

44TH ANNUAL REPORT

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FEDDERS LLOYD

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. T.V.P. Punj Director
Mr. Pavanjit Singh Director
Mr. Bharat Raj Punj 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 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-110 019
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-208 001
2. The Stock Exchange, Mumbai
Phirozee Jeejebhoy Towers
Dalal Street,
Mumbai-400 001
3. The Delhi Stock Exchange Association Ltd.
3/1, Asaf Ali Road,
New Delhi - 110 001
4. The National Stock Exchange of India Ltd.
(Permitted)
Trade World, Senapati Bapat Marg,
Mumbai-400 013

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NOTICE

NOTICE IS HEREBY GIVEN THAT FORTY-FOURTH ANNUAL GENERAL MEETING OF FEDDERS LLOYD CORPORATION LIMITED WILL BE HELD ON SATURDAY, THE 30TH DECEMBER, 2000 AT 9.00 AM AT THE REGISTERED OFFICE OF THE COMPANY, FOR TRANSACTING THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2000 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 T.V.P. Punj, who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT M/s. Suresh C. Mathur & Co., Chartered Accountants, be and are hereby re-appointed 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 :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution, as a **SPECIAL RESOLUTION**:

"RESOLVED THAT Article No.133 of the Articles of Association of the company be substituted as follow:

Deeds How Executed, Affixing of Common Seal : Subject to the provisions of the Act and these Articles every deed or other instrument, to which the seal of the Company is required to be affixed by the authority of the resolution of the Board or by Committee of the Board shall, unless the same is executed by a duly constituted attorney of the Company be signed by atleast one Director and countersigned by the Secretary or some other person appointed by the Board of Directors for the purpose, on every such deed or instruments. The Directors may provide an official seal for use in any territory, district or place not situated in India where the Company may at any time carry on business which shall be a facsimile of the Common Seal of the Company with the addition on its face of the name of the territory, district or place and the Directors shall have power from time to time, to destroy the same and to substitute a new official seal in lieu thereof and the Directors may by writing under the Seal authorise any person or persons to affix the official seal to any deed or document to which the company may be a party in any such territory, district or place.

RESOLVED FURTHER THAT Ms. Shabnam Kapoor-Company Secretary of the company be and is hereby authorised to do all the acts, deeds and things which may be necessary for the abovesaid purpose."

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 & 311 and Schedule XIII and other relevant provisions of the Companies Act, 1956, Article Nos.114,115 & 116 of the Articles of Association and subject to approval of Financial Institution(s) and other authorities, wherever required, the appointment of Mr. Manohar Kumar Thairani as Whole-time Director of the Company, by the Board of Directors in their meeting held on 29.1.2000 be and is hereby approved for the period from 1.2.2000 to 27.11.2000, on remuneration, as detailed below:

- 1) Salary : Rs.50,000/- per month
(Rupees Fifty Thousand only) per month.
- 2) Perquisites : Unless the context otherwise requires perquisites are classified into three categories 'A', 'B' & 'C' as follows:-

CATEGORY - A

This will comprise housing, medical re-imbursement, leave travel concession, club-fees and other benefits, allowances, expenses etc. These may be provided for as under :-

- i) **House Rent Allowance :**
Rs.15,000/- per month
(Rupees Fifteen Thousand only)
- ii) **Payment of Gas, Electricity, Water Expenses and furnishing :**
To be valued as per Income-Tax Rules, 1962.
- iii) **Medical/Hospitalisation Expenses re-imbursement :**
Expenses incurred for self and family 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 admission fees and life membership fees.

vi) **Insurance :**

Premium for insurance not exceeding Rs.4,000/- (Rupees four thousand only) per annum for personal accident insurance. He will also be entitled to Key Men Insurance Cover at a premium to be paid by the company.

vii) **Children Education Allowance :**

Maximum of Rs.5,000/- p.m. per child or actual expenses incurred, whichever is less.

Admissible to maximum of two children.

viii) **Holiday Passage :**

For children/family staying outside India.

Return holiday passage once in a year by economy class or once in two year by first class to children from their place of staying abroad to India and to the members of the family from their places of stay to India, if they are not residing in India with Mr. Manohar Kumar Thairani.

ix) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules/scheme and available to other employees.

Notes:

- (i) For the purpose of perquisites stated herein above "family" means spouse, dependent children and dependent parents of Mr. Manohar Kumar Thairani.
- (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

Mr. Manohar Kumar Thairani, shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration :

- Contribution to Provident fund, Superannuation fund or annuity fund, as per company's rules.
- Gratuity payable as per Company's rules.
- Earned Leave as per rules of the company.
- Encashment of leave, as per rules of the Company.

