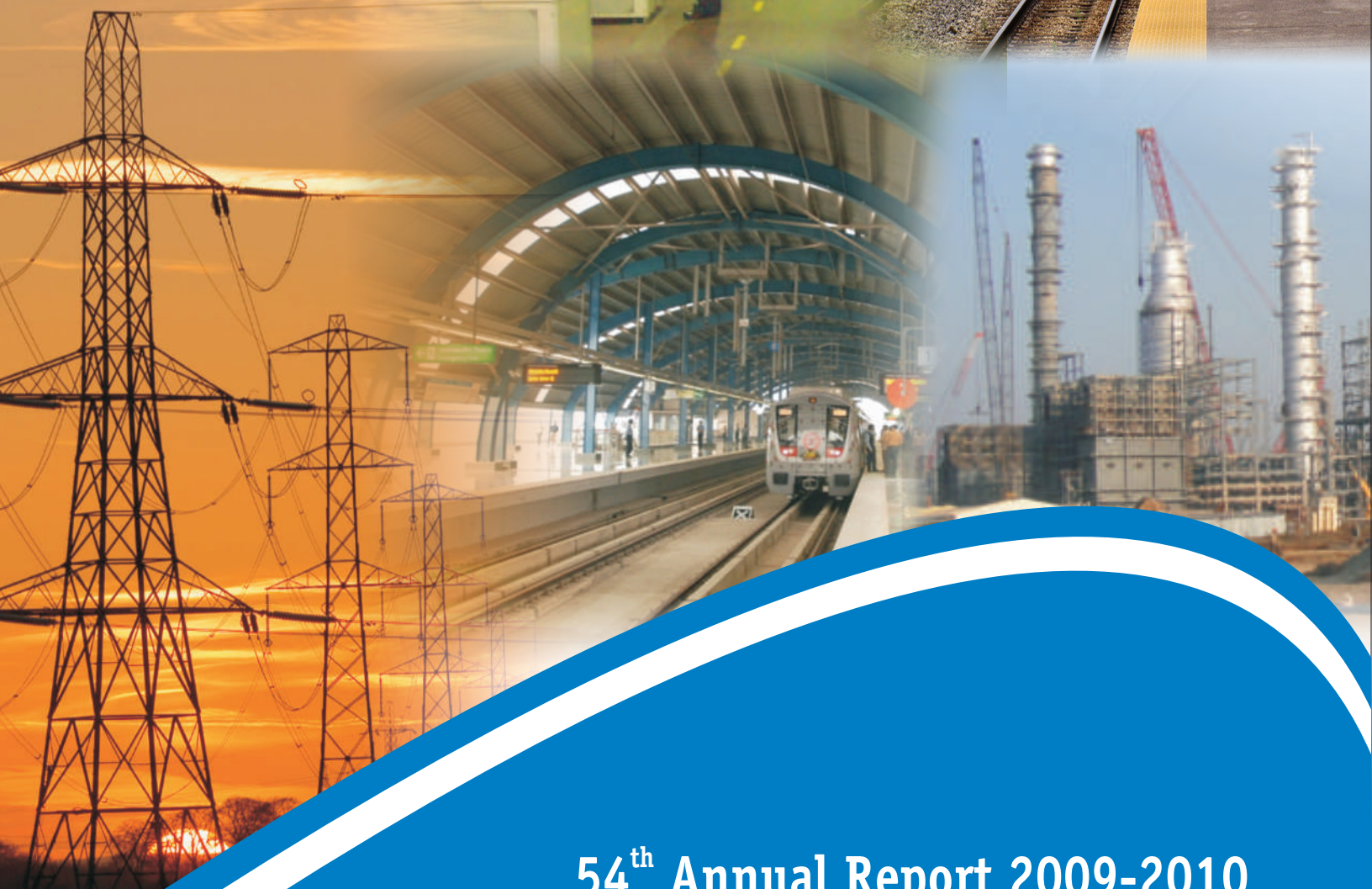




# FEDDERS LLOYD CORPORATION LTD.

LIVE THE FUTURE



54<sup>th</sup> Annual Report 2009-2010



LIVE THE FUTURE

# *Fedders Lloyd-*

*54 glorious years of Success,  
Innovation & Pride.*

- ❖ *Operating in three business segments-*
  - *HVAC&R*
  - *Steel Structures & Engineering*
  - *Power Transmission & Distribution*
- ❖ *Having five manufacturing Facilities across the Country*
- ❖ *Consistent track record of profitability since inception*
- ❖ *ISO 9001:2000 certified Company*
- ❖ *Listed on Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.*

## **Financials at a glance 2009-2010**

**Total Income**  
Rs. 68,544.35 Lacs  
up by 48.73% ↑

**EBIDTA**  
Rs. 7,731.69 Lacs  
up by 162.20% ↑

**PBT**  
Rs. 4,953.54 Lacs  
up by 252.96% ↑

**PAT**  
Rs. 4,007.43 Lacs  
up by 254.15% ↑

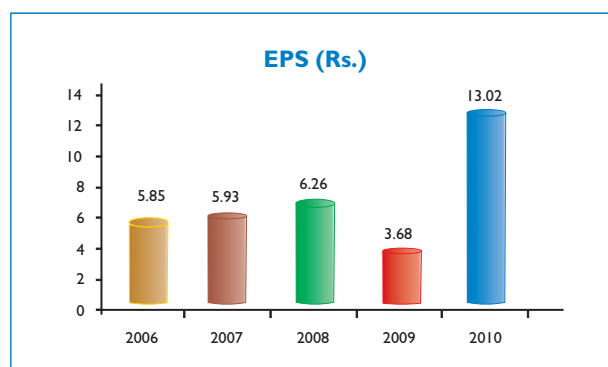
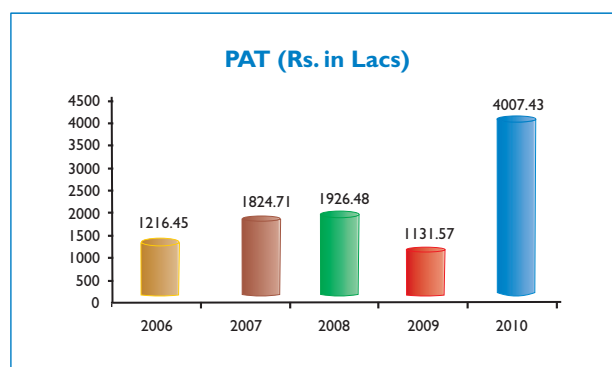
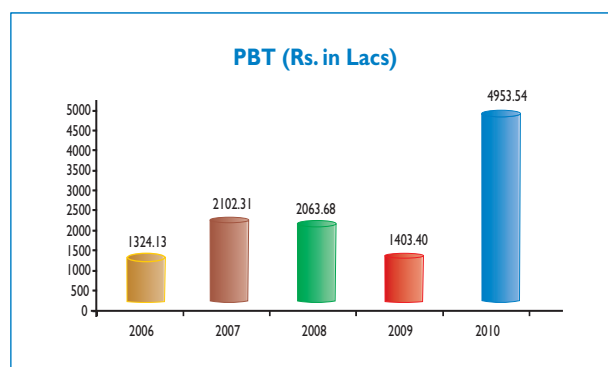
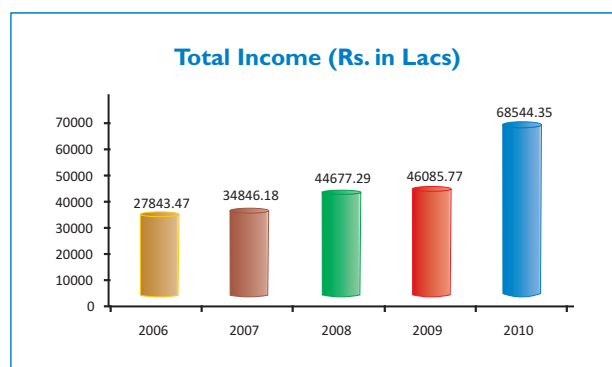
**EPS**  
Rs. 13.02  
up by 253.80% ↑



## THE GROWTH TRAJECTORY

Particulars	(Rs. in Lacs)				
	2009-10	2008-09	2007-08	2006-07	2005-06
Total Income	68544.35	46085.77	44677.29	34846.18	27843.47
Total Expenditure	63590.81	44682.36	42613.61	32743.87	26519.34
Profit before Tax (PBT)	4953.54	1403.40	2063.68	2102.31	1324.13
Taxation	946.11	271.83	137.20	277.60	107.68
Profit after Tax (PAT)	4007.43	1131.57	1926.48	1824.71	1216.45
Equity Share Capital	3076.97	3076.97	3076.97	3076.97	2076.97
EPS (in Rs.)	13.02	3.68	6.26	5.93	5.85
Dividend (Rs. per equity share of Rs. 10 each)	1.00	1.00	-	1.00	1.50
Reserves & Surplus	16054.42	12424.67	11674.07	9770.90	6421.50
Total Assets	45770.95	32242.18	26851.82	23144.08	16785.83

## THE GROWTH PARADIGM



## CHAIRMAN'S SPEECH



*“What we promised,  
we delivered. And,  
geared to achieve  
new heights.”*

### **Dear Shareholders,**

*In anticipation of a gradual recovery of the global economy during the year 2009-10, after the very challenging conditions in the previous year, we were assured about Company's determination to not just face the challenges resolutely but also to propel the Company into a higher trajectory of growth in the succeeding years. The past one year has been a truly momentous one for your Company. In this year, your Company performed with great resolve and forbearance. Our resilience, coupled with proven strategies and strong execution ability across business units, saw us meet and exceed many milestones. In these times of economic turmoil through our rich portfolio of products and services, your Company continued to get patronage and support of its customers.*

### **THE ECONOMY & BUSINESS ENVIRONMENT**

*At this time last year, there was cautious optimism that Indian economy would recover faster than rest of the world. The role of the Indian government has been noteworthy in this regard in terms of ensuring a proper regulatory framework under which the economy can grow and provide necessary fiscal stimulus to accelerate economic revival.*

*The Indian economy exhibited acceleration in the momentum of recovery during the course of the year and registered a growth of 7.4 % in 2009-10. The stable financial system of India continued to have a favorable impact on the overall business confidence. However, there are still some pressure points which need to be addressed to sustain this high growth. One of the*



key immediate issues is inflation which has remained at high levels for over a year. This along with firming up of commodities costs has created an inflationary business environment.

## **BUSINESS & FINANCIAL PERFORMANCE**

Last year was truly a year of bringing synergies to the operations of the Company when the Company diversified its business activities into Power Transmission & Distribution. Presently, Fedders Lloyd has HVAC&R, Steel Structures & Engineering and Power Transmission & Distribution in its business portfolio. During the tough economic environment which began from early 2008 and continued till 2009, your Company focused on gaining the knowledge and acquiring the capabilities to build the tomorrow's enterprises. The environment was challenging although, yet I am pleased to report that your Company took all challenges and established a new record and achieved a significant milestone in terms of its operational and financial growth trajectory. During the year, Fedders Lloyd recorded a tremendous growth of 49% in its total revenue from last year's total revenue of Rs. 4608.58 millions to current year's revenue of Rs. 6854.43 millions. With growing sales volume, your Company has also laid special emphasis on enhancing its project execution capabilities. Continual endeavor for qualitative functional processes helped the Company in growth and better margins. Last year, your Company saw a tremendous increase in profits after tax. This year, the profits after tax increased from Rs. 113.16 millions to Rs. 400.74 millions recording a remarkable increase of 254%. This year, your Company achieved Earnings per Share of Rs. 13.02 as against Earnings per Share of Rs. 3.68, during the previous year.

## **BUSINESS DOMAINS AND PERFORMANCE**

### **HVAC&R**

Today, air-conditioning has become a 'need' of modern day life in contrast to its earlier perception as 'luxury' 7-8 years back. The HVAC&R business segment of the Company provides customized air conditioning solutions to large commercial and corporate clients, public sector organizations, defense, mining and railways. This business segment also caters to the Air Conditioning Industry and provides the complete turnkey solutions to the air conditioning for buildings, industries, multiplexes and other business establishments.

During the year, the net sales from HVAC&R business segment of the Company was Rs. 4574.10 millions as against the previous year's net sales of Rs. 3615.89 millions. While, the division recorded profit before interest & tax of Rs. 460.50 millions as against the previous year for Rs. 241.34 millions.

## **Diversification**

*Diversification has been the strong pillar on which your Company has achieved perfect synergy and improved its operational and financial performance. During the year 2008, your Company strategically diversified into Steel Structures & Engineering segment and during the year 2009, the Company took a step ahead and forayed into Power Transmission & Distribution segment. Your Company's whole gamut of business portfolios are well poised to strengthen each other to provide economies in operations.*

## **STEEL STRUCTURES & ENGINEERING**

*Your Company carried out various prestigious Steel Structures & Engineering projects during the year 2009-10 which amongst many include supply, fabrication and erection of structural steel work with Petron Civil Engineering Pvt. Ltd., Larsen & Toubro Ltd., HPCL-Mittal Energy Ltd., BHEL, Delhi Metro Rail Corporation of India Ltd., DDA- Common Wealth Games 2010, Jindal SEZ etc. Your Company also provides its specialized services in design, manufacturing, erection and supply of scaffolding and form work items.*

*During the year, the net sales from Steel Structures & Engineering segment of the Company was Rs. 1445.71 millions as against the previous year's net sales of Rs. 992.69 millions while, the division recorded profit before interest & tax of Rs. 162.54 millions as against the previous year for Rs. 60.21 millions.*

## **POWER TRANSMISSION & DISTRIBUTION**

*Fedders Lloyd's Power Projects division provides turnkey solutions of Engineering, Procurement & Construction (EPC) for power transmission and distribution projects. The Company is executing power projects in domestic as well as International markets funded by multi-lateral and bi-lateral financial institutions like World Bank, Asian Development Bank, African Development Bank, United Nations and under special initiatives of Government of India. With various opportunities available in this segment, your Company foresees tremendous opportunities in this segment. During the year, the Company has successfully executed prestigious power projects including 400 KVA transmission line of 25 Km from Rewari to Dhanonda and 400 KVA transmission line of 75 Km from Dhanonda to Daulatabad. On international front, as a conscious strategy, the Company focused on developing markets of Africa.*

*During the year, the net sales from Power Projects business segment of the Company was Rs. 831.14 millions while the division recorded profit before interest & tax of Rs. 87.57 millions.*



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*We continued to strengthen our brand equities through innovation, quality products and appropriate business promotion steps. We look forward to deliver consistent and profitable growth in future also.*

## **THE TRIBUTE**

*Here, on behalf of each of the members of Fedders Lloyd group, I pay honor and tribute to Late Shri Sudershan Prakash Punj, the Ex-chairman of Fedders Lloyd group, who left for his heavenly abode on August 21, 2010 and who continues to remain as an icon and source of inspiration for us. We are forever guided and inspired by the visionary percepts and business governance practices laid down by him.*

## **ACKNOWLEDGEMENTS**

*I take this opportunity to express my sincere thanks to all the shareholders for their continued trust in the Board of Directors and the Management of the Company. I would like to express my deep sense of gratitude towards our employees. It was their commitment and leadership that saw us sail through this unchartered waters, make benchmark and create value for our Company. On behalf of the Company, I would also like to thank all our customers, dealers, suppliers, partners, other business associates of the Company for their support and co-operation in the year gone by and in the years to come.*

Thank you,  
With regards & wishes,

A handwritten signature in blue ink, appearing to read "Brij Raj Punj", with a stylized flourish at the end.

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

Date: December 02, 2010

*An ensemble of Fedders Lloyd's business domains*

## **HVAC&R:**



**Final assembly  
AC Shop for Telecom, Railways and Defense**





**High Sensible Packaged  
Airconditioning Unit for Telecom Sector**

## Consumer Products:



**Lloyd Brand Consumer Products Bouquet**

## Steel Structures & Engineering:



**Design, Supply & Erection of pre-engineered, pre-fabricated Steel Structures for 20 DMRC Stations**



**Design, Supply & Erection of pre-engineered, pre-fabricated Steel Structures for HPCL-Mittal Energy Limited for Guru Govind Singh Refinery, Bathinda**



**Design, Supply, Erection  
of Steel Structures at CWG village,  
Akshardham, New Delhi**



**One of the Biggest Foot Over Bridge  
at Chhatarpur, New Delhi**



**Design, Manufacture, Supervision for  
Erection of Scaffolding for Dome with Diameter of 82m & height of 32m  
at Pratapgarh, U.P.**

# Power Transmission & Distribution:



Rewari  
to Dhanonda  
400 KVA transmission  
line – 25 Km.

Dhanonda to Daulatabad  
400 KVA transmission  
line – 75 Km.



132/33 KV Mobile Sub-Station supplied to  
Power Holding Company of Nigeria



Overhead  
Electrification &  
Signalling work for  
Indian Railways





LIVE THE FUTURE

# CORPORATE INFORMATION

## Board of Directors

### Chairman & Managing Director

Mr. Brij Raj Punj

### Whole Time Director

Mr. Sham Sunder Dhawan

### Non-Executive Directors

Mr. Tulsi Vansh Prakash Punj

Mr. Krishan Lall

Mr. Sham Sunder Kumar

A.V.M. Surjit Krishan Sharma (retd.)

Mr. Ajay Dogra

### Company Secretary

Ms. Purnima Sharma

## Registered Office

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

## Share Transfer Agent

M/s Skyline Financial Services Pvt. Ltd.  
D-153/A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi – 110065  
Telephone: 011-26292682,83  
Fax: 011-26292681

## Statutory Auditors

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

## Manufacturing Plants

- I. C-4, Phase-II, NOIDA  
Distt. Gautam Budh Nagar  
U.P. - 201305
- II. Saketi Road Industrial Area  
Kala-amb, Tehsil Nahan  
Distt. Sirmor, Himachal Pradesh
- III. Shed No. 77, Annai Anjugam Nagar  
Kundrathur-Somangallam Road,  
Nandapallam, Post, Chennai - 600069
- IV. Plot No. 5, Industrial Area  
Sikandarabad,  
Distt. Bulandshahar (U.P.)
- V. Plot No. 24, Sector 2, IIE Pantnagar  
Disst. Udham Singh Nagar  
Uttarakhand

## Corporate Office

159, Okhla Industrial Estate  
Phase-III, New Delhi - 110020  
Phone: 011- 40627200-300  
Fax: 011- 41609909

## Bankers

State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of Mysore  
Axis Bank  
Standard Chartered Bank  
Kotak Mahindra Bank  
ING Vysya Bank  
Barclays Bank PLC  
Bank of India  
Karnataka Bank  
Central Bank of India

## Overseas Subsidiary:

(Wholly owned subsidiary)  
Fedders Lloyd Trading FZE  
P.O. 16111, Ras Al Khaimah,  
United Arab Emirates

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



LIVE THE FUTURE

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 54th Annual Report along with the Audited Annual Accounts for the year ended on June 30, 2010.

