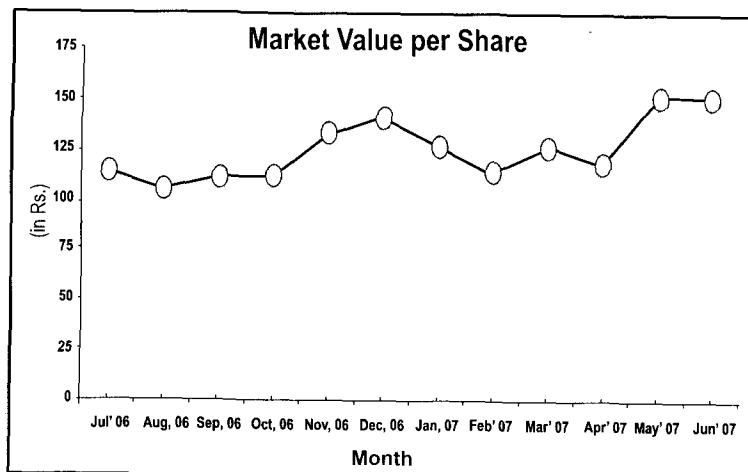
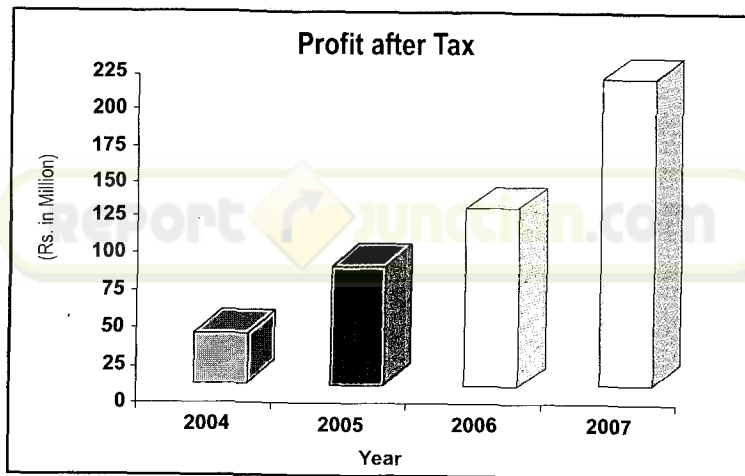
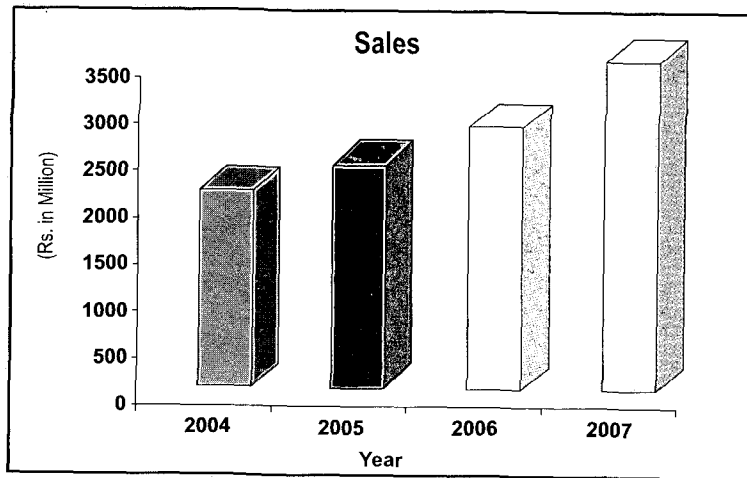


LIVE THE FUTURE

ANNUAL REPORT  
2006-2007

FEDDERS LLOYD  
CORPORATION LTD.

