

**BOARD OF DIRECTORS**

- Mr. Brij Raj Punj - Chairman & Managing Director  
Mr. S.S. Kumar - Director  
Mr. T.V. P. Punj - Director  
Mr. K. Lall - Director  
Mr. Sanjay Behari - IFCI Nominee Director

**COMPANY SECRETARY**

Ms. Purnima Sharma

**AUDITORS**

M/s Suresh C. Mathur & Co.  
64, Regal Building  
Connaught Place  
New Delhi

**REGISTRAR & SHARE TRANSFER AGENT**

M/s Skyline Financial Services Private Limited  
246, 1<sup>st</sup> Floor, Sant Nagar  
Main Iskcon Temple Road  
East of Kailash  
New Delhi 110065  
Telephone: (011) 26292682, 83  
Facsimile: (011) 26292681  
Email: admin@skylinerta.com

**REGISTERED OFFICE**

C-4, Phase – II, Noida  
Distt. Gautam Budh Nagar  
U.P. 201 305

**CORPORATE OFFICE**

159, OKhla Industrial Estate  
Phase-III, New Delhi 110 020  
Phone: (011) 41609457, 58, 59  
Fax: (011) 41609909

**WEB SITE:** [www.fedderslloyd.com](http://www.fedderslloyd.com)

**BANKERS**

State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad

**WORKS**

I. C-4, Phase – II, Noida,  
Distt. Gautam Budh Nagar  
U.P. 201 305

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

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of the members of Fedders Lloyd Corporation Limited will be held on Saturday, the 29<sup>th</sup> day of December 2007 at 9.00 A.M. at C – 4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P.- 201305 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> June, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sham Sunder Kumar, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s. Suresh C. Mathur & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company.

**RESOLVED FURTHER THAT** the Statutory Auditors be paid such remuneration and traveling and other out-of-pocket expenses incurred by them for the purpose of the audit, as may be decided by the Board/ Audit Committee of Directors of the Company, who be and is hereby authorised to fix the same.”

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, 310, 311, 316, 317 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company and such other approvals as may be required, and such modifications and conditions, if any, as any authority may impose while according such approval(s), which the Board of Directors is hereby authorized to accept, consent of the members, be and is hereby accorded for the re-appointment of Mr. Brij Raj Punj as the Managing Director of the Company for a further period of five years w.e.f 24.12.2007, on such terms and conditions including remuneration as stated in the Explanatory Statement annexed to the Notice convening this Annual General Meeting with the authority to the Board to alter or vary the terms and conditions including remuneration from time to time in accordance with law as may be desirable or necessary.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit.”

**By order of the Board of Directors  
For Fedders Lloyd Corporation Ltd.**

**Place: New Delhi  
Date: 28.11.2007**

**Sd/-  
Purnima Sharma  
Company Secretary**



## NOTES:

### KINDLY NOTE THAT THERE SHALL BE NO GIFT DISTRIBUTION AT THE ANNUAL GENERAL MEETING.

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.**
2. Proxies in order to be effective should be duly stamped, complete and signed and must reach to the Company at C – 4, Phase - II, Noida, Distt. Gautam Budh Nagar, U.P. – 201305 not less than forty-eight hours before the meeting. A format of proxy is enclosed with the Annual Report.
3. The Explanatory Statement pursuant to Section 173(2) of the Act is annexed hereto and forms part of this Notice.
4. The Register of Members and Share transfer Books of the Company will remain closed from Thursday, the 27<sup>th</sup> day of December 2007 to Saturday, the 29<sup>th</sup> day of December 2007 (both days inclusive).
5. Dividend upon its declaration at the meeting will be paid to those members whose names appear:
  - i) on the Register of Members of the Company as on 27<sup>th</sup> December, 2007 after giving effect to all valid share transfers in physical form which would be received by the company up to closing hours of the business on 26<sup>th</sup> December 2007.
  - ii) as beneficial owners as per list to be furnished by Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the closing hours of the business on 26<sup>th</sup> December 2007.
6. The relevant details of director seeking re-appointment under item no. 3, as required under Clause 49 of the Listing Agreements entered with the Stock Exchanges is given herein below:

Mr. Sham Sunder Kumar, aged about 75 years is a non-executive independent director. He is a senior Advocate in practice and has gained an insight into various aspects of Indian corporate law during his career as advocate. He is a member of the Audit Committee, Share Transfer cum Investors' grievance Committee, Remuneration Committee and sub Committee of Board of Directors of the Company. He does not hold any shares in the company.

Outside directorships and Committee memberships:

Mr. S.S. Kumar is a director in Rapicut Carbides Limited and Jayems Engineering Company Limited. He is also a member in Share Transfer Committee and Executive Committee of the Board of both these companies.
7. Members are requested to promptly notify any change in their addresses to the Registrar & Share Transfer Agent of the Company.
8. Members who are holding equity shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agent of the Company to enable the Company to consolidate their share holdings in one folio.
9. Members are requested to send queries, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have the relevant information ready.
10. Member(s) / Proxy(s) desirous of attending the meeting are requested to bring the attendance slip and fill-in and sign the same and deliver it at the entrance of the Meeting Hall.
11. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Reports as the same will not be distributed at the meeting.
12. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID Numbers for easier identification of attendance at the Annual General Meeting.
13. All the documents as mentioned in the notice are available for inspection at the Registered office of the Company during working hours up to the date of Annual General Meeting.

**By order of the Board of Directors  
For Fedders Lloyd Corporation Ltd.**

**Place: New Delhi  
Date: 28.11.2007**

**Sd/-  
Purnima Sharma  
Company Secretary**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item no. 5**

At the Annual General Meeting held on 28<sup>th</sup> February, 2003, members of the Company had re-appointed Mr. Brij Raj Punj as the Managing Director of the Company for a term of five years, w.e.f. 24<sup>th</sup> December, 2002. Accordingly, Mr. Brij Raj Punj will hold office as the Managing Director up till 23<sup>rd</sup> December, 2007. Considering the valuable contributions, guidance and dynamic leadership of Mr. Brij Raj Punj which lead the improved performance and the growth of the Company during his tenure and on recommendations of the remuneration committee, the Board of Directors, at their meeting held on 28<sup>th</sup> November, 2007, approved the re-appointment of Mr. Brij Raj Punj as the Managing Director of the Company for a period of five years with effect from 24<sup>th</sup> December, 2007.

The principal terms and conditions of the re-appointment of Mr. Brij Raj Punj are as under:

1. **Salary** : Rs. 2,00,000/- (Rupees two lacs only) per month.
2. **Commission**: 1% of the Net Profits of the Company.

Computed in the manner laid down u/s 309(5) of the Companies Act, 1956.

Provided that the total remuneration including salary, commission and perquisites shall not exceed 5% of the net profit individually and 10% of the net profit collectively payable to all the Managing Directors/Whole time Directors in any year computed in the manner laid down under Section 309 (5) of the Companies Act, 1956.

3. **Perquisites:**

In addition to the salary, the above Managing Director shall be allowed perquisites as specified in Category A, B and C below;

**CATEGORY A**

**(i) Housing**

The expenditure incurred by the Company on providing rent free furnished residential accommodation for the said Managing Director shall be as per the rules of the Company.

**(ii) Payment of Gas, Electricity, Water Expenses and furnishing:**

To be valued as per Income Tax Rules, 1962.

**(iii) Medical Expenses re-imbursement:**

Expenses incurred for self and family equivalent to one month basic salary per annum in accordance with the rules of the Company.

**(iv) Leave Travel Concession:**

Incurred for self and family in accordance with the rules of the Company.

**(v) Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will not include life membership fees.

**(vi) Insurance:**

Premium for insurance not exceeding Rs. 1,00,000/- (Rupees one lac only) per annum for personal accident insurance. He is entitled to Key Men Insurance Cover at a premium to be paid by the Company.

**(vii) Holiday Passage:**

Return Holiday passage once in a year by business class from India to abroad.

**(ix)** Any other benefit, facilities, allowances and expenses as may be allowed under all other schemes, privileges, amenities as granted as per and in accordance with the Company's practice, rules and regulations in force from time to time as available to other employees.

- Notes:**
- (i) For the purpose of perquisites stated herein above, "family" means spouse, dependent children and dependent parents of Mr. Brij Raj Punj.
  - (ii) Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.



## CATEGORY – B

Shri Brij Raj Punj, shall be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration;

- a) Contribution to Provident Fund, Superannuation fund or annuity fund, as per company's rules.
- b) Gratuity payable as per company's rules.

## CATEGORY – C

- i.) Free use of two cars with driver and free use of Company's telephone at his residence.

This will not be considered as perquisites.

Personal long distance calls on telephone and use of car private purpose shall be billed by the Company to Shri Brij Raj Punj.

- ii.) Shri Brij Raj Punj shall be entitled to reimbursement of enterprises expenses actually and properly incurred in the course of legitimate business of the Company as per the rules of the Company including on entertainment and traveling incurred in the course of the Company's business.
- iii.) Shri Brij Raj Punj shall subject to the Companies Act, 1956 be also eligible for Housing Loan or other facilities as applicable in accordance with the rules of the Company.

The total remuneration payable to Mr. Brij Raj Punj, Managing Director shall not exceed 5% of the net profits of the Company for the year in respect of which remuneration is paid. However, in the event of absence or inadequacy of profit in any financial year during his tenure, the aforesaid remuneration shall be paid as minimum remuneration subject to compliance of provisions of Schedule XIII of the Companies Act, 1956.

### **Statutory Disclosure under Clause 49 of the Listing Agreement:**

Mr. Brij Raj Punj, aged about 62 years, is the Chairman & Managing Director of the Company. He is an Engineering graduate from Brunell University of United Kingdom and has vast experience of more than 30 years of working in the HVACR Industry.

