

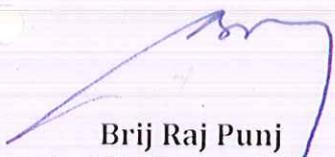
August 27, 2014

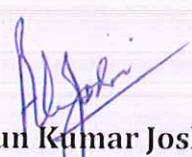
**FORM A**  
**(Pursuant to Clause 31(a) of the Listing Agreement)**

S. No.	Particulars	Details
1.	Name of the Company	Fedders Lloyd Corporation Limited
2.	Annual financial statements for the year ended	June 30, 2014
3.	Type of observation	Un-qualified
4.	Frequency of Observation	Nil

For Fedders Lloyd Corporation Limited

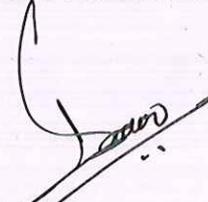
For Fedders Lloyd Corporation Limited

  
Brij Raj Punj  
Chairman & Managing Director

  
Arun Kumar Joshi  
Chairman of the Audit Committee

For Fedders Lloyd Corporation Limited

For M/s Suresh C. Mathur & Co.  
Chartered Accountants  
(Firm Registration No. 000891N)

  
A.A. Siddiqi  
Chief Financial Officer



  
Brijesh C. Mathur  
Partner  
Membership No. 083540



LIVE THE FUTURE



# Fedders Lloyd Corporation Limited

ANNUAL REPORT 2013-2014

**2013-14**

**Exceeding  
expectations \*\*\***



**\*\*\* winning the trust  
of our Customers**





# Our **consolidated strengths** and **sustainable values**

## Across the pages...

Chairman's Message	2
Our Consolidated Strengths	5
Our Sustainable Values	10
• Corporate Social Responsibility	11
• Corporate Sustainability	13
Five Years Performance Highlights	14
Corporate Information	15
Directors' Report	16
Management Discussion & Analysis Report	22
Corporate Governance Report	27
Standalone Financial Statements	44
Statement relating to Subsidiary	67
Consolidated Financial Statements	68

# Chairman's Message



“We are committed to invest in Future”

Dear Shareowners,

It gives me immense pleasure to write to you and share through this letter the achievements and financial highlights of your company during the past year.

## Global Economy – signs of improvement

Worldwide 2014 portends to be much more encouraging than 2013, with the forces driving the global economic recovery firmly entrenched. Signs of improvement have started emerging. The euro area appears to have come out of a protracted recession, with gross domestic product (GDP) for the region as a whole starting to grow again; the economy of the United States of America continues to recover with its supportive monetary condition and fiscal consolidation; and a few large emerging economies, including China, seem to have stopped a further slowdown. IMF estimates that the global economy is poised to grow at 3.6% and 3.9% in 2014-15 and 2015-16 respectively. Asia has a number of characteristics that make it a compelling destination both for trade and investment opportunities that lie within its continent and a gateway to the market of approximately 60% of the world's population.

## The Indian Economy – moving on to a stable footing

In the best traditions of democracy, a new Government was recently elected with a resounding mandate, which indeed holds a promise of inclusive and participatory growth. On the economic front, India has been passing through an extremely difficult phase. For two consecutive years, our Country's GDP growth has been less than 5%. Inflation continued to be at an unacceptable level. Thus, putting the Indian economy back on track by restoring the confidence of the domestic as well as international community in our economy should be paramount for the new government. Some progress has also been achieved on clearing the backlog of large projects whose approvals had been held up. This augurs well for the infrastructure sector. Further initiatives and reforms in areas such as land acquisition, allocation of natural resources, and accelerated depreciation for wind and solar energy sector would help greatly to boost investor confidence, accelerate investment activity to take the economy to a higher growth trajectory and to build competitiveness of the Indian economy. Recent reforms in support of growth include the

raised FDI ceilings for the retail, airline, telecoms, financial and defense sectors.

India's fundamentals are strong enough for resurgence to happen sooner rather than later. I believe, the medium-to long-term outlook of our country is very strong.

### **Business environment, performance and results**

Deeply rooted in India's values, Fedders Lloyd is committed to be outstanding in all spheres of its operations serving national priorities of infrastructure development. New opportunities are emerging across the country in infrastructure sector, which in turn is beneficial for the Company. To support future growth, the Company is focusing on increased efficiency in project execution and delivery mechanisms.

Your Company has successfully established its business operations for turnkey projects in the areas of infrastructure developments in Steel Structures & Engineering including heavy fabrication, Power – Transmission & Distribution and Climatic Control Equipments for Industrial and Customized applications. The Company aspires to establish itself as a global player executing turnkey projects for Infrastructure Development as its niche area.

Overall, there is a good potential for all business segments in which your Company operates. For steel structures, there is huge demand in India, owing to robust economic growth, increased government spending on infrastructure and change in mind set with regards to use of structural steel for railway bridges. I feel pleasure to mention that the Wind Tower and Heavy Fabrication division of your Company has earned a certificate of excellence as best supplier from GE-India at its India Suppliers' Conference, 2014. We were one of the five companies selected for this award among 156 suppliers in India.

There is huge potential available for the Company in Power – Transmission & Distribution segment in the perspective of huge untapped demand for power. Globally 1.2 billion people still do not get power, and India occupies a prime place as around 200 to 300 million people not getting any power. It goes without saying that the growth of power sector is contingent to development of a robust and a non-collapsible transmission network. Over the past decade, the total power capacity has witnessed commendable growth, with more than 232 GW of generation capacity currently installed in India.

India is one of the few countries where Transmission Sector has been opened up for private participation and has garnered significant interest from private players. Given this context, your Company has enormous responsibility and opportunity to play in R-APDRP scheme (Restructured Accelerated Power Development and Reforms Programme Scheme), as its part in securing the energy needs.

The Environment Control Equipment Industry has faced many challenges owing to unstable political and economic scenario in the past year and the situation is undergoing correction process already. During the year, we have consolidated the efforts to face the corrective situation and meet the pent-up-demand by way of development of new concepts and products in this segment.

During the year 2013-14, your Company achieved an all-time high top line of Rs. 11,719.39 Million as compared to Rs. 10,294.47 Million in the previous year, registering a growth of 13.84%. The EBITDA amounted to Rs. 1512.13 Million during the year, registering a growth of 13.22% over the previous year. After accounting for interest, depreciation and tax, the profit after tax stood at Rs. 448.13 Million during this year.

Your Company has executed various prestigious projects during the year. The detailed segmental overview including Industry Structure, Development Outlook and Performance, is mentioned in the Management Discussion & Analysis Report, which is part of this Annual Report.

### **Strengthening competitiveness**

The development of infrastructure will play a major role in sustaining India's growth and your Company is committed to investing in India's future. Your Company's relentless effort to execute the projects in efficient way, backed by cutting-edge technology and innovation and state-of-the-art facilities, will continue to drive performance in the years ahead. Our manufacturing facilities situated across India are also geared for Government's initiative of Skill, Scale and Speed.

Fedders Lloyd has always focused on working towards achieving continuous improvements in systems and procedures in business process with skillful application of Information Technology. The process of implementation of SAP across the Company's functional areas has been completed. Fedders Lloyd continues to strengthen its

engineering and technology capabilities, sophisticated design, methodologies and project management practices to consolidate its leadership position in the industry.

### **Future Outlook and prospects**

The outlook for the Indian economy has turned distinctly positive. The increasing traction of the global economic revival and plans to restore vim to India's economy through a slew of timely measures by the new Government by addressing fiscal imbalances and fast-forwarding investment activity should play out positively in the coming year. With this, we see a positive tomorrow. These developments on the global and the domestic front have a telling effect on your Company's growth and end-results. Overall, the stage seems set for Fedders Lloyd to shift to a higher growth trajectory.

### **Towards Social Responsibility**

Pandit Kanahaya Lal Punj Trust (PKLP Trust) is the philanthropic arm within the Lloyd group. It gives me immense pleasure to inform you that the trust has established a pre-school with the name of "Lloyd Play School" at village Khori Kalan, Tauru, Haryana for delivering free of cost quality education to the underprivileged children with the special focus on the girl child education. The attention is given to provide nutrition, health and learning. Initially, the School has enrolled 30 students and it is intended to extend this humble endeavor in the years to come. PKLP Trust also provides aid and assistance to various non-government organizations working in the areas of education, healthcare, livelihoods and community development.

### **Accolades**

As I conclude, I wish to convey my thanks and acknowledgment for the co-operation and assistance extended by the Central Government, State Government, Financial Institutions, the Company's Bankers, dealers, customers and suppliers. I also thank the governments of various countries where we have operations. I would also like to congratulate each and every member of the Fedders Lloyd Family for their sincere and committed contribution in this sound financial performance for the year 2013-14. I look forward to this continued support and encouragement as we embark on another rewarding year. My best wishes to all of you.

Thank you,

With warm regards,



**Brij Raj Punj**  
**Chairman & Managing Director**  
**Fedders Lloyd Corporation Limited**

Place : New Delhi

Date : August 27, 2014

*This document does not purport to be a record of the proceedings of the Annual General Meeting.*



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# Our Consolidated Strengths few glimpses .....



Steel Structure Fabrication works



Railway over Bridge supplied for Moradabad –Bareilly Expressway



Column erection at Koradi, Nagpur



During 2013-14, the wind tower division of the Company earned a certificate of excellence as best supplier from GE-India. This division was inaugurated in the year 2012-13.





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**EHV (Extra High Voltage)  
Transmission Lines**



**HVDS (High Voltage Distribution System)  
Projects**



**Railway Overhead Electrification**



**Mobile sub-station supplied to Power Holding Company of Nigeria**



**Mallam Sub-Station supplied to Gridco, Ghana**



**Power Transformers supplied to Volta River Authority, Ghana**



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**Tower type designer Air Handling Unit for Multiplexes**



**Static ventilation unit exclusively designed, developed and manufactured for Power Sector**

# Our Sustainable Values few glimpses .....





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# Corporate Social Responsibility

*“Corporate Social Responsibility (CSR) activities of Fedders Lloyd reflect its philosophy of implementing sound business practices and assisting communities in which it operates; helping shape a better, more sustainable society. We firmly believe that these activities benefit society and enhance the corporate value.”*

At Fedders Lloyd, CSR is a way of life. The Company undertakes its corporate social activities predominantly through Pandit Kanahaya Lal Punj Trust (PKLP Trust), the philanthropic arm within the Lloyd Group. Your Company has a CSR Policy approved by the Board, in line with provisions of the Companies Act, 2013. The CSR initiatives being pursued by the Company are broadly in the areas of health care, education, rural development, community development, environment protection and conservation of natural resources. The programmes/projects are generally chosen in the neighborhood of the Company's units.

## COMMUNITY INITIATIVES

### Empowering the under-privileged

It gives us immense pleasure to mention that PKLP Trust has established a pre-school with the name of “Lloyd Play School” at village Khor Kalan, Tauru, Haryana with an objective of delivering free of cost quality education to the underprivileged children with the special focus on the girl child education. The attention is given to provide nutrition, health and learning. Teachers at these schools are qualified and undergo regular training to enhance their teaching methodologies.



During this year also, Lloyd continued its association with Purkal Youth Development Society (PYDS) by sponsoring the education and learning of students. We collaborated with Muskaan NGO and organized Diwali Mela to provide the opportunities to differently-abled to put up and display their creative hand made products.

### Health

We consider CSR as one of the major objective of our company and periodically conduct free Medical Camps including blood donation, eye check-up etc. at nearby villages surrounding our plants all over India for the poor and needy sections of the society.

### Disaster Relief

The Lloyd Group has always been very responsive to any major disaster in India. Recently, Jammu & Kashmir region was hit by heavy floods caused by torrential rainfall. In association with Goonj NGO, a ‘Material Collection Drive’ was undertaken for collection of material such as clothes, utensils, footwear, blankets, dry ration and monetary donations. Employees from all the units also came forward and extended their support for this cause, in addition to giving monetary contributions.

### Concern for Environment

Fedders Lloyd is aware of its duties towards the society and environment in which it operates and recognizes its role in managing the social, economic and environmental challenges; and is committed to creating sustainable social and environmental impact through its CSR programmes. Firmly rooted in the Fedders Lloyd's sustainability strategy that underscores the knowledge that sustainability is good for the business, customers and society. This year also, the Company has undertaken plantation activity, with a view to reduce impact of business processes.

Through sustainable initiatives, your Company manages the business of today keeping the future in mind. It is satisfying, that your Company is committed to address the objectives and requirements set out for CSR in the recently notified Section 135 of the Companies Act, 2013 in letter and spirit and intends to be a significant and durable contributor to CSR initiatives in India by devising and implementing social improvement projects.



# Our endeavor to build a sustainable future





*“Every business and we, as individuals, should pledge to do our bit to protect the environment and catalyze a change to save our future generations.”*

## CORPORATE SUSTAINABILITY

Fedders Lloyd views sustainable growth as an imperative for a sustainable future and therefore, the Company endeavors to contribute to 'a better world' in which a growing population has fair access to resources, health and well-being now and into the future.

The rate of resource consumption is almost 1.5 times the rate at which nature can replenish itself. The cumulative pressure that we are putting on the planet is leading to the deterioration of the natural resources which have been at our disposal since time immemorial. At this rate, by 2050 even three earths will not be enough to meet our needs. This crisis poses an opportunity for businesses to innovate and be a part of the solution by radically changing the way they do business in their operations, supply chain, products and services.

## RESPONSIBLE CORPORATE CITIZENSHIP

Fedders Lloyd acknowledges the role it needs to play as a responsible corporate citizen and therefore has implemented various initiatives and operational control across all units and locations where it operates.

### Efficient Operations

The efficient operational control implemented across all units and locations include:

- Optimization of HVAC operating hours to ensure energy saving without compromising on thermal comfort as per building standards,
- Optimization of illumination levels to meet work environment guidelines as well as energy efficiency codes,
- Installation of Variable Frequency Drives (VFD) in air handling units,
- Power factor management,
- Energy efficient lighting fixtures, and
- Employee engagement

Towards this end, our various other initiatives include:

### Paper Management

We have focused on reducing paper consumption; primarily since paper manufacturing involves cutting trees, generates high levels of pollution. This would also help us to reduce cost.

### Employee Engagement

We engage with our employees creating environmental awareness and sensitizing them towards nature and conserving its various resources.

### Environment, Health and Safety (EHS)

EHS continued to be one of your Company's sustainability focus areas. The Company's commitment to ensuring the health, safety, security and environment of employees, contractors and others affected by business operations, has been addressed. Adhering to the highest standards of HSE performance is fundamental to protect our business and our people. Even as we have ramped up our exploration and development activities, we are hard at work to adhere to and maintain the highest standards of HSE performance. It goes without saying; your Company considers health, safety and well being of employees and all the people who work with the Company, to be of utmost importance. The Company educates employees working in awareness and control of EHS activities.

Importantly, the Company is also training and coaching its subcontractors, contractors and partners/customers to ensure compliance of Environment, Health and Safety (EHS). Appreciations received from customers bears testimony to Company's pioneering efforts on EHS.

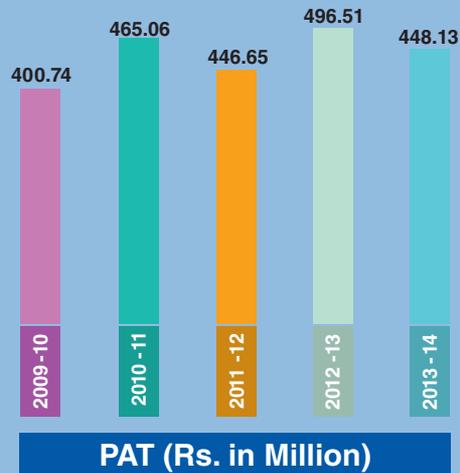
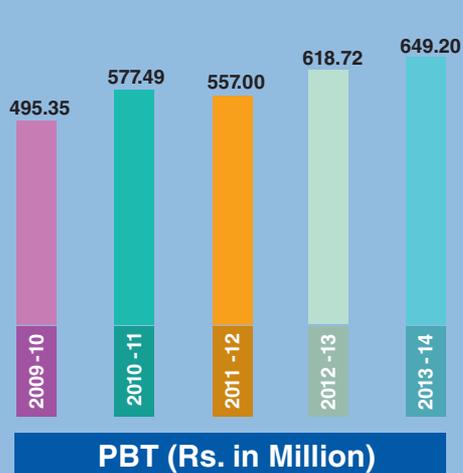
The Company conducted its business with the highest standards of ethics and integrity, and respect for human rights.

# Five Years Performance Highlights

## Our Strong Fundamentals

(Rs. in Million)

Particulars	2013 - 14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
Total Income (net of excise)	11637.91	10214.58	9061.79	8483.73	6854.44
EBITDA	1512.13	1335.54	1088.30	966.29	773.17
Profit Before Tax	649.20	618.72	557.00	577.49	495.35
Profit After Tax	448.13	496.51	446.65	465.06	400.74
EPS (in Rs.)	14.56	16.14	14.52	15.11	13.02
Equity Share Capital	30.77	30.77	30.77	30.77	30.77
Reserve & Surplus	3287.17	2883.89	2424.52	2015.16	1605.44
Total Assets	10762.10	9481.98	7965.84	6271.15	4577.09





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## BOARD OF DIRECTORS

### Chairman & Managing Director

Mr. Brij Raj Punj

### Whole Time Directors

Mr. Sham Sunder Dhawan

Mr. Nemichandra D. Jain

### Independent and Non-Executive Directors

Mr. Arun Kumar Joshi

Mrs. Ritushri Sharma

Mrs. Bindu Dogra

### COMPANY SECRETARY

Ms. Purnima Sharma

### CHIEF FINANCIAL OFFICER

Mr. A.A. Siddiqi

### STATUTORY AUDITORS

M/s Suresh C. Mathur & Co.  
Chartered Accountants, New Delhi

### REGISTERED OFFICE

C-4, Phase-II, Noida,  
Distt. Gautam Budh Nagar, UP-201305

### CORPORATE OFFICE

159, Okhla Industrial Estate,  
Phase-III, New Delhi-110020  
Phone No.: +91-11-40627200/300  
Fax No.: + 91-11-41609909

### SHARE TRANSFER AGENT

M/s. Skyline Financial Services Private Limited  
D-153/A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110020  
Phone No: +91-11-64732681-88  
Fax No: +91-11-26812682

## BANKERS

State Bank of India  
Central Bank of India  
Standard Chartered Bank  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of Bikaner and Jaipur  
Axis Bank Limited  
Karnataka Bank Limited  
ICICI Bank Limited  
Indusind Bank  
Export- Import Bank of India  
Punjab National Bank  
HDFC Bank Limited  
ING Vysya Bank

## MANUFACTURING FACILITIES

C-4, Phase -II, Noida,  
Distt. Gautam Budh Nagar,  
U.P - 201305

836, 837, Jambusar - Bharuch Road,  
Village - Magnad,  
Dist – Bharuch, Gujarat - 392150

Saketi Road, Industrial Area,  
Kala Amb, Tehsil Nahan,  
Distt.Sirmor, Himachal Pradesh

S-23 & S-24, Phase-III,  
SIPCOT Industrial Complex,  
Mukundarayapuram, Ranipet 632405

Plot No. 24, Sector 2, IIE Pantnagar  
Distt. Udham Singh Nagar, Uttarakhand

Plot No-6/1, UPSIDC Industrial Area,  
Sikanderabad, UP

Ind. Area, Park-2, Salempur, Mehdood,  
Near SIDCUL, Haridwar, Uttarakhand

## OVERSEAS SUBSIDIARY

Fedders Lloyd Trading FZE  
P.O. Box 16111, Ras Al Khaimah,  
United Arab Emirates

Visit us at: [www.fedderslloyd.com](http://www.fedderslloyd.com)

## Directors' Report

**Dear Shareowners,**

Your Directors have pleasure in presenting the 58<sup>th</sup> Annual Report along with the Audited Annual Accounts for the financial year ended June 30, 2014.