### Financial Results

(Rs. in Lacs)

Particulars	Current year 2009-10	Previous year 2008-09
Net Sales	68509.57	46021.75
Other Income	34.78	64.02
<b>Total Income</b>	<b>68544.35</b>	<b>46085.77</b>
Earnings before Interest, Depreciation, and Tax	7731.69	2948.82
Profit before Tax	4953.54	1403.40
Provision for Taxation	946.11	271.83
<b>Profit after Tax</b>	<b>4007.43</b>	<b>1131.57</b>
Balance brought forward from the previous year	61.10	89.52
Amount available for appropriation	4068.53	1221.09
<b>Appropriations:</b>		
Proposed Dividend	307.70	307.70
Tax on proposed dividend	51.10	52.29
Transferred to General Reserve	3500.00	800.00
Balance Carried forward to Balance Sheet	209.73	61.10
<b>Earning Per Share (Rs.)</b>	<b>13.02</b>	<b>3.68</b>

### Operating Results and Business Performance

During the year ended on June 30, 2010, your Company has recorded commendable growth in terms of sales and profitability. The net sales increased from Rs. 46021.75 Lacs during the previous year to Rs. 68509.57 Lacs during the year under review, registering a growth of 48.86%. The Net profit after providing interest, depreciation and tax amounted to Rs. 4007.43 Lacs as against Rs. 1131.57 Lacs during the previous year, registering an increase of 254.15%. The Company set benchmarks in terms of operational and financial performance. Your Company's commitment to innovation, consistency and integrity has strengthened your Company's position in its entire business domains.

During the year, the HVAC&R business of the Company contributed Rs. 45741.02 Lacs to the Net Sales of the Company while the Steel Structures & Engineering business of the Company contributed Rs. 14457.16 Lacs and the Power Projects business, which was commenced during the year 2009, added Rs. 8311.39 Lacs to the Net Sales of the Company.

A detailed discussion on the operation and performance for the year is given in the "Management Discussion and Analysis report" included as a separate section to this report.



## Dividend

Your Directors have recommended a dividend of Re 1/- per equity share of Rs. 10/- each (10% on the paid-up equity share capital of the Company) for the year ended on June 30, 2010. The dividend, if approved at the ensuing Annual General Meeting, shall absorb a sum of Rs. 307,69,700/- exclusive of dividend distribution tax.

In the last Annual General Meeting, the Shareholders declared a dividend of 10% on paid-up capital of the Company.

## Subsidiary

In terms of the provisions of Section 212 of the Companies Act, 1956, the audited Financial Statements of the subsidiary namely, Fedders Lloyd Trading FZE, U.A.E. alongwith the statement pursuant to Section 212 of the Companies Act, 1956, are attached hereto and form part of the Annual Report.

## Consolidated Financial Statements

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

## Fixed Deposits

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

## Directors

There was no change in the composition of the Board of Directors of the Company during the year under review. In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Krishan Lall and Mr. Surjit Krishan Sharma retire from office by rotation, and being eligible, offer themselves for reappointment.

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

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

## Directors' Responsibility Statement

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

- a. in the preparation of the annual accounts for the year under review, the applicable accounting standards had been followed.
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of



- the Company at the end of the financial year and of the profit or loss of the Company for that year.
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - d. that the directors had prepared the annual accounts on a going concern basis.

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

M/s Suresh C. Mathur & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received letter 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. Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes their re-appointment for approval of Shareholders in the ensuing Annual General Meeting.

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

### **Corporate Governance**

A separate section on Corporate Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of the Annual Report.

### **Corporate Social Responsibility**

Your Company has seen this decade as a period of high growth and emergence of its business having significant recognition among the stakeholders. The Indian business sector is generating wealth and value for its stakeholders since independence of the Country but simultaneously the Nation is facing problems like poverty, unemployment, illiteracy, malnutrition. Your Company recognizes the need of the day for its active philanthropy and its responsibility of exhibiting socially responsible business practices which will contribute towards interest of the stakeholders and society. Your Company respects the interest of, and is responsive towards all stakeholders, including shareholders, employees, customers, suppliers and society at large.

Your Company ensures its business system governed by Ethics, Transparency and Accountability. Your Company provides a safe, hygienic and humane environment to its employees. Their skills are nurtured on regular basis by imparting them with training for their career advancement, on an equal and non-discriminatory basis. Your Company is well aware about the need to take measures for prevention of pollution, reduction of waste, managing the resources in optimal and sustainable manner. The actions are further instituted to ensure that your Company remains benchmarked in these areas.

### **Management Discussion and Analysis**

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

### **Disclosure of Information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo



## **Fedders Lloyd Corporation Limited**

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in terms of 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**

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 is set out in the Annexure to the Directors' Report.

### **Listing of Equity Shares**

The Equity Shares of your Company continue to be listed on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). The Annual Listing Fees for the year 2010-11 have been paid to these Stock Exchanges.

### **Human resource and Industrial Relations**

Your Company has created a favorable work environment which encourages innovation and meritocracy amongst the employees. Your Company ensures attracting best talents and provides for fostering of talents. HR initiatives provide continuous learning, sharpening the skills and talents of the people and leadership development through training programs, HR processes and systems. Industrial Relations were maintained cordial throughout the year.

### **Acknowledgements**

The Board acknowledges with gratitude the continued co-operation, assistance, patronage, trust and support provided to the Company, its products & services by its valued Customers. Your Directors also place on record their sincere gratitude for the assistance and co-operation received from the Government, other statutory bodies, strategic partners of the Company, business associates, banks, financial institutions and shareholders.

Your Directors also place on record the deep sense of appreciation for the committed services of the employees of the Company.

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

**Place: New Delhi**  
**Date: December 02, 2010**

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

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

Disclosure of Information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

Your Company continues to invest in the latest energy efficient technologies, to conserve energy on all locations, plants and sites of the Company. As a part of Company's endeavor towards conservation of energy and prevention of energy wastage, constant improvements are undertaken in order to conserve energy on an ongoing basis.

The energy conservation measure indicated above has helped the Company to restrict the impact of increase in the cost of energy thereby reducing the cost of production of goods to that extent.

### **b. Technology Absorption, Adaptation, Innovation and R&D activities**

Your Company pays special attention to Research & Development activities on an ongoing basis to bring innovation and improve upon its areas of operation to remain at par with international standards. Efforts continue to enhance the in-house capabilities for design and engineering systems to bring in operational efficiencies and product up gradations to meet specific customer need both domestic and export.

#### **Benefits derived as a result of above:**

- The R&D efforts of the Company increased product range coupled with Technology upgradation, cost reduction and improvement in product quality.
- Boosted the capabilities of the Company to offer customized quality products in stiff market competition.
- It has also led the Company to increase its global presence, increase in global acceptance of its products.
- Enhancing safety, energy conservation, user convenience and environment friendly features to its products and waste minimization.

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

Capital Expenditure : NIL

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

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

Your Company has a diversified range of business sectors. Each business division of the Company dedicatedly works for giving impetus to exports. Your Company is intensifying its efforts to explore new markets and expand the reach of its products and services in domestic as well as international market. Your Company regularly participates in prestigious international exhibitions. Your Company has a large technology base and pool of experienced personnel which enable it to offer integrated services in world markets.

The Foreign Exchange Earnings and outgo of your Company during the year under review is as follows:

Foreign Exchange earned : Rs. 7461.92 Lacs

Foreign Exchange outgo : Rs. 52.70 Lacs



## Fedders Lloyd Corporation Limited

LIVE THE FUTURE

- 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 on June 30, 2010**

Name of Employee	Age	Designation	Gross Annual Remuneration (Rs.)	Qualification	Experience	Date of Joining	Last Employment
Mr. Brij Raj Punj	65	Managing Director	2729306/-	B.E.	39 years	02.06.1980	-
Mr. Sham Sunder Dhawan	55	Whole Time Director	4605409/-	MBA	37 years	10.02.2000	Western Foods Ltd.
Mr. Sushil Vij	48	Sr.Vice President (Corporate Stretegy & Finance)	2655340/-	B.Com (H), CA	24 years	08.06.2009	Hanung Toys & Textiles Ltd.
Mr.Arun Paliwal*	47	Vice President	2978415/-	BSC, LLB, FCS	22 years	01.09.2006	Fedders Lloyd Corporation Ltd.* * Employed in the Company till 30.04.2010

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **INDIAN ECONOMIC SCENARIO**

The year 2009-10 began on a reasonably optimistic note for the Indian Economy. The Indian Economy exhibited broad based recovery in the second half of 2009-10 from the slowdown that had started in the second half of 2008-09. Despite the fragile global recovery, India achieved 7.4% growth in GDP in 2009-10, one of the highest in the world. The stable financial system of India continued to have a favorable impact on the overall business confidence, while also ensuring availability of resources from banks, non-banks and markets to meet the financing needs of the recovery. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. Recovery in the industrial sector became evident in June 2009 and the pace of output expansion gained strength from August 2009 with growth in the General Index of Industrial Production (IIP) going into double digits driven by similar growth rates in output in the manufacturing sector.

However, inflation has remained a major source of concern in the economy during the course of the year. After remaining subdued during the first half of the year, headline inflation spiked in the second half, initially driven by high food prices, but turning more generalized thereafter over successive months.

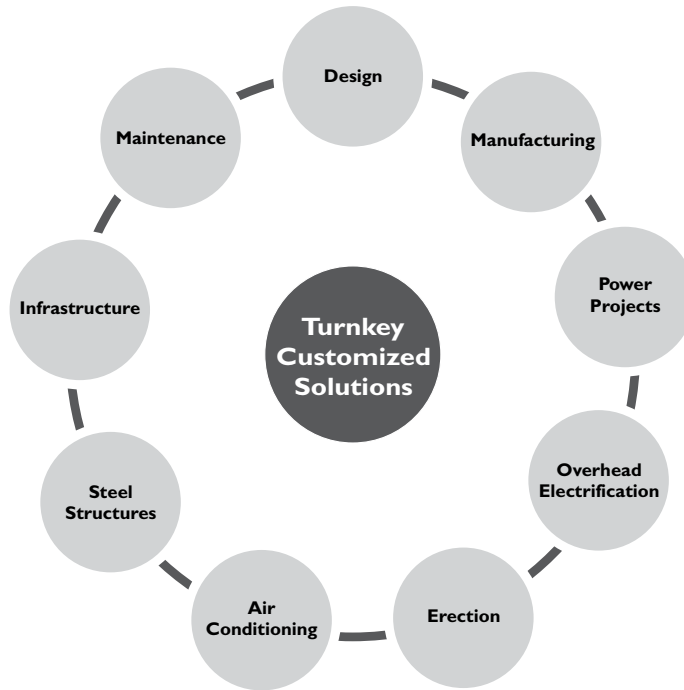
### **GLOBAL ECONOMIC CONDITIONS AND PROSPECTS**

The global economic and financial conditions had improved sharply across the world and risk perceptions had turned more favorable. The fiscal and monetary stimulus, adopted worldwide in response to the financial crisis, clearly helped to ease the situation. However, the aftermath of the financial crisis of 2008 and 2009 has left the advanced economies of western world with some structural deficiencies in their financial sector which will take time to repair.

### **OVERVIEW ABOUT THE COMPANY**

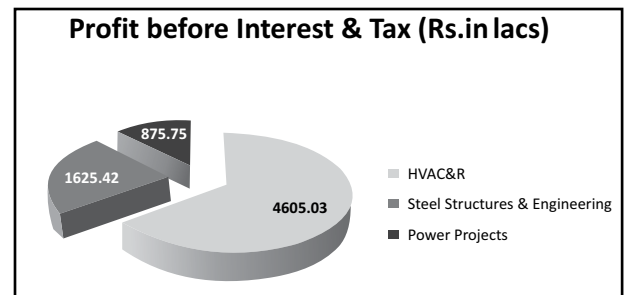
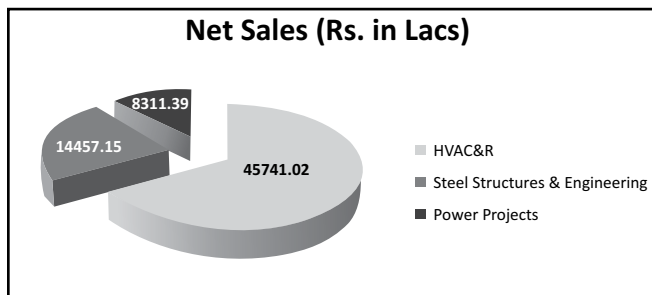
In a span of 54 years since its inception, Fedders Lloyd Corporation Ltd. has grown manifold. Besides the name and goodwill earned in the domain of HVAC&R, Fedders Lloyd has also well established itself in the fields of Steel Structures & Engineering and Power Transmission & Distribution projects. During the year, Fedders Lloyd has achieved a significant milestone in terms of its top line and bottom line of financials. During the year, the standalone net sales of the Company was Rs. 68,509.57 Lacs as against standalone net sales of the Company of Rs. 46,021.75 Lacs during the previous year registering a commendable growth of 49% and the net profit after tax of the Company on standalone basis stood at Rs. 4,007.43 Lacs as against Rs. 1,131.57 Lacs during the previous year registering a remarkable growth of 254%.

The Company has its existing state-of-the-art manufacturing facilities at NOIDA (U.P.), Sikandrabad (U.P.), Kala-Amb (Himachal Pradesh), Pant Nagar (Uttarakhand) and Chennai (Tamil Nadu). With the most modern and atomized production facilities, the Company provides customized turnkey solutions to the customers with prompt deliveries of quality products backed by strong after sales support systems.



## BUSINESS SEGMENTS OF THE COMPANY

Fedders Lloyd is operating in three business segments, namely: HVAC&R, Steel Structures & Engineering and Power Transmission & Distribution. The segment wise revenue and segment wise profit before interest and tax of the Company are described as under:



## INDUSTRY STRUCTURE, DEVELOPMENTS AND PERFORMANCE

### HVAC&R

The HVAC&R (Heating, Ventilation, Air-Conditioning & Refrigeration) industry has been a promising industry for the development of Indian economy. The Indian HVAC&R Industry has been playing a very vital role in the growth of Indian economy. The Indian Air-Conditioning Industry witnessed growth of 25% during the year under review, reflecting recovery of the Indian economy from the global economic meltdown. With the economic growth in India, increase in purchasing power of the people, government initiatives like lowering taxes and

duties, liberalization of fiscal policies in terms of foreign direct investment (FDI) etc has given a boost to the Industry and as a result, the Industry is expected to grow humongously in the coming years.

Fedders Lloyd has been pioneers in the HVAC&R Industry and is a well established name in the Industry since last fifty four years. Fedders Lloyd provides complete air-conditioning solutions to commercial segment, corporate clients, public sector organizations, government organizations, defence, mining and railways. The Company's customer centric approach with quality deliverables has resulted in strengthening of its business operations. The HVAC business of the Company has gained strength in the institutional segment in Defense, Railways and Telecom Sector. The Air-Conditioning division of the Company has obtained prestigious repeat order for Environment Control Systems from Ministry of Defense after successfully executing a mega contract with them. The Company provides HVAC systems covering everything related to indoor air quality. The Company always looks forward to expand business opportunities by marketing, manufacturing or developing new and quality products to serve India as well as overseas markets. Today, Fedders Lloyd is considered as a dependable source of quality products.

### **Consumer Products**

Buoyed by resurgence in demand, the consumer products market has seen the shoring up of production levels. Strong GDP growth in the face of a contracting global economy infused confidence in business. The fiscal stimulus provided relief to the inflationary pressure. All these combined to change the consumer sentiment from apprehension during the year. Overall, the home appliance industry, comprising refrigerators, washing machines, microwaves and air conditioners, grew by 15-20%. Energy consciousness is increasing and is becoming an important purchase criterion, especially in Air Conditioners.

Besides Window AC and Split AC, the Company has various life style LLOYD Brand consumer products in its bouquet including Bread Maker, Garment Steamer. The Company has extended range of energy efficient star rated products. The Company has made significant efforts to expand its sales and service networks of dealers, distributors and retailers.

### **Steel Structures & Engineering**

The Infrastructure & Construction Industry in India experienced a relatively lower growth during the year. The core infrastructure Industry grew by 5.5% in the year 2009-10. Many important initiatives were taken during the year in order to step up the investment in infrastructure such as power, refineries, steel, fertilizers, railways, petrochemical projects etc.

The Steel Structures & Engineering division of the Company is equipped with ultra modern plants & machineries to carry out the jobs efficiently and effectively. The Company provides onsite fabrication of steel structures, installation, supply, prefabrication of Structural Steel components at the fabrication facilities for large industrial projects. Some of the prestigious clientele for which the Company has provided design, fabrication, supply & erection of pre-engineered, pre-fabricated steel structures, includes:

- Bharat Heavy Electricals Ltd., for their power plant at Trichy.
- Delhi Metro Rail Corporation for their 20 stations.
- HPCL – Mittal Energy Ltd. for Guru Gobind Singh Refinery, Bathinda, Punjab.



## Fedders Lloyd Corporation Limited

LIVE THE FUTURE

- Larsen & Toubro for Guru Gobind Singh Refinery, Bathinda, Punjab and DHDT- MRPL, Mangalore Project.
- Petron Civil Engineering Pvt. Ltd for their process units at Guru Govind Singh Refinery Project, Bathinda, Punjab.
- DDA – Common Wealth Games for the fitness & training centre and sitting area at Common Wealth Games Village, Akshardham, Delhi.