He is also on the Board of the following companies:

Lloyd Electric & Engineering Ltd., Lloyd Credits Ltd., PSL Engineering Pvt. Ltd., Regal Information Technology Pvt. Ltd., Lloyd Sales Pvt. Ltd., Airserco Pvt. Ltd., Perfect Radiators & Oil Coolers Pvt. Ltd., Lloyd Infotech (India) Pvt. Ltd., Lloyd Manufacturing Pvt. Ltd., Pt. Kanahya Lal Punj Pvt. Ltd., Punj Technology Pvt. Ltd., Lloyd Aircon Pvt. Ltd., Punj Services Pvt. Ltd., Lloyd Housing Pvt. Ltd., Punj Software Solutions Pvt. Ltd., Punj Softech Pvt. Ltd., Punj Software Technology Pvt. Ltd., Himalayan Mineral Waters Pvt. Ltd., Lloyd Developer & Infrastructures Pvt. Ltd., Lloyd Real Estates Pvt. Ltd., Lloyd Builders Pvt. Ltd.

He is also a member of the Share Transfer-cum-Investors' Grievance Committee and Sub Committee of Directors both in Fedders Lloyd Corporation Ltd. and Lloyd Electric & Engineering Ltd.

### **Memorandum of Interest of Directors**

Mr. Brij Raj Punj, himself and Mr. T.V.P. Punj, being relative of Mr. B.R. Punj is deemed interested in this resolution. None of the other directors is concerned or interested in the resolution.

The explanatory statement read with the notice may be treated as an abstract of terms of re-appointment and Memorandum of interest under Section 302 of the Companies Act, 1956.

The Board recommends the resolution to the members for their approval.



## DIRECTORS' REPORT

**Dear Shareholders,**

Your Directors have pleasure in presenting the 51<sup>st</sup> Annual Report and the audited accounts of your company for the year ended 30<sup>th</sup> June 2007.

### SUMMARISED FINANCIAL RESULTS

(Rupees in million)

Particulars	Current year 2006-07	Previous year 2005-06
Sales	3500.30	2798.66
Total Income	3484.62	2784.35
Gross profit before depreciation	234.34	149.14
Less: Depreciation	24.11	16.73
Provision for taxation including deferred tax	27.76	10.77
Profit after tax	182.47	121.64
Balance brought forward from the previous year	8.95	6.03
Less: Short provision for the proposed dividend of last year	8.00	—
Less: Short provision for tax on proposed dividend of last year	1.12	—
Profit available for appropriation	182.30	127.67
Interim Dividend	-	14.54
Tax on Interim Dividend	-	2.04
Proposed Dividend	30.77	16.61
Tax on proposed dividend	5.22	2.33
Transferred to General Reserve	140.00	83.20
Balance Carried forward to Balance Sheet	6.30	8.95

### RESULTS OF OPERATIONS

Turnover for the year has increased by 25.07 per cent from Rs. 2798.66 millions in the previous year to Rs. 3500.30 millions, registering an impressive growth. During the year, the Company has recorded a net profit of Rs. 182.47 millions as compared to Rs. 121.64 millions in the previous year, evidencing a growth of 50%.

### BUSINESS OPERATIONS

Your company is a well established name in Indian HVAC Industry which is trusted by generations. Your company is having a niche in providing customized AC solutions for institutional clients like railways, defense, telecom and other commercial clients. Continuing its growth trend, your company entered into the following business segment during the year:

#### *Entry in Retail Segment*

This year your company has forayed into consumer electronics and home appliances segment. The Company offers a wide range of products under the "Lloyd" brand with 'Crystal Wave Technology' which includes Air Conditioners, Microwave ovens, DVD players, & LCD TVs. The size of the Indian consumer durables industry in the retail sector stands at US\$ 4.5 billion. The product range offered by the Company assures perfection in design & engineering, best quality & services with latest technology and providing value for money to its valued customers.

The consumer durable Industry in India is highly competitive and has seen a proliferation of national as well international brands and product categories in recent years. To capture the ever growing and highly potential consumer durable market, your company is focusing on creating an extensive dealers and distribution network in major cities across the



country. The Company is looking forward to enter into distributorship agreement with national/international entities to explore and confine the astounding potential of the consumer durable market.

### DIVIDEND

The dividend policy of your company is based on the policy of rewarding the shareholders with cash dividend and of conserving the resources to meet out the company's investment needs for its growth plans. Keeping in view the Company's need for capital, its growth plans, its intent to finance such plans and also rewarding its shareholders, the Board of Directors has recommended a dividend of 10% on the paid up capital of the Company. If approved at the forthcoming Annual General Meeting shall be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 26<sup>th</sup> December 2007. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership furnished by Depositories viz., NSDL/CDSL for this purpose.

The Register of Members and Share Transfer Books of the Company will remain closed from 27<sup>th</sup> December 2007 to 29<sup>th</sup> December 2007 (both days inclusive).

### EQUITY SHARE CAPITAL

Consequent to exercise of conversion option by holders of 1,00,00,000 warrants belonging to promoter/non promoter group, the Company has allotted 1,00,00,000 equity shares of Rs. 10/- each at a premium of Rs. 20/- per share during the year under review. Accordingly, the paid-up capital of the Company stands increased to Rs. 30,76,97,000/-. The balance consideration of 90% of the issue price was received from the warrant holders within time period stipulated under SEBI (Disclosure & Investor Protection) Guidelines, 2000.

### FIXED DEPOSITS

During the year under review the Company has not accepted any fixed deposits from public under section 58A or 58AA of the Companies Act 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sham Sunder Kumar, Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

The Board of directors in their meeting held on 28<sup>th</sup> November, 2007 had re-appointed Mr. Brij Raj Punj as the Managing Director of the Company for a further term of five years w.e.f. 24.12.2007. The re-appointment is subject to the approval of shareholders.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of 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:

- (i) in the preparation of the annual accounts for the year under review, the applicable accounting standards had been followed.
- (ii) 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 period.
- (iii) 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.
- (iv) the directors had prepared the annual accounts on a going concern basis.

### AUDITORS

M/s Suresh C. Mathur & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from the said auditors to the effect that their appointment, if made, would be within the limits prescribed under section 224(1B) of the





Companies Act, 1956. It is accordingly proposed to appoint M/s Suresh C. Mathur & Co., Chartered Accountants as the Statutory Auditors for the year 2007-08.

The observations of the Auditors as contained in the Auditor's Report read with Notes on Accounts are self explanatory and do not call for any further clarification.

### **CORPORATE GOVERNANCE**

The Company persistently follows and implements the best of practices of corporate governance. A separate section on Corporate Governance forms part of the Annual Report. A certificate from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the Listing Agreement is also form part of the Annual Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report is given as a separate statement in the Annual Report and forms part of the Annual Report.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information relating to energy conservation, technological absorption, foreign exchange earnings and outgo required to be disclosed as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report Board of Directors) Rules, 1988 is given as annexure to this report.

### **PARTICULARS OF EMPLOYEES:**

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 and forming part of the Directors' Report is given as under:

- A. Employed for the whole year and were in receipt of remuneration which was not less than Rs. 24,00,000/- p.a. in aggregate : NIL
- B. Employed for part of the year and were in receipt of remuneration which was not less than Rs. 2,00,000/- p.m. in aggregate : NIL

### **LISTING OF SECURITIES**

At present the Equity Shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange Limited. The Annual Listing Fees for the Financial Year 2006-07 has been paid to the above stock exchanges.

### **INDUSTRIAL RELATION**

The company places a great deal of confidence on its excellent pool of Human Resources, which it realizes is the key to its future growth strategy, improved organizational productivity and performance. The Company continued its efforts to further align the HR policies, processes and initiatives and maintains cordial industrial relations.

### **ACKNOWLEDGEMENTS**

Your directors take this opportunity to take on record their sincere appreciation for the co-operation and assistance the Company has received from various Government authorities and ministries, financial institutions, bankers, suppliers and business associates. The Board also places on record its appreciation for the devoted services of the employees and for the confidence reposed and continuous patronage of its valued customers and shareholders.

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

**Place: New Delhi**  
**Date: 28.11.2007**

**Sd/-**  
**Brij Raj Punj**  
**Chairman & Managing Director**



**ANNEXURE TO THE DIRECTORS' REPORT**

Statement pursuant to section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms part of this report for the year ended 30<sup>th</sup> June, 2007.

**A. CONSERVATION OF ENERGY:**

The Company is committed to implement most efficient energy management system, prevention of energy wastage and optimum utilization of available resources. All manufacturing plants have implemented various initiatives for conservation of energy and take measures to conserve energy at all levels of operations. Constant improvements are further carried on in this year also to conserve the energy and the Company hopes to maintain the trend in future also.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

The Company continued its efforts in strengthening and upgrading the R&D facilities, thereby improving the manufacturing technology and developing the products as per customers' needs. The Company also continued to impart training to its technical staff as an ongoing process. For various steps taken towards technology absorption, adaptation and innovation, the Company has derived various benefits like development of eco friendly air conditioning systems and equipments, wider range of products, improved quality of product design and cost reduction, economical and efficient production.

**C. EXPENDITURE INCURRED FOR RESEARCH AND DEVELOPMENT.**

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

**D. FOREIGN EXCHANGE EARNING AND OUTGO:**

Foreign Exchange earned	:	Rs. 1322930.00
Foreign Exchange outgo	:	Rs. 57128.00

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Overview**

The Indian economy appears to have decidedly 'taken off' and moved from a phase of moderate growth to a new phase of high growth. The Indian Economy grew by 9.4% during the year 2006-07, simultaneously; the Indian HVAC&R industry has also grown exponentially in terms of volume, quality, state of the art, technology and eco-friendliness of its products and services. The real estate boom in India has also raised the demand for cooling and ventilation products. Simultaneously, the food producing and processing industry, and the retail sector have become more concerned of reducing spoilage, effective processes, stores, transport and display food effectively, which has also contributed to the growth of Indian HVAC Industry. The market size for air-conditioning in India is estimated to be around Rs. 7500 crores. The commercial air-conditioning market catering to corporate and commercial establishments is estimated to be around Rs. 5,000 crores.

The Company has entered into the retail segment of 'electronics items and home appliances' under the brand "Lloyd". This industry has an annual turnover of approximately Rs. 190 billions. The consumer electronic items include home entertainment products like TVs, DVD players, etc. while the home appliances include air conditioners, microwave ovens, washing machines, refrigerators, etc. The growth drivers of 'electronics items and home appliances' industry is increase in disposable income levels, increase in affordability, increase in demand for consumer goods, acceptance of these products as utility products rather than luxurious items.