### FINANCIAL RESULTS

Particulars	(Rs. in Million)	
	Current year 2013-14	Previous year 2012-13
Gross Revenue from operations	11,719.39	10,294.47
EBITDA	1,512.13	1,335.54
Profit before Tax	649.20	618.72
Tax Expenses:		
Current Tax	160.00	125.00
Deferred Tax	41.07	(2.78)
Profit after Tax	448.13	496.51
Balance brought forward from previous year	264.03	153.28
Total available for appropriations	712.15	649.79
(Less) Appropriations:		
Proposed Dividend	30.77	30.77
Provision for Tax on dividend	5.23	4.99
Provision for Tax on dividend for previous year	0.24	-
Depreciation adjustment	7.37	-
Transfer to General Reserve	400.00	350.00
Balance Carried forward to Balance Sheet	268.54	264.03
Earnings per Share (Rs.)	14.56	16.14

### FINANCIAL PERFORMANCE

The Gross revenue from operations of your Company for the year ended June 30, 2014 stood at Rs. 11,719.39 Million as against Rs. 10,294.47 Million for the year ended June 30, 2013, registering a growth of 13.84%. The EBITDA increased by 13.22% from Rs. 1,335.54 Million in the previous year to Rs. 1,512.13 Million during this year. The Profit before tax stood at Rs. 649.20 Million as compared to Rs. 618.72 Million in the previous year, registering the increase by 4.93%. The Profit after tax for the year ended June 30, 2014 stood at Rs. 448.13 Million as compared to Rs. 496.51 Million in the previous year ended June 30, 2013. The decline in profit after tax by 9.74% is due to increase in interest cost and higher provision of taxes during the year under review.

Your Company operates under three business segments, viz., Steel Structures & Engineering, Power Projects and Environmental Control Systems. During the year under review, the total revenue generated from Steel Structures & Engineering business of the Company was Rs. 6233.66 Million, the Power Projects business was Rs. 5044.62 Million and Environmental Control System was Rs. 351.69 Million. A detailed discussion on the operation and performance for the year is given in the "Management Discussion and Analysis" included as a separate section to this report.

### DIVIDEND

For the year ended June 30, 2014, the directors of your Company recommend for your consideration a dividend of Re. 1/- per equity share of Rs. 10/- each (10% on the paid-up equity share capital of the Company). The dividend, if approved would involve a cash outflow of Rs. 30.77 Million (exclusive of dividend distribution tax of Rs. 5.23 Million).



Last year also, the Shareholders in last Annual General Meeting declared a dividend of 10% on the paid-up equity share capital of the Company.

## **SUBSIDIARY**

The wholly owned subsidiary of the Company namely, Fedders Lloyd Trading FZE is located in Ras Al Khaimah Free Trade Zone, U.A.E.

In terms of the General Circular No. 2/2011 dated February 8, 2011, issued by Ministry of Corporate Affairs, Government of India under Section 212(8) of the Companies Act, 1956, granting general exemption to companies from attaching financial statements of subsidiaries, subject to fulfillment of conditions stated in the Circular, Financial Statement of the Subsidiary is not attached to the Balance Sheet of the Company.

The Company will make available the Annual Accounts of the subsidiary to any of the member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary will also be kept open for inspection at the Registered Office of the Company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

As required by Clause 41 of the Listing Agreement executed with the Stock Exchanges, Consolidated Financial Statements of the Company and its subsidiary as prepared in accordance with Accounting Standard AS-21 on 'Consolidated Financial Statements,' as issued by the Institute of Chartered Accountants of India, is attached herewith and the same together with Auditors' Report thereon forms part of the Annual Report of the Company.

## **FIXED DEPOSITS**

During the year under review, your Company has not invited or accepted / renewed any fixed deposits from public pursuant to the provisions of Section 58A or 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

## **DIRECTORS**

In compliance with the requirements of Clause 49 of the listing agreement entered with the Stock Exchanges, where the Company is listed, the Company had appointed Mr. Arun Kumar Joshi, Mrs. Ritushri Sharma and Mrs. Bindu Dogra as Independent Directors of the Company.

Pursuant to provisions of Section 149 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement which will be effective from October 01, 2014 and on the recommendation of the Nomination and Remuneration Committee, the Board has subject to the approval of the members approved the appointment of Mr. Arun Kumar Joshi, Mrs. Ritushri Sharma and Mrs. Bindu Dogra as Independent Directors of the Company for a term of five years from the date of this Annual General Meeting i.e. October 30, 2014 to October 29, 2019. The requisite notices from members alongwith the deposit of requisite amount under Section 160 of the Act, proposing the candidature of each of them as Directors have been received by the Company. The Board recommends their respective appointments.

In compliance with the provisions of Section 149 of the Act, read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is being placed before the Members for their approval.

Further, in terms of the Articles of Association of the Company, Mr. S. S. Dhawan, Whole Time Director of the Company will retire at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment. The Board recommends his re-appointment.

A brief resume of the above directors including their expertise, shareholding in the Company and details of other directorships of these directors as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Notice of the ensuing Annual General Meeting.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, it is hereby confirmed that:

- a. in the preparation of the annual accounts for the year under review, the applicable accounting standards had been followed.
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year.
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the directors had prepared the annual accounts on a going concern basis.

## **AUDITORS AND AUDITORS' REPORT**

M/s. Suresh C. Mathur & Co., Chartered Accountants (ICAI Firm Registration No: 000891N and Membership No. 083540) retire at the conclusion of ensuing Annual General Meeting of the Company. Being eligible, they have offered themselves for re-appointment for a further term. The Board recommends their re-appointment from the conclusion of this Annual General Meeting ("AGM") until the conclusion of the third consecutive AGM held after this AGM (subject to ratification of appointment by the members at every AGM held after this AGM) at such remuneration as may be agreed by the Board of Directors of the Company/Audit Committee thereof in consultation with the auditors. The Company has received letter from the said auditors to the effect that their appointment, if made, would be valid within the limits prescribed under the Companies Act, 2013.

The observations made in the Auditors' Report are self-explanatory and do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## **CORPORATE GOVERNANCE**

Your Company continues to be committed to good corporate governance and ethical corporate practices as prescribed under Clause 49 of the Listing Agreement and the Companies Act, 2013. A separate section on Corporate Governance along with Certificate from the Auditors of the Company on compliance with the conditions of corporate governance as per Clause 49 of the Listing Agreement with Stock Exchange(s) is provided as part of this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) activities of Fedders Lloyd reflect its philosophy of implementing sound business practices and assisting communities in which it operates; helping shape a better, more sustainable society. The Company undertakes its CSR activities through Pandit Kanahaya Lal Punj Trust (PKLP Trust), the philanthropic arm within the Lloyd Group.

In terms of requirement of Section 135 of the Companies Act, 2013 read with rules made thereunder, your Company has constituted a CSR Committee comprising of Mr. Nemichandra D. Jain as Chairman of the Committee and Mr. Sham Sunder Dhawan and Mrs. Ritushri Sharma as Members of the Committee.

## **FORMATION OF VARIOUS COMMITTEES**

The Board of Directors of the Company has constituted various Committees to support its functioning as envisaged under the Companies Act, 2013 and the Listing Agreements entered with the Stock Exchange(s). The details of the Committees are given in the Corporate Governance Report, which forms part of this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed Management Discussion and Analysis Report on financial conditions and results of operations for the year under review forms part of the Annual Report and is presented in a separate section forming part of the Annual Report.



## **DISCLOSURE OF INFORMATION WITH REGARD TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND RESEARCH & DEVELOPMENT**

In accordance with the requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, statement showing particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and Research & Development activities undertaken by the Company are annexed here to and form part of this report.

## **DISCLOSURE OF PARTICULARS OF EMPLOYEES**

In accordance with the requirement of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto.

However, in line with the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Corporate Office of the Company.

## **LISTING OF EQUITY SHARES**

The Equity Shares of your Company continue to be listed at National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). The Annual Listing Fees for the year 2014-15 have been paid to these stock exchanges.

## **HEALTH, SAFETY AND ENVIRONMENT (HSE)**

Your Company has always placed Health, Safety and Environment (HSE) at the very heart of the way of doing its business. Adhering to the highest standards of HSE performance is fundamental to protect the business and our people. During the year, the Company continued its efforts toward preventing incidents and injuries from its business activities by providing a safe and healthy working environment at all manufacturing units/sites owned and / or operated by the Company. The Company achieved this by eliminating or minimizing, so far as is reasonably practicable, the causes of health and safety hazards inherent in its working environment.

## **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

Your Company believes that its people are its most valuable resources. The Company provides an excellent working environment for them to deliver to their best potential. The Company encourages its employees to upgrade their skills through both internal and external workshops and trainings. The Company believes in providing equal opportunity to everyone and the work-culture is based on merit and performance. During the year, there were no disputes with the employees and the Company. Your Company continues to enjoy cordial relationships with the work force across all units and operations.

## **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for assistance and co-operation received from various ministries and department of Government of India and other State Governments, financial institutions, banks, shareholders, directors, executives, officers of the Company etc. The management would also like to express great appreciation for the commitment and contribution of its employees at all locations for their tremendous personal efforts, committed services and contribution to the Company's performance.

**For and on behalf of the Board of Directors**

**Place : New Delhi**  
**Date : August 27, 2014**

**Brij Raj Punj**  
**Chairman & Managing Director**

## Annexure to the Directors' Report

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Disclosure of Information with regard to Conservation of energy, technology absorption, foreign exchange earnings and outgo:

### A. CONSERVATION OF ENERGY

Energy efficiency, resource optimization and safety of plant personnel and local community at large are the cornerstones of our business operations. The momentum on energy conservation initiatives continued this year at across all units and manufacturing facilities of the Company.

The Bureau of Energy Efficiency (BEE) has initiated several measures to promote energy saving initiatives both by industry and consumers. We work closely to improve energy efficiency of the Company as well as producing energy efficient products for the Company's customers. At Fedders Lloyd, we are very much conscious to uptake energy efficient technologies, as definitely help reduce the energy footprint. The Company realizes the importance of implementing energy efficient practices in every segment of the business. Towards this end, the Company educates all stakeholders for reducing carbon footprints of the Company. Continuous energy conservation measures are being adopted at all plants and sites by monitoring all processes to prevent energy wastage on an ongoing basis like switching off of machineries and equipment during idle hours, time adjustments of plant as per load shedding plans, power factor monitoring with capacitive controls, introduction of timers in street lights etc. Due to the efficient energy saving systems and process optimization, there will be reduction in energy consumption and thereby saving costs of the Company.

### B. TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION, BENEFITS AND FUTURE PLANS OF ACTIONS

Innovation is becoming even more critical as global changes create volatility in the operations of organizations. Your Company has leveraged its Information Technology expertise for enhancing the efficiency & effectiveness of systems and processes across the operational functions. Your Company is committed to invest in innovative and new technologies and has been working ceaselessly on research & development aimed at delivery of innovative engineering solutions to its clients.

According to the International Energy Agency (IRA), the demand for energy is going to grow exponentially but the transmission and distribution losses will also grow in a big way unless the T&D equipment makers improve their efficiency. Towards this responsibility, we are exultant that Fedders Lloyd is equipped with modernized tools & tackles for transmission line execution and also for its other business verticals, like steel fabrication works and manufacture of climatic equipment. We focus on climate and energy efficient solutions, explicating the criticality of using efficient drives, the Climatic Control equipment are designed for the end-users.

At Fedders Lloyd, we have been consolidating our position to exploit the huge opportunities that are foreseen to unfold in the coming years by way of up gradation in the identified development areas. Accordingly, our R & D efforts are aligned to these developmental areas. We are concentrating on the development of products to be in line with the modernity that is likely to be infused in the future programmes.

We have continued our Research and Development activities to support the eco friendliness, energy conservation, global adaptability, cost effectiveness and at the same time laying strong barriers to competition to ensure viability and sustainability in the market for achieving full exploitation of the product cycle.

#### **BENEFITS DERIVED AS A RESULT OF THE ABOVE EFFORTS.**

- Higher Efficiency
- Better reliability and availability



- Reduced Maintenance
- Lower fuel consumption
- Reduction of emission

### **C. EXPENDITURE INCURRED FOR RESEARCH & DEVELOPMENT**

Capital Expenditure: NIL

Revenue Expenditure: Charged out as expenses through the respective heads of accounts.

### **D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

From a national perspective, participation in global value-chain trade has many benefits. Beyond export revenue, these include employment and indirect spillovers in areas such as management, technical know-how, and access to new technologies.

During the year under review, the foreign exchange earnings and outgo of the Company were as follows:

Foreign Exchange earned: Rs. 4,662.16 Million

Foreign Exchange outgo: Rs. 3,415.50 Million

The Company continues to take active participation in business promotion activities being organized globally.

## **Management Discussion & Analysis Report**

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### **THE INDIAN ECONOMY**

India is the second largest emerging country and has demonstrated the ability to grow rapidly. While growth slowed down in 2011–12, this was simply the adverse impact of a global downturn, combined with the emergence of some domestic problems. Post the general elections and the formation of new Government at the Centre, there is a high level of optimism and renewed confidence in the revival of the economy. We look forward to implementation of growth oriented policies particularly in the areas of infrastructure and manufacturing sectors. India has strong basic fundamentals, including a high rate of savings, an increasingly skilled labor force, a dynamic private sector with first-rate management capabilities and increasing global competitiveness in many areas. There are also some deficiencies, most notably in the area of infrastructure. However, the Government recognizes these weaknesses and correcting them is a high priority.

The economy is therefore well positioned to get back to a higher growth path of around 8% per year, which it could maintain for several years. High levels of investment, especially in infrastructure; continued economic reforms, promoting higher levels of productivity; and buoyant domestic demand, reflecting the impact of an inclusive growth process, would drive growth over the next 5 to 10 years.

### **GLOBAL ECONOMIC IMPACTS**

The global economic scenario in 2013-14 remained challenging with output growth estimated at 3.0% - lower than the 3.2% growth recorded in 2012-13. Global economic activity picked up in the second half of the year, with much of the impetus coming from the advanced economies, raising hopes for an improved performance in 2014-15. The global financial crisis and the ensuing developments have heightened the role of emerging economies in the global context. This has accelerated the major economic transformations already underway, which have fueled rapid growth. A number of emerging economies including India, which had already experienced a notable slowdown in the past two years, encountered new domestic and international head winds during calendar year 2013.

### **COMPANY'S BUSINESS & PERFORMANCE**

Fedders Lloyd has wide experience and a great track record of providing customized solutions in the areas of Steel Structures, Pre-engineered, Pre-fabricated buildings, Scaffoldings, Power- Transmission & Distribution and Environmental Control Systems. Riding on the integral capabilities, the Company has bagged various prestigious projects during the year.

During the year under review, the Gross Revenue from operations of the Company stood at Rs. 11,719.39 Million while it was Rs. 10,294.47 Million during the previous year. The Profit before tax stood at Rs. 649.20 Million as against Rs. 618.72 Million in the previous year.

### **SEGMENTAL OVERVIEW, RESULTS AND OPERATIONS**

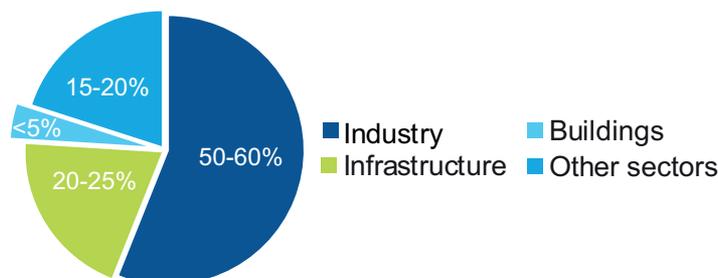
#### **Steel Structures & Engineering**

To stimulate the economic growth, the Government of India has announced many mega-investment projects in infrastructure across various parts of the Country including the ambitious US\$100 Billion Delhi-Mumbai Industrial corridor, other projects like power plant, warehouses, dedicated freight rail line etc. which is further expected up to Bangalore & Chennai. Every city in India is building its own Metro system. These projects would drive sustained demand for steel structures and pre-engineered buildings.

The industry segment has the largest share of demand for steel structures in India, followed by the infrastructure segment. Within the industrial segment, steel and cement industries account for a large share of demand of structural steel, while factory buildings dominate the demand for PEB. Although industry and infrastructure segments have shown favorable trends in usage of structural steel, the building segment (especially residential) is still in a nascent stage in terms of acceptance of

structural steel as a favorable building material. Within the infrastructure segment, the demand for structural steel is mainly driven by power sector, while logistics/ warehousing applications drive demand for PEB in India. Other segments, mainly transport industry (construction of wagons/ coaches, ships, trucks/ trailers, etc.), OEM and plant equipment fabrications, and other areas like railings, scaffoldings, etc. account for a small share of demand for steel structures.

Application of Steel structures in end-use segments



During the year, the Company has successfully executed various projects like Rail Over Bridge project at Moradabad (UP) for Ramky Infrastructure Limited, power plant project for BHEL, Suratgarh (Rajasthan), Mouda (Maharashtra) and Sagardighi (West Bengal), Chennai Metro Rail Project, BGR Boilers Private Limited, etc.

