

# FEDDERS LLOYD CORPORATION LTD.



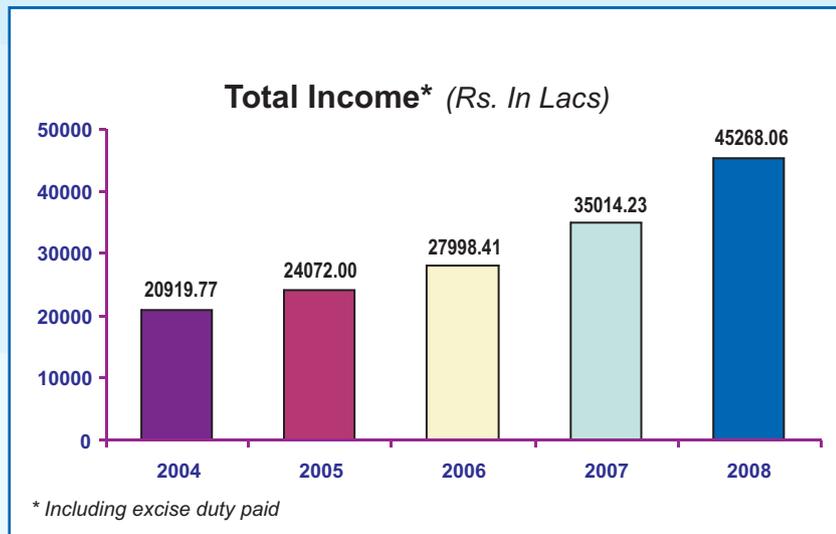
LIVE THE FUTURE



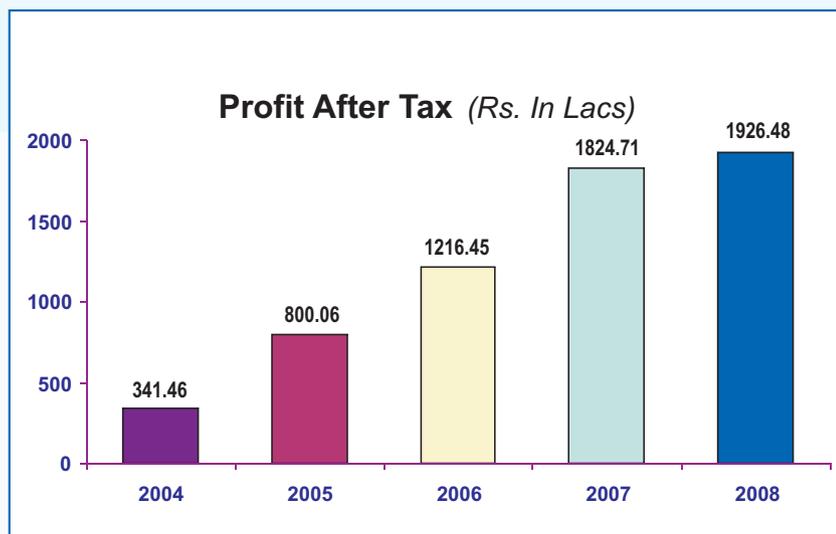
## The growth pattern



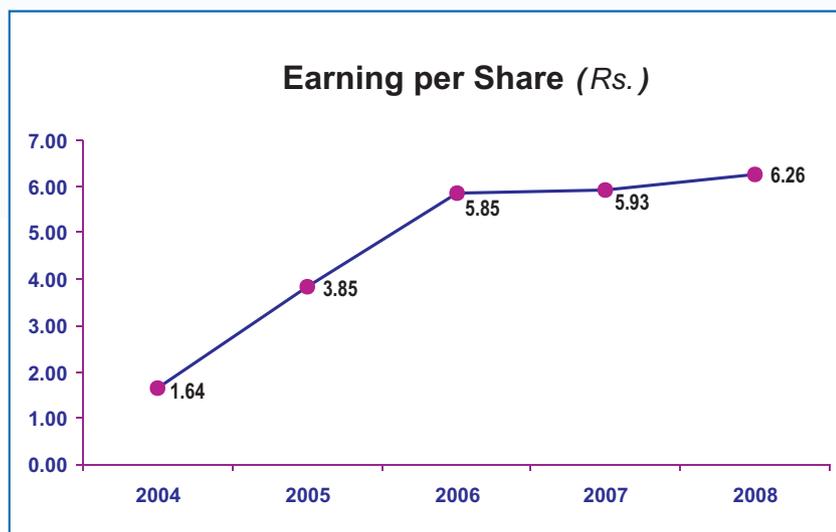
### Financial Highlights 2007-08



**Total Income**  
Rs. 45,268.06 Lacs



**Earnings before Interest,  
Depreciation & Tax**  
Rs. 3,082.85 Lacs



**Profit before Tax**  
Rs. 2063.68 Lacs

**Profit after Tax**  
Rs. 1926.48 Lacs

**Earning per Share**  
Rs. 6.26

# *Board of Directors*

Mr. Brij Raj Punj

Chairman & Managing Director

Mr. S.S. Dhawan

Whole Time Director

Mr. T.V. P. Punj

Mr. K. Lall

Mr. S.S. Kumar

Mr. S.K. Sharma

Mr. Ajay Dogra

## *Registered Office*

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

## *Auditors*

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

## *Registrar & Transfer Agent*

Skyline Financial Services Private Limited  
246, 1<sup>st</sup> Floor, Sant Nagar  
Main ISKCON Temple Road  
East of Kailash  
New Delhi 110 065  
Telephone: 011 26292682, 83  
Fax: 011 26292681

## *Manufacturing Facilities*

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

III. Shed No.77, Annai Anjugam Nagar  
Kundrathur-Somangallam Road  
Nandapakkam Village, Chennai- 600 069

## *Overseas Subsidiary*

Fedders Lloyd Trading FZE  
Ras Al Khaimah Free Trade Zone, U.A.E.

## *Corporate Office*

159, Okhla Industrial Estate  
Phase-III, New Delhi 110 020  
Phone: 011 40627200, 300  
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  
State Bank of Mysore  
Axis Bank Ltd.

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

## *Company Secretary*

Ms. Purnima Sharma



# HVACR

LIVE THE FUTURE



Split AC unit for Driver-Sleeper cab of Military Vehicles

Tunnel Cooling & Aircraft Maintenance Hanger by Ruggedised Trolley Mounted Mobile Air Conditioner



Ruggedised AC unit for Mobile Radar Applications



Telecom Tower Package AC unit

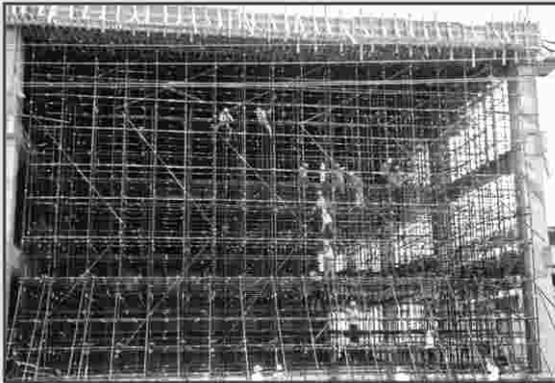


Roof Mounted Package AC unit for "Garib Rath Rail coach" for Indian Railways



LIVE THE FUTURE

# STRUCTURAL STEEL FABRICATION DESIGN & ERECTION



Erection at site



Heavy structural steel fabrication



Erection at DMRC station

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of the members of Fedders Lloyd Corporation Limited will be held on Friday, the 26<sup>th</sup> day of December, 2008 at 9.00 A.M. at C – 4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P.- 201 305 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2008 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 appoint a Director in place of Mr. K. Lall, who retires by rotation and being eligible offers himself for re-appointment.
3. 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 Board of Directors of the Company, who be and is hereby authorised to fix the same.”

### SPECIAL BUSINESS

#### 4. **Appointment of Mr. S.K. Sharma as a Director of the Company**

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

**“Resolved that** Mr. S.K. Sharma who was appointed by the Board of Directors of the Company as an Additional Director of the Company with effect from April 26, 2008 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

#### 5. **Appointment of Mr. Ajay Dogra as a Director of the Company**

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

**“Resolved that** Mr. Ajay Dogra who was appointed by the Board of Directors of the Company as an Additional Director of the Company with effect from November 25, 2008 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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### Fedders Lloyd Corporation Limited

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#### 6. Appointment of Mr. S.S. Dhawan as Whole Time Director of the Company

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

**“Resolved that** Mr. S.S. Dhawan, who was appointed as an Additional and Whole Time Director by the Board of Directors of the Company with effect from April 26, 2008 and who, as per the provisions of Section 260 of the Companies Act 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Act received a notice from a member, in writing, proposing the candidature of Mr. S.S. Dhawan for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

**Resolved further that** in accordance with the provisions of Section 198, 269, 309, read with Schedule XIII and any other provisions of the Companies Act, 1956 and any other provision of any Act, law, rules and regulations as may be applicable and subject to the approval of Central Government and other authorities wherever required and in consonance with Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment of Mr. S.S. Dhawan as Whole Time Director of the Company for a period of 5 years with effect from April 26, 2008 on such terms and conditions including remuneration as stated in the Explanatory Statement annexed to the Notice convening this meeting with the authority to the Board of Directors to alter or vary the terms and conditions of remuneration in accordance with law from time to time in force as may be desirable or necessary.

**Resolved further that** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary, proper and expedient to give effect to this resolution.”

**By order of the Board of Directors**

Place: New Delhi  
Date: November 25, 2008

**Purnima Sharma**  
Company Secretary

#### **NOTES:**

- 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.** Proxies in order to be effective should be duly stamped, complete and signed and must reach to the Company at the Registered Office of the Company at C-4, Phase - II, Noida, Distt. Gautam Budh Nagar, U.P.-201 305 not less than forty-eight hours before the meeting. A format of proxy is enclosed with the Annual Report.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item nos. 4, 5 & 6, are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under item nos. 2, 4 and 5 and Whole Time Director under item no. 6 of this Notice, are also annexed hereto and form part of this notice.
3. The Register of Members and Share transfer Books of the Company will remain closed from Wednesday, December 24, 2008 to Friday, December 26, 2008 (both days inclusive).
4. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, Skyline Financial Services Private Limited. Members holding shares in electronic form must notify about change in address to their respective Depository Participant and not to the Company or Registrar & Share Transfer Agent of the Company.



5. 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.
6. Members are requested to send their 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.
7. 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.
8. 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.
9. Members, who hold shares in dematerialized form, are requested to bring their Client ID and DP ID numbers for easier identification of attendance at the Annual General Meeting.
10. 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**

**Place: New Delhi**  
**Date: November 25, 2008**

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

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

As required by Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the businesses mentioned under item nos. 4, 5 and 6 of the accompanying notice dated November 25, 2008.