**Business during the year**

Fedders Lloyd Corporation Limited is a well established name in Indian AC Industry, with strong product innovation abilities and having a niche in providing customized AC Solutions for institutional clients like railways, defense, telecom and other commercial clients like Mother dairy, BHEL, IOC, MTNL, etc. Recently, the company has ventured into retail segment of electronics and home appliances under the brand "Lloyd", which includes Air conditioners, Microwaves Ovens, DVD players and LCD TVs. The Consumer durable market is high potential market, whereby the Company endeavors to build and enhance the brand equity through its brand "Lloyd".

The Company's performance during 2006-07 reflects the improved business performance. The Company's total turnover recorded a growth of 25% and profits after tax increased by 50%, recording an impressive growth. The total turnover during the year was Rs. 3500.30 millions as against Rs. 2798.66 millions in the previous year. The net profit during the year amounted to Rs. 182.47 Millions as against Rs. 121.64 Million in the previous year.

The Company's management is committed to provide the best solutions to its customers and achieve customers' satisfaction, ensure the highest standards of Corporate Governance. The Company has sound financial practices and is managed by the efficient, transparent and highly Professional Team supported by valued engineers, technicians and project managers. The management of the Company foresees and endeavors further improvement in business practices and enhancement in Shareholders' Value in the years to come.

**Outlook**

The Company aims at achieving excellence in product quality, service, and safety and to maintain the trust and confidence of its all stake holders. The Company adopts and implements best practices and ensures transparency in all aspects of interactions and dealings. Since its inception the Company has created goodwill amongst the customers and is further taking steps towards providing best solutions to its customers. As stated earlier, the Company has recently entered into retail segment under the "Lloyd" brand; these initiatives will further help the Company to strengthen the brand value.

The company is committed to work for:-

- ❖ Customers' satisfaction by providing quality products, great services, best technology and value for money.
- ❖ Enhancement in shareholders' value through best business practices and good corporate governance.

**Risks and concerns:**

The Company is exposed to risks of market fluctuation in commodity prices, foreign exchange rates and interest rates. This volatility in Indian market is also an area of concern for the Company. The other area of concern is the inherent



nature of Company's business being the cyclic one. The Company has entered into retail segment through the products including Microwaves Ovens, DVD players, LCD TVs and Washing Machines which have a huge market potential through out the year, however the consumer industry is highly competitive and needs strong network penetration.

The other areas of risks and concerns include changes in government policies, changes in fiscal policies, domestic and international trade agreements, rise in the cost of raw materials, natural calamities, etc. Overall the Company foresees to sustain its growth level in years to come.

### **Internal Control Systems and adequacy:**

The Company has proper and adequate internal control system to ensure integrity, confidentiality and availability of information. The internal control system is well established in the organization to ensure reliability of the financial information of the Company, achieving efficiency in operations, optimum utilization of resources, safeguarding of the assets, and effective monitoring and compliance with all applicable laws. The effective Management Information System in the Company further strengthens the Internal Control System by recommending the improvements in various levels of operations and systems.

The Company has a qualified and independent Audit Committee which reviews the adequacy of Internal Control System in the Company and have the authority to investigate any matter relating to the internal control system and to review the scope of internal Audit.

### **Human Resource and Industrial Relations**

The Company places a great deal of confidence on its excellent pool of Human Resources and also appreciates the dedicated and committed performance of its employees. The Company continued its efforts to further align its HR policies, processes and initiatives. It believes in healthy work environment and maintains cordial relations with the employees.

The Company has a human capital with diverse knowledge and experience in their respective fields. The changing business environment needs that the existing skills of all personnel should be constantly upgraded to meet new business challenges; the steps in this regard have been taken by imparting training, re-training and development. The Company appreciates the contribution made by all employees in better performance during the year and ensures the recognition of meritorious performance of the employees through various measures like timely rewards, job enrichment, etc.

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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.*



## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The management of your company is committed towards good corporate governance practices and believes that it enable a company to attract and enhance financial and human capital, enhancement of shareholders' value, preserve and protect the interest of all stake holders including customers, shareholders, employees, bankers and society at large. The Company has made corporate governance a practice and maintains high standards of ethics throughout the Organization. The Company ensures transparency, accountability and professionalism in all decisions, dealings and transactions of the Company. The Company regularly reviews the Board processes and the management systems for further improvement.

### I BOARD OF DIRECTORS

#### a) Composition:

The Board of Directors of your Company comprises of an optimum combination of Executive, Non Executive and Independent Directors, which ensures the independence in functioning and decision making. All the directors are well literate and possess relevant experiences in their fields and provide their guidance and expertise from time to time.

The Board of Directors of your company comprises of five directors of which four are Non-Executive Directors and three are Independent Directors, including a Nominee Director of IFCI Ltd. The Company meets the requirements relating to composition of Board of Directors.

#### b) The details of the directors including their categories, attendance at board/ general meetings, outside directorships, committee positions held by them are given below:

Name of Director	Category	No. of other directorships in other Companies*	Committee Membership in other Companies**		No. of Board Meetings attended	Whether attended Last AGM
			Member	Chairman		
Mr. Brij Raj Punj	Executive Chairman & Managing Director	2	2	—	5	Yes
Mr. T.V.P. Punj	Non-Executive Non-Independent	—	1	—	3#	No
Mr. K.Lall	Independent Non-Executive	4	4	3	6	Yes
Mr. S.S. Kumar	Independent Non-Executive	2	2	—	5	No
Mr. Sanjay Behari	Independent Non-Executive (Nominee- IFCI Ltd.)	2	1	—	4	No

\*Other Directorships do not include those of private limited companies.

\*\* Includes only Audit Committee and Investors'/Shareholders' Grievance Committee.

# Being out of India.

#### c) Board Meetings

During the year under review, the Board of Directors of the Company duly met six times on 31<sup>st</sup> July, 2006, 16<sup>th</sup> October, 2006, 28<sup>th</sup> November, 2006, 2<sup>nd</sup> January, 2007, 24<sup>th</sup> January, 2007 and 28<sup>th</sup> April, 2007.

The gap between the two Board Meetings did not exceed four months.


**d) Directors' Remuneration**

The details of remuneration paid to the Directors during the year from 01.07.2006 to 30.06.2007 are as under:

<b>Name</b>	<b>Gross Remuneration*(Rs.)</b>	<b>Sitting fees(Rs.)</b>	<b>Total(Rs.)</b>
Mr. Brij Raj Punj	7,23,500	-	7,23,500
Mr. T. V. P. Punj	-	15,000	15,000
Mr. K. Lall	-	27,000	27,000
Mr. S. S. Kumar	-	25,000	25,000
Mr. Sanjay Behari-Nominee IFCI Ltd**	-	17,000	17,000

\* Gross remuneration includes salary, bonus and perquisites.

\*\* Paid to the institutions which the nominee director represents.

**e) Code of Conduct for Board Members and Senior Management Personnel**

The Company has adopted a code of conduct for members of the Board and Senior Management. All the Board Members and senior management personnel have affirmed the compliance with the code of conduct. The full text of the code of conduct has been posted on the Company's website ([www.fedderslloyd.com](http://www.fedderslloyd.com)).

The declaration regarding compliance with code of conduct as required under Clause 49 of the Listing Agreement with Stock Exchanges is appended to this report.

**II BOARD COMMITTEES**
**AUDIT COMMITTEE**
**a) Composition and Attendance**

The Audit Committee of the Company comprises of three members, all of whom are non-executive and majority of them being independent. The Chairman of the Committee is Mr. K. Lall, a non executive independent director who was also present in the last Annual General Meeting of the Company held on 30<sup>th</sup> December, 2006. All members of the Audit Committee are financially literate and have relevant finance exposure and experience. The Committee met five times during the year ended 30<sup>th</sup> June, 2007 on July 29, 2006, October 14, 2006, November 28, 2006, January 24, 2007 and April 28, 2007.

The composition of the Audit Committee and their attendance at the meeting is as follows:

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of meetings attended</b>
Mr. K. Lall	Chairman	5
Mr. S.S. Kumar	Member	3
Mr. T.V.P. Punj	Member	2

The Company Secretary acts as the secretary of the Audit Committee.

**b) Terms of Reference**

The role, power and terms of the reference of the Audit Committee of the Company are as per the guidelines set out in clause 49 of the listing agreement with the stock exchanges and in line with Section 292A of the Companies Act, 1956. The broad terms of reference include the following:

- i. Oversight of the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Reviewing with management, the annual, quarterly financial statements before submission to the Board for approval, focusing primarily on;
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.



- Disclosure of any related party transactions.
- Internal audit functions and adequacy of internal control systems.

iii. Reviewing the Company's financial and risk management policies.

## REMUNERATION COMMITTEE

### A Composition and Attendance

The Remuneration Committee of the Board of Directors of the Company comprises of three members all of whom are Non-Executive and out of which two are independent directors. The composition of the remuneration committee as on 30<sup>th</sup> June, 2007 and their attendance at the meeting held during the year is as under:

Name of the Member	Designation	No. of meetings attended
Mr. K. Lall	Chairman	2
Mr. S.S. Kumar	Member	1
Mr. T.V.P. Punj	Member	1

### B Terms of Reference

The terms of reference of the Remuneration committee include review, determination, increase and approval of remuneration payable to Executive Directors based on certain criteria such as company's policy, industry trends, responsibility shouldered, performance and achievements of the concerned managerial person. The Remuneration Committee meetings are conducted as and when required and the recommendation of the remuneration committee is placed before the Board for its approval.

## SHARE TRANSFER-CUM -INVESTORS' GRIEVANCE COMMITTEE

The Share Transfer-cum-Investors' Grievance Committee looks into the redresal of shareholders' and Investors complaints, compliance of dividend payments and ensures expeditious share transfers and other allied matters.

The Company Secretary acts as Compliance Officer for the purpose of Clause 47 of the Listing Agreements. The Committee meets every three times a month and during the year 36 meetings were held.

### Composition

The committee comprises of the following three(3) members:

Name of Members	Category/Position
Mr. K.Lall	Chairman, Independent and Non-Executive
Mr. S.S. Kumar	Member, Independent and Non-Executive
Mr. Brij Raj Punj	Member, Executive and Non- Independent

During the year under review the company received 40 complaints from the investors pertaining to non receipt of dividend warrants, Annual Reports, etc., and all were resolved. The complaints were duly attended by the Company. As on 30<sup>th</sup> June, 2007 no investor complaint is pending.