### Wind Tower and Heavy Fabrication

After a strong calendar year (CY) 2012, the annual size of wind market declined in CY 2013 primarily resulting from the reduced installations in the US by around 90% over previous year. CY 2013 ended with over 34 GW in new capacity connected to the grid worldwide. The offshore wind segment grew by 32% in CY 2013, reaching 1.9 GW in new installations. While many key wind markets delivered a resilient performance, the India market experienced a 26% drop in CY 2013 over CY 2012 installations to 1.7 GW, partly due to the withdrawal of the Accelerated Depreciation and uncertainty over continuance of Generation Based Incentive. The industry is poised for a rebound in CY 2014 and CY 2015 after poor CY 2013 with growth of over 40%.

Recently, the division has successfully executed an export order received from CMI Energy, USA for manufacture, supply of stacker assembly to power plant in Bangladesh. The division is conscious to strengthen the export orders also. In order to tap huge market potential across the globe, the Company regularly participates in the international exhibitions held from time to time.

We are proud to mention that the Company has earned a certificate of excellence as best supplier from GE-India. We were one of the five companies selected for this award among 156 suppliers in India.

### Power Transmission & Distribution

The investment climate is positive in the power sector. Due to policy of liberalization, the sector has witnessed higher investment flows than envisaged. The Ministry of Power has sent its proposal for the addition of 76,000 MW of power capacity in the 12th Five Year Plan (2012-17), to the Planning Commission. The Ministry has set a target of adding 93,000 MW in the 13th Five Year Plan (2017-2022). The industry has attracted FDI worth Rs 43,530.99 Crore (US\$ 7.24 Billion) during the period April 2000 to May 2014.

In the last 5 years, power generation capacity has grown by 50%, whereas transmission capacity has increased by 30%. As per the 12th Five Year Plan, the future expansion in power generation capacity in India is planned around 88GW. In order to meet this capacity, investment in the transmission sector needs to be increased. Overall, an addition of 90,000 km of 765-220 kV lines, 154,000 MVA of substation capacity and 27,350 MW of national grid capacity is required in order to meet the 12th Five Year Plan. For this purpose, an investment of USD 35 Billion is planned in the power transmission sector. Out of this, about USD 19 Billion is planned to come from Power Grid Corporation of India Limited. The remaining USD 16 Billion, 46% of the total investments, needs to be secured from private players.

India faces huge power transmission constraints, which makes it difficult to evacuate excess power and channel it to regions that face shortages. Projects have had to purchase power from costlier sources while others remained under-utilized. Hence, there is an urgent need to timely address underlying issues in the transmission sector to ensure power demand is effectively met in the future. Therefore, the Company perceives a huge potential under this segment.

During the year, the Company has been awarded a Project worth Rs. 2409 Million by Uttarakhand Power Corporation Limited (A Govt. of Uttarakhand Undertaking) for the works of “System Improvement, Strengthening and Augmentation of distribution system to bring down AT&C Losses, establish SCADA compatibility and improve quality of consumer supply in Dehradun town to be carried out under R-APDRP Part-B scheme on turkey basis”. The Project is 100% funded by loan from Government of India and loan from financial institutes such as Power Finance Corporation Ltd. (PFC) / Rural Electrification Corporation Ltd. (REC).

In short span of 5 years, Fedders Lloyd has become eligible and qualified with Power Grid and other utilities, to execute of 765 kV Transmission Projects upto 103 Kms, on stand-alone basis.

### **International Projects Division**

International Projects Division of Fedders Lloyd Corporation Limited has established itself in the field of power, water, hospitality, infrastructure, education, chemicals and oil sector. Fedders Lloyd Corporation Limited is engaged in execution of international projects on turnkey basis related to power, water, hospitality, infrastructure, education, chemicals and oil sector under multilateral and bilateral funding agencies such as World Bank, Asian Development Bank, African Development Bank, European Bank of Reconstruction and Development and Exim Bank of India.

The Company foresees huge business opportunities, given that various multilateral and bilateral funding agencies have approved line of credit of funds and technical support for various infrastructure projects in various countries like– Ethiopia, Ghana, Kenya, Liberia, Nigeria, Tanzania, Congo, Mauritius.

### **Environmental Control Systems Business**

HVAC systems are becoming one of the key building blocks in modern infrastructure. These systems are found in almost all upcoming commercial as well as residential buildings. Rise in infrastructure, rapid urbanization and growth in commercial properties are some of the key factors fuelling the market for HVAC systems in India. The Country is expected to witness strong infrastructure development, which would boost the market for HVAC systems over the next five years.

The global HVAC equipment industry is expected to reach an estimated \$105.7 Billion by 2019. The major drivers of heating, ventilation and air-conditioning (HVAC) equipment industry are growing urbanization, rising disposable income, replacement needs, strict energy regulations and technological innovations.

There has been a slowdown in this segment last year on account of political and economic scenario. The situation has been undergoing correction process already and the Company hopes to take advantage of the same. India can emerge as a manufacturing hub for HVAC industry given factors like growth of construction projects, low cost operations, demand and energy efficient solutions that are at their disposal. The future of the sector looks promising.

The Company's environmental control systems division primarily provides the HVAC Equipment to Defence, Railways, Telecom and other specialized application segments. Amongst its customized solutions, during the year, the Company has developed tower type designer Air Handling Units for Airport, hotels and shopping malls lobby which does not required duct with eye ball type diffuser and which covers 40 - 60 feet long air flow with low noise and need little space. The Company has also successfully designed, developed and manufactured 30000 CFM with 200 static ventilation unit exclusively for power sector. During the year, we have consolidated the efforts to face the corrective situation and meet the pent-up-demand by way of development of new concepts and products in the Defence, Railways segments where quantum jump is foreseen.

## RISKS AND CONCERNS

The risks and concerns for various businesses of the Company, inter-alia, are as follows:

The demand for maintenance and replacement of infrastructure is mainly created due to government's stimulus. As governments withdraw stimulus, there are concerns that demand will decline again.

Due to encouragement of public private partnership by government to execute infrastructure projects, number of new players are increasing, which is giving tough competition in terms of pricing.

Under Power Transmission and Distribution segment, there is the risk of project delays due to developer's inability to acquire land and get timely clearances from all stakeholders. There have been instances of transmission lines being forced to take a different route than planned, resulting in the entire project budget going out of control.

The other concerns include unstable Political Situation in couple of Countries of our operation in Africa subcontinent, unpredictable volatility of Indian Currency with respect to US Dollar and other hard currencies and increasing interest rates in the domestic markets.

The level of innovation and technology in the industry must be upgraded considerably, thereby upgrading quality, speed and health and safety standards.

The infrastructure business is mainly linked to the Government policies, budgets and plans in respect of Railways, Defence and Telecom segments. There has been restrained development on all these segments on account of the political and economic scenario.

## RISK MANAGEMENT SYSTEM

The Company has an established Risk Management Policy, which outlines a comprehensive framework for risk identification, evaluation, prioritization and treatment of various risks associated with different areas of operation such as technology, product, market, human resources, finance and other operations related risks. A robust and comprehensive framework of strategic planning and management ensures realization of business objectives of the Company based on effective strategy implementation. All business units clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. The Risk Management is monitored by the senior management of the Company periodically.

Volatility in exchange rate, inflation pressure, raw material cost and marketing were among the major challenges/risks identified by the Company. These risks are being addressed by introducing suitable risk practices at the decision making stage itself which subsequently leads to incorporating suitable Risk mitigation processes. The Company is committed to initiating and formalising the required processes to make Risk Management practices an inbuilt culture of the Company.

## INTERNAL CONTROL SYSTEM AND ADEQUACY

Internal Control system is the basic need for a successful organization which makes the rules and policy more efficient. It is a means by which an organization's resources are directed, monitored and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (property and assets) and intangible (e.g., reputation or intellectual property). A proper and adequate system of internal control, commensurate with the size and nature of its business, is integral to the Company's corporate governance.

At Fedders Lloyd, a well-defined internal control framework has been developed by identifying key control areas and to ensure reliable financial reporting, effective and efficient operations and compliance with applicable laws and regulations. The supervision of operational efficiency of designed key controls is done by Internal Audit function of the Company.

The Audit Committee of the Board of Directors, comprising Independent Directors, regularly reviews audit plans, significant audit findings, adequacy of internal controls, compliance with the Accounting Standards and monitoring implementation of the action plans emerging out of internal audit findings including those relating to strengthening of your Company's risk

management policies and systems.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

At Fedders Lloyd, we consider our people to be our valuable assets. 'Attracting, motivating and retaining best available talent' is Company's HR Policy. We provide collaborative work environment that foster ethical behavior, respect for fellow employees and performance with responsibility, honesty and integrity. We make the policies and practices which are completely aligned with the overall organizational strategy.

In order to adapt to the changing industry practices, the management practices of the Company are continually reviewed and renewed to make them relevant, employee friendly and also at par with the Industry standards. We focus on holistic development of our people in order to make a best place of the work. We have introduced training programs to induct and train the work force.

The Company continues to maintain and enjoy a cordial relationship with its employees at all levels.

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## **CAUTIONARY STATEMENT**

Statements in 'Management Discussion and Analysis' describing Company's objectives, projections, estimates and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. These statements describe our objectives, plans and goals and are subject to certain risks and uncertainties, which are already, mentioned in the report itself. Actual results could therefore differ materially from those expressed or implied.

## Report on Corporate Governance

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The Directors present the Company's Report on Corporate Governance pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges:

Corporate Governance is based on the rules and practices by which the Board of Directors ensures accountability, fairness, and transparency in a company's relationship with its all stakeholders, financiers, customers, management, employees, government and the community. Fedders Lloyd's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

### I. THE COMPANY'S GOVERNANCE PHILOSOPHY

Fedders Lloyd defines Corporate Governance as "an ethically driven business process that is committed to conducting the business with firm commitment to values, while meeting stakeholders' expectations and ensuring overall success of the business and maximization of shareholders' wealth."

At Fedders Lloyd, it is very much imperative that our Company's affairs are managed in a fair and transparent manner and therefore, the Company is committed to good corporate governance. The Company's Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Company effectively engages with the stakeholders to evolve with changing times. Corporate Governance framework of the Company ensures that timely disclosures are made and regular and fair information regarding financials and performance of the Company is shared.

The Company fully realizes the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. Therefore, the Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to values and ethical conduct of business, Transparency in business transactions, ensuring statutory and regulatory compliances, adequate disclosures and effective decision-making to achieve corporate objectives.

Recently, the Securities and Exchange Board of India (SEBI) has sought to amend the equity listing agreement to bring in additional corporate governance norms for listed entities, which are also aligned with the provisions of the Companies Act, 2013, and is aimed to encourage companies to adopt best practices on Corporate Governance. The Company has also aligned its Corporate Governance measures in accordance with these revised provisions.

### Fedders Lloyd's Governance Practices In Letter And Spirit

Our governance practices go beyond mere letter of statutory and regulatory requirements and actually implement the governance in spirit. With this in mind, we have formulated a number of policies and introduced the following set of governance practices:

1. We believe in honesty, integrity, fairness and responsible corporate citizenship and value them as the core of our commitment towards Corporate Governance.
2. Our business policies cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.
3. To ensure our best business practices, the Company has formulated following policies:
  - i. Prohibition of insider trading policy,
  - ii. Whistle Blower policy/Vigil Mechanism,

- iii. Policy on prevention of sexual harassment,
  - iv. Environment policy,
  - v. CSR Policy,
  - vi. Risk management policy.
4. The Board members are periodically given formal orientation and training with respect to Company's vision, strategies, financial and business operations and performance. Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

## **II. BOARD OF DIRECTORS**

At Fedders Lloyd, the Board of Directors (the "Board") is at the core of corporate governance practice and oversees how the Management serves and protects the long-term interests of the stakeholders. We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance.

The Board is elected by shareholders and being the representative of them, has a fiduciary relationship and a corresponding duty towards all its stakeholders to ensure that their rights are protected. The Board is entrusted with responsibility of management, general affairs, appropriate control and direction to the Company. The Board also ensures that the Company has clear long-term goals aligned to maximization of shareholders' value and at the same time fulfilling societal expectations. The Board, as a part and parcel of its functioning, also periodically reviews its roles. Corporate Governance framework of the Company allows the Board to make decisions that are independent of the Management.

### **Composition & Category of Directors**

At Fedders Lloyd, the Board is a balanced Board. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors.

As on June 30, 2014, the composition and category of Directors are as follows:

<b>Category</b>	<b>Name of Directors</b>
Promoter Director	Mr. Brij Raj Punj (Chairman & Managing Director)
Executive Directors	Mr. Sham Sunder Dhawan Mr. Nemichandra D. Jain (Whole Time Directors)
Independent Directors	Mr. Arun Kumar Joshi Mrs. Bindu Dogra Mrs. Ritushri Sharma

The independent directors do not have any pecuniary relationship or transactions with the Company, promoters, and the management, which may affect independence or judgment of such directors in any manner. No Director is, inter se, related to any other Director on the Board.

### **Selection of Independent Directors**

The eminent people from varied field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on

the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under the law.

The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements. As per Clause 49 of Listing Agreement, the Board is the optimum combination of executive and non-executive directors. The Board also meets the requirement of having woman director on the Board.

None of the Directors on the Board are members of more than ten committees or Chairman of more than five committees across all the Companies in which they are Directors. Necessary disclosure regarding directorship and committee positions in other public Companies as on June 30, 2014 have been made by the Directors.

### Board Meetings and Attendance

The Board of Directors oversees the overall functioning of the Company and takes the strategic decision and define the management policies in the best interest of the Company and its stakeholders. The information as required under Clause 49 of the Listing Agreement and the Companies Act is made available to the Board in their respective meetings. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussion. They are also free to bring up any matter for discussion at the Board Meetings.

During the financial year ended June 30, 2014, the Board met four (4) times, on August 29, 2013, November 11, 2013, February 07, 2014 and May 14, 2014.

The appropriate quorum was present at all the meetings. The intervening period between two Board meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges.

**The attendance of Directors at the Board Meetings, Last Annual General Meeting and number of other Directorships and chairmanships/memberships of Committees of each director in other Companies as on June 30, 2014, are mentioned below**

S.No	Name of the Directors	Attendance at		No. of Directorships in other Public Companies	No. of Committees Positions held in other Public Companies.	
		Board Meetings	Last AGM		Chairman	Member
1	Mr. Brij Raj Punj DIN: 00080956	4	Yes	2	Nil	Ni
2	Mr. Sham Sunder Dhawan DIN: 00528056	4	Yes	Nil	Nil	Nil
3	Mr. Nemichandra D. Jain DIN: 03589109	3	No	Nil	Nil	Nil
4	Mr. Arun Kumar Joshi DIN: 06747753	1	Yes	Nil	Nil	Nil
5	Mrs. Bindu Dogra DIN: 06580704	4	No	Nil	Nil	Nil
6	Mrs. Ritushri Sharma DIN: 06747745	3	No	Nil	Nil	Nil

**Notes:**

1. Mr. Surjit Krishan Sharma resigned from the directorship on November 11, 2013 and Mr. Krishan Lal retired from the directorship on December 11, 2013. They both were Non-executive Independent Director on the Board.
2. Mr. Arun Kumar Joshi and Mrs. Ritushri Sharma were appointed as Non-executive Independent Directors of the Company on November 11, 2013.
3. Directorships held by directors as mentioned above, do not include directorship held in foreign companies, private limited companies and companies registered under Section 25 of the Companies Act, 1956.
4. In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Stakeholders Relationship Committee in all public limited companies (excluding Fedders Lloyd Corporation Limited) have been considered.

**III. BOARD COMMITTEES**

In compliance with the Listing Agreements and to focus effectively on the issues and to ensure expedient resolution of the diverse matters, the Board has constituted various committees with specific terms of reference and scope. The committees operate as empowered agents of the Board as per their charter/terms of reference. Constitution and charter of the board committees are given below.

**1. Audit Committee**

**(a) Constitution and terms of reference**

The Audit Committee comprises of three (3) members, all of whom are Independent Directors. The Company Secretary acts as the Secretary to the Audit Committee. The terms of reference and scope of the activities of the Audit Committee have been set out in accordance with the amended provisions of the Listing Agreement with the Stock Exchanges, as well as Section 177 of the Companies Act, 2013.

The Audit Committee provides directions to and reviews functions of the Company's audit department. The Committee evaluates internal audit policies, plans procedures and performance and reviews the other functions through various internal audit reports. Quarterly and annual accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee. All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The terms of reference of Audit Committee are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. To recommend the appointment, re-appointment and removal of auditors-statutory financial auditors, cost auditors and secretarial auditors, fixation and approval of their audit fee or fee for any other services rendered by them;
3. To appoint/re-appoint internal auditors of the Company and review of report furnished by them, to discuss with them any significant findings and follow up there on and also review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
4. Reviewing the adequacy of internal audit function by evaluating internal audit policies, plans, procedures and performance, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
5. To review with management the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - (a) adherence to applicable accounting standards and explanation relating to material departures therefrom,

- (b) ensuring that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period,
  - (c) Any changes in accounting policies and practices including reasons for the same,
  - (d) ensuring that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the requirements of the Companies Act and listing agreement, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities in the financial statements,
  - (e) ensuring that the directors had prepared the annual accounts on going concern basis,
  - (f) ensuring that the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively,
  - (g) ensuring that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws, compliance with stock exchanges and that such systems were adequate and operating effectively,
  - (h) Major accounting entries involving estimates based on exercise of judgment by management,
  - (i) Qualifications in draft audit report,
  - (j) Significant adjustments made in financial statements arising out of audit,
  - (k) Disclosure of any related party transactions.
6. To review and monitor with the management the auditors' independence, performance, and effectiveness of audit process;
  7. To approve the transactions of the Company with related parties or subsequent modification thereon;
  8. To scrutinize the inter-corporate loans and investments;
  9. To review and approve valuation of undertaking or assets of the Company, whenever it is necessary;
  10. To evaluate the internal financial controls and risk management system;
  11. Discussion with the auditors-statutory financial auditors, cost auditors, secretarial auditors and internal auditors before commencement of audit about nature and scope of the audit as well as post-audit discussion to ascertain any area of concern;
  12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  13. To oversee and review the functioning of Vigil Mechanism/Whistle Blower Mechanism in the Company;
  14. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
  15. To ensure that adequate safeguards have been taken for legal compliance both for the Company and its subsidiaries;
  16. To consider and approve of appointment and term & condition of appointment of Chief Financial Officer/ whole-time Finance Director or any other person heading the finance function or discharging that function, after assessing the qualifications, experience & background, etc. of the candidate;
  17. The audit committee may also invite head of the internal audit function, representative of statutory auditors, finance heads, such of the executives of the Company as may be desirable;
  18. The audit committee shall invite the auditors of the Company and Key managerial personal to provide them the right of

being heard in the meeting when it considers the auditor report;

19. To review the following in the meeting without attendance of Non-independent Directors and members of management at least once in a year:
  - (a) the performance of non-independent directors and the Board as a whole;
  - (b) the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

During the financial year ended June 30, 2014, the Committee met Four (4) times on August 29, 2013, November 11, 2013, February 07, 2014 and May 14, 2014. The composition and the attendance of members at the meetings held during the financial year ended June 30, 2014, are given below:

<b>Name of Directors</b>	<b>Designation</b>	<b>No. of Meeting Held</b>	<b>No. of Meeting attended</b>
Mr. Arun Kumar Joshi	Chairman	4	1
Mrs. Ritushri Sharma	Member	4	3
Mrs. Bindu Dogra	Member	4	4

Note: Mr. Arun Kumar Joshi and Mrs. Ritushri Sharma were appointed as Non-executive Independent directors of the Company on November 11, 2013.

