

45th Annual Report 2000-2001

FEDDERS LLOYD

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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

Mr. Sandeep Sethi

Director

Mr. P.N. Swaminathan

Director (Nominee-IFCI)

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

1. C-4, Phase -II, Noida

Distt. Gautam Budh Nagar, U.P. - 201 305

HEAD OFFICE

2. M-13A, Connaught Place,

New Delhi - 110001

WORKS

1. C-4, Phase -II, Noida

Distt. Gautam Budh Nagar (U.P.)

2. Saketi Road, Industrial Area

Kala Amb, Tehsil Nahan

Distt. Sirmor, Himachal Pradesh

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.

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NOTICE

NOTICE IS HEREBY GIVEN THAT FORTY-FIFTH ANNUAL GENERAL MEETING OF FEDDERS LLOYD CORPORATION LIMITED WILL BE HELD ON FRIDAY, THE 28TH DECEMBER, 2001 AT 9.00 AM AT C-4, PHASE-II, NOIDA, DISTT. GAUTAM BUDH NAGAR, U.P.-201305 FOR TRANSACTING THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on June 30, 2001 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 Bharat Raj 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 :

5. To pass, with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :
"RESOLVED THAT Mr. Sandeep Sethi who was appointed as an Additional Director on 29th Jan., 2001 and whose term of office expires at this Annual General Meeting be and is hereby appointed as Director of the company."

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

Place: New Delhi
Date : 28.11.2001

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

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 C-4, PHASE-II, NOIDA, DISTT.-GAUTAM BUDH NAGAR, U.P. - 201305 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 26th December 2001 to 28th December 2001 (both days inclusive).
4. Members are requested to Notify promptly any change in their addresses to the Company's Regd. Office at C-4, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.-201305.



Fedders Lloyd Corporation Limited

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 Regd. 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 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.:5

Mr. Sandeep Sethi was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 29th Jan., 2001.

As per the provisions contained in Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting, but is eligible for appointment as Director.

Mr. Sandeep Sethi has given notice to the company expressing his candidature for the office of Director of the Company and has deposited a sum of Rs. 500/- in cash as per the requirement of Section 257 of the Companies Act, 1956.

Mr. Sandeep Sethi is a young and energetic practising Advocate. He has been associated with the company for the last 10 years as a consultant on legal matters. Keeping in view his professional background, the Board of Directors consider that it will be in the interest of the company to appoint him as a Director.

Hence, this Resolution.

None of the Directors except Mr. Sandeep Sethi is concerned or interested in this Resolution.

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

Place : New Delhi
Date : 28.11.2001

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



Fedders Lloyd Corporation Limited

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Forty fifth Annual Report of your Company alongwith the Audited Accounts for the year ended 30th June 2001.

FINANCIAL RESULTS

RUPEES IN LACS

	Current Year 2000-2001	Previous Year 1999-2000
Turnover	14453.32	16179.95
Gross Profit before depreciation	833.94	1056.60
Interest (Net)	395.58	394.87
Depreciation	225.92	244.18
Preliminary Expenses written off	11.32	11.32
Profit for the year	201.12	406.23
Balance brought forward from the previous year	987.84	641.61
Profit available for appropriation	1188.96	1047.84
Appropriation		
Provision for Income Tax	25.00	60.00
Transferred to General Reserve	NIL	NIL
Balance carried forward to Balance Sheet	1163.96	987.84

DIVIDEND

Keeping in view the increased working capital requirements, due to shifting of factory from Kalkaji, New Delhi to NOIDA, U. P. to comply with the Supreme Court Ruling regarding relocation of Industrial Polluting Units, your directors are constrained not to recommend any dividend for the year under report.

PERFORMANCE

Due to shifting of factory from Kalkaji, New Delhi to NOIDA, U.P., the whole operations were affected. Sales and Other Income for the Financial Year ending 30th June, 2001 aggregated to Rs. 14453.32 Lacs. Net Profit before tax for the Year ended 30th June, 2001 is Rs. 201.11 Lacs.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits as per section 58A of the Companies Act, 1956 and Rules made thereunder.

LOSSES DUE TO SHIFTING OF KALKAJI UNIT

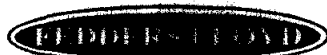
The auditor's qualification in respect of accounting treatment of the aforesaid, costs of shifting (Note No. 17 of the Schedule 'N' of Notes on Accounts) is based on conservative accounting policy. But from the practical point of view, these costs are extra-ordinary in nature and therefore could be recovered over a period of time so that the results of the company do not present a skewed picture.

DIRECTORS

Mr. Sandeep Sethi was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 29th Jan., 2001. Considering his professional background as an advocate, your directors are seeking your approval as per resolution proposed under Special Business in the notice of this meeting.