## SUB-COMMITTEE OF DIRECTORS

In addition to the above committees, the Board has constituted a sub-committee of Board of Directors for taking the decisions of routine nature. The Committee consists of Mr. Brij Raj Punj, Chairman & Managing Director, Mr. S.S. Kumar-Independent Non-Executive Director, and Mr. K. Lall- Independent Non-Executive Director. The sub-committee of the Board of Directors meets at the regular intervals to facilitate and support the regular functioning of the Company.

## III DISCLOSURES

- i) During the year under review, besides the transactions reported in Notes to Accounts, there were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Promoters, Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the company at large.
- ii) There were no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any other statutory authority for non-compliance of any matter related to capital markets during the last three years.
- iii) In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.



- iv) The Company has formulated risk management in its procedures itself. It regularly analysis the risks and takes corrective action for managing/mitigating the same.
- v) During the year under review, there was no fresh issue including any public issue/right issue/preferential issue. However, the Company has allotted 1,00,00,000 equity shares of Rs. 10/- each at a premium of Rs. 20/- per share consequent to exercise of conversion option by holders of 1,00,00,000 warrants. The balance consideration of 90% of the issue price was received from the warrant holders before exercising of the conversion option within stipulated time period as per SEBI (Disclosure & Investor Protection) Guidelines, 2000. These shares were listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).
- vi) The Company has complied with the mandatory requirements of clause 49 of the Listing Agreement and Non-mandatory requirements to the extent of constitution of a remuneration committee has also been adopted by the company.

## IV. MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders No.	Company is publishing the results in One National & Regional newspapers.
Quarterly results are normally published in	Quarterly Results are published in Pioneer and Rashtriya Sahara and also published in Economic Times (Mumbai & Pune edition).
Any web-site, where displayed	Results are sent to all the Stock Exchanges where the shares of the Company are listed, for uploading on their own web site.
Whether it also displays official news releases and the presentations made to Institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis report is a part of Annual Report or Not	Yes

As per clause 51 of the Listing Agreement, the data related to quarterly financial results, shareholding pattern, annual report, etc., are uploaded on the SEBI's EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) within the timeframe prescribed in this regard.

## V. GENERAL SHAREHOLDERS' INFORMATION

### Annual General Meeting

Date	29 <sup>th</sup> December 2007
Time	9.00 A.M.
Venue	Regd. Office at C – 4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P.

### Financial Calendar (Tentative)

Financial Reporting for the first quarter ending September 30, 2007	27 <sup>th</sup> October, 2007 (actual)
Financial Reporting for the second quarter ending December 31, 2007	Before the end of January 2008
Financial Reporting for the third quarter ending March 31, 2008	Before the end of April 2008
Financial Reporting for the fourth quarter ending June 30, 2008	Before the end of July 2008
Financial Reporting for the year ending June 30, 2008	Before the end of November 2008
Annual General meeting for the year ended June 30, 2008	Before the end of December 2008

### Dividend Payment Date

Subject to the approval of shareholders in the ensuing Annual General Meeting, the Board of Directors of your company has recommended the dividend @ 10% on the paid up share capital of the Company. Once approved in the ensuing Annual General Meeting, the dividend shall be paid within 30 days of its declaration.



**Dates of Book Closure**

Thursday, the 27<sup>th</sup> December 2007 to Saturday 29<sup>th</sup> December 2007 (both days inclusive).

**Unclaimed Dividend**

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) to M/s Skyline Financial Services Pvt. Ltd, RTA or to the company confirming non-encashment/non-receipt of dividend warrant(s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect of the same:

Financial Year	Date of declaration	Due date for transfer
2005-06 (Interim)	February 10, 2006	February 2013
2005-06 (Final)	December 30, 2006	December 2013

**Details of General Meetings**

Year	Type	Date, time and venue	Special Resolution passed thereat
2007	EGM	3 <sup>rd</sup> February, 2007 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	Increase in investment limit of Foreign Institutional Investors including their sub-accounts to 74% of the paid-up share capital of the Company.
2006	AGM	30 <sup>th</sup> December, 2006 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	NIL
2006	EGM	15 <sup>th</sup> November, 2006 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	Approval u/s 81(1A) of the Companies Act, 1956, for the issue of FCCBs/GDRs/ADRs and other securities.
2006	EGM	16 <sup>th</sup> June 2006 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	-Alteration of Articles of Association of the company.-Approval u/s 81(1A) of the Companies Act, 1956, for the issue of FCCBs/GDRs/ADRs and other securities.
2005	AGM	30 <sup>th</sup> December 2005 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	NIL
2004	AGM	30 <sup>th</sup> December 2004 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	NIL

**Listing on Stock Exchanges**

The Equity Shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE).

The Listing Fees for the year 2007-08 have been paid to both the stock exchanges where the company is listed.

**Stock Code/ Symbol**

**BSE** : **500139**  
**NSE** : **FEDDERLOYD**  
**ISIN NO.** : **INE249C01011**

**Market Price Data**

Monthly high & low of the equity shares of the Company for the year ending 30<sup>th</sup> June 2007 are as follows:



Month	BSE	
	High	Low
July, 2006	141.75	92.30
August, 2006	135.60	103.10
September, 2006	123.25	102.00
October, 2006	130.30	107.40
November, 2006	145.00	109.25
December, 2006	140.80	102.25
January, 2007	159.50	122.35
February, 2007	144.50	111.30
March, 2007	130.75	105.60
April, 2007	128.00	115.10
May, 2007	155.00	116.00
June, 2007	165.00	137.00

### Share Transfer System

The Company's equity shares are compulsorily traded in demat mode at the stock exchanges.

Shares in physical form lodged for transfer are processed by Share Transfer Agents of the company namely, M/s. Skyline Financial Services Private Limited. Shares lodged for transfers/ transmissions are registered and returned within stipulated time period.

### Distribution of Shareholding as on 30<sup>th</sup> June 2007 is as follows:

Range of Shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Up to 500	15592	94.98%	1996838	6.49%
501-1000	421	2.56%	353097	1.15%
1001-2000	178	1.08%	270375	0.88%
2001-3000	69	0.42%	177855	0.58%
3001-4000	25	0.15	92359	0.30%
4001-5000	24	0.15%	114774	0.37%
5001-10000	43	0.26%	332220	1.08%
10001 and above	64	0.39%	27432182	89.15%
<b>Total</b>	<b>16416</b>	<b>100.00%</b>	<b>20769700</b>	<b>100.00%</b>

### Shareholding Pattern as on June 30, 2007

Category	No. of shares	Percentage
<b>Promoter and Promoter Group</b>		
a. Individual/HUF	3338453	10.85
b. Bodies Corporate	7990800	25.97
<b>Public Shareholding</b>		
<u>Institutions</u>		
a. Mutual Funds/UTI	109437	0.35
b. Financial Institutions/ Banks	116009	0.38
c. Foreign Institutional Investors	7359597	23.92
<u>Non-Institutions</u>		
a. Bodies Corporate	8499060	27.62
b. Individual Shareholders holding nominal		



share capital up to Rs. 1 Lakh.	2726575	8.86
c. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh.	202121	0.66
d. Other	427648	1.39
<b>Total</b>	<b>30769700</b>	<b>100</b>

**Dematerialisation of shares and liquidity**

As on 30<sup>th</sup> June 2007, 1,54,94,966 Equity Shares, constituting 50.36% of the paid up Equity Share Capital of the Company were held in dematerialized mode in NSDL & CDSL.

**Plant Locations**

The Company's plants are located at:

1. C-4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P. 201305
2. Saketi Road, Industrial Area, Kala Amb, Tehsil Nahan, Distt. Sirmor, Himachal Pradesh.

**Address of the Registrar & Share Transfer Agent**

Skyline Financial Services Private Limited  
246, 1<sup>st</sup> Floor,  
Sant Nagar,  
Main Escon Temple Road  
East of Kailash,  
New Delhi 110065  
Telephone: (011) 26292682/83,  
Facsimile: (011) 26292681  
Email: admin@skylinerta.com

**Address of Correspondence**

Fedders Lloyd Corporation Limited  
159, OKhla Industrial Estate,  
Phase-III,  
New Delhi 110 020  
Phone: (011) 41609457, 58, 59,  
Fax: (011) 41609909

The Company has designated an email id exclusively for the shareholders and investors. They may communicate their queries/grievances through the email id- [investor.relations@fedderslloyd.com](mailto:investor.relations@fedderslloyd.com).

**Certification by the Auditors**

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.



**CEO/CFO CERTIFICATION**

The Board of Directors  
Fedders Lloyd Corporation Limited  
New Delhi

**Sub: CEO/CFO Certification**

We hereby certify that for the financial year 2006-07 we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

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 2006-2007 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - there have been no significant changes in internal control during this year.
  - There have been no significant changes in accounting policies during the year
  - There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

**Sd/-**  
**A.A. Siddiqui**  
**GM (Finance)**

**Sd/-**  
**Brij Raj Punj**  
**Chairman & Managing Director**

**Place: New Delhi**  
**Dated: 28<sup>th</sup> November 2007**

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**DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT  
REGARDING ADHERENCE TO THE CODE OF CONDUCT**

I hereby declare that the Board of Directors has laid down the Code of Conduct for its Board Members and Senior Management Personnel of the Company and the Board Members and Senior Management personnel have affirmed compliance with the said code of conduct.

**Sd/-**  
**Brij Raj Punj**  
**Chairman & Managing Director**

**Place: New Delhi**  
**Dated: 28<sup>th</sup> November 2007**



**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members  
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, 2007 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**

**Sd/-  
Brijesh C. Mathur  
Partner**

**Place: New Delhi  
Date : 28<sup>th</sup> November 2007**

**AUDITOR'S REPORT**

Members,  
Fedders Lloyd Corporation Ltd.