## **Vigil Mechanism/Whistle Blower Policy**

As per the requirements of the Companies Act, 2013 and the revised listing agreement and on recommendation of the Audit Committee; the Board of Directors at its meeting held on May 14, 2014, approved a vigil mechanism/Whistle Blower Policy that provides a formal mechanism for all directors and employees of the Company to approach Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Vigil Mechanism/Whistle Blower Policy is uploaded on Company's website – [www.fedderslloyd.com](http://www.fedderslloyd.com).

## **2. Nomination and Remuneration Committee**

### **Constitution and terms of reference**

As per provisions of the Section 178 of the Companies Act, 2013 read with rules made thereunder and in compliance with the amended provisions of the Listing Agreement, the Board has re-constituted the Remuneration Committee with the revised terms of reference and to be named as "Nomination and Remuneration Committee". The Committee takes into consideration the best remuneration practices being followed in the Industry and the overall performance of the Company and the performance of the concerned Director, key managerial personal and other employees of the Company while fixing appropriate remuneration packages.

The term of reference of the Nomination and Remuneration Committee are as under:

1. To formulate the criteria and identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment, evaluation and removal;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
3. Formulation of criteria for Independent Directors and to approve their fee;

4. In devising the structure of the Board of Directors to ensure Board diversity;
5. To approve, fix and revise the sitting fees of Non-Executive Directors;
6. To determine the Company's compensation policy and other benefits for executive directors including their term of service;
7. To approve term and conditions of the directors including fixing of specific remuneration packages (compensation, perquisite, allowances, commission and incentives) of executive directors, including Managing Director and the Whole Time Director of the Company;
8. To approve the alteration and variation in the existing terms and conditions of remuneration of directors, managerial personnel of the Company;
9. Such other roles, powers and functions as may be mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

The composition of the Committee during financial year ended June 30, 2014 was as follows:

Name of Directors	Designation	No. of Meeting Held	No. of Meeting attended
Mrs. Bindu Dogra	Chairman	2	2
Mrs. Ritushri Sharma	Member	2	2
Mr. Arun Kumar Joshi	Member	2	1

The Company Secretary acts as the secretary to the Committee.

## Remuneration policy

### Remuneration paid to Executive Director

The remuneration paid to the Executive Director is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in the Board Meeting and also by the shareholders at the general meetings and such other authorities, as may be required.

The remuneration is fixed considering various factors such as qualification, experience, expertise, responsibilities shouldered, prevailing industry trends and financial position of the Company.

The details of remuneration paid to Executive Directors during the financial year ended June 30, 2014

S.No.	Name of the Directors	Salary (Rs.)	Perquisites and other benefits (Rs.)	Provident Fund (Rs.)	Total (Rs.)
1.	Mr. Brij Raj Punj	48,00,000	24,03,500	5,76,000	77,79,500
2.	Mr. Sham Sunder Dhawan	43,95,000	32,06,247	5,27,400	81,28,647
3.	Mr. Nemichandra D. Jain	22,50,000	23,17,640	2,70,000	48,37,640

### Remuneration paid to Non-Executive Directors

The Non-Executive directors are paid sitting fees of Rs 15,000 for each meeting of the Board attended by them. The performance evaluation criteria of Non-executive Directors have been laid down by the Nomination and Remuneration Committee. During the year under review, following sitting fees was paid to the Non-Executive Directors:

Name of Directors	Sitting Fees Paid (Rs.)
Mrs. Bindu Dogra	60,000
Mrs. Ritushri Sharma	45,000
Mr. Arun Kumar Joshi	15,000

### **3. Stakeholders' Relationship Committee**

#### **(a) Constitution and terms of reference**

As per the provisions of Section 178 of the Companies Act, 2013 read with rules made thereunder and in compliance with the amended provisions of the Listing Agreement, the Board has re-constituted Share Transfer Cum Investors' Grievance Committee with the revised terms of reference and to be named as 'Stakeholders Relationship Committee' to specifically look into investors grievances and other allied matters of investor services. The terms of reference of the Stakeholders Relationship Committee are as under:

1. To consider and resolve the grievances of security holders and investors of the Company including complaints in relation to transfer of shares, non-receipt of Annual Reports or declared dividend etc.;
2. To oversee performance of the Registrar and Share Transfer Agent of the Company including review of their appointment/re-appointment and terms of reference;
3. To recommend measures for overall improvement in the quality of investor services and to safeguard interest of all stakeholders, particularly minority shareholders and making balance in the conflicting interest of the stakeholders;
4. To periodically review the implementation and compliance of Company's code of conduct for Prohibition of Insider Trading;
5. To consider and resolve the grievance of security holders of the Company;
6. To periodically review the implementation and compliance of disclosures under SEBI (Substantial Acquisitions and Takeover) Regulations, 2011;
7. To look into grievances arising out regarding share transfer, dividends, dematerialization, rematerialization, duplicate share certificates;
8. To seek other allied matters of investors' services;
9. To oversee the work of registrar and Transfer agent;
10. To monitors the compliances with respect to Rules/ Regulations prescribed by Securities & Exchanges Board of India (SEBI), Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and other regulatory bodies etc.;
11. To recommend measures for overall improvement in the quality of investors services;
12. The Chairperson of the Committee shall or any other member of the Committee authorized by him in this behalf shall attend the General Meeting of the Company.

The Company Secretary being the Compliance officer takes personal interest in all the matters of concern for investors and carefully looks into each issue and reports the same to the Committee.

As on June 30, 2014, no investor complaint was pending.

#### **b) Composition, meeting and attendance**

As on June 30, 2014, the Composition of Stakeholders Relationship Committee is as follows:

<b>S.No.</b>	<b>Name of Directors</b>	<b>Status</b>
1.	Mrs. Ritushri Sharma	Chairperson
2.	Mrs. Bindu Dogra	Member
3.	Mr. Nemichandra D. Jain	Member

## Notes:

The Committee meets atleast once in a fortnight to consider all matters concerning transfers/ transmission of shares, issue of duplicate share certificates and new certificates on split/ consolidation etc. During the year ended June 30, 2014, the Committee met 36 times.

Company Secretary acts as the secretary to the Committee as well as the compliance officer pursuant to clause 47(a) of the Listing Agreement with the Stock Exchanges.

## 4. Corporate Social Responsibility Committee

As per the provisions of Section 135 of Companies Act, 2013 read with rules made thereunder, the Board in its Meeting held on February 7, 2014 has constituted Committee on Corporate Social Responsibility (CSR) headed by Mr. Nemichandra D. Jain, Whole Time Director. The other members of the Committee are Mrs. Ritushri Sharma and Mr. S. S. Dhawan.

At Fedders Lloyd, Corporate Social Responsibility Committee (CSR) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism where the CSR is monitored and implemented through Pandit Kanahaya Lal Punj Trust, Philanthropy Organisation within the Lloyd Group. The Corporate Social Responsibility Committee is responsible for the following:

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in due compliance of Section 135 of new Companies Act, 2013; and
- (c) Periodically review the CSR activities and monitor the compliance of the Corporate Social Responsibility Policy of the Company from time to time.

## 5. Committee of Board of Directors

The Board has constituted a Committee of Directors to support the Board for taking various decisions with respect to day-to-day affairs of the Company, to focus on certain specific areas and make informed decisions in line with the authority delegated by Board of Directors of the Company. The Committee functions for taking decisions of routine nature confirming the smooth functioning with respect to day-to-day affairs of the Company. The Committee consists of five directors namely:

Name	Designation
Mr. Brij Raj Punj	Chairman & Managing Director
Mr. Sham Sunder Dhawan	Whole Time Director
Mr. Arun Kumar Joshi	Independent Non-Executive Director
Mrs. Bindu Dogra	Independent Non-Executive Director
Mrs. Ritushri Sharma	Independent Non-Executive Director

The Committee meets at regular intervals to decide upon matters of urgent and routine nature to support the functioning of the Board of Directors in an efficient way. The minutes of the Committee of the Board of Directors are placed before the Board of Directors in their next meeting for their consideration and ratification.

## Compliance Officer

Ms. Purnima Sharma, Company Secretary acts as Compliance Officer of the Company for complying with the requirements of the listing agreement with the Stock Exchanges and requirements of SEBI(Prohibition of Insider Trading) Regulations, 1992.

#### IV. GENERAL BODY MEETING

Details of the last three Annual General Meetings of the Company are as follows:

Financial Year	Type of Meeting	Date & Time	Venue
2012-2013	AGM	December 11, 2013 at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305
2011-2012	AGM	December 27, 2012 at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305
2010-2011	AGM	December 29, 2011 at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305

#### Details of Special Resolution passed for the year ended 2012-13:

There was no Special Resolution passed in the previous General Meeting.

#### V. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Employees of the Company. The Code of Conduct has already been posted on the website of the Company for general viewing. ([www.fedderslloyd.com](http://www.fedderslloyd.com))

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct on annual basis. The Annual Report contains a declaration to this effect signed by the Chairman & Managing Director.

#### VI. DISCLOSURES

- There were no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or relatives etc. that conflict with the interests of the Company.
- No penalties were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority in any matters related to the capital markets during the last three years.
- Your Company has complied with all the mandatory requirements of clause 49 of the listing Agreement, as applicable.
- The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.

#### VII. MEANS OF COMMUNICATION

Financial Results	Quarterly & Annual Results are published in prominent daily newspaper viz, The Pioneer (English) and Rashtriya Sahara (Hindi-Vernacular). The results are also posted on the Company's website: <a href="http://www.fedderslloyd.com">www.fedderslloyd.com</a> and also on the website of the Stock Exchanges- BSE and NSE at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , respectively.
Management Discussion & Analysis Report	The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.
Website	The Company's website is a comprehensive reference on Fedders Lloyd's vision, mission, policies, corporate governance, corporate sustainability, investor relations, updates and news. The section on 'Investor Relations' serves to inform the shareholders by giving complete financial details, corporate benefits, information relating to stock exchanges and registrars & share transfer agents.
Annual Report	Annual Report is circulated to all the members and all others entitled thereto like auditors, directors, equity analyst etc.
Whether Shareholder Information Section forms part of the Annual Report	Yes

## VIII. GENERAL SHAREHOLDERS INFORMATION

a) **Registered Office :** C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P-201305

b) **Annual General Meeting :**

**Date :** October 30, 2014

**Time :** 9:00 A.M.

**Venue :** Regd. Office, C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P- 201305

c) **Dates of Book Closure :**

The dates of book closure shall be Monday, October 27, 2014 to Thursday, October 30, 2014 (both dates inclusive).

d) **Dividend Payment :**

The dividend of Re. 1 per equity share for the financial year 2013-14, subject to the approval of the shareholders, has been recommended by the Board of Directors. The same shall be paid on or after October 30, 2014 but within the statutory time limit.

e) **Financial Year :** July 01, 2013 to June 30, 2014

f) **Listing of equity shares on Stock Exchanges :**

The shares of the Company are listed on The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

g) **Listing Fees to Stock Exchanges :**

The Company has paid the listing fees for the year 2013-2014 to the above Stock Exchanges.

h) **Custodial Fees to Depositories :**

The Company has paid custodial fees for the year 2013-2014 to National Securities Depository Limited (NSDL) and Central Depository Services (Indian) Limited (CDSL).

i) **Stock Code/ Symbol :**

Stock Exchange	Stock codes/symbols	ISIN
Bombay Stock Exchange Limited	500139	INE2429C01011
National Stock Exchange of India Limited	FEDDERLOYD	

j) **Unclaimed Dividend :**

Under the provisions of the Companies Act, 2013, dividend unclaimed for a period of seven year statutorily gets transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and therefore, cannot be claimed by the investors.

The dividend for the following year remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below:

Financial Year	Date of Declaration	Due date of transfer for IEPF
2006-07(Final Dividend)	December 29,2007	December, 2014
2008-09(Final Dividend)	December 29,2009	December, 2016
2009-10(Final Dividend)	December 29,2010	December, 2017
2010-11((Final Dividend)	December 29,2011	December, 2018
2011-12 (Final Dividend)	December 27, 2012	December, 2019
2012-13 (Final Dividend)	December 11, 2013	December, 2020

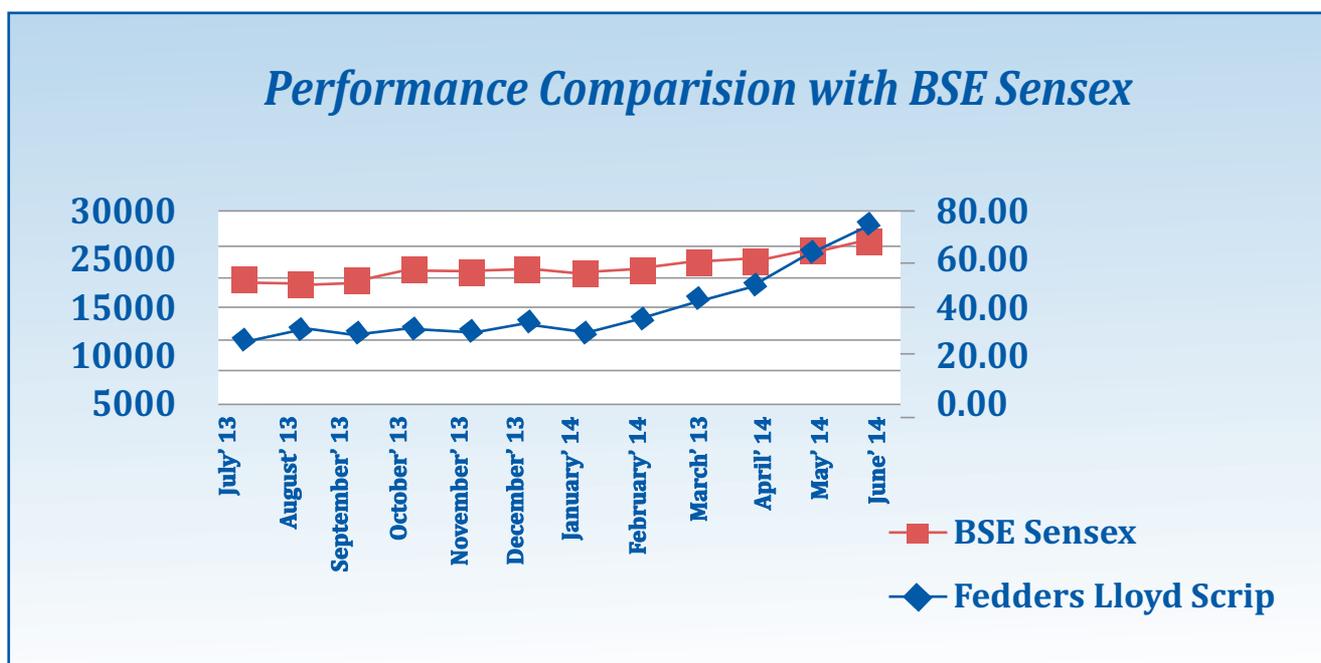
Members, who have not so far encashed their dividend warrant(s) or have not received the same, are requested to immediately write to the Company to seek issue of duplicate warrant(s) confirming non encashment/non receipt of dividend warrant(s).

