



LIVE THE FUTURE

## Annual Report 2010-2011



*Leadership through Consolidation*

# Lloyd Electric & Engineering Limited

# Milestone Achieved

At Consolidation level,  
Group Crossing Revenue of Rs. 10 Billion,  
a land mark in the history  
of the Company

## Performance Highlights Standalone

### Total Income

₹ 7836.36 Million  
up by 15.32%

### EBITDA

₹ 822.77 Million  
up by 12.52%

### PAT

₹ 360.56 Million  
up by 4.88%

### EPS

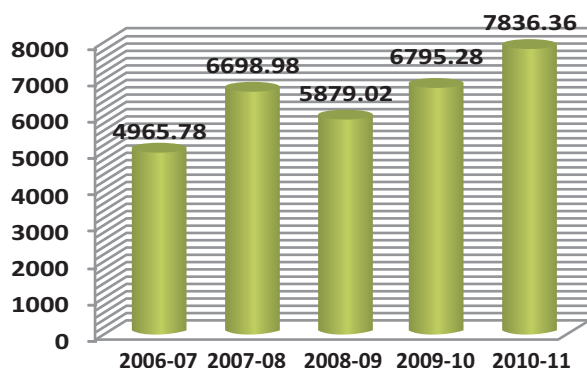
₹ 11.63  
up by 4.86%

# FIVE YEAR FINANCIAL HIGHLIGHTS

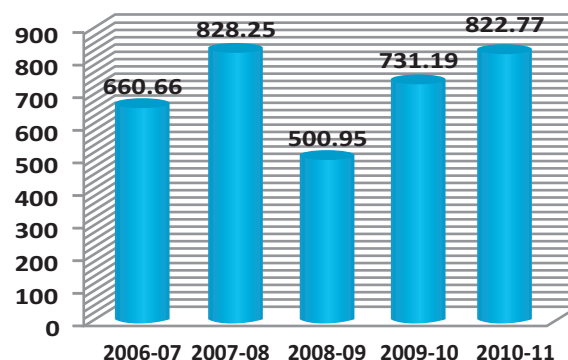
(Rs. in Million)

	Standalone					Consolidated	
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2010-2011	2009-2010
<b>Operating Results</b>							
Total Income	7836.36	6795.28	5879.02	6698.98	4965.78	10158.39	8190.56
Operating Profit(EBIDTA)	822.77	731.19	500.95	828.25	660.66	915.43	830.78
Profit After Tax	360.56	343.78	203.72	527.17	429.56	375.71	338.07
<b>Financial Position</b>							
Paid up Capital	310.07	310.07	310.07	310.07	310.07	310.07	310.07
Reserves	4010.40	3711.64	3404.01	3200.28	2684.32	3883.57	3604.83
Shareholder's fund	4320.47	4021.70	3714.08	3510.35	2994.39	4193.64	3914.90
<b>Performance Indicator</b>							
EPS (in Rs.)	11.63	11.09	6.57	17.01	13.86	12.12	10.91

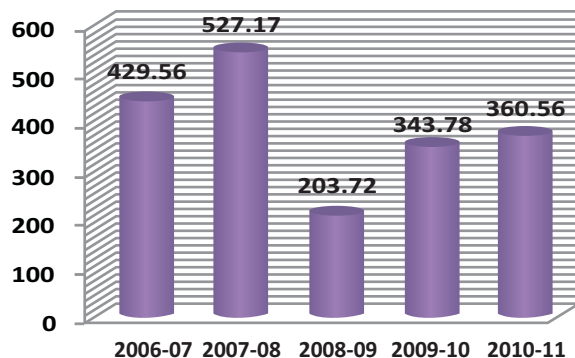
## STANDALONE



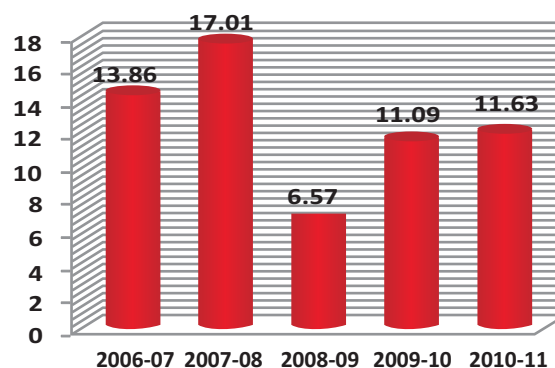
Total Income (Rs. In Millions)



EBITDA (Rs. In Millions)



PAT (Rs. In Millions)



Earning Per Share (Rs.)

# Manufacturing Facilities



Domestic Coil manufacturing unit at Bhiwadi



Site of Haridwar Plant



## At the Cutting edge Technology



Micro channel Heat Exchanger manufacturing facility at Pant Nagar



Helium leak detector at Pant Nagar

# Other Glimpses

Transforming ideas into working models through leading edge Engineering solutions for multiple industry Sectors



