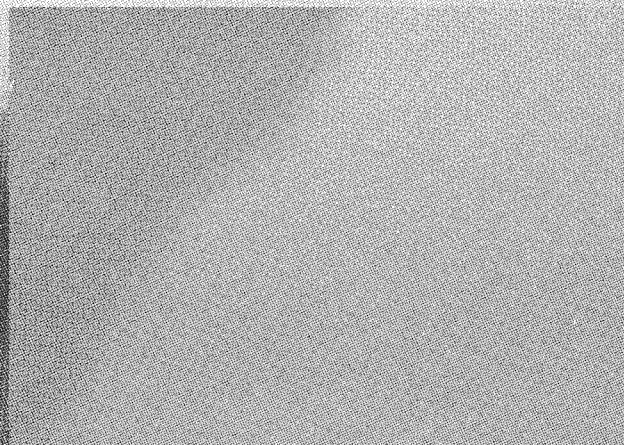


43RD ANNUAL REPORT



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FEDDERS LLOYD

1998 - 99

FEDDERS LLOYD CORPORATION LIMITED

Mr. S.P. Punj

Chairman (Emeritus)

BOARD OF DIRECTORS

Mr. Brij Raj Punj

Chairman-cum-
Managing Director

Mr. S.S. Kumar

Director

Mr. K.N. Khanna

Director

Mr. T.V. P. Punj

Director

Mr. Pavanjit Singh

Director

Mr. Bharat Raj Punj

Director

Mr. Manohar Thairani

Director

COMPANY SECRETARY

Ms. Shabnam Kapoor

AUDITORS

M/s. Suresh C. Mathur & Co.

64, Regal Building

Connaught Place

New Delhi

BANKERS

State Bank of India

State of Bank of Patiala

State Bank of Hyderabad

REGD. OFFICE

C-4, Phase-II, Noida

Distt. Gautam Budha Nagar (U.P.)

HEAD OFFICE:

M-13A, Connaught Place

New Delhi-110001

WORKS

1. 2, Industrial Area, Kalkaji
New Delhi-110019
2. C-4, Phase-II, Noida
Distt. Gautam Budha Nagar (U.P.)

1. The Uttar Pradesh Stock Exchange
Association Ltd. (Regional)
Padam Tower, 14/113 Civil Lines
Kanpur-208001

2. The Stock Exchange, Mumbai
Phiorozee Jeejebhoy Towers
Dalal Street,
Mumbai-400 001

3. The Delhi Stock Exchange Association Ltd.
West Plaza, Indira Gandhi Indoor Stadium,
Indira Prastha Estate
New Delhi-110002

4. The National Stock Exchange of India Ltd.
(Permitted)
Trade World, Senapati Bapat Marg,
Lower Parlet,
Mumbai-400 013

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NOTICE

NOTICE IS HEREBY GIVEN THAT FORTY-THIRD ANNUAL GENERAL MEETING OF FEDDERS LLOYD CORPORATION LIMITED WILL BE HELD ON THURSDAY, THE 30TH DECEMBER, 1999 AT 9.00 AM AT CHAK NO.185, KHASRA NO.4913, LAKHANAWALI, NOIDA, TEHSIL DADRI, DISTT. GAUTAM BUDHA NAGAR (U.P.) FOR TRANSACTING THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on June 30, 1999 and the Profit and Loss account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri S.S. Kumar, who retires by rotation and being eligible offers himself for reappointment.
3. Mr. K.N. Khanna retires by rotation but has expressed his inability to continue as a director of the company and as such has not offered himself for reappointment.
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 auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Auditors be paid such remuneration and travelling and other out-of-pocket expenses incurred by them for the purpose of the audit, as may be decided by the Board of Directors, who be and is hereby authorised to fix the same."

