

# Fedders Lloyd Corporation Limited



**LIVE THE FUTURE**

**55<sup>th</sup> Annual Report 2010-2011**

# Performance Excellence

*“55 years of growth through  
Innovation, Engineering, Involvement,  
Commitment, Integrity and Success,  
creating value for all stakeholders”*

  
**23.77%**

Increase in  
Total Income from  
Rs. 685.44 Crores to  
Rs. 848.37 Crores

  
**18.46%**

Increase in  
EBIDTA from  
Rs. 77.32 Crores to  
Rs. 91.59 Crores

  
**16.07%**

Increase in  
PAT from  
Rs. 40.07 Crores to  
Rs. 46.51 Crores

  
**50%**

Increase in  
Dividend from  
10% to 15%



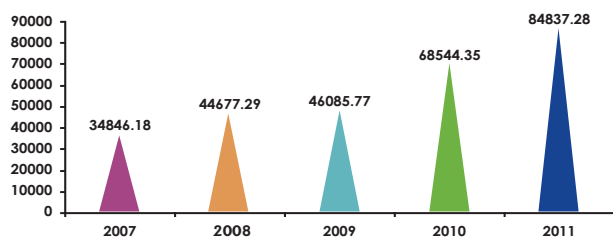
LIVE THE FUTURE

# Five Year Performance Highlights

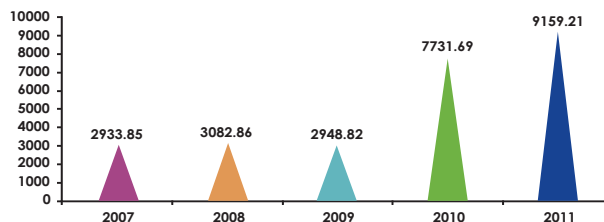
(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Total Income	<b>84837.28</b>	68544.35	46085.77	44677.29	34846.18
Total Expenditure	<b>79062.33</b>	63590.81	44682.36	42613.61	32743.87
Profit before Tax (PBT)	<b>5774.95</b>	4953.54	1403.40	2063.68	2102.31
Taxation	<b>1270.49</b>	946.11	271.83	137.20	277.60
Profit after Tax (PAT)	<b>4650.64</b>	4007.43	1131.57	1926.48	1824.71
Equity Share Capital	<b>3076.97</b>	3076.97	3076.97	3076.97	3076.97
EPS (in Rs.)	<b>15.11</b>	13.02	3.68	6.26	5.93
Dividend (Rs. Per equity share of Rs. 10 each)	<b>1.50</b>	1.00	1.00	-	1.00
Reserve & Surplus	<b>20151.65</b>	16054.42	12424.67	11674.07	9770.90
Total Assets	<b>62711.55</b>	45770.95	32242.18	26851.82	23144.08

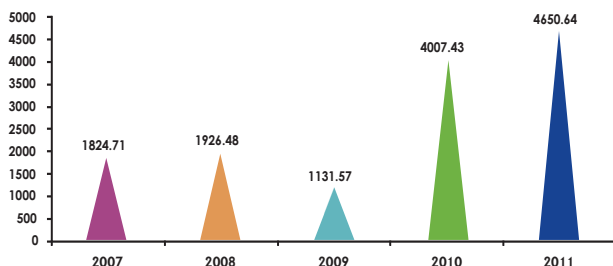
**Total Income (Rs. in Lacs)**



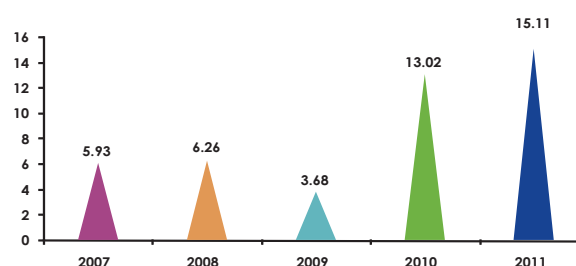
**EBIDTA (Rs. in Lacs)**



**PAT (Rs. in Lacs)**



**EPS (Rs.)**



# Chairman speaks

*“It is an immutable law in business that words are words, explanations are explanations, promises are promises but only performance is reality.”*



## **Dear Shareholders,**

I feel truly privileged to present the 55<sup>th</sup> Annual performance of the Company and share with you my joy and happiness with you on yet another record performance of the Company. Despite challenges and stiff competition, we

have the year 2010-11 as the year of record performance when your Company- Fedders Lloyd Corporation Ltd., achieved the Net Sales of Rs. 84,587 Lacs as compared to the Net Sales of Rs. 68,510 Lacs during the previous year. Net Profit during the year 2010-11 rose to Rs. 4,651 Lacs as compared to the Net Profit of Rs. 4,007 Lacs during the previous year. The Earning per Share has increased from Rs. 13.02 per equity share in the previous year to Rs. 15.11 per equity share in the year under review. Your Company has been pioneer in Air conditioning industry since last 55 years but off late due to the environmental changes like global warming and atmospheric emissions having negative environmental impacts, the industry's need has been widened not only for air conditioning but also to control the overall environmental impacts. Considering the same, HVAC&R segment has been redefined as Environmental

Control Systems which provides customized environment control solutions to public sector organizations, government organizations, defence, railways and corporate and commercial clients. The Company also provides the complete Air System solutions related to indoor air quality management. At Fedders Lloyd, we have consistently transformed ourselves to keep pace with the demands of the times and our own ambitions. The confidence reposed by you in the Company has empowered us to grow into new dimensions with diversification of business of the Company in past years in Steel Structure and Engineering and Power Projects segments. Each of these businesses is in line with our expectations and holds tremendous potential of growth and profitability.

2010-11 has been another remarkable year of outstanding achievements and was a financially rewarding year for Fedders Lloyd, owing to higher sales, profits which resulted due to diversified product basket and expansion and modernization of manufacturing facilities of the Company. We have passed several notable milestones and have consistently improved on many fronts that have a bearing on achieving excellence. Subject to approval of shareholders in the ensuing Annual General Meeting, the Board of Directors of your Company has decided to reward the shareholders with dividend @ 15% on paid up equity share capital (Rs. 1.50 per equity share) of the Company as compared to 10% dividend (Re. 1 per equity share) declared during previous year.

It has become imperative for businesses to track the economic environment on an ongoing basis when changes come in such a dynamic fashion; when perceptions on where macroeconomic risks lie are so numerous and changing so often; when the immediate business environment becomes so closely linked with events that are largely beyond immediate control. The Company's risk identification and assessment process is dynamic and hence the Company has been able to identify, monitor and mitigate all these risks both during periods of accelerated growth and recessionary pressures.

Going forward, there are many challenges before the Government of India as it combats high inflation. RBI has already effected several increases in interest rates. Rising crude and other commodity prices are also a matter of concern which will have impact on corporates' profitable business growth. However, overall demand is strong, and therefore, I am optimistic about FY 2012 with respect to the potential of growth in markets and the business environment as a whole.

Your Company has been steadily building capabilities and resources over the years, and strengthened it further with initiatives at improving productivity and reducing costs. Presently, your Company has manufacturing facilities at Noida, Kala-Amb (H.P.), Sikandrabad, Pant Nagar, Haridwar and Chennai. During the year, we have strategically invested to expand and modernize our manufacturing facilities to enhance our

capabilities in addressing specific industry opportunities, enhancing our industry and technical expertise and to grow our operations worldwide. Having focused for scalability that enhances profitable growth in the evolving business environment, during the year, your Company has taken steps to shift Sikandrabad Steel Structure & Fabrication facility from leased premises to Company's owned premises, setting up of Steel Structure and fabrication facility at Ranipet (Tamil Nadu). Your Company has taken initial steps towards green energy by setting up state-of-the-art manufacturing facility at Bharuch, Gujarat for manufacturing and supply of finished components like Towers, Base frames, and pressure parts for Boilers, highly precision components for power generation equipments like Gas, Thermal, Hydro and Nuclear. We have laid down foundation for further growth and success. We continue to see growth ahead, in the immediate and the long term future.

We continue to operate in a number of core industries where our clear vision and strategy is trusted by our customers. This business strategy is underpinned by the strength of our customized solutions and robust services offerings which we will continue to enhance in the years ahead. During the year, the Company has executed various prestigious projects including supply and installation of Environmental Control Systems to Ministry of Defence. In Steel Structure and Engineering segment, some of the prestigious projects executed during the year include design, fabrication and erection of pre-engineered, pre-fabricated steel structure building at IGNOU Campus, New Delhi and four

steel structure buildings at Manesar, ICAT (NATRIP). In Scaffolding business also, the Company has done very well and executed various prestigious projects like Cuplock System erection at Koradi Site for Turbo Generation Slab, CR System erection at Nasik. In Power projects segment, the Company has successfully executed construction of 400KV D/C Line from TPS Jhajjar – Dhanonda Transmission line (REC-085) with length of 21.062 Km. On International front also, the Company has increased its foothold to Nigeria, Ghana and Kenya besides Ethiopia and executed projects with funding from Multilateral Agencies such as World Bank & African Development Bank.

Due to participation in global markets, technology upgradation has become the most important strategic focus for FY12 in order to combat competition in the market. At Fedders Lloyd, we are continuously and consciously focused for technology upgradation and innovation. A deep understanding of our customer's applications allows us to design customized solutions that meet specific customer requirements in all business segments of the Company. Our engineers use their multidisciplinary knowledge and years of experience to create the best product for specific application. Throughout the design, manufacturing, execution processes, our engineers and experts stay in close communication with our customers to ensure that the products are produced on time, on budget, and as per the requirements. We are an organization that combines engineering, financial, managerial and operational skills and

resources to rejuvenate the life of every one of our stakeholders to 'live the future'.

At the time when we are moving forward with accelerated momentum towards multi-dimensional growth, our values serve as an anchor. We are passionate about our people, our business, excellence, integrity, development and equally we have concern for our society. Despite our business priorities, our social commitment remains predominant. During the year under review, at Lloyd group, we have established Pandit Kanahaya Lal Punj Trust, a philanthropic organization to lead the CSR initiatives. In all of our actions we strive to ensure that all economic, environmental and social factors are considered. We believe that this approach, driven by our principles of respect and involvement, makes us more responsible as a company.

Long term-sustained growth of a company requires that not only should all stake holder interests be well protected, but the environmental impact of operations are recognized and properly safeguarded. This is very much a part of the company's corporate social responsibility policy. Reduction of use of papers and paperless communication between all departments and processes are encouraged.

Recognizing that our employees are our core strength, we are focusing on developing their capabilities. In addition to the ongoing programmes, our Human Resources Team undertook various development initiatives to enhance employees' skills.

I would like to assure you that this is just a humble beginning as we move on the trajectory of growth, involvement and commitment. I wish to record my appreciation to all for their contribution towards the growth of the Company and look forward to take on new challenges and scale new heights of achievement in future. We are committed to our core value of creating value for all stakeholders. We have had an exciting journey, but looking ahead, the future looks even more exciting and we will continue to remain focused on delivering profitable and sustainable growth. I am confident that the Management Team with the invaluable guidance of the Board will achieve its Goal & Objectives.

With these words, I would like to thank each and every one of our customers, employees, shareholders and partners for their continued support, confidence and trust placed in the Company.

Yours sincerely



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

**Our enhanced  
ultra modern  
State-of-the-art  
manufacturing  
capabilities**



**Manufacturing facilities at  
Noida & Kala-Amb for  
Environmental Control Systems**







LIVE THE FUTURE



**Manufacturing facilities at  
Sikandrabad, Chennai & Haridwar for  
Steel Structure & Engineering**



# Setting up of highly precision steel structure manufacturing facility for Wind Towers at Bharuch, Gujarat

Factory shed for Wind Tower & precision fabrication



Foundation for rolling & bending machines



Davi machine for sheet rolling

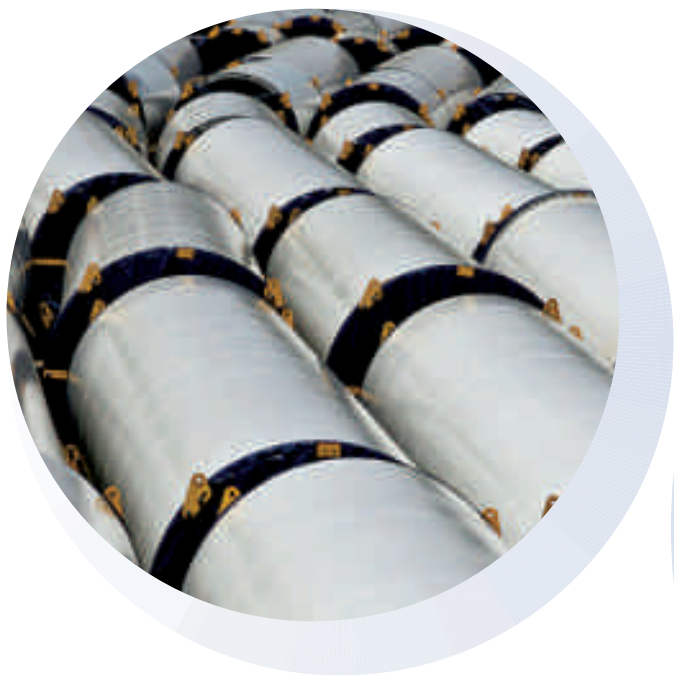




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**Products to be manufactured  
at Bharuch plant**