### Scaffolding & Form Works

Scaffolding is an integral part of the construction industry and Fedders Lloyd has become a recognised name in this domain with recognition among its clientele as a power house of quality products and delivery. During the year, the division introduced an alternative system in the market called as ‘composite retrieval system’ that replaces the conventional scaffoldings which used to be more manpower consuming and heavy. The composite retrieval system of scaffolding has been widely accepted in the market. The Company provides its specialized services in design, manufacturing, supervision in manufacture, erection and supply of scaffolding items and fittings including kwicklock system, kwickstage system, H-frame, APU system metriforms special shuttering, etc. in domestic as well as overseas market. The Company has in its feather various prestigious projects executed during the year including design, manufacturing and supervision for erection of scaffolding for dome with diameter of 82 meters and height of 32 meters for M/s Jagadguru Trust in Pratapgarh, U.P.

### Power Transmission & Distribution

Being a highly regulated sector, policies and regulations are playing a pivotal role in the development of this sector. The entire value chain of the power sector is dominated by the central and state sector utilities. However, over the years, government has realized the importance of the private sector participation. The Electricity Act, 2003 was a turning point in the reforms process which removed the need for license for generation projects, encouraged competition through international competitive bidding, identified transmission as a separate activity and invited a wider public and private sector participation among other things. Furthermore, the National Tariff Policy of 2006 encouraged private investment in the transmission sector through competitive bidding. With tremendous opportunities ahead, the power sector continues to be affected by the shortfall both on generation as well as transmission side. The XIth plan envisages an addition of over 60,000 MW of transmission network by 2012, designed to carry 60% of the power generated. The existing inter-regional power transfer capacity is 17,000 MW which is to be further enhanced to 37,000 MW by 2012 through the creation of “Transmission Super Highways”.

Fedders Lloyd’s Power projects division provides turnkey solutions of Engineering, Procurement & Construction (EPC) for power transmission and distribution projects. The Company is executing power projects in domestic as well as International markets funded by multi-lateral and bi-lateral financial institutions like World Bank, Asian Development Bank, African Development Bank, United Nations and under special initiatives of Government of India. The Company also provides overhead electrification and signaling of railways, metros, dedicated freight corridors on turn-key basis. At international front, the Company has emerged as a leading EPC Indian Corporate in Eastern and Western Africa. During the year, the Company has secured business in new countries in Africa with strengthening the business in already established markets in Africa. At Domestic front, the Company, during the year, has successfully executed prestigious power projects including 400 KVA transmission line of 25 Km from Rewari to Dhanonda and 400 KVA transmission line of 75 Km from Dhanonda to Daulatabad.



## OVERALL OPPORTUNITIES AND OUTLOOK

### HVAC&R

With the economic recovery expected to gain momentum, domestic markets are likely to attract new investments and growth. Significant opportunities are available for the Company in institutional and commercial segment. Further opportunities are emerging by the growing industrial focus on energy efficiency. With the increase in purchasing power of the people and economic growth will lead to tremendous scope of growth for Indian HVAC&R Industry.

### Steel Structures & Engineering

With the focus of government and private sector in improvisation of infrastructure facilities, the Construction & Infrastructure Industry ought to grow. Growing demand from a fast expanding population will add on to the growth of the Industry.

### Power projects

Despite India's power sector growing by about 8% this year, 40% of the country's population still does not have access to electricity. As of August 2010, India generated 165,000 megawatts of power, and it is expected to grow by another 70,000 to 80,000 megawatts in the next two to three years. To achieve government's target of 'Power for All' by 2012, private investment in transmission and distribution sector is also set to pick up. In this context, bridging the gap in demand and supply has become critical and consequently there is huge scope available in this sector.

## RISKS AND CONCERNS

With the Company's increased exposure in the industrial and infrastructure sectors, any delays in the planned execution of announced projects could impact the business projections. In the wake of growth of Indian economy, the entry of new MNCs could cause competitive pressure and could impact the operating margins. The other potential concerns for the Company are global recession, inflation, increase in input costs of steel and other raw materials, fluctuation of foreign exchange rates.

Considering the above risks, the Company is focusing on improvement in its products, service offerings, cost optimization, inventory planning and control.

Due to various cautions and steps taken by the Company, the Company successfully navigated through the volatile business environment and was able to generate a commendable growth in sales and profitability.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Fedders Lloyd has a proper and adequate system of internal controls in place to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and to ensure that all transactions are authorized, recorded and reported correctly and adequately.

The Company's internal controls are supplemented by periodic reviews by management team and the policies, guidelines and procedures prescribed by them from time to time. The internal control is designed to ensure that the financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit system are also reviewed by Audit Committee of the Company.



## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Being an engineering conglomerate, the Company needs a large pool of engineering talent. In line with the growing business needs, the Company has recruited the best talents, engineers and professionals in all its domains. The Company has long term strategic plan in place for the Human Resources that is aligned to its long term strategy. It has robust talent management and succession planning processes in place and closely tracks the talent pipeline for managing the current and future needs of the organization. At Fedders Lloyd, the focus of learning and development is on building the capabilities of employees so that they are fully geared to meet the expectations of different stakeholders of the Company. The Company strongly believes that the employees are central to the Company's transformation and growth. The Industrial Relations remained cordial during the year.

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### *Cautionary Statement:*

*Statements in 'Management Discussion and Analysis Report' 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 of the Company objectives, plans and goals and are subject to certain risks and uncertainties, which are already, mentioned in the report itself. Actual results could therefore differ materially from those expressed or implied.*

## REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, a report containing the details of Corporate Governance systems and processes at Fedders Lloyd Corporation Ltd. is as under:

### FEDDERS LLOYD'S GOVERNANCE PHILOSOPHY & PROCESS

Good Corporate Governance is an integral part of the Company's management and business philosophy. Your Company subscribes fully to the best management practices, compliance of law and adherence to ethical standards and thereby embeds the principles of integrity, accountability, transparency, professionalism, trusteeship and corporate social responsibility in its system.

The Company believes that sound corporate governance practices are critical to enhance and retain the investors trust and confidence and accordingly all actions of the Company serve the underlying goal of enhancing shareholders' value on long term basis. The Company deploys an efficient system of internal control to allow optimal use and protection of assets and ensure compliance with statutory laws, regulations and company policies. Your Company is committed to ensure that the queries, complaints and suggestions are responded in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year via dedicated shareholder contact points as provided in this report.

### Report on Compliances with Clause 49 of the Listing Agreement:

#### I. PARTICULARS OF BOARD OF DIRECTORS

The Company has defined guidelines for the meetings of the Board and Committees thereof. These guidelines seek to systematize the decision making process at the meeting of the Board and Board Committees in an informed and efficient manner. The members of the Board of Directors have been provided with adequate financial information and disclosures on various issues concerning the Company's performance from time to time to enable them exercise their fiduciary responsibilities towards the stakeholders of the Company in the widest sense of prudent participation.

#### Composition

Company's Board is an optimum mix of executive, non-executive and independent directors, which is in compliance with the provisions of the Companies Act, 1956 and the Listing Agreements with the Stock Exchange(s) and ensures that the Board provides its independent view and guidance to the Company's Management, thereby maintaining high standards of ethics, transparency and business management. As on June 30, 2010, the Board consisted of seven Board Members. The composition of the Board including category of the Board members as on June 30, 2010 is as follows:

Particulars of Directors	Composition
Mr. Brij Raj Punj	Executive Chairman & Managing Director
Mr. Sham Sunder Dhawan	Whole Time Director
Mr. Tulsi Vansh Prakash Punj	Non Executive, Non Independent Director
Mr. Krishan Lall	Non Executive, Independent Director
Mr. Sham Sunder Kumar	Non Executive, Independent Director
Mr. Surjit Krishan Sharma	Non Executive, Independent Director
Mr. Ajay Dogra	Non Executive, Independent Director



The members of the Board are from diverse backgrounds with skills and experience in critical areas like Engineering, Technology, Finance, Legal, Entrepreneurship and Business Management. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the business and statutory requirements.

## Board Meetings Schedules & Procedures

The Board provides its strategic direction and insight to the Company by evaluating management policies and their effectiveness and ensures that the long term interests of the Shareholders are being served. The decisions are taken on the basis of consensus arrived at after detailed discussions. The Board meets at least once in every quarter to discuss and review the quarterly results and other agenda items as required from time to time and additional meetings are held as and when required. The dates of the Board meetings are decided well in advance and communicated well in advance to the Board Members. The Company Secretary in consultation with the Chairman & Managing Director prepares the agenda papers together with explanatory notes and the same are circulated well in advance to all the directors. Board Meetings are held at the Corporate Office of the Company and the Board periodically reviews compliance reports of all laws applicable to the Company.

During the year ended on June 30, 2010, 5 (five) Board meetings were held on July 30, 2009, October 30, 2009, November 20, 2009, January 28, 2010 and May 14, 2010.

The attendance of directors at the Board meetings held during the year 2009-10 and at the previous year's Annual General Meeting held on December 29, 2009 is given below:

Director	No. of meetings held	Board Meetings attended	Presence at last AGM
Mr. Brij Raj Punj	5	5	Yes
Mr. Sham Sunder Dhawan	5	2	Yes
#Mr. Tulsi Vansh Prakash Punj	5	1	No
Mr. Krishan Lall	5	5	Yes
Mr. Sham Sunder Kumar	5	4	No
Mr. Surjit Krishan Sharma	5	5	No
Mr. Ajay Dogra	5	4	No

# Being out of India

## Other Directorships and Committee Memberships of Board Members

The detail 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, 2010 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	1	Nil
Mr. Sham Sunder Dhawan	3	Nil	Nil

Mr. Tulsi Vansh Prakash Punj	Nil	Nil	Nil
Mr. Krishan Lall	3	2	2
Mr. Sham Sunder Kumar	1	Nil	Nil
Mr. Surjit Krishan Sharma	1	2	Nil
Mr. Ajay Dogra	Nil	Nil	Nil

The number of directorships, committee memberships and chairmanships of directors of the Company are in conformity with as stipulated under Clause 49 of the Listing Agreement.

### **Code of Conduct for Board Members and Senior Management Personnel**

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The code has been communicated to the Directors and senior management personnel and is also posted on the Company's website [www.fedderslloyd.com](http://www.fedderslloyd.com). 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**

The Audit Committee is set up in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange(s). Audit Committee of the Company comprises of five non-executive directors, majority of them being independent directors. Mr. Krishan Lall is the Chairman of the Committee who is a non executive independent director on the Board of the Company. All the members are financially literate and the Chairman of the Committee has related accounting, financial and management expertise. The terms of reference and scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, which are as follows:

The Audit Committee has inter-alia the following mandate:

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ii. Recommending the appointment, re-appointment, replacement and removal of the statutory auditors, fixation of audit fees and also approving payment to auditors for their any other services.
- iii. Reviewing the following with the management of the Company:
  - Annual financial statements with primary focus on matters required to be included in the Directors' Responsibility Statement, changes, if any in accounting policies and practices and reasons thereof, compliance with the accounting standards and guidelines of the Stock Exchange(s), major accounting entries and related party transactions.
  - Quarterly financial statements alongwith Limited Review Report received from auditors thereon before submission to the Board for approval.



- The adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies.
  - Internal audit functions and adequacy of internal control systems.
  - The reports furnished by the internal auditors, discussions with internal auditors on any significant findings and ensuring suitable follow up thereon.
- iv. Complying with the provisions of the Listing Agreement laid down by the Stock Exchange(s) and legal requirements concerning the financial statements.
- v. Reviewing Management discussion and analysis of financial condition and results of operation.

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.

### Audit Committee Meetings

During the year under review, the audit committee met five (5) times on July 30, 2009, October 30, 2009, November 20, 2009, January 28, 2010, May 14, 2010. Adequate Quorum was present in all the meetings.

As on June 30, 2010, the Composition of the Audit Committee and attendance of the Audit Committee members at the meetings held were as follows:

Name of the Member	Designation	No. of meetings held	No. of meetings attended
Mr. Krishan Lall	Chairman	5	5
Mr. Sham Sunder Kumar	Member	5	4
Mr. Surjit Krishan Sharma	Member	5	5
Mr. Ajay Dogra	Member	5	4
Mr. Tulsi Vansh Prakash Punj	Member	5	1

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

The Chairman of the Audit Committee, Mr. Krishan Lall, was present at the Annual General Meeting of the Company held on December 29, 2009.

### REMUNERATION COMMITTEE

The Remuneration Committee of the Board has been constituted to determine and review from time to time the remuneration package and terms of appointment/re-appointment of the Managing Director and Whole Time Director(s) of the Company. The committee takes into consideration the best remuneration practices being followed in the industry and the overall performance of the Company and the performance of the concerned Director while fixing the appropriate remuneration packages.

### Composition & Meetings of Remuneration Committee

During the year ended on June 30, 2010, the Remuneration Committee held its meeting on January 28, 2010 and April 5, 2010. The constitution of the Remuneration Committee and the status of attendance of members

## Annual Report 2009-2010

of the Remuneration Committee in their meetings held during the financial year ended on June 30, 2010 is as follows:

Name of the member	Status	No. of Meetings Attended
Mr. Krishan Lall	Chairman	2
Mr. Sham Sunder Kumar	Member	2
Mr. Surjit Krishan Sharma	Member	2
Mr. Tulsi Vansh Prakash Punj	Member	Nil

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

### Remuneration Policy of the Company

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on periodic basis. The remuneration paid to the Executive Directors are recommended by the Remuneration Committee and approved by the Board of Directors in the Board Meeting, subject to the subsequent approval by the Shareholders in the general meeting and such other authorities, as may be required. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and financial position of the Company.

The detail of remuneration paid to Executive Directors during the financial year ended on June 30, 2010 is as under:

S. No.	Name of the Directors	Salary p.a. (Rs.)	Other benefits p.a. (Rs.)	Total p.a. (Rs.)
1.	Mr. Brij Raj Punj	2,400,000	329,306	2,729,306
2.	Mr. Sham Sunder Dhawan	2,235,000	2,370,409	4,605,409

### Non-Executive Directors' sitting fees

The Non- Executive directors are paid sitting fees of Rs 10,000/- for each meeting of the Board attended by them. The sitting fees paid to the Non- Executive directors was increased from Rs 5,000/- to Rs 10,000/- in the Board Meeting held on 28th January, 2010.

During the year under review, following sitting fees was paid to the Non Executive Directors:

Name of Director	Sitting Fees Paid (Rs.)
Mr. Krishan Lall	35,000
Mr. Surjit Krishan Sharma	35,000
Mr. Sham Sunder Kumar	30,000
Mr. Ajay Dogra	30,000
Mr. Tulsi Vansh Prakash Punj	5000



Apart from receiving directors' sitting fees, the non executive independent directors do not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management, its subsidiary and associates which may affect independence of the director.

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

The Share Transfer cum Investors' Grievance Committee, inter alia approves issue of duplicate share certificates and oversees and reviews all matters connected with transfer of shares, transmission of shares, folio consolidation, change of name, transposition, certificate split and consolidation matters. The Committee also looks into redressal of investors' complaints related to transfer of shares, non receipt of Annual Reports, non receipt of declared dividends etc. The Committee oversees performance of the Share Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

### **Composition**

As on June 30, 2010, Share Transfer cum Investors' Grievance Committee comprises of Mr. Krishan Lall as Chairman, Mr. Sham Sunder Dhawan and Mr. Brij Raj Punj as members of the Committee.

Ms. Purnima Sharma, Company Secretary of the Company is acting as Secretary to the Committee.

During the year under review, the Company received 34 complaints from the investors pertaining to non receipt of dividend warrants, non receipt of share certificate(s) lodged for transfer/sub-division/duplicate etc., and all were resolved. The complaints were duly attended by the Company. As on June 30, 2010, no investor complaint was pending.

## **COMMITTEE OF BOARD OF DIRECTORS**

The Board has constituted a Committee of Board of Directors for taking decisions of routine nature confirming the smooth functioning with respect to day to day affairs of the Company. The Committee of Board of Directors consists of five directors namely, Mr. Brij Raj Punj, Chairman & Managing Director, Mr. Sham Sunder Dhawan, Whole Time Director, Mr. Krishan Lall, Independent Non-Executive Director, Mr. Sham Sunder Kumar, Independent Non-Executive Director, Mr. Ajay Dogra, Independent Non-Executive Director.

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

Ms. Purnima Sharma, Company Secretary of the Company acts as Secretary to the Committee.

## **COMPLIANCE OFFICER**

Ms. Purnima Sharma, Company Secretary acts as Compliance Officer of the Company in terms of the provisions of the Listing Agreement.

The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All directors have access to the advice and services of the Company Secretary.



## GENERAL BODY MEETING

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

Year	Type of General Meeting	Date, time and venue	Special Resolution passed thereat
2008-09	AGM	December 29, 2009 at 9.00 A.M. at the Regd. Office at C-4, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.- 201305.	<ul style="list-style-type: none"> <li>• Approval u/s 81(1A) of the Companies Act, 1956 for issue of FCCBs/GDRs and other securities.</li> <li>• Approval u/s 31 of the Companies Act, 1956 for alteration of the Articles of Association for increase in the Authorized Share Capital of the Company.</li> </ul>
2007-08	AGM	December 26, 2008 at 9.00 A.M. at the Regd. Office at C-4, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.- 201305.	NIL
2006-07	AGM	December 29, 2007 at 9.00 A.M. at the Regd. Office at C-4, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.- 201305.	NIL
2006-07	EGM	February 3, 2007 at 9.00 A.M. at the Regd. Office at C-4, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.- 201305.	Increase in investment limit of Foreign Institutional Investors including their sub-accounts to 74% of the paid-up share capital of the Company.

## POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the previous year, the Company has obtained Shareholders' approval for the following two Ordinary Resolutions through Postal Ballot:

- Increase in borrowing limits under Section 293(1)(d) of the Companies Act, 1956 upto Rs. 2,000 Crores.
- Authority to mortgage/charge properties of the Company under Section 293(1)(a) of the Companies Act, 1956.

Mr. Sanjay Chugh, FCS was appointed as the scrutinizer to conduct the Postal Ballot voting process in fair and transparent manner. The Postal Ballot Notice containing draft resolutions together with the explanatory statements, Postal Ballot forms and self-addressed envelopes were sent to the members and others concerned under certificate of posting on May 24, 2010. After due scrutiny of all the postal ballot forms received up to the close of the working hours on June 26, 2010, Mr. Sanjay Chugh, Practicing Company Secretary (the Scrutinizer) submitted his final report on June 30, 2010 before the close of business hours. The Chairman declared on July 01, 2010 at the Registered Office of the Company that the resolutions under Section 293(1)(d) and Section 293(1)(a) have been passed by overwhelming majority. The Stock Exchanges were informed accordingly after declaration of result of Postal Ballot conducted by the Company and detailed minutes were also submitted to the Stock Exchanges, thereafter.