Coil Shop, Kala Amb



Amada TPP



Bhiwadi Plant



Dehradun Plant





PFC Line-Core Builder



CNC - Coil Bender



Psychometric Test Lab at Pantnagar

# Global Footprints... growing sustainably



Production Facility- Prague, Czech Republic



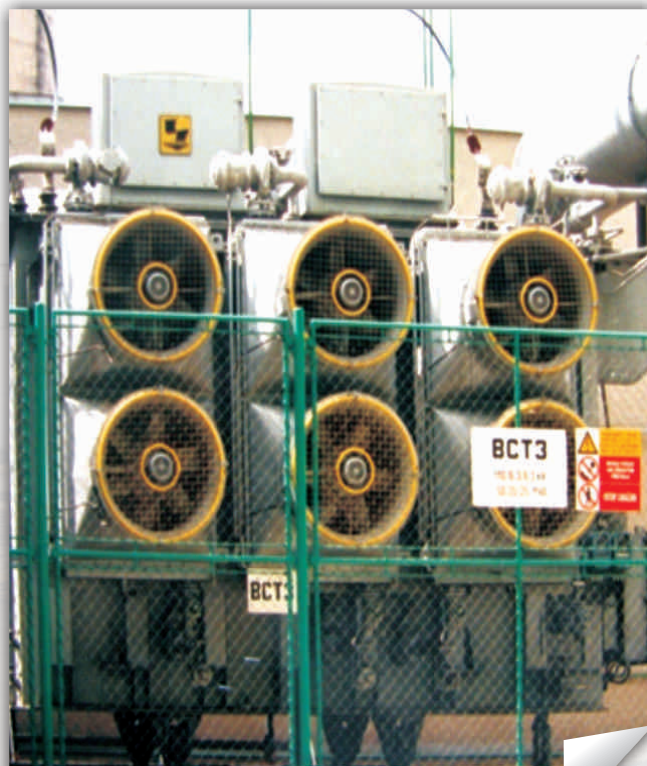
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HSAS 18001







**Horizontal Expander for Cabinet Cooler**



**Transformer oil cooler**



**Production Facility, Lloyd Coils Europe - Prague, Czech Republic**



# The Green Evolution at Lloyd

*We believe  
that respect for  
environment is critical to  
the success of our business. We will  
develop new ways of doing business with the  
aim of doubling the size of our Company while reducing  
our environmental impact.*



*Towards  
a  
greener  
Tommorow...*



# Growth through Sustainability

*To meet today's urgent & critical need for conserving energy and protecting the ecology, Lloyd offers a number of customized solutions in its products and processes. The Company is committed to minimize the environmental impact of its operations & products through the adoption of sustainable practices. Lloyd 'Green' solutions include specialized systems in Heating, Ventilation, Air-conditioning & Refrigeration (HVAC & R) and as a step towards green technologies where the world is preparing for R-22 refrigerant phase out; Lloyd has taken initiatives to develop products with R-410 and R-290 which are environment friendly.*

*As the Lloyd group strives to reach greater heights, the Company places great emphasis on positive practices in health, safety and corporate citizenship across all its operations. The Company has adopted an approach of 'value creation through sustainability', for all its stakeholders and aims to contribute positively to the community.*

*"Caring for the environment is the need for the hour."*

*Towards this green movement, Company has taken up initiative for the plantation of trees & saplings in and around its works, a move to increase environment conservation consciousness.*





# Corporate Social Responsibility : Joy of Giving

*Winning Smiles*

*Touching Hearts...*





## *Fulfilling Societal needs through sustainable development*

*Founded on the philosophy that society is not just another stakeholder, but the prime purpose of its business, the Company, across its various operations, is committed to making a positive contribution to the society in a number of ways. The Company believes passionately that good corporate citizenship and good business performance go hand in hand and nurture each other through good times and bad.*

*The Company acknowledges its responsibility of playing an instrumental role in environment protection, and building social equity to safeguard interest of our future generations, which are some of the major challenges of today. Lloyd has put in place an active organization structure to address the social challenges effectively and ensure that commitment to conduct the business with an innate sense of responsibility is disseminated at all the levels within the Company.*

*Although CSR is executed at all levels in the organization, the Promoters of Lloyd Group have established a Charitable Trust 'Pandit Kanayaha Lal Punj Trust' in 2010 to lead the CSR agenda for the Lloyd Group of Companies. The mission of PKLP Trust is to create and support programmes that bring sustainable changes through education, use of technology, and information to help the underprivileged children and youth of the society realise their potential.*

*In its efforts towards community joined hands with Muskaan, a children with Mental Handicap & work centre) and donated for persons with intellectual lead a quality life with respect and*



*development, the Company has leading NGO for welfare of (carrying out vocational training Computers for a brighter future challenges so that they are able to dignity.*

*In addition to the above CSR efforts, NGO's like Life Care Regeneration treatment to Children & Destitute Aged trust Company has supported Sri Venkateswara Pranadana Trust, that aims at providing free medical facilities to poor patients afflicted with life-threatening diseases. Lloyd has extended its support to rural community programmes in the field of education in association with Pukral Youth Development Society.*

*Company has supported various Association for providing medical suffering from multiple disabilities. Through its*

*Company has continuously encouraged its employees to volunteer for Corporate Social Responsibility (CSR) programmes as their responsibility towards Society.*



# Letter from the Chairman



The Year 2010-11 was a landmark year, with the Group crossing ₹ 10 Billion revenue mark at the Consolidation level. Our Consolidated revenue grew by 24% to ₹ 10.15 Billion from ₹ 8.19 Billion. While we are pleased with our achievements, the business is not complacent. We remain focused on the road ahead-simultaneously addressing the challenges of today while investing in the opportunities of tomorrow. We plan to take this performance ahead through a number of initiatives, so that our previous year achievements become the platform from which larger and more enduring initiatives emerge.

As you are probably aware, your Company is taking strides to realise the Vision of becoming global player in HVAC&R industry. In that journey, in addition to the strengthening of the position in the Indian market, last year witnessed some significant expansions and developments by setting up new plants at Ranipet, Tamil Nadu which is strategically located to cater to Southern Indian market for room airconditioners and another state-of-art manufacturing facility coming up at Haridwar, Uttarakhand for catering to

the commercial segment of HVAC&R industry. The Ranipet plant was commissioned during the year under review and Haridwar plant is expected to be operational in FY 2012. Lloyd's six modern manufacturing facilities coupled with a robust product development team and a significant contribution from the OEM's (original equipment manufacturers) and export market has given 'Lloyd' a cutting edge in manufacturing with multiple geographical diverse manufacturing locations which enables it to compete successfully on a regional basis.

