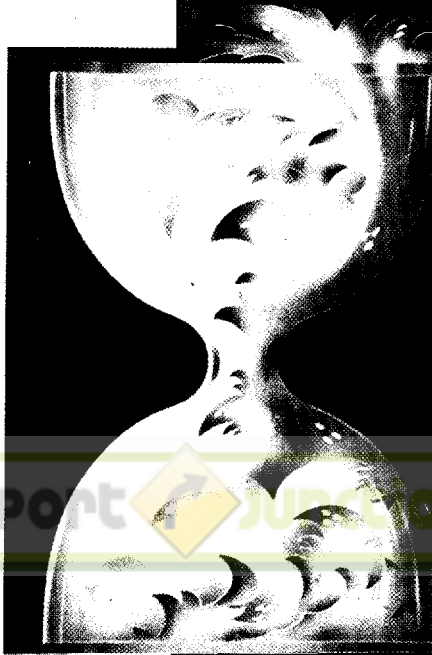


49th Annual Report 2004 - 2005

WAVES OF
INNOVATION...

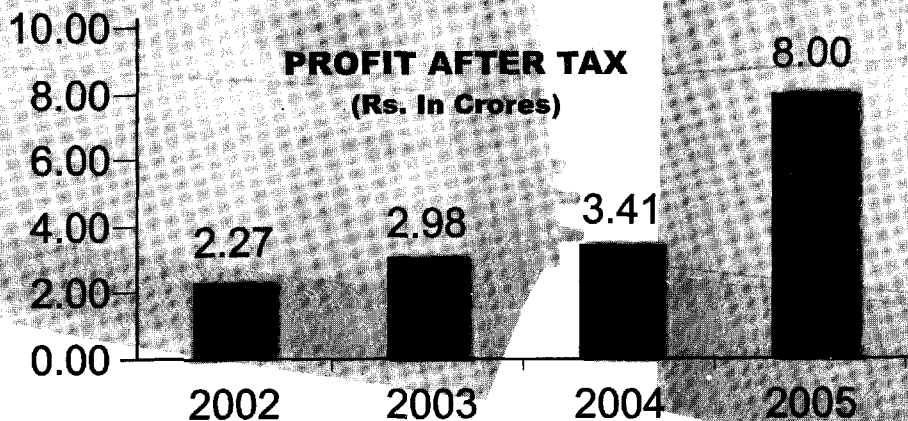
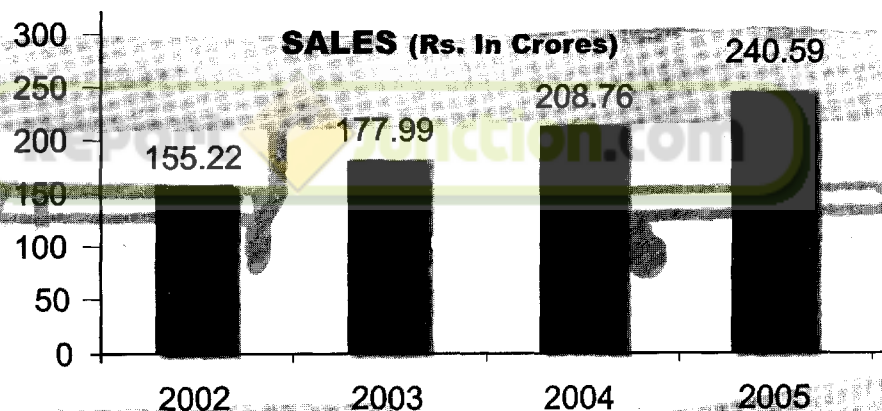


... CHALLENGING
THE TIDES OF TIME

FEDDERS LLOYD

Corporation Limited

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FEDDERS LLOYD

Fedders Lloyd Corporation Limited

S.P. Punj
Chairman (Emeritus)

BOARD OF DIRECTORS

Brij Raj Punj
Chairman-cum-Managing Director

S.S.Kumar
Director

T.V.P.Punj
Director

K.Lall
Director

Sanjay Behari
Director

OFFICES

Registered Office

C-4, Phase – II, Noida
Distt. Gautam Budh Nagar,
U.P. 201 305

Corporate Office

M-13A, Punj House,
Connaught Place
New Delhi - 110 001

BANKERS

State Bank of India
State Bank of Patiala
State Bank of Hyderabad

COMPANY WEBSITE

www.fedderslloyd.com

WORKS

C-4, Phase –II,
Noida,
Distt. Gautam Budh Nagar,
U.P. 201 305

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

COMPANY SECRETARY

Rachna Gupta

FEDDERS LLOYD**Fedders Lloyd Corporation Limited****NOTICE**

Notice is hereby given that 49th Annual General Meeting of **FEDDERS LLOYD CORPORATION LIMITED** will be held on Friday, the 30th day of December 2005 at 9.00 A.M. at C – 4, Phase – II, Noida, Distt. Gautam Budh Nagar, U.P.- 201305 for transacting the following business(s) :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2005 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 K.Lall, 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.**

