



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**

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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.

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.





**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