At the technology front, 'Lloyd's expansion into Micro Channel Coils is another step forward in our growth strategy, which leads with technology-driven, high value-added products and solutions. The expansion is driven by the demand for more energy efficient and environmentally friendly products. This year, Lloyd has improved the business growth in Commercial Airconditioning segment as well, with good intake of orders, flowing from Indian Railways for the supply of roof mounted packaged airconditioning units for Railways

applications, Metros and also commercial refrigeration segment. We believe that we are well positioned to leverage global opportunities. In 2010-11, we have strengthened our exports to Middle East and African markets and there is potential of substantially growing the business in other export markets as well.

On the subsidiary front, after a year of depression, the last fiscal year was a year of growth for the Company's subsidiary Lloyd Coils Europe s.r.o. Improvement of demand from traditional customers has combined with spot business obtained by many OEMs from more distant markets, making thus the need for immediate capacity increase even more urgent. The market demand boosted by more than 20% in the HVAC&R industry in Europe. Among the segment, the growth was seen in commercial air-conditioning, especially on roof-tops, becoming more popular in Europe. For Janka Engineering s.r.o., the year under review was a first full year of operations since the date of its acquisition in 2009. The subsidiary had to face many challenges due to unfavourable conditions in the Czech and Slovak construction industry, which had negative impact on the profitability of the subsidiary. By the close of the fiscal year, the subsidiary has witnessed growth in the Industrial cooling products.

With the Global economic growth slowing, growth levels in India are likely to be impacted. Nevertheless, as we know, the fundamentals of the Indian economy remain strong. Over the past few years India's track record has been impressive. The country recorded almost twice the global growth rate. Whilst the country does face roadblocks in the short term, the medium to long term growth prospects for India are bright. These have bearing on your Company's growth and performance.

Your Company remains focused on people and technology. We have made substantial investments in technology, processes, systems, and infrastructure.

Being a responsible Corporate citizen is very dear to Lloyd. At Lloyd, Corporate Social Responsibility is a way of life. CSR is embedded in, and built upon, the stated 'values' of Lloyd-the institution. These values guide all our activities

and our people at various levels are encouraged to take decisions and design business-linked processes that are sensitive to communities and environment. Lloyd encompasses much more than only social outreach programmes. Our Flagship initiative, Pandit Kanahaya Lal Punj Trust, a Charitable trust has been established in 2010 to lead the CSR agenda of Lloyd Group of Companies. We intend to scale up the community development programme substantially over time.

Looking forward at 2011-12, we shall be focusing on strengthening our business model across all segments. Building on the strengths of extending product line-up, growing sales volume and product engineering capability, as the next logical step, your Company has charted out an aggressive plan of volume growth to be among the Top Global players in HVAC&R industry.


We dedicate the year gone by to the memory of the Late Shri Sudershan Prakash Punj, Co-Founder of the Company who left for his heavenly abode on August 21, 2010. We promise to continue to uphold his high standards of ethics, good governance and responsibility towards the society.

Finally, I must applaud the tireless efforts, dedication and commitment of our employees who have helped us reach where we are now and look forward to the benefit and comfort of their association in the journey forward. On behalf of your Company, I sincerely appreciate the loyalty and support of the extended family of partners and countless customers as we re-dedicate ourselves to serve them better.

Our People are our future. With them and the wind in our sails, we feel buoyant about achieving our Goal of becoming Global Player in HVAC&R industry.

I thank you all for your constant support and goodwill for Lloyd. I am sure this will continue in the years ahead.

Your sincerely



Brij Raj Punj  
Chairman & Managing Director



# Corporate Information



## BOARD OF DIRECTORS

### **Brij Raj Punj**

*Chairman & Managing Director*

### **A.K. Roy**

*Whole Time Director*

### **Mukat B. Sharma**

*Whole Time Director cum Chief Financial Officer*

### **K. Lall**

### **S.K. Sharma**

### **Geeta Ajit Tekchand**

### **Mahesh Sreenivasan**

## COMPANY SECRETARY

### **Anita K. Sharma**

## STATUTORY AUDITORS

M/s Suresh C. Mathur & Co.,  
Chartered Accountants,  
New Delhi

## BANKERS

State Bank of Bikaner & Jaipur  
State Bank of India  
Axis Bank  
Standard Chartered Bank  
IFCI  
IDBI Bank  
ING Vysya Bank  
Exim Bank

## SHARE TRANSFER AGENT

Skyline Financial Services Private Limited  
D-153A, Okhla Industrial Area  
Phase- I, New Delhi- 110 020  
Tel: 011-26812682, 83  
Fax: 011-26812684

## REGISTERED OFFICE

A-146, (B&C), RIICO Industrial Area  
Bhiwadi Distt. Alwar, Rajasthan- 301019  
Ph: 01493-220724, 222521, 221348

## MANUFACTURING PLANTS

### DOMESTIC

1. A-146, (B&C),  
RIICO Industrial Area  
Bhiwadi Distt. Alwar,  
Rajasthan- 301 019
2. Industrial Area  
Kala-Amb, Trilokpur Road,  
Sirmour, Nahan  
Himachal Pradesh
3. C-1/1, Industrial Area,  
Selakui Dehradun  
Uttaranchal
4. Plot No. 24  
Sector 2, IIE  
Sidcul Pantnagar  
Uttarakhand
5. Plot No. S 21 & S 22, NON SEZ, Phase III  
Sipcot Road, Mugundarayapuram  
Ranipet, Vellore District, Tamilnadu
6. Bahadarabad, Mehdood  
Industrial Park, 2 Salempur  
SIDCUL, Haridwar, Uttarakhand

### OVERSEAS (Owned by subsidiaries)

1. Lloyd Coils Europe s.r.o  
Prague-5, Radotin  
Vrazska 143  
Czech Republic  
Postal Code 15300
2. Janka Engineering s.r.o.  
Vrazska 143  
153 00 Praha 5 Radotin  
Czech Republic