### **Item no. 4 & 5**

Mr. S.K. Sharma and Mr. Ajay Dogra were appointed as Additional Directors of the Company with effect from April 26, 2008 and November 25, 2008 respectively. As per provisions of Section 260 of the Companies Act, 1956, they hold office upto the date of forthcoming Annual General Meeting of the Company. The Company has received respective notices along with the deposit prescribed under Section 257 of the Companies Act, 1956, proposing appointments of Mr. S.K. Sharma and Mr. Ajay Dogra as Directors of the Company. Both, Mr. S.K. Sharma and Mr. Ajay Dogra have consented to act as directors, if appointed. None other directors except Mr. S.K. Sharma in item no. 4 and Mr. Ajay Dogra in item no. 5 are concerned or interested in the respective resolutions.

The Board of Directors of your company recommends the resolutions at item no. 4 and item no. 5 for members' approval as Ordinary Resolutions.

### **Item no. 6**

Your directors at their meeting held on April 26, 2008 had appointed Mr. S.S. Dhawan as an additional and Whole Time Director of the Company for a period of five years w.e.f. April 26, 2008. His appointment as Whole Time Director is subject to the shareholders' approval. Pursuant to the applicable provisions of the Companies Act 1956, a notice in writing has been received by the Company alongwith the requisite deposit from a member of the Company proposing the appointment of Mr. S.S. Dhawan as Director of the Company.

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### Fedders Lloyd Corporation Limited

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Mr. S.S. Dhawan holds master degree in Business Administration and has over 35 years of experience in sales, marketing and business operations. Prior to his appointment as Whole Time Director, Mr. Dhawan was the Senior Vice President in the Company. He has been associated with the Company for over two decades at various levels during various periods. Mr. S.S. Dhawan does not hold any share in the Company. He fulfills the eligibility criteria set out under Part I of Schedule XIII of the Companies Act, 1956.

On recommendation of the Remuneration Committee, the Board at its meeting held on April 26, 2008, approved the following terms and conditions of appointment of Mr. S.S. Dhawan as Whole Time Director, subject to the approval of shareholders:

1. Gross Remuneration : Gross monthly remuneration not exceeding Rs. 3,35,000/- (Rupees three lacs thirty five thousand only) whether paid as salary, allowance(s), perquisites or a combination thereof.
2. Commission : He shall be entitled to a commission as may be decided by the Board/Remuneration Committee from time to time, provided that the total remuneration of the appointee including salary, commission, perquisites and allowances shall not exceed 5% of the net profits individually to the appointee and 10% of the net profits 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.

Provided that the following perquisites shall not be included in computation of ceiling on remuneration:

- A.
  - a. Contribution to provident fund, superannuation fund or annuity fund, as per rules of the Company.
  - b. Gratuity payable as per rules of the Company.
  - c. Encashment of leave at the end of tenure, as per rules of the Company.
- B.
  - a. Free use of Company's car with driver and free use of Company's telephone at residence and mobile phone.
  - b. Out of pocket expenses incurred in course of the official duties.

Other Benefits:

- i. Premium for insurance shall be paid in accordance with rules and policies of the Company.
- ii. Housing Loan or other facilities as applicable and in accordance with the rules and policies of the Company.
- iii. Any other benefits, facilities, allowances and expenses as may be allowed under the rules of the Company/ scheme and available to other employees.

Provided further that, in the event of absence or inadequacy of profits, no reduction from salary or perquisites shall be made and entire remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration subject to the provisions of Schedule XIII to the Companies Act, 1956.

The Directors are of the view that the appointment of Mr. S.S. Dhawan as Whole Time Director will be beneficial to the operations of the Company. In compliance with the provisions of Section 269 and 309 read with Schedule XIII of the Companies Act, 1956, the terms of appointment including remuneration of the appointee as specified above, are placed before the members in the Annual General Meeting and their approval is sought by way of an ordinary resolution. The Board recommends the resolution to the members for their approval.

None of the Directors except Mr. S.S. Dhawan himself is concerned or interested in the resolution.



## **Disclosure under Clause 49 of the Listing Agreement regarding Directors Seeking appointment/re-appointment at the Annual General Meeting:**

### **1. Mr. K. Lall**

Mr. K. Lall, aged about 64 years is a non-executive independent director of the Company since the year 2002. He is a fellow member of the Institute of Company Secretaries of India and Institute of Cost and Works Accountants of India and possesses a vast experience of over 40 years in working in the fields of financial management and planning, institutional finance for new projects, modernization of existing plants, working capital management, legal and commercial laws. Mr. K. Lall holds 1500 equity shares in the Company.

He is also on the Board of Lloyd Electric & Engineering Ltd., Arjun Industries Ltd., Lloyd Credits Ltd., Vishal Financial Services Pvt. Ltd., Regal Information Technology Pvt. Ltd., Airserco Pvt Ltd., PSL Engineering Pvt. Ltd., Lloyd Sales Pvt. Ltd., Lloyd Infotech (India) Pvt. Ltd., Perfect Radiators & Oil Coolers Pvt. Ltd., Punj Software Solutions Pvt. Ltd., Punj Softech Pvt. Ltd., Punj Software Technology Pvt. Ltd., Lloyd Developer & Infrastructures Pvt. Ltd., Lloyd Builders Pvt. Ltd.

Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors' Grievance Committee):

Mr. K. Lall is the Chairman of Shareholders/Investors' Grievance Committee and Audit Committee in Lloyd Electric & Engineering Ltd.

### **2. Mr. S.K. Sharma**

Mr. S.K. Sharma, aged about 64 years holds a master degree in Engineering in Electrical Communication from the Indian Institute of Science, Bangalore. He is a retired officer from the Indian Air Force following a career of 35 years in the service. He possess varied experience in the field of planning, controlling and executing technical projects/activities of communication, electrical and air conditioning system. He also has a vast experience in management, human resources and administrative fields. Mr. S.K. Sharma does not hold any shares in the Company. He is non executive and independent director in Lloyd Electric & Engineering Ltd. He is a member of Audit Committee of Lloyd Electric & Engineering Ltd.

### **3. Mr. Ajay Dogra**

Mr. Ajay Dogra is about 66 years of age. He has an extensive knowledge and experience in managing business operations, project financing and implementation. He possess a wide experience of 44 years and has held senior managerial positions during his professional career in India as well as abroad. He holds a certificate in Tea Cultivation & Manufacture from Tocklai Tea Research Institute, Jorhat, Assam. Mr. Dogra does not hold any shares in the Company.

### **4. Mr. S.S. Dhawan**

Mr. S.S. Dhawan, aged about 53 years, holds master degree in Business Administration. He is actively involved in marketing, operations and administration functions of the Company. Out of his total experience of 35 years in the Industry, Mr. Dhawan has been associated with the Company for over two decades at various levels during various periods. The Board of Directors has appointed Mr. Dhawan as Whole Time Director of the Company subject to the approval of shareholders with effect from April 26, 2008.

He is also on the Board of Western Nutrients Ltd., Western Overseas Pvt. Ltd., Western Super Horticulture Markets Ltd., Ultra Tech Products Pvt. Ltd., Western Education Promoters Pvt. Ltd., Western Fincap Ltd., Lloyd IT Technology Pvt. Ltd.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 52<sup>nd</sup> Annual Report of your Company, with the audited statement of accounts for the year ended June 30, 2008.

### Financial Results

(Rupees in Lacs)

Particulars	Current year 2007-08	Previous year 2006-07
Net Sales	44601.52	34835.05
Other Income	75.77	11.13
Total Income	44677.29	34846.18
Earnings before Interest, Depreciation and Tax	3082.85	2933.85
Profit before Taxes	2063.68	2102.31
Provision for Taxation	137.20	277.60
Profit after Tax	1926.48	1824.71
Balance brought forward from the previous year	63.04	89.52
Less: Short provision for the proposed dividend of last year including tax thereon	-	91.22
Amount available for appropriation	1989.52	1823.01
<u>Appropriations:</u>		
Proposed Dividend	-	307.70
Tax on proposed dividend	-	52.28
Transferred to General Reserve	1900.00	1400.00
Balance carried forward to Balance Sheet	89.52	63.04
Earning Per Share	6.26	5.93

### Operating Results and Business Performance

The year 2007-08 represents yet another year of sustained growth. The total income of the Company during the year under review was Rs. 44677.29 Lacs as against Rs. 34846.18 Lacs during the previous year registering an increase of 28.21%. The Earnings before Interest, Depreciation and Tax was Rs. 3082.85 Lacs for year ended June 30, 2008 as against Rs. 2933.85 Lacs during the previous year ended June 30, 2007 [increase by 5.08%]. The profit after Tax during the year under review was Rs. 1926.48 Lacs as against Rs. 1824.71 Lacs during the previous year [increase by 5.58%].

Your Company is a well established name in Heating, Ventilation, Air-Conditioning and Refrigeration (HVACR) Industry. The Company has presence in all types of air conditioning needs to provide customized AC solutions to large number of corporate and commercial customers as well as institutional, industrial and government organizations. During the year, your Company continued with its stride on the development of several new products for the niche segments of Railways, Defence, Mining, Telecom, Buses and Trucks.



The consumer electronic retail division of the Company which was established during the previous year includes wide range of consumer durable products and appliances. The Company is strengthening its distribution channel through out the Country for its retail division.

#### Company's foray into Structural Steel Fabrication, Design & Erection

Also, your Company has recently ventured into new line of business namely, Structural Steel Fabrication, Design and Erection catering to structural steel buildings having focus on turn key solutions, i.e., design, manufacturing, construction, civil works & maintenance, scaffolding catering to construction and infrastructure in domestic as well as overseas market, structural steel buildings such as power plants, refineries, multistoried buildings and pre engineered buildings like industrial sheds, warehouses, metro stations etc. Structural Steel Fabrication and Scaffolding play a very important role in today's construction industry. To keep pace with time, construction industry in India has seen many important developments providing a huge market to structural steel fabrication. Due to strong awareness to use environment friendly materials, steel is gathering popularity as temporary structures in the construction sector over the age-old conventional material such as wood and bamboo etc. The Company has started its operations in Structural Steels after the end of the year under review; hence segment wise reporting is not applicable for the year 2007-08.

Considering the existing and strong line of business of the company coupled with its recent diversification into structural steel fabrication segment, your company foresees better business prospects in the future ahead.

#### **Establishment of wholly owned subsidiary in Ras Al Khaimah Free Trade Zone, U.A.E.**

During the year under review, your Company has established a wholly owned subsidiary-Fedders Lloyd Trading, Free Zone Establishment (FZE) in Ras Al Khaimah Free Trade Zone, U.A.E. for carrying out the imports, exports, trading in Electrical goods, consumer durable, Air Conditioners, A.C. Components, steel fabrication items, etc. The operations of Fedders Lloyd Trading FZE were not started during the year under review. However, the operations of the Wholly Owned Subsidiary have started in the month of August, 2008.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company is appended to the Annual Report and thus forms part of the Annual Report.

#### **Dividend**

Your Company is continuously growing in terms of its existing line of business. Also, it has recently diversified its business into Structural Steel Fabrication, Design and Erection. Considering the expansion plans and requirement of financing the expansions, your Directors do not propose any dividend for the year ended June 30, 2008. The Company has declared a dividend @ 10% on the paid up equity share capital of the Company for the previous year ended June 30, 2007.

#### **Fixed Deposits**

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

#### **Repayment of Financial Institution's Loan**

During the year, your Company has repaid entire dues of IFCI Ltd. including entire Term Loan and interest amount there on. As on date, the Company does not owe any sum of money to IFCI Ltd.