## 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, or relatives, etc. that may have potential conflict with the interest of the Company at large.
- ii) There were no penalties or strictures imposed on the Company by the Stock Exchange(s) 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.

## MEANS OF COMMUNICATION

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Pioneer (English) and Rashtriya Sahara (Hindi). Apart from the statutory requirement, your company additionally publishes the quarterly and annual results in Economic Times (Mumbai & Pune edition). The results are also posted on the Company's website: <a href="http://www.fedderslloyd.com">www.fedderslloyd.com</a> .
Management Discussion & Analysis Report	The Management Discussion & Analysis Report forms part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment and product wise performance, outlook, risks and concerns, internal control systems, etc. are discussed in the said report.
Website	The Company's website is a comprehensive reference on Fedder's Lloyd vision, mission, policies, governance philosophy, corporate sustainability, investor relations, updates and news. The section on 'Investors' serves to inform the shareholders by giving complete financial details, corporate benefits, information relating to Stock Exchanges and Registrar & Share Transfer Agent of the Company.
Annual Report	Annual Report is circulated to all shareholders and other stake holders including bankers, auditors, etc.
Whether Shareholder Information Section forms part of the Annual Report	Yes

The Company also intimates to the Stock Exchanges all price sensitive matters or such matters which in its opinion are material and of relevance to the shareholders. The Annual Report is posted to every shareholder of the Company as a means of annual communication to the Shareholders.

## IV. GENERAL SHAREHOLDERS INFORMATION

### a) Annual General Meeting

Day & Date	Wednesday, December 29, 2010
Time	9.00 A.M.
Venue	Regd. Office at C – 4, Phase – II, NOIDA, Distt. Gautam Budh Nagar, U.P.- 201305.

### b) Financial Calendar 2010-11 (Tentative)

Financial Reporting for the first quarter ending September 30, 2010	October 28, 2010 (actual)
Financial Reporting for the second quarter ending December 31, 2010	On or before February 15, 2011
Financial Reporting for the third quarter ending March 31, 2011	On or before May 15, 2011
Financial Reporting for the fourth quarter ending June 30, 2011	On or before August 14, 2011
Financial Reporting for the year ending June 30, 2011	Before the end of November, 2011
Annual General meeting for the year ended June 30, 2011	Before the end of December 2011

### c) Dates of Book Closure

The dates of book closure shall be from Saturday, December 25, 2010 to Wednesday, December 29, 2010 (both dates inclusive).

### d) Dividend Payment

The dividend of Re. 1/- per equity share for the financial year 2009-10, subject to the approval of the shareholders, has been recommended by the Board of Directors. The same shall be paid after approval of the Shareholders in the ensuing Annual General Meeting but within the prescribed time limit.

### e) Dividend Pay-out date:

On approval by Shareholders of the Company, dividend shall be paid on or after December 30, 2010 but within the statutory time limit of 30 days i.e. upto January 28, 2011.

### f) Listing of equity shares on the Stock Exchanges:

The Equity Shares of the Company are listed at the following Stock Exchanges:

<b>Name of the Stock Exchanges</b>	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001, Maharashtra Phones : 91 - 22 - 22721233 / 34 Fax : 91- 22 - 22723677 / 22722082	National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), MUMBAI – 400 051, Maharashtra Phones : 91 -22 - 26538100, Fax : 91 - 22 - 26598237 / 38
<b>Scrip Code</b>	BSE – 500139	NSE – FEDDERLOYD



## Fedders Lloyd Corporation Limited

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### g) Listing Fees to Stock Exchanges:

The Company has paid the listing fees for the year 2010-2011 to the above Stock Exchanges.

### h) Custodial Fees to Depositories

The Company has paid custodial fees for the year 2010-2011 to National Securities Depository Limited (NSDL) and Central Depository Services (Indian) Limited (CDSL).

### i) Unclaimed Dividend

Under the provisions of the Companies Act, 1956, dividends unclaimed for a period of seven years statutorily gets transferred to the Investor Education and protection fund (IEPF) administered by the Central Government, and therefore cannot be claimed by the investors and hence no claim shall lie with the Company in respect of the same. Hence, the dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below:

Financial Year	Date of declaration	Due date for transfer
2005-06 (Interim Dividend)	February 10, 2006	February, 2013
2005-06 (Final Dividend)	December 30, 2006	December, 2013
2006-07 (Final Dividend)	December 29, 2007	December, 2014
2008-09 (Final Dividend)	December 29, 2009	December, 2016

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrants(s) to the Company confirming non encashment/non receipt of dividend warrants(s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect of the same.

### j) Market Price Data

Monthly high and low of the equity shares of the Company at BSE and NSE for the year ended June 30, 2010 are as follows

Particulars	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July'09	36.00	25.00	36.00	25.00
August'09	41.80	34.20	41.95	32.95
September'09	47.40	36.75	47.70	37.00
October'09	67.35	39.15	67.50	38.65
November'09	77.90	61.00	78.00	62.00
December'09	86.00	69.40	85.95	69.15
January'10	94.20	73.25	93.95	74.00
February '10	83.30	70.55	83.90	69.00
March'10	87.00	72.30	91.00	70.05
April'10	108.90	80.40	109.30	80.10
May '10	109.30	90.00	109.30	90.00
June'10	110.80	92.50	112.00	92.50

**k) Market Capitalization**

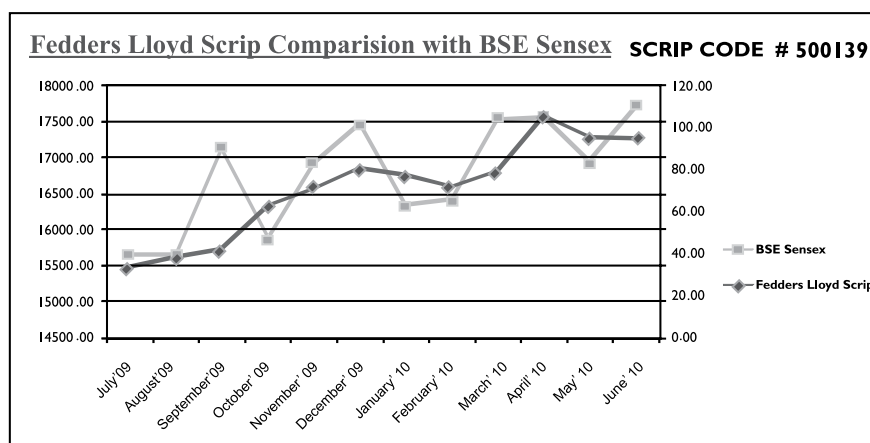
Market Capitalization of the Company as on June 30, 2010 was Rs. 29169.68 lacs and Rs. 9938.61 lacs on June 30, 2009 on Bombay Stock Exchange Limited.

**l) Share Transfer System**

The equity shares of the Company that are held in dematerialized form are transferred through the depositories. Transfer of shares in physical form are processed by Share Transfer agent of the Company- M/s. Skyline Financial Services Private Limited. Shares lodged for transfer/ transmissions are registered and returned within stipulated time period.

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

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



**n) Distribution of shareholding as on June 30, 2010**

Range of Shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Upto - 500	17080	93.22%	2233026	7.26%
501 - 1000	673	3.67%	559282	1.82%
1001 - 2000	264	1.44%	392840	1.28%
2001 - 3000	105	0.57%	270607	0.88%
3001 - 4000	48	0.26%	173725	0.56%
4001 - 5000	34	0.19%	159768	0.52%
5001 - 10000	47	0.26%	351284	1.14%
10001 and above	71	0.39%	26629168	86.54%
<b>Total</b>	<b>18322</b>	<b>100.00%</b>	<b>30769700</b>	<b>100.00%</b>



## o) Shareholding Pattern as on June 30, 2010

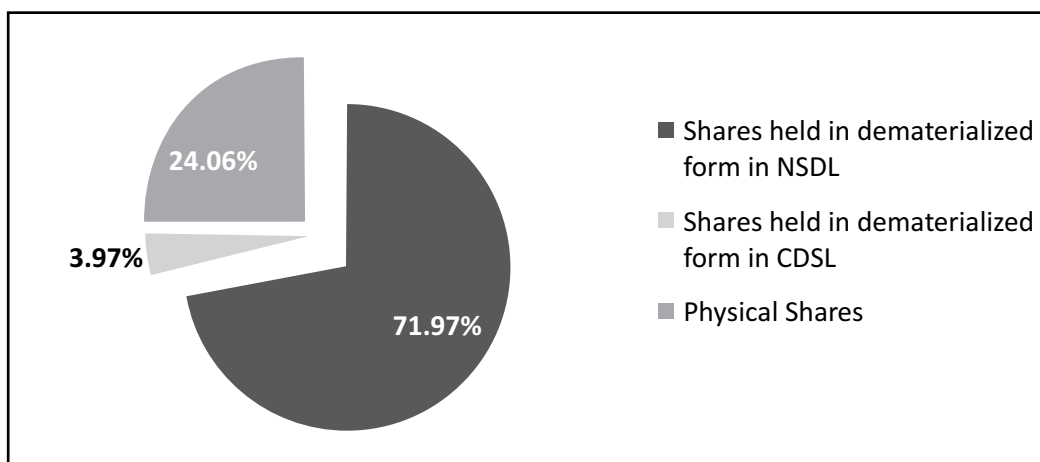
Category	No. of Shares held	% of shareholding
Promoters	11651176	37.87%
Mutual funds & UTI	-	-
Banks, Financial Institutions, Insurance Companies	-	-
Central/ State Government	-	-
Foreign Institutional Investors	8940039	29.05%
Private Corporate Bodies	5781790	18.79%
Individuals	4144198	13.47%
NRI/OCB's	206684	0.67%
Others	45813	0.15%
<b>Total</b>	<b>30769700</b>	<b>100%</b>

## p) Dematerialization of shares and liquidity

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

The details of shares held in dematerialized and physical mode as on June 30, 2010 are as under:

Particulars	No. of shares	% of Capital issued
Held in dematerialized form in NSDL	2,2146,301	71.97%
Held in dematerialized form in CDSL	12,21,370	3.97%
Physical	74,02,029	24.06%
<b>Total</b>	<b>3,07,69,700</b>	<b>100%</b>



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

### Plant Locations

#### The Company's plants are located at:

1. C-4, Phase – II, NOIDA,  
Distt. Gautam Budh Nagar,  
U.P. 201305
2. Saketi Road, Industrial Area,  
Kala Amb, Tehsil Nahan,  
Distt. Sirmor, Himachal Pradesh.
3. Shed No.77,  
Annai Anjugam Nagar  
Kundrathur Somangallam Road  
Nandambakkam Post, Chennai- 600069
4. Plot No. 5, Industrial Area  
Secundarabad,  
Distt. Bulandshahar (U.P.)
5. Plot no. 24, Sector 2  
IIE Pantnagar  
Distt. Udham Singh Nagar  
Uttarakhand

### Subsidiary Company

Fedders Lloyd Trading FZE  
P.O.: 16111, Ras Al Khaimah, United Arab Emirates  
Warehouse No.WH 11, Shed No. 18  
Industrial Park,  
Ras Al Khaimah Free Trade Zone Authority

### Address of the Registrar & Share Transfer Agent

Skyline Financial Services Private Limited  
D-153/A, 1st Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi 110065  
Telephone: 011 26292682/83  
Email: admin@skylinerta.com

### Address of Correspondence of the Company:

The Company Secretary  
Fedders Lloyd Corporation Limited  
159, OKhla Industrial Estate  
Phase-III, New Delhi-110020  
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](mailto:investor.relations@fedderslloyd.com).

### Certification by the Auditors

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



## **CODE OF CONDUCT DECLARATION**

### **Declaration affirming compliance of provisions of Code of Conduct**

To

#### **The Members of Fedders Lloyd Corporation Limited**

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

**For Fedders Lloyd Corporation Ltd.**

**Place: New Delhi**

**Date: December 02, 2010**

**Brij Raj Punj**

**Chairman & Managing Director**

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## **CEO/ CFO CERTIFICATION**

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

Dear Sirs,

#### **Sub: CEO/CFO Certificate**

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

We have reviewed the financial statements, read with the cash flow statement of Fedders Lloyd Corporation Limited for the year ended on June 30, 2010 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-2010 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:
  - a) There have been no significant changes in internal control during the year.
  - b) There have been no significant changes in accounting policies during the year
  - c) 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.

**For Fedders Lloyd Corporation Limited**

**Place: New Delhi**

**Date: December 02, 2010**

**A.A. Siddiqi  
A.V.P. (Finance)**

**Brij Raj Punj  
Chairman & Managing Director**



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

To

#### **The Members of Fedders Lloyd Corporation Limited**

We have examined the compliance of conditions of Corporate Governance by Fedders Lloyd Corporation Limited for the year ended on June 30, 2010 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  
Date: December 02, 2010**

**Brijesh C. Mathur  
Partner  
M. No. 083540  
Firm Regn. No. 000891N**



## AUDITOR'S REPORT

To the Members,

**Fedders Lloyd Corporation Ltd.**

We have audited the attached Balance Sheet of **FEDDERS LLOYD CORPORATION LIMITED** as at 30th June 2010 and also the Profit & 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 accounts;
  - 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 30th June, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2010 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 30th June, 2010;
    - 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**

**Membership No.-083540**  
**(Firm Registration No. 000891N)**

**Place: New Delhi**

**Date: December 02, 2010**

### **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 30TH JUNE, 2010 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 According to the information and explanation given to us and in our opinion, the disposal of the fixed assets has not affected the going concern status of the Company.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of accounts.
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 of arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



## Fedders Lloyd Corporation Limited

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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 accounts 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 prima-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.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the terms & conditions of the guarantees given by the Company for loan taken by the associates companies from bank are prima facie not prejudicial to the interest of the Company.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term, investment and no long-term funds have been used to finance short term assets.

## Annual Report 2009-2010

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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 money 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 the 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)**

**Place: New Delhi  
Date: December 02, 2010**

**Partner  
Membership No.-083540  
(Firm Registration No. 000891N)**



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

## BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lacs)

Particulars	Schedule	As at 30.06.2010	As at 30.06.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	A	3,076.97	3,076.97
Reserves & Surplus	B	16,054.42	12,424.67
<b>LOAN FUNDS:</b>			
Secured Loans	C	18,463.83	11,642.76
<b>DEFERRED TAX LIABILITY</b>		253.38	149.12
<b>TOTAL</b>		<b>37,848.60</b>	<b>27,293.52</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	15,131.03	12,808.31
Less: Depreciation		5,076.08	3,904.96
Capital Work in Progress		193.14	161.17
Project Under Development		782.46	782.46
<b>INVESTMENTS (At Cost)</b>	E	86.50	86.50
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	F	15,828.19	9,557.95
Sundry Debtors		11,750.89	7,383.97
Cash and Bank Balances		1,602.68	638.51
Loan and Advances		5,402.13	4,623.25
		34,583.89	22,203.68
Less :			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	5,441.08	3,395.61
Provisions		2,481.27	1,553.05
		7,922.35	4,948.66
<b>NET CURRENT ASSETS</b>		<b>26,661.54</b>	17,255.02
<b>MISCELLANEOUS EXPENDITURE</b>	H	70.01	105.02
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>37,848.60</b>	<b>27,293.52</b>
<b>NOTES TO ACCOUNTS</b>			
Schedules A to P annexed form an integral part of accounts & are duly authenticated	P	-	-

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

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K. Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010

# Annual Report 2009-2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE, 2010

(Rs. in Lacs)

Particulars	Schedule	Year ended 30.06.2010	Year ended 30.06.2009
<b>INCOME</b>			
Sales		69,930.10	46,867.57
Less:Excise Duty		<u>1,420.53</u>	<u>845.82</u>
Other Income	I	<b>34.78</b>	64.02
<b>TOTAL</b>		<b>68,544.35</b>	<b>46,085.77</b>
<b>EXPENDITURE</b>			
Cost of goods consumed	J	60,215.38	40,507.20
Increase/decrease in Finished Stock	K	<u>(3,166.39)</u>	<u>397.02</u>
Manufacturing Expenses	L	<b>567.30</b>	322.86
Administrative Expenses	M	<b>2,422.60</b>	1,432.76
Selling Expenses	N	<b>588.54</b>	377.86
Finance Charges	O	<b>1,776.13</b>	1,190.28
Misc. Expenditure Written off		<b>35.01</b>	35.01
Depreciation		1,171.12	440.36
Less: Re-valuation reserve written back		<u>18.88</u>	<u>20.98</u>
<b>TOTAL</b>		<b>63,590.81</b>	<b>44,682.37</b>
<b>Profit before Taxation</b>		<b>4,953.54</b>	<b>1,403.40</b>
<b>Less:Provision for Taxation</b>			
Current Taxation		841.86	179.60
Deferred Tax Liability for the year		104.26	84.13
Fringe Benefit Tax		<u>-</u>	<u>8.10</u>
<b>Profit for the year after Tax</b>		<b>4,007.43</b>	<b>1,131.57</b>
Balance brought forward from previous year		<b>61.10</b>	<b>89.52</b>
<b>Amount Available for Appropriation</b>		<b>4,068.53</b>	<b>1,221.09</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		<b>307.70</b>	307.70
Tax on Proposed Dividend		<b>51.10</b>	52.29
Transfer to General Reserve		<b>3,500.00</b>	800.00
<b>Balance carried to Balance Sheet</b>		<b>209.73</b>	<b>61.10</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>13.02</b>	<b>3.68</b>
<b>Notes forming part of the Accounts</b>			
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

For and on behalf of the Board of Directors

(Brijesh C. Mathur)  
Partner

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010



**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE - A</u></b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
3,07,69,700 equity shares of Rs. 10/- each fully paid up (Previous year 3,07,69,700 equity shares of Rs. 10/- fully paid up)	3,076.97	3,076.97
<b>TOTAL</b>	<b>3,076.97</b>	<b>3,076.97</b>
<b><u>SCHEDULE - B</u></b>		
<b>RESERVES AND SURPLUS</b>		
1) Capital Reserve:		
Revaluation Reserve (Not available for Dividend)		
Office Premises	127.40	127.40
Factory Land & Building	1,016.88	1,037.86
	1,144.28	1,165.26
Less: Amount Utilised to set-off Dep.	18.88	20.98
	1,125.40	1,144.28
2) Securities Premium Account		
	2,563.99	2,563.99
3) General Reserve:		
Opening balance	8,655.31	7,855.31
Add: Transfer from Profit & Loss a/c	3,500.00	800.00
	12,155.31	8,655.31
4) Profit & Loss Account		
As per Profit & Loss Appropriation A/c	209.73	61.10
<b>TOTAL</b>	<b>16,054.42</b>	<b>12,424.67</b>
<b><u>SCHEDULE - C</u></b>		
<b>SECURED LOANS</b>		
From Schedule Banks:		
Term Loans	3,687.50	4,187.43
Working Capital Loans	14,776.33	7,455.33
<b>TOTAL</b>	<b>18,463.83</b>	<b>11,642.76</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-passu charge on all existing and future Fixed Assets of the Company.