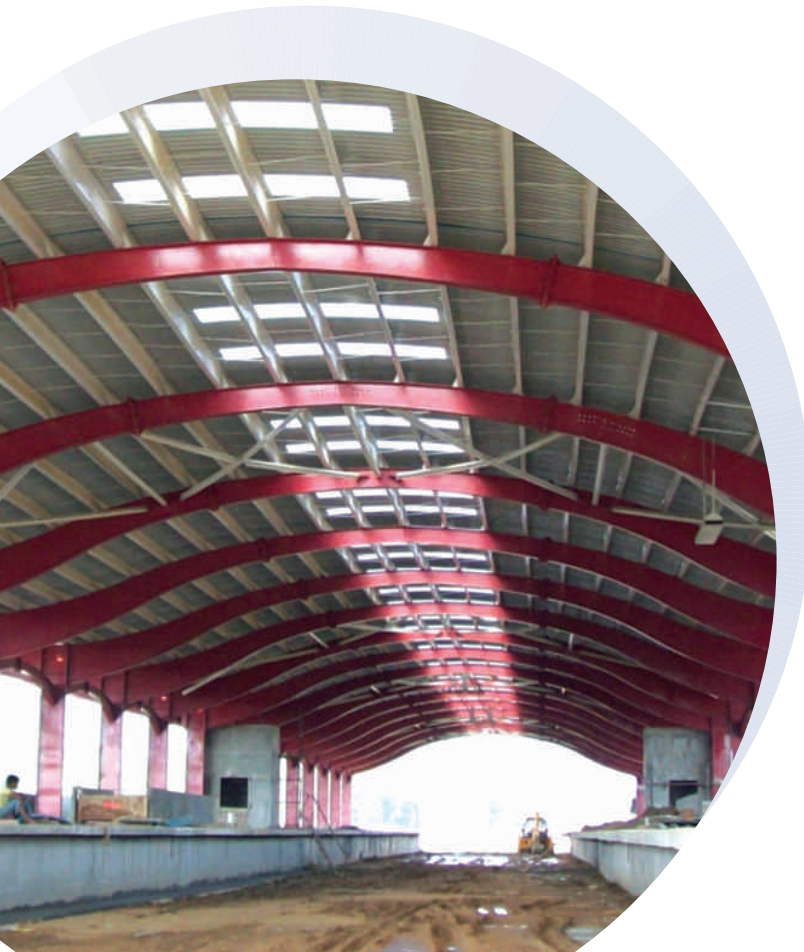


# Our Projects & Expertise

Design, fabrication & erection of steel structures for training & fitness centre at CWG Village, New Delhi



Design, fabrication & erection of pre-engineered, pre-fabricated steel structure for DMRC stations



Pre-fabricated steel structures for client work shop building at Manesar, ICAT (NATRIP) Campus



**Steel Structure designing and fabrication for power plant for JP Associates, BINA**



**132/33 KV Mobile sub-station**



**Overhead Electrification for Railways**

**Construction of 400 KV transmission line**



# Community partnership and respect for Environment



*“Let us together draw a society where poor are not just merely reduced to statistics but where there are no poor. Where people can see disabled as differently-abled. Where people are ready to extend a helping hand to each other to lift the other up, such a society can be truly described as humane society and the vision as Humanism”.*

With this belief, despite our business priorities, our social commitment remains predominant. At Fedders Lloyd, we believe that businesses must voluntarily share the created value with the community they operate in. As CSR measure, we work on broad areas of: Livelihood, Education, Health and Women Empowerment. We deploy the combined reach of our manufacturing locations to outreach the surrounding communities with CSR initiatives in the realms of health care, education, etc. During the year under review, at Lloyd group, we have established Pandit Kanahaya Lal Punj Trust, a philanthropic organization to lead the CSR initiatives of the group. Corporate Social Responsibilities activities at Fedders Lloyd build an important bridge between business operations and social commitments to create Fedders Lloyd as an organization that focuses on responsible development of the society. This helps strengthen the Company's focus on sustainable growth.

In addition to the above initiatives, the Company has long association with various NGOs where it gives donations and provides developmental support.

Our human capital is coming forward to volunteer for CSR programmes as their responsibility towards society and thus they are helping our future progress not only in terms of business but also by its impact on the community. Your Company is committed to continue the CSR initiatives on ongoing basis.



# Exhibitions- Business promotion activities

IQPC Exhibition, London



WAMPEX-2010 Exhibition  
at Accra, Ghana



7<sup>th</sup> CII-EXIM Bank Conclave on  
India- Africa Project  
Partnership 2011 at New Delhi, India





## 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 & Compliance Officer

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-1, New Delhi – 110020  
Telephone: 011- 3085 7575  
Fax: 011- 3085 7562

### Bankers

State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad  
Axis Bank  
Standard Chartered Bank  
Kotak Mahindra Bank  
ING Vysya Bank  
Karnataka Bank  
Central Bank of India  
ICICI Bank  
State Bank of Bikaner & Jaipur  
Bank of India

### Corporate Office

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

### 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

VI Industrial Area, Part - 2,  
Salempur, Mehdood, Near SIDCUL,  
Haridwar, Uttarakhand

### Overseas Subsidiary

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

# Annual Report 2010-2011

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## Dear Shareholders,

Your Directors have immense pleasure in presenting their 55<sup>th</sup> Annual Report and the audited Accounts for the year ended June 30, 2011.

## FINANCIAL RESULTS

Key aspects of financial performance of the Company for the year 2010-11 are tabulated below:

(Rupees in Lacs)

Particulars	Current year 2010-11	Previous year 2009-10
Net Sales	84587.31	68509.57
Other Income	249.97	34.78
Total Income	84837.28	68544.35
Earnings before Interest, Depreciation, and Tax	9159.20	7731.68
Profit before Taxes	5774.95	4953.54
Tax Expenses	1124.31	946.12
Profit after Tax	4650.64	4007.43
Balance brought forward from the previous year	209.73	61.10
Amount available for appropriation	4860.37	4068.53
<b>Appropriations</b>		
Proposed Dividend	461.55	307.70
Tax on proposed dividend	74.87	51.10
Transferred to General Reserve	3400.00	3500.00
Balance Carried forward to Balance Sheet	923.95	209.73
Earning Per Share (Rs.)	15.11	13.02

## OPERATIONAL REVIEW

Your directors have pleasure to report that total income of the Company has increased to Rs. 84,837.28 Lacs i.e., 24% as compared to previous year's total income of Rs. 68,544.35 Lacs. The Profit after tax rose to Rs. 4650.64 Lacs in 2010-11 i.e., by 16% over previous year's Profit after tax of Rs. 4007.43 Lacs.

During the year, the net sales generated from Environmental Control Systems business of the Company was Rs. 47,315 Lacs while Steel Structure & Engineering business of the Company contributed Rs. 17,054 Lacs to the net sales of the Company and net sales generated from Power Projects business was Rs. 20,218 Lacs.

Your Company's results show a well executed plan translated into robust performance, which again proved the ability of your Company to deliver consistent profitable growth. The enormous talent and capabilities available with the Company enabled your Company to achieve a more prominent position in the marketplace. The momentum in the business growth was largely driven by excellent and focused project execution, commitment for continuous innovation and quality deliverables.

## **DIVIDEND**

Your Directors have pleasure in recommending a dividend of Rs. 1.5 per Equity Share of Rs. 10/- each (15% on the paid-up equity share capital of the Company) for the year ended June 30, 2011. The dividend, if approved at the ensuing Annual general Meeting, shall absorb a sum of Rs. 461.55 Lacs (exclusive of dividend distribution tax of Rs. 74.87 Lacs). Last year, the Shareholders in last Annual General Meeting, declared a dividend of 10% on the paid-up equity share capital of the Company.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company which include sustainable development of the Company alongwith maximization of Shareholders' Wealth.

## **SUBSIDIARY**

The Company has a subsidiary namely, Fedders Lloyd Trading FZE in Ras Al Khaimah Free Trade Zone, U.A.E. In terms of the General Circular No. 2/2011 dated February 8, 2011, issued by Ministry of Corporate Affairs, Government of India, under Section 212 (8) of the Companies Act, 1956, granting general exemption to companies from attaching financial statements of subsidiaries, subject to fulfillment of conditions stated in the circular, Financial Statement of the subsidiary is not attached to the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary will also be kept open for inspection at the Registered Office of the Company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **FIXED DEPOSITS**

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

## **DIRECTORS**

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. Sham Sunder Dhawan and Mr. Ajay Dogra 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, hold office until the conclusion of the 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 prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act. 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

Enhancing Corporate Governance is on highest priority of your Company. Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as prescribed under Clause 49 of the Listing Agreement with the Stock Exchange(s). 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 – CARING FOR THE SOCIETY

As your Company continues to serve its consumers, it does not overlook its responsibility towards society. It has been your Company's privilege to extend a supporting hand to those in need. Each division of the Company endeavors to contribute its bit to the betterment of the society. The detail on CSR measures taken at Company's end is provided in the Corporate Social Responsibility Section of the Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 as amended, the particulars of employees 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 2011-12 have been paid to these stock exchanges.

## HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Your Company believes and considers its human resources as the most valuable asset. The management is committed to providing an empowered, performance oriented and stimulating work environment to its employees to enable them realize their full potential. With a view to enhance employees' skills, the Company had provided various functional training during the year. Your Company seeks to achieve its goal through alignment of employees' goals with your Company's vision and appreciating employees efforts through reward and recognition. Industrial Relations were maintained cordial through out the year.

## ACKNOWLEDGEMENTS

Your directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members of the Company during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

Your Directors would need this continued support to achieve the goals they have set for your Company in the years ahead.

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

**Place: New Delhi**

**Date: December 1, 2011**

**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

During the year, your Company continued its endeavor to conserve energy on all locations, plants, sites, operations and offices by continuously monitoring all processes to prevent energy wastage on an ongoing basis like switching off of machineries and equipments during idle hours, time adjustments of plant as per load shedding plans, power factor monitoring with capacitive controls, introducing energy efficient lighting system across all plants and units. Continuous Energy Conservation measures are being taken on all locations and sites of the Company to reduce the expenditure on power & fuel.

A multi pronged approach is deployed in plants as well as products to infuse the concept of energy conservation addressing the issues of "Environmental Friendliness" and "Global Warming/Green House Effect".

The energy conservation measure indicated above 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 and innovation

Your Company promotes continuous technological advancements through dedicated R&D facilities and by using the technological strengths, the Company strives to achieve the sustainable long term growth. At Fedders Lloyd, technology is considered as the critical component of the consistent growth and thereby consistently delivering 'Value for money'. Company's dedicated R&D facilities provide the customers with fully-tested solutions that increase their performance and make them more competitive while complying with more stringent environmental regulations. The R&D initiatives of the Company include working closely with customers to deliver reliable, sustainable, high-quality solutions at a competitive cost/performance ratio.

Ongoing R&D at the Company ensures that our customers benefit from:

- ❖ Latest developments in technologies
- ❖ Increasingly efficient processes
- ❖ Operational flexibility

The R&D activities at the Company bring enlargement of product portfolio and reliability of products, competitive advantage in terms of cost, improvement in quality, performance and thus additional revenue generation.

### 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:

Each business division of the Company dedicatedly work for giving impetus to exports. The Company has representative offices in various countries to explore new markets and expand the reach of its products and

services globally. Your Company regularly participates in prestigious international exhibitions. The Company continuously strives to develop new export markets for its products and services. During the year, the Company has following foreign exchange earnings and outgo:

Foreign Exchange earned : Rs. 5,361.41 Lacs

Foreign Exchange outgo : Rs. 138.22 Lacs

**E. Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 for the financial year ended June 30, 2011**

S. No.	Name of Employee	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience	Date of Joining	Last Employment
1.	Mr. Brij Raj Punj	66	Managing Director	77,79,500	B.E.	40 years	02.06.1980	-
2.	Mr. S.S. Dhawan	56	Whole Time Director	57,00,803	MBA	38 years	10.02.2000	Western Foods Ltd.



## INDIAN ECONOMIC SCENARIO

The Indian economy is marching towards a high growth trajectory registering a robust growth rate estimated at 8.6% over previous year, driven by growth in the agriculture sector (5.4%), industrial sector (8.1%) and services sector (9.6%). We embarked upon FY11 with a lot of expectations regarding the robustness of the recovery in the domestic economy. During the year 2010-11, the sharp and broad-based recovery of the Indian economy was backed by the robust consumption as well as the investment demand. The fiscal prudence undertaken and the thrust in infrastructure spending by the government to propel the investment momentum had also largely aided the growth process. Even as the economy was witnessing a strong turnaround during 2010-11, firming up of the domestic and international prices had posed significant risks to growth. The deregulation of the fuel prices in June 2010 also added to the inflationary pressures in the economy. Uncertainty in the global economic recovery prospects coupled with supply side bottlenecks that imparted stickiness to inflation posed a challenge for the RBI to anchor inflationary pressures without derailing growth. The FII inflows remained volatile given the risk aversion among investors owing to the debt crisis in some Euro region and concerns regarding the pace of recovery in some developed countries.

However, effective implementation of the reform agenda as announced in the budget, adhering to the fiscal deficit target, making development more inclusive, bringing about further improvement in the public delivery practices by the Government would help in setting the path for sustaining a high growth trajectory.

## GLOBAL ECONOMIC CONDITIONS AND IMPACTS

The global economic crisis of 2008 and the nature of economic recovery thereafter provide much evidence that Indian economy cannot be isolated from development in the world economy. On the external front although the outlook for global economy continues to improve, downside risks are many and varied. Possibility of tensions in the euro area periphery spreading to the core of Europe, sustained weakness of the US real estate market, elevated commodity prices, overheating in certain emerging markets and geopolitical tensions are some of the major risks that have the potential to derail the global recovery.

## OVERVIEW ABOUT THE COMPANY

Your Company has a strong track record of providing customized solution on turnkey basis to its customers in a span of 55 years since its inception. Of late, Fedders Lloyd Corporation Ltd. has successfully established its business operations for turnkey projects in the areas of Environmental Control Systems for Industrial and Customized applications, Steel Structure & Engineering and Power Projects. During the year 2008, the Company has strategically diversified into Steel Structure & Engineering segment and during the year 2009, the Company took a step ahead and forayed into Power Projects in the business domain of Power Transmission & Distribution and sub-station business as EPC contractor. The Company has also been into exports of Power equipments/components to various multilateral and bilateral agency funded projects mostly in African countries and the Company is exploring its business in other countries as well. The Company has established itself as a Global player executing turnkey projects for Infrastructure Development as its niche area and therefore to distinguish itself from the retail business, the Board of Directors of the Company in their meeting held on September 08, 2011, subject to the approval of shareholders, has approved to assign the intangible rights, title and interest in the registered trade logo 'Lloyd' with respect to consumer durable products to M/s Lloyd Electric and Engineering Ltd., the company belonging to same promoter group. This strategic move of the Company will strengthen its Corporate Image in the Industry and will enhance shareholders value.

During the year, the total income of the Company was Rs. 84,837.28 Lacs as against total income of previous year of Rs. 68,544.35 Lacs registering a commendable growth of 24% and the net profit after tax of the Company stood at Rs. 4,650.64 Lacs as against Rs. 4,007.43 Lacs during the previous year registering a growth of 16%.