During the year Mr. P. N. Swaminathan was nominated by Industrial Finance Corporation of India Ltd. (IFCI) as their Director on the Board of the Company. Board of directors welcomes him to the Board of company.

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



Fedders Lloyd Corporation Limited

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby states as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements 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) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) that 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 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 in respect of Note No. 17 of the Schedule 'N' of Notes on Accounts has been clarified by the Directors as above.

The other 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.

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 - I, forming part of 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. 12,00,000/- p.a. in aggregate. NIL
- B. Employed for part of the year and were in receipt of remuneration which was not less than Rs. 1,00,000 p.m. in aggregate. NIL

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 2001-2002.

INDUSTRIAL RELATION

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 Governments 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 Shareholders of the Company.

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

Sd/-
(BRIJ RAJ PUNJ)
CHAIRMAN

Place : New Delhi
Date : 28.11.2001

**ANNEXURE - I****ANNEXURES TO THE DIRECTORS' REPORT**

Statement pursuant to Section 217(1)(e) of the companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2001:

A. CONSERVATION OF ENERGY :

Your company maintains highest priority in line with the National objective of continuing efforts for energy conservation. Additional investments and proposals, if any, will be implemented for reduction of consumption of energy. Studies to reduce energy consumption is an ongoing process and suitable investments will continue to be made in these areas in future.

B. TECHNOLOGY ABSORPTION:

Your company has developed Air-conditioner and Refrigeration products in many new areas like Rail coach air-conditioning, Air-conditioners for Telecom and Defence applications etc. All this was made possible due to strong R&D capabilities of the company. Research and Development at Fedders Lloyd plays a key role and has the following broad objectives:

1. to take care of the changing needs of the customer.
2. to ensure that company's products remain competitive.

For meeting these objectives, R & D works in close co-ordination with Marketing and Project departments and is always customer driven.

PRODUCTS DEVELOPED DURING THE YEAR

Following is the list of Products developed during the year under review:

1. Water cooled Packaged Air Conditioners (5 to 15TR)
2. High Sensible Cooling models for telecom application.
3. Air Pressurization systems for Defence.
4. Compact 15TR Packaged Air Conditioner.
5. Self contained package unit.

FUTURE PLAN OF ACTION

Quite a few new product development / existing product improvement projects are on the anvil. Important among them are:

1. Value engineering models of Packaged air conditioners.
2. A new generation Roof Mounted Packaged air conditioner for rail coach.
3. Value engineered models of Deductable Split Air-conditioner.

C. EXPENDITURE INCURRED FOR RESEARCH AND DEVELOPMENT

Capital Expenditure	:	NIL
Revenue Expenditure	:	Rs.9.82 Lacs

D. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

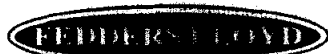
1. The Company's R&D Centre is focussed on improving the competitive edge of the products by continuous improvements in existing products and processes, development of new assimilation of newer technologies.
2. The company has not imported any technology during the last five years.

E. FOREIGN EXCHANGE EARNING AND OUTGOINGS:

During the year total Foreign Exchange Earning from exports was Rs. 4.70 Lacs and Foreign Exchange Outgo was Rs. 56.09 Lacs.

On behalf of the Board of directors
of **FEDDERS LLOYD CORPORATION LTD.**

Sd/-
(BRIJ RAJ PUNJ)
CHAIRMAN



Fedders Lloyd Corporation Limited

AUDITORS' REPORT

The Shareholders

Fedders Lloyd Corporation Limited

We have audited the attached Balance Sheet of M/s Fedders Lloyd Corporation Limited as at 30th June, 2001 and the Profit & Loss Account of the Company for the Year ended on that date annexed thereto and report that.

- I) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) 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.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books;
 - c) The Balance Sheet and the Profit & Loss Account dealt by this report are in agreement with the books of account;
 - d) In our opinion the Profit & Loss Account and Balance Sheet comply with the Accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956 to the extent applicable.

We further report that :

The company has no approved scheme for payment of Gratuity to the staff. It is accounted as and when paid.

No liability is provided for Gratuity and leave encashment.

- e) On the basis of our review of the confirmations received from the company in which the Directors of the Company are Directors and the information & explanations given to us, none of the Directors of the Company are, Prima facie, as at 30th June, 2001 disqualified from being appointed as Directors of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Subject to the clause 17 of the schedule 'N' Notes on account relating to treatment of the cost incurred in respect of dismantling, shifting and re-erection of the Kalkaji Unit of the company under the orders of the Hon'ble Supreme Court of India, as capital work in progress and deferred revenue expenditure, as a result, the Net Profit for the year and the assets of the company are overstated by Rs. 4,63,19,150/-, in our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2001; and
 - (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

for Suresh C. Mathur & Co.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 28.11.2001

Sd/-
(Brijesh C. Mathur)
Partner