**k) Market Price Data :**

The details of monthly highest and lowest closing price of the equity of the Company and its comparison to broad based indices Sensex (BSE) and Nifty (NSE) during financial year 2013-14 are as under:

Particulars	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July'13	33.00	25.00	33.90	25.15
August'13	31.35	22.60	31.70	22.70
September'13	32.75	28.60	32.90	28.20
October'13	37.30	28.70	37.50	28.30
November'13	31.90	27.35	31.90	28.80
December'13	35.00	28.00	35.00	28.10
January'14	37.70	28.00	37.70	28.00
February'14	37.85	28.00	37.80	28.05
March'14	44.40	34.10	44.50	34.10
April'14	54.10	43.50	54.30	43.50
May'14	67.30	47.55	67.65	47.60
June'14	84.80	64.65	84.80	64.60

**l) Comparison of Fedders Lloyd Corporation Limited scrip movement with SENSEX (BSE Index):**

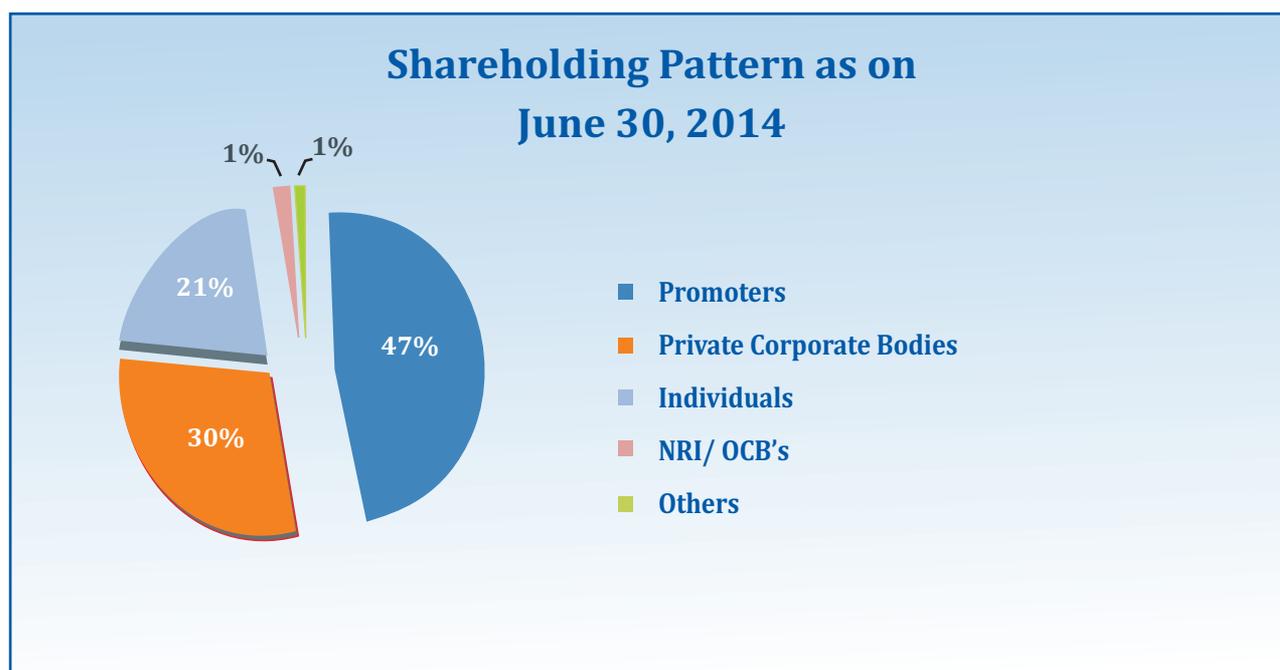


**m) Distribution of shareholding as on June 30, 2014 :**

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	18181	89.14%	2538306	8.25%
501 - 1000	1076	5.28%	892582	2.90%
1001 - 2000	521	2.55%	803362	2.61%
2001 - 3000	214	1.05%	555595	1.81%
3001 - 4000	89	0.44%	318930	1.04%
4001 - 5000	80	0.39%	379594	1.23%
5001 - 10000	130	0.64%	928285	3.02%
10001 and above	105	0.51%	24353046	79.15%
<b>Total</b>	<b>20396</b>	<b>100.00%</b>	<b>30769700</b>	<b>100.00%</b>

**n) Shareholding Pattern as at June 30, 2014 :**

Category	No. of Shares held	% of shareholding
Promoters	14,441,582	46.93%
Mutual funds & UTI	-	-
Banks, Financial Institutions, Insurance Companies	9,835	0.03%
Central/ State Government	-	-
Foreign Institutional Investors	-	-
Private Corporate Bodies	9,103,812	29.59%
Individuals	6,415,145	20.85%
NRI/OCB's	464,562	1.51%
Others	334,764	1.09%
<b>Total</b>	<b>30,769,700</b>	<b>100.00%</b>

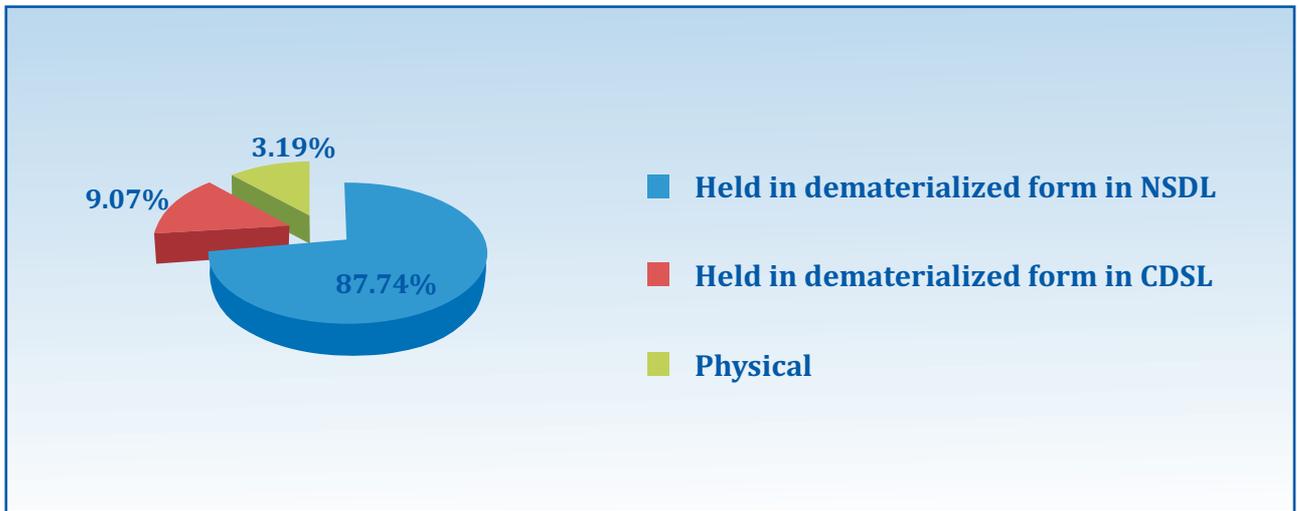


**o) Dematerialization of shares and liquidity :**

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the Depository Systems in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The number of shares held in dematerialized and physical mode as on June 30, 2014 is as under:

<b>Partuculars</b>	<b>No. of shares</b>	<b>% of Capital issued</b>
Held in dematerialized form in NSDL	26996447	87.74%
Held in dematerialized form in CDSL	2791739	9.07%
Physical	981514	3.19%
<b>Total</b>	<b>30769700</b>	<b>100.00%</b>



**p) Share Transfer System :**

The equity shares of the Company that are held in dematerialized form are transferred through the depositories without any involvement of the Company. Transfers of shares in physical form Shares are processed by Share Transfer agent of the Company- M/s. Skyline Financial Services Private limited. Shares lodged for transfer/ transmissions are registered and returned within stipulated time period.

The Company obtains a certificate from a practicing company secretary on half-yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. In compliance with clause 47(c) of the listing agreements, a copy of the certificates so received is submitted to both stock exchanges, where the shares of the Company are listed.

The address of RTA is as follow:

M/s Skyline Financial Services Private limited  
D-153/A, 1st Floor, Okhla Industrial Area,  
Phase -1, New Delhi -110020  
Phone Nos. : +91- 11-64732681-88  
Email : grievances@skylinerta.com

The Company's Shares are regularly traded on the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

## IX. PLANT LOCATIONS

The Company has its manufacturing plant at the following location:

- a) C-4, Phase –II Noida,  
Distt. Gautam Budh Nagar,  
U.P-201305
- b) 836, 837, Jambusar - Bharuch Road,  
Village - Magnad,  
Dist – Bharuch, Gujarat - 392150
- c) Saketi Road, Industrial Area,  
Kala Amb, Tehsil Nahan,  
Distt. Sirmor, Himachal Pradesh
- d) S-23 & S-24, Phase-III,  
SIPCOT Industrial Complex,  
Mukundarayapuram,  
Ranipet 632405
- e) Plot No. 24  
Sector 2, IIE Pantnagar  
Distt. Udham Singh Nagar, Uttarkhand
- f) Plot No-6/1, UPSIDC Industrial Area,  
Sikanderabad, UP
- g) Ind. Area, Park-2, Salempur, Mehdood,  
Near SIDCUL, Haridwar, Uttarakhand

### Overseas Subsidiary

Fedders Lloyd Trading FZE  
P.O. Box 16111, Ras Al Khaimah,  
United Arab Emirates

## X. INVESTOR RELATIONS

For the convenience of our investors, the Company has designated exclusive email id viz. investor.relations@fedderslloyd.com to enable investors to communicate with the Company, register their complaints, etc.

## **CODE OF CONDUCT DECLARATION**

### **Declaration Affirming Compliance of provisions of Code of Conduct**

To

**The Members of Fedders Lloyd Corporation Limited**

Pursuant to Clause 49 (II) (E) of Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board Members and Senior Management personal of the Company.

**For Fedders Lloyd Corporation Ltd.**

**Place : New Delhi**  
**Date : August 27, 2014**

**Brij Raj Punj**  
**Chairman & Managing Director**

## **CEO/ CFO CERTIFICATION**

**The Board of Directors of Fedders Lloyd Corporation Limited**

Dear Sirs,

**Sub: CEO/CFO Certificate**

We have reviewed the financial statements, read with the cash flow statement of Fedders Lloyd Corporation Limited for the year ended June 30, 2014 and that to best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violate the Company's Code of Conduct.
4. We accept responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and audit committee those deficiencies, of which we are aware, in design or operation of the internal control systems that we have taken the required steps to rectify these deficiencies.

**We further certify that:**

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

**For FEDDERS LLOYD CORPORATION LIMITED**

**Place : New Delhi**  
**Date : August 27, 2014**

**Brij Raj Punj**  
**Chairman & Managing Director**

**A.A. Siddiqi**  
**Chief Financial Officer**



## **Auditors' Certificate on compliance of conditions of Corporate Governance**

As required under Clause 49 of the Listing Agreement, the Statutory Auditors of the Company have verified the compliance of the conditions of Corporate Governance by the Company. Their Certificate is annexed hereinafter:-

**To**

**The Members of Fedders Lloyd Corporation Limited**

We have examined the compliance of conditions of Corporate Governance by Fedders Lloyd Corporation Limited for the year ended on June 30, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

**For Suresh C. Mathur & Co.  
Chartered Accountants**

**Brijesh C. Mathur  
Partner**

**Place : New Delhi  
Date : August 27, 2014**

**M. No. : 083540  
(Firm Registration No. 000891N)**

## **Independent Auditor's Report**

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**Members,**

**Fedders Lloyd Corporation Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **FEDDERS LLOYD CORPORATION LIMITED** ("the Company") which comprise the Balance Sheet as at June 30, 2014, the Statement of Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

### **Other Matters**

Pursuant to notification of Schedule II of the Companies Act, 2013 with effect from April 01, 2014, depreciation for the year ended June 30, 2014 has been provided on the estimated economic useful lives of fixed assets as prescribed in Schedule II of the Companies Act, 2013.

### **Opinion**

In our opinion and to the best of the information and according to the explanations given to us, give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014.
- (ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the statement of Profit & Loss and the Cash Flow Statement comply with Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on June 30, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**(BRIJESH C. MATHUR)**  
**PARTNER**

**Membership No. 083540**

**Place : New Delhi**  
**Date : August 27, 2014**

**Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of Fedders Lloyd Corporation Limited for the year ended June 30, 2014**

On the basis of such checks as we considered appropriate and in terms on the information and explanations given to us, we state that:

- 1.1 The Company has maintained records showing full particulars including quantitative details and situation of the Fixed Assets.
- 1.2 A substantial portion of the Fixed Assets has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- 1.3 According to the information and explanation given to us and in our opinion that the disposal of the fixed assets has not affected the going concern status of the Company.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
3. According to the informations given to us the Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The Company has given a loan to its Foreign Subsidiary Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal controls.
5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts of arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clauses (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has internal audit system, commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for its maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prime-facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
9. According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.

10. The Company does not have accumulated Losses at the end of the financial year and has not incurred any cash loss during the financial year covered by our audit and the immediate preceding financial year.
11. According to the records examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues of financial institution or bank of debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the term & conditions of the guarantees given by the Company for loan taken by the associates companies from bank are prime facie not prejudicial to the interest of the Company.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term, investment and no long-term funds have been used to finance short term assets.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, fund raised on short-term basis have, prima facie, not been used during the year for long-term investment and vice versa.
18. The Company has not raised any moneys by way of issue of debentures.
19. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
20. The Company has not raised any money during the year way of public issue.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Place : New Delhi**  
**Date : August 27, 2014**

**(BRIJESH C. MATHUR)**  
**PARTNER**  
**Membership No. 083540**

## Balance Sheet as at June 30, 2014

(Rs. in Million)			
Particulars	Note	As at 30.06.2014	As at 30.06.2013
<b>I. Equity and Liabilities</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	307.70	307.70
(b) Reserves and Surplus	3	3,287.17	2,883.89
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	967.74	1,334.01
(b) Deferred tax liabilities (Net)	5	46.61	5.53
(c) Long term provisions	6	41.60	41.90
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	4,128.44	3,593.04
(b) Trade payables	8	1,140.62	751.45
(c) Other current liabilities	9	646.23	403.69
(d) Short-term provisions	10	196.00	160.76
<b>Total</b>		<b>10,762.10</b>	<b>9,481.98</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible assets	11	2,572.15	2,601.74
(ii) Intangible assets		6.01	7.23
(iii) Capital work-in-progress		114.73	50.12
(iv) Project Under Development		-	178.25
(b) Non-current investments	12	7.32	10.32
(c) Long term loans and advances	13	131.59	200.58
(d) Other non-current assets		-	-
<b>(2) Current assets</b>			
(a) Inventories	14	4,045.98	2,875.13
(b) Trade receivables	15	3,324.92	2,991.17
(c) Cash and cash equivalents	16	70.39	58.48
(d) Short-term loans and advances	17	489.01	508.98
<b>Total</b>		<b>10,762.10</b>	<b>9,481.98</b>
<b>Notes to Accounts</b>			
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

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

Place : New Delhi  
Date : August 27, 2014

For and on behalf of the Board of Directors

S. S. Dhawan  
Director

Purnima Sharma  
Company Secretary

Brij Raj Punj  
Chairman & Managing Director

A. A. Siddiqi  
CFO



## Statement of Profit & Loss for the Year Ended June 30, 2014

(Rs. in Million)

Particulars	Note	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>I. Income</b>			
Revenue from operations (Gross)	18	11,719.39	10,294.47
Less:- Excise Duty		115.95	138.49
Revenue from operations (Net)		<b>11,603.45</b>	<b>10,155.99</b>
Other Income	19	34.46	58.60
<b>Total Revenue (I)</b>		<b>11,637.91</b>	<b>10,214.58</b>
<b>II. Expenses:</b>			
Cost of materials consumed	20	9,018.88	8,714.12
Purchase of Stock-in-Trade		-	103.51
Changes in inventories of Finished Goods, Work-in Progress and Stock-in-Trade	21	303.50	(743.13)
Employee Benefit Expenses	22	353.23	355.51
Other Expenses	23	450.18	449.03
<b>Total Expenses (II)</b>		<b>10,125.78</b>	<b>8,879.04</b>
<b>III. Profit before Interest, Depreciation / Amortisation and Tax (EBITDA)</b>	(I - II)	1,512.13	1,335.54
Finance Costs	24	728.13	439.43
Depreciation & Amortisation	25	134.79	277.39
<b>IV. Profit before Tax (V - VI)</b>		<b>649.20</b>	<b>618.72</b>
<b>V. Tax expense:</b>			
(1) Current tax		160.00	125.00
(2) Deferred tax		41.07	(2.78)
<b>VI. Profit(Loss) from the period from continuing operations</b>		<b>448.13</b>	<b>496.51</b>
<b>VII. Earning per equity share</b>			
(1) Basic & Diluted		14.56	16.14

As per our Report of even date attached  
For Suresh C. Mathur & Co.  
Chartered Accountants  
Firm Registration No. 000891N

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

Place : New Delhi  
Date : August 27, 2014

For and on behalf of the Board of Directors

S. S. Dhawan  
Director

Purnima Sharma  
Company Secretary

Brij Raj Punj  
Chairman & Managing Director

A. A. Siddiqi  
CFO

## Cash Flow Statement for the Year Ended June 30, 2014

(Rs. in Million)

Particulars	Year Ended 30.06.2014		Year Ended 30.06.2013	
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before tax	-	649.20	-	618.72
<b>Adjustments for</b>				
Add : Depreciation	134.79		277.39	
Provision for Gratuity	9.08		10.99	
Interest paid	642.88	786.75	368.27	656.65
Less: Profit on sale of Land	(7.16)	-	(0.04)	-
Export Incentive	(26.52)	-	-	-
Interest Income	(0.78)	-	(8.72)	-
Gratuity Paid	(9.39)	-	(0.45)	-
Dividend Income	-	(43.84)	(0.06)	(9.27)
<b>Operating profit before working capital changes</b>		1,392.11		1,266.10
Trade & other receivables	(333.75)	-	(981.75)	-
Inventories	(1,170.85)	-	(763.73)	-
Loans & Advances	(40.07)	-	(91.72)	-
Short term borrowings	535.40	-	1,322.32	-
Other Current Liability	242.54	-	(93.83)	-
Trade & other payable	389.17	(377.56)	(99.60)	(708.30)
<b>Cash generated from operations</b>		1,014.55		557.80
Direct tax paid	(64.96)	(64.96)	148.08	148.08
<b>Net Cash Flow from Operating Activities</b>		<b>949.59</b>		<b>705.88</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of fixed assets	(177.21)	-	(365.14)	-
Sale of investments	3.00	-	-	-
Sale of fixed assets	185.40	-	0.31	-
Interest received	0.78	-	8.72	-
Dividend received	-	11.97	0.06	(356.05)
<b>Net Cash Flow from Investing Activities</b>		<b>11.97</b>		<b>(356.05)</b>
<b>C. Cash Flow from Financial Activities</b>				
Long Term Loans and Advances	68.99	-	(81.08)	-
Proceeds from Long Term Borrowing	(366.27)	-	63.52	-
Dividend Paid	(30.77)	-	(30.77)	-
Dividend Tax	(5.23)	-	(4.99)	-
Export Incentive	26.52	-	-	-
Interest paid	(642.88)	(949.64)	(368.27)	(421.59)
<b>Net Cash Flow from Financing Activities</b>		<b>(949.64)</b>		<b>(421.59)</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		<b>11.91</b>		<b>(71.75)</b>
Opening Balance of Cash and Cash Equivalents		58.48		130.23
Closing Balance of Cash and Cash Equivalents		70.39		58.48
<b>Net increase/ decrease in Cash and Cash Equivalents</b>		<b>11.91</b>		<b>(71.75)</b>

Refer to our Report of even date  
For Suresh C. Mathur & Co.  
Chartered Accountants  
(Firm Registration No. 000891N)  
(Brijesh C. Mathur)  
Partner  
M. No. : 083540

For and on behalf of the Board of Directors

S. S. Dhawan  
Director

Brij Raj Punj  
Chairman & Managing Director

Purnima Sharma  
Company Secretary

A. A. Siddiqi  
CFO

### AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended June 30, 2014. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company.

For Suresh C. Mathur & Co.  
Chartered Accountants

Place : New Delhi  
Date : August 27, 2014

Brijesh C. Mathur  
Partner  
M. No.: 083540  
(Firm Registration No. 000891N)

## Notes to Financial Statements for the Year Ended June 30, 2014

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### NOTE : 1

#### 1.1 CORPORATE INFORMATION

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) and Bombay Stock Exchange Limited (BSE) in India and well diversified in the field of Environment Control Systems, 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 like World Bank etc. in African countries.

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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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. 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) After notification of the New Companies Act, 2013 which comes into effect from April 01, 2014, 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 has 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	Life in Years
Building	30 Year
Plant & Machinery	15 Year
Office Equipment's	5 Year
Vehicles	8 Year
Furniture & Fixtures	10 Year

**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) 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.

**h) Inventory Valuation**

- i) Raw materials and consumables are valued at cost net of modvat as per the FIFO method after providing for cost of obsolescence value.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- 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.