## **MANUFACTURING FACILITIES**

Currently, the Company has manufacturing facilities spread across the country at NOIDA (U.P.), Sikandrabad (U.P.), Kala-Amb (Himachal Pradesh), Pant Nagar (Uttarakhand), Haridwar and Chennai.

### **NEW MANUFACTURING FACILITIES**

Infrastructure development and maintenance is a major input to development and sustained growth in an economy. As India continues down its path of development, it has spurred increase in rail, road and port traffic, necessitating further infrastructure improvements. To capitalize on the opportunities available in Construction and Infrastructure industry, the Company has taken following steps to strengthen its manufacturing capabilities, during the year:

#### **Modernization of Steel Structure & Fabrication facility at Sikandrabad, U.P.**

During the year, the Company has taken steps for modernization of its plant at Sikandrabad by which its plant capacity will increase from 12000 MT to 18000 MT. This modernization and expansion is taking place in the total area of around 10.5 acres by which this plant will be shifted from leased premises to Company's owned premises.

#### **New manufacturing facility at Haridwar, Uttarakhand**

During the year, the Company has new manufacturing in place at Haridwar, Uttarakhand with heavy duty fully automated Beam Fabrication Lines with covered area of 6000 sq. meter and annual capacity of 12000 MT. The Commercial operations have been started thereat in the month of September, 2011.

#### **Setting up of Steel Structure and fabrication facility at Ranipet, Tamil Nadu.**

As a part of Company's strategy, planned according to the scope available, the Company has also set up its another Steel Structure fabrication manufacturing line at Ranipet in Tamil Nadu near Chennai with total annual capacity of 12000 MT.

#### **Setting up of Steel Structure facility for Wind Towers at Bharuch, Gujarat**

India is poised for a big growth in renewable energy development. The Planning Commission of India has fixed a target of 20000 MW energy productions through wind energy alone during 6th Five year Plan. Many MNCs have already started setting up their own facilities in India for manufacturing and supply of Mega Watt series Wind Turbines and they mostly depend on Indigenous suppliers for wind towers and other major fabricated components. Considering the huge scope in this domain, the Company decided to setup a State-of-the-Art facility in Bharuch, Gujarat for manufacturing and supply of finished components like Towers, Base frames, and pressure parts for Boilers, highly precision components for power generation equipments like Gas, Thermal, Hydro and Nuclear.

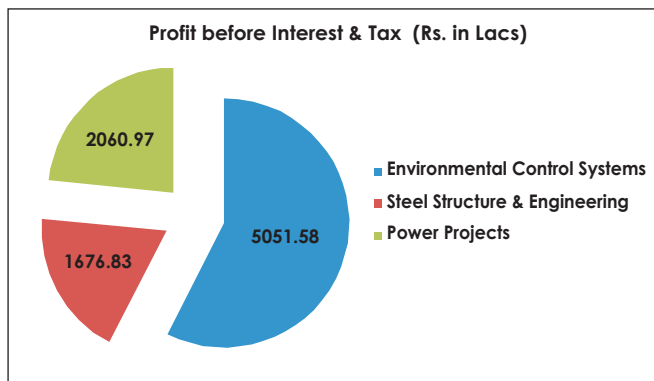
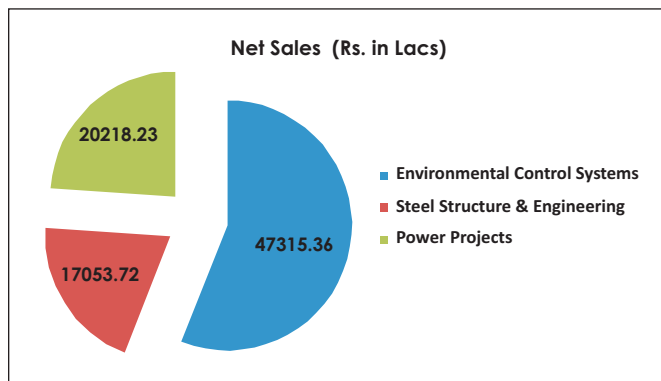
The plant site has been strategically selected to have various location benefits like Dahej sea port is 32 Kms away from the plant, NH8 is just 12 kms from the site, Broad guage railway line is 6 Kms away from the site and is therefore well connected by Rail and Sea, Major raw material is available within 80 KMs range resulting in minimum logistic costs.

By this retrofitting, the manufacturing facilities will add value and state-of-the-art technology to bring greater expertise in the areas of project management, project implementation, monitoring and hence improved quality of works.

## BUSINESS OVERVIEW, RESULTS AND OPERATIONS

The Company continued to respond to emerging opportunities by intensifying its efforts to optimize costs and streamline processes to suit the prevailing markets and trends. The business segments of the Company include:

- ❖ Environmental Control Systems
- ❖ Steel Structure & Engineering
- ❖ Power Projects



## INDUSTRY STRUCTURE, DEVELOPMENTS, OUTLOOK AND PERFORMANCE

### ENVIRONMENTAL CONTROL SYSTEMS

During the year, the air conditioning industry saw major challenges in commercial real estate market. Infrastructure projects, too, have been moving slower than anticipated. However, the Industry saw good prospects in healthcare, education and hotel segments. Energy conservation and efficient newer technologies are in demand from all over the industry. On the demand side of the Industry, greater emphasis have been placed on minimal consumption of energy, minimal atmospheric emissions having negative environmental impacts, minimal discharge of harmful liquid effluents and solid wastes and larger thrust has been given for maximum quality of indoor environment, including air quality, acoustics/noise etc.. At Fedders Lloyd, the new technologies and strategies have been adopted to achieve higher energy performance.

Environmental Control Systems division of the Company caters to the customized environment control solutions to public sector organizations, government organizations, defence, mining, railways and corporate and commercial clients such as for defence, railways, telecom sector, multiplexes, malls, pharmaceuticals units, IT Centres and other business establishments. With the success of securing prestigious orders for Supply and installation of Environmental Control Systems to Ministry of Defence, the Company has gone steps ahead to meet the challenges of the most demanding environment with its technical experience and reliable solution deliverables. During the year, the Company has successfully developed and supplied environmental control equipments for Defence sector critical application. The Company has a dedicated team in place to provide the special expertise required for defence and military applications. Over the past more than 50 decades, Fedders Lloyd's reputation for precision engineering, innovative design, quality testing and for aggressively meeting specialized requirements, has continued to win your Company a position as the premier in the Industry.

The Company also provides the complete Air System solutions related to indoor air quality and most extensive range of products like Air Handling Units, Fan Coil Units, Ventilation Units, Exhaust Air Units, Air Washers and Heat Transfer Coils for Hotel Industry, Shopping Malls, Cinema Halls, Government Establishments, R&D Labs and for other Industrial Applications.

By virtue of growing infrastructure sector, increasing thrust on energy efficiency, reduced carbon footprint and climate change initiatives undertaken by corporate; 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 quality products. The Company, with its superior product development capabilities and good market presence is well placed to further consolidate its market leadership

## **STEEL STRUCTURES & ENGINEERING**

Growth in the construction industry is expected to be led by growth in infrastructure and industrial construction investments. Historically, the construction sector in India has been unorganized; however, in recent years, the sector has exhibited a trend towards greater organization and transparency, accompanied by various regulatory reforms in India. The government has played a key role in supplying and regulating infrastructure services in India and private sector has not participated in infrastructure development. However, due to the public sector's limited ability to meet the massive infrastructure funding requirements, private sector investment in infrastructure is critical. Therefore, the Indian government is actively encouraging private investments in infrastructure. The Government of India is undertaking several measures to enhance investments in the infrastructure segment. Multilateral agencies such as the World Bank and the Asian Development Bank ("ADB") are funding various infrastructure projects on a large scale in India. Agencies such as the Japan International Bank for Cooperation ("JIBC"), which funded the Delhi Metro (Underground Railway) Project, are also providing funding to the sector. Various state governments are mobilizing funds from these agencies to support rural roads and sanitation projects. As India continues to need significant investment in the infrastructure and construction sector and as the population and economy continues to grow, there is huge scope available in this sector.

The Steel Structure & Engineering business of the Company caters to Structural Steel Buildings having focus on turnkey solutions, i.e., design, fabrication, erection, supply & maintenance. The division provides complete Steel Structure & Engineering solutions in:

- ❖ Field Erection of Structural Steel
- ❖ Shop Drawings and Detailing
- ❖ Design, Fabrication and Erection of Pre-Engineered and Pre-fabricated Steel Building Structures for clients as per their technical specifications
- ❖ On Site Fabrication & Erection Works

The Steel Structures & Engineering business of the Company is equipped with highly experienced engineers for designing any Prefabricated Structure with latest design and technology.

### **Scaffolding & Form Works**

The Scaffolding & Form Works division of the Company caters mainly to the construction industry and provides services of design, manufacturing, supply and supervision of erection at sites and provides solutions from the excavation to the finishing stage with its application for Power Plants, High Rise Buildings, Bridges, Flyovers, etc.

## POWER TRANSMISSION & DISTRIBUTION

India has always been a power-deficient country. Over the years, the demand for power has always been greater than its supply. This power deficit is expected to continue in future because India is an emerging economy characterized by rapid urbanization and industrialization. The Government has set a target of 1,00,000 MW of installed capacity for the 12<sup>th</sup> Five Year Plan (2012 – 2017). These capacity additions must be supplemented by adequate T&D infrastructure. The power transmission & distribution industry is an important support industry for the power sector of India and hence, the growth drivers for the power sector also act as growth drivers for the power transmission & distribution industry. In order to make the rise in generation capacity meaningful, huge investments are required in T&D infrastructure.

In the past five years, there has been a much greater emphasis on transmission and distribution reforms. The Electricity Act, 2003 is the catalyzing and facilitating factor for the Power revolution in India. The concern that no households be left out from being electrified, is being aptly addressed by the Union and State Governments. Impetus is being given to Rural Electrification. With the sector receiving due attention and investment from the Government in the form of higher share of allocated expenditure in the XI and XII plans, opportunities available for transmission & distribution players appear to be good.

At domestic front, Power Transmission & Distribution division of the Company provides turnkey Execution of Power Transmission Line & Substation Projects up to 400KV Class. The division focuses on the entire chain of Power Evacuation & Delivery till Secondary Power Distribution Networks. The Company has established design, engineering and project management teams to undertake EPC contracting of Transmission and Distribution infrastructure with Utilities/State Transmission Companies/ Independent Power Producers covering:-

- A. EHV Transmission Lines upto 765 kV.
- B. EHV Substations upto 400 kV
- C. Sub Transmission and Distribution Projects
- D. Rural Electrification Projects covered under APDRP/WB-ADB funded Plans.

The International projects Division of the Company undertakes projects on Turnkey basis from concept to commissioning state in Power, infrastructure and other industrial projects undertaken through International Competitive bidding against various projects funded by multilateral and bilateral funding agencies i.e., world bank, Asian Development Bank, African Development Bank, Exim Bank of India Line of Credit.

## RISKS AND CONCERNS

Even as the economy was witnessing a strong turnaround during 2010, firming up of the domestic and international prices had posed significant risks to growth. With rapidly mounting inflationary pressures, high input costs continue to dominate the challenges faced by the Industry. The inflationary pressure is considered to be a major challenge in Financial Year 2011-12 as well. Since, the Company is continuously expanding its horizons globally, it makes it vulnerable to global developments and therefore exchange rate volatility is yet another concern.

In order to mitigate the increasing raw material prices, the Company tries to control its costs by improvement in productivity. The other key risks that need to be monitored are, statutory approvals and clearance from the authorities that need to be taken from time to time, execution of project within estimated cost, execution within targeted timelines, transportation/logistics of equipments. Any delay in any of the milestone of the project may pose significant risk for the successful projects in all business segments of the Company.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company is equipped with adequate internal control systems for its business processes, which determine the efficiency of its operations, strengthens financial reporting and ensures compliance with laws and regulations. Internal Control System is designed 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 internal control systems are supplemented by extensive audits by internal auditors. The regular internal audit and checks ensure that responsibilities are executed effectively across the organization. The audit Committee of the Board of Directors reviews the adequacy and effectiveness of the internal control systems and also suggest improvements for strengthening the same.

## **HUMAN RESOURCES AD INDUSTRIAL RELATIONS**

The Company acknowledges that the core of achieving business excellence lies in committed, talented and focused workforce. The power of Human Resource pool in the Company is reflected in the phenomenal growth of the Company in recent past. The Company has long terms strategic plan in place for Human Resources that is aligned to its long term strategy. It has robust talent management and succession planning processes in place and the Company closely tracks the talent pipeline for managing the current and future needs of the organization. The Industrial Relations remained cordial during the year.

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### **CAUTIONARY STATEMENT:**

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

## THE COMPANY'S GOVERNANCE PHILOSOPHY

Your Company's commitment to the principles of transparency, integrity, professionalism and accountability in all its dealings is the foundation of its continuous efforts to create sustainable value for all its stakeholders including shareholders, customers, employees and the society at large. The Company places highest emphasis on its business ethics and had adopted highest standards of Corporate Governance practices across all its business activities. A transparent, ethical, and robust governance framework helps to enhance efficiency, which is an important catalyst in driving business growth across parameters and boost investors confidence in the business entity. Timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

The Board of Directors plays an active role in fulfilling its fiduciary obligations to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholder value. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good Corporate Governance viz., Integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

In accordance with Lloyd Group Vision, the Company is consciously taking all such actions as may be necessary in order to achieve its goal of value creation, safety in all process and operations, good governance and environment and building the best team of people in the Industry and maximization of shareholders' wealth.

## CORPORATE GOVERNANCE PROCESS

The Securities and Exchange Board of India ("SEBI") through Clause 49 of the Listing Agreement with the Stock Exchanges regulates Corporate Governance for listed companies. The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated in Clause 49 of the listing agreement with the Stock Exchanges.

The Corporate Governance principles and guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate the operations when required.

## BOARD OF DIRECTORS

### COMPOSITION

The Company is managed and guided by the Board of Directors ("Board"). The Board formulates the strategy and regularly reviews the performance of the Company. The Chairman & Managing Director with the support of executive director and senior executives manages the day to day operations of the Company.

