

FEDDERS LLOYD

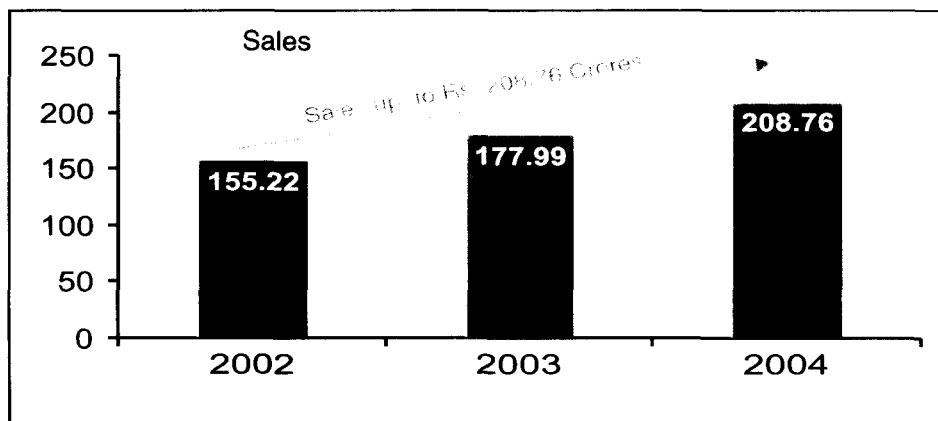
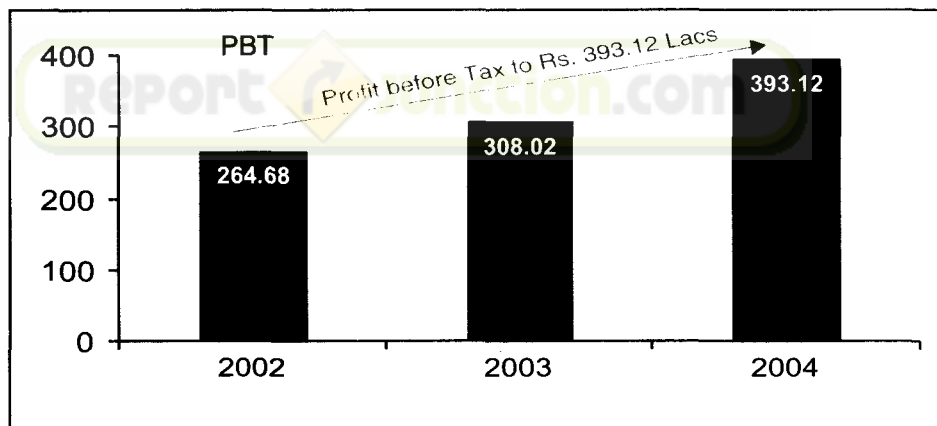
Fedders Lloyd Corporation Limited

Annual Report 2003-2004

Certified to be True Copy
for FEDDERS LLOYD CORPN. LTD


Director

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**MR. S. P. PUNJ****CHAIRMAN (EMERITUS)****WORKS****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. SANJAY BEHARI

DIRECTOR
(NOMINEE - IFCI LTD.)

1. C - 4, PHASE - II, NOIDA
DISTT. GAUTAM BUDH NAGAR, U.P. 201 305
2. SAKETI ROAD, INDUSTRIAL AREA,
KALA AMB, TEHSIL NAHAN,
DISTT. SIRMOR, HIMACHAL PRADESH

AUDITORS

M/S. SURESH C. MATHUR & CO.
64, REGAL BUILDING
CONNAUGHT PLACE,
NEW DELHI

STOCK EXCHANGES

THE DELHI STOCK EXCHANGE ASSN. LTD.
DSE HOUSE, 3/1, ASAF ALI ROAD,
NEW DELHI - 110 002

THE STOCK EXCHANGE, MUMBAI
PHIROZE JEEJEEBHOY TOWERS,
DALAL STREET, MUMBAI - 400 001

BANKERS

STATE BANK OF INDIA
STATE BANK OF PATIALA
STATE BANK OF HYDERABAD

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGD. OFFICE

C - 4, PHASE - II, NOIDA
DISTT. GAUTAM BUDH NAGAR, U.P. 201 305
PHONE : 0120-2563031-33
FAX: 0120-2562632

COMPANY SECRETARY

MS. SWATI GARG

CORPORATE OFFICE

M-13A, PUNJ HOUSE,
CONNAUGHT PLACE,
NEW DELHI - 110 001
PHONE : 23418091/2/4/5/9
FAX : 23416107



NOTICE

NOTICE IS HEREBY GIVEN THAT FORTY EIGHTH ANNUAL GENERAL MEETING OF FEDDERS LLOYD CORPORATION LIMITED WILL BE HELD ON THURSDAY, THE 30TH DAY OF DECEMBER 2004 AT 9.00 A.M. 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, 2004 and the Profit and Loss Account for the year ended on that date and 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. 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 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."