## **i) 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.

## **j) Investments**

Long term Investments are stated at cost. Investments in subsidiary company are of long-term strategic value and the diminution if any in the value of these investments is temporary in nature.

## **k) 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.

## **I) Retirement Benefits**

### **Provident Fund**

Retirement benefit in form of provident fund is a defined contribution scheme and the contributions are charged to the profit and Loss account of the year when the contributions to the respective funds are due.

### **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.

## **m) 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.

The breakup of deferred tax assets and liabilities into major components at the year ended are as below

<b>Particulars</b>	<b>Amount (Rs. in Million)</b>
<b>Deferred Tax Liabilities</b>	
Depreciation difference & other Provision	44.63
<b>Deferred Tax Assets</b>	
Other Provision	3.56
<b>Net Deferred Tax Liability</b>	<b>41.07</b>

### **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.

## **n) 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.

**o) Segment Reporting**

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.

**p) 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.

**q) 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.

**r) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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.

**s) 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 Company does not have all balance confirmations as at June 30, 2014 the effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation.

**t) 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.

**u) 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 profit and loss account. Gains arising on the same are not recognized on ground of prudence.

**v) Deferred Revenue Expenditure**

Cost of traveling, Consultancy fees and other expenses related to IRIS Certification are considered as deferred revenue expenditure. 1/5 of the expenditures have been charged to Profit and Loss account.

**NOTE 2 : SHARE CAPITAL**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1. Authorized Capital</b>		
7,00,00,000 Equity Share of Rs. 10/- each (Previous year 7,00,00,000 Equity Share of Rs. 10/- each)	700.00	700.00
<b>Total Authorized Share Capital</b>	<b>700.00</b>	<b>700.00</b>
<b>2. Issued &amp; Subscribed Capital</b>		
3,07,69,700 Equity Shares of Rs. 10/- each	307.70	307.70
<b>3. Paid up Capital</b>		
3,07,69,700 Equity Shares of Rs. 10/- each fully paid up (Previous Year 3,07,69,700 equity shares of Rs. 10/- each)	307.70	307.70
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	<b>307.70</b>	<b>307.70</b>

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

(Rs. in Million)

Particulars	As at 30.06.2014		As at 30.06.2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	30769700	307.70	30769700	307.70
Shares Issued during the year	-	-	-	-
<b>Shares outstanding at the End of the year</b>	<b>30769700</b>	<b>307.70</b>	<b>30769700</b>	<b>307.70</b>

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend 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 30.06.2014		As at 30.06.2013	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares of Rs. 10 each fully paid-up</b>				
Zenith Impex Pvt Ltd	3,771,910	12.26	3,510,800	11.41
Rajul Estates Pvt Ltd	3,295,562	10.71	3,003,544	9.76
Copthall Mauritius Investment Ltd	-	-	1,841,087	5.98
Lloyd Sales Pvt Ltd	4,283,619	13.92	4,110,821	13.36
Perfect Radiators & Oil Coolers Pvt Ltd	3,826,525	12.44	3,224,348	10.48
Mr. Brij Raj Punj	1,632,667	5.31	1,630,129	5.30

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**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1) Capital Reserve</b>		
Revaluation Reserve	107.93	
Less: Set off depreciation	1.23	
	106.70	107.93
<b>2) Securities Premium Account</b>	256.40	256.40
<b>3) General Reserve</b>		
Opening balance	2,255.53	1,905.53
Add: Transfer from Profit & Loss a/c	400.00	350.00
	2,655.53	2,255.53
<b>3A) Exchange Fluctuation Difference on Consolidation</b>	-	-
<b>4) Profit &amp; Loss Account</b>		
Profit for the Year	448.13	496.51
Balance Brought Forward from Previous year	264.03	153.28
	712.15	649.79
<b>Less:- Appropriations</b>		
Proposed Dividend	30.77	30.77
Provision for tax on Dividend	5.23	4.99
Provision for tax on Dividend for previous years	0.24	-
Depreciation Adjustment	7.37	-
Transfer to General Reserve	400.00	350.00
<b>Balance Carried To Balance Sheet</b>	268.54	264.03
<b>Total</b>	<b>3,287.17</b>	<b>2,883.89</b>

**NOTE 4 : LONG TERM BORROWINGS**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1. Term Loans</b>		
<b>From Schedule Banks</b>		
Foreign Currency loan	773.74	983.52
Indian Currency Loan	194.00	350.50
<b>Total</b>	<b>967.74</b>	<b>1,334.01</b>

**Note**

- Indian rupee loan from State Bank of Hyderabad carries interest @ 12.50%. The loan is repayable in 16 quarterly installment of Rs. 1.5625 crores each after moratorium of 1 year from the date of loan i.e. 24.03.2011.
- Indian rupee loan from Karnataka Bank carries interest @ 12.5% P.A. The loan is repayable in equal monthly instalment of Rs. 26.76 lacs, with last instalment due in January'16.
- 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 Installment 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 Installment starting from 18 months from the date of first draw-down i.e. 29th April'11.
- Foreign Currency Loan (ECB) of USD 5.5 Million from Standard Chartered Bank carries interest @ LIBOR plus 2.90%. The loan is repayable in 16 equal quarterly instalments beginning from 15th month from the date of first draw-down i.e. 3rd Oct'11.
- Indian rupee loan from State Bank of India carries interest @ 12.50%. The loan is repayable in 16 quarterly installment of Rs. 1.5625 crores each after moratorium of 1 year from the date of loan i.e. 28.09.2012.

**NOTE 5 : DEFERRED TAX LIABILITIES**

(Rs. in Million)

Particulars		As at 30.06.2014	As at 30.06.2013
<b>Opening Balance</b>		5.53	8.32
Add: Deferred Tax Liability on account of Depreciation	44.63	-	-
Less: Deferred Tax Asset on account of provisions	3.56	41.07	(2.78)
<b>Net Deferred Tax Liability</b>		<b>46.61</b>	<b>5.53</b>

**NOTE 6 : LONG TERM PROVISIONS**

(Rs. in Million)

Particulars		As at 30.06.2014	As at 30.06.2013
Provision for Gratuity		41.60	41.90
<b>Total</b>		<b>41.60</b>	<b>41.90</b>

**NOTE 7 : SHORT TERM BORROWINGS**

(Rs. in Million)

Particulars		As at 30.06.2014	As at 30.06.2013
<b>1. Working Capital Loans</b>			
From Banks		4,128.44	3,593.04
<b>Total</b>		<b>4,128.44</b>	<b>3,593.04</b>
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**

(Rs. in Million)

Particulars		As at 30.06.2014	As at 30.06.2013
Sundry Creditors		1,140.62	751.45
<b>Total</b>		<b>1,140.62</b>	<b>751.45</b>

**NOTE 9 : OTHER CURRENT LIABILITIES**

(Rs. in Million)

Particulars		As at 30.06.2014	As at 30.06.2013
Interest Accrued but not due on Term Loan		1.92	2.59
Other Liabilities		109.04	113.96
Unclaimed Dividend		5.83	5.67
Advance from customer		152.08	-
<b>Current maturity of Long Term Borrowings</b>			
Foreign Currency loan		219.15	139.03
Indian Currency Loan		157.11	141.49
Loan against Vehicles (secured by hypothecation of vehicle financed)		1.10	0.95
<b>Total</b>		<b>646.23</b>	<b>403.69</b>



## NOTE 10 : CURRENT PROVISIONS

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Provision for Income Tax	160.00	125.00
Provision for Dividend	30.77	30.77
Provision for Tax on Dividend	5.23	4.99
<b>Total</b>	<b>196.00</b>	<b>160.76</b>

## NOTE 11 : FIXED ASSETS

(Rs. in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 30.06.2013	Additions	Transfer/ Adjustment	As at 30.06.2014	Up To 30.06.2013	For The Year	Adjustment	Total	As at 30.06.2014	As at 30.06.2013
Land	520.28	0.11	-	520.39	-	-	-	-	520.39	20.28
	-	-	-	-	-	-	-	-	-	-
Building Factory	1,032.72	8.87	-	1,041.59	228.23	27.47	-	255.69	785.90	804.49
	-	-	-	-	-	-	-	-	-	-
Office Premises	24.41	-	-	24.41	16.68	0.35	-	17.03	7.38	7.73
	-	-	-	-	-	-	-	-	-	-
Temporary Shed	35.24	-	-	35.24	35.24	-	(1.76)	33.48	1.76	-
	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	35.05	1.23	-	36.29	12.31	2.62	(0.06)	14.87	20.42	22.75
	-	-	-	-	-	-	-	-	-	-
Office Equipments	42.24	0.19	-	42.43	20.98	9.76	2.00	32.73	9.70	21.26
	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	1,897.06	100.95	-	1,998.00	689.30	89.23	6.53	785.06	1,212.94	1,207.76
	-	-	-	-	-	-	-	-	-	-
Computer	46.82	1.19	-	48.02	37.54	3.99	1.04	42.57	5.44	9.29
	-	-	-	-	-	-	-	-	-	-
Motor Car	24.61	-	-	24.61	16.86	1.34	(0.39)	17.81	6.80	7.74
	-	-	-	-	-	-	-	-	-	-
Scooter & Motor Cycle	1.03	0.05	-	1.08	0.59	0.06	0.01	0.67	0.42	0.44
	-	-	-	-	-	-	-	-	-	-
	<b>3,659.45</b>	<b>112.60</b>	-	<b>3,772.05</b>	<b>1,057.72</b>	<b>134.81</b>	<b>7.37</b>	<b>1,199.90</b>	<b>2,572.15</b>	<b>2,601.74</b>
Intangible Assets	9.39	-	-	9.39	2.16	1.22	-	3.38	6.01	7.23
	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,668.84</b>	<b>112.60</b>	-	<b>3,781.44</b>	<b>1,059.88</b>	<b>136.03</b>	<b>7.37</b>	<b>1,203.28</b>	<b>2,577.16</b>	<b>2,608.96</b>
(Previous Year)	3,313.11	356.89	1.16	3,668.84	781.99	278.77	0.89	1,059.88	2,608.96	2,531.11

Total Depreciation during the year	136.03
Less: Revaluation Reserve W/back to the extent of dep. On addition on a/c of Revaluation	1.24
Depreciation charged to Profit & Loss Account	<u>134.79</u>

### Note

Pursuant to Notification of Schedule II of the Companies Act, 2013 with effect from April 01, 2014, Depreciation for the year has been provided on the basis of the estimated economic useful life of the fixed assets as prescribed in Schedule II of the Companies Act, 2013.

**NOTE 12 : INVESTMENTS**

(Rs. in Million)

Particulars	Face Value	Number of Shares	As at 30.06.2014	Number of Shares	As at 30.06.2013
<b>Quoted Shares</b>					
Lloyd Electric & Engineering Ltd (M.V Rs. 109.65 Per Share)	10	100	0.00	100	0.00
State Bank of Bikaner & Jaipur (M.V. Rs. 548.55 Per Share)	100	375	0.21	375	0.21
<b>Sub-Total (A) Rs.</b>			<b>0.21</b>		<b>0.21</b>
<b>Unquoted Shares</b>					
Lloyd Credits Ltd.	10	-	-	300,000	3.00
State Bank of India PSU			0.50		0.50
SBI Mutual Fund (Gold Fund)			0.50		0.50
Vicinity Rfid Solution P Ltd	10	55,500	0.67	55,500	0.67
<b>Subsidiary Company</b>					
Fedders Lloyd Trading FZE	100000AED	5	5.45	5	5.45
<b>Sub-Total (B) Rs.</b>			<b>7.11</b>		<b>10.11</b>
<b>Total (A+B)</b>			<b>7.32</b>		<b>10.32</b>
Additional Information					
1) Aggregate amount of Company's					
a) Market value of Quoted Investments					
			0.22		0.16
b) Unquoted Investments					
			7.11		10.11

**NOTE 13 : LONG TERM LOAN & ADVANCES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Security Deposits	55.77	32.87
Retainion Money Recoverable	60.14	149.66
Loan to subsidiary Company	15.69	18.05
<b>Total</b>	<b>131.59</b>	<b>200.58</b>

**NOTE 14 : INVENTORIES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Raw-materials, Consumables and Components	2,344.99	870.64
Stock in Process	985.60	1,615.30
Finished Goods	715.40	389.19
<b>Total</b>	<b>4,045.98</b>	<b>2,875.13</b>

**NOTE 15 : TRADE RECEIVABLES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Outstanding for a period exceeding six months from the date they are due for payment	228.71	117.77
Other Receivables	3,096.21	2,873.40
<b>Total</b>	<b>3,324.92</b>	<b>2,991.17</b>



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

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Cash balance in hand	23.27	9.85
<b>Balances with Scheduled banks</b>		
In Current Accounts	2.34	5.79
Dividend with Bank	5.83	5.67
In fixed deposits	38.06	34.44
Interest accrued on fixed deposit	0.89	2.72
<b>Total</b>	<b>70.39</b>	<b>58.48</b>

**NOTE 17 : SHORT TERM LOANS & ADVANCES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Advances recoverable in cash or in kind or for value to be recovered	293.62	264.92
Advances to employees	20.16	22.75
Balances with Customs, Excise & Service Tax	70.29	50.02
Excise /Custom Duty Service tax Recoverable	0.61	0.65
VAT Input Credit	101.18	107.44
Advance Income Tax & TDS	3.15	63.19
<b>Total</b>	<b>489.01</b>	<b>508.98</b>

**NOTE 18 : REVENUE FROM OPERATIONS**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>Sale of Products</b>		
Projects/Manufacturing Goods	11,719.39	10,294.47
<b>Total</b>	<b>11,719.39</b>	<b>10,294.47</b>

**NOTE 19 : OTHER INCOME**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Interest Income	0.78	8.72
Profit on Sale of Fixed Assets	-	0.04
Export Incentive	26.52	-
Profit on sale of Vrindaban Land (Project)	7.15	-
Dividend Income	0.00	0.06
Gain on Foreign Exchange	-	45.92
Other Income	0.01	3.86
<b>Total</b>	<b>34.46</b>	<b>58.60</b>

**NOTE 20 : COST OF MATERIAL CONSUMED**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Raw materials, consumables & component consumed		
Opening stocks	870.64	850.04
Add:-Purchases	10,469.84	8,716.03
Carriage Inwards	23.38	18.69
Less: Closing stocks	2,344.99	870.64
<b>Cost of Raw Material, Consumables &amp; Components Consumed</b>	<b>9,018.88</b>	<b>8,714.12</b>

**NOTE 21 : CHANGES IN INVENTORY**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>1) Decrease/(Increase) in stocks in Progress</b>		
Opening stock	1,615.30	1,053.56
Less : Closing stock	985.60	1,615.30
<b>Decrease/ (increase) in Stock in Progress</b>	<b>629.71</b>	<b>(561.74)</b>
<b>2) Decrease/(Increase) in finished goods:</b>		
Opening stock	389.19	207.80
Less : Closing stock	715.40	389.19
<b>Decrease/ (increase) in Finished Goods</b>	<b>(326.21)</b>	<b>(181.39)</b>
<b>Total</b>	<b>303.50</b>	<b>(743.13)</b>

**NOTE 22 : EMPLOYEE BENEFIT EXPENSES**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Wages (Workers)	68.61	69.47
Labour Welfare	4.49	5.52
Salary Account	242.41	232.62
Employer contribution in PF	16.03	18.81
Employer contribution in ESI	1.05	1.32
Gratuity	9.08	11.44
Bonus	1.39	1.76
Leave Encashment	0.03	0.18
Staff Welfare	10.14	14.41
<b>Total</b>	<b>353.23</b>	<b>355.51</b>

**NOTE 23 : OTHER EXPENSES**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Repair and Maintenance	-	-
- Plant & Machinery	4.29	5.09
- Building & Office	1.47	0.39
- Others	0.95	0.46
Electricity Charges	39.33	41.41
Factory Overheads	14.03	13.03

**NOTE 23 : OTHER EXPENSES (Contd...)**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Insurance	4.90	7.14
Rent Rate & Taxes	25.23	23.58
Postage & Courier & Telephone Expenses	14.72	14.64
Printing and stationery	5.11	6.98
Tender Fees	2.96	2.42
Newspapers & Periodicals	0.08	0.16
Audit Fee (including service tax)	1.22	1.11
Legal & Professional Expenses	14.96	15.34
Travelling & Conveyance Expenses	22.93	24.57
Motor Car Expenses	5.63	6.98
Misc. Expenses	1.69	2.39
Loss on foreign exchange fluctuation	2.06	1.86
Advertisement Expenses	0.45	1.68
Discount	7.28	5.65
Service charges	11.07	6.62
Selling expenses	162.31	154.75
Comission	40.43	53.10
Exhibition Expenses	0.59	0.23
Research & Development Expenses	11.09	11.08
Watch & Ward	12.38	12.26
Computer /Software Expenses	10.54	10.30
Donation	2.26	1.07
Taxes Gain & Loss	2.74	2.25
Fees & Taxes(including club fee)	7.42	6.98
Director Remunration & Sitting Fees	19.53	15.06
Warranty Expenses	0.55	0.46
<b>Total</b>	<b>450.18</b>	<b>449.03</b>

**NOTE 24 : FINANCIAL COSTS**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Interest Paid	642.88	368.27
Bank charges	85.25	71.16
<b>Total</b>	<b>728.13</b>	<b>439.43</b>

**NOTE 25 : DEPRECIATION AND AMORTISATION**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Depreciation on Tangible & Intangible Assets	134.79	277.39
<b>Total</b>	<b>134.79</b>	<b>277.39</b>

**NOTE 26 : RELATED PARTY DISCLOSURES:- (In which some directors are interested)**

<b>a) Related Companies</b>	<b>Nature of relationship (Associated co./subsidiary co./directors interested)</b>
Airseco Pvt. Ltd	Directors Interested
Lloyd Electric & Engg. Ltd.	Directors Interested
Perfect Radiators & Oil Coolers Pvt. Ltd.	Directors Interested
PSL Engineering Pvt. Ltd.	Directors Interested
Regal Information Technology Pvt Ltd	Directors Interested
Lloyd Credit Ltd.	Directors Interested
Lloyd Sales Pvt. Ltd.	Directors Interested
Lloyd Manufacturing Pvt. Ltd.	Directors Interested
Himalayan Mineral Waters Pvt. Ltd	Directors Interested
<b>FOREIGN SUBSIDIARY</b>	
Fedders Lloyd Trading FZE	100% Subsidiary
<b>b) Key Management Personnel</b>	
Mr. Brij Raj Punj	Chairman & Managing Director
Mr. Sham Sunder Dhawan	Whole Time Director
Mr. Nemichandra D. Jain	Whole Time Director
<b>c) Transaction with related Companies</b>	
	<b>(Rs. in Million)</b>
Purchase of Goods	749.54
Sales of Goods	370.80
Advance Received	152.08

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

<b>Particulars</b>	<b>(Rs. in Million)</b>
i) Raw Materials Components & Parts	3373.88
ii) Capital Goods	16.83

**NOTE 28 : VALUE OF RAW MATERIAL CONSUMED**

<b>Particulars</b>	<b>Percentage(%)</b>	<b>(Rs. in Million)</b>
Imported	37.41	3373.88
Indigenous	62.59	5645.00
<b>Total</b>	<b>100.00</b>	<b>9018.88</b>

**NOTE 29 : FOREIGN EXCHANGE OUTGO**

<b>Particulars</b>	<b>(Rs. in Million)</b>
Remittance in Foreign Currency on account of Import Raw Materials Component & Parts	3269.75
Plant & Machinery/Tools	16.83
Travelling Expenses	24.44
Other Expenses	104.48

**NOTE 30 : EARNINGS IN FOREIGN EXCHANGE**

<b>Particulars</b>	<b>(Rs. in Million)</b>
Export Sales	4662.16

**NOTE 31 : PAYMENT TO AUDITORS**
**(Rs. in Million)**

Audit Fees	0.99
Tax Audit fee	0.10
Add Service Tax	0.13
<b>Total</b>	<b>1.22</b>

**NOTE 32 : PAYMENT TO DIRECTORS**
**(Rs. in Million)**

Remuneration & Perks	19.37
Provident Fund	1.37
<b>Total</b>	<b>20.74</b>

**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 June 30, 2014 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 Rs.115.95 Million includes charged on Sales and Stock transfer.

