are requested to kindly take the above information on record and oblige.

Thanking You,

Yours faithfully,
FOR AND ON BEHALF OF
FEDDERS ELECTRIC AND ENGINEERING LIMITED



ASHOK KUMAR GULLA
RESOLUTION PROFESSIONAL
IBBI/IPA-003/IP-N00024/2017-2018/10174
C/o RBSA Restructuring Advisors Limited,
2nd Floor, IAPL House, 23, South Patel Nagar
New Delhi - 110008
E-mail : ip.fedders@rbsa.in (ID for Correspondence)
ashok.gulla@rbsa.in (ID registered with IBBI)

(Fedders Electric and Engineering Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016. Its affairs, business and assets are currently being managed by the Interim Resolution Professional, Mr. Ashok Kumar Gulla, appointed by the Hon'ble National Company Law Tribunal, Allahabad vide order dated 14th August, 2019 and confirmed by the Committee of Creditors as Resolution Professional in its meeting held on 12th September, 2019)

Fedders Electric and Engineering Limited

CIN: L29299UP1957PLC021118
Regd. Office: 6 and 6/1, UPSIDC Industrial Area, Sikndrabad, Distric Bulandshahr-203205 (U.P) India
Website: www.fedderselectric.com

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(Rs.in Crores)

Sl No.	Particulars	Standalone				
		Quarter Ended			Year Ended	
		31/03/2019 (Audited)	31/12/2018 (Unaudited)	31/03/2018 (Audited)	31/03/2019 (Audited)	31/03/2018 (Audited)
I	Revenue from operations	14.55	23.83	320.10	130.40	1,239.06
II	Other Income	1.05		0.51	2.33	1.23
III	**Total Income (I+II)**	**15.60**	**23.83**	**320.61**	**132.73**	**1,240.29**
IV	**Expenses**					
	Cost of materials consumed	26.35	17.10	444.50	114.66	1,235.58
	Purchase of Stock-in-Trade					
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	6.13	0.61	235.46	5.26	226.45
	Excise Duty	-	-	-	-	1.91
	Employee benefits expense	4.72	6.19	13.90	26.20	39.54
	Finance Costs	11.92	4.27	25.04	31.47	72.82
	Depreciation and amortization expense	4.63	4.62	9.64	18.49	18.28
	Other expenses	425.27	8.85	113.75	472.37	186.41
	Total expenses	**479.02**	**41.64**	**842.29**	**668.45**	**1,780.99**
V	**Profit before tax (III-IV)**	**(463.42)**	**(17.81)**	**(521.68)**	**(535.72)**	**(540.70)**
VI	**Exceptional Items**					**45.18**
	Add:- Exceptional items:- reversal of last year purchase	**(414.54)**			**(414.54)**	
	Less:- Exceptional items:- reversal of last year sale	**414.54**			**414.54**	
	Profit before tax (V-VI)	**(463.42)**	**(17.81)**	**(521.68)**	**(535.72)**	**(495.52)**
VII	Tax Expenses					
	(1) Current Tax			(6.51)		
	(2) Deferred Tax	(1.25)		0.47	(1.25)	0.46
	Total Tax Expenses	**(1.25)**	**-**	**(6.04)**	**(1.25)**	**0.46**
VIII	**Profit for the period (VI-VII)**	**(462.17)**	**(17.81)**	**(515.64)**	**(534.47)**	**(495.98)**
IX	**Other comprehensive income**					
A	Items that will not be reclassified to profit or loss					
	(i) Remeasurement of the defined benefit plans			0.44		0.44
	(ii) Investment carried at fair value through OCI	0.07		0.11	0.07	0.12
	(iii) Adjustment on account of excess revaluation depreciation			0.07		(0.20)
	(iv) Foreign Currency Traslation Reserve					
	(vi) Tax Expenses			(0.14)		(0.12)
	Other comprehensive income for the period (net of tax)	**0.07**	**-**	**0.48**	**0.07**	**0.24**
X	**Total comprehensive income for the period (VIII+IX)**	**(462.10)**	**(17.81)**	**(515.16)**	**(534.40)**	**(495.74)**
XI	**Paid up equity share capital (Face value Rs 10/- each)**	33.97	33.97	33.97	33.97	33.97
XII	**Earnings per share (of Rs. 10 each) (not annualised):**					
	(a) Basic	(136.05)	(5.24)	(151.79)	(157.34)	(146.01)
	(a) Diluted	(136.05)	(5.24)	(151.79)	(157.34)	(146.01)