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

Place : New Delhi
Date 29.11.2004

Report Junction.com

Sd/-
(Swati Garg)
Company Secretary

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. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th December 2004 to 30th December 2004 (both days inclusive).
3. Members are requested to promptly notify any change in their addresses to the Company's Regd. office at C - 4, Phase - II, Noida, Distt. Gautam Budh Nagar, U.P. - 201305.
4. 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.
5. 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.
6. 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.
7. All the documents as mentioned in the notice are available for inspection at the Registered office of the Company during working hours.



DIRECTORS' REPORT

Dear Share holders,

Your directors have pleasure in presenting the Forty Eighth Annual Report of your Company alongwith the Audited Accounts for the year ended 30th June 2004.

FINANCIAL RESULTS

	RUPEES IN LACS	
	Current Year 2003-2004	Previous Year 2002-2003
Turnover	20919.77	17843.26
Gross profit before depreciation	607.60	499.85
Less Depreciation	214.47	191.82
Provision for taxation including deferred tax	51.67	10.38
Profit after tax	341.46	297.65
Balance brought forward from the previous year	1658.79	1391.14
Profit available for appropriation	2051.92	1699.17
Transferred to General Reserve	1940.00	30.00
Balance Carried forward to Balance Sheet	60.25	1658.79

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 review .

PERFORMANCE

The year under review reported an increase in the Sales and the Net Profit figures. Sales and other income for the financial year ending 30th June 2004 aggregated to Rs. 20919.77 Lacs against the last years figure Rs. 17843.26 Lacs. Net profit after tax for the year under review is Rs. 341.46 Lacs against the last year figure of Rs. 297.65 Lacs.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits as per section 58A 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, Shri S.S. Kumar, Director of the Company is liable to retire by rotation and being eligible, offer himself for reappointment.

Shri P.N. Swaminathan, the erstwhile Nominee Director of the Company has been replaced by Shri Sanjay Behari by IFCL Ltd. w.e.f. 30.10.2004.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby states as under:

- (i) that in 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 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.

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

A report on Corporate Governance along with a Certificate from the Statutory Auditors has been included in the Annual Report detailing the compliances of Corporate Governance norms as enumerated in clause 49 of the Listing Agreement with the Stock Exchanges.

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 (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 and The Stock Exchange, Mumbai. In accordance with the resolution passed by the Shareholders in the forty seventh Annual General Meeting held on 14th February, 2004, applications were made to the Regional Stock Exchanges at Uttar Pradesh and Delhi, seeking delisting of the equity shares of the Company from the said exchanges. In response to this application, the shares of the company have been voluntarily delisted from U.P. Stock Exchange (Regional) w.e.f. 21.09.2004. However, the company is in the process of getting its shares delisted from Delhi Stock Exchange as well.

HUMAN RESOURCES/ INDUSTRIAL RELATION

The Company recognizes that a large part of its success is attributed to the excellent human resource base created over the years. It continued to maintain harmonious and cordial relations with its employees in all its divisions, which is reflected in the quality of Company's business strategy, customer relationships, manufacturing systems, strong project management and commercial skills, financial health and product development capabilities.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation and gratitude for the overwhelming co-operation and assistance received by the Industrial Finance Corporation of India (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 and support given to the company by the valued customers, distributors, investors, business associates, vendors, regulatory and governmental authorities. Your Directors also thank the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the company to achieve rapid growth.

On behalf of the Board of Directors
For **FEDDERS LLOYD CORPORATION LIMITED**

Place : New Delhi
Date : 29.11.2004

Sd/-
BRIJ RAJ PUNJ
CHAIRMAN - CUM - MANAGING DIRECTOR

**ANNEXURES TO THE DIRECTOR'S REPORT****ANNEXURE - I**

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 forms part of this report for the year ended 30th June, 2004.

A. CONSERVATION OF ENERGY:

Your Company has been continuously monitoring the measures for conservation of energy at all levels of production. The Company keeps incurring cost for upgrading its technology for conservation of energy and hopes to maintain the trend in the future also.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company has a strong R&D base and the R&D division of the Company plays a major role in your Company. The R&D division works on the following objectives:

1. Developing and producing eco-friendly air-conditioners.
2. Improve the quality of production.
3. Diversify the product range.
4. Measures to reduce the cost.

C. EXPENDITURE INCURRED FOR RESEARCH AND DEVELOPMENT.

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

D. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange earned	:	Rs. 7844311.00
Foreign Exchange outgo	:	Rs. 13939574.00

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FEDDERS LLOYD CORPN. LTD

Director



ANNEXTURE - 2

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to adhere to the code of Corporate Governance as it means adoption of best business practices aimed at growth of the company coupled with bringing benefits to investors, customers, creditors, employees and the society at large.

The Company believes in maintaining highest standards of Corporate Governance. The principle underlying the Corporate Governance practices is to ensure transparency in all its operations, decision-making process and to ensure that the Company follows globally recognized Corporate Governance practices and adheres to strict ethical standards at all levels of organisation.