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board. The structure of the Board of Directors of the Company is in compliance with the listing agreements, FDI guidelines, other various statutory provisions and ensures that the Board provides leadership, guidance and independent view to the Company's Management, thereby maintaining high standards of ethics,

transparency and disclosure. As on June 30, 2011, the Board comprised of seven members, two of whom are Executive Directors including the Chairman & Managing Director and four of whom are non-executive and independent Directors and one of whom is non-executive director and non-independent director. Therefore, the composition of the Board is in consonance with Clause 49 of the Listing Agreement. 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 & AGENDAS**

The dates of Board meeting are decided and communicated to the Board members well in advance. 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. The Company Secretary in consultation with the Chairman & Managing Director prepares the agenda papers together with explanatory notes, and the same is circulated well in advance to all the directors. The Board meets at least once a quarter to inter alia review the quarterly results and other items of the agenda and also before the Annual General Meeting of the shareholders to review and approve matters relating to Annual General Meeting of the Company. In case of urgent necessity, additional board meetings are also called and held.

During the financial year ended June 30, 2011, 5 Board meetings were held on following dates:

- ❖ August 03, 2010
- ❖ October 27, 2010
- ❖ December 02, 2010
- ❖ February 02, 2011
- ❖ April 28, 2011

Following Information is made available to the Board:

- 1) Quarterly results of the Company and its operating divisions or business segments;
- 2) Minutes of meetings of the previous board and board committee's minutes;
- 3) Details of any acquisition, joint venture or collaboration agreement;
- 4) Human resource updates and strategies;
- 5) Treasury reports including details of foreign exchange exposures;
- 6) Quarterly compliance certificates with the 'Exceptions Reports' which includes non-compliance of any regulatory, statutory nature or listing requirements and shareholders service;
- 7) Disclosures received from directors;
- 8) Proposals requiring strategic guidance and approval of the Board;
- 9) Regular business updates;
- 10) Significant transactions and arrangements by the subsidiary company.



**COMPOSITION, CATEGORY AND ATTENDANCE OF DIRECTORS AT BOARD MEETINGS, LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER DIRECTORSHIPS AND CHAIRMANSHIPS/MEMBERSHIPS OF COMMITTEES OF EACH DIRECTOR IN VARIOUS COMPANIES AS ON JUNE 30, 2011 ARE AS FOLLOWS :**

Name of the Directors	Category of Directorship	No. of meetings held	No. of Board Meetings attended	Presence at last AGM
Mr. Brij Raj Punj	Chairman & Managing Director	5	5	Yes
Mr. Sham Sunder Dhawan	Whole Time Director	5	4	Yes
Mr. Tulsi Vansh Prakash Punj	Non- Executive & Non-Independent Director	5	2	No
Mr. Krishan. Lall	Non- Executive & Independent Director	5	5	Yes
Mr. Sham Sunder Kumar	Non- Executive & Independent Director	5	5	No
Mr. Surjit Krishan Sharma	Non- Executive & Independent Director	5	5	No
Mr. Ajay Dogra	Non- Executive & Independent Director	5	5	No

**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, 2011 is as follows:

Name of the Directors	Number of other directorships held	Other Company's Committee memberships	Other Company's Committee Chairmanship
Mr. Brij Raj Punj	2	Nil	Nil
Mr. Sham Sunder Dhawan	Nil	Nil	Nil
Mr. Tulsi Vansh Prakash Punj	Nil	Nil	Nil
Mr. Krishan Lall	2	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.

**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). The primary objective of the Audit Committee is to review the financial statements of the Company, strengthen internal controls & look into all transactions that have monetary implications on

the functioning of the Company. The Audit Committee of the Company comprises of four non-executive independent directors and one non-executive & non-independent director on the Board of the Company. All the members are financially literate and the chairman has related accounting, financial and management expertise.

The Audit Committee of the Company is responsible for:

- ❖ Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures to ensure that the financial statements are correct, sufficient and credible.
- ❖ Reviewing the quarterly financial statements with the management before submission to the Board for approval.
- ❖ Reviewing annual financial statements with primary focus on matters required to be included in the Directors' Responsibility Statement, accounting policies and practices, compliance with the accounting standards and guidelines of Stock Exchange(s), major accounting entries & related party transactions.
- ❖ Appointment/ re-appointment of the statutory auditors, fixation of audit fee and also approving payment for any other services.
- ❖ Evaluating the adequacy of internal controls and internal audit function and its effectiveness.
- ❖ Reviewing the Company's financial and risk management policies.
- ❖ The reports furnished by the internal auditors, discussions with internal auditors on any significant findings and ensuring suitable follow up thereon.
- ❖ Discussing with external auditors before the audit commences, the nature and scope of audit. Also post audit discussion to ascertain any area of concern.
- ❖ Looking into reasons for substantial defaults in the payments to the shareholders and creditors.

## Meetings

During the year under review, the audit committee met five (5) times on the following dates:

- ❖ August 03, 2010
- ❖ October 27, 2010
- ❖ December 02, 2010
- ❖ February 02, 2011
- ❖ April 28, 2011

As on June 30, 2011, the Composition and attendance of the members at the meetings were as follows:

Name of Director	Designation	No. of Meetings Held	No. of Meetings attended
Mr. Krishan Lall	Chairman	5	5
Mr. Surjit Krishan Sharma	Member	5	5
Mr. Sham Sunder Kumar	Member	5	5
Mr. Ajay Dogra	Member	5	5
Mr. Tulsi Vansh Prakash Punj	Member	5	2

The Company Secretary acts as the Secretary to the Audit Committee.

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Adequate Quorum was present at all the meetings.

## REMUNERATION COMMITTEE

The Remuneration Committee is a non- mandatory requirement of Clause 49 of the Listing Agreement. The Remuneration Committee was constituted keeping in view its philosophy of voluntary transparency in operations and to review and recommend the payment of annual salaries, commission, vary and/ or modify the terms and conditions of the appointment/ re-appointment including remuneration and perquisites, commission etc. payable to Managing Director and Whole Time Director. 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 appropriate remuneration packages.

### Composition & Meeting

The constitution of the Remuneration Committee during the financial year ending June 2011 was as follows:

Name of Directors	Status	No. of Meetings Attended
Mr. Krishan Lall	Chairman	1
Mr. Sham Sunder Kumar	Member	1
Mr. Surjit Krishan Sharma	Member	1
Mr. Tulsi Vansh Prakash Punj	Member	-

During the Financial year 2010-2011 the remuneration committee held its meeting on April 08, 2011.

The Company Secretary acts as the secretary to the Committee.

### Remuneration Policy

#### Remuneration paid to Executive Director

The remuneration paid to the Executive Director is recommended by the Remuneration committee and approved by the Board of Directors in the Board Meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

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

The details of remuneration paid to Executive Directors during the financial year ended June 30, 2011

S. No.	Name of the Directors	Salary (Rs.)	Perquisites and other benefits (Rs.)	Provident Fund (Rs.)	Total (Rs.)
1.	Mr. Brij Raj Punj	72,00,000	3,500	5,76,000	77,79,500
2.	Mr. Sham Sunder Dhawan	36,09,000	17,51,243	3,40,560	57,00,803

## Remuneration paid to Non-Executive Director

The Non- Executive directors are paid sitting fees of Rs 10,000 for each meeting of the Board attended by them. During the year under review, following sitting fees was paid to the Non –Executive Directors:

S. No.	Name of Director	Sitting Fees (Gross) (Rs.)	Paid (Rs.)
1.	Mr. Krishan Lall	50,000	50,000
2.	Mr. Surjit Krishan Sharma	50,000	50,000
3.	Mr. Sham Sunder Kumar	50,000	50,000
4.	Mr. Tulsi Vansh Prakash Punj	50,000	20,000
5.	Mr. Ajay Dogra	50,000	50,000

## SHARE TRANSFER CUM INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer Cum Investors Grievance Committee to specifically look into grievances arising out issues regarding share transfer, dividends, dematerialization, rematerialization, duplicate share certificates and other allied matters of investor services. The Company has an efficient system of dealing with the investors grievances. The Company Secretary being the Compliance officer takes personal interest in all the matters of concern for investors and carefully looks into each issue and reports the same to the Committee. The Committee oversees performance of the Registrar and Transfer Agents 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 SEBI (Prohibition of Insider Trading) Regulation, 1992. To expedite the process of share transfers, the Board has delegated the power of share transfer to Skyline Financial Services Private Limited viz. Registrar and Share Transfer Agent who will attend to the share transfer formalities. As on June 30, 2011 no investor complaint is pending.

### Composition and Attendance

As on June 30, 2011, the Composition of Share Transfer Cum Investor's Grievance Committee is as follows:

S. No.	Name of Directors	Status
1.	Mr. Krishan Lall	Chairman
2.	Mr. Brij Raj Punj	Member
3.	Mr. Sham Sunder Dhawan	Member

The Committee meets at least thrice a month to consider all matters concerning transfers/ transmission of shares, issue of duplicate share certificates and new certificates on split/ consolidation etc. During the year ended June 30, 2011 the Committee met 36 times.

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

## COMMITTEE OF BOARD OF DIRECTORS

Apart from these Committees, the Board has constituted a Committee of Directors for taking decisions of routine nature confirming the smooth functioning with respect to day to day affairs of the Company. The committee consists of five directors namely,

- ❖ Mr. Brij Raj Punj, Chairman and Managing Director,
- ❖ Mr. Sham Sunder Dhawan, Whole Time Director
- ❖ Mr. Sham Sunder Kumar, Independent Non-Executive Director
- ❖ Mr. Krishan Lall, 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. The Matters referred to the Committee of Board of Directors are:

- ❖ To issue Special Power of Attorney to execute various work Contracts of the Company.
- ❖ To open accounts with various banks on behalf of the Company.
- ❖ To obtain loan & various Fund Based & Non- Fund Based Credit facilities from the Banks & Financial Institutions.
- ❖ To execute various Joint Venture agreement, Lease Deeds and other agreements/deeds/contracts on behalf of the Company.
- ❖ To obtain Licenses/permissions/sanctions from various statutory/Government authorities' for carrying out smooth operations of the Company.

The Company Secretary acts as the secretary to the Committee.

### Compliance Officer

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

### GENERAL BODY MEETING

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

Financial Year	Type of Meeting	Date & Time	Venue	Special Resolution passed thereat
2009-10	AGM	December 29, 2010, at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305	Nil
2008-09	AGM	December 29, 2009, at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305	Approval u/s 81 (1A) of the Companies Act, 1956 for the issue of FCCBs/GDRs/ ADRs and other securities  Approval u/s 31 of the Companies Act, 1956 for alteration of the Article of Association for increase in the Authorized Share Capital of the Company.

2007-08	AGM	December 26, 2008 at 9:00 A.M.	Regd. Office: C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305	None
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## POSTAL BALLOT

During the year 2009-10, the members were requested to pass two special resolutions through postal ballot and accordingly Postal Ballot Notice containing draft resolutions together with the explanatory statements, Postal Ballot Forms and self addressed envelopes were sent to the members 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 results of the postal ballot were declared on July 1, 2010. The date of declaration of the results of the postal ballot was taken as the date of passing of the resolutions. Accordingly, following ordinary resolutions were passed through Postal Ballot process:

- ❖ Increase in borrowing limits under Section 293 (1) (d) of the Companies Act, 1956.
- ❖ Authority to Mortgage/charge properties of the Company under Section 293 (1) (a) of the Companies Act, 1956.

## CODE OF CONDUCT

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

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

## DISCLOSURES

- a) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- b) No penalties were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority in any matters related to the capital markets during the last three years.
- c) The Company remains committed to the cause of maintaining fair dealing in all its transactions. In furtherance of this philosophy, the Company has constantly ensured that any immoral or unethical activity could be reported by any of its employees directly to the members of the senior management or the Audit Committee, with adequate safeguards against victimizing the whistle-blower.
- d) Your Company has complied with all the mandatory requirements of Clause 49 of the listing Agreement, as applicable. Of the Non mandatory requirements of Clause 49, the Company has adopted the requirement of a Remuneration Committee. Your Company is committed towards complying with Clause 49 as a whole and will take suitable measures as and when possible.
- e) Business is done with a social measure of social accountability and the concept of giving backing fair measure to the society. Your Company has always been conscious of the development in its environment and is taking active

steps towards fulfilling its Corporate Social Responsibility (CSR). The detail on CSR measures taken at Company's end is provided in the Corporate Social Responsibility Section of the Annual Report.

## MEANS OF COMMUNICATION

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

## GENERAL SHAREHOLDERS INFORMATION

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

b) **Annual General Meeting**

**Date** : December 29, 2011

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

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

c) **Dates of Book Closure**

The dates of book closure shall be from Saturday, December 24, 2011 to Thursday, December 29, 2011 (both days inclusive)

d) **Dividend Payment**

The dividend of Rs. 1.5/- per equity share for the financial year 2010-11, subject to the approval of the shareholders, has been recommended by the Board of Directors.

e) **Dividend Pay-out date**

On or after December 30, 2011 (within the statutory time limit of 30 days i.e. upto January 28, 2012, subject to the approval of shareholders.

f) **Financial Year** : 1<sup>st</sup> July, 2010 to 30<sup>th</sup> June, 2011

g) **Listing of equity shares on Stock Exchanges**

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

h) **Listing Fees to Stock Exchanges**

The Company has paid the listing fees for the year 2011-2012 to the above Stock Exchanges.

i) **Custodial Fees to Depositories**

The Company has paid custodial fees for the year 2011-2012 to National Securities Depository Limited (NSDL) and Central Depository Services (Indian) Limited (CDSL).

j) **Stock Code/ Symbol**

Stock Exchange	Stock codes/symbols	ISIN
Bombay Stock Exchange Limited	500139	INE249C01011
National Stock Exchange Limited	FEDDERLOYD	

k) **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.