SPECIAL BUSINESS :

5. To pass, with or without modifications, the following Resolution as a **SPECIAL RESOLUTION** :
"RESOLVED THAT Articles of Association of the company be and are hereby amended as under:
 - 1 a. To substitute the word 'director' in place of the word 'Member' and insert the following definition after the definition of "Director":
"Member" means the duly registered shareholders from time to time of the Company and includes every person holding the equity share of the Company and whose name is entered as Beneficial Owner in the records of the Depository."
 - 1 b. To insert the following definition after the definition of "Member":
"Share" means share in the Share Capital of the Company, and includes stock except where a distinction between stock and share is expressed or implied."
 - 1 c. To insert the following definitions after the existing definition of the expression "Auditor":
"Beneficial Owner" means the Beneficial Owner as defined under the Depositories Act, 1996."
"Depository" means a Depository as defined under the Depositories Act, 1996 and with whom the Company has entered into an Agreement for availing its services."
"Depositories Act" means Depositories Act, 1996, and shall include any statutory modification or re-enactment thereof."
 - 1 d. To insert the following Articles (7A) & (7B) after the existing Article 7:

7A. REGISTER AND INDEX OF MEMBERS

"The company shall cause to be kept a Register and Index of Members in accordance with sections 150 and 151 of the Act. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be Register and Index of Members in accordance with and within the meaning of sections 150 & 151 of the Act and these Articles."

7B. REGISTER AND INDEX OF DEBENTURE HOLDERS

"The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with section 152 of the Act. The Register and Index of Beneficial Owners maintained by the Depository under the Depositories Act, shall be deemed to be a Register and Index of Debenture-holders in accordance with section 152(A) of the Act."

- 1 e. To insert the following Articles (24A), (24B), (24C) and (24D) after the existing Article 24:

24A. TO HOLD THE SHARES WITH A DEPOSITORY

"Notwithstanding anything contained in these Articles, the Company shall allow a Member to hold the Shares with a Depository in a dematerialised form in accordance with the provisions of the Depositories Act, and the Member shall also be entitled to rematerialise the dematerialised shares."

24B. SHARES TO BE NUMBERED

"The shares shall be numbered progressively according to their several denominations and except in the manner

hereinabove mentioned no Share shall be sub-divided. Every forfeited or surrendered Share shall continue to bear the number by which the same was originally distinguished, provided however that these provisions relating to progressive numbering shall not apply to the shares which are held with a Depository in a dematerialised form."

24C. TO CANCEL AND/OR ISSUE SHARE/DEBENTURE CERTIFICATES

"Notwithstanding anything contained elsewhere in these Articles wherever relevant, the Company shall be entitled to cancel and/or issue share certificates and/or debenture certificates as per the provisions of the Depositories Act."

24D. APPLICABILITY OF DEPOSITORIES ACT

"Notwithstanding anything contained elsewhere in these Articles, the provisions of Depositories Act shall apply in respect of issue, transfer, transmission and/or the related matters in respect of the shares and/or debentures held by a Member and/or Debenture holder with a Depository."

1 f. To insert the following Articles (25A) to (25H) after the existing Article 25:

25A. DEMATERIALISATION OF SECURITIES

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

25B. OPTIONS FOR INVESTORS

Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository the Company shall intimate such depository the details of allotment of the security and on receipt of the information the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

25C. SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 187B and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

25D. RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- (a). Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b). Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c). Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

25E. SERVICE OF DOCUMENTS

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

25F. TRANSFER OF SECURITIES

Nothing contained in section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

25G. ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

Notwithstanding anything in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

25H. NOMINATION

Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on death of the shareholder or holder of debentures of the Company or, as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the company or as the case may be all the joint holders in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Section 109A and 109B of the Act, shall be applicable to such cases.

- 1 f. To delete the existing Article No.110(b).

RESOLVED FURTHER THAT Ms.Shabnam Kapoor-Company Secretary of the company be and is hereby authorised to do all the acts, deeds and things as may be necessary in connection with the above said purpose."

6. To pass, with or without modifications, the following Resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to Section 293(1)(a) of the Companies Act, 1956. transfer of flat no.7, in the building of Sane Guruji Premises Co-operative Housing Society Ltd. situated at 386, Veer Savarkar Marg, Mumbai-400025 for NIL consideration, in favour of Lloyd Manufacturing Pvt.Ltd., be and is hereby approved."