**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2010**

**SCHEDULE-D**

**FIXED ASSETS:**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.07.2009	Additions	Transfer/ Adjustment	As at 30.06.2010	Up to 30.06.2009	For the year	Adjustment	Total	As at 30.06.2010	As at 30.06.2009
Land	3,712.85	125.45	-	3,838.30	-	-	-	-	3,838.30	3,712.85
Building Factory	1,509.28	520.61	-	2,029.89	779.24	110.15	-	889.38	1,140.51	730.05
Office Premises	242.55	-	-	242.55	147.72	4.74	-	152.46	90.09	94.83
Temporary Shed	282.56	12.34	-	294.91	18.81	267.84	-	286.65	8.26	263.75
Furniture & Fixtures	73.76	24.00	-	97.76	37.66	8.39	-	46.05	51.70	36.10
Plant & Machinery	4,704.17	1,224.13	-	5,928.29	1,508.17	585.52	-	2,093.69	3,834.60	3,196.00
Dies	1,717.83	0.47	-	1,718.30	1,050.97	92.83	-	1,143.80	574.50	666.86
Generator	41.25	55.62	-	96.88	22.24	6.46	-	28.70	68.17	19.01
Computer	184.47	122.21	-	306.68	140.65	46.68	-	187.34	119.35	43.81
Office Equipments	52.00	29.50	-	81.50	27.87	6.56	-	34.43	47.07	24.13
Electric Equipments	55.61	91.08	-	146.70	24.14	13.80	-	37.94	108.76	31.48
Air-conditioners	33.09	26.11	-	59.20	24.35	2.25	-	26.60	32.60	8.74
Refrigerators	2.58	0.18	-	2.76	2.50	0.03	-	2.52	0.24	0.09
Fan	6.26	0.39	-	6.65	4.88	0.21	-	5.09	1.56	1.37
Motor Car	157.26	-	-	157.26	88.73	17.74	-	106.47	50.79	68.53
Scooter & Motor Cycle	0.48	4.49	-	4.97	0.36	0.51	-	0.87	4.10	0.12
Fork Lifter	5.59	7.84	-	13.43	5.35	0.95	-	6.30	7.13	0.24
Tools	25.18	78.30	-	103.48	19.91	6.44	-	26.34	77.14	5.27
Flat	1.52	-	-	1.52	1.41	0.02	-	1.44	0.09	0.11
<b>TOTAL</b>	<b>12,808.31</b>	<b>2,322.72</b>	-	<b>15,131.03</b>	<b>3,904.96</b>	<b>1,171.12</b>	-	<b>5,076.08</b>	<b>10,054.95</b>	<b>8,903.35</b>
(Previous Year)	7,547.27	5,261.05	-	12,808.31	3,464.61	440.36	-	3,904.96	8,903.35	-

Total Depreciation during the year 1,171.12

Less: Revaluation Reserve W/back to the extent of dep. On addition on a/c of Revaluation 18.88

**Depreciation charged to Profit & Loss Account**

1,152.24



**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE - E</u></b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments: Non tradable</b>		
<b>Quoted Shares</b>		
<b>Lloyd Electric &amp; Engineering Ltd.</b>	0.02	0.02
(100 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per Share) (Market Value Rs. 77.00 Per Share)		
<b>State Bank of Bikaner &amp; Jaipur:</b>		
(375 Equity Shares of Rs. 100 each fully paid up at a premium of Rs. 440/- per Share) (Market Value Rs. 473.45 Per Share)	2.03	2.03
<b>Sub-Total (A)</b>	<b>2.04</b>	<b>2.04</b>
<b>Unquoted Shares</b>		
(Market Value not known)		
<b>M/s Lloyd Credits Ltd.</b>	30.00	30.00
(3,00,000 Equity Shares of Rs. 10/- each)		
<b>Wholly owned Subsidiary Company</b>		
<b>M/s Fedders Lloyd Trading FZE</b>	54.46	54.46
(5 Shares @ 1,00,000/- AED each)		
<b>Sub-Total (B)</b>	<b>84.46</b>	<b>84.46</b>
<b>TOTAL (A+B)</b>	<b>86.50</b>	<b>86.50</b>

## SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE 2010

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE - F</u></b>		
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As certified by the Management)		
Stock in hand: at cost net of modvate		
Raw-materials	6,204.27	3,891.84
Finished Goods	5,847.25	2,594.43
Work in Progress	537.83	1,782.52
Semi Finished Goods	881.81	968.24
	13,471.15	9,237.03
Stock at Warehouse	2,357.04	320.92
<b>TOTAL (A)</b>	<b>15,828.19</b>	<b>9,557.95</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good by the Management)		
More than six months	238.88	1,215.58
Others	11,512.01	6,168.39
<b>TOTAL (B)</b>	<b>11,750.89</b>	<b>7,383.97</b>
<b>CASH AND BANK BALANCES</b>		
Cash balance in hand	54.88	63.33
Balances with scheduled banks:		
in current accounts	1,077.60	244.11
in Margin Money	97.82	198.00
in Fixed Deposit	372.38	133.07
<b>TOTAL (C)</b>	<b>1,602.68</b>	<b>638.51</b>
<b>LOAN &amp; ADVANCES</b>		
(Unsecured- considered good)		
Earnest Money & Security Deposits	426.54	384.69
Staff and other advances	55.26	35.46
Advances for goods and expenses to be recovered in cash or in kind or for value to be received	4,289.66	3,883.22
SA D 4% Refundable	152.60	53.16
Balance in Excise PLA & PCA A/c	35.88	70.16
Advance Income Tax & T.D.S	442.19	196.55
<b>TOTAL (D)</b>	<b>5,402.13</b>	<b>4,623.25</b>
<b>GRAND TOTAL (A+B+C+D)</b>	<b>34,583.89</b>	<b>22,203.68</b>



**SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE-G</u></b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors for goods and expenses	5,126.68	3,198.58
Unclaimed Dividend	26.09	18.96
Other Liabilities	258.25	146.48
Interest accrued but not due	30.06	31.59
<b>TOTAL</b>	<b>5,441.08</b>	<b>3,395.61</b>
<b>PROVISIONS</b>		
For Income Tax	1,841.71	999.85
For Fringe Benefit Tax	15.80	15.80
For proposed dividend	307.70	307.70
For tax on proposed dividend	51.10	52.29
For gratuity & leave encashment	264.96	177.40
<b>TOTAL</b>	<b>2,481.27</b>	<b>1,553.05</b>
<b><u>SCHEDULE - H</u></b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	105.02	140.03
Less: 1/5th written off during the year	35.01	35.01
<b>TOTAL</b>	<b>70.01</b>	<b>105.02</b>

**SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON  
30TH JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE - I</u></b>		
<b>OTHER INCOME</b>		
Other Income	-	24.01
Interest Received	34.78	40.01
Dividend Gross	-	-
<b>TOTAL</b>	<b>34.78</b>	<b>64.02</b>
<b><u>SCHEDULE - J</u></b>		
<b>COST OF GOODS CONSUMED</b>		
Opening Stocks		
Raw materials, Stores & Spares	3,891.84	3,337.06
Work in progress	1,782.52	1,195.11
	5,674.37	4,532.17
Add:Purchases and Expenses	61,283.11	41,649.40
Less: Closing stocks		
(Valued at cost or net realiseable whichever is less as certified by the management)		
Raw materials, Stores & Spares	6,204.27	3,891.84
Work in progress	537.83	1,782.52
<b>TOTAL (A)</b>	<b>60,215.38</b>	<b>40,507.20</b>
<b><u>SCHEDULE - K</u></b>		
<b>INCREASE/DECREASE IN FINISHED STOCK</b>		
Opening stock		
Air-conditioners	2,454.06	2,503.40
Refrigerators	3.01	3.01
Semifinished	968.24	870.94
Appliances	137.36	582.34
Less : Closing stock		
Air-conditioners	4,613.49	2,454.06
Refrigerators	3.01	3.01
Semifinished	881.81	968.24
Appliances	1,230.75	137.36
<b>TOTAL (B)</b>	<b>(3,166.39)</b>	<b>397.02</b>
<b>GRAND TOTAL (A + B)</b>	<b>57,048.99</b>	<b>40,904.22</b>



# Fedders Lloyd Corporation Limited

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## SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE 2010

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE -L</u></b>		
<b>MANUFACTURING EXPENSES:</b>		
Labour, Wages & Perquisites	205.75	147.48
Repair to Plant & Machinery	23.68	0.19
Provident Fund Contribution	115.95	79.49
Employee State Insurance	13.01	10.79
Staff Amenities	56.08	7.51
Bonus	2.11	1.03
Factory Licence Fee	0.29	0.14
Power, Fuel & Other Manufacturing Exp.	150.44	76.24
<b>TOTAL</b>	<b>567.30</b>	<b>322.86</b>
<b><u>SCHEDULE- M</u></b>		
<b>ADMINISTRATIVE EXPENSES:</b>		
Staff Salaries	1,298.70	873.63
Bonus	19.09	15.87
Remuneration to Directors	73.35	77.20
Rent	248.16	74.24
Travelling	133.69	49.44
Printing and stationery	71.75	18.24
Legal and Consultancy Fee	179.17	110.24
Audit Fee	6.75	5.50
Tax Audit Fee	0.75	0.50
Service Tax	0.77	0.62
Postage, Telegrams & Telephone	70.15	36.37
Director Sitting Fee	1.35	0.90
Gratuity	86.47	59.77
Leave Encashment	26.69	6.74
General Charges	24.72	7.11
Motor Car Expenses	18.19	13.43
Subscription	7.84	3.55
Conveyance	75.58	45.02
Newspapers & Periodicals	1.64	1.08
Licence fee	2.62	0.99
Computer Expenses	17.80	7.31
Research & Development	57.37	25.03
<b>TOTAL</b>	<b>2,422.60</b>	<b>1,432.76</b>

**SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON  
30TH JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE - N</u></b>		
<b>SELLING EXPENSES:</b>		
Advertisement	372.13	289.93
Sales Promotion	146.76	50.97
Work Contract Tax Paid	69.65	36.95
<b>TOTAL</b>	<b>588.54</b>	<b>377.86</b>
<b><u>SCHEDULE - O</u></b>		
<b>FINANCE CHARGES:</b>		
Bank Charges	150.23	64.23
Interest	1,625.90	1,126.05
<b>TOTAL</b>	<b>1,776.13</b>	<b>1,190.28</b>



**SCHEDULE-'P'**

**Notes to Accounts for the year ended on 30th June 2010**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**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 Director 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.

**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.

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

### 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 & Loss Account.
- b) The Company's liability in respect of payment of gratuity and leave encashment is provided on accrual basis. Company has made the provision of gratuity and leave encashment of Rs 264.95 Lacs upto 30th June 2010 and actuarial valuation is subject to management.

### 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 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.

### 12 IMPAIRMENT OF ASSETS

In the 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.

### 13 TAXATION

#### Current Tax:

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



A Provision is made for the current 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.

## **14 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.

## **15 EARNINGS 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.

## **16 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.

## **17 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.

## **18 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 on Accounts.

## **19 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

### I **CONTINGENT LIABILITIES**

Sl. No.	Particulars	Amount (Rs. in Lacs)
I	Bank Guarantees	18,515.51

### 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, 2006.

### 3 **RELATED PARTY DISCLOSURES: (In which some directors are interested)**

<b>Related Companies</b>	<b>Nature of Relationship (Associate Co./Subsidiary Co./Directors Interested)</b>
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Airsenco Pvt. Ltd.	Directors Interested
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Lloyd Electric & Engineering Ltd.	Directors Interested
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Perfect Radiators & Oil Coolers Pvt. Ltd.	Directors Interested
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PSL Engineering Pvt. Ltd.	Directors Interested
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Fedders Lloyd Trading FZE, Dubai, U.A.E	Subsidiary Company
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#### **Key Management Personnel**

Mr. Brij Raj Punj	Managing Director
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Mr. Sham Sunder Dhawan	Whole Time Director
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#### **Transaction with Related Companies**

Transaction	Amount (Rs. in Lacs)
Purchase of goods	6309.00
Sales of goods	5.15

### 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 related to production of Air-conditioners packages unit were kept idle which resulted into non-productive costs of Rs. 1,75,03,500/- had provided as deferred revenue expenditure.

During the year, the Company has written off Rs.35,00,700/- of the Deferred Revenue Expenditure.



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

## 5 INVESTMENT OF SUBSIDIARY COMPANY

The Company has invested Rs. 54.45 lacs (5 shares @ 1,00,000/- AED each) in M/s Fedders Lloyd Trading FZE, U.A.E which is subsidiary company of M/s Fedders Lloyd Corporation Limited.

## 6 PROJECT UNDER DEVELOPMENT

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

Particulars	Amount (Rs. in Lacs)
Cost of Land	520.39
Technical Consultancy Charges	3.14
Interest	235.00
Other Cost	23.92
<b>Total</b>	<b>782.45</b>

## 7 DIVIDEND

During the year Company has proposed dividend of Rs. 307.70 lacs to shareholders.

## 8 THE BREAK UP OF DEFERRED TAX ASSETS AND LIABILITIES INTO MAJOR COMPONENTS AT THE YEAR ENDED ON JUNE 30, 2010

Particulars	Amount (Rs. in Lacs)
<b>Deferred Tax Liability:</b>	
Depreciation Difference	163.59
<b>Deferred Tax Assets:</b>	
Other Provisions	59.34
<b>Net Deferred Liability</b>	<b>104.25</b>

## 9 BASIC & DILUTED EARNINGS PER SHARE

Earnings per share has been computed as under

Profit after Taxation : Rs. 4,007.43 Lacs

Number of Ordinary Shares : 3,07,69,700

Basic and Diluted Earnings per share : Rs. 13.02

(Face Value Rs.10/-per share)

## 10 SEGMENT REPORTING

As per Accounting Standard 17 on segment reporting of ICAI, the Company has reportable segments viz., HVAC&R, Steel Structures & Engineering and Power Projects during the year under review. Accordingly the reporting is done segment wise. Segment revenue, results and capital employed include the respective amount identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

Sr. No.	Particulars	Amount (Rs. in Lacs) As At 30.06.2010
<b>1</b>	<b>Segment Revenue (Net Sale/Income from each Segment)</b>	
	a) HVAC&R	45,741.02
	b) Steel Structures & Engineering	14,457.16
	c) Power Projects	8,311.39
	<b>Total</b>	<b>68,509.57</b>
	Less: Inter Segment Revenue	-
	<b>Net Sales/Income form Operations</b>	<b>68,509.57</b>
<b>2</b>	<b>Segment Results (Profit (+)/Loss(-) Before Tax and Interest from each Segment)</b>	
	a) HVAC&R	4,605.03
	b) Steel Structures & Engineering	1,625.42
	c) Power Projects	875.75
	<b>Total</b>	<b>7,106.20</b>
	Less:	
	i) Interest	1,625.90
	ii) Other Un-allocable expenditure net off	526.76
	iii) Un-allocable Income	-
	<b>Total Profit Before Tax</b>	<b>4,953.54</b>
<b>3</b>	<b>Capital Employed (Segment Assets – Segment Liabilities)</b>	
	a) HVAC&R	18,459.50
	b) Steel Structures & Engineering	2,973.75
	c) Power Projects	249.49
	d) Unallocated	1,136.15
	<b>Total</b>	<b>22,818.89</b>

**11 ADDITIONAL INFORMATION IN PURSUANCE 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	3
Employed part of the year	1
Total	4



**12 LICENCED , INSTALLED CAPACITY & ACTUAL PRODUCTION**

Particulars	Air-Conditioners	Refrigerators	Steel Structurals
Licenced Capacity	80000 Nos.	20000 Nos.	72000 MT* & 8 Lacs No.
Installed Capacity	40000 Nos.	20000 Nos.	72000 MT* & 8 Lacs No.
Actual Production/Purchase	109284 TR.	-	19619.81 MT
* on Triple Shift basis			

**13 RAW MATERIALS AND STORES CONSUMED FOR PRODUCTION/REPLACEMENT**

Sl. No.	Items		Amount (Rs. in Lacs)
1	Compressors	Nos. 2874	389.98
2	Electric Motors	Nos. 6133	192.86
3	Condensing/Evaporator Coils	Nos. 3810	193.16
4	Thermostat	Nos. 2874	23.27
5	Indoor/outdoor Units	Nos. 68386	2,745.33
6	Control Pressure Switch		5.70
7	Running and Start Capacitor		28.18
8	Sheet Metal/Plate/Pipes		52,971.88
9	Copper		31.34
10	Control Electrical		5.46
11	Plastic Material		13.88
12	Brazing/Welding Material		13.70
13	Packing Material		14.03
14	Consumable		35.69
15	Others (Including Expenses Net)		3,550.91
	<b>Total</b>		<b>60,215.38</b>

**14 QUANTITATIVE DETAILS (Rs. in Lacs)**

Particulars	Nos./ Tr.	Opening Stock		Closing Stock		Turnover	
		Qty.	Value	Qty.	Value	Qty.	Value
Air-conditioner	TR	20933	2,454.06	26914	4,613.49	103303	19,595.44
Refrigerator	Nos.	45	3.01	45	3.01	-	-
Appliances			137.36		1,230.74		5,241.81
Semi Finished		-	968.24	-	881.81	-	-
Project, components & proceed Steel Sheet		-	3,891.84	-	6,204.27	-	39,833.91
Misc. sales		-	-	-	-	-	78.36
Work in Progress		-	1,782.52	-	537.83	-	-
Work contract		-	-	-	-	-	5,180.58
<b>Total</b>			<b>9,237.03</b>		<b>13,471.15</b>		<b>69,930.10</b>

## Annual Report 2009-2010

		Opening Stock (Rs. in Lacs)	Closing Stock (Rs. in Lacs)
15	<b>STOCK IN TRANSIT / WAREHOUSE</b>	320.92	2,357.04
16	<b>VALUE OF IMPORT (C.I.F) VALUE</b>		(Rs. in Lacs)

i)	Raw Materials	-
ii)	Components and Spares	3,213.23
iii)	Capital items	604.64

17 **EXPENDITURE IN FOREIGN CURRENCY**

Travelling Expenses Rs. 52.70 Lacs

18 **VALUE OF RAW MATERIALS CONSUMED DURING THE YEAR:**

Particulars	Percentage (%)	Rs. in Lacs
Imported	5.61	3,377.95
Indigenous	94.39	56,837.43
<b>Total</b>	<b>100.00</b>	<b>60,215.38</b>

19 **EARNINGS IN FOREIGN EXCHANGE**

Export Sales Rs. 7,461.92 Lacs

20 **PAYMENT TO AUDITORS**

Particulars	Rs. in Lacs
Audit Fee	6.75
Tax Audit Fee	0.75
Add Service Tax	0.77
<b>Total</b>	<b>8.27</b>

21 **DIRECTORS REMUNERATION PAID DURING THE YEAR:** (Rs. in Lacs)

Remuneration & Perks	73.35
Provident Fund	5.56

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.