Notes:

RAJIV MALHOTRA & ASSOCIATES ★ Chartered Accountants ★

(Ashok Kumar Gulla)
Resolution Professional
IP Regn. No- IBBI/IPA-003/IP-N00024/2017-2018/10174

Ashok Kumar Gulla Reg. No.: IBBI/IPA-003/IP N00024/2017-2018/ Insolvency Professional

(Neeraj Gupta)
CFO

Place: Delhi
Date: 26-08-2020

Fedders Electric & Engineering Ltd. ★ New Delhi

REPORTING OF SEGMENT WISE REVENUE AND RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(Rs. in Crores)

Particulars	Quarter ended			Year ended	
	STANDALONE			STANDALONE	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
	(Audited)	(Un-audited)	(Audited)	(Audited)	(Audited)
1. Segment Revenue					
(a) Segment –ENVIRONMENTAL CONTROL SYSTEMS	3.19	4.22	8.89	18.04	31.66
(b) Segment – STEEL STRUCTURES & ENGINEERING	11.44	19.02	264.80	80.70	994.98
(c) Segment – POWER PROJECTS	0.95	0.59	46.92	33.98	213.65
(d) Unallocated					
Total	**15.58**	**23.83**	**320.61**	**132.72**	**1240.29**
Less: Inter Segment Revenue					
Net sales/Income From Operations	**15.58**	**23.83**	**320.61**	**132.72**	**1,240.29**
2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from each segment					
(a) Segment –ENVIRONMENTAL CONTROL SYSTEMS	(15.93)	(2.50)	(17.22)	(25.06)	(14.94)
(b) Segment – STEEL STRUCTURES & ENGINEERING	(279.51)	(4.01)	(392.20)	(293.23)	(357.74)
(c) Segment – POWER PROJECTS	(155.29)	(6.23)	(86.36)	(182.75)	(91.03)
(d) Unallocated		-			
Total	**(450.73)**	**(12.74)**	**(495.78)**	**(501.04)**	**(463.71)**
Less: (i) Finance Costs	11.92	4.27	25.04	31.47	72.82
(ii) Other Un-allocable Expenditure net off	0.78	0.80	0.86	3.22	4.17
Add: Un-allocable income		-			45.18
Total Profit Before Tax	**(463.43)**	**(17.81)**	**(521.68)**	**(535.73)**	**(495.52)**
3. Segment Assets*		-			
4. Segment Liabilities*		-			

*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.

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

(Ashok Kumar Gulla)
Resolution Professional
IP Regn. No- IBBI/IPA-003/IP-N00024/2017-2018/10174

Place: Delhi
Date: 26-08-2020

(Neeraj Gupta)
CFO

RAJIV MALHOTRA & ASSOCIATES ★ Chartered Accountants ★

Fedders Electric & Engineering Ltd. ★ New Delhi

Fedders Electric and Engineering Limited

CIN: L29299UP1957PLC021118

Regd. Office: 6 and 6/1, UPSIDC Industrial Area, Sikndrabad, Distric Bulandshahr-203205 (U.P) India