CATEGORY - C

- i) Free use of Company's car 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 for private purpose shall be billed by the Company to Mr. Manohar Kumar Thairani.

- Mr. Manohar Kumar Thairani shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- Mr. Manohar Kumar Thairani 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.

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

In the event of absence or inadequacy of profits, remuneration will be paid as per the provisions of Schedule XIII of the Companies Act, 1956."

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

Sd/-

(SHABNAM KAPOOR)
COMPANY SECRETARY

PLACE: NEW DELHI
DATE : 27.11.2000

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 2, INDUSTRIAL AREA, KALKAJI, 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 25th December 2000 to 30th December 2000 (both days inclusive).
4. Members are requested to Notify promptly any change in their addresses to the Company's Office at 2, Industrial Area, Kalkaji, New Delhi-110019.
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 2, Industrial Area, Kalkaji, New Delhi-110019 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 Registered 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. : 4

As per existing Article No.133 of the Articles of Association of the company, every document on which common seal of the company is to be affixed, requires to be signed by two Directors, due to which sometimes undue delay to the execution of documents is caused for non-availability of two directors, which is not in the interest of the company.

So, it is necessary to amend the Articles of Association of the company, as given in the respective resolution.

As per the provisions of Section 31 of the Companies Act, 1956 amendment of the Articles of the Association requires approval from shareholders of the Company by way of Special Resolution.

Hence, this resolution.

None of the directors are concerned or interested in the above resolution.

ITEM NO.5:

Mr. Manohar Kumar Thairani, a professional Chartered Accountant and a Director of the Company since 27th June, 1998 was appointed as Whole-time Director by the Board of Directors in their meeting held on 29th Jan., 2000 taking into account his experience and competence for the job. He has continued as such for the period from 1st Feb., 2000 to 27th Nov., 2000. Mr. Manohar Kumar Thairani has since expressed his unwillingness to work as the Director and Whole-time Director of the Company owing to his personal reasons. The Board has, in its meeting held on 27th Nov., 2000, accepted his resignation from his assignments.

The resolution herein seeks the Members approval for Mr. Manohar Kumar Thairani's appointment as Whole-time Director of the Company for the period from 1st Feb., 2000 to 27th Nov. 2000 under the relevant provisions of the Companies Act, 1956.

None of the Directors is concerned or interested in this Resolution.

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

Sd/-
(**SHABNAM KAPOOR**)
COMPANY SECRETARY

PLACE: NEW DELHI
DATE : 27.11.2000

DIRECTORS' REPORT

Dear Shareholders,

It gives us great pleasure in presenting the Forty Fourth Annual Report of your Company alongwith the Audited Accounts for the Year ended 30th June, 2000.

FINANCIAL RESULTS

RUPEES IN LACS

	Current Year 1999-00	Previous Year 1998-99
Turnover	16179.95	15189.73
Gross profit	1056.60	949.05
Interest(Net)	394.87	293.80
Depreciation	244.18	253.75
Preliminary Expenses written off	11.32	11.32
Profit for the Year	406.23	390.18
Balance brought forward from the previous year	641.61	301.43
Profit available for appropriation	1047.84	691.61
APPROPRIATIONS :		
Provision for Income Tax	60.00	50.00
Transferred to General Reserve	NIL	NIL
Balance carried forward	987.84	641.61

DIVIDEND

Considering the increased working capital requirements, your directors are constrained not to recommend any dividend for the year under report.

PERFORMANCE

Inspite of stiff competition in the market, the operational performance continued its upward trend. Sales and other income for the financial Year ended 30th June, 2000 aggregated to Rs.16179.95 lacs as against Rs.15189.73 lacs during the previous year.

Net Profit before tax for the Year ended 30th June, 2000 is Rs.406.23 lacs as against Rs.390.18 lacs in the previous year.

DEMATERIALISATION OF EQUITY SHARES

According to a Circular No.SMDRP/POLICY/CIR-23/2000 dated 29th May, 2000 issued by SEBI, the trading of Company's shares would be compulsory in dematerialised form w.e.f. 29th Jan., 2001. However, keeping in view the interest of its shareholders, the Company on its own has initiated the dematerialisation process on voluntary basis due to which Company's shares have already been activated in Demat Mode both in the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSIL) under ISIN NO:INE24901011.

In-house Share Registry (A unit of a.o.k. In-house Securities Ltd.) 3, Community Centre, Naraina, Phase-I, Near Payal Cinema, New Delhi-110028 has been appointed as Registrar and Share Transfer Agent to provide their services for Electronic Shares.