## CORPORATE OFFICE

159, Okhla Industrial Estate, Phase-III,  
New Delhi- 110020  
Ph: 011-40627200-300 Fax: 011-41609909

Visit us at: [www.lloydengg.com](http://www.lloydengg.com)





# CONTENTS

	Page No.
Notice.....	01
Directors' Report.....	04
Management Discussion and Analysis Report.....	12
Corporate Governance Report .....	22
Auditors' Report.....	39
Balance Sheet.....	43
Profit & Loss Account.....	44
Schedules & Accounts.....	45
Cash Flow Statement.....	62
Statement of Interest in Subsidiary Companies.....	64
Auditors' Report on Consolidated Financial Statement.....	66
Consolidated Balance Sheet.....	67
Consolidated Profit & Loss Account.....	68
Consolidated Schedules & Accounts.....	69
Consolidated Cash Flow Statement.....	85

# Notice

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NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of Lloyd Electric & Engineering Limited will be held on Friday, 30<sup>th</sup> September, 2011 at 9:00 A.M. at the Registered Office of the Company situated at A-146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan for transacting the following business(s):

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To declare the dividend for the Financial Year 2010-2011.
3. To appoint a Director in place of Mr. A.K. Roy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Geeta Ajit Tekchand who retires by rotation and being eligible, offers herself for re-appointment.
5. 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, the Statutory Auditors of the Company, who retires at the conclusion of this meeting, be and are hereby re-appointed as Statutory Auditors of the Company for the Financial Year 2011 -12, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed by the Board of Directors/ Committee thereof, including out-of-pocket and travelling expenses."

**By order of the Board of Directors**

**Dated : August 11, 2011**

**Place : New Delhi**

**Anita K. Sharma**  
**Company Secretary**

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members/ Proxies should bring duly filled Attendance Slip sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 26<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (both days inclusive).
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. The shares of the Company are listed on the Bombay Stock Exchange Ltd., and The National Stock Exchange of India Ltd. The annual listing fee for the year 2011-2012 is already paid.



6. All documents referred to in the notice are open for inspection at the registered office of the company during working hours and also at the meeting venue.
7. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, NECS mandate, nomination, power of attorney, address, name, etc., to their depository participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide better services to the members. Members holding shares in physical mode are requested to intimate the changes to the Registrar and Share Transfer Agent M/s.Skyline Financial Services Private Limited.
8. The shareholders requiring information on accounts are requested to send their queries to the company atleast 7 days in advance.
9. Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up till the financial years 1996-97 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Dividends for the financial year ended March 31, 2006 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company or Registrar and Share Transfer Agent M/s.Skyline Financial Services Private Limited immediately.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents, for consolidation into a single folio.
11. The relevant details as required by clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item no.3 and 4 are appended herewith.
12. Ministry of Corporate Affairs has taken a "green initiatives in the Corporate Governance" by allowing paperless compliances by companies and permitted the Companies to service documents to the members of the company on their registered email addresses which shall be deemed to be in compliance of provisions of Section 53 of the Companies Act read with applicable provisions of Information Technology Act 2000. To be a part of "Green Initiative in the Corporate Governance" and keeping in view the benefits to the society at large through reduction in paper consumption and contribution towards a Greener Environment and ensuring prompt receipt of communication and avoid loss in postal transit, Company proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by the Members and made available to us by the Depositories.

Members who hold shares in physical form are requested to register their e-mail addresses and intimate any change in e-mail id, with the Company or with the Registrars & Share Transfer Agents, SKYLINE FINANCIAL SERVICES PRIVATE LIMITED. In respect of electronic holdings members are requested to register their e-mail addresses with the Depository through their concerned Depository Participants. However, in case you desire to receive Company communication and documents in physical form, you are requested to intimate us through e-mail at [investor.relation@lloydengg.com](mailto:investor.relation@lloydengg.com). You may kindly note that as a Member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

## Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

(Pursuant to clause 49 of the Listing Agreement)

Name of Director	Mr.A.K.Roy	Dr.Geeta Ajit Tekchand
Date of Birth	31.05.1950	18.06.1950
Date of Appointment	28.04.2007	28.01.2010
Qualification & Expertise	Mr.A.K.Roy is graduate in Mechanical Engineering with specialization in areas of Industrial engineering, sales, marketing and management. Prior to his appointment as Whole Time Director, Mr. A. K. Roy was associated with the Company in the capacity of Chief Executive Officer. He possesses vast experience of over 39 years in engineering automobile and consumer durable industry.	Dr. Geeta Ajit Tekchand holds Doctorate degree in Physical Therapy and is currently running her private clinic. Apart from her current assignment, she is actively involved in imparting various professional trainings, counselling in addition to being on the editorial board for publications by the institutes.
Shareholding in the Company	1000 shares	NIL
List of Other Public Limited companies in which directorship held	NIL	NIL
Membership/Chairmanship of Committees of other public companies	NIL	NIL
Relationships between directors inter se	NIL	NIL

By order of the Board of Directors

Dated: August 11, 2011  
Place: New Delhi

Anita K. Sharma  
Company Secretary



The Directors are pleased to present the 24<sup>th</sup> Annual Report along with the Audited Accounts for the financial year ended March 31, 2011

