

# **47TH ANNUAL REPORT 2002-2003**

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**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. K. LALL DIRECTOR  
 MR. P.N. SWAMINATHAN DIRECTOR (NOMINEE-IFCI LTD.)

**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  
 PHONE : 0120 2563031-33  
 FAX : 0120-2562632

**CORPORATE OFFICE**

PUNJ HOUSE, M - 13A,  
 CONNAUGHT PLACE,  
 NEW DELHI - 110 001  
 PHONE : 23418091/2/4/5  
 FAX : 23416107

**WORKS**

1. C-4, PHASE -II, NOIDA,  
 DISTT. GAUTAM BUDH NAGAR,  
 U.P. 201305
2. SAKETI ROAD, INDUSTRIAL AREA,  
 KALA AMB, TEHSIL NAHAN,  
 DISTT. SIRMOR, HIMACHAL PRADESH

**STOCK EXCHANGES**

THE DELHI STOCK EXCHANGE ASSOCIATION LTD.  
 DSE HOUSE, 3/1, ASAF ALI ROAD,  
 NEW DELHI - 110 002  
 THE STOCK EXCHANGE, MUMBAI  
 PHIROZE JEEJEEBHOY TOWERS, DALAL STREET,  
 MUMBAI - 400 001  
 UTTAR PRADESH STOCK EXCHANGE  
 ASSOCIATION LTD. (REGIONAL)  
 PADAM TOWER, 14/113, CIVIL LINES  
 KANPUR - 208001

**REGISTRAR AND TRANSFER AGENTS**

SKYLINE FINANCIAL SERVICES PVT.LTD.  
 123B,VINOBA PURI,  
 LAJPAT NAGAR-II, NEW DELHI.  
 PHONE : 26833777, 26847136

**COMPANY SECRETARY**

Ms. NAINA VAISH

**CONTENTS**

**PAGE NO.**

Directors Report	2
Corporate Governance Report	5
Auditors Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules and Accounts	18
Balance Sheet Abstract	29
Cash Flow Statement	30

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Forty Seventh Annual Report of your Company alongwith the Audited Accounts for the year ended 30th June, 2003.

**FINANCIAL RESULTS**

[Rupees in Lacs]

	Current Year 2002-2003	Previous Year 2001-2002
Turnover	17843.26	15563.71
Gross profit before depreciation	499.85	854.55
Less Depreciation	191.82	205.32
Provision for taxation incl. deferred tax	10.38	37.50
Profit after tax	297.65	227.18
Balance brought forward from the previous year	1391.14	1163.96
Profit available for appropriation	1699.17	1428.64
Transferred to General Reserve	30.00	-
Balance Carried forward to Balance Sheet	1658.79	1391.14

**DIVIDEND**

Keeping in view the increased working capital requirements for various projects of the Company, your directors are constrained not to recommend any dividend for the year under report.

**PERFORMANCE**

The year 2002-2003 showed a moderate improvement in the Indian economy. Even though the markets for the company's products did grow, but the competitive pressures remained very strong. To counter this pressure there was an effective internal drive to control costs and expenses. The outcome was that the total income showed a growth of 14.64%. The company achieved a turnover of Rs. 17843.26 Lacs for the financial year ending 30 June, 2003 against last years' turnover of Rs. 15563.71 lacs.

**FIXED DEPOSITS**

Your Company has not accepted any fixed deposits 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, Shri T.V.P. Punj, Director of the Company, is liable to retire by rotation and being eligible offer himself for re-appointment. Shri Bharat Raj Punj & Shri Pavanjit Singh, Directors of the Company, resigned from the directorship w.e.f. 16.09.03 and Shri Sandeep Sethi, Director of the Company, resigned from the directorship w.e.f. 01.05.03.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors hereby state as under:

- (i) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (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 the 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 certificates as required under section 224(1B) of the Companies Act, 1956.

With regard to the Auditors' Qualification in respect of provision for the value of Unutilized Leave and Gratuity (Point No. 3(d) of the Auditor's Report), the company is in the process of making the necessary provision on accrual basis as per actuarial valuation.

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.

**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 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. 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**

The securities of the company are listed on Delhi Stock Exchange Association Ltd., Stock Exchange, Mumbai, Uttar Pradesh Stock Exchange Association Ltd. (Regional). The Board of Directors in its meeting held on 07.01.04 has decided to delist the shares of the Company from Uttar Pradesh Stock Exchange Association Ltd. and Delhi Stock Exchange Association Ltd., subject to shareholders approval in the Annual General Meeting.

**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 IFCI Ltd., 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 co-operation, 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  
**FOR FEDDERS LLOYD CORPORATION LIMITED**

Sd/-

**BRIJ RAJ PUNJ****CHAIRMAN CUM MANAGING DIRECTOR**

www.reportjunction.com

Place : New Delhi

Date : 07.01.2004

**ANNEXURE TO THE DIRECTOR'S REPORT****ANNEXURE 1**

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the year ended 30<sup>th</sup> June, 2003:

**A. CONSERVATION OF ENERGY:**

Fedders Lloyd has continuously been upgrading its technology in line with national objective to conserve energy. Additional investments will continue to be made by the Company in future also to meet these objectives.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

Your Company has developed air - conditioner products in many 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 & 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.