## **Annual Report 2007- 08**

### **Fedders Lloyd Corporation Limited**

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#### **Directors**

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

During the year, the Board of Directors had appointed Mr. S.S. Dhawan as an additional and Whole Time Director of the Company with effect from April 26, 2008 subject to approval of the members. The Company has received a notice with the deposit prescribed under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose the appointment of Mr. S.S. Dhawan as Director of the Company at the ensuing Annual General Meeting of the Company.

Mr. S.K. Sharma and Mr. Ajay Dogra were appointed as additional Directors of the Company by the Board of Directors with effect from April 26, 2008 and November 25, 2008, respectively. As per provisions of the Companies Act, 1956, they hold office upto the date of forthcoming Annual General Meeting of the Company. Respective notices under Section 257 of the Companies Act, 1956, proposing the appointments of Mr. S.K. Sharma and Mr. Ajay Dogra as Directors of the Company at the ensuing Annual General Meeting have been received.

The Board of Directors recommends the aforesaid appointments for approval of Shareholders in the ensuing Annual General Meeting.

During the year under review, Ms. Shalini Soni was appointed as nominee by IFCI Ltd. on the Board of Directors of the Company in place of Mr. Sanjay Behari effective April 26, 2008. Consequent upon repayment of entire dues, IFCI had withdrawn the nomination of its representative from the Board of Directors of the Company vide its letter dated July 8, 2008 and in terms of the Loan Agreement executed with the Company.

#### **Directors' Responsibility Statement**

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

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

#### **Auditors and Auditors' Report**

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 a certificate 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. The Board recommends their re-appointment for approval of Shareholders in the ensuing Annual General Meeting.

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



## **Corporate Governance**

Report on corporate governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of this 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 also forms part of this Annual Report.

## **Management Discussion and Analysis**

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

## **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars 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 of Board of Directors) Rules, 1988 is given as annexure to this report.

## **Disclosure of Particulars of Employees**

The information in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 is given as annexure to this report.

## **Listing of Securities**

Your Company's shares are listed at the Bombay Stock Exchange Limited and National Stock Exchange Limited and the Annual Listing Fees for the year 2007-08 has been paid to these stock exchanges.

## **Industrial Relations**

Your Company acknowledges the inherent capabilities of its work force. The people at Fedders Lloyd possess diverse backgrounds, talents, experiences, and interests. Company's HR focuses to create an environment of continuous capability building and to sharpen the talents of the people, hone their talents, and enhance their innovative and entrepreneurial talents through various HR processes and systems. The Company continued to maintain cordial Industrial Relations through out the year.

## **Acknowledgements**

Your directors acknowledge the continued co-operation and support received from Shareholders, participating Financial Institutions and Banks, Customers, Suppliers, Dealers, Distributors and Business Associates.

Your Directors also thank various government authorities, departments, agencies and ministries for their co-operation.

Your Directors appreciate and value the contribution made by employees of the Company for their co-operation and support.

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

**Place: New Delhi**  
**Date: November 25, 2008**

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

## **ANNEXURE TO THE DIRECTORS' REPORT**

Disclosure pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms part of this report for the year ended June 30, 2008.

### **a. Conservation of Energy**

Your Company lays emphasis on replacing low energy efficiency systems and installation of effective energy systems to save energy costs. As a part of Company's endeavor towards conservation of energy and prevention of energy wastage, your Company at its NOIDA factory has upgraded the power plant sub-station with additional control panels for automatic power factor correction and also with automatic sectionalized control system to utilize power efficiently according to the actual segmented demand.

Constant improvements are further undertaken in order to conserve energy on an ongoing basis. Your Company is also emphasizing on replacing the conventional lighting with Compact Fluorescent Lamp to save energy. The measures for conservation of energy consumption have impacted in achieving reduction in power and fuel consumption.

### **b. Technology Absorption, Adaptation and Innovation**

Your Company values R&D as an important factor and input for technological up gradation in the business. Company's R&D efforts have been synergized with the fast track development of infrastructure in the Country, especially Telecom and Railways. The Company has adapted the technology to develop products in line with the huge potential opening up in these segments for Cabin Air Conditioning for Mobile Telecom Towers, Air Conditioning of Garib Rath Trains etc.

Your Company has also continued its stride in developing and harnessing human resources potential in productive manner to innovate and adapt the technological developments. This has given rise to indigenous development of energy efficient and eco-friendly products and also applications that are in dire need of Indian Defense Sector. New Product development helped in improving market share and to satisfy customers' requirements. Your Company is continuously focusing on development of products to meet the specialized demands of customers.

### **c. Expenditure incurred for Research & Development:**

Capital Expenditure : NIL

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

### **d. Foreign exchange earnings and outgo:**

Foreign Exchange earned : Rs. 118.01 Lacs

Foreign Exchange outgo : Rs. 19.59 Lacs  
(excluding value of imports)



e. **Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 for the financial year ended June 30, 2008**

S. No.	Name of Employee	Age	Designation	Gross Remuneration	Qualification	Experience	Date of Joining	Last Employment
1.	Mr. Brij Raj Punj	63	Chairman & Managing Director	10,53,262*	B.E.	37 years	02.06.1980	-
2.	Mr. S.S. Dhawan	53	Whole Time Director	17,79,094**	MBA	35 years	10.02.2000	Western Foods Ltd.

\* includes revised remuneration w.e.f. December 24, 2007.

\*\* includes revised remuneration w.e.f. April 26, 2008 subsequent to the appointment as Whole Time Director subject to approval of the shareholders. The date of joining is his recent employment with the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Company's overview**

Fedders Lloyd Corporation Ltd. offers complete engineering solutions for Heating, Ventilation, Air-Conditioning and Refrigeration (HVACR). The Company has been pioneers in the air-conditioning industry in India and is a well-established name in HVACR Industry for more than five-decades providing complete range of engineering products to commercial segment, corporate segment, public sector organisation, government organisations, defence and railways. The Company has its existing manufacturing Facilities at Noida (U.P.), Kala-Amb (Himachal Pradesh) and during the year under review the Company has set up a new manufacturing facility at Chennai. The Company is also currently setting up a new plant in Pantnagar, Uttarakhand. The Retail Division was launched during the year 2006-07, which includes wide range of consumer durable products and appliances.

As a part of business strategy, the Company has recently diversified its business in to structural steel fabrication, design and erection catering to structural steel buildings having focus on turn key solutions, i.e., design, manufacturing, construction, civil work & maintenance, scaffolding and formworks meeting the demand of modern industrial construction & maintenance requirement, not only in India but exploring the business across the globe as well.

Strengthened with existing line of business in HVACR, the Company is successfully spreading its business very effectively in structural steel segment.

### **Industry Structure & development**

#### **HVACR**

India is second fastest growing economy in the world. The Industrial Sector, which contributes to approximately 28.4% of GDP, has witnessed a growth rate of 9.2% during the year 2007-08. The year 2007-08 witnessed growth in infrastructure, power, telecom, hospitality and construction industry. Based on these fundamental growth factors, Indian HVACR Industry is also growing at a good pace and is providing a huge opportunity for all the players. The need is for a strong customer focus. The Industry has also witnessed a growing awareness towards green technologies and energy efficiency which will have a significant impact on air-conditioning applications in saturated markets and will support a trend for more advanced products.

The HVACR market has been driven by the growth in commercial segment such as infrastructure, hospitality, entertainment, telecom, other service sectors, retail, software, healthcare sector, etc. However, the recent global economic meltdown has not left Indian economy untouched. Consequently, it has lead to bearish and depressed consumer sentiments which has impacted negatively on the growth of HVACR Industry also.

The consumer durable industry which includes air conditioners, refrigerators, washing machines, food mixers, food processors, televisions, audio systems, etc. has seen an estimated growth of 10% in the year 2007-08. An increase in purchasing power and declining prices of durables has led to a spurt in consumer durables sales. This has been fuelled by declining prices of TV sets and rising income levels. However, the Consumer durable Industry is highly competitive which needs strong network market penetration, consistent quality products. In the last decade, Indian Consumer durable Industry had to face a swift competition from Chinese and Korean consumer durable products. The market for Indian consumer durable is still at nascent stage and has tremendous options to grow.



## **Steel Fabrication, Design and Erection**

Construction & Infrastructure Industry is the largest industry when taken in totality. Steel Fabrication, Formwork & Scaffolding play a very important role in today's construction industry. In India, wooden planks, ropes & bamboo poles are used as the conventional material in construction sector, however from the recent past and due to strong awareness to use environment friendly material; structural steel and scaffolding is gathering popularity as temporary structure in the construction sector. The task of design, fabrication and erection of steel formwork and scaffolding is gradually been shifting from the unskilled laborers and un-organized sector to the qualified engineers and organized sector. Amongst the other countries across the globe, India too has potential market for using structural steel in view of the industrial growth and environmental regulations.

## **Business performance during the year and outlook**

During the year, the total turnover of the Company stood at Rs. 44,601.52 Lacs as against Rs. 34,835.05 Lacs during the previous year. The profit after tax was Rs. 1926.48 Lacs as against Rs. 1824.71 Lacs during the previous year. Your Company has been pioneer in the air-conditioning industry in India with wide presence in all types of air conditioning needs including air handling units, fan coil units, heat transfer coils, air distribution products, etc. Your Company's clientele is spread across the nation which includes Railways, Defence, Mining and Telecom Sector among others. The Company's business philosophy is to maximize the customers' satisfaction through innovative and quality products supported by efficient after sales services.

Synergizing with the growth in telecommunication sector in past couple of years, your Company is honing the prospects for the business. Similarly, by recent initiatives taken by Indian Railways to make AC comfort available with better affordability, your Company has developed the products fulfilling the customized needs. During the previous year 2006-07, your Company ventured into retail division which includes wide range of consumer durable products and appliances.

Your Company has recently diversified into Structural Steel Fabrication, Design and Erection. The division specializes in and caters to structural steel buildings having focus on turn key solutions, i.e., design, manufacturing, construction, civil work & maintenance, scaffolding catering to construction and infrastructure in domestic as well as overseas market, structural steel buildings such as power plants, refineries, multistoried buildings and pre engineered buildings like industrial sheds, warehouses, metro stations etc.

Your Company gives highest priority to provide quality products and best engineering solutions to its customers. The Company adheres to sound financial policies, practices and commitments. The growth stride of your Company has been adjoined by its recent venture into Structural Steel Fabrication, Erection and Design which has a sound market foot holds in Indian Industry. The Company is investing in its various ventures and business segments to paving a way to growth. By all the initiatives of the Company's management, supported by professionally qualified team, valued engineers, technicians, the Company is able to become a "Progressive Organization" endeavoring to further improve its business practices and enhance Shareholders' value.

## **Opportunities, Risks & Concerns**

Buoyant by spur in Infrastructure & Construction Sector, expansion of telecom network, expansion of small/ medium corporate and commercial establishments, setting up of multiplexes, malls, commercial offices, health care facilities; your company has sizeable portion of business opportunities. Further, the consumer durable Industry in India is at nascent stage and shows tremendous assurances to grow. This can be validated by the fact that the penetration in India is very low at just 1-2% of all households as compared to 7% for Indonesia, 20% for China, 24% for Thailand, 45% for Malaysia, 52% for Korea, 67% for Hong Kong and 70% for Taiwan.