## FINANCIAL PERFORMANCE

Rs.in Million

PARTICULARS	STANDALONE for Year ended		CONSOLIDATED for Year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Total Income	7836.36	6795.28	10158.39	8190.56
Operating profit (EBIDTA)	822.77	731.19	915.43	830.78
Interest & Finance Charges	205.00	158.36	231.66	184.38
Depreciation	131.21	120.05	211.32	197.36
Profit before Tax	486.56	452.78	472.45	449.04
Provision for Taxation	126.00	109.00	96.75	110.97
Profit after Tax	360.56	343.78	375.70	338.07
Add: Balance brought forward	433.52	173.90	258.13	4.20
Total available for appropriation	794.08	517.68	633.83	342.27
Less: General Reserve	45.00	48.00	45.00	48.00
Debenture Redemption Reserve	25.00	-	25.00	-
Proposed Dividend	46.50	31.00	46.50	31.00
Corporate Dividend Tax	7.54	5.15	7.54	5.15
<b>Balance carried forward</b>	<b>670.04</b>	<b>433.53</b>	<b>509.79</b>	<b>258.12</b>

## MILESTONE ACHIEVED:

The business environment during the year under review was full of uncertainty both in domestic as well as in international markets. In India, the major concerns were high inflation and increase in commodity prices. Despite of this challenging scenario, at the consolidation level, the Group achieved another milestone in its history with total revenue reaching Rs. 10.15 Billion, thereby crossing Rs. 10 Billion mark.

## DIVIDEND

Based on the Company's performance, your Directors are pleased to recommend for the approval of the shareholders, a dividend of Rs. 1.5 per equity share (i.e. 15%) of the face value of Rs. 10/- each as against Re. 1 per equity share (10%) paid during last financial year.

The dividend distribution would result in the cash outgo of Rs. 54.04 Million (including dividend distribution tax of Rs. 7.54 Million)

### PERFORMANCE HIGHLIGHTS

On the Standalone basis, during the year under review, the total income of the Company stood at Rs. 7836.36 Million as against Rs. 6795.28 Million, up by 15.32%. The Profit before Interest and Depreciation recorded for the year was Rs. 822.77 Million as against Rs. 731.19 Million in the preceding year, recording an increase of 12.52%. The Profit after Tax grew by a modest 4.88% to Rs. 360.56 Million as against Rs. 343.78 Million in the preceding year.

On Consolidation basis, the Total income of the Group stood at Rs. 10158.39 Million as against Rs. 8190.56 Million, up by 24%. The Profit after tax was Rs. 375.70 Million as against Rs. 338.07 Million, recording a growth of 11.11%.

Your Company is the only one among its peer group, to have multiple geographical diverse manufacturing locations which enables it to compete successfully on a regional basis.

During the year under review your Company continued to strengthen its brand equity through innovation, quality products and appropriate business promotion steps. During the year under review, the Company has set-up state of art manufacturing facility at Ranipet, Tamil Nadu and at Haridwar, Uttarakhand. This is in addition to the facility set-up at Pantnagar, Uttarakhand last year. The new facility at Ranipet, has been strategically located to cater to the demand of the Southern India and for export market. The said facility which has commenced commercial production in February, 2011, is engaged in the manufacture of room air-conditioners, Window as well as Split. The another plant at Haridwar, Uttarakhand is being set-up for catering to the demand of the packaged Airconditioning units RMPU for Railway applications, Metro and Commercial Refrigeration units like Air-chillers, air cooled condenser, cooling tower and heat exchanger coils. The plant at Haridwar, would commence commercial production in the current year.

### TECHNOLOGY & PRODUCT DEVELOPMENT

Lloyd has always been pioneer in bringing new technology in the Indian market. In an innovative stride, the Company had set-up a state of art manufacturing units for its new ground breaking product, the environment –friendly Micro Channel Heat Exchangers used in Room Air-conditioning segment. Lloyd is pioneer in bringing Micro Channel Technology in Indian market.

### SUBSIDIARY COMPANIES

Pursuant to Accounting Standard AS-21 issued by ICAI, Consolidated Financial Statements presented by the Company includes the financial information of subsidiary companies. The Central Government vide Notification no. 2/2011 dated 8th February, 2011 granted general exemption to Companies from dispensing with the requirement of attaching the accounts of the subsidiary companies, subject to certain conditions. As the Company has complied with all the conditions, the annual accounts and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary companies are open for inspection by any member/ investor and also available on the website of the Company- [www.lloydengg.com](http://www.lloydengg.com). The Company will make the documents/ details available, upon request by any member of the Company or its subsidiaries interested in obtaining the same.

The performance of the subsidiary companies are given below:

- a) *Lloyd Coils Europe s.r.o. (LCE)* is engaged in the manufacture of coils and has its manufacturing facility in Prague, Czech Republic. The Operations of LCE during the last fiscal year have been strongly influenced by the market turnaround observed in Europe after years of recession. Total sales for the company increased by 50% from previous year and reached Euro 27.5 Million. The market demand boosted by more than 20% in the HVAC & R industry in Europe. Exceptional increase came from Russia and decent recovery has been experienced in large West-European countries – Germany, France and



U.K. Among the segments, large growth came from commercial air-conditioning, especially on roof-tops which had become more popular in Europe.

During the year under review, the company made an additional investment of Euro 1.2 Million (Rs. 71.65 Million) towards capital contribution of Lloyd Coils Europe s.r.o. and extended shareholders loan of Euro 1.5 Million (Rs. 94.44 Million).

- b) *Janka Engineering s.r.o. (Janka)*: In 2009, the Company acquired 'Janka', a 139 year old brand in Czech Republic. The year 2010-11 was the first full year for Janka Engineering s.r.o., a wholly owned subsidiary of the Company under the new ownership. Janka is engaged in the manufacture of air handling units, industrial fans and is having state-of-art manufacturing facility in Prague, Czech republic. The year under review was full of uncertainty as the subsidiary had to face many challenges due to continuing unfavorable conditions in the Czech and Slovak construction industry, which effected the performance of Janka, particularly the intake of new orders. The subsidiary reported sales of Euro 11.2 Million during the year under review. The profitability of the subsidiary was negatively impacted by bad debts for one of the largest customers that had to be written off due to the customers bankruptcy and unhealthy markets conditions. However, by the end of the fiscal year, the Company developed new products like Tram Ac units for Prague tramways and is expected to show improvements.