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 of transfer to IEPF
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
2009-10 (Final Dividend)	December 29, 2010	December, 2017

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



## l) Market Price Data

Monthly high & low of the equity shares of the Company at BSE and NSE for the year ended June 30, 2011 are as follows:

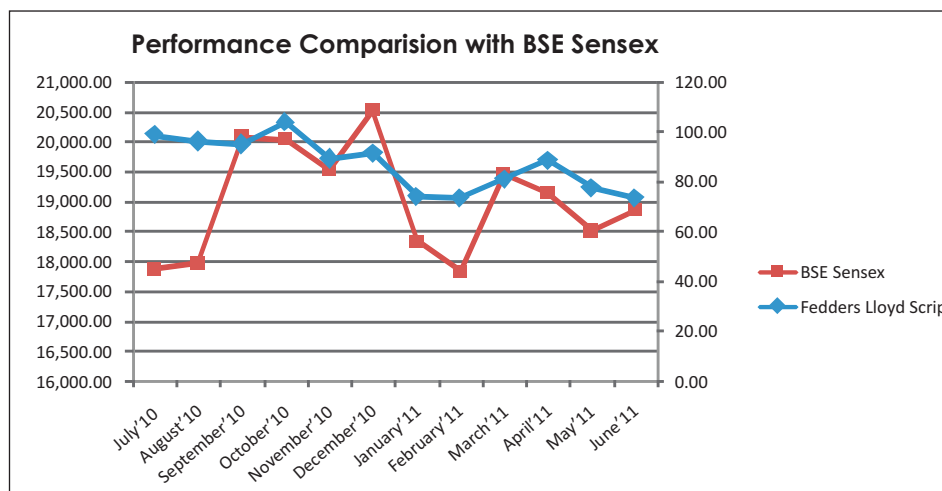
Particulars	BSE		NSE	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
July'10	105.90	94.20	105.40	93.50
August'10	115.95	93.05	115.90	93.35
September'10	104.50	93.30	104.80	93.50
October'10	114.60	93.55	111.70	94.05
November'10	105.50	80.05	109.80	78.55
December'10	94.60	80.00	95.00	80.00
January'11	92.80	73.00	92.35	73.00
February'11	82.70	71.00	83.00	71.00
March'11	86.30	72.85	86.90	73.20
April'11	99.00	82.00	97.45	82.10
May'11	93.00	70.70	88.80	71.60
June'11	79.50	70.00	79.00	66.60

## m) Share Transfer System

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

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

## n) Comparison of Fedders Lloyd Corporation Limited scrip movement with SENSEX (BSE Index)

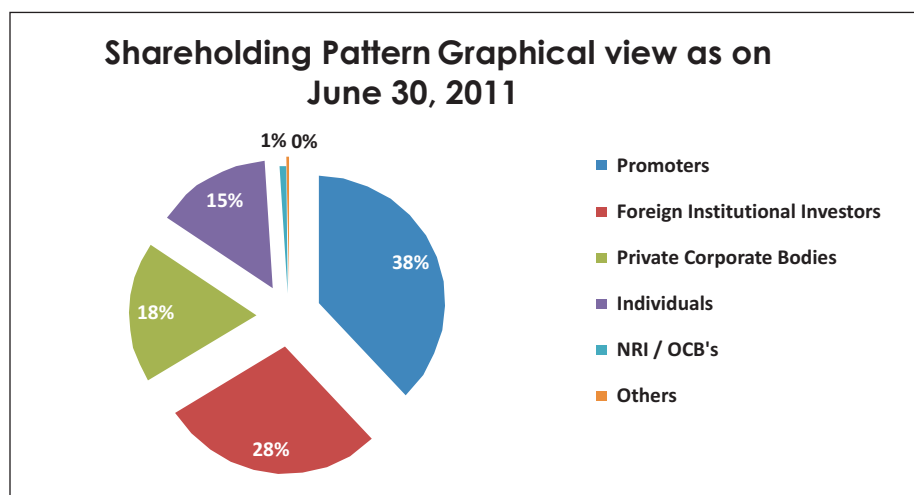


o) **Distribution of shareholding as on June 30, 2011**

Range of Shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Upto - 500	18709	92.54%	2457030	7.99%
501 - 1000	879	4.35%	726070	2.36%
1001 - 2000	337	1.67%	511143	1.66%
2001 - 3000	89	0.44%	231800	0.75%
3001 - 4000	43	0.21%	151950	0.49%
4001 - 5000	47	0.23%	219385	0.71%
5001 - 10000	62	0.31%	462100	1.50%
10001 and above	52	0.26%	26010222	84.53%
<b>Total</b>	<b>20218</b>	<b>100.00%</b>	<b>30769700</b>	<b>100.00%</b>

p) **Shareholding Pattern as at June 30, 2011**

Category	No. of Shares held	% of shareholding
Promoters	11652136	37.87%
Mutual Funds & UTI	-	-
Banks, Financial Institutions, Insurance Companies	-	-
Central / State Government	-	-
Foreign Institutional Investors	8760527	28.47%
Private Corporate Bodies	5516162	17.93%
Individuals	4542433	14.76%
NRI / OCB's	241687	0.79%
Others	56755	0.18%
<b>Total</b>	<b>30769700</b>	<b>100.00%</b>



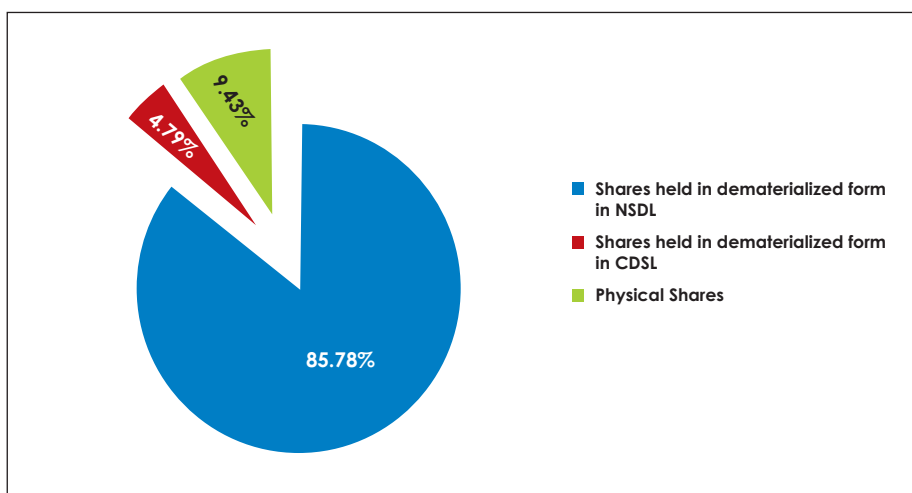
q) **Dematerialization of shares and liquidity**

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

The number of shares held in dematerialized and physical mode as on June 30, 2011 is as under:

Particulars	No. of shares	% of Capital issued
Shares held in dematerialized form in NSDL	26395577	85.78%
Shares held in dematerialized form in CDSL	1473359	4.79%
Physical Shares	2900764	9.43%
<b>Total</b>	<b>30769700</b>	<b>100.00%</b>

The Company's Shares are regularly traded in Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd as is depicted hereunder in the Pie Diagram:



**Plant Locations**

The Company has its manufacturing plant at the following location:

- a) C-4, Phase-II Noida  
Distt Gautam Budh Nagar,  
U.P-201305
- b) Saketi Road, Industrial Area,  
Kala Amb, Tehsil Nahan,  
Distt. Sirmor, Himachal Pradesh
- c) Shed No. 77  
Annai Anjugam Nagar  
Kundrathur Somaangallam Road  
Nandambakkam post, Chennai -600069

- d) Plot No.24  
Sector 2, IIE Pantnagar  
Distt. Udham Singh Nagar, Uttarakhand
- e) Plot No. 5, UPSIDC Industrial Area,  
Sikanderabad, UP.
- f) Ind. Area, Park-2, Salempur, Mehdood  
Near SIDCUL, Haridwar, 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

#### ***Investors Grievances***

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

#### ***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 1, 2011**

**Brij Raj Punj**

**Chairman & Managing Director**

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## CEO/ CFO CERTIFICATION

**The Board of Directors of 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 June 30, 2011 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 2010-2011 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.

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.

**Yours sincerely**

**Place: New Delhi**

**Dated: December 1, 2011**

**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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchanges.

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

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

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

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

**Brijesh C. Mathur  
Partner**

**M. No. : 083540**

**(Firm Registration No. 000891N)**

**Place: New Delhi**

**Date: December 1, 2011**

To the Members,

**Fedders Lloyd Corporation Ltd.**

We have audited the attached Balance Sheet of **FEDDERS LLOYD CORPORATION LIMITED** as at 30<sup>th</sup> June 2011 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 30<sup>th</sup> June, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30<sup>th</sup> June, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule "P" and notes appearing thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June, 2011;
    - 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**  
**Dated : December 1, 2011**

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011 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 that the disposal of the fixed assets has not affected the going concern status of the company.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
3. According to the informations given to us the Company has not taken any loans, secured or unsecured from Companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an 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.
6. The Company has not accepted any deposits from the public therefore the provision of Section 58A and 58AA of the Companies Act, 1956 are not applicable to the company.
7. In our opinion, the Company has internal audit system, commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for its maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 and are of the opinion that prime-facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
9. According to the records of the company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
10. The company does not have accumulated Losses at the end of the financial year and has not incurred any cash



loss during the financial year covered by our audit and the immediate preceding financial year.

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

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

**Place : New Delhi**  
**Dated : December 1, 2011**

# BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Schedule	As at	
		30.06.2011	30.06.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	A	3,076.97	3,076.97
Reserves & Surplus	B	20,151.65	16,054.42
		<b>23,228.62</b>	19,131.39
<b>LOAN FUNDS</b>			
Secured Loans	C	<b>27,934.84</b>	18,463.83
<b>DEFERRED TAX LIABILITY</b>			
		<b>107.20</b>	253.38
<b>TOTAL</b>		<b>51,270.66</b>	<b>37,848.60</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	19,350.23	15,131.03
Less: Depreciation		6,078.48	5,076.08
		<b>13,271.75</b>	10,054.95
Capital Work in Progress & Project Under Development		<b>2,460.71</b>	975.60
<b>INVESTMENTS (At Cost)</b>			
	E	<b>98.16</b>	86.50
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	F	19,260.52	15,828.19
Sundry Debtors		17,722.31	11,750.89
Cash and Bank Balances		4,930.11	1,602.68
Loan and Advances		4,932.98	5,402.12
		<b>46,845.92</b>	<b>34,583.88</b>
<b>Less :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	7,508.54	5,441.07
Provisions		3,932.35	2,481.27
		<b>11,440.89</b>	<b>7,922.34</b>
<b>NET CURRENT ASSETS</b>		<b>35,405.03</b>	26,661.54
<b>MISCELLANEOUS EXPENDITURE</b>	H	<b>35.01</b>	70.01
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>51,270.66</b>	<b>37,848.60</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 1, 2011

# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



LIVE THE FUTURE

(Rs. in Lacs)

Particulars	Schedule	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>INCOME</b>			
Sales		86,278.66	69,930.10
Less: Excise Duty		1,691.35	1,420.53
Other Income	I	249.97	34.78
<b>TOTAL</b>		<b>84,837.28</b>	<b>68,544.35</b>
<b>EXPENDITURE:</b>			
Cost of Goods Consumed	J	68,874.45	60,215.38
Increase/Decrease in Finished Stock	K	1,394.85	(3,166.39)
Manufacturing Expenses	L	987.55	567.30
Administrative Expenses	M	2,930.59	2,422.60
Selling Expenses	N	986.95	588.54
Finance Charges	O	2,867.37	1,776.13
Misc. Expenditure Written off		35.01	35.01
Depreciation		1,002.55	1,171.12
Less: Re-valuation Reserve Written Back		16.99	18.88
<b>TOTAL</b>		<b>79,062.33</b>	<b>63,590.81</b>
<b>Profit before Taxation</b>		<b>5,774.95</b>	4,953.54
<b>Add: Deferred Tax Asset</b>		<b>146.18</b>	-
<b>Less: Provision for Taxation</b>			
Current Taxation		1,270.49	841.86
Deferred Tax Liability for the year		-	104.25
Fringe Benefit Tax		-	-
		<b>1,270.49</b>	946.11
<b>Profit for the year after Tax</b>		<b>4,650.64</b>	<b>4,007.43</b>
Balance Brought Forward from Previous Year		209.73	61.10
<b>Amount Available for Appropriation</b>		<b>4,860.37</b>	<b>4,068.53</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		461.55	307.70
Tax on Proposed Dividend		74.87	51.10
Transfer to General Reserve		3,400.00	3,500.00
<b>Balance Carried to Balance Sheet</b>		<b>923.95</b>	<b>209.73</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>15.11</b>	<b>13.02</b>
<b>Notes forming part of the Accounts</b>	P		
Schedules A to P annexed form an integral part of accounts & are duly authenticated.			

As per our Report Attached

For 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)

A. A. Siddiqi

AVP Finance

Purnima Sharma

Company Secretary

S. S. Dhawan

Director

K.Lall

Director

Brij Raj Punj

Chairman & Managing Director

Place : New Delhi

Date : December 1, 2011

# SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<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	998.00	1,016.88
	1,125.40	1,144.28
Less: Amount Utilised to set-off Dep.	16.99	18.88
	1,108.41	1,125.40
2) Securities Premium Account	2,563.98	2,563.98
3) General Reserve		
Opening balance	12,155.31	8,655.31
Add: Transfer from Profit & Loss a/c	3,400.00	3,500.00
	15,555.31	12,155.31
4) Profit & Loss Account		
As per profit & Loss appropriation a/c	923.95	209.73
<b>TOTAL</b>	<b>20,151.65</b>	<b>16,054.42</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
<b>From Schedule Banks</b>		
Term Loans	8,387.62	3,687.50
Working Capital Loans	19,547.22	14,776.33
<b>TOTAL</b>	<b>27,934.84</b>	<b>18,463.83</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.

# SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

## SCHEDULE- D

### FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01.07.2010	Additions	Transfer/ Adjustment	As At 30.06.2011	Up To 30.06.2010	For The Year	Adjustment	Total	As At 30.06.2011	As At 30.06.2010
Land	3,838.30	1,681.95	652.36	4,867.89	-	-	-	-	4,867.89	3,838.30
Building Factory	2,029.89	1,169.00	-	3,198.89	889.38	143.83	-	1,033.21	2,165.68	1,140.51
Office Premises	244.08	-	-	244.08	153.90	4.51	-	158.41	85.67	90.18
Temporary Shed	294.91	1.93	-	296.84	286.65	9.62	-	296.27	0.57	8.26
Furniture & Fixtures	97.76	29.50	-	127.26	46.05	11.78	-	57.83	69.43	51.70
Plant & Machinery	5,928.29	1,634.31	-	7,562.60	2,093.69	605.40	-	2,699.09	4,863.51	3,834.60
Dies	1,718.30	5.69	-	1,723.99	1,143.80	80.63	-	1,224.44	499.55	574.50
Generator	96.88	14.32	-	111.20	28.70	11.33	-	40.03	71.17	68.17
Computer	306.68	65.98	-	372.66	187.34	61.98	-	249.32	123.34	119.35
Office Equipments	81.50	36.32	-	117.82	34.43	8.55	-	42.98	74.85	47.07
Electric Equipments	146.69	55.26	-	201.95	37.94	20.18	-	58.12	143.83	108.76
Air-conditioners	59.20	4.64	-	63.84	26.60	4.95	-	31.55	32.29	32.60
Refrigerators	2.76	-	-	2.76	2.52	0.03	-	2.56	0.20	0.24
Fan	6.65	-	0.51	6.14	5.09	0.17	0.15	5.12	1.02	1.56
Motor Car	157.26	43.98	-	201.24	106.47	18.55	-	125.02	76.22	50.79
Scooter & Motor Cycle	4.97	5.30	-	10.27	0.87	1.46	-	2.33	7.94	4.10
Fork Lifter	13.43	-	-	13.43	6.30	0.99	-	7.29	6.14	7.13
Tools	103.48	123.89	-	227.37	26.34	18.58	-	44.92	182.45	77.14
<b>TOTAL</b>	<b>15,131.03</b>	<b>4,872.07</b>	<b>652.87</b>	<b>19,350.23</b>	<b>5,076.08</b>	<b>1,002.55</b>	<b>0.15</b>	<b>6,078.48</b>	<b>13,271.75</b>	<b>10,054.95</b>
(Previous Year)	12,808.31	2,322.72	-	15,131.03	3,904.96	1,171.12	-	5,076.08	10,054.95	8,903.35

Total Depreciation during the year 1,002.55

Less: Revaluation Reserve W/back to the extent of dep.

On addition on a/c of Revaluation 16.99

**Depreciation charged to Profit & Loss Account**

**985.56**

# SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<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> (100 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per Share) (Market Value Rs. 50.30 Per Share)	0.02	0.02
<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. 502.20 Per Share)	2.02	2.02
<b>Mutual Fund</b> State Bank of India (PSU)	5.00	-
<b>SUB-TOTAL (A)</b>	<b>7.04</b>	<b>2.04</b>
<b>Unquoted Shares</b> (Market Value not known)		
<b>M/s Lloyd Credits Ltd.</b> (3,00,000 Equity Shares of Rs. 10/- each) Wholly owned Subsidiary Company	30.00	30.00
<b>M/s Fedders Lloyd Trading FZE</b> (5 Shares @ 1,00,000/- AED each)	54.46	54.46
<b>Vicinity Rfid Solution Pvt. Ltd.</b> (55,500 Equity Shares of Rs 10 each at a premium of Rs. 2/- per Share)	6.66	-
<b>SUB-TOTAL (B)</b>	<b>91.12</b>	<b>84.46</b>
<b>TOTAL (A+B)</b>	<b>98.16</b>	<b>86.50</b>

# SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011



LIVE THE FUTURE

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - F</b>		
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As certified by the Management)		
Stock in hand: at cost (net of Modvat)		
Raw-Materials	10,565.83	6,204.27
Finished Goods	4,080.22	5,847.24
Work in Progress	3,360.48	537.83
Semi Finished Goods	1,253.99	881.81
	19,260.52	13,471.15
Stock at Warehouse	-	2,357.04
<b>TOTAL (A)</b>	<b>19,260.52</b>	<b>15,828.19</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good by the Management)		
More Than Six Months	452.31	238.88
Others	17,270.00	11,512.01
<b>TOTAL (B)</b>	<b>17,722.31</b>	<b>11,750.89</b>
<b>CASH AND BANK BALANCES</b>		
Cash Balance in Hand	25.32	54.88
Balances with Scheduled Banks		
Current Accounts	598.34	1,077.60
Margin Money	1,078.45	97.82
Fixed Deposit	3,228.00	372.38
<b>TOTAL (C)</b>	<b>4,930.11</b>	<b>1,602.68</b>
<b>LOAN &amp; ADVANCES</b>		
(Unsecured- considered good)		
Earnest Money & Security Deposits	771.23	426.54
Staff and Other Advances	236.65	55.26
Advances for goods and expenses to be recovered in cash or in kind or for value to be received	2,008.70	4,289.65
S A D 4% Refundable	46.58	152.60
Service Tax Refundable	69.64	-
Balance in Excise PLA & PCA A/c	233.09	35.88
Advance Income Tax & T.D.S.	1,567.09	442.19
<b>TOTAL (D)</b>	<b>4,932.98</b>	<b>5,402.12</b>
<b>GRAND TOTAL (A+B+C+D)</b>	<b>46,845.92</b>	<b>34,583.88</b>

# SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods and Expenses	6,653.97	5,126.67
Unclaimed Dividend	31.57	26.09
Other Liabilities	772.49	258.25
Interest Accrued but not due	50.51	30.06
<b>TOTAL</b>	<b>7,508.54</b>	<b>5,441.07</b>
<b>PROVISIONS</b>		
for Income Tax	3,112.20	1,841.71
for Fringe Benefit Tax	15.80	15.80
for Proposed Dividend	461.55	307.70
for Tax on Proposed Dividend	74.87	51.10
for Gratuity & Leave Encashment	267.93	264.96
<b>TOTAL</b>	<b>3,932.35</b>	<b>2,481.27</b>
<b>SCHEDULE - H</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	70.01	105.02
Less: 1/5th written off during the year	<u>35.00</u>	<u>35.01</u>
<b>TOTAL</b>	<b>35.01</b>	<b>70.01</b>



# SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



(Rs. in Lacs)

Particulars	Year Ended 30.06.2011		Year Ended 30.06.2010	
<b>SCHEDULE - I</b>				
<b>OTHER INCOME</b>				
Rent Received		15.50		-
Profit on Sale of Assets		167.64		-
Interest Received		66.83		34.78
<b>TOTAL</b>		<b>249.97</b>		<b>34.78</b>
<b>SCHEDULE - J</b>				
<b>COST OF GOODS CONSUMED</b>				
Opening Stocks				
Raw materials, Stores & Spares	6,204.27		3,891.84	
Work in Progress	537.83		1,782.53	
	<u>6,742.10</u>		<u>5,674.37</u>	
Add: Purchases and Expenses	76,058.66	82,800.76	61,283.11	66,957.48
Less: Closing Stocks (Valued at cost or net realisable whichever is less as certified by the directors)				
Raw materials, Stores & Spares	10,565.83		6,204.27	
Work in Progress	3,360.48	13,926.31	537.83	6,742.10
<b>TOTAL (A)</b>		<b>68,874.45</b>		<b>60,215.38</b>
<b>SCHEDULE - K</b>				
<b>Increase/Decrease in Finished Stock</b>				
Opening stock				
Air-conditioners	4,613.49		2,454.06	
Refrigerators	3.01		3.01	
Semifinished	881.81		968.24	
Appliances	1,230.75	6,729.06	137.36	3,562.67
Less : Closing stock				
Air-conditioners	2,219.20		4,613.49	
Refrigerators	3.01		3.01	
Others	966.84		-	
Semifinished	1,253.99		881.81	
Appliances	891.17	5,334.21	1,230.75	6,729.06
<b>TOTAL (B)</b>		<b>1,394.85</b>		<b>(3,166.39)</b>
<b>GRAND TOTAL (A + B)</b>		<b>70,269.30</b>		<b>57,048.99</b>

# SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>SCHEDULE - L</b>		
<b>MANUFACTURING EXPENSES</b>		
Labour, Wages & Perquisites	360.88	205.75
Repair to Plant & Machinery	11.06	23.68
Provident Fund Contribution	166.98	115.95
Employee State Insurance	17.45	13.01
Staff Amenities	98.22	56.08
Bonus	7.61	2.11
Factory Licence Fee	0.74	0.29
Power & Fuel & Other Manufacturing Exp.	324.61	150.43
<b>TOTAL</b>	<b>987.55</b>	<b>567.30</b>
<b>SCHEDULE- M</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Staff Salaries	1,436.31	1,298.70
Bonus	22.94	19.09
Remuneration to Directors	125.64	73.35
Rent	341.55	248.16
Travelling	283.87	133.69
Printing and stationery	91.65	71.75
Legal and Consultancy Fee	181.02	179.17
Audit Fee	8.10	6.75
Tax Audit Fee	0.90	0.75
Service Tax	0.93	0.77
Postage, Telegrams & Telephone	112.74	70.15
Director Sitting Fee	2.20	1.35
Gratuity	10.15	86.47
Leave Encashment	14.76	26.69
General Charges	25.45	24.72
Motor Car Expenses	38.37	18.19
Subscription	4.69	7.84
Conveyance	61.54	75.58
Newspapers & Periodicals	0.84	1.64
Licence fee	21.01	2.62
Charity	29.00	-
Computer Expenses	30.24	17.80
Research & Development	86.34	57.37
Assets written off	0.35	
<b>TOTAL</b>	<b>2,930.59</b>	<b>2,422.60</b>

# SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



(Rs. in Lacs)		
Particulars	Year Ended 30.06.2011	Year Ended 30.06.2010
<b><u>SCHEDULE - N</u></b>		
<b>SELLING EXPENSES</b>		
Advertisement	704.36	372.13
Sales Promotion	184.05	146.76
Work Contract Tax Paid	98.54	69.65
<b>TOTAL</b>	<b>986.95</b>	<b>588.54</b>
<b><u>SCHEDULE - O</u></b>		
<b>FINANCE CHARGES</b>		
Bank Charges	468.67	150.23
Interest	2,398.70	1,625.90
<b>TOTAL</b>	<b>2,867.37</b>	<b>1,776.13</b>

# NOTES TO ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

## SCHEDULE- 'P'

### 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 and 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 267.93 Lacs upto 30<sup>th</sup> June 2011 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 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 EARNING PER SHARE**

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

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

**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

### 1 CONTINGENT LIABILITIES NOT PROVIDED FOR

Sl. No.	Particulars	Amount (Rs. In Lacs)
1	Bank Guarantees	26642.94

### 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)

#### Related Companies

Airserco Pvt. Ltd.

#### Nature of Relationship

(Associate Co. /Subsidiary Co./Directors Interested)

Directors Interested

Lloyd Electric & Engineering Ltd.

Directors Interested

Perfect Radiators & Oil Coolers Pvt. Ltd.

Directors Interested

PSL Engineering Pvt. Ltd.

Directors Interested

#### Foreign Subsidiary Company

Fedders Lloyd Trading FZE, Dubai, 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	3055.65
Sales of goods	19882.70

### 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 Lacs had provided as deferred revenue expenditure.

During the year the company has written off Rs.35.01 Lacs of the Deferred Revenue Expenditure.

## 5 INVESTMENT OF SUBSIDIARY COMPANY

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

## 6 PROJECT UNDER DEVELOPMENT

The Company has invested Rs. 2460.71 Lacs for expansion plan and implementing projects at Sikandrabad (UP), Ranipet (Chennai), Vrindavan (UP) and Bharuch (Gujrat).

## 7 DIVIDEND

During the year, Company has proposed dividend of Rs. 461.55 Lacs to shareholders.

## 8 THE BREAK UP OF DEFERRED TAX ASSETS AND LIABILITIES INTO MAJOR COMPONENTS AT THE YEAR ENDED AS BELOW:

Particulars	Amount (Rs. In Lacs)
<b>Deferred Tax Liability</b>	
Depreciation Difference	199.59
<b>Deferred Tax Assets:</b>	
Other Provisions	53.41
<b>Net Deferred Tax Assets</b>	<b>146.18</b>

## 9 BASIC & DILUTED EARNINGS PER SHARE

Earnings per share has been computed as under

Profit after Taxation	4650.64
Number of Ordinary Shares	30769700
Basic and Diluted Earnings per share (Face Value Rs.10/-per share)	15.11

## 10 SEGMENT REPORTING

As per Accounting Standard 17 on segment reporting of ICAI, the Company has reportable segments viz., Environmental Control Systems, Steel Structural & Engineering and Power Projects during the year under review. Accordingly the reporting is done segment wise.