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

A.A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH JUNE 2010

(Rs. in Lacs)

Particulars	Year ended 30.06.2010	Year ended 30.06.2009
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax	4,953.54	1,403.40
<b>Adjustments for :</b>		
Add : Depreciation	1,152.24	419.38
Preliminary Expenses written off	35.01	35.01
Interest Paid	1,625.90	1,126.05
Less: Profit on sale of fixed assets	-	-
Interest Income	(34.78)	(40.01)
Dividend Income	-	(40.01)
<b>Operating profit before working capital changes</b>	<b>7,731.91</b>	<b>2,943.82</b>
Trade & other receivables	(4,366.92)	(260.05)
Inventories	(6,270.24)	5.41
Loans & Advances	(533.24)	(1,370.45)
Trade & other payable	2,133.02	(101.73)
<b>Cash generated from operations</b>	<b>(1,305.47)</b>	<b>1,217.00</b>
Direct tax paid	(245.64)	(148.51)
<b>Net Cash Flow from Operating Activities</b>	<b>(1,551.11)</b>	<b>1,068.49</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(2,354.69)	(4,247.79)
Sale of fixed assets	-	-
Interest Received	34.78	40.01
Dividend received	-	(4,207.77)
<b>Net Cash Flow from Investing Activities</b>	<b>(2,319.91)</b>	<b>(4,207.77)</b>
<b>C Cash Flow from Financial Activities:</b>		
Proceeds from Long Term Borrowing	6,821.08	4,153.72
Dividend Paid	(307.70)	-
Dividend Tax	(52.29)	-
Interest paid	(1,625.90)	(1,126.05)
<b>Net Cash Flow from Financing Activities</b>	<b>4,835.19</b>	<b>3,027.67</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>964.16</b>	<b>(111.61)</b>
Opening Balance of Cash and Cash Equivalents	638.51	750.13
Closing Balance of Cash and Cash Equivalents	1,602.68	638.51
<b>Net increase/ decrease in Cash and Cash Equivalents</b>	<b>964.16</b>	<b>(111.61)</b>

Refer to our Report of even date.

For Suresh C. Mathur & Co.

Chartered Accountant

Brijesh C. Mathur

Partner

M. No.:083540

(Firm Regn. No. 000891N)

A.A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K. Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

For and on behalf of the Board of Directors

Fedders Lloyd Corporation Ltd.

### AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended on 30th June 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company.

For Suresh C. Mathur & Co.

Chartered Accountants,

Brijesh C. Mathur

Partner

M. No.:083540

(Firm Regn. No. 000891N)

Place: New Delhi

Dated: December 02, 2010



### Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company as on 30th June, 2010

1	Name of Subsidiary Company	Fedders Lloyd Trading FZE (Ras Al Khaimah, United Arab Emirates)
2	Financial Year of the Subsidiary Company	June 30, 2010
3	Holding Company's Interest as on the above date a) Number of shares b) Face Value c) Extent of share holding in the subsidiary	5 shares AED 1,00,000/- 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 (Rs. In Lacs) ii) For Subsidiary's previous financial years since it became Subsidiary	AED (1,281,413)  AED (119,504)
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
6.	Additional information u/s 212(5)	N.A.

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

A.A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010



**FEDDERS LLOYD TRADING FZE**  
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**  
**AUDITORS' REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**

To,

**The Shareholders**

**FEDDERS LLOYD TRADING FZE**

**P.O. Box: 16111**

**Ras Al Khaimah - United Arab Emirates.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Fedders Lloyd Trading FZE, Ras Al Khaimah-United Arab Emirates** ("the Entity") which comprise the statement of financial position as at June 30, 2010 and the statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year ended on June 30, 2010 and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the Articles of Association of the Entity and the commercial regulation of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 of H.H.Sheikh Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras al Khaimah. The management is also responsible for such internal controls as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

Other payables are subject to independent confirmation and payment. Other receivables are subject to independent confirmation and realisation. Inventories have been stated in these financial statements as per the Directors' valuation. We did not attend the physical inventory count at the year end. Shareholder's current account is subject to independent confirmation and realisation.

The management has sold goods under the cost and hence the Company has incurred a gross loss during the current financial year. The capital adequacy as required under the laws of RAK Free Zone has not been maintained during the year. However the management has represented that the same will be maintained by introduction of further capital subsequently.

### **Opinion**

In our opinion, except for the effects for the above, the financial statements present fairly, in all material respects, the financial position of Fedders Lloyd Trading FZE as at June 30, 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the implementing regulation of RAK Trade Zone pursuant to the Emiri Decree dated 1/5/2000 of H.H. Sheikh Bin Muhammed Bin Salem Al Qassimi, the ruler of Ras Al Khaimah; concerning the entities in RAK Free Zone.

### **Other Matters**

The Establishment has incurred a loss of AED 1,281,413 and an accumulated loss of AED 1,400,917 however the management has represented that the establishment would continue to operate despite the losses. Previous year's figures comprise of a period from February 11, 2008 (Inception) to June 30, 2009 whereas, the current year's figures are for twelve months. Hence, these previous years figures are not strictly comparable with current year's figures. As at August 3, 2010, Mr. Krishna Lall has been replaced by Mr. Mukat Behari Sharma as Director of the entity. The management has represented that the necessary resolution has been passed and is in the process of being formally attested by the RAK Free Trade Zone Authority.

### **Report on other legal and regulatory requirements**

As required by the implementing regulations of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 of H.H. Sheikh Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras al Khaimah; concerning the entities in RAK Free Zone, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit,
2. Proper books of accounts have been maintained by the Entity,
3. We are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.

**Atik Munshi**

**Partner**

**Horwath MAK**

**Reg. No. 483**

**Ras Al Khaimah - United Arab Emirates**

**Date: October 20, 2010**



**FEDDERS LLOYD TRADING FZE**  
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**  
**STATEMENT OF FINANCIAL POSITION AS ON JUNE 30, 2010**

(IN UNITED ARAB EMIRATES DIRHAMS)

Particulars	Notes	2010	2009
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and balance with banks	4	306,995	128,200
Amounts due from related parties	5	-	1,700
Advances, deposits, prepayments and other receivables	6	47,357	50,267
Trade receivables	7	1,942	27,340
Inventories	8	197,270	394,541
		<u>553,564</u>	<u>602,048</u>
<b>Total assets</b>		<b>553,564</b>	<b>602,048</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Current liabilities:</b>			
Amounts due to related parties	5	-	2,400
Trade and other payables	9	153,478	8,964
		<u>153,478</u>	<u>11,364</u>
<b>Non current liabilities:</b>			
<b>Total liabilities</b>		<b>153,478</b>	<b>11,364</b>
<b>Shareholders' Equity</b>			
Share Capital	2	500,000	500,000
Accumulated loss	10	(1,400,917)	(119,504)
Total Shareholders' equity		<u>(900,917)</u>	<u>380,496</u>
Shareholders' current account	11	1,301,003	210,188
Total Shareholders' fund		<u>400,086</u>	<u>590,684</u>
<b>Total liabilities and Shareholders' fund</b>		<b>553,564</b>	<b>602,048</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on October 20, 2010 and signed on its behalf by:

**Mr. Brij Raj Punj**  
**Director**  
**FEDDERS LLOYD TRADING FZE**

**Mr. Mukat Behari Sharma**  
**Director**  
**FEDDERS LLOYD TRADING FZE**

**FEDDERS LLOYD TRADING FZE**  
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**ON JUNE 30, 2010**

(IN UNITED ARAB EMIRATES DIRHAMS)

Particulars	Notes	2010	2009
<b>REVENUE</b>	12	1,320,996	599,480
<b>COST OF SALES</b>	13	(1,378,524)	(598,837)
<b>GROSS (LOSS)/PROFIT</b>		<b>(57,528)</b>	643
<b>OPERATING EXPENSES</b>			
Selling and marketing expenses	14	(912,125)	(3,880)
Administrative expenses	15	(297,672)	(112,063)
Finance costs	16	(1,365)	(4,204)
<b>OPERATING (LOSS)</b>		<b>(1,268,690)</b>	(119,504)
Other income/(expenses)	17	(12,723)	-
<b>NET (LOSS) FOR THE YEAR</b>	10	<b>(1,281,413)</b>	(119,504)

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on October 20, 2010 and signed on its behalf by:

**Mr. Brij Raj Punj**  
**Director**  
**FEDDERS LLOYD TRADING FZE**

**Mr. Mukat Behari Sharma**  
**Director**  
**FEDDERS LLOYD TRADING FZE**



**FEDDERS LLOYD TRADING FZE  
RAS AL KHAIMAH - UNITED ARAB EMIRATES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED ON JUNE 30, 2010**

(IN UNITED ARAB EMIRATES DIRHAMS)

Particulars	Share Capital	Accumulated loss	Total Shareholders' equity	Shareholders' current account	Total Shareholders fund
Capital introduced	500,000	-	500,000	-	500,000
(Loss) for the year	-	(119,504)	(119,504)	-	(119,504)
Net movements	-	-	-	210,188	210,188
					-
<b>Balance as at June 30, 2009</b>	<b>500,000</b>	<b>(119,504)</b>	<b>380,496</b>	<b>210,188</b>	<b>590,684</b>
(Loss) for the year	-	(1,281,413)	(1,281,413)	-	(1,281,413)
<b>Balance as at June 30, 2010</b>	<b>500,000</b>	<b>(1,400,917)</b>	<b>(900,917)</b>	<b>1,301,003</b>	<b>400,086</b>

The accompanying notes form an integral part of these financial statements.

**FEDDERS LLOYD TRADING FZE**  
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON JUNE 30, 2010**  
**(IN UNITED ARAB EMIRATES DIRHAMS)**

Particulars	2010	2009
<b>Cash flows from operating activities</b>		
Net loss for the year	(1,281,413)	(119,504)
Adjustments for non cash items:		
Allowance for slow moving inventories	197,271	-
Finance costs	1,365	4,204
<b>Net cash from operating activities before working capital changes</b>	<b>(1,082,777)</b>	<b>(115,300)</b>
Working capital changes		
(Increase) / decrease in current assets		
Amounts due from related parties	1,700	(1,700)
Advances, deposits, prepayments and other receivables	2,910	(50,267)
Trade receivables	25,398	(27,340)
Bills receivable	-	-
Inventories	-	(394,541)
Increase / (decrease) in current liabilities		
Amounts due to related parties	(2,400)	2,400
Trade and other payables	144,514	8,964
Working capital changes	<b>172,122</b>	<b>(462,484)</b>
<b>Cash generated used in operations:</b>	<b>(910,655)</b>	<b>(577,784)</b>
Finance costs paid	(1,365)	(4,204)
<b>Net cash used in operating activities</b>	<b>(912,020)</b>	<b>(581,988)</b>
<b>Cash flows from financing activities</b>		
Capital introduced	-	500,000
Shareholders' current account	1,090,815	210,188
<b>Net cash from financing activities</b>	<b>1,090,815</b>	<b>710,188</b>
<b>Net increase in cash and cash equivalents</b>	<b>178,795</b>	<b>128,200</b>
Cash and cash equivalents, beginning of the year	128,200	
Cash and cash equivalents, end of the year	<b>306,995</b>	<b>128,200</b>
<b>Represented by:</b>		
Cash at bank	306,995	128,200
	<b>306,995</b>	<b>128,200</b>

The accompanying notes form an integral part of these financial statements.



**FEDDERS LLOYD TRADING FZE  
RAS AL KHAIMAH - UNITED ARAB EMIRATES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
ON JUNE 30, 2010**

**1 Legal status and business activity:**

- I.1 Fedders Lloyd Trading FZE, RAK Free Trade Zone, Ras Al Khaimah – United Arab Emirates (“the Establishment”) was incorporated on February 11, 2008 as a Free Zone Establishment and operates under a trade license issued by the RAK Free Trade Zone, Ras Al Khaimah, United Arab Emirates.
- I.2 The main activity of the Company as per trade license is General Trading.
- I.3 The registered office of the Entity is located in Ras Al Khaimah Free Trade Zone, P.O. Box 16111, Ras Al Khaimah, United Arab Emirates.
- I.4 The management and control are vested with the Board of Directors.
- I.5 These financial statements incorporate the operating results of the commercial license No. 7000188.

**2 Share capital:**

Authorised, issued and paid up capital of the Entity is AED 500,000 divided into 5 shares of AED 100,000 each fully paid.

The break up of the shareholding at June 30, 2010 :

<b>Name</b>	<b>Registered</b>	<b>Percentage holding(%)</b>	<b>AED</b>
a) Fedders Lloyd Corporation Limited	India	100%	500,000
		<u>100%</u>	<u>500,000</u>

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. The financial statements are presented in United Arab Emirates (AED).

A summary of the significant accounting policies, which have been applied consistently, are set out below:

**a) Accounting convention**

These financial statements have been prepared in accordance with historical cost convention basis except land and building measured at revalued amount.



## b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by international accounting Standards Board (IASB).

The following revised standards and interpretations with respect to approved accounting standards as applicable in U.A.E. would be effective from the dates mentioned against the respective standards or interpretations.

		<b>Effective date (accounting period beginning on or after)</b>
IAS 23	Borrowing Costs	January 01, 2009
IAS 27	Consolidated and Separate Financial Statements	July 01, 2009
IFRS 2	Share Based Payments	January 01, 2009
IFRS 3	Business Combination	July 01, 2009
IFRS 8	Operating segment	January 01, 2009
IFRS 4	Insurance Contract	January 01, 2009
IFRIC 15	Agreements for the construction of Real Estate	July 01, 2009

The management anticipates that the adoption of these Standards and Interpretations will have no material financial impact on its financial statements.

## c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of judgments. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where various assumptions were exercised in application of accounting estimates that are significant to the financial statements are as:

- i) Useful life of property, plant and equipment
- ii) Allowance for doubtful debts, specific provisions for individual accounts are recorded based on customer's inability to meet its financial obligations

## d) Property, plant and equipment

Property, plant and equipment, except land, is stated at cost less accumulated depreciation and identified impairment loss, if any. Land is stated at cost of acquisition. The cost comprise of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. Depreciation is charged to income applying straight line method.

## e) Impairment of assets

The carrying amount of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount



is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in Statement of Comprehensive Income.

### **f) Revenue recognition**

Revenue from sale of goods shall be recognised when all the following conditions have been satisfied:

- i) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefit associated with the transaction will flow to the entity; and
- v) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

### **g) Foreign currencies**

Monetary assets and liabilities denominated in foreign currency are retranslated at functional currency rate of exchange prevailing at the balance sheet date. Transactions are initially recorded in the functional currency at the rate prevailing at the date of transaction. All exchange differences are taken to Statement of Comprehensive income.

### **h) Provisions**

Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### **i) Financial instruments**

All financial assets and liabilities excluding investments are recognized at cost which is the fair value of the consideration given or received at the time when the entity becomes a party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on subsequent measurement and derecognition is charged to income.

### **j) Trade receivables**

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts. Bad debts are written off after the approval of management.

### **k) Trade payables**

Trade payables being financial liabilities are initially recognised at fair value and are carried at nominal value.

### **l) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and short term deposits with an

original maturity of three months or less, net of outstanding bank overdrafts.