We have audited the attached Balance Sheet of **FEDDERS LLOYD CORPORATION LIMITED** as at 30<sup>th</sup> June 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in the Paragraph 2 above 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) No provision is made for the value of unutilized leave which is due to the employees at the end of the year and is considered for the payment on the actual at the discretion of the management;
  - d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - f) On the basis of written representations received from the directors, as on 30<sup>th</sup> June, 2007, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30<sup>th</sup> June, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule "N" and notes appearing thereon give the information required by the Companies Act, 1956, in the manner so required and give a 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 30<sup>th</sup> June, 2007;
    - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

**Place: New Delhi**  
**Dated: 28.11.2007**

**Sd/-**  
**BRIJESH C. MATHUR**  
**Partner**

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2007 OF FEDDERS LLOYD CORPORATION LIMITED**

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 have 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 The fixed assets disposed off during the year were not substantial. According to the information and explanation given to us; we are of the 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 taken/given loans, secured or unsecured from/to Companies, firms, or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure 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, there are no 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. The Company has not accepted any deposits from the public therefore the provision of Section 58A and 58AA of the Companies Act, 1956 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, and the records of the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Fringe Benefit-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 of the 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 debentureholders.
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 Company has not given any guarantees for loan taken by others from bank or financial institution.
16. In our opinion and according to the information and explanations given to us, on all over basis, the term loans have been applied for the purposes for which they were obtained.
17. 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.
18. 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.
19. The Company has not raised any moneys by way of issue of debentures.
20. The Company has not raised any money during the year way of public issue.
21. During the year, the Company had allotted 1,00,00,000 equity shares of Rs.10/- each at a premium of Rs.20/- per share consequent to the conversion of warrants issued on preferential basis during the financial year 2005-06. Accordingly, the paid up equity share capital of the company has increased by Rs.10,00,00,000/- during the year under review and the share premium A/C has increased by Rs.20,00,00,000/-.
22. 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**

**Place: New Delhi**  
**Dated: 28.11.2007**

**Sd/-**  
**BRIJESH C. MATHUR**  
**Partner**



# FEDDERS LLOYD CORPORATION LIMITED

## BALANCE SHEET AS AT 30TH JUNE, 2007

PARTICULARS	SCHEDULE		This Year 2007(Rs.)		Previous Year 2006 (Rs.)
<b>SOURCE OF FUNDS:</b>					
<b>A. Shareholders' Funds:</b>					
Share Capital	A	307697000.00		207697000	
Reserves and surplus	B	<u>977089840.22</u>	1284786840.22	<u>672150342</u>	879847342
<b>B. Loan Funds</b>					
Secured Loans	C		694042657.50		619152974
C. Deferred Tax Liabilities			17049042.00		13506042
<b>Total</b>			<b><u>1995878539.72</u></b>		<b><u>1512506358</u></b>
<b>APPLICATION OF FUNDS:</b>					
<b>A. Fixed assets:</b>	D				
Gross Block		875204393.86		599290650	
Less Depreciation		<u>305611308.32</u>	569593085.54	<u>279357875</u>	319932776
<b>B. Investment (At Cost)</b>	E		3204000.00		3204000
<b>C. Current Assets</b>					
Loans and Advances:	F				
Inventories		630048813.86		450648530	
Sundry Debtors		634251143.62		499746055	
Cash and Bank Balance		31493542.54		5517299	
Loans and Advances		<u>428314337.91</u>		<u>382030587</u>	
		1724107837.93		1337942471	
Less: Current Liabilities and Provisions	G	<u>318529883.75</u>	1405577954.18	<u>166076388</u>	1171866083
Miscellaneous Expenditure (To the Extent not written off)	H		17503500.00		17503500
<b>Total</b>			<b><u>1995878539.72</u></b>		<b><u>1512506358</u></b>
Notes to Accounts	N				

Schedules A to N form integral part of the accounts and are duly authenticated.

As per our Report of even date attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
for Fedders Lloyd Corporation Limited

Sd/-  
Brijesh C.Mathur  
Partner

Sd/-  
A.A.Siddiqui  
G.M.Finance

Sd/-  
Purnima Sharma  
Company Secretary

Sd/-  
K. Lall  
Director

Sd/-  
Brij Raj Punj  
Chairman & Managing Director

Place: New Delhi  
Date: 28.11.2007



# FEDDERS LLOYD CORPORATION LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2007

PARTICULARS	SCHEDULE		This Year 2007(Rs.)	Previous Year 2006 (Rs.)
<b>INCOME</b>				
<b>Sales</b>	I	3500309626.00		2798664913
Less Excise Duty		16804399	3483505227.00	15494320
Other Income	J		1112895.00	1176434
<b>Total</b>			<b>3484618122.00</b>	<b>2784347027</b>
<b>EXPENDITURE</b>				
Cost of Goods Consumed	K	3231857957.53		2564579007
Increase &/Decrease in finished stock		-135548690.67	3096309266.86	-27265261
Manufacturing Expenses	L	25147126.49		17711908
Administrative and Selling Expenses	M	69777171.79	94924298.28	46086000
Interest(Net)			59040674.81	63797908
Preliminary Expenses written off				34043710
Depreciation		26524548.25		52596
Less: Re-valuation Reserve W/Back		2411694.82	24112853.43	19782372
Profit Before Taxation c/d			210231028.62	3056253
<b>Total</b>			<b>3484618122.00</b>	<b>2784347027</b>
Profit Before Taxation b/d			210231028.62	132412949
Provision for Current Tax		23600000.00		8000000
Provision for Deferred Tax for the year		3543000.00		2190000
Fringe Benefit Tax		617365.00	27760365.00	577587
<b>Profit After Taxation</b>			<b>182470663.62</b>	<b>121645362</b>
Profit b/f from last year			8952365.72	6030979
			<b>191423029.34</b>	<b>127676341</b>
Less : Short provision for the Proposed Dividend of last year			8000000.00	0.00
Less : Short prov. for the Tax on Proposed Dividend of last yr.			1122000.00	0.00
Balance available for appropriation			<b>182301029.34</b>	<b>127676341</b>
<b>APPROPRIATION FROM PROFIT</b>				
Interim Dividend			0.00	14538790
Tax on interim Dividend			0.00	2039066
Proposed Dividend			30769700.00	16615760
Tax on Proposed Dividend			5227772.00	2330360
			146303557.34	92152365
Transferred to General Reserve			140000000.00	83200000
Balance Carried over			<b>6303557.34</b>	<b>8952365</b>
<u>Earning per equity share</u>				
Basic ( in Rs.)			5.93	5.86
Diluted (in Rs.)			5.93	5.86
<b>As per our Report of even date attached</b>			<b>On Behalf of the Board of Directors</b>	
<b>For Suresh C. Mathur &amp; Co.</b>			<b>for Fedders Lloyd Corporation Limited</b>	
<b>Chartered Accountants</b>				

Sd/-  
Brijesh C.Mathur  
Partner  
Place: New Delhi  
Date: 28.11.2007

Sd/-  
A.A.Siddiqui  
G.M.Finance

Sd/-  
Purnima Sharma  
Company Secretary

Sd/-  
K. Lall  
Director

Sd/-  
Brij Raj Punj  
Chairman & Managing Director



# FEDDERS LLOYD CORPORATION LIMITED

## SCHEDULE Forming part of the Balance Sheet as at 30TH JUNE,2007

PARTICULARS	This Year 2007(Rs.)	Previous Year 2006 (Rs.)
<b>SCHEDULE-'A'</b>		
<b>SHARE CAPITAL:</b>		
<b>A. Authorised Capital :</b>		
5,00,00,000 equity shares of Rs.10/- each	500000000.00	500000000
	<u>500000000.00</u>	<u>500000000</u>
<b>B. Issued ,Subscribed and paid up Capital:</b>		
* 3,07,69,700 Equity Shares of Rs.10/-each fully paid up	307697000.00	207697000
( Previous year 20769700 equity shares of Rs. 10/- each fully paid up)		
<b>Total</b>	<u>307697000.00</u>	<u>207697000</u>
<b>Notes:</b> a) During the period 10,000,000 Equity Shares of Rs. 10/- each fully paid up were issued to the promoter/ non-promoter company at a premium of Rs. 20/- per share upon exercising the option of conversion of 10,000,000 Preferential Convertible Warrants into Equity Shares.		
b) Include 470000 equity shares of Rs. 10/- each allotted as fully paid up by way of bonus shares by capitalisation of General Reserves.		
c) Includes 79900 Zero Interest fully convertible debentures of Rs. 1000/- each have been converted on 26-08-1996 into 7990000 equity shares of Rs. 10/- each fully paid up.		
<b>SCHEDULE 'B'</b>		
<b>RESERVES &amp; SURPLUS:</b>		
<b>a. CAPITAL RESERVE :</b>		
REVALUATION RESERVE		
(Not available for Dividend)		
Office Premises	12740045.00	12740045
Factory Land & Building	108528475.32	111584728
	121268520.32	124324773
Less:Amount Utilised to set-off Dep.	2411694.82	3056253
	118856825.50	121268520
<b>b. SECURITIES PREMIUM A/C.</b>		
Balance as per Last year	56398500.00	
Add: Premium received on conversion of preferential convertible warrants	200000000.00	56398500
	256398500.00	
<b>c. Money Received on issue of warrants</b>	0.00	30000000
<b>C. GENERAL RESERVES:</b>		
Balance as per last year.	455530957.38	372330957
Add: Transferred from P&L Appropriation	140000000.00	83200000
	595530957.38	455530957
<b>D. Balance as per Profit and Loss Appropriation Account.</b>	6303557.34	8952365
<b>Total</b>	<u>977089840.22</u>	<u>672150342</u>