# FINANCIAL HIGHLIGHTS



**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Ms. Purnima Sharma

**AUDITORS**

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

**REGISTRAR & SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

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

**BANKERS**

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

**WORKS**

I. C-4, Phase – II, Noida,  
 Distt. Gautam Budh Nagar  
 U.P. 201 305  
  
 II. Saketi Road Industrial Area Kala- Amb,  
 Tehsil Nahan Distt. Sirmor,  
 Himachal Pradesh

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## FEDDERS LLOYD CORPORATION LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

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

#### ORDINARY BUSINESS

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

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

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

#### SPECIAL BUSINESS

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

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

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

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

**Sd/-  
Purnima Sharma  
Company Secretary**

**Place: New Delhi  
Date: 28.11.2007**

**NOTES:**

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

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.**
2. Proxies in order to be effective should be duly stamped, complete and signed and must reach to the Company at C – 4, Phase - II, Noida, Distt. Gautam Budh Nagar, U.P. – 201305 not less than forty-eight hours before the meeting. A format of proxy is enclosed with the Annual Report.
3. The Explanatory Statement pursuant to Section 173(2) of the Act is annexed hereto and forms part of this Notice.
4. The Register of Members and Share transfer Books of the Company will remain closed from Thursday, the 27<sup>th</sup> day of December 2007 to Saturday, the 29<sup>th</sup> day of December 2007 (both days inclusive).
5. Dividend upon its declaration at the meeting will be paid to those members whose names appear:
  - i) on the Register of Members of the Company as on 27<sup>th</sup> December, 2007 after giving effect to all valid share transfers in physical form which would be received by the company up to closing hours of the business on 26<sup>th</sup> December 2007.
  - ii) as beneficial owners as per list to be furnished by Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the closing hours of the business on 26<sup>th</sup> December 2007.
6. The relevant details of director seeking re-appointment under item no. 3, as required under Clause 49 of the Listing Agreements entered with the Stock Exchanges is given herein below:  
 Mr. Sham Sunder Kumar, aged about 75 years is a non-executive independent director. He is a senior Advocate in practice and has gained an insight into various aspects of Indian corporate law during his career as advocate. He is a member of the Audit Committee, Share Transfer cum Investors' grievance Committee, Remuneration Committee and sub Committee of Board of Directors of the Company. He does not hold any shares in the company.  
 Outside directorships and Committee memberships:  
 Mr. S.S. Kumar is a director in Rapicut Carbides Limited and Jayems Engineering Company Limited. He is also a member in Share Transfer Committee and Executive Committee of the Board of both these companies.
7. Members are requested to promptly notify any change in their addresses to the Registrar & Share Transfer Agent of the Company.
8. Members who are holding equity shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agent of the Company to enable the Company to consolidate their share holdings in one folio.
9. Members are requested to send queries, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have the relevant information ready.
10. Member(s) / Proxy(s) desirous of attending the meeting are requested to bring the attendance slip and fill-in and sign the same and deliver it at the entrance of the Meeting Hall.
11. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Reports as the same will not be distributed at the meeting.
12. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID Numbers for easier identification of attendance at the Annual General Meeting.
13. All the documents as mentioned in the notice are available for inspection at the Registered office of the Company during working hours up to the date of Annual General Meeting.

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

**Place: New Delhi  
Date: 28.11.2007**

**Sd/-  
Purnima Sharma  
Company Secretary**





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

**Item no. 5**

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

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

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

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

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

3. **Perquisites**:

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

## CATEGORY A

**(i) Housing**

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

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

To be valued as per Income Tax Rules, 1962.

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

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

**(iv) Leave Travel Concession:**

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

**(v) Club Fees:**

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

**(vi) Insurance:**

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

**(vii) Holiday Passage:**

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

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

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



## CATEGORY – B

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

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

## CATEGORY – C

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

*This will not be considered as perquisites.*

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

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

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

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

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

He is also on the Board of the following companies:

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

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

#### Memorandum of Interest of Directors

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

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

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



## FEDDERS LLOYD CORPORATION LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

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

#### SUMMARISED FINANCIAL RESULTS

(Rupees in million)

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

#### RESULTS OF OPERATIONS

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

#### BUSINESS OPERATIONS

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

##### *Entry in Retail Segment*

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

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





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

### **DIVIDEND**

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

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

### **EQUITY SHARE CAPITAL**

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

### **FIXED DEPOSITS**

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

### **DIRECTORS**

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

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

### **AUDITORS**

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



## FEDDERS LLOYD CORPORATION LIMITED

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

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

### CORPORATE GOVERNANCE

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

### MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS

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

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

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

### PARTICULARS OF EMPLOYEES:

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

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

### LISTING OF SECURITIES

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

### INDUSTRIAL RELATION

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Sd/-

Brij Raj Punj

Chairman & Managing Director

Place: New Delhi

Date: 28.11.2007