Website: www.fedderselectric.com

STATEMENT OF ASSETS AND LIABILITIES

Particulars	Standalone	
	As at 31-03-2019 (Audited)	As at 31-03-2018 (Audited)
ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	183.90	240.83
(b) Capital work-in-progress		1.00
(c) Other Intangible assets	0.15	0.35
(d) Intangible assets under development		
(e) Investment in joint venture		
(f) Financial assets		
(i) Non Current Investments	0.98	0.91
(ii) Other financial assets		
(g) Other non-current assets		
(h) Non-current tax assets (Net)		
Total non-current assets	**185.03**	**243.09**
(2) Current assets		
(a) Inventories	27.25	82.33
(b) Financial assets		
(i) Trade receivables	132.59	255.17
(ii) Cash and cash equivalents	11.86	1.46
(iii) Bank balances other than (ii) above	12.50	24.16
(iv) Loan	150.88	107.75
(v) Other financial assets	127.61	180.78
(c) Other current assets	50.00	33.96
Total current assets	**512.69**	**685.61**
Total assets	**697.72**	**928.70**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	33.97	33.97
(b) Other equity	(612.08)	(77.68)
Total equity	**(578.11)**	**(43.71)**
LIABILITIES		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings-Long Term		
(b) Provisions	3.79	3.80
(c) Deferred tax liabilities (Net)	16.76	18.01
Total non-current liabilities	**20.55**	**21.81**
Current liabilities		
(2) (a) Financial liabilities		
(i) Borrowings-Short Term	738.70	418.76
(ii) Trade payables	247.21	322.65
(A) total outstanding due of micro enterprises and small enterprises; and		
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		
(iii) Other financial liabilities	234.01	152.55
(b) Provisions	5.15	0.97
(c) Other current liabilities	30.21	55.67
Total current liabilities	**1,255.28**	**950.60**
Total equity and liabilities	**697.72**	**928.70**

Ashok Kumar Gulla IP Reg. No.: IBBI/IPA-003/IP-N00024/2017-2018/10174 Insolvency Professional

(Ashok Kumar Gulla)
Resolution Professional
IP Regn. No- IBBI/IPA-003/IP-N00024/2017-2018/10174

(Neeraj Gupta)
CFO

Place: Delhi
Date: 26-08-2020

RAJIV MALHOTRA & ASSOCIATES ★ Chartered Accountants ★

Fedders Electric & Engineering Ltd. ★ New Delhi

FEDDERS ELECTRIC AND ENGINEERING LIMITED

Notes to the Statement of Standalone Audited Financial Results for the Quarter and Year ended March 31,2019

Background

1. The 'Corporate insolvency Resolution Process' (CIRP) was initiated, petitions were filed by State Bank Of India, Delhi Control Devices Pvt. Ltd and Axis Electricals Components (i) Pvt. Limited, against the Company, which were admitted vide an Order of the National Company Law Tribunal (NCLT), Allahabad, dated August 14, 2019 under the provisions of the Insolvency and Bankruptcy Code 2016("Code / IBC").That pursuant thereto, on August 14, 2019, Hon'ble NCLT appointed Mr. Ashok Kumar Gulla as Interim Resolution Professional (IRP) in terms of IBC, who was subsequently confirmed as Resolution Professional (RP) by Committee of Creditors (COC) held on **Sept 12 , 2019,** constituted under IBC. Mr. Ashok Kumar Gulla, in his capacity as RP, has taken control and custody of the management and operations of the company with effect from **August 14, 2019.** Under the CIRP, resolution plans were submitted by various resolution applicants, which is to be approved by the COC, and would further be approved by NCLT. As per the Code, the RP has to receive, collate and admit all the claims submitted by the creditors of the company.

2. The above Statement of Standalone Audited Financial Results for the Quarter and Year ended March 31, 2019 have been prepared in terms of Regulation 33(2) of SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015, read with SEBI Circular dated July 5, 2016. Since the powers of the Board of Directors stand suspended after commencement of CIRP, the above audited results for the quarter ended March 31, 2019 have been endorsed by Chief Financial Officer, confirming that financial results do not contain any material misstatements and thereafter approved by the Insolvency Professional for his signing on **August 26,2020** and for further filing with stock exchanges.