Thus technology absorption and adaptation has been an ongoing process at your Company.

**EXPENDITURE INCURRED FOR REASERCH AND DEVELOPMENT**

Capital Expenditure	:	NIL
Revenue expenditure	:	Charged out as expenses through the respective heads of accounts.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

Foreign Exchange earned	:	NIL
Foreign Exchange Outgo	:	23.32 Lacs

**ANNEXURE 2****I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company fully appreciates the object and need to implement the Corporate Governance Code in its real sense as far as possible to the members of the Company. The Board of Directors have taken necessary steps in this direction in line with the provisions of the Listing Agreement entered into with the Stock Exchanges.

As you are already aware an Audit Committee of the Board is in position and meets periodically as and when required and supervises and provides guidance on the matters relating to audit and internal control systems in the Company.

A Shareholder's Grievance Committee of the Board is also functioning and ensures providing good services to the Company's Shareholders and redress their complaints / grievances promptly and expeditiously.

The Board of Directors of the Company comprises of an optimum combination of Executive and Non - Executive Directors.

**I. BOARD OF DIRECTORS****1) Composition:**

The Board of Directors of the Company consists of Executive and Non-executive Directors. As on 30.06.2003 more than 50% of the board consisted of Non-executive & Independent Directors. One Director was nominee of Financial Institution namely, IFCL. Chairman is an Executive Director. Composition of the Board of Directors of the Company as on 30th June, 2003 was as under:-

Name	Status	No. of other Directorship and Committee Memberships / Chairmanships		
		Other Directorship	Committee membership	Committee Chairmanship
Shri Brij Raj Punj	Chairman cum Managing Director	18	4	2
Shri Bharat Raj Punj*	Non-Executive	11	-	-
Shri. T.V.P. Punj	Non Executive	2	-	-
Shri Pavanjit Singh#	Non-executive & Independent	3	-	-
Shri K. Lall	Non-executive & Independent	3	7	6
Shri Sandeep Sethi **	Non-executive & Independent	1	6	-
Shri S.S. Kumar	Non-executive & Independent	4	2	-
Shri P. N. Swaminathan	Non-executive & Independent (Nominee - IFCL)	2	-	-

\* Shri Bharat Raj Punj resigned from the Board w.e.f. 16.09.03

# Shri Pavanjit Singh resigned from the Board w.e.f. 16.09.2003

\*\* Shri Sandeep Sethi resigned from the Board w.e.f. 01.05.2003

**2) ATTENDANCE OF DIRECTORS AT BOARD / SHAREHOLDERS' MEETING(S)**

Five meetings were held during the financial year 2002-03. These meetings were held on

- 29th July, 2002
- 30th September, 2002
- 30th October, 2002
- 31st January, 2003
- 29th April, 2003.

The attendance of all the directors at the board meetings and the last AGM between 01.07.2002 to 30.06.2003 is as under:

Name	Category of Directorship	No of Board meetings attended	Attended last AGM	%of total meeting attended during tenure as director
Shri Brij Raj Punj	Chairman cum Managing Director	5	Yes	100
Shri Bharat Raj Punj	Non-Executive	Nil	No	Nil
Shri. T.V.P. Punj	Non Executive	Nil	No	Nil
Shri Pavanjit Singh	Non-executive & independent	Nil	No	Nil
Shri K. Lall	Non-executive & Independent	5	Yes	100
Shri Sandeep Sethi	Non-executive & Independent	1	No	20
Shri S.S. Kumar	Non-executive & Independent	4	No	80
Shri P. N. Swaminathan	Non-executive & Independent (Nominee - IFCI Ltd.)	2	No	40

**3) DIRECTORS' REMUNERATION**

The details of remuneration paid to the Directors during the year from 01.07.2002 to 30.06.2003 are as under:

Name	Gross Remuneration (Rs.)	Sitting fees(Rs.) (Rs.)	Total
Shri Brij Raj Punj	7,22,500	-	7,22,500
Shri Bharat Raj Punj	-	-	-
Shri. T.V.P. Punj	-	-	-
Shri Pavanjit Singh	-	-	-
Shri K. Lall	-	10,000	10,000
Shri Sandeep Sethi	-	2,000	2,000
Shri. S.S. Kumar	-	8,000	8,000
Shri P. N. Swaminathan	-	4,000	4,000

\* Gross remuneration includes salary, bonus and perquisites.

**II. AUDIT COMMITTEE****A. Terms of Reference**

- i) To investigate any activity within the company.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

It may be clarified that the role of Audit Committee includes matters specified under Clause 49II (D) of the Listing Agreement entered into between the company and the Stock Exchanges, on which the company's shares are listed

**B. Composition, name of members and Chairperson.**

As on 30th June, 2003, the Audit Committee comprised of 3 Directors -

1. Shri K. Lall, Independent Director and Chairman of the Committee
2. Shri S.S. Kumar, Independent Director
3. Shri T.V.P. Punj, Non-executive.