Sd/-
(**RACHNA GUPTA**)
COMPANY SECRETARY

Place: New Delhi
Date: 30.11.2005

Report  Junction.com

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, complete 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 Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 28th day of December 2005 to Friday, the 30th day of December 2005 (both days inclusive).
3. Members are requested to promptly notify any change in their addresses to the Company at M-13A, Punj House, Connaught Place, New Delhi or to the Company's Registrar and Share Transfer Agent at SkyLine Financial Services Limited, 123, Vinoba Puri, Lajpat Nagar – II, New Delhi.
4. Members are requested to send queries, if any, on the accounts so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have the relevant information ready.
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. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID Numbers for easier identification of attendance at the Annual General Meeting.
8. All the documents as mentioned in the notice are available for inspection at the Registered office of the Company during working hours.
9. **THE COMPANY INTENDS TO ALTER ITS OBJECT CLAUSE, FOR THIS APPROVAL OF SHAREHOLDERS THROUGH POSTAL BALLOT IS REQUIRED TO BE OBTAINED. NOTICE OF THE POSTAL BALLOT DATED 30TH NOVEMBER, 2005, ALONGWITH EXPLANATORY STATEMENT THERETO, POSTAL BALLOT FORM WITH SELF ADDRESSED ENVELOPE FOR REPLY IS BEING DESPATCHED TO THE MEMBERS OF THE COMPANY ALONGWITH THIS ANNUAL REPORT.**

FEDDERS LLOYD**Fedders Lloyd Corporation Limited****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 49th Annual Report of your Company alongwith the Audited Accounts for the year ended 30th June 2005.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Current year 2004-05	Previous Year 2003-04
Turnover	24071.99	20919.77
Gross profit before depreciation	1074.75	607.60
Less: Depreciation	192.04	214.47
Provision for taxation including deferred tax	82.00	51.67
Profit after tax	800.71	341.46
Balance brought forward from the previous year	60.25	1658.79
Profit available for appropriation	942.96	2051.92
Transferred to General Reserve	800.00	1940.00
Balance Carried forward to Balance Sheet	60.31	60.25

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

During the year under review performance of the Company has improved. Sales and other income for the financial year ending 30th June 2005 increased to Rs. 24071.99 Lacs as against Rs. 20919.77 Lacs during last year. Net profit after tax for the year under report is Rs. 800.71 Lacs against the last year figure of Rs. 341.46 Lacs.

FIXED DEPOSITS

During the year under review the Company has not accepted any fixed deposits from public under section 58A or 58AA 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, Mr. K.Lall, Director of the Company is liable to retire by rotation and being eligible, offer himself for reappointment.

Mr. Lall is a Fellow Member of the Institute of Company Secretaries of India and of the Institute of Cost and Works Accountants of India. Mr. Lall posses over thirty five years of experience in working with large industrial houses and has wide experience in financial management and planning, institutional finance for new projects, modernisation of existing plants, working capital management, legal and commercial laws.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act 1956, the directors hereby confirm that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed.
- 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.
- 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.


FEDDERS LLOYD
Fedders Lloyd Corporation Limited

(iv) 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

The Company has been pro-active in following the principles and practices of Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges are complied with.

Auditors' Certificate on compliance of the conditions of Corporate Governance is enclosed as annexure and forms part of the Corporate Governance Report.

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 as Annexure-I to Directors' Report.

PARTICULARS OF EMPLOYEES

The statement showing the particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended to date, is given as Annexure-II to Directors' Report.

LISTING OF SECURITIES

During the year under review, the Company got its Equity Shares delisted from the Delhi Stock Exchange Association Limited w.e.f. 20th January 2005.

Further, in order to provide better liquidity to the shareholders of the Company, the equity shares of the Company have been listed on National Stock Exchange Limited w.e.f. 15th September 2005. Accordingly the Company's Equity Shares are now listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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 continues 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 & 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 a rapid growth.

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

BRIJ RAJ PUNJ
CHAIRMAN - CUM - MANAGING DIRECTOR

Place: New Delhi
Date: 30.11.2005


FEDDERS LLOYD
Fedders Lloyd Corporation Limited**ANNEXURE TO THE DIRECTORS' 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, 2005.