3. On the best judgement basis management had include adjustments on following accounts and enumerated provision at the end of the year, as enumerated below:





3.1 Provision against Fixed Assets value Rs. 38.63 Crore
3.2 Provision against value of CWIP Rs. 1.00 Crore
3.3 Provision against value of Inventories Rs. 14.67 Crore
3.4 Provision / Bad debts with respect to Customers Rs. 235.47 Crore
3.5 Provision against loss of Investments in Subsidiary Rs. 4.28 Crores

4. Creditors' Claims

As a part of CIRP, creditors of the company were called to submit their claims to the Resolution Professional. The summary position of the same on the date of signing of these financials is produced as under:

(In crore)

Particulars	NO of Claims	Total Amount Claimed	Total Amount Accepted
Financial Creditors	8	1004.26	994.22
Others Creditors	6	177.21	65.60
Operational Creditors	349	71.46	31.38
Operational Creditors-statutory Authority	4	3.33	2.66
Work's man & Employees	260	9.55	6.15

Other Matters

5. In accordance with the requirement of Ind AS, revenue from operations for the quarter and year ended March 31, 2019 is net of Goods and Service Tax (GST). However, revenue from operations for the period up to March 31, 2018 is inclusive of excise duty. Accordingly, revenue from operations for the quarter and year ended March 31, 2018 is strictly not comparable with the corresponding quarter and year ended March 31, 2019.

6. Pursuant to the Companies Act 2013, depreciation for the quarter and year ended 31.03.2019 has been provided on the basis of estimated economic useful life of the fixed assets of the company.

7. The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 Revenue from Contracts with Customers" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective from April 1, 2018. The adoption of Ind AS 115

RAJIV MALHOTRA & ASSOCIATES Chartered Accountants

Fedders Electric & Engineering Ltd. New Delhi

by the Company effective April 1, 2018 has no significant impact on the financial results for the quarter and year ended March 31, 2019.

8. Contingent liabilities:

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 ii) Bank Guarantees amounting to USD 9,17,576.53(INR 6,52,39,691/-)	134.60	279.49

9. The Earning Per Share has been calculated on the basis of Weighted Average of outstanding shares at the financial year end.

10. Principle amount of suppliers registered under MSME amounting to Rs. 1.81 Crores are under dispute.

11 The Company is engaged in the manufacturing and sale of **Heavy Machinery and Power Projects** considering the company's nature of business and operations and the information reviewed by the Chief Financial Officer to allocate resources and assess performance, the

RAJIV MALHOTRA & ASSOCIATES * Chartered Accountants *

Fedders Electric & Engineering Ltd. * New Delhi

company has three reportable business segment as per the requirements of Ind AS 108 "Operating Segment" namely :

(i) Environment Control System
(ii) Steel Structure and Engineering, and
(iii) Power Projects

12 The figures for the preceding quarter ended March 31, 2018, as reported in the Statement, are the balancing figures between the audited figures in respect of full financial year ended March 31, 2018 and year to date audited figures up to the end of third quarter of that financial year and same manner has been adopted for quarterly results for the 4th quarter of the financial year 2018-2019.

13 Previous period figures have been regrouped / reclassified, wherever considered necessary to conform to the current period presentation.

RAJIV MALHOTRA & ASSOCIATES Chartered Accountants

For Fedders & Electric Engineering Limited

Fedders Electric & Engineering Ltd. New Delhi

Ashok Kumar Gulla IP Reg. No.: IBBI/IPA-003/IP N000024/2017-2018/ Insolvency Professional

Date : 26-08-2020
Place : New Delhi

(Neeraj Gupta)
Chief Financial Officer

(Ashok Kumar Gulla)
Insolvency Professional

Rajiv Malhotra & Associates
Chartered Accountants
(ISO 9001 – 2015 certified & Peer Reviewed)