## **Annual Report 2007- 08**

### **Fedders Lloyd Corporation Limited**

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Company's Structural Steel Fabrication segment has its strong base in view of Industrial growth and large market share of construction and infrastructure Industry.

The risks and concerns include changes in government policies, changes in fiscal policies, domestic and international trade agreements, world economic conditions, rise in the cost of raw materials, natural calamities, etc. In consumer durable Industry, despite the reasonable growth in the last few years, the growth potential has not been entirely captured. The growth has been lower than potential. The key bottleneck to growth is the low affordability of consumer durables.

#### **Adequacy of Internal Control Systems**

Your Company has proper and adequate internal control systems commensurate with the size and nature of the business covering all financial and operating functions.

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

Fedders Lloyd trusts and acknowledges the inherent capabilities of its people. The people at Fedders Lloyd have diversified backgrounds, talents, knowledge and experiences. The Company maintains sound and cordial relations with employees at all levels. The atmosphere in the organization is performance driven where HR puts its efforts to identify potential performers. The Company has carried out various organizational development processes by providing technical and management training. The Company considers its people as valuable work force and creates an atmosphere of appreciation, recognition and reward.

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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 may therefore differ materially from those expressed or implied.*



## **CORPORATE GOVERNANCE REPORT**

Fedders Lloyd Corporation Ltd. has maintained highest standards of practices, principles and Corporate Governance policies. The Company ensures highest standards for all its internal and external interactions complying with all applicable laws, rules and regulations, leading to effective management of the organization. The policies, processes and principles are reviewed periodically to ensure their effectiveness with respect to all the stakeholders of the Company.

### **Company's philosophy on Corporate Governance**

The desire towards attainment of the highest level of transparency, accountability in all its interaction with its stakeholders has driven the Company's philosophy to enhance overall enterprise value and retain shareholders' trust, over a period of time. The Company is committed to practice sound governance principles by the following strong business fundamentals:

1. Transparency in all actions and operations by prompt dissemination of disclosures of all information required under various rules and regulations.
2. Ensuring the excellence in performance at all levels by entrusting the responsibilities and accountability on the workforce.
3. Compliance with all applicable laws, rules and regulations.
4. Maintaining professionalism in the organization ensuring a qualified workforce being competent to execute their roles and functions.
5. Imparting training and Employees' development is Company's continuous focus to preserve honesty, integrity, respect, fairness, responsibility and overall cordial atmosphere in the Organization.
6. To secure and ensure interest of stakeholders including Shareholders, Customers, Suppliers, Lenders, Government and Society.

### **Report on compliances with Clause 49 of the Listing Agreement:**

#### **I BOARD OF DIRECTORS**

##### **a) Composition of Board:**

As of June 30, 2008, the Board consisted of seven Board Members. The composition of the Board including category of the Board members as on June 30, 2008 is as follows:

<b>Particulars of Directors</b>	<b>Category</b>
Mr. Brij Raj Punj	Executive Chairman & Managing Director
Mr. T.V.P. Punj	Non Independent, Non Executive
Mr. S.S. Dhawan	Whole Time Director
Mr. K. Lall	Independent, Non Executive
Mr. S.S. kumar	Independent, Non Executive
Mr. S.K. Sharma	Independent, Non Executive
Mrs. Shalini Soni*	Nominee Director-IFCI Ltd.

- \* Mrs. Shalini Soni was appointed as nominee of IFCI Ltd. w.e.f. April 26, 2008 in place of Mr. Sanjay Behari. Consequent to the repayment of entire dues of IFCI Ltd., the institution had withdrawn the nomination of Mrs. Shalini Soni from the Board of Directors of the Company vide its letter dated July 8, 2008.

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### Fedders Lloyd Corporation Limited

Mr. Ajay Dogra is appointed as an additional independent director by the Board of Directors w.e.f. November 25, 2008.

The Board Composition ensures the independence in functioning and decision making. All the directors possess relevant experiences and expertise in their fields. The Board meets the requirements relating to its composition as per the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### b) Board Meetings

The Board held 5 meetings during the year ended June 30, 2008 on July 28, 2007, October 27, 2007, November 28, 2007, January 31, 2008 and April 26, 2008. The gap between two board meetings did not exceed four months and hence was as per requirement of Clause 49 of the Listing Agreement and the Companies Act, 1956. The required information was suitably placed before the Board.

The attendance of directors at the Board meetings held during the year 2007-08 and at the Annual General Meeting last held is given below:

Director	Meetings held during tenure of the director	Board Meetings attended	Presence at last AGM
Mr. Brij Raj Punj	5	5	Yes
Mr. T.V.P. Punj#	5	Nil	No
Mr. S.S. Dhawan*	1	Nil	N.A.
Mr. K. Lall	5	5	Yes
Mr. S.S. Kumar	5	5	No
Mr. S.K. Sharma*	1	1	N.A.
Mr. Sanjay Behari	4	4	No
Mrs. Shalini Soni	1	1	N.A.

# Being out of India

\* Invited as Special Invitee to the Board Meeting in which their appointment was considered.

#### c) Other Directorships

The details of other directorships (excluding private limited companies, foreign companies and section 25 companies), memberships and chairmanships held by the directors in other company's Audit Committee and Investors/Shareholders' Grievance Committee as on June 30, 2008 is as follows:

Name of Directors	Number of other directorships held	Other Company's Committee memberships	Other Company's Committee Chairmanship
Mr. Brij Raj Punj	2	2	Nil
Mr. T.V.P. Punj	Nil	Nil	Nil
Mr. S.S. Dhawan	3	Nil	Nil
Mr. K. Lall	3	2	2
Mr. S.S. Kumar	2	Nil	Nil
Mr. S.K. Sharma	1	1	Nil
Mrs. Shalini Soni	Nil	Nil	Nil

The no. of directorships, committee memberships and chairmanships of directors of the Company complies with Clause 49 of the Listing Agreement.

**d) Directors' Remuneration (including salary, bonus and perquisites) and Sitting Fees paid during the year 2007-08**

The details of remuneration (including salary, bonus and perquisites) and sitting fees paid to the directors during the year ended June 30, 2008 are as under:

Name	Gross Remuneration* (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Mr. Brij Raj Punj	15,99,629	-	15,99,629
Mr. T.V.P. Punj	-	-	-
Mr. S.S. Dhawan*	7,25,832	-	7,25,832
Mr. K. Lall	-	25,000	25,000
Mr. S.S. Kumar	-	25,000	25,000
Mr. S.K. Sharma	-	Nil	Nil
Mr. Sanjay Behari**	-	20,000	20,000
Mrs. Shalini Soni**	-	5,000	5,000

\* Mr. S.S. Dhawan was appointed as whole time director of the Company w.e.f. April 26, 2008.

\*\* Paid to the institution which the nominee director represented.

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

The Company has adopted a code of conduct for Directors and Senior Management. The code had been put on the Company's website [www.fedderslloyd.com](http://www.fedderslloyd.com) which had been circulated to all the Board members and senior management of the Company. They have affirmed their compliance with the code of conduct.

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

## II BOARD COMMITTEES

### AUDIT COMMITTEE

#### 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. Mr. K. Lall is the Chairman of the Committee who is a non executive independent director on the Board of the Company. The Chairman of the Committee has related accounting, financial and management expertise. The other members of the audit committee have a financial insight and background. The Composition of Audit Committee meets the requirement of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year ended June 30, 2008, five Audit Committee meetings were held on July 28, 2007, October 27, 2007, November 28, 2007, January 31, 2008 and April 26, 2008. The Chairman of the Audit Committee had attended last Annual General Meeting of the Company.

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### Fedders Lloyd Corporation Limited

The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956, which is as follows:

- i. Overseeing of the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending the appointment, re-appointment of statutory auditors and fixation of audit fees including approval of payment to auditors for their any other services.
- iii. 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 statutory audit report.
  - ❖ Significant adjustments arising out of audit.
  - ❖ Compliance with listing and other statutory requirements including accounting standards concerning financial statements of the Company.
  - ❖ Any related party transactions.
- iv. Internal audit functions and adequacy of internal control systems.
- v. Reviewing the Company's financial and risk management policies.
- vi. Reviewing Management discussion and analysis of financial condition and results of operations.

The Audit Committee has the power to investigate any activity within its terms of reference; to seek any information from any employee, to obtain outside legal and professional advice and to secure the attendance of outsiders with relevant expertise, if considered necessary.

As on June 30, 2008, the Composition of the Audit Committee and their attendance at the meeting is as follows:

Name of the Member	Designation	No. of meetings attended
Mr. K. Lall	Chairman	5
Mr. S.S. Kumar	Member	5
Mr. T.V.P. Punj	Member	-

The Company Secretary, Ms. Purnima Sharma acts as the secretary of the Audit Committee.

#### REMUNERATION COMMITTEE

The Remuneration Committee of the Board is constituted to formulate the compensation structure of the executive directors of the Company. It recommends to the Board from time to time the remuneration to be paid to the executive directors of the Company. During the year ended June 30, 2008 two meetings of the Remuneration Committee were held on November 28, 2007 and April 26, 2008, respectively.

As on June 30, 2008, the Composition of the Remuneration Committee and their attendance at the meeting is as follows:

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

The Company Secretary, Ms. Purnima Sharma acts as the secretary of the Remuneration Committee.



## **SHARE TRANSFER-CUM -INVESTORS' GRIEVANCE COMMITTEE**

The Share Transfer-cum-Investors' Grievance Committee undertakes and ensures expeditious transfer/transmission of shares, issue of duplicate share certificates, split, consolidation, replacement of share certificates and other allied matters. It also looks into the redressal of Shareholders/Investors' complaints, compliance of dividend payments, etc.

The Company Secretary, Ms. Purnima Sharma acts as Compliance Officer for the purpose of Clause 47 of the Listing Agreements.

### **Composition**

As on June 30, 2008, the Committee comprises of Mr. K. Lall as Chairman and Mr. S.S. Kumar and Mr. Brij Raj Punj as members of the Committee.

During the year under review, the company received 66 complaints from the investors pertaining to non receipt of dividend warrants, Annual Reports, etc., and all were resolved. As on June 30, 2008, no investor complaint is pending.

### **SUB-COMMITTEE OF DIRECTORS**

The Board has constituted a sub-committee of Board of Directors for taking the decisions of routine nature confirming the smooth functioning with respect to day to day affairs of the Company. As of June 30, 2008, the Committee comprised 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. The minutes of the sub committee of Board of Directors are placed before the Board in their next meeting for their consideration and ratification.

## **III DISCLOSURES**

- i) During the year under review, the Company has entered into related party transaction as set out in the notes to accounts, which in the opinion of the management are not likely to have a conflict with the interest of the Company. Besides these, there were no materially significant pecuniary transactions or relationships between the Company and its Promoters, Directors, the management, 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 and laid down procedures for the risk assessment and its minimization. These procedures are reviewed from time to time to ensure that executive management controls risk through properly defined framework and procedures.