**C. Meetings and Attendance during the year**

Four meetings were held during the year 2002-03. The attendance of each Member of the Committee is as under:

Name	No. of meeting(s) Attended during tenure as director	%of total meetings attended
Shri K. Lall	5	100
Shri S.S. Kumar	3	60
Shri T.V.P. Punj	2	40

**III. REMUNERATION COMMITTEE**

The Board of the Company has constituted a remuneration committee.

**a) Terms of Reference:**

The Remuneration Committee recommends remuneration, promotions, increments etc for the Executive Directors.

**b) Composition, names of members and Chairperson :**

The Committee comprised of three Directors, all being Non-executive & Independent Directors as detailed: -

Name	Category
Shri K. Lall	Independent, Non-executive
Shri S.S. Kumar	Independent, Non-executive
Shri Sandeep Sethi	Independent, Non-executive

**c) Attendance during the year:**

One meeting was held during the year 2002-03. The attendance of each Member of the Committee is as under:

Name	No. of meeting(s) Attended	%of total meetings attended during tenure as director
Shri K. Lall	1	100
Shri Sandeep Sethi	1	100
Shri.S.S. Kumar	1	100



**IV. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE**

The Share Transfer cum - Investors' Grievance Committee consists of three members namely Shri K. Lall, Shri S.S. Kumar & Shri Brij Raj Punj, Directors of the Company. Committee met fortnightly. In addition to the Share transfer, Committee looks into redressing of shareholders complaints like delay in transfer of shares, non-receipt of dividends, non-receipt of balance Sheet etc.

**V. SUB-COMMITTEE OF DIRECTORS**

The Company has a Sub-committee of Directors of Board for taking of some decision of routine nature. Committee of Board of Directors consists of three directors namely Shri Brij Raj Punj - Chairman cum Managing Director, Shri S.S. Kumar and Shri K. Lall. Matters, which are of urgent and routine nature, are referred to the Committee.

**VI. DISCLOSURES****1. MANDATORY DISCLOSURE**

**(A) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

**(B) Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the past three years.**

None

**2. DETAILS OF LAST THREE ANNUAL GENERAL MEETING**

Year	Venue	Date	Time	No. of Special Resolution
2002	Regd. Office at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305	28th February, 2003	9:00 A.M	Nil
2001	Regd. Office at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305	28th December, 2001	9:00 A.M	Nil
2000	Regd. Office at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305.	30th December, 2000	9:00 A.M	1

No postal ballot were used / invited for voting at these meetings in respect of Special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company shall comply with the relevant guidelines relating to postal ballot, as and when applicable and considered expedient.

**3. MEANS OF COMMUNICATION**

Half yearly report sent to each household of shareholders	No. Company is publishing the results in One National & Regional newspapers.
Quarterly results are normally published in	One National & one Regional Newspapers.
Any web-site, where displayed	Results are up loaded on <a href="http://www.sebiedifar.nic.in">www.sebiedifar.nic.in</a> and results are sent to all the Stock Exchange where the shares of the Company are listed, for up loading on their website.
Whether it also displays official news releases and the presentations made to Institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis report is a part of Annual Report or Not	Yes
Whether Shareholder Information Section forms part of the Annual Report.	Yes

**VII. SHAREHOLDER INFORMATION****1. Annual General Meeting**

Date	14th February, 2004
Time	9:00 A. M.
Venue	Regd. Office at C-4, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P.-201305.

**2. Financial Calendar (Provisional)**

Financial Reporting for the quarter ending September 30, 2003	End of October, 2003
Financial Reporting for the quarter ending December 31, 2003	End of January, 2004
Financial Reporting for the quarter ending March 31, 2004	End of April, 2004
Financial Reporting for the quarter ending June 30, 2004	End of July, 2004
Financial Reporting for the year ending June 30, 2004	November, 2004
Annual General meeting for the year	December, 2004

**3. Dates of Book Closure**

From Thursday, the 12th February, 2004 to Saturday, the 14th February, 2004 (both days inclusive).

**4. The name of Stock Exchanges in which the Equity Shares of the Company are listed**

The Uttar Pradesh Stock Exchange Association Ltd. (Regional), The Stock Exchange, Mumbai and Delhi Stock Exchange Association Ltd.

**5. Stock Code**

Name of Stock Exchange	Code
The Stock Exchange, Mumbai	500139

**6. Market Price Data**

**Monthly high & Low of the equity shares of the Company for the year ending June, 2003.**

Month	BSE	
	High	Low
July, 2002	9.60	3.70
August, 2002	4.70	3.25
September, 2002	3.95	2.65
October, 2002	3.45	2.50
November, 2002	4.00	2.65
December, 2002	5.50	3.55
January, 2003	6.35	3.55
February, 2003	4.35	3.00
March, 2003	3.65	2.50
April, 2003	4.00	2.85
May, 2003	5.70	3.45
June, 2003	5.30	4.31