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)
1	<b>Segment Revenue (Net Sale/Income from each Segment)</b>	
	a) Environmental Control Systems	47315.36
	b) Steel Structure & Engineering	17053.72
	c) Power Projects	20218.23
	<b>TOTAL</b>	<b>84587.31</b>
	Less: Inter Segment Revenue	NIL
	<b>Net Sales/Income form Operations</b>	<b>84587.31</b>
2	<b>Segment Results(Profit (+)/Loss(-) Before Tax and Interest from each Segment)</b>	
	a) Environmental Control Systems	5051.58
	b) Steel Structure & Engineering	1676.83
	c) Power Project	2060.97
	<b>TOTAL</b>	<b>8789.38</b>
	Less:	
	i) Interest	2398.70
	ii) Other Un-allocable expenditure net off	615.73
	iii) Un-allocable Income	NIL
	<b>Total Profit Before Tax</b>	<b>5774.95</b>
3	<b>Capital Employed (Segment Assets – Segment Liabilities)</b>	
	a) Environmental Control Systems	25707.88
	b) Steel Structurals and Engineering	4028.16
	c) Power Projects	339.10
	d) Unallocated	1541.10
	<b>TOTAL</b>	<b>31616.24</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 of Rs. 2,00,000/- per month when employed for part of the year: 8

Employed whole of the year: 5

Employed part of the year: 3

## 12 LICENCED, INSTALLED CAPACITY & ACTUAL PRODUCTION

PARTICULARS	AIR-CONDITIONERS	REFRIGERATORS	STEEL STRUCTURALS
Licensed Capacity	80,000 Nos.	20,000 Nos.	72,000 MT* & 8 Lacs No.
Installed Capacity	40,000 Nos.	20,000 Nos.	72,000 MT* & 8 Lacs No.
Actual Production/Purchase	2,24,643 TR.	NIL	23,689.06 MT
* on Triple Shift basis			

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

Sl. No.	Items		Amount (Rs. In Lacs)
1	Compressors	Nos. 2,460	394.33
2	Electric Motors	Nos. 4,804	265.00
3	Condensing/Evaporator Coils	Nos. 3,139	898.55
4	Thermostat	Nos. 2,460	27.53
5	Indoor/ outdoor Units	Nos. 28,954	2711.39
6	Control Pressure Switch		6.16
7	Running and Start Capacitor		32.69
8	Sheet Metal / Plate /Pipes		60534.05
9	Copper		35.99
10	Control Electrical		6.16
11	Plastic Material		15.27
12	Brazing/Welding Material		15.28
13	Packing Material		16.90
14	Consumable		38.62
	Others (Including Expenses Net)		3876.53
	<b>TOTAL</b>		<b>68874.45</b>

## 14 QUANTITATIVE DETAILS

Particulars	Nos./Tr.	Opening Stock		Closing Stock		Turnover	
		Qty.	Value (Rs. In Lacs)	Qty.	Value (Rs. In Lacs)	Qty.	Value (Rs. In Lacs)
Air-conditioner	TR	26,914	4613.49	13,277	2219.20	2,38,280	29942.03
Refrigerator	Nos.	45	3.01	45	3.01	-	-
Appliances			1230.75		891.17		7181.28
Semi Finished		-	881.81	-	1253.99	-	-
Project, components & proceed Steel Sheet		-	6204.26	-	11532.68	-	43435.57
Misc. sales		-	-	-	-	-	109.93
Work in Progress		-	537.83	-	3360.48	-	-
Work contract		-	-	-	-	-	5609.85
<b>TOTAL</b>			<b>13471.15</b>		<b>19260.52</b>		<b>86278.66</b>

	Opening Stock (Rs. In Lacs)	Closing Stock (Rs. In Lacs)
15 <b>STOCK IN TRANSIT / WAREHOUSE</b>	2357.04	-

16 **VALUE OF IMPORT (C.I.F) VALUE**

Particulars	Amount (Rs. in Lacs)
Raw Materials	Nil
Components and Spares	18114.59
Capital items	Nil

17 **EXPENDITURE IN FOREIGN CURRENCY**

Travelling Expenses	Rs.138.22 Lacs
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18 **VALUE OF RAW MATERIALS CONSUMED DURING THE YEAR**

Particulars	Percentage (%)	Total (Rs. In Lacs)
Imported	26.86	18505.00
Indigenous	73.14	50369.45
<b>TOTAL</b>	<b>100.00</b>	<b>68874.45</b>

19 **EARNINGS IN FOREIGN EXCHANGE**

Export Sales	Rs. 53,61.41 Lacs
--------------	-------------------

20 **PAYMENT TO AUDITORS**

PARTICULARS	(Rs. In Lacs)
Audit Fee	8.10
Tax Audit Fee	0.90
Add: Service Tax	0.93
<b>TOTAL</b>	<b>9.93</b>

21 **DIRECTORS REMUNERATION PAID DURING THE YEAR**

Remuneration & Perks	Rs. 125.64 Lacs
Provident Fund	Rs. 9.16 Lacs

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

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

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

**As per our Report Attached**

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

**Chartered Accountants**

**(Brijesh C. Mathur)**

**Partner**

**M. No. : 083540**

**(Firm Registration No. 000891N)**

**Place : New Delhi**

**Date : December 1, 2011**

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

**Brij Raj Punj**

**Chairman & Managing Director**

**K.Lall**

**Director**

**S. S. Dhawan**

**Director**

**Purnima Sharma**

**Company Secretary**

**A. A. Siddiqi**

**AVP Finance**

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Year Ended 30.06.2011		Year Ended 30.06.2010	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before tax		5,774.95		4,953.54
<b>Adjustments for :</b>				
<u>Add :</u> Depreciation	985.55		1,152.24	
Preliminary Expenses written off	35.01		35.01	
Interest Paid	2,398.69	3,419.25	1,625.90	2,813.15
<u>Less:</u> Profit on sale of fixed assets	(167.64)		-	
Interest Income	(66.83)		(34.78)	
Dividend Income	-	(234.47)	-	(34.78)
<b>Operating profit before working capital changes</b>		8,959.73		7,731.91
Trade & other receivables	(5,971.42)		(4,366.92)	
Inventories	(3,432.32)		(6,270.24)	
Loans & Advances	1,594.06		(533.24)	
Trade & other payable	2,070.43	(5,739.25)	2,133.02	(9,037.38)
<b>Cash generated from operations</b>		3,220.48		(1,305.47)
Direct tax paid	(1,124.90)	(1,124.90)	(245.64)	(245.64)
<b>Net Cash Flow from Operating Activities</b>		<b>2,095.58</b>		<b>(1,551.11)</b>
<b>B Cash Flow from Investing Activities:</b>				
Purchase of fixed assets	(6,357.19)		(2,354.69)	
Purchase of investments	(11.66)		-	
Sale of fixed assets	820.35		-	
Interest received	66.83		34.78	
Dividend received	-	(5,481.67)	-	(2,319.91)
<b>Net Cash Flow from Investing Activities</b>		<b>(5,481.67)</b>		<b>(2,319.91)</b>
<b>C Cash Flow from Financial Activities:</b>				
Proceeds from Long Term Borrowing	9,471.01		6,821.08	
Dividend Paid	(307.70)		(307.70)	
Dividend Tax	(51.10)		(52.29)	
Interest paid	(2,398.69)	6,713.52	(1,625.90)	4,835.19
<b>Net Cash Flow from Financing Activities</b>		<b>6,713.52</b>		<b>4,835.19</b>
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		<b>3,327.43</b>		<b>964.17</b>
Opening Balance of Cash and Cash Equivalents		1,602.68		638.51
Closing Balance of Cash and Cash Equivalents		4,930.11		1,602.68
<b>Net increase/ decrease in Cash and Cash Equivalents</b>		<b>3,327.43</b>		<b>964.17</b>

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

For and on behalf of the Board of Directors  
Fedders Lloyd Corporation Ltd.

(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)

## AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Fedders Lloyd Corporation Limited for the year ended 30 June, 2011. 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 Registration No. 000891N)

Place: New Delhi  
Dated: December 1, 2011

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE



LIVE THE FUTURE

## I. REGISTRATION DETAILS

Registration No.

State Code

Balance Sheet Date          
Date Month Year

## II. CAPITAL RAISED DURING THE YEAR (Rs. In Lacs)

Public Issue

Rights Issue

Bonus Issue

Private Placement

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (Rs. In Lacs)

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 (Rs. In Lacs)

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

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

(Brijesh C. Mathur)  
Partner

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

For and on behalf of the Board of Directors  
Fedders Lloyd Corporation Limited

Brij Raj Punj  
Chairman & Managing Director

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

Place : New Delhi  
Date : December 1, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANY AS ON 30<sup>TH</sup> JUNE, 2011**

1	Name of Subsidiary Company	Fedders Lloyd Trading FZE (Ras Al Khaimah, United Arab Emirates)
2	Financial Year of the Subsidiary Company	June 30,2011
3	Holding Company's Interest as on the above 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 Lakhs.) ii) For Subsidiary's previous financial year since it became subsidiary.	AED (3240) AED (14,00,917)
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 year since it became Subsidiary.	Nil 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)    A. A. Siddiqi    Purnima Sharma    S. S. Dhawan    K.Lall    Brij Raj Punj  
Partner                  AVP Finance    Company Secretary    Director    Director    Chairman & Managing Director  
M. No.: 083540  
(Firm Registration No. 000891N)

Place : New Delhi  
Date : December 1, 2011

## 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 subsidiaries as at 30th June, 2011, 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 statement. 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, 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 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 reports on subsidiaries, 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, 2011;
- (b) in the case of the Consolidated Profit and 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**

**Place : New Delhi**  
**Dated : December 1, 2011**

**(BRIJESH C. MATHUR)**  
**Partner**  
**Membership No. 083540**  
**(Firm Registration No. 000891N)**

# CONSOLIDATED BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Schedule	As at	
		30.06.2011	30.06.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	A	3,076.97	3,076.97
Reserves & Surplus	B	19,988.77	15,856.34
		<b>23,065.74</b>	18,933.31
<b>LOAN FUNDS:</b>			
Secured Loans	C	<b>27,934.84</b>	18,463.83
<b>DEFERRED TAX LIABILITY</b>			
		<b>107.20</b>	253.38
<b>TOTAL</b>		<b>51,107.78</b>	<b>37,650.52</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	19,350.23	15,131.03
Less: Depreciation		6,078.48	5,076.08
		<b>13,271.75</b>	10,054.95
Capital Work in Progress & Project Under Development		<b>2,460.71</b>	975.60
<b>INVESTMENTS (At Cost)</b>			
	E	<b>43.70</b>	32.04
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	F	19,308.43	15,878.14
Sundry Debtors		17,722.31	11,712.75
Cash and Bank Balances		4,958.81	1,641.53
Loan and Advances		4,757.97	5,227.27
		<b>46,747.52</b>	<b>34,459.69</b>
<b>Less :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	7,518.54	5,460.50
Provisions		3,932.35	2,481.27
		<b>11,450.89</b>	<b>7,941.77</b>
<b>NET CURRENT ASSETS</b>			
		35,296.63	26,517.92
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	H	35.01	70.01
<b>TOTAL</b>		<b>51,107.78</b>	<b>37,650.52</b>
<b>NOTES TO 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)

A. A. Siddiqi

Purnima Sharma

S. S. Dhawan

K.Lall

Brij Raj Punj

Partner

AVP Finance

Company Secretary

Director

Director

Chairman & Managing Director

M. No. : 083540

(Firm Registration No. 000891N)

Place : New Delhi

Date : December 1, 2011



# CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



(Rs. in Lacs)

Particulars	Schedule	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>INCOME</b>			
Sales		86,278.66	70,102.88
Less: Excise Duty		1,691.35	1,420.53
Other Income	I	257.89	34.78
<b>TOTAL</b>		<b>84,845.20</b>	<b>68,717.13</b>
<b>EXPENDITURE</b>			
Cost of Goods Consumed	J	68,874.46	60,389.87
Increase/Decrease in Finished Stock	K	1,394.86	(3,166.39)
Manufacturing Expenses	L	987.56	567.30
Administrative Expenses	M	2,938.88	2,461.89
Selling Expenses	N	986.95	703.99
Finance Charges	O	2,867.41	1,776.30
Misc. Expenditure Written off		35.01	35.01
Depreciation		1,002.55	1,171.12
Less: Re-valuation Reserve Written Back		16.99	18.88
		<b>79,070.69</b>	<b>63,920.21</b>
<b>Profit before Taxation</b>		<b>5,774.51</b>	<b>4,796.92</b>
Add: Deferred Tax Asset		146.18	
<b>Less: Provision for Taxation</b>			
Current Taxation		1,270.49	841.86
Deferred Tax Liability for the year		-	104.25
<b>Profit for the year after Tax</b>		<b>4,650.20</b>	<b>3,850.81</b>
Balance Brought Forward from Previous Year		89.00	96.99
<b>Amount Available for Appropriation</b>		<b>4,739.20</b>	<b>3,947.80</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		461.55	307.70
Tax on Proposed Dividend		74.87	51.10
Transfer to General Reserve		3,400.00	3,500.00
<b>Balance Carried to Balance Sheet</b>		<b>802.78</b>	<b>89.00</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>15.11</b>	<b>12.51</b>
Notes forming part of the Accounts	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  
M. No. : 083540  
(Firm Registration No. 000891N)

A. A. Siddiqi  
AVP Finance

Purnima Sharma  
Company Secretary

S. S. Dhawan  
Director

K.Lall  
Director

Brij Raj Punj  
Chairman & Managing Director

Place : New Delhi  
Date : December 1, 2011

# CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital:		
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	998.00	1,016.88
	1,125.40	1,144.28
Less: Amount Utilised to set-off Dep.	16.99	18.88
	1,108.41	1,125.40
2) Securities Premium Account	2,563.99	2,563.99
3) General Reserve		
Opening Balance	12,155.31	8,655.31
Add: Transfer from Profit & Loss a/c	3,400.00	3,500.00
	15,555.31	12,155.31
4) Exchange Difference on Consolidation	(41.72)	(77.36)
5) Profit & Loss Account		
As per Profit & Loss Appropriation A/c	802.78	89.00
<b>TOTAL</b>	<b>19,988.77</b>	<b>15,856.34</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
From Schedule Banks:		
Term Loans	8,387.62	3,687.50
Working Capital Loans	19,547.22	14,776.33
<b>TOTAL</b>	<b>27,934.84</b>	<b>18,463.83</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.

# CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

## SCHEDULE- D

### FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01.07.2010	Additions	Transfer/ Adjustment	As At 30.06.2011	Up To 30.06.2010	For The Year	Adjustment	Total	As At 30.06.2011	As At 30.06.2010
Land	3,838.30	1,681.95	652.36	4,867.89	-	-	-	-	4,867.89	3,838.30
Building Factory	2,029.89	1,169.00	-	3,198.89	889.38	143.83	-	1,033.21	2,165.68	1,140.51
Office Premises	244.08	-	-	244.08	153.90	4.51	-	158.41	85.67	90.18
Temporary Shed	294.91	1.93	-	296.84	286.65	9.62	-	296.27	0.57	8.26
Furniture & Fixtures	97.76	29.50	-	127.26	46.05	11.78	-	57.83	69.43	51.70
Plant & Machinery	5,928.29	1,634.31	-	7,562.60	2,093.69	605.40	-	2,699.09	4,863.51	3,834.60
Dies	1,718.30	5.69	-	1,723.99	1,143.80	80.63	-	1,224.44	499.55	574.50
Generator	96.88	14.32	-	111.20	28.70	11.33	-	40.03	71.17	68.17
Computer	306.68	65.98	-	372.66	187.34	61.98	-	249.32	123.34	119.35
Office Equipments	81.50	36.32	-	117.82	34.43	8.55	-	42.98	74.84	47.07
Electric Equipments	146.69	55.26	-	201.95	37.94	20.18	-	58.12	143.83	108.76
Air-conditioners	59.20	4.64	-	63.84	26.60	4.95	-	31.55	32.29	32.60
Refrigerators	2.76	-	-	2.76	2.52	0.03	-	2.56	0.20	0.24
Fan	6.65	-	0.51	6.14	5.09	0.17	0.15	5.11	1.03	1.56
Motor Car	157.26	43.98	-	201.24	106.47	18.55	-	125.02	76.22	50.79
Scooter & Motor Cycle	4.97	5.30	-	10.27	0.87	1.46	-	2.33	7.94	4.10
Fork Lifter	13.43	-	-	13.43	6.30	0.99	-	7.29	6.14	7.13
Tools	103.48	123.89	-	227.37	26.34	18.58	-	44.92	182.45	77.14
<b>TOTAL</b>	<b>15,131.03</b>	<b>4,872.07</b>	<b>652.87</b>	<b>19,350.23</b>	<b>5,076.08</b>	<b>1,002.55</b>	<b>0.15</b>	<b>6,078.48</b>	<b>13,271.75</b>	<b>10,054.95</b>
(Previous Year)	12,808.31	2,322.72	-	15,131.03	3,904.96	1,171.12	-	5,076.08	10,054.95	8,903.35

Total Depreciation during the year

1,002.55

Less: Revaluation Reserve W/back to the extent of depreciation

On addition on a/c of Revaluation

16.99

**Depreciation charged to Profit & Loss Account**

**985.56**

# CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

Particulars	(Rs. in Lacs)	
	As at 30.06.2011	As at 30.06.2010
<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. 50.30 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. 502.20 Per Share)	2.02	2.02
<b>Mutual Funds</b>		
<b>State Bank of India (PSU)</b>	5.00	-
<b>SUB-TOTAL (A)</b>	<b>7.04</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>Vicinity Rfid Solution Pvt Ltd</b>	6.66	-
(55,500 Equity Shares of Rs 10 each at a premium of Rs. 2/- per Share)		
<b>SUB-TOTAL (B)</b>	<b>36.66</b>	<b>30.00</b>
<b>TOTAL (A+B)</b>	<b>43.70</b>	<b>32.04</b>

# CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011



(Rs. in Lacs)

Particulars	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>SCHEDULE - F</b>		
<b>INVENTORIES</b>		
(As certified by the Management)		
Stock in hand:at cost (net of Modvat)		
Raw-materials	10,565.83	6,254.21
Finished Goods	4,128.13	5,847.25
Work in Progress	3,360.48	537.83
Semi Finished Goods	1,253.99	881.81
	<u>19,308.43</u>	<u>13,521.10</u>
Stock at Warehouse	-	2,357.04
<b>TOTAL (A)</b>	<b>19,308.43</b>	<b>15,878.14</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good by the Management)		
More Than Six Months	452.31	200.49
Others	17,270.00	11,512.26
<b>TOTAL (B)</b>	<b>17,722.31</b>	<b>11,712.75</b>
<b>CASH AND BANK BALANCES</b>		
Cash Balance in Hand	25.32	54.88
<b>Balances with Scheduled Banks</b>		
Current Accounts	627.04	1,116.45
Margin Money	1,078.45	97.82
Fixed Deposit	3,228.00	372.38
<b>TOTAL (C)</b>	<b>4,958.81</b>	<b>1,641.53</b>
<b>LOAN &amp; ADVANCES</b>		
(Unsecured- considered good)		
Earnest Money & Security Deposits	771.64	426.97
Staff and Other Advances	236.62	55.26
Advances for goods and expenses to be recovered in cash or in kind or for value to be received	1,833.31	4,114.37
SAD 4% Refundable	46.58	152.60
Service Tax Refundable	69.64	-
Balance in Excise PLA & PCA A/c	233.09	35.88
Advance Income Tax & T.D.S.	1,567.09	442.19
<b>TOTAL (D)</b>	<b>4,757.97</b>	<b>5,227.27</b>
<b>GRAND TOTAL (A+B+C+D)</b>	<b>46,747.52</b>	<b>34,459.69</b>

# CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods and Expenses	6,663.98	5,146.10
Unclaimed Dividend	31.57	26.09
Other Liabilities	772.49	258.25
Interest Accrued but not due	50.50	30.06
<b>TOTAL</b>	<b>7,518.54</b>	<b>5,460.50</b>
<b>PROVISIONS</b>		
for Income Tax	3,112.20	1,841.71
for Fringe Benefit Tax	15.80	15.80
for Proposed Dividend	461.55	307.70
for Tax on Proposed Dividend	74.87	51.10
for Gratuity & Leave Encashment	267.93	264.96
<b>TOTAL</b>	<b>3,932.35</b>	<b>2,481.27</b>
<b>SCHEDULE - H</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	70.01	105.02
<u>Less: 1/5th written off during the year</u>	<u>35.00</u>	<u>35.01</u>
	35.01	70.01
<b>TOTAL</b>	<b>35.01</b>	<b>70.01</b>

# CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



(Rs. in Lacs)

Particulars	Year Ended 30.06.2011		Year Ended 30.06.2010	
<b>SCHEDULE - I</b>				
<b>OTHER INCOME</b>				
Other Income		7.92		-
Rent Received		15.50		-
Interest Received		66.83		34.78
Profit on Sale of Assets		167.64		-
<b>TOTAL</b>		<b>257.89</b>		<b>34.78</b>
<b>SCHEDULE - J</b>				
<b>COST OF GOODS CONSUMED</b>				
Opening Stocks				
Raw materials, Stores & Spares	6,252.18		3,941.78	
Work in Progress	537.83		1,782.52	
	<u>6,790.01</u>		<u>5,724.30</u>	
Add: Purchases and Expenses	<u>76,058.67</u>	82,848.68	<u>61,457.61</u>	67,181.91
Less: Closing Stock (Valued at cost or net realisable whichever is less as certified by the directors)				
Raw Materials, Stores & Spares	10,613.74		6,254.21	
Work in Progress	3,360.48	13,974.22	537.83	6,792.04
<b>TOTAL (A)</b>		<b>68,874.46</b>		<b>60,389.87</b>
<b>SCHEDULE - K</b>				
<b>Increase/Decrease in Finished Stock</b>				
Opening Stock:				
Air-conditioners	4,613.49		2,454.06	
Refrigerators	3.01		3.01	
Semifinished	881.81		968.24	
Appliances	<u>1,230.75</u>	6,729.06	<u>137.36</u>	3,562.67
Less : Closing stock				
Air-conditioners	2,219.20		4,613.49	
Refrigerators	3.01		3.01	
Others	966.83		-	
Semifinished	1,253.99		881.81	
Appliances	<u>891.17</u>	5,334.20	<u>1,230.75</u>	6,729.06
<b>TOTAL (B)</b>		<b>1,394.86</b>		<b>(3,166.39)</b>
<b>Grand Total (A + B)</b>		<b>70,269.32</b>		<b>57,223.48</b>

# CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>SCHEDULE - I</b>		
<b>MANUFACTURING EXPENSES</b>		
Labour, Wages & Perquisites	360.88	205.75
Repair to Plant & Machinery	11.06	23.68
Provident Fund Contribution	166.98	115.95
Employee State Insurance	17.45	13.01
Staff Amenities	98.22	56.08
Bonus	7.61	2.11
Factory Licence Fee	0.74	0.29
Power & Fuel & Other Manufacturing Exp.	324.62	150.43
<b>TOTAL</b>	<b>987.56</b>	<b>567.30</b>
<b>SCHEDULE- M</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Staff Salaries	1,436.31	1,298.70
Bonus	22.94	19.09
Remuneration to Directors	125.64	73.35
Rent	346.77	253.35
Travelling	283.87	136.13
Printing and Stationery	91.65	71.75
Legal and Consultancy Fee	183.66	182.73
Audit Fee	8.10	6.75
Tax Audit Fee	0.90	0.75
Service Tax	0.93	0.77
Postage, Telegrams & Telephone	112.93	70.34
Director Sitting Fee	2.20	1.35
Gratuity	10.15	86.47
Leave Encashment	15.00	26.69
General Charges	25.45	26.05
Motor Car Expenses	38.37	18.19
Subscription	4.69	7.84
Conveyance	61.54	75.58
Newspapers & Periodicals	0.84	1.64
Licence fee	21.01	2.62
Charity	29.00	-
Computer Expenses	30.24	17.80
Research & Development	86.34	57.37
Slow Moving Inventories	-	24.97
Assets Written Off	0.35	-
Exchange Loss	-	1.61
<b>TOTAL</b>	<b>2,938.88</b>	<b>2,461.89</b>



# CONSOLIDATED SCHEDULES - PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011



LIVE THE FUTURE

(Rs. in Lacs)

Particulars	Year Ended 30.06.2011	Year Ended 30.06.2010
<b>SCHEDULE - N</b>		
<b>SELLING EXPENSES</b>		
Advertisement	704.36	372.13
Sales Promotion	184.05	171.41
Work Contract Tax Paid	98.54	69.65
Marketing Research	-	90.80
<b>TOTAL</b>	<b>986.95</b>	<b>703.99</b>
<b>SCHEDULE - O</b>		
<b>FINANCE CHARGES</b>		
Bank Charges	468.71	150.40
Interest	2,398.70	1,625.90
<b>TOTAL</b>	<b>2,867.41</b>	<b>1,776.30</b>

# CONSOLIDATED NOTES FROMING PART OF THE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2011

## SCHEDULE- 'P'

### 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 companies have been combined on a line by line basis by adding 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- "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 subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. year ended 30th June 2011.

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

- 3) Investment other than in subsidiaries 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 30.06.11
Fedders Lloyd Trading FZE	United Arab Emirates (RAS AL 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 on February 11, 2008 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 and 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 267.93 Lacs upto 30th June 2011 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 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) EARNING PER SHARE

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax.

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

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

## 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 on 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

### 1 CONTINGENT LIABILITIES NOT PROVIDED FOR

Sl. No.	Particulars	Amount (Rs. In Lacs)
1	Bank Guarantees	26642.94

### 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)

#### Related Companies

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

#### Foreign Subsidiary Company

Fedders Lloyd Trading FZE, Dubai, 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	3055.65
Sales of goods	19882.70

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

### 5 INVESTMENT OF SUBSIDIARY COMPANY

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

### 6 PROJECT UNDER DEVELOPMENT

The Company has invested Rs. 24,60.71 Lacs for expansion plan and implementing projects at Sikandrabad (UP), Ranipet (Chennai), Vrindavan (UP) and Bharuch (Gujrat).

### 7 DIVIDEND

During the year Company has proposed dividend of Rs. 461.55 Lacs to shareholders.

**8 THE BREAK UP OF DEFERRED TAX ASSETS AND LIABILITIES INTO MAJOR COMPONENTS AT THE YEAR ENDED AS BELOW**

Particulars	Amount (Rs. In Lacs)
<b>Deferred Tax Liability</b>	
Depreciation Difference	199.59
<b>Deferred Tax Assets</b>	
Other Provisions	53.41
<b>Net Deferred Tax Assets</b>	<b>146.18</b>

**9 BASIC & DILUTED EARNINGS PER SHARE**

Earnings per share has been computed as under:

Profit after Taxation	4650.20
Number of Ordinary Shares	30769700
Basic and Diluted Earnings per share (Face Value Rs.10/-per share)	15.11

**10 DIRECTORS REMUNERATION PAID DURING THE YEAR**

Remuneration & Perks	Rs. 125.64 Lacs
Provident Fund	Rs. 9.16 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  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors  
Fedders Lloyd Corporation Limited

(Brijesh C. Mathur) Partner M. No.: 083540 (Firm Registration No. 000891N)  
A. A. Siddiqi AVP Finance  
Purnima Sharma Company Secretary  
S. S. Dhawan Director  
K.Lall Director  
Brij Raj Punj Chairman & Managing Director

Place : New Delhi  
Date : December 1, 2011

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011

(Rs. in Lacs)

Particulars	Year Ended 30.06.2011		Year Ended 30.06.2010	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before tax		5,774.51		4,796.92
<b>Adjustments for :</b>				
Add : Depreciation	985.56		1,152.24	
Preliminary Expenses written off	35.01		35.01	
Interest Paid	2,398.70	3,419.27	1,625.90	2,813.15
Less: Profit on sale of fixed assets	(167.60)		-	
Interest Income	(66.83)		(34.78)	
Dividend Income	-	(234.43)	-	(34.78)
<b>Operating profit before working capital changes</b>		8,959.34		7,575.29
Trade & other receivables	(6,009.56)		(4,389.39)	
Inventories	(3,430.29)		(6,267.91)	
Loans & Advances	1,594.16		(351.49)	
Trade & other payable	2,061.02	(5,784.67)	2,189.64	(8,819.15)
<b>Cash generated from operations</b>		3,174.67		(1,243.86)
Exchange Fluctuation	35.66			(39.74)
Direct tax paid	(1,124.90)	(1,089.24)		(245.64)
<b>Net Cash Flow from Operating Activities</b>		<b>2,085.43</b>		<b>(1,529.24)</b>
<b>B Cash Flow from Investing Activities:</b>				
Purchase of fixed assets	(6,357.19)		(2,354.69)	
Purchase of investments	(11.66)		-	
Sale of fixed assets	820.35		34.77	
Interest received	66.83		-	
Dividend received	-	(5,481.67)	-	(2,319.92)
<b>Net Cash Flow from Investing Activities</b>		<b>(5,481.67)</b>		<b>(2,319.92)</b>
<b>C Cash Flow from Financial Activities:</b>				
Proceeds from Long Term Borrowing	9,471.01		6,821.08	
Dividend Paid	(307.70)		(307.70)	
Dividend Tax	(51.10)		(52.29)	
Interest paid	(2,398.70)	6,713.51	(1,625.90)	4,835.19
<b>Net Cash Flow from Financing Activities</b>		6,713.51		4,835.19
<b>Net increase/decrease in Cash and Cash Equivalents (A+B+C)</b>		<b>3,317.28</b>		<b>986.03</b>
Opening Balance of Cash and Cash Equivalents		1,641.53		655.50
Closing Balance of Cash and Cash Equivalents		4,958.81		1,641.53
<b>Net increase/ decrease in Cash and Cash Equivalents</b>		<b>3,317.28</b>		<b>986.03</b>

Refer to our Report of even date

For Suresh C. Mathur & Co.

Chartered Accountants

(Brijesh C. Mathur)

Partner

M. No. : 083540

(Firm Registration 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 30th June 2011. 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 Registration No. 000891N)

Place: New Delhi

Dated: December 1, 2011











## **FEDDERS LLOYD CORPORATION LIMITED**

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

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