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**Fedders Lloyd Corporation Limited**

**IV MEANS OF COMMUNICATION**

Half yearly report sent to each household Shareholders.	No. Company is publishing the results in One National & Regional newspapers.
Quarterly results are normally published in	Quarterly Results are published in National & Regional Newspapers. Apart from that the quarterly results are also being 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	Sent to the Stock Exchanges for posting on their website.
Whether Management Discussion & Analysis report is a part of Annual Report or Not	Yes
Whether Shareholder Information Section forms part of the Annual Report.	Yes.

**SEBI EDIFAR FILING**

As per Clause 51 of the Listing Agreement with the Stock Exchanges, all the data related to quarterly financial results, shareholding pattern, annual report, etc., are being electronically filled 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	: December 26, 2008
Time	: 9.00 A.M.
Venue	: Regd. Office at C – 4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P. 201 305

**Financial Calendar (Tentative)**

Financial Reporting for the first quarter ended September 30, 2008	October 31, 2008 (actual)
Financial Reporting for the second quarter ending December 31, 2008	Before the end of January, 2009
Financial Reporting for the third quarter ending March 31, 2009	Before the end of April, 2009
Financial Reporting for the fourth quarter ending June 30, 2009	Before the end of July, 2009
Financial Reporting for the year ending June 30, 2009	Before the end of November, 2009
Annual General meeting for the year ended June 30, 2009	Before the end of December, 2009



### Dates of Book Closure

Wednesday, December 24, 2008 to Friday, December 26, 2008 (both days inclusive).

### Details of General Meetings

Year	Type of Meeting	Date, time and venue	Special Resolution passed thereat
2007	AGM	December 29, 2007 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	NIL
2007	EGM	February 3, 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	December 30, 2006 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.	NIL
2006	EGM	November 15, 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	June 16, 2006 at 9.00 A.M. at the Regd. Office : C-4, Phase-II, Nodia, Distt. Gautam Budh Nagar, U.P.	Alteration of Articles of Association of the Company.  Approval u/s 814(1a) of the Companies Act, 1956 for the issue of FCCBs/GDRs/ADRs and other securities.
2005	AGM	December 30, 2005 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 2008-09 have been paid to both the stock exchanges where the company is listed.

### Stock Code/ Symbol

BSE	500139
NSE	FEDDERLOYD
ISIN NO.	INE249C01011

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## Fedders Lloyd Corporation Limited

### Market Price Data

Monthly high & low of the equity shares of the Company for the year ended June 30, 2008 are as follows:

Month	BSE	
	High	Low
July, 2007	158.50	139.15
August, 2007	163.30	145.05
September, 2007	170.65	151.35
October, 2007	153.40	135.70
November, 2007	146.85	125.45
December, 2007	144.40	130.25
January, 2008	157.25	100.50
February, 2008	104.45	80.25
March, 2008	76.00	41.80
April, 2008	63.30	44.55
May, 2008	68.35	60.35
June, 2008	61.40	47.50

### 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 Agent of the company namely, Skyline Financial Services Private Limited. Shares lodged for transfers/ transmissions are registered and returned within stipulated time period.

**Distribution of Shareholding as on June 30, 2008 is as follows:**

Range of Shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Up to 500	17549	94.02	2324046	7.55
501-1000	630	3.38	529667	1.72
1001-2000	259	1.39	393092	1.28
2001-3000	82	0.44	210667	0.68
3001-4000	34	0.18	121244	0.39
4001-5000	27	0.14	126530	0.41
5001-10000	43	0.23	309970	1.01
10001 and above	42	0.23	26754484	86.95
<b>Total</b>	<b>18666</b>	<b>100.00</b>	<b>30769700</b>	<b>100.00</b>



### Shareholding Pattern as on June 30, 2008

Category	No. of shares	Percentage
<b>Promoter and Promoter Group</b>		
a. Individual/HUF	3338453	10.85
b. Bodies Corporate	7830969	25.45
<b>Public Shareholding</b>		
<u>Institutions</u>		
a. Mutual Funds/UTI	458633	1.49
b. Financial Institutions/ Banks	900	0.00
c. Foreign Institutional Investors	10156276	33.01
<u>Non-Institutions</u>		
a. Bodies Corporate	5247320	17.05
b. Individual Shareholders holding nominal share capital up to Rs. 1 Lakh.	3446898	11.20
c. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh.	91646	0.30
d. Other	198605	0.65
<b>Total</b>	<b>30769700</b>	<b>100</b>

### Dematerialisation of shares and liquidity

As on June 30, 2008, 1,71,80,066 Equity Shares, constituting 55.83% of the paid up Equity Share Capital of the Company were held in dematerialized mode in NSDL & CDSL.

### Manufacturing Facilities:

The Company's plants are located at:

1. C-4, Phase – II, Noida,  
Distt. Gautam Budh Nagar,  
U.P. 201 305
2. Saketi Road, Industrial Area,  
Kala Amb, Tehsil Nahan,  
Distt. Sirmor, Himachal Pradesh.
3. Shed No.77,  
Annai Anjugam Nagar  
Kundrathur-Somangallam Road  
Nandapakkam Village, Chennai- 600 069

## **Annual Report 2007- 08**

### **Fedders Lloyd Corporation Limited**

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

Skyline Financial Services Private Limited  
246, 1<sup>st</sup> Floor, Sant Nagar  
Main ISKCON Temple Road  
East of Kailash  
New Delhi 110 065  
Phone: 011 26292682/83  
Fax : 011 26292681  
Email: admin@skylinerta.com

#### **Address of Correspondence of the Company**

Ms. Purnima Sharma  
The Company Secretary  
Fedders Lloyd Corporation Limited  
159, OKhla Industrial Estate  
Phase-III, New Delhi 110 020  
Phone: 011 40627200/300  
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.

#### **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 (Issued in accordance with the provisions of Clause 49 of the Listing Agreement)**

We hereby certify that for the financial year 2007-08 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 2007-2008 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.

Place : New Delhi  
Dated : November 25, 2008

A.A. Siddiqui  
GM (Finance)

Brij Raj Punj  
Chairman & Managing Director

## **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.

Place : New Delhi  
Dated : November 25, 2008

Brij Raj Punj  
Chairman & Managing Director

## **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, 2008 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**

**Place : New Delhi**  
**Dated : November 25, 2008**

**Brijesh C. Mathur**  
**Partner**  
**M.No. : 83540**



## AUDITORS' REPORT

To the Members,  
Fedders Lloyd Corporation Ltd.

We have audited the attached Balance Sheet of FEDDERS LLOYD CORPORATION LIMITED as at 30<sup>th</sup> June, 2008 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) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) 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;
  - e) On the basis of written representations received from the directors, as on 30<sup>th</sup> June, 2008, 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, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) 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 "P" 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, 2008;
    - 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**

**Brijesh C. Mathur**  
**Partner**  
**M. No. : 83540**

**Place : New Delhi**  
**Dated : November 25, 2008**

## **Annual Report 2007- 08**

### **Fedders Lloyd Corporation Limited**

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#### **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2008 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 explanations given to us and in our opinion that the disposal of the fixed assets has not affected the going concern status of the company.
- 1.4 During the year, the company has written off some assets whose WDV is less than Rs. 5,000/-. These assets have no existence at present. The total value of written off assets is Rs. 0.06 lacs.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
3. According to the informations given to us, the company has not taken any loans, secured or unsecured from companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs 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, 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 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 or debenture holders.  
During the year, the company has repaid entire term loan and interest of IFCI Ltd. As on date the company does not owe any sum of money to IFCI Ltd.
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 explanations given to us, the terms & conditions of the guarantees given by the Company for loan taken by the associates companies from bank are prime facie not prejudicial to the interest of the Company. Corporate guarantee given to bank on behalf of Associate company and outstanding at the end of the year under review was Rs. 1660.00 lacs.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term, investment and no long-term funds have been used to finance short term assets.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, fund raised on short-term basis have, prima facie, not been used during the year for long-term investment and vice versa.
18. The company has not raised any moneys by way of issue of debentures.
19. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
20. The company has not raised any money during the year by way of public issue.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

**Brijesh C. Mathur**  
**Partner**  
**M. No. : 83540**

**Place : New Delhi**  
**Dated : November 25, 2008**

**Annual Report 2007- 08**  
**Fedders Lloyd Corporation Limited**

**BALANCE SHEET AS AT 30TH JUNE, 2008**

(Rs. in Lacs)

Particulars	Schedule		As at 30.06.2008	As at 30.06.2007
<b>SOURCES OF FUNDS:</b>				
<b>SHAREHOLDERS FUNDS:</b>				
Share Capital	A	3,076.97	3,076.97	
Reserves & Surplus	B	11,674.07	14,751.04	12,847.87
<b>LOAN FUNDS:</b>				
Secured Loans	C		7,489.04	6,940.43
<b>DEFERRED TAX LIABILITY</b>			64.99	170.49
<b>TOTAL</b>			<b>22,305.07</b>	<b>19,958.79</b>
<b>APPLICATIONS OF FUNDS:</b>				
<b>FIXED ASSETS:</b>				
	D			
Gross Block		7,547.27	7,429.50	
Less: Depreciation		3,464.61	3,056.11	
Net Block		4,082.66	4,373.39	
Capital Work in Progress		1,349.43	1,322.54	
Projects Under Development		607.45	-	
Total			6039.54	5695.93
<b>INVESTMENTS (At Cost)</b>	E		86.50	32.04
<b>CURRENT ASSETS, LOAN &amp; ADVANCES:</b>				
	F			
Inventories		9,563.36	6,300.49	
Sundry Debtors		7,123.92	6,342.51	
Cash and Bank Balances		750.13	314.94	
Loan and Advances		3,148.34	4,283.14	
		20,585.75	17,241.08	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS:</b>	G			
Current Liabilities		3,536.83	2,190.02	
Provisions		1,009.92	995.28	
		4,546.75	3,185.30	
<b>NET CURRENT ASSETS</b>			16,039.00	14,055.78
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	H		140.03	175.04
<b>TOTAL</b>			<b>22,305.07</b>	<b>19,958.79</b>

**NOTES TO ACCOUNTS**

Schedules A to P annexed form an integral part of accounts & are duly authenticated.