**NOTE 35 : SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**
**Reporting of Segment wise Revenue, Results and Capital Employed**
**(Rs. in Million)**

Particulars	Standalone For the year ended	
	30.06.2014 (Audited)	30.06.2013 (Audited)
<b>1. Segment Revenue</b>		
(a) Segment – Environmental Control Systems	351.69	398.66
(b) Segment – Steel Structures & Engineering	6,233.66	5,425.73
(c) Segment – Power Projects	5,044.62	4,390.20
<b>Total</b>	<b>11,629.97</b>	<b>10,214.59</b>
<b>Less: Inter Segment Revenue</b>	-	-
<b>Net sales/Income From Operations</b>	<b>11,629.97</b>	<b>10,214.59</b>
<b>2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)</b>		
(a) Segment – Environmental Control Systems	59.12	58.92
(b) Segment – Steel Structures & Engineering	563.08	466.46
(c) Segment – Power Projects	695.14	522.08
<b>Total</b>	<b>1,317.34</b>	<b>1,047.46</b>
Less: (i) Interest	642.88	368.27
(ii) Other Un-allocable Expenditure net off	25.25	60.469
(iii) Un-allocable income	-	-
<b>Total Profit Before Tax</b>	<b>649.20</b>	<b>618.72</b>
<b>3. Capital Employed</b>		
(Segment assets – Segment Liabilities)		
(a) Segment – Environmental Control Systems	895.46	846.34
(b) Segment – Steel Structures & Engineering	2,477.75	2,790.60
(c) Segment – Power Projects	1,529.54	1123.034
(d) Unallocated	36.12	46.141
<b>Total</b>	<b>4,938.87</b>	<b>4,806.12</b>

**NOTE 36 :** 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 37 :** The payment against the supplies from small scale industrial and ancillary undertaking are generally made in accordance with agreed terms and to the extent ascertained from available information. This information as required to be disclosed under the micro, small and medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the bases of information available with the Company. Accordingly, there were no interest due on the principal amount not there was necessity to pay interest for delayed payment as per Act.

**NOTE 38 : CONTINGENT LIABILITIES**

**(Rs. in Million)**

Bank Guarantees	3003.10
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**NOTE 39 :** The previous year figures have been regrouped or reclassified as and where found necessary.

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

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

S. S. Dhawan  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi  
Date : August 27, 2014

Purnima Sharma  
Company Secretary

A. A. Siddiqi  
CFO



## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary as on June 30, 2014

(In AED)

1	Name of Subsidiary	Fedders Lloyd Trading FZE (Ras Al Khaimah, United Arab Emirates)
2	Financial Year of the Subsidiary	July 01, 2013 to June 30, 2014
3	Holding Company's Interest as on the above	
	a) Number of Shares	5 shares
	b) Face Value	AED 1,00,000/-
	c) Extent of Shareholding in the Subsidiary	100%
4	Net aggregate amount of the subsidiary's Profit/Loss so far as it concerns members of Holding Company and not dealt with in the Holding Company's Accounts:	
	i) For Subsidiary's financial year ended as above	AED 23,107
	ii) For Subsidiary's previous financial year since it became Subsidiary.	AED (1,579,139)
5	Net aggregate amount of the Subsidiary's Profit/Loss so far as it concerns members of Holding Company and dealt with in the Holding Company's Accounts:	
	i) For Subsidiary's financial year ended as above	Nil
	ii) For Subsidiary's previous financial year since it became Subsidiary.	Nil
6	Additional information u/s 212(5)	N.A

**As per our Report of even date Attached**  
**For Suresh C. Mathur & Co.**  
**Chartered Accountants**  
**Firm Registration No. 000891N**

**(Brijesh C. Mathur)**  
**Partner**  
**M. No. : 083540**

**Place : New Delhi**  
**Date : August 27, 2014**

**For and on behalf of the Board of Directors**

**S. S. Dhawan**  
**Director**

**Purnima Sharma**  
**Company Secretary**

**Brij Raj Punj**  
**Chairman & Managing Director**

**A. A. Siddiqi**  
**CFO**

## **Consolidated Independent Auditor's Report**

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To the Board of Directors of Fedders Lloyd Corporation Ltd.

We have audited the accompanying consolidated financial statements of Fedders Lloyd Corporation Ltd. ("the Company") which comprise the consolidated Balance Sheet as at June 30, 2014, and the consolidated statements of Profit & Loss and consolidated Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associated and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the consolidated Balance Sheet, of the state of affairs as at June 30, 2014;
- b) In the case of the consolidated statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the consolidated Cash Flow statement, of the cash flows for the year ended on that date.

## Other Matters

Pursuant to notification of Schedule II of the Companies Act, 2013 with effect from April 01, 2014, depreciation for the year ended June 30, 2014 has been provided on the estimated economic useful lives of fixed assets as prescribed in Schedule II of the Companies Act, 2013.

In respect of the financial statements of certain subsidiaries, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors. The details of assets, revenues and net cash flows in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below

### Audited by Other Auditors

Sl. No.	Particulars	Total Assets AED	Total Revenues AED	Net Cash inflows/(outflows) AED
1.	Fedders Lloyd, India FZE	97,255	14,14,723	1,00,161

These financial statements have been certified by management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, are based solely on these certified financial statements.

Since the financial statements for the financial year ended June 30, 2013, which were compiled by management of these Companies, were not audited, any adjustments to their balance could have consequential effects on the attached consolidated financial statements. However, the size of these subsidiaries, in the consolidated position is not significant in relative terms.

### Certified by Management

Sl. No.	Particulars	Total Assets AED	Total Revenues AED	Net Cash inflows/(outflows) AED
1.	Foreign Subsidiary	97,255	14,14,723	(1,00,161)

Our opinion is not qualified in respect of these matters.

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

**(BRIJESH C. MATHUR)**  
**PARTNER**  
**Membership No. 083540**

**Place : New Delhi**  
**Date : August 27, 2014**

## Consolidated Balance Sheet as at June 30, 2014

(Rs. in Million)			
Particulars	Note	As at 30.06.2014	As at 30.06.2013
<b>I. Equity and Liabilities</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	307.70	307.70
(b) Reserves and Surplus	3	3,267.50	2,867.25
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	967.74	1,334.01
(b) Deferred tax liabilities (Net)	5	46.61	5.53
(c) Long term provisions	6	41.60	41.90
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	4,128.44	3,593.04
(b) Trade payables	8	1,140.74	751.57
(c) Other current liabilities	9	646.23	403.79
(d) Short-term provisions	10	196.00	160.76
<b>Total</b>		<b>10,742.56</b>	<b>9,465.57</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	2,572.15	2,601.74
(ii) Intangible assets		6.01	7.23
(iii) Capital work-in-progress		114.73	50.12
(iv) Project Under Development		-	178.25
(b) Non-current investments	12	1.87	4.87
(c) Long term loans and advances	13	115.91	182.53
(d) Other non-current assets		-	-
<b>(2) Current assets</b>			
(a) Inventories	14	4,045.98	2,876.67
(b) Trade receivables	15	3,324.92	2,992.91
(c) Cash and cash equivalents	16	71.84	61.54
(d) Short-term loans and advances	17	489.15	509.72
<b>Total</b>		<b>10,742.56</b>	<b>9,465.57</b>
<b>Notes to Accounts</b>			
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

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

Place : New Delhi  
Date : August 27, 2014

For and on behalf of the Board of Directors

S. S. Dhawan  
Director

Purnima Sharma  
Company Secretary

Brij Raj Punj  
Chairman & Managing Director

A. A. Siddiqi  
CFO



## Consolidated Statement of Profit & Loss for the Year Ended June 30, 2014

(Rs. in Million)

Particulars	Note	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>I. Income</b>			
Revenue from operations (Gross)	18	11,742.44	10,279.43
Less:- Excise Duty		115.95	138.49
Revenue from operations (Net)		<b>11,626.49</b>	<b>10,140.94</b>
Other Income	19	34.46	58.60
<b>Total Revenue (I)</b>		<b>11,660.95</b>	<b>10,199.54</b>
<b>II. Expenses:</b>			
Cost of materials consumed	20	9,040.12	8,714.12
Purchase of Stock-in-Trade		-	87.61
Changes in inventories of Finished Goods, Work-in Progress and Stock-in-Trade	21	303.50	(743.13)
Employee Benefit Expenses	22	353.23	355.51
Other Expenses	23	451.55	449.03
<b>Total Expenses (II)</b>		<b>10,148.39</b>	<b>8,863.14</b>
<b>III. Profit before Interest, Depreciation / Amortisation and Tax (EBITDA)</b>	(I - II)	1,512.56	1,336.40
Finance Costs	24	728.19	439.43
Depreciation & Amortisation	25	134.79	277.39
<b>IV. Profit before Tax (V - VI)</b>		<b>649.58</b>	<b>619.58</b>
<b>V. Tax expense:</b>			
(1) Current tax		160.00	125.00
(2) Deferred tax		41.07	(2.78)
<b>VI. Profit(Loss) from the period from continuing operations</b>		<b>448.51</b>	<b>497.37</b>
<b>VII. Earning per equity share</b>			
(1) Basic & Diluted		14.58	16.16

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

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

S. S. Dhawan  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi  
Date : August 27, 2014

Purnima Sharma  
Company Secretary

A. A. Siddiqi  
CFO

## Consolidated Cash Flow Statement for the Year Ended June 30, 2014

(Rs. in Million)

Particulars	Year Ended 30.06.2014		Year Ended 30.06.2013	
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before tax	-	649.58	-	619.58
<b>Adjustments for</b>				
Add : Depreciation	134.79	-	277.39	-
Provision for Gratuity	9.08	-	10.99	-
Interest paid	642.88	786.75	368.27	656.64
Less: Profit on sale of Land	(7.16)	-	(0.04)	-
Export Incentive	(26.52)	-	-	-
Interest Income	(0.78)	-	(8.72)	-
Gratuity Paid	(9.39)	-	(0.45)	-
Dividend Income	-	(43.84)	(0.06)	(9.27)
<b>Operating profit before working capital changes</b>		1,392.49		1,266.96
Trade & other receivables	(332.01)	-	(982.97)	-
Inventories	(1,169.31)	-	(763.83)	-
Loans & Advances	(39.47)	-	(91.77)	-
Short term borrowings	535.40	-	1,322.32	-
Other Current Liability	242.44	-	(93.88)	-
Trade & other payable	389.17	(373.78)	(99.47)	(709.59)
<b>Cash generated from operations</b>		1,018.71		557.37
Exchange Fluctuation	(3.40)	-	(6.24)	-
Direct tax paid	(64.96)	(68.36)	156.62	150.38
<b>Net Cash Flow from Operating Activities</b>		<b>950.35</b>		<b>707.75</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of fixed assets	(177.21)	-	(365.14)	-
Sale of investments	3.00	-	-	-
Sale of fixed assets	185.40	-	0.31	-
Interest received	0.78	-	8.72	-
Dividend received	-	11.97	0.06	(356.05)
<b>Net Cash Flow from Investing Activities</b>		<b>11.97</b>		<b>(356.05)</b>
<b>C. Cash Flow from Financial Activities</b>				
Long Term Loans and Advances	66.62	-	(81.08)	-
Proceeds from Long Term Borrowing	(366.27)	-	63.52	-
Dividend Paid	(30.77)	-	(30.77)	-
Dividend Tax	(5.23)	-	(4.99)	-
Export Incentive	26.52	-	-	-
Interest paid	(642.88)	(952.01)	(368.27)	(421.59)
<b>Net Cash Flow from Financing Activities</b>		<b>(952.01)</b>		<b>(421.59)</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		<b>10.30</b>		<b>(69.88)</b>
Opening Balance of Cash and Cash Equivalents		61.545		131.42
Closing Balance of Cash and Cash Equivalents		71.845		61.54
<b>Net increase/ decrease in Cash and Cash Equivalents</b>		<b>10.30</b>		<b>(69.88)</b>

Refer to our Report of even date  
For Suresh C. Mathur & Co.  
Chartered Accountants  
(Firm Registration No. 000891N)  
(Brijesh C. Mathur)  
Partner  
M. No. : 083540

For and on behalf of the Board of Directors

S. S. Dhawan  
Director

Brij Raj Punj  
Chairman & Managing Director

Purnima Sharma  
Company Secretary

A. A. Siddiqi  
CFO

### AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended June 30, 2014. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company.

For Suresh C. Mathur & Co.  
Chartered Accountants

Place : New Delhi  
Date : August 27, 2014

Brijesh C. Mathur  
Partner  
M. No.: 083540  
(Firm Registration No. 000891N)

## Consolidated Notes to Financial Statements for the Year Ended June 30, 2014

### NOTE : 1

#### 1.1 CORPORATE INFORMATION

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) and Bombay Stock Exchange Limited (BSE) in India and well diversified in the field of Environment Control Systems, 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 like World Bank etc, in African countries.

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

#### 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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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. 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) After notification of the New Companies Act, 2013 which comes into effect from April 01, 2014, 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 has 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	Life in Years
Building	30 Year
Plant & Machinery	15 Year
Office Equipment's	5 Year
Vehicles	8 Year
Furniture & Fixtures	10 Year

**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) 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.

**h) Inventory Valuation**

- i) Raw materials and consumables are valued at cost net of modvat as per the FIFO method after providing for cost of obsolescence value.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- 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.

## **i) 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.

## **j) Investments**

Long term Investments are stated at cost. Investments in subsidiary company are of long-term strategic value and the diminution if any in the value of these investments is temporary in nature.

## **k) 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.

## **l) Retirement Benefits**

### **Provident Fund**

Retirement benefit in form of provident fund is a defined contribution scheme and the contributions are charged to the profit and Loss account of the year when the contributions to the respective funds are due.

### **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.

## **m) 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.

The breakup of deferred tax assets and liabilities into major components at the year ended are as below

<b>Particulars</b>	<b>Amount (Rs. in Million)</b>
<b>Deferred Tax Liabilities</b>	
Depreciation difference & other Provision	44.63
<b>Deferred Tax Assets</b>	
Other Provision	3.56
<b>Net Deferred Tax Liability</b>	<b>41.07</b>

### **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.

## **n) 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.

**o) Segment Reporting**

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.

**p) 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.

**q) 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.

**r) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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.

**s) 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 Company does not have all balance confirmations as at June 30, 2014 the effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation.

**t) 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.

**u) 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 profit and loss account. Gains arising on the same are not recognized on ground of prudence.

**v) Deferred Revenue Expenditure**

Cost of traveling, Consultancy fees and other expenses related to IRIS Certification are considered as deferred revenue expenditure. 1/5 of the expenditures have been charged to Profit and Loss account.

**NOTE 2 : SHARE CAPITAL**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1. Authorized Capital</b>		
7,00,00,000 Equity Share of Rs. 10/- each (Previous year 7,00,00,000 Equity Share of Rs. 10/- each)	700.00	700.00
<b>Total Authorized Share Capital</b>	700.00	700.00
<b>2. Issued &amp; Subscribed Capital</b>		
3,07,69,700 Equity Shares of Rs. 10/- each	307.70	307.70
<b>3. Paid up Capital</b>		
3,07,69,700 Equity Shares of Rs. 10/- each fully paid up (Previous Year 3,07,69,700 equity shares of Rs. 10/- each)	307.70	307.70
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	307.70	307.70

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

(Rs. in Million)

Particulars	As at 30.06.2014		As at 30.06.2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	30769700	307.70	30769700	307.70
Shares Issued during the year	-	-	-	-
<b>Shares outstanding at the End of the year</b>	30769700	307.70	30769700	307.70

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend 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 30.06.2014		As at 30.06.2013	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares of Rs. 10 each fully paid-up</b>				
Zenith Impex Pvt Ltd	3,771,910	12.26	3,510,800	11.41
Rajul Estates Pvt Ltd	3,295,562	10.71	3,003,544	9.76
Copthall Mauritius Investment Ltd	-	-	1,841,087	5.98
Lloyd Sales Pvt Ltd	4,283,619	13.92	4,110,821	13.36
Perfect Radiators & Oil Coolers Pvt Ltd	3,826,525	12.44	3,224,348	10.48
Mr. Brij Raj Punj	1,632,667	5.31	1,630,129	5.30

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**
**(Rs. in Million)**

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1) Capital Reserve</b>		
Revaluation Reserve	107.93	
Less: Set off depreciation	1.23	
	106.70	107.93
<b>2) Securities Premium Account</b>	256.40	256.40
<b>3) General Reserve</b>		
Opening balance	2,255.53	1,905.53
Add: Transfer from Profit & Loss a/c	400.00	350.00
	2,655.53	2,255.53
<b>3A) Exchange Fluctuation Difference on Consolidation</b>	(4.17)	(0.77)
<b>4) Profit &amp; Loss Account</b>		
Profit for the Year	448.51	497.37
Balance Brought Forward from Previous year	248.15	136.55
	696.66	633.91
<b>Less:- Appropriations</b>		
Proposed Dividend	30.77	30.77
Provision for tax on Dividend	5.23	4.99
Provision for tax on Dividend for previous years	0.24	-
Depreciation Adjustment	7.37	-
Transfer to General Reserve	400.00	350.00
<b>Balance Carried To Balance Sheet</b>	253.05	248.15
<b>Total</b>	<b>3,267.50</b>	<b>2,867.25</b>

**NOTE 4 : LONG TERM BORROWINGS**
**(Rs. in Million)**

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1. Term Loans</b>		
<b>From Schedule Banks</b>		
Foreign Currency loan	773.74	983.52
Indian Currency Loan	194.00	350.50
<b>Total</b>	<b>967.74</b>	<b>1,334.01</b>

**Note**

- Indian rupee loan from State Bank of Hyderabad carries interest @ 12.50%. The loan is repayable in 16 quarterly installment of Rs. 1.5625 crores each after moratorium of 1 year from the date of loan i.e. 24.03.2011.
- Indian rupee loan from Karnataka Bank carries interest @ 12.5% P.A. The loan is repayable in equal monthly instalment of Rs. 26.76 lacs, with last instalment due on January' 16.
- 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 Installment 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 Installment starting from 18 months from the date of first draw-down i.e. 29th April' 11.
- Foreign Currency Loan (ECB) of USD 5.5 Million from Standard Chartered Bank carries interest @ LIBOR plus 2.90%. The loan is repayable in 16 equal quarterly instalments beginning from 15th month from the date of first draw-down i.e. 3rd Oct' 11.
- Indian rupee loan from State Bank of India carries interest @ 12.50%. The loan is repayable in 16 quarterly installment of Rs. 1.5625 crores each after moratorium of 1 year from the date of loan i.e. 28.09.2012.