SCHEDULE 'D':FIXED ASSETS Forming part of the Balance Sheet as at 30th June,2007

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost as at 01-07-2006	Additions	Sale/ Transfer	Total (Rs.)	Upto last year	During the year	Adjustment	Total (Rs.)	W.D.V.as at 30-06-2007	W.D.V.as at 30-06-2006
Land	150736176.60			150736176.60	—	—	—	—	150736176.60	150736176.60
Building-Factory	104342960.14	22233144.00		126576104.1	56740606.56	5303225.62	—	62043832.18	64532271.96	47602353.58
Office Premises	24048545.00			24048545.00	13194280.46	542713.22	—	13736993.68	10311551.32	10854264.54
Furniture & Fixture	3558320.79	445283.00		4003603.79	2819915.38	176871.08	—	2996786.46	1006817.33	738405.41
Plant & Machinery	148901466.24	78943982.00		227845448.24	108099132.86	11473367.00	—	117572498.86	110272948.38	42802333.38
Dies	107388804.56	64168067.00		171536871.56	75168624.25	6707011.25	—	81875635.50	89661236.06	32200180.31
Generator	2345970.44			2345970.44	1867295.30	66583.69	—	1933878.99	412091.45	478675.14
Gas Cylinder	86229.00			86229.00	86222.65	0.88	—	86223.53	5.47	6.35
Computer	10023854.28	4305316.88		14329171.16	9155548.96	815103.10	—	9970652.06	4358519.10	868305.32
Duplicating Machine	3088.62			3088.62	3086.85	0.24	—	3087.09	1.53	1.77
Typewriters	88898.96			88898.96	84286.48	641.59	—	84928.07	3970.89	4612.48
Office Equipments	2870145.45	451639.00		3321784.45	2118457.37	143150.93	—	2261608.30	1060176.15	751688.08
Electric Equipments	2013616.57			2013616.57	1614315.54	55584.49	—	1669900.03	343716.54	399301.03
Canteen Equipments	309655.77			309655.77	309495.79	23.07	—	309518.86	136.91	159.98
Air-conditioners	2516479.87			2516479.87	2169626.86	48245.96	—	2217872.82	298607.05	346853.01
Refrigerators	258422.66			258422.66	244747.51	1902.15	—	246649.66	11773.00	13675.15
Fan	580464.60			580464.60	433562.13	20434.08	—	453996.21	126468.39	146902.47
Motor Car	7345119.94	2163249.00	309616.00	9198752.94	4765452.91	1063226.94	271114.65	5557565.20	3641187.74	2579667.03
Jeep	55039.00			55039.00	55008.69	7.84	—	55016.53	22.47	30.31
Scooter & Motor Cycle	47991.78			47991.78	18830.47	7549.86	—	26380.33	21611.45	29161.31
Cycles	9962.00	2808.00		12770.00	9623.90	246.84	—	9870.74	2899.26	338.10
Fork Lifter	559305.00			559305.00	521249.45	5293.44	—	526542.89	32762.11	38055.55
Tools	2252059.89	71381.00		2323440.89	1747823.03	89016.62	—	1836839.65	486601.24	504236.86
Flat	152423.15			152423.15	130681.32	4348.36	—	135029.68	17393.47	21741.83
Total Rs.	570475000.31	172784869.88	309616.00	742950254.19	279357874.72 #	26524548.25 #	271114.65	305611308.32	437338945.87	291117125.59
Capital Work In Progress	28815650.00	103438489.67		132254139.67					132254139.67	28815650.00
Total Rs.	599290650.31	276223359.55	309616.00	875204393.86	279357874.72#	26524548.25	271114.65	305611308.32	569593085.54	319932775.59
Previous Year Rs.	542308766.96	59038075.57	2056192.22	599290650.31	261304306.76 #	19782371.96 #	1728804.00	279357874.72	319932775.59	281004460.20

Total Depreciation during the year :-  
Less:Revaluation Reserve W/Back to the extent of Dep.on addition on A/C of Revaluation :-  
Depreciation Charged to P&L A/C :-

26524548.25  
2411694.82  
24112853.43



# FEDDERS LLOYD CORPORATION LIMITED

## SCHEDULE Forming part of the Balance Sheet as at 30TH JUNE,2007

PARTICULARS	This Year 2007(Rs.)	Previous Year 2006 (Rs.)
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
From Scheduled Banks:	671469390.86	575272715
From Financial Institutions	21320000.00	42640000
(Working capital loans are secured by way of Hypothecation of whole of Current Assets and Second charge on Fixed Assets of the company and Term Loans are Secured by mortgage of all existing and future Fixed Assets of the company)		
Interest accrued but not due	1253266.64	1240259
<b>Total</b>	<b><u>694042657.50</u></b>	<b><u>619152974</u></b>

## SCHEDULE -'E': PARTICULARS

### INVESTMENT (AT COST)

#### I) QUOTED

100 Equity Shares of Lloyd Electric & Engineering Ltd. of Rs.10/-each at a premium of Rs.5/- per share.	1500.00	1500
Market Value (Rs.181.35 per share)		

375 Equity Shares of M/s State Bank of Bikanar & Jaipur of Rs.100 each fully paid up at a premium of Rs.440/-per share.	202500.00	202500
Market Value (Rs.4546.60/- per share)		

#### II) UNQUOTED

(Market value not known)		
3,00,000 Equity shares of M/s.Lloyd Credits Ltd. of Rs. 10/- each.	3000000.00	3000000
<b>Total</b>	<b><u>3204000.00</u></b>	<b><u>3204000</u></b>

## SCHEDULE-'F' PARTICULARS

### A. CURRENT ASSETS:

i)Inventories (As Certified by the Directors)			
A. Stock in hand:At cost net of modvate			
Raw material	180893536.09	174586375	
Finished	242505096.43	127438028	
B. Work in progress	111550041.90	73590182	
Semi Finished Goods	<u>93619658.00</u>	<u>73138036</u>	
	628568332.42	448752621	
Stock at Warehouse	<u>1480481.44</u>	<u>1895909</u>	450648530
ii) Sundry Debtors (Unsecured but considered good by the management)			
More than six months	211709168.18	160546134	
Others	<u>422541975.44</u>	<u>339199921</u>	499746055



# FEDDERS LLOYD CORPORATION LIMITED

## SCHEDULE Forming part of the Balance Sheet as at 30TH JUNE,2007

PARTICULARS		This Year 2007(Rs.)	Previous Year 2006 (Rs.)
<b>B. CASH &amp; BANK BALANCE:</b>			
Cash in hand	7512839.86		656472
Balance with Scheduled Banks			
i) in current a/c	836718.52		4602227
ii) in Mrgin Money	23141000.00		-
iii) in Fixed Deposit	2984.16	31493542.54	258600
			5517299
<b>C. LOANS AND ADVANCES:</b>			
(Unsecured-considered good)			
Earnest money and			
Security Deposit	17742777.75		15802570
Staff and other Advances	2613399.13		3220100
Advance for goods and expenses to be recovered in cash or in kind or for value to be received	401270841.08		359349045
Balances in Exice PLA & PCA A/C	1068624.21		551215
Advance Income Tax and T.D.S	5618695.74	428314337.91	3107657
			382030587
<b>Total</b>		<b>1724107837.93</b>	<b>1337942471</b>

### SCHEDULE-‘G’

#### CURRENT LIABILITIES AND PROVISIONS:

##### A. CURRENT LIABILITIES

Sundry Creditors			
for goods and expenses	205242404.94		119464680
Unclaimed Dividend	1292045.00		
Other Liabilities	12467601.81		7281348
<b>Sub.Total</b>	<b>219002051.75</b>		<b>126746028</b>

##### B. PROVISIONS

For Taxation	62930360.00		
For Fringe Benefit Tax	600000.00		
For Proposed Dividend	30769700.00		
For Tax on Proposed Dividend	5227772.00	99527832.00	39330360
<b>Total</b>	<b>318529883.75</b>		<b>166076388</b>

### SCHEDULE-‘H’

#### MISCELLANEOUS EXPENDITURE:

(To the Extent not written off)

Deferred Revenue		17503500.00	17503500
<b>Total</b>		<b>17503500.00</b>	<b>17503500</b>





# FEDDERS LLOYD CORPORATION LIMITED

## SCHEDULE Forming part of the Profit & Loss A/C for the year ended 30TH JUNE,2007

PARTICULARS	This Year 2007(Rs.)		Previous Year 2006 (Rs.)	
<b>SCHEDULE-‘I’</b>				
<b>SALES:</b>				
(Including Export Sale Rs.1322930/- )				
Air-conditioners,Project,Components,				
Proccessed Sheets and appliances	3431792818.38		2771447503	
Miscellaneous Sales	1592034.28		936194	
Works Contract Receipt	66924773.34		26281217	
<b>Total</b>	<b><u>3500309626.00</u></b>		<b><u>2798664913</u></b>	
<b>SCHEDULE-‘J’</b>				
<b>OTHER INCOME:</b>				
Other Income	1112795.00		1105370	
Dividend (Gross)	100.00		24475	
Insurance Claim	0.00		46589	
<b>Total</b>	<b><u>1112895.00</u></b>		<b><u>1176434</u></b>	
<b>SCHEDULE-‘K’</b>				
<b>COST OF GOODS CONSUMED:</b>				
<b>OPENING STOCK</b>				
Stores, Spares				
& Raw Materials.	174586374.60		144880537	
Work in Progress	<u>73590182.36</u>	248176556.96	<u>44630784</u>	189511321
ADD:Purchases of				
Stores,Spare part,Raw				
Material and Expenses(Net)	<u>3276124978.56</u>	<u>3276124978.56</u>		<u>2623244243</u>
		<u>3524301535.52</u>		<u>2812755564</u>
Less:Closing Stock				
(Valued at cost or net realiseable value whichever				
is less as Certified by the Directors)				
Stores Spares &				
Raw Materials	180893536.09		174586375	
Work-in-progress	<u>111550041.90</u>	<u>292443577.99</u>	<u>73590182</u>	<u>248176557</u>
Total (A)		<u>3231857957.53</u>		<u>2564579007</u>
(Increase)Decrease in Finished Stock				
(Valued at Cost or net realiseable value whichever				
is less as certified by the Directors)				
Opening Stock				
Air-conditioners	127137275.76		108154181	
Refrigerators	300752.00		300752	
Semifinished	<u>73138036.00</u>	200576063.76	<u>64855870</u>	173310803
Closing Stock				
(Valued at Cost or net realiseable value whichever				
is less as certified by the Directors)				
Air-conditioners	186436955.43		127137276	
Refrigerators.	300752.00		300752	
Appliances	55767389.00			
Semi Finished Goods	<u>93619658.00</u>	<u>336124754.43</u>	<u>73138036</u>	<u>200576064</u>
Total(B):- (Increase)/Decrease		<u>-135548690.67</u>		<u>-27265261</u>
<b>Grand Total(A+B) :-</b>		<b><u>3096309266.86</u></b>		<b><u>2537313746</u></b>