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. 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 : Nil

Foreign Exchange outgo : Rs. 15,245,509.00

ANNEXURE-II

Statement showing the particulars of employees pursuant to the provision of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 for the financial year ended 30th June, 2005 :

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.

Sl. No.	Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience	Date of Employment	Last Employment
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.

Sl. No.	Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience	Date of Employment	Last Employment
1	Mr. R. Thanumurthy	55	Chief Executive Officer	2,511,843.00	B.E. (Hons) in Mechanical Engineering, Diploma in Business Administration	32 years	01.07.2004	New Holland Tractors (India) Ltd

- Note : 1. Mr. R. Thanumurthy was not related to any Directors of the Company and did not hold any shares of the Company.
2. Remuneration received includes salary, allowances and all taxable perquisites.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview:

Fedders Lloyd Corporation Limited (FLCL) is a well established name in the air-conditioning industry. An emphasis on high quality products and services has helped the Company to emerge as one of the leading names in the air-conditioning sector. The Company has been following ethical business practices in all areas of its operations. These practices are standard practices in its true spirit. The Company also endeavours to improve upon these business practices on ongoing basis in the years to come.

FLCL primarily aims at aggressive growth by implementing strategic planning and procedures at all levels of operations and thereby focusing on increasing earning potential.

Outlook:

The Company aims at focusing on growth by utilizing both its human as well as physical resources efficiently. FLCL believes that with sound financial practices, its human resource base and manufacturing facilities, the performance of the Company shall be remarkable in the years to come.

Risks and concerns:

Macro-economic factors like slowdown, unforeseen political and social upheavals, natural calamities may effect FLCL as other companies in the Indian Industry.

Other risks and uncertainties include but not limited to changes in government policies, such as liberalization of economy, changes in fiscal policies, multilateral and bilateral trade agreements, rise in the cost of raw materials and risk inherent in the business due to cyclic nature of the business.

Internal Control Systems and their Adequacy:

In order to maintain healthy business operations, every company needs to be supported by well-formulated internal control systems and processes. The company has from the beginning taken care that all the internal control systems are well in place and has paid considerable attention for placing the internal control systems with definite roles and responsibilities at all levels of operations. The operations of the Company are regulated and supported by efficient Management Information System.

FLCL has an Audit Committee consisting of three Non Executive Directors. The Audit Committee is independent and empowered by the Board with the authority to investigate into any matter relating to the internal control system and to review the scope of internal Audit.

Financial Performance:

The Company generated revenue of Rs. 24071.99 Lacs in the financial year 2004-05 representing an increase of Rs. 3152.22 Lacs over the previous year thereby raising the net profit of the current year to Rs. 800.71 Lacs.

Share Capital:

The Share Capital of the Company comprises of only one class of shares, i.e. Equity. The paid up capital of the Company as on 30th June, 2005 is Rs. 207.69 Lacs consisting of 20769700 Equity shares of Rs.10/- each.

Industrial Relation:

The present position of the Company is largely due to the dedication and commitment of its people. Productive and high performing employees are the company's most valuable assets. The company appreciates the contribution and commitment of the employees for their continued support and performance. The company continues to maintain cordial relations with the workers. The company continued to place emphasis on enhancing the skills and capabilities of the employees. The Company's focus is not only to impart adequate training but also to provide the right environment to maximize productivity and growth potential.

Cautionary Statement:

The Company's future outlook and expectations detailed in Management Discussion & Analysis Report are "forward-looking statements" within the meaning of applicable securities laws and regulations. These statements describe our objectives, plans and goals and are subject to certain risks and uncertainties, which are already mentioned in the report itself. Actual results could therefore, differ materially from those expressed or implied.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance is an integral part of FLCL, in its pursuit of excellence, growth and value creation with a clear focus on its employees, consumers, shareholders and the community at large. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' value and return on investment by adopting the principles of transparency, accountability and adherence of committed value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within predefined time frame without compromising with the ethical standards, set paradigms, transparency in transactions and fixing of accountability.

i. BOARD OF DIRECTORS

A. Composition of Board of Directors and Directors attendance record

The Board of Directors of the Company has an optimum composition of Executive and Non Executive Directors. The Board of Directors consists of five directors out of which four are non executive directors. Out of four non executive directors, three are independent directors including one Nominee Director of IFCI.