As per our Report Attached

For Suresh C. Mathur & Co.  
Chartered Accountants

Brijesh C. Mathur  
Partner  
M. No.: 83540

A. A. Siddiqui  
G. M. Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Whole Time Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

For and on behalf of the Board of Directors

Place : New Delhi  
Date : November 25, 2008



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE, 2008

(Rs. in Lacs)

Particulars	Schedule	Year ended 30.06.2008	Year ended 30.06.2007
<b>INCOME:</b>			
Sales		45,192.29	35,003.09
Less:Excise Duty		590.77	168.04
Other Income	I	75.77	11.13
<b>Total</b>		<b>44,677.29</b>	<b>34,846.18</b>
<b>EXPENDITURE:</b>			
Cost of Goods Consumed	J	39,884.24	32,318.58
Increase/decrease in Finished Stock	K	(598.44)	(1,355.49)
Manufacturing Expenses	L	272.23	251.47
Administrative Expenses	M	1,039.21	514.96
Selling Expenses	N	911.03	132.22
Finance Charges	O	677.63	641.00
Misc. Expenditure Written off		35.01	-
Depreciation		416.00	265.25
Less: Re-valuation reserve written back		23.31	24.12
		<b>42,613.61</b>	<b>32,743.87</b>
<b>Profit before Taxation</b>		2,063.68	2,102.31
Less:Provision for Taxation:			
Current Taxation		235.00	236.00
Deferred Tax Assets for the year		(105.50)	35.43
Fringe Benefit Tax		7.70	6.17
<b>Profit for the year after Tax</b>		<b>1,926.48</b>	<b>1,824.71</b>
Balance brought forward from previous year		63.04	89.52
		<b>1,989.52</b>	<b>1,914.23</b>
<b>Less:Short Provision of Last Year for:</b>			
Proposed Dividend		-	80.00
Tax on Proposed Dividend		-	11.22
<b>Amount Available for Appropriation</b>		<b>1,989.52</b>	<b>1,823.01</b>
<b>APPROPRIATIONS:</b>			
Proposed Dividend		-	307.70
Tax on Proposed Dividend		-	52.28
Transfer to General Reserve		1,900.00	1,400.00
Balance carried to Balance Sheet		89.52	63.04
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>6.26</b>	5.93
<b>Notes forming part of the Accounts</b>	P		

Schedules A to P annexed form an integral part of accounts & are duly authenticated.

As per our Report Attached

For and on behalf of the Board of Directors

For Suresh C. Mathur & Co.  
Chartered Accountants

Brijesh C. Mathur  
Partner  
M. No.: 83540

A. A. Siddiqui  
G. M. Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Whole Time Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi  
Date : November 25, 2008

**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2008**

(Rs. in Lacs)

Particulars	As at 30.06.2008	As at 30.06.2007
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL:</b>		
<u>Authorised Capital:</u>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
<u>Issued, Subscribed &amp; Paid up Capital:</u>		
3,07,69,700 equity shares of Rs. 10/- each fully paid up	3,076.97	3,076.97
<b>TOTAL</b>	<b>3,076.97</b>	<b>3,076.97</b>

**SCHEDULE - B**

**RESERVES AND SURPLUS:**

1) <u>Capital Reserve:</u>				
Revaluation Reserve (Not available for Dividend)				
Office Premises	127.40		127.40	
Factory Land & Building	1,061.17		1,085.28	
	<u>1,188.57</u>		<u>1,212.69</u>	
Less: Amount Utilised to set-off Dep.	23.31	1,165.26	24.12	1,188.57
2) <u>Securities Premium Account:</u>				
Balance as per last Balance Sheet	2,563.99		563.99	
Add: Premium received on conversion of Preferential convertible warrants	-	2,563.99	2,000.00	2,563.99
3) <u>General Reserve</u>				
Opening balance	5,955.31		4,555.31	
Add: Transfer from Profit & Loss a/c	1,900.00	7,855.31	1,400.00	5,955.31
4) <u>Profit &amp; Loss Account</u>				
As per Profit & Loss Appropriation A/c		89.52		63.04
<b>TOTAL</b>		<b>11,674.07</b>		<b>9,770.90</b>



## SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2008

(Rs. in Lacs)

Particulars	As at 30.06.2008	As at 30.06.2007
<b>SCHEDULE - C</b>		
<b>SECURED LOANS:</b>		
<u>From Schedule Banks:</u>		
Term Loans	2,437.50	3,757.72
Working Capital Loans	5,051.54	2,956.98
<u>From Financial Institutions:</u>		
Term Loan form Financial Institutions	-	213.20
Interest accrued but not due	-	12.53
<b>TOTAL</b>	<b>7,489.04</b>	<b>6,940.43</b>

Note: Working Capital Loans are secured by way of hypothecation of whole of current assets and second charge on Fixed assets of the company. Term Loans are secured by way of first pari pasu charge on all existing and future fixed assets of the Company.

## SCHEDULE- D

### FIXED ASSETS:

(Rs. in Lacs)

Particulars	Gross Block			Depreciation				Net Block		
	As At 01.07.2007	Additions	Transfer/ Adjustment	As At 30.06.2008	Up To 30.06.2007	For the year	Adjustment	Total	As At 30.06.2008	As At 30.06.2007
Land	1,507.36	*50.67	482.20	1,075.83	-	-	-	-	1,075.83	1,507.36
Building Factory	1,265.76	227.78	-	1,493.54	620.44	78.95	-	699.39	794.15	645.32
Office Premises	240.49	2.07	-	242.55	137.37	5.17	-	142.54	100.02	103.12
Flat	1.52	-	-	1.52	1.35	0.03	-	1.39	0.14	0.17
Plant & Machinery	4,046.97	214.99	0.86	4,261.10	2,038.32	289.62	0.86	2,327.07	1,934.03	2,008.66
Furniture & Fixtures	40.04	11.56	-	51.59	29.97	2.47	-	32.44	19.15	10.07
Office Equipments	90.92	43.94	4.02	130.85	72.48	5.89	3.98	74.38	56.47	18.45
Vehicles	93.15	40.73	2.82	131.06	56.49	13.95	2.66	67.78	63.28	36.66
Computer	143.29	15.93	-	159.22	99.71	19.92	-	119.63	39.59	43.59
<b>TOTAL</b>	<b>7,429.50</b>	<b>607.66</b>	<b>489.90</b>	<b>7,547.27</b>	<b>3,056.11</b>	<b>416.00</b>	<b>7.51</b>	<b>3,464.61</b>	<b>4,082.66</b>	<b>4,373.39</b>
(Previous Year)	5,704.75	1,727.85	3.10	7,429.50	2,793.58	265.25	2.71	3,056.11	4,373.39	2,911.17

Total Depreciation during the year	416.00
Less: Revaluation Reserve W/back to the extent of dep. On addition on a/c of Revaluation	23.31
Depreciation charged to Profit & Loss Account	<u>392.69</u>

\* During the year, an amount of Rs. 482.20 Lacs being the value of Land at Vrindaban has been transferred to Project Development A/c.

**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2008**

(Rs. in Lacs)

Particulars	As at 30.06.2008	As at 30.06.2007
<b>SCHEDULE - E</b>		
<b><u>INVESTMENTS:</u></b>		
<u>Long Term Investments: Non tradable</u>		
A. Quoted Shares		
Lloyd Electric & Engineering Ltd. (100 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per Share) (Market Value Rs.80.05 Per Share)	0.01	0.01
State Bank of Bikaner & Jaipur: (375 Equity Shares of Rs. 100 each fully paid up at a premium of Rs. 440/- per Share) (Market Value Rs.3225.75 Per Share)	2.03	2.03
Sub-Total (A)	2.04	2.04
B. Unquoted Shares: (Market Value not known)		
M/s Lloyd Credits Ltd. (3,00,000 Equity Shares of Rs. 10/- each)	30.00	30.00
Wholly owned Subsidiary: M/s Fedders Lloyd Trading FZE (5 Shares @ 1,00,000/- AED each)	54.46	-
Sub-Total (B)	84.46	30.00
<b>TOTAL (A+B)</b>	<b>86.50</b>	<b>32.04</b>



## SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2008

(Rs. in Lacs)

Particulars	As at 30.06.2008	As at 30.06.2007
<b>SCHEDULE - F</b>		
<b><u>CURRENT ASSETS, LOAN &amp; ADVANCES</u></b>		
A. <u>INVENTORIES:</u> (As certified by the Management)		
Stock in hand:at cost net of modvate		
Raw-materials	3,337.06	1,808.94
Finished Goods	3,088.75	2,425.05
Work in Progress	1,195.11	1,115.50
Semi Finished Goods	870.94	936.20
Stock at Warehouse	1,071.50	14.80
Sub - Total (A)	9,563.36	6,300.49
B. <u>SUNDRY DEBTORS:</u> (Unsecured considered good by the Management)		
More than six months	2,586.61	2,117.09
Others	4,537.31	4,225.42
Sub - Total (B)	7,123.92	6,342.51
C. <u>CASH AND BANK BALANCES:</u>		
Cash balance in hand	53.97	75.13
Balances with scheduled banks:		
-in current accounts	215.81	8.37
-in Margin Money	426.83	231.41
-in Fixed Deposit	53.53	0.03
Sub - Total (C)	750.13	314.94
D. <u>LOAN &amp; ADVANCES :</u> (Unsecured- considered good)		
Earnest Money & Security Deposits	238.75	177.43
Staff and other advances	26.19	26.13
Advances for goods and expenses to be recovered in cash or in kind or for value to be received	2,687.05	4,012.71
Balance in Excise PLA & PCA A/c	104.25	10.69
Advance Income Tax & T.D.S.	92.09	56.19
Sub - Total (D)	3,148.34	4,283.14
<b>TOTAL (A+B+C+D)</b>	<b>20,585.74</b>	<b>17,241.08</b>

**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2008**

(Rs. in Lacs)

Particulars	As at 30.06.2008	As at 30.06.2007
<b>SCHEDULE - G</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS:</u></b>		
A. <u>CURRENT LIABILITIES:</u>		
Sundry creditors for goods and expenses	3,240.50	2,052.42
Unclaimed Dividend	19.00	12.92
Other Liabilities	277.34	124.68
Sub - Total (A)	<u>3,536.84</u>	<u>2,190.02</u>
B. <u>PROVISIONS:</u>		
for Income Tax	864.30	629.30
for Fringe Benefit Tax	7.70	6.00
for proposed dividend	-	307.70
for tax on proposed dividend	-	52.28
for gratuity & leave encashment	137.91	-
Sub - Total (B)	<u>1,009.91</u>	<u>995.28</u>
<b>TOTAL (A + B)</b>	<b><u>4,546.75</u></b>	<b><u>3,185.30</u></b>
<b>SCHEDULE - H</b>		
<b><u>MISCELLANEOUS EXPENDITURE:</u></b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	175.04	175.04
Less: 1/5th written off during the year	35.01	-
<b>TOTAL</b>	<b><u>140.03</u></b>	<b><u>175.04</u></b>



## SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE, 2008

				(Rs. in Lacs)	
Particulars		Year ended 30.06.2008		Year ended 30.06.2007	
<b>SCHEDULE - I</b>					
<b><u>OTHER INCOME:</u></b>					
Other Income		24.88		11.13	
Interest Received		22.43		-	
Dividend Gross		0.38		-	
Profit on Sale of Assets		0.09		-	
Profit on Sale of Share		28.00		-	
<b>TOTAL</b>		<b><u>75.77</u></b>		<b><u>11.13</u></b>	
<b>SCHEDULE - J</b>					
<b><u>COST OF GOODS CONSUMED:</u></b>					
<b><u>Opening Stocks:</u></b>					
Raw materials, stores & spares	1,808.94		1,745.86		
Work in progress	1,115.50		735.90		
	<u>2,924.44</u>		<u>2,481.77</u>		
Add: Purchases and Expenses	41,491.98	44,416.41	<u>32,761.25</u>		35,243.02
Less: Closing stocks (Valued at cost or net realisable value whichever is less as certified by the directors)					
Raw materials, stores & spares	3,337.06		1,808.94		
Work in progress	1,195.11	4,532.17	1,115.50		2,924.44
<b>TOTAL (A)</b>		<b><u>39,884.24</u></b>		<b><u>32,318.58</u></b>	
<b>SCHEDULE - K</b>					
<b><u>INCREASE/DECREASE IN FINISHED STOCK</u></b>					
<b>Opening stock:</b>					
Air-conditioners	1,864.37		1,271.37		
Refrigerators	3.01		3.01		
Semifinished	936.20		731.38		
Appliances	<u>557.67</u>	3,361.25	-		2,005.76
Less : Closing stock					
Air-conditioners	2,503.40		1,864.37		
Refrigerators	3.01		3.01		
Semifinished	870.94		936.20		
Appliances	<u>582.34</u>	3,959.69	557.67		3,361.25
<b>Total (B)</b>		<b><u>(598.44)</u></b>		<b><u>(1,355.49)</u></b>	
<b>Grand Total (A + B)</b>		<b><u>39,285.80</u></b>		<b><u>30,963.09</u></b>	

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED ON 30TH JUNE, 2008**

			(Rs. in Lacs)	
Particulars	Year ended 30.06.2008	Year ended 30.06.2007		
<b>SCHEDULE - L</b>				
<b>MANUFACTURING EXPENSES:</b>				
Labour, Wages & Perquisites	140.93		138.87	
Repair to Plant & Machinery	0.76		0.25	
Provident Fund Contribution	46.70		24.59	
Employee State Insurance	7.14		5.27	
Staff Amenities	7.59		15.36	
Bonus	0.86		0.53	
Factory Licence Fee	0.14		0.09	
Power & Fuel & Other Mfg. Exp.	68.12		66.51	
<b>TOTAL</b>	<b>272.23</b>		<b>251.47</b>	
<b>SCHEDULE - M</b>				
<b>ADMINISTRATIVE EXPENSES:</b>				
Staff Salaries	571.92		212.17	
Bonus	10.02		4.86	
Remuneration to Directors	23.22		7.20	
Rent	37.85		54.46	
Travelling	41.23		50.87	
Printing and stationery	16.85		16.36	
Legal and Consultancy Fee	93.42		66.43	
Audit Fee	3.70	2.70		
Tax Audit Fee	0.30	0.30		
Service Tax	0.49	4.49	0.37	3.37
Postage, Telegrams & Telephone	27.91		27.33	
Director Sitting Fee	0.75		0.84	
Gratuity	138.42		2.76	
Leave Encashment	0.66		-	
General Charges	5.96		4.65	
Motor Car Expenses	7.81		10.02	
Subscription	3.79		2.10	
Conveyance	29.57		30.42	
Newspapers & Periodicals	0.43		0.52	
Custodial fee	0.34		-	
Loss on sale of assets	-		0.14	
Assets written off	0.06		-	
Licence fee	0.17		-	
Computer Expenses	4.88		3.70	
Research & Development	19.45		16.75	
<b>TOTAL</b>	<b>1,039.21</b>		<b>514.95</b>	



## SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE, 2008

Particulars	(Rs. in Lacs)	
	Year ended 30.06.2008	Year ended 30.06.2007
<b>SCHEDULE - N</b>		
<b><u>SELLING EXPENSES:</u></b>		
Advertisement	854.28	76.52
Sales Promotion	56.75	41.67
Sales Tax Paid	-	12.63
Work Contract Tax Paid	-	1.40
<b>TOTAL</b>	<b>911.03</b>	<b>132.22</b>
<b>SCHEDULE - O</b>		
<b><u>FINANCE CHARGES:</u></b>		
Bank Charges	51.15	50.60
Interest	626.48	590.41
<b>TOTAL</b>	<b>677.63</b>	<b>641.00</b>

## **SCHEDULE- 'P'**

### **Notes to Accounts for the year ended on 30<sup>th</sup> June 2008**

#### **I SIGNIFICANT ACCOUNTING POLICES**

##### **1 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, accounting standards 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.

##### **2 REVENUE RECOGNITION:**

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

##### **3 FIXED ASSETS:**

- a) Fixed Assets are stated at their original cost including freight and other incidental expenses related to acquisition and installation, less accumulated depreciation.
- b) In case of land and building market value has been substituted for cost based on the valuation report adopted in the meeting of Board of Directors on 24-04-99.
- c) Revaluation reserve has been utilized to the extent of amount needed to set-off depreciation on addition to fixed assets on account of revaluation of assets.
- d) During the year, the Company has written off some assets whose WDV is less than Rs. 5,000/-. These assets have no existence at present. The total value of written off assets is Rs. 0.06 Lacs.

##### **4 DEPRECIATION:**

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



## **5 ACCOUNTING FOR FOREIGN CURRENCY TRANSACTIONS:**

- a) Foreign currency transactions other than Fixed Assets are recorded at exchange rate prevailing at the time of transaction and realized gains and losses on this account are recognized in Profit & Loss Account.
- b) There is no foreign currency liability against acquisition of fixed assets at the year end.

## **6 INVESTMENTS:**

Long term investments 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.

## **7 INVENTORIES:**

- a) Raw materials, stores and spares and stock-in-transit are valued at cost net of MODVAT as per the First in First out (FIFO) 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 realizable 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.

## **8 EMPLOYEES RETIREMENT BENEFITS**

- a) The Company's contribution to the provident fund is charged to profit and loss account.
- b) The Company's liability in respect of payment of gratuity and leave encashment is provided on accrual basis. During the year, the Company has made the provision of gratuity of Rs. 137.25 Lac and leave encashment of Rs. 0.65 lacs upto 30<sup>th</sup> June 2008.

## **9 RESEARCH AND DEVELOPMENTS**

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

## **10 EXCISE DUTY**

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

## **11 SEGMENT REPORTING**

Primary Segment information (by Business Segment): During the year under review, the Company had only one business segment hence the primary segment reporting requirement are not applicable for the year ended 30<sup>th</sup> June, 2008.

## **12 MANAGEMENT ESTIMATION**

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

**13 IMPAIRMENT OF ASSETS**

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

**14 TAXATION**

**Current Tax:**

The tax expenses for the year, comprising current tax and fringe benefit tax is included in determining the net profit for the year.

A Provision is made for the current tax and fringe benefit tax based on tax liability computed in accordance with relevant tax rates 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 substantially enacted as on the balance sheet date.

**15 BORROWING COST**

Borrowing cost that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**16 EARNING PER SHARE**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

**17 CASH FLOW STATEMENT**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

**18 SUNDRY DEBTORS/LOANS & ADVANCES**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any which is not likely to be material, will be adjusted at the time of confirmation.

**19 PROVISIONS /CONTINGENCIES**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes to Accounts (II).



## 20 DERIVATIVE INSTRUMENTS

The Company has not entered into the derivative instruments. Forward Contract other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange difference arising on such contracts are recognized in the period in which they arise and premium paid/received is accounted as expenses/income over the period of the contract.

## II NOTES TO ACCOUNTS

### 1 Contingent Liabilities

Sl. No.	Particulars	Amount (Rs in Lacs)
1	Bank Gurantees	1853.69
2	Corporate guarantee to bank on behalf of associate companies	1660.00

### 2 Micro and Small Scale Business Entities

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount not there was necessity to pay interest for delayed payment in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act.

### 3 Related Party Disclosures: (In which some directors are interested)

Related Companies	Nature of Relationship (Associate Co. /Subsidiary Co./Directors Interested)
Airserco Pvt. Ltd.	Directors Interested
Lloyd Electric & Engineering Ltd.	Directors Interested
Perfect Radiators & Oil Coolers Pvt. Ltd.	Directors Interested
PSL Engineering Pvt. Ltd.	Directors Interested
Fedders Lloyd Trading FZE Dubai	Subsidiary Company
<u>Key Management Personnel</u>	
Mr. Brij Raj Punj	Managing Director

#### **Transaction with Related Companies**

Transaction	Amount (Rs in Lacs)
Purchase of goods	463.67
Sales of goods	0.36

### 4 Deferred Revenue Expenditure

In December 2000, the company was compelled to close its manufacturing unit situated at 2 Industrial Area, Kalkaji, New Delhi under the order of Hon'ble Supreme Court of India for closure of polluting factories in the state of Delhi under Group F. As a consequential effect of aforesaid closure, the manufacturing facilities

## Annual Report 2007- 08

### Fedders Lloyd Corporation Limited

related to production of Air-Conditioners Packages Unit were kept idle which resulted into non-productive costs of Rs. 175.03 Lacs had provided as deferred revenue expenditure.

During the year, the Company has written off Rs.35.01 Lacs having 1/5 of the Deferred Revenue Expenditure.

#### 5 Financial Institutional Loan

During the year, the Company has repaid entire term loan and interest of IFCI Ltd. As on date the company does not owe any sum of money to IFCI Ltd.

#### 6 Investment in Subsidiary Company

During the year, the Company has made an investment in 100% of the share capital of M/s Fedders Lloyd Trading FZE, UAE comprising Rs. 54.45 Lacs (i.e. 5 shares @ 1,00,000/- AED each). M/s Fedders Lloyd Trading FZE, Dubai is the wholly owned subsidiary of the Company.

#### 7 Project Under Development

The Company has a land at Vrindaban. The cost of project as at the Balance Sheet date is as under:

	<u>Amount (Rs. in Lacs)</u>
Cost of Land (including opening balance and addition thereon)	520.39
Technical Consultancy Charges	3.14
Interest	60.00
Other cost	23.92
	<u>607.45</u>

#### 8 Dividend

During the year, the directors of the Company do not propose payment of any dividend to shareholders of the Company. Hence not provided in the accounts.

#### 9 The break up of deferred tax assets and liabilities into major components at the year ended as below:

<b>Deferred Tax Assets:</b>	<b>Amount (Rs. in Lacs)</b>
Depreciation Difference	58.85
Gratuity & Other Provisions	46.65
Net Deferred Assets	105.50

#### 10 Basic & Diluted Earning per Share

Earnings per share has been computed as under:

	<b>Amount</b>
Profit after Taxation (Rs in Lacs)	1926.48
Number of Ordinary Shares	30769700
Basic and Diluted Earnings per share (Face Value Rs.10/-per share)	6.26



**11 Additional information pursuant to the provisions of paragraphs 3,4C and 4D of part II of the Schedule VI of the Companies Act, 1956.**

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:

Employed whole of the year	2
Employed part of the year	-

**12 Licensed , Installed Capacity & Actual Production**

	<b>AIR-CONDITIONERS</b>	<b>REFRIGERATORS</b>
Licensed Capacity	80000 Nos.	20000 Nos.
Installed Capacity	40000 Nos.	20000 Nos.
Actual Production	4096 TR.	NIL.
Purchases	36644 TR.	NIL.