Shareholders loan of Euro 0.15 Million (Rs. 8.92 Million) was also extended to its wholly owned subsidiary, Janka Engineering s.r.o. during the year under review.

- c) Lloyd Electric FZE, had not commenced operations since the date of its establishment due to the non-feasibility of the warehouse location, as the target customer base were centered in & around Dubai. In view there of the Company during the year under review applied for voluntary de-registration and cancellation of license of Lloyd Electric FZE with Ras Al Khaimah, Free Trade Zone Authority. The RAK Authority de-registered Lloyd Electric FZE effective 23<sup>rd</sup> May, 2011, pursuant to which Lloyd Electric FZE ceased to be the subsidiary of the Company.

## NON CONVERTIBLE DEBENTURES (NCD)

In March 2011, your Company has raised Rs. 50 crores through the issue of 500 no. Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10,00,000/- each in two tranches aggregating to Rs. 50 crores on private placement basis for augmenting long term resources of the Company for regular capex and long term working capital requirement of the Company.

The said NCD's has been listed on the Bombay Stock Exchange (BSE) in the list of securities of F Group-Debt Instrument w.e.f. 15th April'2011.

The details of the issue are stated hereunder:

Date of Issue	Number of Debentures	Face Value	Amount raised (Rs. in crores)	Interest Rate (Payable Quarterly)
14th March, 2011	400	10,00,000/-	40 crores	11.25%
29th March, 2011	100	10,00,000/-	10 crores	11.25%

These NCD's will be redeemed at par, in six equal half yearly installments at the end of 30th month, 36th month, 42nd month, 48th month, 54th month and 60th month from the date of allotment.

### GLOBAL DEPOSITORY RECEIPTS (GDRs)

396000 Global Depository Receipts underlying 792000 equity shares are outstanding for conversion as on March 31, 2011. The GDRs are listed on London Stock Exchange. The Bank of New York acts as the Depository and ICICI Bank as the domestic custodian in respect of GDRs issued.

### FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits from public as per section 58A of the Companies Act, 1956 and Rules made there under.

### LISTING ARRANGEMENT

The equity shares of the Company are listed at Bombay Stock Exchange of India Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

The GDR's are listed on London Stock exchange.

The Secured Redeemable Non-Convertible Debentures (NCD) of Rs. 50 crores issued by the Company in two tranches is also listed at Bombay Stock Exchange Ltd., (BSE).

Annual Listing fees to above Exchanges for FY 2011-12, as applicable have been paid before the due date.

### CORPORATE GOVERNANCE

Your Directors reaffirms their continued commitment to good Corporate Governance practices. Your Company has complied with the mandatory provisions of Corporate Governance as prescribed in the revised Clause 49 of the Listing Agreement with the Stock Exchanges.

The compliance report is provided in the Corporate Governance section of the Annual Report. The auditors' certificate on compliance with the provisions of Clause 49 of the Listing Agreement is annexed to this Report.

### AUDITORS & AUDITORS' REPORT

M/s Suresh C. Mathur & Co., Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from M/s. Suresh C. Mathur & Co., Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section. The Board recommends their re-appointment as Auditors for the Financial Year 2011-12.

The Observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### CORPORATE SOCIAL RESPONSIBILITY

At Lloyd, Corporate Social Responsibility (CSR) encompasses much more than social outreach programmes and is an integral part of the way the Company conducts its business. Detailed information on the initiatives of the Company towards CSR activities is provided in the Corporate Social Responsibility section of the annual report.



### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A. K. Roy and Dr. Geeta Ajit Tekchand retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief profile of these Directors is given in the notice of the ensuing AGM.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, statement showing particulars with respect to Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange Earnings and Outgo are annexed hereto (Annexure A) and form part of this report.

### PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217 (2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, in line with the provisions of Section 219 (1)(b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Corporate office of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Audited Accounts for the year under review are in conformity with the requirements of the Companies Act, 1956 and the Accounting Standards. Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors further confirm that:

- 1) In preparation of the Annual Accounts for the year ended March 31, 2011, the applicable accounting standards have been followed;
- 2) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made 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 profits of the Company for that period.
- 3) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for providing and detecting fraud and other irregularities.
- 4) The Directors have prepared the Annual Accounts on a going concern basis.

### ACKNOWLEDGEMENTS

Your Directors wish to take this opportunity to express their deep sense of gratitude to the Company's bankers, financial institutions, stakeholders, business associates, Central and State Governments for the assistance, co-operation and encouragement they have extended to the Company and also to the employees for their continuing support and unstinting efforts in ensuring all round operational performance.

Date: August 11, 2011  
Place: New Delhi

For and on behalf of the Board of Directors  
Brij Raj Punj  
Chairman & Managing Director



# Annexure to Directors' Report

## Annexure - A

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 relating to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows:

### A. CONSERVATION OF ENERGY

The Company is conscious of the need for energy conservation and continues to explore the possibilities of reducing energy consumption in the office premises and plants. The platform for developing new products is energy efficiency. The Company had already implemented the energy labeling programme for room airconditioners, which was made mandatory with effect from January 2010.

To meet with the growing demand for energy efficient heat exchangers for HVAC&R industry, your company has invested in machinery and equipment for the manufacture of Micro Channel Condenser Coils which are constructed utilizing an all-Aluminum brazed fin construction having following advantages:

- Heat Transfer & thermal performance improved, resulting in better energy efficiency ratio (EER) of the units
- Reduction in operating pressure
- Reduction in Refrigerant charge from 20% to 30%
- Compact equipment size
- Being all aluminum coil, insulated from volatile cost of copper.