Independent Auditor's Report on Quarterly Financial Results and Year to Date Standalone Financial Results of Fedders Electric & Engineering Limited Pursuant to the Regulation 33 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015

To

The Insolvency Professional
Fedders Electric & Engineering Limited
(Formerly known as Fedders Lloyd Corporation Limited)

Introduction

1. We were engaged to audit the accompanying Financial results of **Fedders Electric & Engineering Limited** (Formerly known as Fedders Lloyd Corporation Limited) ('the Company') for the quarter ended March 31, 2019 and the year to date results for the year from April 1, 2018 to March 31, 2019 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure requirement) Regulations, 2015. The quarterly financial results are the derived figures, which are the balancing figures between the audited figures in respect of the year ended 31 March 2019 and the year to date published figures up to December 31, 2018, being the date of the end or the third quarter of' the current financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

2. As the Corporate insolvency Resolution Process ("CIRP") has been initiated in respect of the company under the provisions of "The Insolvency and Bankruptcy Code, 2016" ('IBC'/ 'the Code') by the National Company Law Tribunal ('NCLT') Allahabad Bench, Vide its Order dated 14th August 2019. The Powers of the Board of Directors stands suspended as per section 17 of the code and such powers are being exercised be the Resolution Professional appointed by the National Company Law Tribunal by the said order under the provisions of the Code.

3. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the reviewed financial results up to the end of the third quarter and audited annual Financial Statements, which are the responsibility of the Company's Management and

#605/ 6 th Floor Aggarwal Millennium Tower 1 , Netaji Subhash Place Pitampura, Delhi – 110034, INDIA
Cell- + 91-9999512184, Tel- 011-49322351, Email: casunilsakral@gmail.com , ca@rmacas.com , www.rmacas.com
Offices in Delhi & Haryana

endorsed by Chief Financial Officer, confirming that financial results do not contain any material misstatements and thereafter provided to the Resolution Professional for his signing on the dated **26-08-2020** and for further filing with stock exchange . Our responsibility is to express an opinion on these financial results based on our audit of such Financial Statements. Which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act 2013 read with relevant rules issued there under and other accounting principle generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

The report is issued after the issue of audit report dated 8th July 2020 on financial statements year ended March 2019, and only for the purpose of complying with the SEBI Regulations and not useful for the public over the aforesaid audit report. To the extent this report does not have any conflict with audit report for the financial year 2018-2019, as in such case opinion in audit report will prevail.

4. BASIS FOR DISCLAIMER OF OPINION

Attention is invited to:

a) 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.

RAJIV MALHOTRA & ASSOCIATES Chartered Accountants

b) 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 and FDR and accrued interest.

c) 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 82.33Crores. 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 estimate's 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.

d) 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.



e) 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.

f) However, in view of the CIRP in respect of the Company, which is in progress, the accounts have been prepared on a going concern.

g) 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.

h) During the course of our audit we found that books, vouchers, records and other necessary registers for its some closed sites and units were not in the custody of the management and same were not presented for audits.

5. DISCLAIMER OF OPENION

Because of the matters described in the basis for the Disclaimer of Opinion paragraph, we have been not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on the financial statements.

6. Emphases 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.

RAJIV MALHOTRA & ASSOCIATES * Chartered Accountants *

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) 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.

c) 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. 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.

RAJIV MALHOTRA & ASSOCIATES ★ Chartered Accountants ★

v. 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.

vi. 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.

Material uncertainty related to Going Concern

The Company has been continuously making losses, consequently its net worth is negative and the Company's total liabilities exceeded its total assets. Also, 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 uncertainly 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. Our opinion is not modified in respect of this matter.

For Rajiv Malhotra & Associates
Chartered Accountants
FRN: 021479N

RAJIV MALHOTRA & ASSOCIATES ★ Chartered Accountants ★

CA Sunil Kr Sakral
[Partner]
Membership Number: 509537
UDIN:-20509537AAAAAL5913

Place : New Delhi
Dated : 26/ 08/2020