FEDDERS ENGINEERING

FEDDERS ELECTRIC & ENGINEERING LTD.
(Formerly Fedders Lloyd Corporation Ltd.)
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CIN : L29299UP1957PLC021118

4th July, 2018

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: 022-2659 8237/38

Sub.: Clarification for revision in credit rating

Dear Sir/Madam,

We write with reference to your email dated 2nd July, 2018 seeking clarification with respect to the announcement made by the Company regarding revision in the credit ratings for bank facilities of the Company on 27th June, 2018.

In this regard, we would like to inform you of the Detailed Rationale and Key Rating Drivers for the aforesaid revision in the ratings which is attributable to stressed liquidity on account of certain cash flow mismatches primarily on account of long pending receivables from the Company's offshore debtors and deterioration in the financial risk profile as reflected in the declining profitability margins & further write-off of certain bad debts in the 9 months period ending on 31st December, 2017. The revision in ratings also factors in high working capital intensity of operations with elongated receivables, ineligibility of the Company for participating in World Bank funded projects and exposure of the company towards raw material price volatility and susceptibility to forex fluctuation risk.

With a view to achieve upgradation in the credit rating, the Company continues to work towards efficient management of working capital cycle, settlement of pending claims with clients and its ability to scale up its operations along with enhancement in its profitability margins.

We would request you to take the above information on records.

Thanking You,

Yours Truly,

FOR FEDDERS ELECTRIC AND ENGINEERING LIMITED

FEDDERS ELECTRIC AND ENGINEERING LTD. New Delhi

PULKIT BHASIN
COMPANY SECRETARY
ICSI MEM. No.: A27686