#### Some of the energy conservation measures taken by the Company are:

- (i) Use of high bay light in coil shop with less power consumption against the standard HPMV lamps.
- (ii) Conservation of LPG & O2 using gas savers.
- (iii) Change of coil shop layout with less movement of raw material and work in process. Reduction in movement will reduce forklift movement and its LPG/Diesel consumption.

As a method of work process improvement, 'Kaizen' i.e. 'continuous improvement approach' initiatives are actively practiced at the plants which is aimed at encouraging the employees to do innovative and creative improvements in their respective work areas, which lead to improvements in terms of performance, quality, cost, delivery, safety, environment of the product and the process.

#### Impact of measures taken:

There has been a reduction in electrical and fuel consumption, improved power factor and savings in cost of production.

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### a) Efforts towards technology absorption, adaptation and innovation

Efforts continued in strengthening the R&D facilities in order to provide a comprehensive range of products complying with the legislative requirements and to suit the market needs. New Technologies like Micro Channel Coils and carefully selected energy efficient devices are balanced in 'Lloyd's new Psychometric Test Lab to develop energy efficient products which meet with international standards.



b) **Benefits derived as a result of the above results:**

Improvement in process, productivity and quality and cost due to new technologies / techniques and localization of parts and components thereof.

c) **Information regarding imported technology:**

No technologies were imported during the last financial year.

## C. RESEARCH AND DEVELOPMENT

In order to meet the growing demand for latest technology products, and to compete in the market place, your Company continued its efforts in strengthening the R&D activities. Efforts continued to enhance the in-house capabilities to bring in operational efficiencies and product up-gradation to meet the customer needs at both domestic and international front.

The Company has set-up a Psychometric Testing Laboratory at its Pantnagar facility for testing room airconditioners upto 5 tonne capacity as per the international standards. With this Lab facility, Lloyd has developed energy efficient units as per BEE requirement. The Lab is also used to test and balance products with new refrigerant like R-410 and R-290 which are environment friendly.

Towards optimizing energy consumption, the Company has developed new range of room airconditioners complying to the star labeling programme.

### ➤ **Specific areas in which R&D carried out by the Company**

To bring innovation and improve upon its areas of operation to be at par with International standards during the year under review our R&D team has contributed to design optimisation of standard range of products for several customers.

Products and processes developed through in-house technology includes:

- (i) Development of 10 Tonne HVAC system for the Double Decker Coaches being built by Rail Coach Factory (RCF).
- (ii) Development of 11 Tonne HVAC unit for Kolkata Metro Rail Coach, which has been tested and cleared by RDSO and successfully commissioned.
- (iii) Development of CLW cab cooling unit, based on the RDSO specification.
- (iv) Development of Roof Mounted Heating Unit for the main line EMU coaches operating in J&K region.
- (v) Development of Windows and Split AC ranging from 1.5 tonne to 2 tonne with reciprocating compressor for Middle East Markets.
- (vi) Development of 15.87 mm (5/8") condensor coils for use in the Dry Coolers for process and power industry.

### ➤ **Benefits derived as a result of above R&D**

The development of new products has helped the Company to remain at the top of cutting edge technology and has resulted in continuity of our relationship with Key customers.

### ➤ **Future plan of action**

As the world is preparing for R-22 refrigerant phase-out, Lloyd has taken initiatives to develop products with R-410 and

R-290 which are environmental friendly. Development of the new products with Micro Condenser coils , the latest technology in the field of air-conditioners which enable 'Lloyd' to remain at the top of the cutting-edge technology. The Company is also working towards the development of some selected new products to meet with legislative requirement on the energy labeling and HCFC phase-out programmes.

### D. FOREIGN EXCHANGE EARNING AND OUTGO

**a) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services and export plans:**

Discussed in detail in the 'Management Discussion and Analysis' Report.

**b) Total Foreign Exchange used and earned:**

	Rs. In Million	
	2010-11	2009-10
Total Foreign Exchange earned	1159.12	1016.51
Total Foreign Exchange used	2372.21	1373.81



## ECONOMIC SCENARIO AND OUTLOOK

The world economy is gradually coming out of the downturn. The robust growth in India and China has provided an impetus to the ongoing recovery of the world economy. The state of the economies of many developed countries continue to be a cause of concern with the Euro zone being the most vulnerable as global rating agencies continue to downgrade the sovereign debt rating of many countries in this region. As regards the US economy, though it is showing incipient signs of recovery, the high unemployment levels continue to defy solution. Thus the developing economies are now emerging as the major drivers of global economic growth.

During 2011, the Indian economy saw acceleration in the pace of its growth due to a rebound in rural income with increase in agricultural production and a good industrial and service sector growth. With strong demand, robust consumption, savings and investment rates set to continue in 2012, the GDP growth projection for 2011-2012 is in excess of 8%. While the growth outlook remains strong, in the near term, there are a number of challenges facing our economy such as high levels of inflation particularly in food prices, a widening trade deficit, deceleration in corporate spending and hardening of global energy prices. Concerted and coordinated monetary, fiscal and policy measures are required to tackle these challenges head on. Despite these challenges, in the medium to long term, India has many positive factors in its favour to strengthen its emergence as a global economic powerhouse.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian room airconditioning industry got off to a very promising start in 2010. In 2010-11, the estimated total market size for airconditioning in India was around Rs. 131 Billion. Out of this, the market for room airconditioners comprise of Rs. 70 Billion, while the market for central plants, packaged/ ducted systems was about Rs. 61 Billion. Due to the increase in consumer spending, the market for room airconditioning continues to grow rapidly. The current penetration level of airconditioners in India is a mere 3% and according to industry estimates, the penetration is expected to double over the next 5 years. This presents significant opportunities to the players in the room airconditioning business.

Another significant factor was the continuing trend towards energy –efficiency with consumers increasingly upgrading to higher Star-rated products. Consciousness of more energy efficient products (such as inverter Ac's and Stabilizer Free Ac's) and those that use environment friendly refrigerants is also gaining ground.