# FEDDERS LLOYD CORPORATION LIMITED

## SCHEDULE Forming part of the Profit & Loss A/C for the year ended 30TH JUNE,2007

PARTICULARS	This Year 2007(Rs.)	Previous Year 2006 (Rs.)
<b>SCHEDULE-'L'</b>		
<b>MANUFACTURING EXPENSES:</b>		
Labour,Wages & Perquisites	13887118.99	9823269
Repairs to Plant & Machinery	24859.00	9307
Provident Fund Contribution	2458704.00	1699199
Employees State Insurance	527103.30	473801
Staff Amenities	1536210.10	1350847
Bonus	53300.00	50109
Factory Licence Fee	9200.00	15400
Power & Fuel and Other Mfg. Expenses	6650631.10	4289976
<b>Total</b>	<b>25147126.49</b>	<b>17711908</b>

<b>SCHEDULE-'M'</b>			
<b>ADMINISTRATIVE AND SELLING EXPENSES:</b>			
Staff Salaries	21217165.83		14048282
Bonus	485565.48		435433
Remuneration to Directors	720000.00		720000
Rent	5445695.00		764773
Travelling (including Rs.			
Directors last year Rs.NIL)	5087218.29		4631424
Advertisement	7651784.00		202314
Printing and Stationery	1636275.61		1105864
Legal and Consultant Fee	6643449.60		5906813
Audit Fee	270000.00	230000	
Tax Audit Fee	30000.00	20000	
Service Tax	37080.00	30600	280600
Postage,Telegram & Telephone	2732617.95		2567706
Directors Sitting Fees	84000.00		34000
Gratuity	276222.16		163804
General Charges	465499.05		1042886
Sales Promotion	4167118.34		4739683
Bank Charges	5059519.64		3945244
Motor Car Expenses	1002287.00		1074212
Subscription	209849.00		106881
Conveyance	3042137.26		2386319
Newspapers and Periodicals	52158.00		32207
Sales Tax Paid	1263151.00		254877
Loss on sale of assets	13501.00		7388
Licence Fee			55824
Computer Expenses	370213.50		381440
Works Contract Tax Paid	140153.00		
Research and Development	1674511.08		1198026
<b>Total</b>	<b>69777171.79</b>		<b>46086000</b>

**SCHEDULE: N' Notes to accounts for the year ended 30th June 2007****I. SIGNIFICANT ACCOUNTING POLICIES****A. Basis of preparation of financial statements**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.
- b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

**B. BASIS OF ACCOUNTING**

- a) All income and expenditure are recognised on accrual basis.
- b) The sales is recognised on the despatch of goods inclusive of excise duty wherever applicable and are net of trade discount.
- c) Sales tax is not passed through Profit & Loss a/c and is therefore not included in sales.
- d) Excise duty & Custom duty are passed through Profit & Loss a/c
- e) Modvate availed on purchases of raw material and other input is reduced from its purchases and accordingly purchases of raw material are stated at net of cost.

**C. FIXED ASSETS**

Fixed Assets are stated at their original cost including freight & other incidental expenses related to acquisition and installation, less accumulated depreciation.

In the case of land and building market value has been substituted for cost based on the valuation report adopted in the meeting of Board of Director on 24-4-99.

**D. DEPRECIATION:**

- a) Depreciation on fixed assets (other than land) is charged on written down value method at the rates and in the prescribed in schedule XIV of the Companies Act 1956.
- b) Revaluation reserve has been utilised to the extent of amount needed to set-off depreciation on addition to fixed assets on a/c of revaluation of assets.
- c) Depreciation on addition to assets or on sale of assets, is calculated on pro rata basis.

**E. ACCOUNTING FOR FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions other than fixed Assets are recorded at exchange rate prevailing at the time of transaction and realised gains and losses on this account are recognised in Profit & Loss Account.

There is no foreign currency liability against acquisition of fixed assets at the year end.

**F. INVESTMENTS**

Long term Investment are stated at cost. Provision for diminution in the value of long term investment is made only if such decline is other than temporary in the opinion of the management.

**G. INVENTORIES**

- a) Raw materials, stores and spares and stock-in-transit are valued at cost net of modvate as per the first in first out method after providing for cost of obsolescence value.
- b) Work in progress is valued at cost including related overheads.
- c) Finished goods are valued at lower of cost or net realiseable value.
- d) Stock in transit lying in warehouse is valued at cost and does not include custom duty payable. However, non provision of duty does not affect profit for the year.

**H. EMPLOYEES RETIREMENT BENEFITS**

- a) The company's contribution to the provident fund are charged to profit and loss account.
- b) The Company is taking effective step to get the liability for retirement benefits evaluated from actuary and to take the LIC Employees Gratuity Scheme Policy.
- c) As per past practice of the company, Leave encashment is given as per rules of the company. No liability is provided.

**I. RESEARCH AND DEVELOPMENTS**

Revenue expenditure is charged to profit & loss account of the year in which they are incurred.


**J. EXCISE DUTY**

Excise duty is accounted for as and when the same is paid on the despatch of goods from factory premises. No provision has been made for excise duty in respect of finished products lying in the factory premises.

**K. SEGMENT REPORTING**

Primary Segment information (by Business Segment)

The company has only one business segment. Hence the primary segment reporting requirement are not applicable.

**L. MANAGEMENT ESTIMATION**

The financial statements are prepared conformity with generally accepted accounting principles and applicable accounting standards, which may require management to make estimates and assumptions, may affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reported period. Actual report later could differ from the estimate.

**M. IMPAIRED OF ASSETS**

In the opinion of the company management there is no impairment to the assets to which Accounting Standard - 28 "Impairment of Assets" applied requiring any revenue recognition.

**N. TAXATION**

Current Tax:- A provision is made for the current tax and fringe benefit tax based on tax liabilities computed in accordance with relevant tax rules and tax laws.

Deferred Tax :- The Deferred Tax Liability / Asset is provided for timing difference between book profit and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

**O. BORROWING COSTS:**

Interest and other borrowing cost are recognised as an expense in the period in which they are incurred.

**NOTES TO ACCOUNTS**
**1. SHARE CAPITAL**

During the year, the company had allotted 1,00,00,000 equity shares of Rs. 10/- each at a premium of Rs.20/- per share consequent to the conversion of warrants issued on preferential basis during the financial year 2005-06. Accordingly the paid up equity share capital of the company has increase by Rs. 10,00,00,000 /- during the year under review and the share premium A/c has increased by Rs. 20,00,00,000 /-.

**2. Related Party Disclosures : (in which some directors are interested)**

<b>a) Related Companies:-</b>  Airserco Pvt. Ltd Lloyd Elect. & Engg. Ltd	<b>Nature of Relationship (Associate Co./ Subsidiary Co/ Directors Interested)</b> Directors Interested Directors Interested
<b>b) Key Management Personnel-</b> <b>Name of Related Party</b> Mr. Brij Raj Punj	<b>Nature of Relationship/ Transaction</b> Managing Director
<b>c) Transaction with Related Companies</b> Purchase of goods Sales of goods	<b>Amount (Rs.)</b> 36416626 /- 8635400 /-
<b>3. <u>CONTINGENT LIABILITIES:</u></b> Letter of Credit Bank Guarantees	<b>Amount (Rs.)</b> 231405710 /- 32585703 /-
<b>4. <u>EARNING PER SHARE</u></b> Profit after Taxation Number of shares Earning per share	<b>Amount(Rs.)</b> 182470664 30769700 5.93



# FEDDERS LLOYD CORPORATION LIMITED

5. Additional information in pursuance to the provisions of paragraphs 3,4C and 4D of Part II of the Schedule VI to the Companies Act,1956.

**1. Number of persons drawing remuneration aggregating to Rs.24,00,000/- or more for the year or Rs.2,00,000/- per month when employed for part of the year:**

Nil

a) Employed whole of the year

Nil

b) Employed part of the year

Nil

**2. Licenced,Installed Capacity & Actual Production**

## AIR-CONDITIONERS

## REFRIGERATORS

a) Licenced Capacity	80000 Nos.	20000 Nos.
b) Installed Capacity	40000 Nos.	20000 Nos.
c) Actual Production	4505 TR.	NIL
d) Purchase by Branch	42915 TR.	NIL

**3. RAW MATERIALS AND STORES**

**Value(Rs.)**

**CONSUMED FOR PRODUCTION/REPLACEMENT:-**

1. Compressors	Nos.	1229	16484011
2. Electric Motors	Nos.	2040	7810469
3. Condensing/Evaporator Coils	Nos.	2331	35604026
4. Thermostat			261315
5. Control Pressure Switch			300112
6. Running and Start Capacitors			1236652
7. Sheet Metal/ Flat			3128705292
8. Copper			1370960
9. Control Electrical			285960
10. Plastic Material			670935
11. Brazing/Welding Material			161980
12. Packing Material			665940
13. Consumable			235948
14. Others (Including Expenses Net.)			38064358

**TOTAL**

**3231857958**

**4.QUANTITATIVE DETAILS:**

	Opening Stock			Closing Stock			Turnover (including Excise Duty)		
	Qty. (Nos.)	(Nos)	Value (Rs.)	Qty. (Nos.)	(Nos)	Value (Rs.)	Qty.(Nos.)	(Nos)	Value (Rs.)
a) Air-Conditioners	7501	TR	127137275.76	15970	TR	186436955.43	38951	TR	546412437.27
b) Refrigerators	45	Nos	300752.00	45	Nos	300752.00	—	Nos	—
c) Appliances	0	Nos	0.00	31116	Nos	55767389.00	42386	Nos	97428426.00
d) Semi Finished	—	—	73138036.00	—	—	93619658.00	—	—	—
e) Projects,Components and Processed Steel Sheets	—	—	174586374.60	—	—	180893536.09	—	—	2787951955.11
f) Misc. Sales.	—	—	—	—	—	—	—	—	1592034.28
g) Work in Progress	—	—	73590182.36	—	—	111550041.90	—	—	—
h) Works Contract	—	—	—	—	—	—	—	—	66924773.34
<b>Total Rs.:-</b>			<b>448752620.72</b>			<b>628568332.42</b>			<b>3500309626.00</b>

Stock in Transit/Warehouse 1895909.00

1480481.44



## 5. VALUE OF IMPORT (C.I.F) VALUE:

i) Raw Materials	NIL
ii) Components and Spares	Rs. 99124643.34
iii) Capital Items	NIL