**13 Raw Materials and Stores Consumed for Production/ Replacement:-**

<b>Sl. No.</b>	<b>Items</b>	<b>Amount (Rs in Lacs)</b>
1	Compressors	197.78
2	Electric Motors	83.32
3	Condensing/Evaporator Coils	540.49
4	Thermostat	8.37
5	Control Pressure Switch	3.03
6	Running and Start Capacitor	12.47
7	Sheet Metal / Plate	38518.06
8	Copper	13.81
9	Control Electrical	2.69
10	Plastic Material	6.36
11	Brazing/Welding Material	6.37
12	Packing Material	6.69
13	Consumable	16.49
14	Others (Including net expenses)	468.31
	<b>Total</b>	<b>39884.24</b>

**Annual Report 2007- 08**  
**Fedders Lloyd Corporation Limited**

**14 Quantitative Details :**

	Nos./Tr.	Opening Stock		Closing Stock		Turnover	
		Qty.	Value (Rs. in Lacs)	Qty.	Value (Rs. in Lacs)	Qty.	Value (Rs. in Lacs)
Air-conditioner	TR	15970	1864.37	22567	2503.40	34143	5840.90
Refrigerator	Nos.	45	3.01	45	3.01	-	-
Appliances	Nos	31116	557.67	37677	582.34	58944	1450.16
Semi Finished		-	936.19	-	870.94	-	-
Project, components & proceed Steel Sheet		-	1808.94	-	3337.06	-	37486.77
Misc. sales		-	-	-	-	-	18.03
Work in Progress		-	1115.50	-	1195.11	-	-
Work contract		-	-	-	-	-	396.43
<b>Total (Rs.)</b>			6285.68		8491.86		45192.29

	Opening Stock	Closing Stock
<b>15 Stock in Transit / Warehouse</b>	14.80 Lacs	1071.50 Lacs

**16 Value of Import (C.I.F) Value :-**

i) Raw Materials	Rs. Nil
ii) Components and Spares	Rs. 3206.07 Lacs
iii) Capital items	Rs. Nil

**17 Expenditure in Foreign Currency :-**

(Excluding value of imports)

Travelling Expenses	Rs.19.59 Lacs
---------------------	---------------

**18 Value of Raw Materials consumed during the year:**

Particulars	Percentage (%)	Total (Rs. in Lacs)
Imported	0.15	60.41
Indegenous	99.85	39823.83
<b>Total</b>	<b>100</b>	<b>39884.24</b>

**19 Earnings in Foreign Exchange:**

Export Sales	Rs. 118.01 Lacs
--------------	-----------------



**20 Payment to Auditors :** (Rs. in Lacs)

Audit Fee	3.70
Tax Audit Fee	0.30
Add Service Tax	0.49
<b>Total</b>	<b>4.49</b>

**21 Directors Remuneration paid during the year:**

Remuneration & Perks	Rs. 23.25 Lacs
Provident Fund	Rs. 2.35 Lacs

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

**23** The balance of Intra –Group companies & Sister Units are subject to confirmation.

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

Refer to our Report of even date

For and on behalf of the Board of Directors

For Suresh C. Mathur & Co.  
Chartered Accountants

**Brijesh C. Mathur**  
Partner  
M. No.: 83540

**A. A. Siddiqui**  
G. M. Finance

**Purnima Sharma**  
Company Secretary

**S. S. Dhawan**  
Whole Time Director

**K.Lall**  
Director

**Brij Raj Punj**  
Chairman & Managing Director

Place : New Delhi

Date : November 25, 2008

**Annual Report 2007- 08**  
**Fedders Lloyd Corporation Limited**

**CASHFLOW STATEMENT FOR THE YEAR ENDED ON 30TH JUNE 2008**

(Rs. in Lacs)

Particulars	Year ended 30.06.2008	Year ended 30.06.2007
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax	2,063.68	2,035.21
<b>Adjustments for :</b>		
Add : Depreciation	392.69	241.12
Preliminary Expenses written off	35.01	-
Interest Paid	626.48	590.41
Loss on sale of fixed assets	-	0.14
Less: Profit on sale of fixed assets	(0.09)	-
Profit on sale of Investments	(28.00)	-
Interest Income	(22.43)	(11.13)
Dividend Income	(0.38)	-
Operating profit before working capital changes	3,066.96	2,855.75
Trade & other receivables	(781.41)	(1,345.05)
Inventories	(3,262.87)	(1,794.00)
Loans & Advances	1,170.71	(437.73)
Trade & other payable	1,484.73	1,093.73
Cash generated from operations	1,678.12	372.70
Direct tax paid	(41.90)	(31.11)
<b>Net Cash Flow from Operating Activities</b>	<b>1,636.22</b>	<b>341.59</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(759.83)	(2,762.23)
Sale of fixed assets	0.21	0.25
Purchase of Investment	(54.46)	-
Interest Received	22.43	11.13
Profit on sale of fixed assets	0.09	-
Profit on sale of Investments	28.00	-
Dividend received	0.38	-
<b>Net Cash Flow from Investing Activities</b>	<b>(763.18)</b>	<b>(2,750.85)</b>
<b>C Cash Flow from Financial Activities:</b>		
Proceeds from Long Term Borrowing	548.61	748.90
Proceeds from Share Warrants	-	2,700.00
Dividend Paid	(307.70)	(166.16)
Dividend Tax	(52.28)	(23.30)
Interest paid	(626.48)	(590.41)
<b>Net Cash Flow from Financing Activities</b>	<b>(437.85)</b>	<b>2,669.03</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>435.19</b>	<b>259.77</b>
Opening Balance of Cash and Cash Equivalents	314.94	55.17
Closing Balance of Cash and Cash Equivalents	750.13	314.94
<b>Net increase/ decrease in Cash and Cash Equivalents</b>	<b>435.19</b>	<b>259.77</b>

Refer to our Report of even date

For Suresh C. Mathur & Co.

Chartered Accountants

Brijesh C. Mathur

Partner

M. No.: 83540

Place : New Delhi

Date : November 25, 2008

A. A. Siddiqui

G. M. Finance

Purnima Sharma

Company Secretary

S. S. Dhawan

Whole Time Director

K.Lall

Director

Brij Raj Punj

Chairman & Managing Director

For and on behalf of the Board of Directors

**AUDITORS' REPORT**

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended 30th June 2008. 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.

Place : New Delhi

Dated : November 25, 2008

Chartered Accountants,

Brijesh C. Mathur

Partner, M. No.: 83540



## FEDDERS LLOYD CORPORATION LIMITED

### Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company As on June 30, 2008

1	Name of Subsidiary	Fedders Lloyd Trading FZE(Ras Al Khaimah, United Arab Emirates)
2	Financial year of the Subsidiary Company*	Calendar year
3	Holding Company's Interest as on 30 <sup>th</sup> June 2008 a) Number b) Face Value c) Extent of share holdings in the subsidiary company (as on 30.06.2008)	5 shares AED 100,000/- 100%
4	Net aggregate amount of the Subsidiary's Profit/ Loss so far as it concerns members of Holding Company and not dealt with in the Holding Company's Accounts: i) For Subsidiary's financial year ended as above ii) For Subsidiary's previous financial years since it became Subsidiary	Nil (No Transaction) N.A.
5	Net aggregate amount of the Subsidiary's Profit/ Loss so far as it concerns members of Holding Company and dealt with in the Holding Company's Accounts: i) For Subsidiary's financial year ended As above ii) For Subsidiary's previous financial years since it became subsidiary.	Nil N.A.
6	Additional information u/s 212(5)	N.A.

\* Note: The wholly owned subsidiary, namely M/s. Fedders Lloyd Trading FZE was incorporated as a free trade zone establishment in Ras Al Khaimah, UAE on February 11, 2008. The financial year of the WOS is the Calendar year January to December. As on June 30, 2008 the establishment is yet to commence business. Hence there are no reportable transactions.

**As per our Report Attached**

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

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

**Brijesh C. Mathur**  
Partner  
M. No.: 83540

**A. A. Siddiqui**  
G. M. Finance

**Purnima Sharma**  
Company Secretary

**S. S. Dhawan**  
Whole Time Director

**K.Lall**  
Director

**Brij Raj Punj**  
Chairman & Managing Director

Place : New Delhi  
Date : November 25, 2008

# Annual Report 2007- 08

## Fedders Lloyd Corporation Limited

### BALANCE SHEET ABSTRACT AND 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 2 0 0 8

II. Capital Raised during the year  
(Amounts in Rs.Thousands)

Public Issue  
NIL

Rights Issue  
NIL

Bonus Issue  
NIL

Private Placement  
NIL

III. Position of Mobilisation and Deployment of funds (Amount in Rs.Thousands)

#### TOTAL LIABILITIES

2 2 3 0 5 0 6

#### TOTAL ASSETS

2 2 3 0 5 0 6

#### SOURCES OF FUNDS

Paid-up Capital  
3 0 7 6 9 7

Share Warrant  
NIL

Reserves & Surplus  
1 1 6 7 4 0 7

Secured Loans  
7 4 8 9 0 3

Unsecured Loans  
NIL

Deferred Tax  
6 4 9 9

#### APPLICATION OF FUNDS

Net Fixed Assets (Incl.work in progress)

6 0 3 9 5 4

Investments  
8 6 5 0

Net Current Assets  
1 6 0 3 8 9 9

Misc. Expenditure  
1 4 0 0 3

Accumulated Losses / Profit

NIL

IV. Performance of Company  
(Amounts in Rs.Thousands)

Turnover & Other Income

4 4 6 7 7 2 9

Total Expenditure

4 2 6 1 3 6 1

Profit/Loss before Tax

2 0 6 3 6 8

Profit/Loss after Tax

1 9 2 6 4 8

Earning per Share (in Rs.)

6 . 2 6

Interim Dividend @ %

NIL

Final Dividend @ %

NIL

V. Generic Names of Three Principal Products / Services on the Company  
(As per Monetary Terms)

Item Code No.

8 4 . 1 5  
8 4 . 1 8

Product Description

AIRCONDITIONERS  
REFRIGERATORS

As per our Report Attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Brijesh C. Mathur  
Partner  
M. No.: 83540

A. A. Siddiqui  
G. M. Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Whole Time Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi

Date : November 25, 2008

# FEDDERS LLOYD CORPORATION LIMITED

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



## ATTENDANCE SLIP

(For attending the 52<sup>nd</sup> 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 hereby record my / our presence at the 52<sup>nd</sup> Annual General Meeting of the Company held on Friday, 26th day of December 2008 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

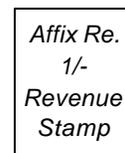
.....or failing him .....of ..... in the district of

.....as my/our proxy to attend and vote for me/us on my/our behalf at the

52<sup>nd</sup> Annual General Meeting of the Company to be held on Friday, 26th day of December 2008 at 9.00 A.M.

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

Signed this.....day of.....2008



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.





*52 Progressive Years  
in continuous innovation*



**BOOK-POST/U.P.C.**

ISO 9001 COMPANY



LIVE THE FUTURE

**FEDDERS LLOYD CORPORATION LTD.**

159, Okhla Industrial Estate, Phase-III, New Delhi-110 020 (INDIA)

Ph. : 91-11-40627200 / 300 Fax : 91-11-41609909

E-mail : [investor.relations@fedderslloyd.com](mailto:investor.relations@fedderslloyd.com)

Website : [www.fedderslloyd.com](http://www.fedderslloyd.com)