Mr. Brij Raj Punj, Chairman-cum-Managing Director of the Company is an Executive Director. Composition of the Board of Directors of the Company, directors attendance record, directorship and committee position is as per table given below :-

Name	Status	No. of Board Meetings held during 2004-05	No. of Board Meetings attended during 2004-05	Whether attended last AGM held on 30 th December 2004	No. of other Directorships / Committee Memberships / Chairmanships		
					Other Directorship	Committee Membership	Committee Chairmanship
Mr. Brij Raj Punj	Executive & Chairman-cum-Managing Director	8	8	Yes	14	2	2
Mr. T.V.P.Punj	Non Executive & Not Independent	8	4	No	2	2	-
Mr. K.Lall	Non Executive & Independent	8	8	Yes	9	3	5
Mr. S.S. Kumar	Non Executive & Independent	8	7	No	3	4	-
Mr. Sanjay Behari *	Non Executive & Independent (Nominee-IFCI)	8	6	No	2	1	-

* Appointed as Directors of the Company w.e.f. 30.10.2004 by IFCI Limited.

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

During the financial year 2004-2005, Eight (8) Board Meetings were held on 30th July 2004, 30th October 2004, 29th November 2004, 31st January 2005, 23rd March 2005, 30th April 2005, 7th May 2005 and 8th June 2005.

The gap between the two Board Meetings did not exceed four months.

C. Directors' Remuneration

The details of remuneration paid to the Directors during the year from 01.07.2004 to 30.06.2005 are as under:

Name	Gross Remuneration* (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Mr. Brij Raj Punj	7,22,500	-	7,22,500
Mr. S. S. Kumar	-	14,000	14,000
Mr. T. V. P. Punj	-	8,000	8,000
Mr. K. Lall	-	16,000	16,000
Mr. Sanjay Behari**	-	12,000	12,000

* Gross remuneration includes salary, bonus and perquisites.

** Paid to IFCL Ltd.



Fedders Lloyd Corporation Limited

II. AUDIT COMMITTEE

A Composition and Attendance

The Audit committee of the Board of Directors of the Company presently comprises of three members all of whom are Non-Executive Directors and out of which two are Independent Directors. Ms. Rachna Gupta, Company Secretary acts as Secretary to the Committee. The composition of the Audit Committee, meeting and attendance thereof during the year 2004-2005 is as under :-

Sl. No.	Name of the members	Position held	Category	No. of meetings	
				Held during 2004-05	Attended during 2004-05
1	Mr. K.Lall	Chairman	Independent and Non-Executive	5	5
2	Mr. S.S.Kumar	Member	Independent and Non-Executive	5	4
3	Mr. T.V.P.Punj	Member	Not Independent and Non-Executive	5	3

The Audit Committee meetings were held on 30th July 2004, 29th October 2004, 27th November 2004, 29th January 2005 and 29th April 2005.

B Terms of Reference

The terms of the reference of the Audit Committee are in line with the requirements of code of Corporate Governance. The Audit Committee has the powers as provided under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges which include amongst others

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

III. REMUNERATION COMMITTEE

A Composition and Attendance

The Remuneration Committee of the Board of Directors of the Company comprises of three members all of whom are Non-Executive Directors and out of which two are Independent Directors. The composition of the Remuneration Committee, meeting and attendance thereof during the year 2004-2005 is as under :-

Sl. No.	Name of the members	Position held	Category	No. of meetings	
				Held during 2004-05	Attended during 2004-05
1	Mr. K.Lall	Chairman	Independent and Non-Executive	1	1
2	Mr. S.S.Kumar	Member	Independent and Non-Executive	1	1
3	Mr. T.V.P.Punj	Member	Not Independent and Non-Executive	1	1

B Terms of Reference

The company's Remuneration Committee recommends remuneration, promotions, increments etc. of the Executive Directors of the company.

IV. SHARE TRANSFER - CUM - INVESTORS' GRIEVANCE COMMITTEE

The Company has a "Share Transfer - cum - Investors' Grievance Committee" consisting of Mr. K.Lall, Mr. S.S. Kumar and Mr. Brij Raj Punj. Mr. K.Lall, acts as Chairman of the Committee. Ms. Rachna Gupta, Company Secretary acts as Compliance Officer of the Company.

The Share Transfer-cum-Investor Grievance Committee ensures expeditious share transfer process and specifically looks into redressing of shareholders and investors' complaints such as transfer of shares, non receipt of shares, non receipt of Annual Reports and other allied matters.

During the year under review, the company received 40 complaints from shareholders and all of them were resolved. No investor complaint is pending as on the date of this report.

V. SUB-COMMITTEE OF DIRECTORS

The Company has a Sub-committee of Board of Directors for taking some decisions of routine nature. Sub Committee of Board of Directors of the Company consists of three directors namely Mr. Brij Raj Punj, Chairman-cum-Managing Director, Mr. S.S. Kumar and Mr. K. Lall. The Committee meets regularly to decide upon the matters of routine and urgent nature to support the functioning of the Board of Directors in an efficient way.