**m) Off-setting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

	<b>2010</b>	<b>2009</b>
	<b>AED</b>	<b>AED</b>
<b>4 Cash and balance with banks</b>		
Cash at bank	306,995	128,200
	<b>306,995</b>	<b>128,200</b>
<b>5 Related parties transactions</b>		
<p>The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosure. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.</p> <p>The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.</p> <p>The Entity provides/receives funds to/from related parties as and when required as working capital.</p>		
<b>a) Amounts due from related parties</b>	<b>AED</b>	<b>AED</b>
<b>Average balance</b>		
Lloyd Electric FZE	142	-
	-	1,700
	-	1,700
<b>b) Amounts due to related parties</b>		
<b>Average balance</b>		
Lloyd Infotech Pvt Ltd-India	200	-
	-	2,400
	-	2,400
<b>c) Transactions with related parties</b>		
Sales	1,316,053	
Purchases	-	905,767
<b>6 Advances, deposits, prepayments and other receivables</b>	<b>AED</b>	<b>AED</b>
Deposits	3,417	3,417
Prepayments	38,133	41,043
Other receivables	5,807	5,807
	<b>47,357</b>	<b>50,267</b>



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

		<b>AED</b>	<b>AED</b>
<b>7</b>	<b>Trade receivables</b>		
	Trade receivables	1,942	27,340
		<b>1,942</b>	<b>27,340</b>
	<b>a) Aging:</b>		
	Due for 6 months or less	1,942	7,500
	Due over 6 months and less then 12 months	-	19,840
		<b>1,942</b>	<b>27,340</b>
	<b>b) Geographical analysis:</b>		
	Within UAE	1,942	27,340
		<b>1,942</b>	<b>27,340</b>
<b>8</b>	<b>Inventories</b>	<b>AED</b>	<b>AED</b>
	Goods held for sale	394,541	394,541
	Less: Allowance for slow moving inventories		
	Allowance during the year	<u>197,271</u>	
		(197,271)	-
		<b>197,270</b>	<b>394,541</b>
	Inventories were kept in the warehouse at Warehouse No- 11, Shed No-18, Industrial Park, Ras Al Khaimah Free Zone, Ras Al Khaimah in United Arab Emirates.		
<b>9</b>	<b>Trade and other payables</b>	<b>AED</b>	<b>AED</b>
	Trade payables	138,692	-
	Accruals	5,500	8,964
	Other payables	9,286	-
		<b>153,478</b>	<b>8,964</b>
<b>10</b>	<b>Accumulated loss</b>	<b>AED</b>	<b>AED</b>
	Opening balance	(119,504)	-
	Net loss for the year	(1,281,413)	(119,504)
	Closing balance	<b>(1,400,917)</b>	<b>(119,504)</b>
<b>11</b>	<b>Shareholders' current account</b>	<b>AED</b>	<b>AED</b>
	Opening balance	210,188	-
	Movements during the year	1,090,815	210,188
	Closing balance	<b>1,301,003</b>	<b>210,188</b>

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Breakup of Shareholders' current accounts:

Name of Shareholders	Balance at beginning of the year	Net movements during the year	Balance at end of the year
	<b>AED</b>	<b>AED</b>	<b>AED</b>
Fedders Lloyd Corporation Limited	210,188	1,090,815	1,301,003
	<b>210,188</b>	<b>1,090,815</b>	<b>1,301,003</b>
<b>12 Revenue</b>		<b>AED</b>	<b>AED</b>
Sales : India		1,316,054	599,480
U.A.E		12,442	-
Less : Discount Allowed		(7,500)	-
		<b>1,320,996</b>	<b>599,480</b>
<b>13 Cost of sales (Trading)</b>		<b>AED</b>	<b>AED</b>
Inventories, beginning of the year		394,541	-
Purchases (including direct expenses)		1,101,750	993,378
		<b>1,496,291</b>	<b>993,378</b>
Carriage Inwards		64,265	-
Clearing & Forwarding Charges		211,532	-
Insurance		977	-
		<b>1,773,065</b>	<b>993,378</b>
Less: Inventories, end of the year		(394,541)	(394,541)
		<b>1,378,524</b>	<b>598,837</b>
<b>14 Selling and marketing expenses</b>		<b>AED</b>	<b>AED</b>
Selling		-	3,880
Marketing research expenditure		717,375	-
Distribution		194,750	-
		<b>912,125</b>	<b>3,880</b>
<b>15 Administrative expenses</b>		<b>AED</b>	<b>AED</b>
Rent		41,000	54,173
Travelling & Entertainment		19,217	5,718
Legal, Visa and Professional		28,181	46,500
Utilities		1,503	-
Postage and Courier		-	2,313
Drawing & Designing Charges		10,500	-
Allowance for slow-moving inventories		197,271	-
Miscellaneous		-	3,359
		<b>297,672</b>	<b>112,063</b>



# Fedders Lloyd Corporation Limited

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<b>16 Finance costs</b>	<b>AED</b>	<b>AED</b>
Bank charges	1,365	4,204
	<b>1,365</b>	<b>4,204</b>
<b>17 Other income/(expenses)</b>	<b>AED</b>	<b>AED</b>
Exchange loss	(12,723)	-
	<b>(12,723)</b>	<b>-</b>

## 18 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 18.1 Liquidity and Interest rate risk exposure

The entity's exposure to liquidity and interest rate risk as at year are as:

Particulars	Non Interest / Mark up bearing			Total
	Maturity up to one year	Maturity after one year	Sub Total	

For the year ended on June 30, 2010

<b>FINANCIAL ASSETS</b>				
Cash and bank balances	306,995	-	306,995	306,995
Loans and advances	9,224	-	9,224	9,224
Trade receivables	1,942	-	1,942	1,942
<b>Total Current Assets</b>	<b>318,161</b>	<b>-</b>	<b>318,161</b>	<b>318,161</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other payables	153,478	-	153,478	153,478
<b>Total Current Liabilities</b>	<b>153,478</b>	<b>-</b>	<b>153,478</b>	<b>153,478</b>
<b>Net Assets</b>	<b>164,683</b>	<b>-</b>	<b>164,683</b>	<b>164,683</b>

For the year ended on June 30, 2009

<b>FINANCIAL ASSETS</b>				
Cash and bank balances	128,200	-	128,200	128,200
Loans and advances	9,224	-	9,224	9,224
Trade receivables	27,340	-	27,340	27,340
<b>Total Current Assets</b>	<b>164,764</b>	<b>-</b>	<b>164,764</b>	<b>164,764</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other payables	8,964	-	8,964	8,964
<b>Total Current Liabilities</b>	<b>8,964</b>	<b>-</b>	<b>8,964</b>	<b>8,964</b>
<b>Net Assets</b>	<b>155,800</b>	<b>-</b>	<b>155,800</b>	<b>155,800</b>

## 18.2 Credit risk

Credit risk represent the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represent the maximum credit exposure.

	For the year ended on June 30,	
	2010	2009
Loans and advances	9,224	3417
Trade receivables	1942	-
Cash at bank	306,995	128,200
	<b>318,161</b>	<b>131,617</b>

## 18.3 Interest rate risk

This represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate. However, the entity is not exposed to any significant interest rate risk.

## 18.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

## 18.5 Foreign exchange risk

Foreign exchange risk arises mainly due to conversion of foreign currency assets and liabilities into local currency.

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in United Arab Emirates (UAE).

## 18.6 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

## 19 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on entity's financial statements as of balance sheet date.

## 20 Commitments

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known capital commitment on entity's financial statements as of balance sheet date.

## 21 Comparative amounts

Previous year's figures comprises of a period from February 11, 2008 (Inception) to June 30, 2009 whereas, the current year's figures are for twelve months. Hence, these previous years figures are not strictly comparable with current year's figures.



***Auditors' Report on Consolidated Financial Statements***

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

We have audited the attached Consolidated Balance Sheet of Fedders Lloyd Corporation Limited ("the Company") and its subsidiary as at 30th June, 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Fedders Lloyd Trading FZE (100% subsidiary of Fedders Lloyd Corporation Limited). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary which have been included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiary as at 30th June, 2010;
- (b) in the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year then ended.

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

**Brijesh C. Mathur  
Partner**

**Membership No.-083540  
(Firm Registration No. 000891N)**

**Place: New Delhi  
Date: December 02, 2010**



# Annual Report 2009-2010

## CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lacs)

Particulars	Schedule	As at 30.06.2010	As at 30.06.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS:</b>			
Share Capital	<b>A</b>	3,076.97	3,076.97
Reserves & Surplus	<b>B</b>	15,831.36	12,422.94
<b>LOAN FUNDS:</b>			
Secured Loans	<b>C</b>	18,463.83	11,642.76
<b>DEFERRED TAX LIABILITY</b>			
		253.38	149.12
<b>TOTAL</b>		<b>37,625.54</b>	<b>27,291.79</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	<b>D</b>	15,131.03	12,808.31
Less: Depreciation		5,076.08	3,904.96
Capital Work in Progress		193.14	161.17
Project Under Development		782.46	782.46
<b>INVESTMENTS (At Cost)</b>	<b>E</b>	<b>32.04</b>	32.04
<b>CURRENT ASSETS, LOAN &amp; ADVANCES:</b>			
Inventories		15,853.16	9,610.23
Sundry Debtors		11,712.75	7,323.36
Cash and Bank Balances		1,641.53	655.50
Loan and Advances		5,227.27	4,630.13
		34,434.71	22,219.22
<b>Less :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS:</b>			
Current Liabilities	<b>G</b>	5,460.50	3,358.41
Provisions		2,481.27	1,553.05
		7,941.77	4,911.46
<b>NET CURRENT ASSETS</b>		<b>26,492.94</b>	17,307.76
<b>MISCELLANEOUS EXPENDITURE</b>	<b>H</b>	<b>70.01</b>	105.02
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>37,625.54</b>	<b>27,291.79</b>
<b>NOTES TO ACCOUNTS</b>	<b>P</b>		
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

For and on behalf of the Board of Directors

(Brijesh C. Mathur)  
Partner  
M. No.: 083540  
(Firm Registration No. 000891N)  
Place: New Delhi  
Date: December 02, 2010

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON JUNE 30TH, 2010

(Rs. in Lacs)

Particulars	Schedule	Year ended 30.06.2010	Year ended 30.06.2009
<b>INCOME:</b>			
Sales	70,102.88		46,878.72
Less:Excise Duty	<u>1,420.53</u>	<b>68,682.35</b>	<u>845.83</u>
Other Income	<b>I</b>	<b>34.78</b>	64.02
<b>TOTAL</b>		<b>68,717.13</b>	<b>46,096.91</b>
<b>EXPENDITURE:</b>			
Cost of Goods Consumed	<b>J</b> 60,389.86		40,466.53
Increase/decrease in Finished Stock	<b>K</b> <u>(3,166.39)</u>	<b>57,223.48</b>	<u>397.02</u>
Manufacturing Expenses	<b>L</b>	<b>567.30</b>	322.86
Administrative Expenses	<b>M</b>	<b>2,461.89</b>	1,447.61
Selling Expenses	<b>N</b>	<b>703.99</b>	378.43
Finance Charges	<b>O</b>	<b>1,776.30</b>	1,190.77
Misc. Expenditure Written off		<b>35.01</b>	35.01
Depreciation	1,171.12		
Less: Re-valuation reserve written back	<u>18.88</u>	<b>1,152.24</b>	419.38
<b>TOTAL</b>		<b>63,920.20</b>	<b>44,657.62</b>
<b>Profit before Taxation</b>		<b>4,796.92</b>	<b>1,439.29</b>
<b>Less:Provision for Taxation:</b>			
Current Taxation	841.86		179.60
Deferred Tax Liability for the year	104.26		84.13
Fringe Benefit Tax	<u>-</u>	<b>946.11</b>	<u>8.10</u>
<b>Profit for the year after Tax</b>		<b>3,850.81</b>	<b>1,167.46</b>
Balance brought forward from previous year		<b>96.99</b>	89.52
<b>Amount Available for Appropriation</b>		<b>3,947.80</b>	<b>1,256.98</b>
<b>APPROPRIATIONS:</b>			
Proposed Dividend		<b>307.70</b>	307.70
Tax on Proposed Dividend		<b>51.10</b>	52.29
Transfer to General Reserve		<b>3,500.00</b>	800.00
Balance carried to Balance Sheet		<b>89.00</b>	<b>96.99</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>12.51</b>	<b>3.79</b>
Notes forming part of the Accounts	<b>P</b>		
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

For and on behalf of the Board of Directors

(Brijesh C. Mathur)  
Partner

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010

## Annual Report 2009-2010

### CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital:</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
<b>Issued, Subscribed &amp; Paid up Capital:</b>		
3,07,69,700 equity shares of Rs. 10/- each fully paid up (Previous year 3,07,69,700 equity shares of Rs. 10/- fully paid up)	3,076.97	3,076.97
<b>TOTAL</b>	<b>3,076.97</b>	<b>3,076.97</b>
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
1) Capital Reserve:		
Revaluation Reserve (Not available for Dividend)		
Office Premises	127.40	127.40
Factory Land & Building	1,016.88	1,037.86
	1,144.28	1,165.26
Less: Amount Utilised to set-off Dep.	18.88	20.98
	1,125.40	1,144.28
2) Securities Premium Account	2,563.99	2,563.99
3) General Reserve:		
Opening balance	8,655.31	7,855.31
Add: Transfer from Profit & Loss a/c	3,500.00	800.00
	12,155.31	8,655.31
4) Exchange Difference on Consolidation	(102.33)	(37.62)
5) Profit & Loss Account		
As per Profit & Loss Appropriation A/c	89.00	96.99
<b>TOTAL</b>	<b>15,831.36</b>	<b>12,422.94</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS:</b>		
<b>From Schedule Banks:</b>		
Term Loans	3,687.50	4,187.43
Working Capital Loans	14,776.33	7,455.33
<b>TOTAL</b>	<b>18,463.83</b>	<b>11,642.76</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.



# Fedders Lloyd Corporation Limited

LIVE THE FUTURE

## CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30TH JUNE, 2010

### SCHEDULE- D

#### FIXED ASSETS:

(Rs. in Lacs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01.07.2009	Additions	Transfer/ Adjustment	As At 30.06.2010	Up To 30.06.2009	For The Year	Adjustment	Total	As At 30.06.2010	As At 30.06.2009
Land	3,712.85	125.45	-	3,838.30	-	-	-	-	3,838.30	3,712.85
Building Factory	1,509.28	520.61	-	2,029.89	779.24	110.15	-	889.38	1,140.51	730.05
Office Premises	242.55	-	-	242.55	147.72	4.74	-	152.46	90.09	94.83
Temporary Shed	282.56	12.34	-	294.91	18.81	267.84	-	286.65	8.26	263.75
Furniture & Fixtures	73.76	24.00	-	97.76	37.66	8.39	-	46.05	51.70	36.10
Plant & Machinery	4,704.17	1,224.13	-	5,928.29	1,508.17	585.52	-	2,093.69	3,834.60	3,196.00
Dies	1,717.83	0.47	-	1,718.30	1,050.97	92.83	-	1,143.80	574.50	666.86
Generator	41.25	55.62	-	96.88	22.24	6.46	-	28.70	68.17	19.01
Computer	184.47	122.21	-	306.68	140.65	46.68	-	187.34	119.35	43.81
Office Equipments	52.00	29.50	-	81.50	27.87	6.56	-	34.43	47.07	24.13
Electric Equipments	55.61	91.08	-	146.70	24.14	13.80	-	37.94	108.76	31.48
Air-conditioners	33.09	26.11	-	59.20	24.35	2.25	-	26.60	32.60	8.74
Refrigerators	2.58	0.18	-	2.76	2.50	0.03	-	2.52	0.24	0.09
Fan	6.26	0.39	-	6.65	4.88	0.21	-	5.09	1.56	1.37
Motor Car	157.26	-	-	157.26	88.73	17.74	-	106.47	50.79	68.53
Scooter & Motor Cycle	0.48	4.49	-	4.97	0.36	0.51	-	0.87	4.10	0.12
Fork Lifter	5.59	7.84	-	13.43	5.35	0.95	-	6.30	7.13	0.24
Tools	25.18	78.30	-	103.48	19.91	6.44	-	26.34	77.14	5.27
Flat	1.52	-	-	1.52	1.41	0.02	-	1.44	0.09	0.11
<b>TOTAL</b>	<b>12,808.31</b>	<b>2,322.72</b>	<b>-</b>	<b>15,131.03</b>	<b>3,904.96</b>	<b>1,171.12</b>	<b>-</b>	<b>5,076.08</b>	<b>10,054.95</b>	<b>8,903.35</b>
(Previous Year)	7,547.27	5,261.05	-	12,808.31	3,464.61	440.36	-	3,904.96	8,903.35	-

Total Depreciation during the year

1,171

Less: Revaluation Reserve W/back to the extent of dep. On addition on a/c of Revaluation

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**Depreciation charged to Profit & Loss Account**

**1,152**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2010

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b>SCHEDULE - E</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments: Non tradable</b>		
<b>Quoted Shares</b>		
<b>Lloyd Electric &amp; Engineering Ltd.</b>	0.02	0.02
(100 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per Share) (Market Value Rs. 77.00 Per Share)		
<b>State Bank of Bikaner &amp; Jaipur</b>		
(375 Equity Shares of Rs. 100 each fully paid up at a premium of Rs. 440/- per Share) (Market Value Rs. 473.45 Per Share)	2.03	2.03
<b>Sub-Total (A)</b>	<b>2.04</b>	<b>2.04</b>
<b>Unquoted Shares</b>		
(Market Value not known)		
<b>M/s Lloyd Credits Ltd.</b>	30.00	30.00
(3,00,000 Equity Shares of Rs. 10/- each)		
<b>Sub-Total (B)</b>	<b>30.00</b>	<b>30.00</b>
<b>Total (A+B)</b>	<b>32.04</b>	<b>32.04</b>



**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT  
30<sup>TH</sup> JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE-F</u></b>		
<b>INVENTORIES</b>		
(As certified by the Management)		
Stock in hand: at cost net of modvate		
Raw-materials	6,204.27	3,891.84
Finished Goods	5,872.21	2,646.70
Work in Progress	537.83	1,782.52
Semi Finished Goods	881.81	968.24
	13,496.12	9,289.31
Stock at Warehouse	2,357.04	320.92
<b>TOTAL (A)</b>	<b>15,853.16</b>	<b>9,610.23</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good by the Management)		
More than six months	200.49	1,218.21
Others	11,512.25	6,105.15
<b>TOTAL (B)</b>	<b>11,712.75</b>	<b>7,323.36</b>
<b>CASH AND BANK BALANCES</b>		
Cash balance in hand	54.88	63.33
Balances with scheduled banks:		
in current accounts	1,116.46	261.10
in Margin Money	97.82	198.00
in Fixed Deposit	372.38	133.07
<b>TOTAL (C)</b>	<b>1,641.53</b>	<b>655.50</b>
<b>LOAN &amp; ADVANCES :</b>		
(Unsecured- considered good)		
Earnest Money & Security Deposits	426.97	385.15
Staff and other advances	55.26	35.68
Advances for goods and expenses to be recovered in cash or in kind or for value to be received	4,114.37	3,889.43
SAD 4% Refundable	152.60	53.16
Balance in Excise PLA & PCA A/c	35.88	70.16
Advance Income Tax & T.D.S.	442.19	196.55
<b>TOTAL (D)</b>	<b>5,227.27</b>	<b>4,630.13</b>
<b>Grand Total (A+B+C+D)</b>	<b>34,434.71</b>	<b>22,219.22</b>