I. BOARD OF DIRECTORS

A. Composition

The Board of Directors of the Company consists of Executive and Non-Executive Directors. As on 30.06.2004 more than 50% of the board consisted of Non-Executive and Independent Directors. One Director was nominee of Financial Institution namely, IFCI Ltd. Chairman is an Executive Director. Composition of the Board of Directors of the Company as on 30th June 2004 was as under:-

Name	Status	No. of other Directorship and Committee Memberships / Chairmanships		
		Other Directorship	Committee Membership	Committee Chairmanship
Shri Brij Raj Punj	Executive & Chairman-cum- -Managing Director	16	4	2
Shri S. S. Kumar	Non-Executive & Independent	3	4	-
Shri T. V. P. Punj	Non-Executive & Independent	2	2	-
Shri K. Lall	Non-Executive & Independent	2	8	6
Shri P. N. Swaminathan *	Non-Executive & Independent (Nominee-IFCI Ltd.)	1	-	-

* Shri P.N. Swaminathan has been replaced by Shri Sanjay Behari by the IFCI Ltd. w.e.f. 30.10.2004.

B. Directors' Attendance At Board / Shareholders' Meeting(s)

Five meetings of Board of Directors were held during the financial year 2003-04. These meetings were held on 30th July 2003, 29th October 2003, 7th January 2004, 31st January 2004 and 30th April 2004. The attendance of all the directors at the board meetings and the last AGM between 01.07.2003 to 30.06.2004 was as under:

Name	No. of Board meetings attended	Attended last AGM
Shri Brij Raj Punj	5	Yes
Shri S. S. Kumar	3	No
Shri T. V. P. Punj	3	No
Shri K. Lall	5	Yes
Shri P. N. Swaminathan	4	No

C. Number of Board Meetings held and the Dates of Board Meetings

Five meetings were held during the financial year 2003-2004. These meetings were held on;

- 30th July, 2003



- 29th October, 2003
- 7th January, 2004
- 31st January, 2004
- 30th April, 2004

D. Directors' Remuneration

The details of remuneration paid to the Directors during the year from 01.07.2003 to 30.06.2004 are as under:

Name	Gross Remuneration* (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Shri Brij Raj Punj	7,22,500	-	7,22,500
Shri S. S. Kumar	-	6,000	6,000
Shri T. V. P. Punj	-	6,000	6,000
Shri K. Lall	-	10,000	10,000
Shri P. N. Swaminathan**	-	8,000	8,000

* Gross remuneration includes salary, bonus and perquisites.

** Paid to IFCI Ltd.

II AUDIT COMMITTEE

A. Composition, Names of Members and Chairperson

The Audit committee consisted of the following Directors upto the year ended 30th June 2004;

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

B. Terms of Reference

1. Overseeing the company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing with management the quarterly and annual financial statements before submission to the Board, focusing primarily on;
 - a. Any changes in accounting policies and practices.
 - b. Qualifications in draft audit report.
 - c. Compliance with accounting standards.
 - d. Compliance with stock exchanges and legal requirements concerning financial statements.
3. Reviewing with the management, external and internal auditors, the systems and procedures of internal control.

C. Meetings and Attendance during the year

Five meetings were held during the year. The attendance of the Audit Committee Members is as under:

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



III. REMUNERATION COMMITTEE

A. Composition, Names of Members and Chairperson:

The Remuneration Committee comprises of three Directors, all being Non-Executive and Independent Directors as detailed:-

Name	Category
Shri K. Lall	Independent, Non-Executive
Shri S. S. Kumar	Independent, Non-Executive
Shri T.V.P. Punj	Independent, Non-Executive

B. Terms of Reference

The company's Remuneration Committee has been constituted to decide about the remuneration package, increments etc of all the Executive Directors of the company.

C. Attendance during the year

One meeting of the Remuneration Committee was held during the year 2003-04. The attendance of the members 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 S.S. Kumar	1	100
Shri T.V.P. Punj	1	100

IV. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a "Share Transfer cum - Investors' Grievance Committee". The Committee consists of three members namely Shri K. Lall, Shri S.S. Kumar and Shri Brij Raj Punj, Directors of the Company. Committee met fortnightly. In addition to the Share transfer, Committee looks into redressal of shareholders' and investors' complaints like delay in transfer of shares, non-receipt of Annual Reports, non-receipt of dividends and allied matters.

V. SUB-COMMITTEE OF DIRECTORS

The Company has a Sub-committee of Directors of Board for taking some decisions 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 that are of urgent and routine nature are referred to the Committee.

VI. DISCLOSURES

1. Mandatory Disclosure

- a) Disclosures 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 by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

2. Details of Last Three Annual General Meetings

Year	Venue	Date	Time	No. of Special Resolution
2003	Regd. Office at C - 4, Phase - II, Noida, Distt. Gautam Budh Nagar, U.P. - 201305	14th February, 2004	9:00 A.M	1
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	9:00A.M.	NIL