**NOTE 5 : DEFERRED TAX LIABILITIES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>Opening Balance</b>	5.53	8.32
Add: Deferred Tax Liability on account of Depreciation 44.63	-	-
Less: Deferred Tax Asset on account of provisions 3.56	41.07	(2.78)
<b>Net Deferred Tax Liability</b>	<b>46.61</b>	<b>5.53</b>

**NOTE 6 : LONG TERM PROVISIONS**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Provision for Gratuity	41.60	41.90
<b>Total</b>	<b>41.60</b>	<b>41.90</b>

**NOTE 7 : SHORT TERM BORROWINGS**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
<b>1. Working Capital Loans</b>		
From Banks	4,128.44	3,593.04
<b>Total</b>	<b>4,128.44</b>	<b>3,593.04</b>
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**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Sundry Creditors	1,140.74	751.57
<b>Total</b>	<b>1,140.74</b>	<b>751.57</b>

**NOTE 9 : OTHER CURRENT LIABILITIES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Interest Accrued but not due on Term Loan	1.92	2.69
Other Liabilities	109.04	113.96
Unclaimed Dividend	5.83	5.67
Advance from customer	152.08	-
<b>Current maturity of Long Term Borrowings</b>		
Foreign Currency loan	219.15	139.03
Indian Currency Loan	157.11	141.49
Loan against Vehicles (secured by hypothecation of vehicle financed)	1.10	0.95
<b>Total</b>	<b>646.23</b>	<b>403.79</b>



## NOTE 10 : CURRENT PROVISIONS

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Provision for Income Tax	160.00	125.00
Provision for Dividend	30.77	30.77
Provision for Tax on Dividend	5.23	4.99
<b>Total</b>	<b>196.00</b>	<b>160.76</b>

## NOTE 11 : FIXED ASSETS

(Rs. in Million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 30.06.2013	Additions	Transfer/ Adjustment	As at 30.06.2014	Up To 30.06.2013	For The Year	Adjustment	Total	As at 30.06.2014	As at 30.06.2013
Land	520.28	0.11	-	520.39	-	-	-	-	520.39	20.28
	-	-	-	-	-	-	-	-	-	-
Building Factory	1,032.72	8.87	-	1,041.59	228.23	27.47	-	255.69	785.90	804.49
	-	-	-	-	-	-	-	-	-	-
Office Premises	24.41	-	-	24.41	16.68	0.35	-	17.03	7.38	7.73
	-	-	-	-	-	-	-	-	-	-
Temporary Shed	35.24	-	-	35.24	35.24	-	(1.76)	33.48	1.76	-
	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	35.05	1.23	-	36.29	12.31	2.62	(0.06)	14.87	20.42	22.75
	-	-	-	-	-	-	-	-	-	-
Office Equipments	42.24	0.19	-	42.43	20.98	9.76	2.00	32.73	9.70	21.26
	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	1,897.06	100.95	-	1,998.00	689.30	89.23	6.53	785.06	1,212.94	1,207.76
	-	-	-	-	-	-	-	-	-	-
Computer	46.82	1.19	-	48.02	37.54	3.99	1.04	42.57	5.44	9.29
	-	-	-	-	-	-	-	-	-	-
Motor Car	24.61	-	-	24.61	16.86	1.34	(0.39)	17.81	6.80	7.74
	-	-	-	-	-	-	-	-	-	-
Scooter & Motor Cycle	1.03	0.05	-	1.08	0.59	0.06	0.01	0.67	0.42	0.44
	<b>3,659.45</b>	<b>112.60</b>	-	<b>3,772.05</b>	<b>1,057.72</b>	<b>134.81</b>	<b>7.37</b>	<b>1,199.90</b>	<b>2,572.15</b>	<b>2,601.74</b>
Intangible Assets	9.39	-	-	9.39	2.16	1.22	-	3.38	6.01	7.23
<b>Total</b>	<b>3,668.84</b>	<b>112.60</b>	-	<b>3,781.44</b>	<b>1,059.88</b>	<b>136.03</b>	<b>7.37</b>	<b>1,203.28</b>	<b>2,577.16</b>	<b>2,608.96</b>
(Previous Year)	3,313.11	356.89	1.16	3,668.84	781.99	278.77	0.89	1,059.88	2,608.96	2,531.11
Total Depreciation during the year					136.03					
Less: Revaluation Reserve W/back to the extent of dep. On addition on a/c of Revaluation										1.24
Depreciation charged to Profit & Loss Account										<u>134.79</u>
Pursuant to Notification of Schedule II of the Companies Act, 2013 with effect from April 01, 2014, Depreciation for the year has been provided on the basis of the estimated economic useful life of the fixed assets as prescribed in Schedule II of the Companies Act, 2013.										

**NOTE 12 : INVESTMENTS**

(Rs. in Million)

Particulars	Face Value	Number of Shares	As at 30.06.2014	Number of Shares	As at 30.06.2013
<b>Quoted Shares</b>					
Lloyd Electric & Engineering Ltd (M.V Rs. 109.65 Per Share)	10	100	0.00	100	0.00
State Bank of Bikaner & Jaipur (M.V. Rs. 548.55 Per Share)	100	375	0.20	375	0.20
<b>Sub-Total (A) Rs.</b>			0.20		0.20
<b>Unquoted Shares</b>					
Lloyd Credits Ltd.	10	-	-	300,000	3.00
State Bank of India PSU			0.50		0.50
SBI Mutual Fund (Gold Fund)			0.50		0.50
Vicinity Rfid Solution P Ltd	10	55,500	0.67	55,500	0.67
<b>Sub-Total (B) Rs.</b>			1.67		4.67
<b>Total (A+B)</b>			1.87		4.87
Additional Information					
1) Aggregate amount of Company's					
a) Market value of Quoted Investments			0.22		0.16
b) Unquoted Investments			7.11		10.11

**NOTE 13 : LONG TERM LOAN & ADVANCES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Security Deposits	55.77	32.87
Retention Money Recoverable	60.14	149.66
Loan to subsidiary Company	-	-
<b>Total</b>	<b>115.91</b>	<b>182.53</b>

**NOTE 14 : INVENTORIES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Raw-materials, Consumables and Components	2,344.99	870.64
Stock in Process	985.60	1,615.30
Finished Goods	715.40	389.19
Trading Goods	-	1.54
<b>Total</b>	<b>4,045.98</b>	<b>2,876.67</b>

**NOTE 15 : TRADE RECEIVABLES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Outstanding for a period exceeding six months from the date they are due for payment	228.71	117.77
Other Receivables	3,096.21	2,875.15
<b>Total</b>	<b>3,324.92</b>	<b>2,992.91</b>

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

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Cash balance in hand	23.27	12.92
<b>Balances with Scheduled banks</b>		
In Current Accounts	3.79	5.79
Dividend with Bank	5.83	5.67
In fixed deposits	38.06	34.44
Interest accrued on fixed deposit	0.89	2.72
<b>Total</b>	<b>71.84</b>	<b>61.54</b>

**NOTE 17 : SHORT TERM LOANS & ADVANCES**

(Rs. in Million)

Particulars	As at 30.06.2014	As at 30.06.2013
Advances recoverable in cash or in kind or for value to be recovered	293.62	264.92
Pre payments	0.14	0.68
Deposits	-	0.06
Advances to employees	20.16	22.75
Balances with Customs, Excise & Service Tax	70.29	50.02
Excise /Custom Duty Service tax Recoverable	0.61	0.65
VAT Input Credit	101.18	107.44
Advance Income Tax & TDS	3.15	63.19
<b>Total</b>	<b>489.15</b>	<b>509.72</b>

**NOTE 18 : REVENUE FROM OPERATIONS**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>Sale of Products</b>		
Projects/Manufacturing Goods	11,742.44	10,279.43
<b>Total</b>	<b>11,742.44</b>	<b>10,279.43</b>

**NOTE 19 : OTHER INCOME**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Interest Income	0.78	8.72
Profit on Sale of Fixed Assets	-	0.04
Export Incentive	26.52	-
Profit on sale of Vrindaban Land (Project)	7.15	-
Dividend Income	0.00	0.06
Gain on Foreign Exchange	-	45.92
Other Income	0.01	3.86
<b>Total</b>	<b>34.46</b>	<b>58.60</b>

**NOTE 20 : COST OF MATERIAL CONSUMED**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Raw materials, consumables & component consumed	-	-
Opening stocks	870.64	851.34
Add:-Purchases	10,491.08	8,714.73
Carriage Inwards	23.38	18.69
Less: Closing stocks	2,344.99	870.64
<b>Cost of Raw Material, Consumables &amp; Components Consumed</b>	<b>9,040.12</b>	<b>8,714.12</b>

**NOTE 21 : CHANGES IN INVENTORY**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
<b>1) Decrease/(Increase) in stocks in Progress</b>		
Opening stock	1,615.30	1,053.56
Less : Closing stock	985.60	1,615.30
<b>Decrease/ (increase) in Stock in Progress</b>	<b>629.71</b>	<b>(561.74)</b>
<b>2) Decrease/(Increase) in finished goods</b>		
Opening stock	389.19	207.80
Less : Closing stock	715.40	389.19
<b>Decrease/ (increase) in Finished Goods</b>	<b>(326.21)</b>	<b>(181.39)</b>
<b>Total</b>	<b>303.50</b>	<b>(743.13)</b>

**NOTE 22 : EMPLOYEE BENEFIT EXPENSES**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Wages (Workers)	68.61	69.47
Labour Welfare	4.49	5.52
Salary Account	242.41	232.62
Employer contribution in PF	16.03	18.81
Employer contribution in ESI	1.05	1.32
Gratuity	9.08	11.44
Bonus	1.39	1.76
Leave Encashment	0.03	0.18
Staff Welfare	10.14	14.41
<b>Total</b>	<b>353.23</b>	<b>355.51</b>

**NOTE 23 : OTHER EXPENSES**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Repair and Maintenance	-	-
- Plant & Machinery	4.29	5.09
- Building & Office	1.47	0.39
- Others	0.95	0.46
Electricity Charges	39.33	41.41
Factory Overheads	14.03	13.03

**NOTE 23 : OTHER EXPENSES (Contd...)**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Insurance	4.90	7.14
Rent Rate & Taxes	25.77	23.58
Postage & Courier & Telephone Expenses	14.74	14.64
Printing and stationery	5.11	6.98
Tender Fees	2.96	2.42
Newspapers & Periodicals	0.08	0.16
Audit Fee (including service tax)	1.35	1.11
Legal & Professional Expenses	15.15	15.34
Travelling & Conveyance Expenses	22.93	24.57
Motor Car Expenses	5.63	6.98
Misc. Expenses	1.82	2.39
Loss on foreign exchange fluctuation	2.19	1.86
Advertisement Expenses	0.45	1.68
Discount	7.28	5.65
Service charges	11.07	6.62
Selling expenses	162.53	154.75
Comission	40.43	53.10
Exhibition Expenses	0.59	0.23
Research & Development Expenses	11.09	11.08
Watch & Ward	12.38	12.26
Computer /Software Expenses	10.54	10.30
Donation	2.26	1.07
Taxes Gain & Loss	2.74	2.25
Fees & Taxes(including club fee)	7.42	6.98
Director Remunration & Sitting Fees	19.53	15.06
Warranty Expenses	0.55	0.46
<b>Total</b>	<b>451.55</b>	<b>449.03</b>

**NOTE 24 : FINANCIAL COSTS**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Interest Paid	642.88	368.27
Bank charges	85.31	71.16
<b>Total</b>	<b>728.19</b>	<b>439.43</b>

**NOTE 25 : DEPRECIATION AND AMORTISATION**

(Rs. in Million)

Particulars	Year Ended 30.06.2014	Year Ended 30.06.2013
Depreciation on Tangible Assets	134.79	277.39
<b>Total</b>	<b>134.79</b>	<b>277.39</b>

**NOTE 26 : RELATED PARTY DISCLOSURES:- (In which some directors are interested)**

<b>a) Related Companies</b>	<b>Nature of relationship (Associated co./subsidiary co./directors interested)</b>
Airseco Pvt. Ltd	Directors Interested
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
Lloyd Credit Ltd.	Directors Interested
Lloyd Sales Pvt. Ltd.	Directors Interested
Lloyd Manufacturing Pvt. Ltd.	Directors Interested
Himalayan Mineral Waters Pvt. Ltd	Directors Interested
<b>FOREIGN SUBSIDIARY</b>	
Fedders Lloyd Trading FZE	100% Subsidiary
<b>b) Key Management Personnel</b>	
Mr. Brij Raj Punj	Chairman & Managing Director
Mr. Sham Sunder Dhawan	Whole Time Director
Mr. Nemichandra D. Jain	Whole Time Director
<b>c) Transaction with related Companies</b>	
	<b>(Rs. in Million)</b>
Purchase of Goods	749.54
Sales of Goods	370.80
Advance Received	152.08

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

<b>Particulars</b>	<b>(Rs. in Million)</b>
i) Raw Materials Components & Parts	3373.88
ii) Capital Goods	16.83

**NOTE 28 : VALUE OF RAW MATERIAL CONSUMED**

<b>Particulars</b>	<b>Percentage(%)</b>	<b>(Rs. in Million)</b>
Imported	37.33	3373.88
Indigenous	62.67	5666.24
<b>Total</b>	<b>100.00</b>	<b>9040.12</b>

**NOTE 29 : FOREIGN EXCHANGE OUTGO**

<b>Particulars</b>	<b>(Rs. in Million)</b>
Remittance in Foreign Currency on account of Import Raw Materials Component & Parts	3269.75
Plant & Machinery/Tools	16.83
Travelling Expenses:	24.44
Other Expenses:	104.48

**NOTE 30 : EARNINGS IN FOREIGN EXCHANGE**

<b>Particulars</b>	<b>(Rs. in Million)</b>
Export Sales	4662.16

**NOTE 31 : PAYMENT TO AUDITORS**
**(Rs. in Million)**

Audit Fees	0.99
Tax Audit fee	0.10
Add Service Tax	0.13
<b>Total</b>	<b>1.22</b>

**NOTE 32 : PAYMENT TO DIRECTORS**
**(Rs. in Million)**

Remuneration & Perks	19.37
Provident Fund	1.37
<b>Total</b>	<b>20.74</b>

**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 June 30, 2014 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 Rs.115.95 Million includes charged on Sales and Stock transfer.

**NOTE 35 : SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**
**Reporting of Segment wise Revenue, Results and Capital Employed**
**(Rs. in Million)**

Particulars	Consolidated For the year ended	
	30.06.2014 (Audited)	30.06.2013 (Audited)
<b>1. Segment Revenue</b>		
(a) Segment – Environmental Control Systems	351.69	398.66
(b) Segment – Steel Structures & Engineering	6,233.66	5,425.73
(c) Segment – Power Projects	5,044.62	4,390.20
<b>Total</b>	<b>11,629.97</b>	<b>10,214.59</b>
<b>Less: Inter Segment Revenue</b>		
<b>Net sales/Income From Operations</b>	<b>11,629.97</b>	<b>10,214.59</b>
<b>2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)</b>		
(a) Segment – Environmental Control Systems	59.12	58.92
(b) Segment – Steel Structures & Engineering	563.08	466.46
(c) Segment – Power Projects	695.14	522.08
<b>Total</b>	<b>1,317.34</b>	<b>1,047.46</b>
Less: (i) Interest	642.88	368.27
(ii) Other Un-allocable Expenditure net off	25.25	59.61
(iii) Un-allocable income	-	-
<b>Total Profit Before Tax</b>	<b>649.20</b>	<b>619.58</b>
<b>3. Capital Employed</b>		
(Segment assets – Segment Liabilities)		
(a) Segment – Environmental Control Systems	895.46	846.34
(b) Segment – Steel Structures & Engineering	2,477.75	2,790.60
(c) Segment – Power Projects	1,529.54	1,123.03
(d) Unallocated	36.12	47.00
<b>Total</b>	<b>4,938.87</b>	<b>4,806.98</b>

**NOTE 36 :** 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 37 :** The payment against the supplies from small scale industrial and ancillary undertaking are generally made in accordance with agreed terms and to the extent ascertained from available information. This information as required to be disclosed under the micro, small and medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the bases of information available with the Company. Accordingly, there were no interest due on the principal amount not there was necessity to pay interest for delayed payment as per Act.

**NOTE 38 : CONTINGENT LIABILITIES**

**(Rs. in Million)**

Bank Guarantees	3003.10
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**NOTE 39 :** The previous year figures have been regrouped or reclassified as and where found necessary.

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

(Brijesh C. Mathur)  
Partner  
M. No. : 083540

S. S. Dhawan  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi  
Date : August 27, 2014

Purnima Sharma  
Company Secretary

A. A. Siddiqi  
CFO

The background is a solid blue color. It features several large, white, stylized geometric shapes that resemble the letter 'A' or 'L' with sharp, angular points. These shapes are arranged in a way that they appear to be layered or overlapping, creating a sense of depth and movement. The shapes are positioned around the central text, framing it without obscuring it.

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