**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT  
30<sup>TH</sup> JUNE 2010**

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE-G</u></b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors for goods and expenses	5,146.11	3,161.38
Unclaimed Dividend	26.09	18.96
Other Liabilities	258.25	146.48
Interest accrued but not due	30.06	31.59
<b>TOTAL</b>	<b>5,460.50</b>	<b>3,358.41</b>
<b>PROVISIONS</b>		
For Income Tax	1,841.71	999.85
For Fringe Benefit Tax	15.80	15.80
For Proposed Dividend	307.70	307.70
For tax on Proposed Dividend	51.10	52.29
For Gratuity & Leave Encashment	264.96	177.40
<b>TOTAL</b>	<b>2,481.27</b>	<b>1,553.05</b>
<b><u>SCHEDULE - H</u></b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	105.02	140.03
Less: 1/5th written off during the year	35.01	35.01
<b>TOTAL</b>	<b>70.01</b>	<b>105.02</b>



# Fedders Lloyd Corporation Limited

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## CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30<sup>TH</sup> JUNE 2010

(Rs. in Lacs)

Particulars	Year ended 30.06.2010	Year ended 30.06.2009
<b><u>SCHEDULE - I</u></b>		
<b>OTHER INCOME</b>		
Other Income	-	24.01
Interest Received	34.78	40.01
Dividend Gross	-	0.00
<b>TOTAL</b>	<b>34.78</b>	<b>64.02</b>
<b><u>SCHEDULE - J</u></b>		
<b>COST OF GOODS CONSUMED</b>		
Opening Stocks:		
Raw materials, Stores & Spares	3,941.78	3,337.06
Work in progress	1,782.52	1,195.11
	5,724.30	4,532.17
Add:Purchases and Expenses	61,457.60	41,661.01
Less: Closing stocks (Valued at cost or net realiseable whichever is less as certified by the management)		
Raw materials, Stores & Spares	6,254.21	3,944.12
Work in progress	537.83	1,782.52
<b>TOTAL (A)</b>	<b>60,389.86</b>	<b>40,466.53</b>
<b><u>SCHEDULE - K</u></b>		
<b>INCREASE/DECREASE IN FINISHED STOCK</b>		
Opening stock:		
Air-conditioners	2,454.06	2,503.40
Refrigerators	3.01	3.01
Semifinished	968.24	870.94
Appliances	137.36	582.34
Less : Closing stock		
Air-conditioners	4,613.49	2,454.06
Refrigerators	3.01	3.01
Semifinished	881.81	968.24
Appliances	1,230.75	137.36
<b>TOTAL (B)</b>	<b>(3,166.39)</b>	<b>397.02</b>
<b>GRAND TOTAL (A + B)</b>	<b>57,223.48</b>	<b>40,863.56</b>



## Annual Report 2009-2010

### CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30<sup>TH</sup> JUNE 2010

(Rs. in Lacs)

Particulars	As at 30.06.2010	As at 30.06.2009
<b><u>SCHEDULE -L</u></b>		
<b>MANUFACTURING EXPENSES</b>		
Labour, Wages & Perquisites	205.75	147.48
Repair to Plant & Machinery	23.68	0.19
Provident Fund Contribution	115.95	79.49
Employee State Insurance	13.01	10.79
Staff Amenities	56.08	7.51
Bonus	2.11	1.03
Factory Licence Fee	0.29	0.14
Power & Fuel & Other Mfg. Exp.	150.44	76.24
<b>TOTAL</b>	<b>567.30</b>	<b>322.86</b>
<b><u>SCHEDULE- M</u></b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Staff Salaries	1,298.70	873.63
Bonus	19.09	15.87
Remuneration to Directors	73.35	77.20
Rent	253.35	81.42
Travelling	136.13	50.20
Printing and stationery	71.75	18.24
Legal and Consultancy Fee	182.73	116.40
Audit Fee	6.75	
Tax Audit Fee	0.75	
Service Tax	0.77	
Postage, Telegrams & Telephone	8.27	6.62
Postage, Telegrams & Telephone	70.34	36.37
Director Sitting Fee	1.35	0.90
Gratuity	86.47	59.77
Leave Encashment	26.69	6.74
General Charges	26.05	7.86
Motor Car Expenses	18.19	13.43
Subscription	7.84	3.55
Conveyance	75.58	45.02
Newspapers & Periodicals	1.64	1.08
Licence fee	2.62	0.99
Computer Expenses	17.80	7.31
Research & Development	57.37	25.03
Slow Moving Inventories	24.97	-
Exchange Loss	1.61	-
<b>TOTAL</b>	<b>2,461.89</b>	<b>1,447.61</b>



**CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
ON 30<sup>TH</sup> JUNE 2010**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 30.06.2010</b>	<b>As at 30.06.2009</b>
<b><u>SCHEDULE - N</u></b>		
<b>SELLING EXPENSES</b>		
Advertisement	372.13	289.93
Sales Promotion	171.41	51.54
Work Contract Tax Paid	69.65	36.95
Marketing Research	90.80	-
<b>TOTAL</b>	<b>703.99</b>	<b>378.43</b>
<b><u>SCHEDULE - O</u></b>		
<b>FINANCE CHARGES</b>		
Bank Charges	150.40	64.73
Interest	1,625.90	1,126.05
<b>TOTAL</b>	<b>1,776.30</b>	<b>1,190.77</b>

## **SCHEDULE-‘P’**

### **CONSOLIDATED NOTES FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED ON 30TH JUNE 2010**

#### **I. SIGNIFICANT ACCOUNTING POLICIES**

##### **1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

- i) 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.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

##### **2) PRINCIPLES OF CONSOLIDATION**

The Consolidated financial statements relate to Fedders Lloyd Corporation Limited (‘the Company’) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary Company have been combined on a line by line basis by adding together together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 on “Consolidated Financial Statements”.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company’s separate financial statements.

In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in exchange fluctuation reserve.

The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. year ended 30th June 2010.

All material inter-company balances and transactions are eliminated on consolidation.

- 3) Investment other than in subsidiary have been accounted as per Accounting Standard (AS) Accounting for Investment.
- 4) The Subsidiary company considered in the preparation of these consolidated financial statements is:

Name of Subsidiary	Country of incorporation	Proportion of ownership Interest as at 30.06.2010
Fedders Lloyd Trading FZE	United Arab Emirates (RAS AI KHAIMAH)	100%

- 5) Fedders Lloyd Trading FZE (“The Establishment”) was incorporated on February 11, 2008 as a Free



Trade Zone Establishment with Limited Liability and registered with RAK Trade Free Zone Authority, Ras Al Khaimah-United Arab Emirates for undertaking general trading activities. The Company acquired 100% ownership interest in the free trade zone establishment by investing AED 500,000 in the equity share capital of the establishment.

## 6) 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.

## 7) 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 Director 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.

## 8) 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.

Depreciation on addition to assets or on sale of assets is calculated on pro-rata basis.

## 9) 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.

## 10) 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.

## 11) 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.

### 12) **EMPLOYEES RETIREMENT BENEFITS**

- a) The Company's contribution to the provident fund is charged to Profit & Loss Account.
- b) The Company's liability in respect of payment of gratuity and leave encashment is provided on accrual basis. Company has made the provision of gratuity and leave encashment of Rs 264.95 Lacs upto 30th June 2010 and actuarial valuation is subject to management.

### 13) **RESEARCH AND DEVELOPMENTS**

Revenue expenditure is charged to Profit & Loss Account of the year in which they incurred.

### 14) **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.

### 15) **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.

### 16) **IMPAIRMENT OF ASSETS**

In the 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.

### 17) **TAXATION**

#### **Current Tax:**

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

A Provision is made for the current 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.

### 18) **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.



## 19) EARNINGS 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.

## 20) 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.

## 21) 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.

## 22) 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.

## 23) 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

### I CONTINGENT LIABILITIES

Sl. No.	Particulars	Amount (Rs. in Lacs)
I	Bank Guarantees	18,515.50

### 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, 2006.

### 3 RELATED PARTY DISCLOSURES: (In which some directors are interested)

<b>Related Companies</b>	<b>Nature of Relationship (Associate Co./Subsidiary Co./Directors Interested)</b>
--------------------------	---

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, U.A.E.	Subsidiary Company

#### **Key Management Personnel**

Mr. Brij Raj Punj	Managing Director
Mr. Sham Sunder Dhawan	Whole Time Director

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

Transaction	Amount (Rs. in Lacs)
Purchase of goods	6,309.00
Sales of goods	170.78

### 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 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.35.00 Lacs of the Deferred Revenue Expenditure.

### 5 INVESTMENT OF SUBSIDIARY COMPANY

The Company has invested Rs. 54.45 Lacs (5 shares @ 1,00,000/- AED each) in M/s Fedders Lloyd Trading FZE, U.A.E. which is subsidiary Company of M/s Fedders Lloyd Corporation Limited.

### 6 PROJECT UNDER DEVELOPMENT

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

Particulars	Amount (Rs. in Lacs)
Cost of Land	520.39
Technical Consultancy Charges	3.14
Interest	235.00
Other cost	23.92
<b>Total</b>	<b>782.45</b>

### 7 DIVIDEND

During the year, the Company has proposed dividend of Rs. 307.70 Lacs to shareholders.



# Fedders Lloyd Corporation Limited

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## 8 THE BREAK UP OF DEFERRED TAX ASSETS AND LIABILITIES INTO MAJOR COMPONENTS AT THE YEAR ENDED ON 30TH JUNE, 2010 IS AS BELOW:

Particulars	Amount (Rs. in Lacs)
<b>Deferred Tax Liability:</b>	
Depreciation Difference	163.59
<b>Deferred Tax Assets:</b>	
Other Provisions	59.34
<b>Net Deferred Liability</b>	<b>104.25</b>

## 9 BASIC & DILUTED EARNINGS PER SHARE

Earnings per share has been computed as under:

Profit after Taxation : Rs. 3,850.81 Lacs

Number of Ordinary Shares : 3,07,69,700

Basic and Diluted Earnings per share : Rs. 12.51

(Face Value Rs.10/-per share)

## 10 DIRECTORS REMUNERATION PAID DURING THE YEAR

Remuneration & Perks Rs. 73.35 Lacs

Provident Fund Rs. 5.56 Lacs

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

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

13 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  
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

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540

(Firm Registration No. 000891N)

Place: New Delhi

Date: December 02, 2010



# Annual Report 2009-2010

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH JUNE 2010

(Rs. in lacs)

		Year ended 30.06.2010		Year ended 30.06.2009
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before tax		4,796.92		1,439.29
<b>Adjustments for :</b>				
Add : Depreciation		1,152.24	419.38	
Preliminary Expenses written off	35.01		35.01	
Interest Paid	1,625.90	2,813.14	1,126.05	1,580.44
Less:				
Interest Income	(34.78)		(40.01)	
Dividend Income	-	(34.78)	(0.00)	(40.01)
<b>Operating profit before working capital changes</b>		7,575.29		2,979.72
Trade & other receivables	(4,389.39)		(199.44)	
Inventories	(6,242.94)		(46.87)	
Loans & Advances	(351.49)		(1,377.33)	
Trade & other payable	2,189.64	(8,794.17)	(138.93)	(1,762.57)
<b>Cash generated from operations</b>		(1,218.89)		1,217.15
Exchange Fluctuation		(64.71)		(37.62)
Direct tax paid		(245.64)		(148.51)
<b>Net Cash Flow from Operating Activities</b>		<b>(1,529.24)</b>		<b>1,031.02</b>
<b>B Cash Flow from Investing Activities:</b>				
Purchase of fixed assets	(2,354.69)		(4,247.79)	
Purchase of Business	-		54.46	
Interest Received	34.78		40.01	
Dividend received	-	(2,319.91)	0.00	(4,153.32)
<b>Net Cash Flow from Investing Activities</b>		<b>(2,319.91)</b>		<b>(4,153.32)</b>
<b>C Cash Flow from Financial Activities:</b>				
Proceeds from Long Term Borrowing	6,821.08		4,153.72	
Dividend Paid	(307.70)		-	
Dividend Tax	(52.29)		-	
Interest paid	(1,625.90)	4,835.19	(1,126.05)	3,027.67
<b>Net Cash Flow from Financing Activities</b>		<b>4,835.19</b>		<b>3,027.67</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		<b>986.03</b>		<b>(94.63)</b>
Opening Balance of Cash and Cash Equivalents		655.50		750.13
Closing Balance of Cash and Cash Equivalents		1,641.53		655.50
<b>Net increase/ decrease in Cash and Cash Equivalents</b>		<b>986.03</b>		<b>(94.63)</b>

Refer to our Report of even date.

For Suresh C. Mathur & Co.

Chartered Accountant

For and on behalf of the Board of Directors

Fedders Lloyd Corporation Ltd.

Brijesh C. Mathur

Partner

M. No.:083540

(Firm Regn. No. 000891N)

A.A. Siddiqi

AVP Finance

Purnima Sharma

Company Secretary

S. S. Dhawan

Director

K. Lall

Director

Brij Raj Punj

Chairman & Managing Director

### AUDITOR'S REPORT

We have examined the above Consolidated Cash Flow Statement of Fedders Lloyd Corporation Limited and its Subsidiary for the year ended on 30th June 2010. 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 and its Subsidiary.

For Suresh C. Mathur & Co.

Chartered Accountants,

Brijesh C. Mathur

Partner

M. No.:083540

(Firm Regn. No. 000891N)

Place: New Delhi

Date: December 02, 2010



# Fedders Lloyd Corporation Limited

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## FEDDERS LLOYD CORPORATION LIMITED

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

#### I. REGISTRATION DETAILS

Registration No.  State Code

Balance Sheet Date

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

Date Month Year

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

#### SOURCES OF FUNDS :

Paid up Capital

Share Warrant

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax

#### APPLICATION OF FUNDS :

Net Fixed Assets (Incl. Work in Progress)

Investments

Net Current Assets

Misc Expenditure

Accumulated Losses/ Profit

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

Turnover & Other Income

Total Expenditure

Profit/ Loss before Tax

Profit/ Loss after Tax

Earning per Share (Rs.)

Interim Dividend @%

Final Dividend @%

#### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/ SERVICES ON THE COMPANY

(AS PER MONETARY TERMS)

Item Code No. ( ITC Code)

Product Description

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

A.A. Siddiqi  
AVP Finance

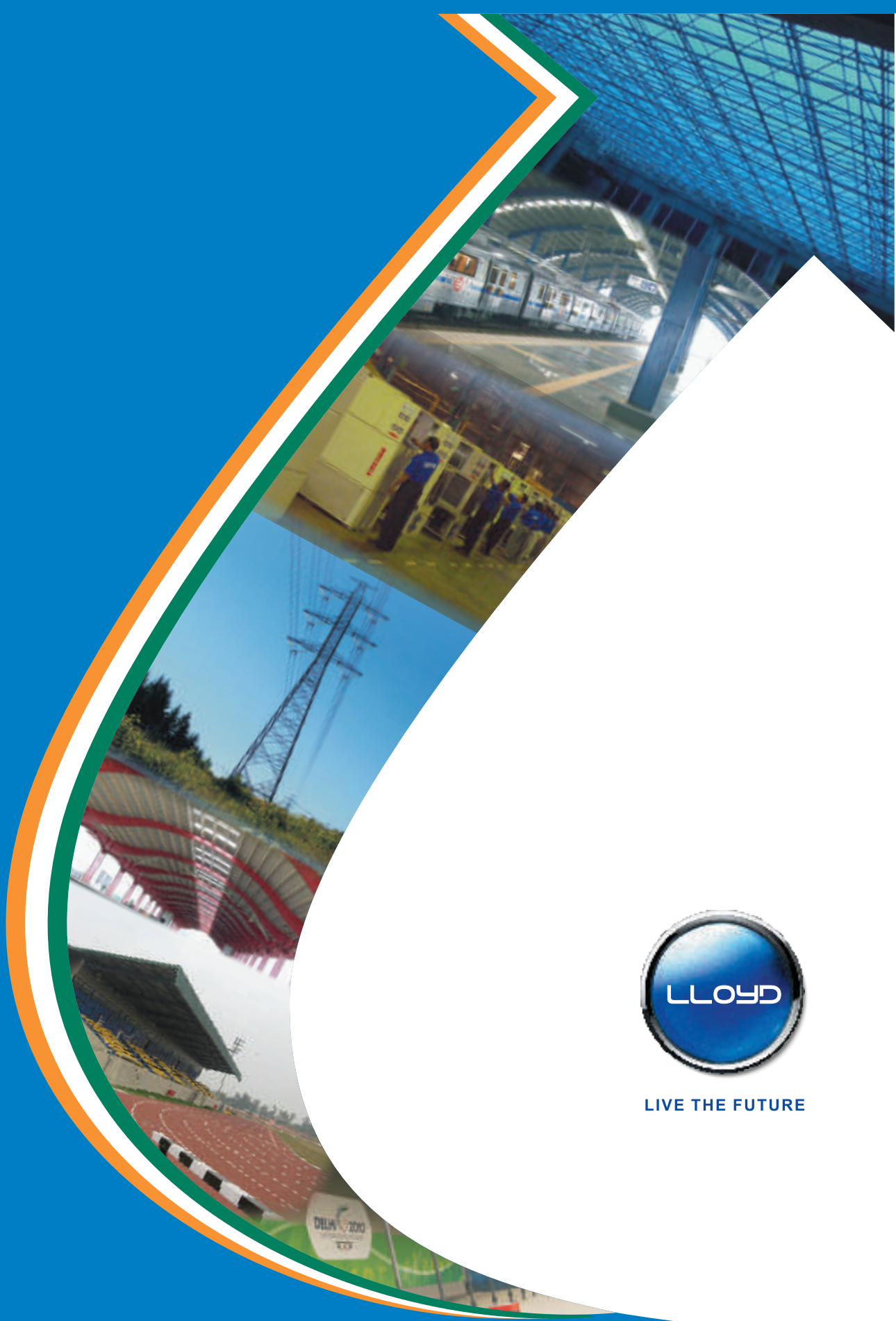
Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

M. No.: 083540  
(Firm Registration No. 000891N)  
Place: New Delhi  
Date: December 02, 2010



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*54 glorious years*



**LIVE THE FUTURE**

**FEDDERS LLOYD CORPORATION LTD.**

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