7. To pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT in terms of section 81(1A) of the Companies Act,1956 and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), and all other concerned authorities if any to the extent necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as the 'Board') the Board of Directors be and is hereby authorised to offer/allot 50 lac (Fifty lac.) Equity Shares of Rs. 10/- (Rupees Ten per share only) total amounting to Rs.5 Crores (Rupees Five Crores only) to the promoters of the company on preferential basis, as stated below:

Sr. No.	Name	No.of Shares (Existing)	No.of shares (After the proposed issue)	percentage (Existing)	percentage (After the Proposed issue)
1.	Mr. B.R.Punj	1,15,480	2615480	0.56%	10.15%
2.	Ms. Renu Punj	4,63,050	2963050	2.23%	11.50%

RESOLVED FURTHER THAT Rs. 2/- (Rupees Two only) will become payable at the time of allotment and remaining Rs. 8/- (Rupees Eight only) to be called later on by the Board of Directors.

RESOLVED FURTHER THAT in respect of the said equity shares, no allotment letter first be issued and the share certificates to the allottees be issued after the said approvals have been taken.

RESOLVED FURTHER THAT the said shares not exceeding 20% (Twenty Percent) of the total post issue paid up capital, when allotted will be subject to lock in period of three years from the date of allotment.

RESOLVED FURTHER THAT the said shares when allotted shall rank pari passu with the existing equity shares of the company in all respect except that such further shares shall entitle such holders to dividend, if any declared in respect of the financial years subsequent to the financial year in which they are issued, in proportion to the capital for the time being paid up during such financial years in respect of which the dividend is declared.

RESOLVED FURTHER THAT Mr. Brij Raj Punj-Chairman-cum-Managing Director and Ms.Shabnam Kapoor-Company Secretary of the company be and is hereby authorised severally to apply to all the bodies as stated above for their approval and to do all the acts, deeds and things as may be necessary for the above said purpose and to make applications to the Stock Exchanges for enlistment of these shares after their allotment."

By order of the Board of Directors
of **FEDDERS LLOYD CORPN. LTD.**

Sd/-

(**SHABNAM KAPOOR**)
COMPANY SECRETARY

PLACE: NEW DELHI
DATE : 29.11.99

NOTES :

KINDLY NOTE THAT NO GIFT SHALL BE DISTRIBUTED 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. PROXIES, IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST REACH THE COMPANY AT M-13A, CONNAUGHT PLACE, NEW DELHI NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
2. The relevant explanatory statement, pursuant to Section 173 (2) of the Companies Act 1956, in respect of Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th December 1999 to 30th December 1999 (both days inclusive).
4. Members are requested to Notify promptly any change in their addresses to the Company's Head Office at M-13A, Connaught Place, New Delhi-110 001.

5. Members are requested to send to the company their queries if any, on accounts and operations of the Company, so as to reach at least seven days before the date of the meeting at the head office in order that the same could be properly answered at the meeting.
6. 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.
7. 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.
8. All the documents as mentioned in the notice are available for inspection at the Head Office of the Company during working hours.

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of **Special Business:**

ITEM NO.:5

In terms of Section 8 of the Depositories Act, 1996 shareholders of the Company have the option to hold shares of the Company with a Depository (holding a valid certificate of registration issued under section 12(1A) of the Securities and Exchange Board of India Act, 1992) in a dematerialised form.

The depository system of holding securities in an electronic form is fairly safer and more convenient method for holding and trading in the securities of a Company. The company proposes to join the Depository System and it is therefore, proposed that the Company's Articles of Association be suitably amended to reflect the provisions introduced by the Depositories Act, 1996 as well as Companies (Amendment) Act, 1999, and to spell out the rights of the beneficial owners of the securities in such a system.