## 6. EXPENDITURE IN FOREIGN CURRENCY:

Travelling Expenses	Rs. 57128.00
---------------------	--------------

## 7. VALUE OF RAW MATERIALS CONSUMED DURING THE YEAR.

	PERCENTAGE	TOTAL (Rs.)
Imported	3.47	112014395
Indegenous	96.53	3119843562
	100.00	3231857958

## 8. THE AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND : NIL

## 9. EARNINGS IN FOREIGN EXCHANGE: Export Sales 1322930.00

## 10. PAYMENT TO AUDITORS:

i) Audit Fees	270000.00	
Add: Service Tax	<u>33372.00</u>	Rs. 303372.00
ii) Tax Audit Fees	30000.00	
Add: Service Tax	<u>3708.00</u>	Rs. 33708.00
Total		Rs. 337080.00

## 11. PAYMENT TO DIRECTORS:

Remuneration & Perks	Rs. 720000.00
Provident Fund	Rs. 86400.00
Bonus	Rs. 2500.00

12. Air-conditioners manufactured during the year equivalent to 4505 TR.

13. Income Tax Provision has been made on the basis of Profit for the financial year ending 30-06-2007

14. Sales includes Excise duty and installation charges etc.

15. In December 2000, the company was compelled to close its manufacturing unit situated at 2, Industrial Area, Kalkaji, New Delhi under the orders of Hon'ble Supreme Court of India for closure of polluting factories in the state of Delhi falling under Group 'F' of.a) As a result of Aforesaid closure, the plant & machinery, materials and whole of factory and dismantling, shifting and re-erection most of the plant & machinery and materials were rendered non-operative.b) As a consequential effect of aforesaid closure, the manufacturing facilities related to production of Air-conditioners Package Units were kept idle which resulted into non-productive costs upon the company to the tune of Rs.175,03,500/- These cost for the time being have been treated as deferred revenue expenditure to be written off.

16. Deferred tax liability for the year ended 30th June 2007 is Rs. 35.43 Lacs.

17. Previous years figures have been re-grouped/re-arranged as and wherever found necessary.

18. The balances of Intra-Group companies & sister units are subject to confirmation.

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

20. The payments 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.

The names of Small Scale Industrial Undertakings to whom the Company owes more than rupees one lac outstanding for more than 30 days at June 30th 2007 are: Kiran Packing Industries. Rs. 152008/- Friends Cable Rs.119745/-, Jain Polymer Co. Rs.225000/- and Jaitly Industries Rs.269725/-.

Refer to our Report of even date.

For Suresh C. Mathur & Co.

Chartered Accountants

On Behalf of the Board of Directors  
for Fedders Lloyd Corporation Limited

Sd/-  
Brijesh C.Mathur  
Partner

Sd/-  
A.A.Siddiqui  
G.M.Finance

Sd/-  
Purnima Sharma  
Company Secretary

Sd/-  
K. Lall  
Director

Sd/-  
Brij Raj Punj  
Chairman & Managing Director

Place: New Delhi

Date: 28.11.2007



# FEDDERS LLOYD CORPORATION LIMITED

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No. 

		2	1	1	1	8
--	--	---	---	---	---	---

 State Code 

					2	0
--	--	--	--	--	---	---

Balance Sheet Date 

3	0		0	6		0	7
---	---	--	---	---	--	---	---

  
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (Amount in Rs. Thousands)

Total Liabilities 

1	9	9	5	8	7	8
---	---	---	---	---	---	---

 Total Assets 

1	9	9	5	8	7	8
---	---	---	---	---	---	---

### SOURCES OF FUNDS :

Paid up Capital 

	3	0	7	6	9	7
--	---	---	---	---	---	---

 Reserves & Surplus 

	9	7	7	0	8	9
--	---	---	---	---	---	---

Secured Loans 

	6	9	4	0	4	3
--	---	---	---	---	---	---

 Unsecured Loans 

				N	I	L
--	--	--	--	---	---	---

Deferred Tax 

		1	7	0	4	9
--	--	---	---	---	---	---

--	--	--	--	--	--	--

### APPLICATION OF FUNDS :

Net Fixed Assets  
(Incl. Work in Progress) 

	5	6	9	5	9	3
--	---	---	---	---	---	---

 Investments 

			3	2	0	4
--	--	--	---	---	---	---

Net Current Assets 

1	4	0	5	5	7	8
---	---	---	---	---	---	---

 Misc Expenditure 

		1	7	5	0	3
--	--	---	---	---	---	---

Accumulated Losses/ Profit 

N	I	L
---	---	---

### IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover & Other Income 

3	4	8	4	6	1	8
---	---	---	---	---	---	---

 Total Expenditure 

3	2	7	4	3	8	7
---	---	---	---	---	---	---

Profit/ Loss before Tax 

	2	1	0	2	3	1
--	---	---	---	---	---	---

 Profit/ Loss after Tax 

	1	8	2	4	7	0
--	---	---	---	---	---	---

Earning per Share (Rs.) 

			5	.	9	3
--	--	--	---	---	---	---

 Proposed Dividend @% 

		10	%			
--	--	----	---	--	--	--

### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/ SERVICES ON THE COMPANY (AS PER MONETARY TERMS)

Item Code No. ( ITC Code) 

8	4	.	1	5
8	4	.	1	8

 Product Description 

AIRCONDITIONERS
REFRIGERATORS

Refer to our Report of even date.  
For Suresh C. Mathur & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
for Fedders Lloyd Corporation Limited

Sd/-  
Brijesh C.Mathur  
Partner  
Place: New Delhi  
Date: 28.11.2007

Sd/-  
A.A.Siddiqui  
G.M.Finance

Sd/-  
Purnima Sharma  
Company Secretary

Sd/-  
K. Lall  
Director

Sd/-  
Brij Raj Punj  
Chairman & Managing Director





# FEDDERS LLOYD CORPORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2007

		Year ended 30th June, 2007 Rs. in lacs	Year ended 30th June, 2006 Rs. in lacs
<b>A. Cash Flow from Operating Activities:</b>			
Net Profit before tax		2,035.21	1,324.13
<b>Adjustments for :</b>			
Add : Depreciation	241.13		167.26
Preliminary Expenses written off	-		0.53
Interest Paid	590.41		340.44
Loss on sale of fixed assets	0.14	831.67	0.07
Less: Profit on sale of fixed assets	-		-
Other & Interest Income	(11.13)		(11.05)
Dividend Income	(0.00)	(11.13)	(0.24)
<b>Operating profit before working capital changes</b>		2,855.75	1,821.13
Trade & other receivables	(1,345.05)		(1,655.83)
Inventories	(1,794.00)		(859.30)
Loans & Advances	(437.73)		(1,676.86)
Trade & other payable	854.81	(2,721.97)	151.15
<b>Cash generated from operations</b>		133.78	(2,219.72)
Direct tax paid	(31.11)	(31.11)	(21.54)
<b>Net Cash Flow from Operating Activities</b>		<b>102.67</b>	<b>(2,241.26)</b>
<b>B Cash Flow from Investing Activities:</b>			
Purchase of fixed assets	(2,762.23)		(590.38)
Sale of fixed assets	0.25		3.20
Sale of Investment	-		-
Other Income (Interest)	11.13		11.05
Dividend received	0.00	(2,750.85)	0.24
<b>Net Cash Flow from Investing Activities</b>		<b>(2,750.85)</b>	<b>(575.88)</b>
<b>C Cash Flow from Financial Activities:</b>			
Proceeds from Long Term Borrowing	748.90		3,366.20
Proceeds from Share Capital	2,700.00		-
Dividend Paid	(166.16)		(166.16)
Dividend Tax	(23.30)		(23.30)
Interest paid	(590.41)	2,669.03	(340.44)



## FEDDERS LLOYD CORPORATION LIMITED

Net Cash Flow from Financing Activities	2,669.03	2,836.30
Net increase/decrease in Cash and Cash Equivalents (A+B+C)	<u>20.84</u>	<u>19.16</u>
Opening Balance of Cash and Cash Equivalents	55.17	36.01
Closing Balance of Cash and Cash Equivalents	<u>314.94</u>	<u>55.17</u>
Net increase/ decrease in Cash and Cash Equivalents	<u>259.76</u>	<u>19.16</u>

For Suresh C. Mathur & Co.  
Chartered Accountants

On Behalf of the Board of Directors.  
for Fedders Lloyd Corporation Limited

Sd/-  
Brijesh C.Mathur  
Partner

Sd/-  
A.A.Siddiqui  
G.M.Finance

Sd/-  
Purnima Sharma  
Company Secretary

Sd/-  
K. Lall  
Director

Sd/-  
Brij Raj Punj  
Chairman & Managing Director

Place: New Delhi  
Date: 28.11.2007

### AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended 30th June, 2007. 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  
Dated: 28.11.2007

Sd/-  
Brijesh C. Mathur  
Partner



## FEDDERS LLOYD CORPORATION LIMITED

### FEDDERS LLOYD CORPORATION LIMITED

Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305

#### ATTENDANCE SLIP

(For attending the 51st Annual General Meeting)

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NO. OF SHARES HELD .....

FOLIO NO. ....

I/We record my / our presence at the 51st Annual General Meeting of the Company held on Saturday, 29th day of December 2007 at 9.00 A.M. at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201305.

Name and Address of the Shareholder (in Block Letters) : .....

Name of the Proxy .....  
(to be filled only when Shareholder is appointing proxy)

SIGNATURE OF THE SHAREHOLDER / PROXY

----- TEAR HERE -----



### FEDDERS LLOYD CORPORATION LIMITED

Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305

#### PROXY FORM

I/We ..... of .....

in the district of ..... being a member/member(s) of Fedders Lloyd Corporation Limited, hereby

appoint ..... of ..... in the district of ..... or hereby

failing him ..... in the district of ..... as

my/our proxy to attend and vote for me/us on my/our behalf at the 51st Annual General Meeting of the Company to be held on Saturday, 29th day of December 2007 at 9.00 A.M. at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201305.

Signed this ..... day of ..... 2007

Affix a  
Re.1  
Revenue  
Stamp

Signature .....

**Notes:** The proxy in order to be effective should be duly stamped, complete and signed and must be deposited at the Regd. office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.