ISO 9002 CERTIFICATION OF KALKAJI UNIT

The Company's unit situated at 2, Industrial Area, Kalkaji, New Delhi has received ISO 9002 certification from Dutch Council for Accreditation(RVA), Netherlands. This unit was audited for compliance to the standards by Standardization, Testing & Quality Certification Directorate (STQC), a Government of India agency under Ministry of Electronics which recommended the award of certificate to RVA. The certificate provides an assurance that the Company has documented and effectively installed a quality assurance system in line with ISO 9002 international standard.

BaaN ERP SOLUTION AT KALKAJI UNIT

Company's Kalkaji unit has gone "live" on BaaN ERP (Enterprise Resources Planning) solution. An ERP solution offers an integrated information management system for the whole organization and is fast becoming an indispensable tool for a modern day enterprise. ERP solutions have been developed by years of research and by benchmarking on some of the best organizations in the world. By implementing an ERP, the organization not only benefits from integrated information system, but also its business processes are re-engineered in line with these best office practices. BaaN ERP is considered to be a benchmark for discrete manufacturing industry. Tangible benefits include better inventory management and lower inventory costs, shorter manufacturing lead times, information integrity, a host of MIS reports that aid in planning etc. Kalkaji unit will derive benefits of BaaN in the years to come.

FIXED DEPOSITS

Your company has not accepted any fixed deposit as per Section 58A of the Companies Act,1956 and Rules made thereunder.

DIRECTORS

Pursuant to the provisions of the Companies Act,1956 and the Articles of Association of the Company, Mr. T.V.P.Punj -Director of the Company is liable to retire by rotation and being eligible, offers himself for reappointment.

Mr. Manohar Kumar Thairani has resigned and expressed his inability to continue as Director as well as Whole-time Director of the Company. Board places on record the valuable contribution made by Mr. Manohar Kumar Thairani during his tenure.

AUDITORS

M/s Suresh C. Mathur & Co., Chartered Accountants, Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have given certificate as required under section 224(1B) of the Companies Act, 1956.

The observation 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.

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

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure -1 forming part of this report.

INFORMATION AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT OF FEDDERS LLOYD CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2000.

(A) Employed throughout the financial year under review and were in receipt of remuneration which was not less than Rs. 6,00,000/- P.A. in aggregate.

S NO	NAME	AGE	DESIGNATION	REMUNERATION DURING THE YEAR RS.	QUALIFICATION	EXPERIENCE (IN YEARS)	COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT
1.	Mr. B.R. Punj	55	Chairman-cum-Managing Director	808900.00	B Tech Burnell University (U.K.)	31	01-09-1987	Lloyd Insulation (I) Pvt. Ltd.
2.	Mr. H. J. Kewatramani	64	Executive Director	928500.00	B. Engg.	40	02-02-1998	Maquay International

(B) Employed for part of the year and were in receipt of remuneration which was not less than Rs. 50,000/- P.M. in aggregate

S NO	NAME	AGE	DESIGNATION	REMUNERATION DURING THE YEAR RS.	QUALIFICATION	EXPERIENCE (IN YEARS)	COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT
1.	Mr. Ravi Sharma	51	President	368549.00	Master in Maths	28	01-04-1999	Karam Chand Thapar & Brothers Co. Ltd.
2.	Mr. Manohar Kr Thairani	38	Whole Time Director	460625.00	C.A.	13	01-02-2000	Practising Chartered Accountant

Notes :

- None of the employees mentioned above except Mr. B.R. Punj who is related to Sh. Bharat Raj Punj/Sh. T.V.P. Punj, Directors of the Company, are related to any of the Directors.

LISTING OF SECURITIES

The securities of the company are listed on Delhi Stock Exchange, Stock Exchange, Mumbai, and U.P. Stock Exchange (Regional).

The company has paid the listing fees to all the above stated Stock Exchanges for the Year 2000-2001.

The Shares of the company are also being traded as Permitted Securities on the National Stock Exchange of India Ltd.

Y2K COMPLIANCE

Your company had a smooth transition to the Year 2000.

INDUSTRIAL RELATIONS

The company continued to maintain harmonious and cordial relations with its employees in all its divisions which enabled it to achieve higher performance at all levels.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and gratitude for the support extended by the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), State Bank of India, State Bank of Patiala, State Bank of Hyderabad and other Bankers, Central and State Government and other concerned agencies. The Directors are grateful for the continued cooperation, assistance and support given to the Company by the valued Customers, Distributors, Suppliers and the Shareholders of the Company.

On behalf of the Board of Directors
for FEDDERS LLOYD CORPORATION LTD.

PLACE: New Delhi.
DATE : 27.11.2000

Sd/-
(BRIJ RAJ PUNJ)
CHAIRMAN