An amendment has been made in the Companies Act, 1956 through the Companies (Amendment) Act, 1999, to permit the holder of Shares or Debentures of the Company, to nominate in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death. In order to bring the Articles of Association of the Company in conformity with the provisions of the amendment made in the Companies Act, a new Article 25H is proposed to be added, subject to the approval of shareholders in this Annual General Meeting.

Article No.110(b) of the existing Articles of Association being not in conformity with the spirit of Section 252 read with Section 291 of the Companies Act, 1956, have become redundant. So, it is proposed to delete this Article.

As per the requirements of Section 31 of the Companies Act, 1956, no alterations in the Articles of Association of the company can be made unless the same have been approved by the members of the company by way of Special Resolution.

Hence, this resolution.

None of the Directors is concerned or interested in the above resolution except to the extent of their shareholding in the Company, if any.

ITEM NO. 6

As per the Arbitration Award of Mr.Suresh C. Mathur dated 6.8.1987, which has since been made rule/decreed of the court under section 17 of the Indian Arbitration Act, 1940 as per the decision dated 17th March, 1988 passed by honourable High Court of Delhi, flat no. 7 as stated in Resolution No.6, which was earlier owned by Fedders Lloyd Corpn. Ltd. was awarded to Group-I as mentioned in abovesaid Arbitration Award, which includes Mr.S.P.Punj his heirs, successors, assigns and nominees.

Accordingly as per the family settlement Mr.S.P.Punj has transferred the abovestated flat to Lloyd Manufacturing Pvt.Ltd. w.e.f.9.4.99, at NIL consideration.

As per the provisions of section 293(1)(a) of the Companies Act, 1956, the Board of Directors can not sell, lease or otherwise dispose off the whole or substantially the whole of any undertaking of the company, without the consent of shareholders.

Hence, this resolution.

None of the directors of the company except Mr.Brij Raj Punj and Mr.Bharat Raj Punj-being the directors of Lloyd Manufacturing Pvt.Ltd. and Mr.T.V.P.Punj another member of Group-I of the Award as above stated, are interested in the abovestated resolution.

ITEM NO.7

Keeping in view the requirements of funds for general corporate purposes, including capital expenditure, working capital requirement, strategic investments as the Board may decide, the Board of Directors consider that it would become necessary to raise finance, by issue of Equity Shares on preferential basis, as per the terms and conditions as stated in Resolution No.7.

Consent of the shareholders is therefore, sought to authorise the Board of Directors for issuing such further Shares.

FEDDERS LLOYD**FEDDERS LLOYD CORPORATION LIMITED**

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in general meeting decide otherwise.

Section 81(1A) of the Companies Act, 1956 further provides that notwithstanding anything contained in sub section (1), the further shares may be offered to any persons whether or not those persons include the persons referred to in clause (a) of sub-section (1) in any manner whatsoever if a Special Resolution to that effect is passed by the company in general meeting.

The Listing Agreement with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares to be issued for subscription pro-rata to the existing equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's Shares are listed.

Directors recommend the above stated resolution for approval of the shareholders for the proposed issue of Shares.

None of the Directors of the Company except Mr.B.R.Punj to whom the shares are proposed to be allotted on preferential basis are concerned or interested in the proposed resolution.

Auditor certificate as is required under SEBI guidelines regarding compliance with SEBI guidelines for issue of Equity Shares on Preferential Basis is given hereunder.

By order of the Board of Directors
of **FEDDERS LLOYD CORPN. LTD.**

Sd/-

(**SHABNAM KAPOOR**)
COMPANY SECRETARY

PLACE: NEW DELHI

DATE : 29.11.99



December 3, 1999

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Preferential Allotment of 50,00,000 Nos. Equity Shares @ Rs. 10/- (Rupees Ten each), of Fedders Lloyd Corporation Ltd., to Mr. Brij Raj Punj and Ms. Renu Punj is being made in accordance with the guidelines as issued by Securities and Exchange Board of India (SEBI).

For Suresh C. Mathur & Co.

Sd/-

(**Brijesh C. Mathur**)
Partner