The Green Building concept gained popularity in many countries. Despite green technology higher cost consumers are increasingly basing their purchase decision on products which are environment friendly and their ability to reduce energy cost and carbon foot prints. This enhanced environmental consciousness among the consumers is compelling Companies and industries to be more responsible Corporate citizens and forced to invest in new technologies and Research & Developments.

## INTRODUCTION

Lloyd Electric is leading manufacturer of heat exchanger coils serving the Heating, Ventilation, Air-conditioning and Refrigeration (HVAC & R) Industry. The Company is an original equipment manufacturer (OEM) supplier to AC manufacturers in India. The Company also provides customized AC solutions for institutional clients like railways and defense. Lloyd has further expanded into the transport segment and has developed new models for the same.

## FINANCIAL HIGHLIGHTS

On Standalone basis, the Total Income of the Company for the year ended March 31, 2011 grew by 15.32% to Rs. 7836.36 Million as against Rs. 6795.28 Million in FY 2009-10 and Profit before tax grew by a modest 4.88% to Rs. 360.56 Million as against Rs.

343.78 Million in the previous year. On the Consolidation basis, the Total income grew by 24% and crossed 10 Billion mark, thereby achieving a milestone in the history of the Company. On the consolidation basis, the Total income stood at Rs. 10148.76 Million as against Rs. 8171.29 Million during the previous year and Profit before tax grew by 11% to Rs. 375.70 Million as against Rs. 338.07 Million during the previous year.

### EXPANSION & FUTURE PROSPECTS

Given today's environmental concerns and the mounting pressure to develop more energy- and resource-efficient products, Micro Channel Heat Exchangers (MCHEs) are steadily gaining ground over traditional fin & tube coils. Being all Aluminium brazed fin construction, they result in the improvement of cost of production by around 10% and require around 30% less refrigerant, paving way for lighter, more compact products. As per the industry estimates, over the next five years, the market share of MCHEs is expected to rise from 3% to 40%. This embarks another step towards growth strategy.

To meet with the growing demand for the energy efficient heat exchangers for HVAC & R industry, the company has expanded its existing Airconditioning manufacturing facility at Pantnagar, Uttarakhand. The expansion represents investment in imported machinery and equipment for the manufacture of Micro Channel Condenser Coils, a latest technology in the field of heat exchangers to meet with the growing demand for energy efficient heat exchangers for room airconditioning which are now being used in Room Airconditioners.

All the Micro Channel Heat Exchangers are passed through rigorous test of Helium Leak detector to detect even the minutest leakages in coils and thus maintain highest level of Quality Standards.

During the year, a Psychometric Test Lab was set-up at Pantnagar plant to test Airconditioners upto 5 tonne capacity. The test lab is also used to test and balance products with new refrigerant like R-410 and R-290 which are environment friendly. With its inhouse test lab in place, the Company is able to offer immediate solution to potential OEM customers as per their specific technical requirement. This has helped in achieving the performance of the products in a narrow band of tolerance thereby adhering to the Bureau of Energy Efficient (BEE) standards and improving reliability.

The Company, considering the growth in room airconditioning segment has planned its capacity expansion to cater to the increased demand from existing as well as new OEM customers. In view of the same, Company has set-up airconditioning manufacturing facility at Ranipet, Dist. Vellore, Tamil Nadu. The Ranipet facility has been strategically located to cater to the demand of the Southern part of the country and for the export market. The plant had commenced commercial production in February, 2011.

During the year under review, there was considerable intake of orders from Railways for the supply of roof mounted packaged units (RMPU's) for LHB rail coaches. Based on the requirements of Indian Railways, the Company has developed 10 TR. HVAC system to be used in New double decker coaches being built at RCF. This product which meets with the international standards had been cleared by the RDSO. An additional Rail coach Factory at Rae Bareilly in UP is being set up as a leading coach manufacturing unit of rated capacity of 1000 coaches per annum. This would increase the demand of the RMPU units for LHB type coaches. In addition, the Company has developed HVAC units for Metro and CLW cab cooling units. Considering the demand from the Transport Airconditioning segment, the Company has set-up a state of art manufacturing facility at Haridwar, Uttarakhand for the manufacture of packaged Air Conditioning units for Railway application; Metro and Defence units; commercial refrigerations units viz. Air Chillers, Air-cooled condenser; and Heat exchangers. The Haridwar plant would commence the commercial production during the current financial year.

During the year under review, on the Coil front, the Company has strengthened its foothold in the transport airconditioning





segment. The Company has commenced production of 15.87mm (5/8") coils specially used in Dry Coolers for process and power industry.

Taking cognizance of customer preferences, the Company had developed energy efficient models of room airconditioners, which meet with BEE norms. The Company has also enhanced its efforts on promoting star-rated products, with majority of variants being in the 3/5 star categories.

### Export Market

On the product export front, the Company offers products such as coils and room airconditioners. These products which compete with global brands, enjoy a good reputation in the Middle East market and African market. During the year under review, Company has developed Windows and Splits Ac's ranging from 18000 to 24000 BTU with reciprocating compressor for export market. The Company is also in the phase of development of new products

### Subsidiary

Operations of the **Lloyd Coils Europe s.r.o.**, the wholly owned subsidiary of the Company during the last fiscal year have been strongly influenced by the market turnaround observed in Europe after the months of recession. Total sales for the subsidiary increased by 50% from previous year and reached Euro 27.5 Million. In July, the company has returned to the four-shift, 24x7 working schedule, which has been exited just a year before due to the recession. Thanks to all the actions taken in operations to grow the production volume, subsidiary has managed the sharp demand increase smoothly with reasonable lead time and on time delivery results. During the last fiscal year subsidiary continued the development of AI-AI coils with objective to start serial deliveries of this product by end of Q1 2012.

After the year of depression the last fiscal year was again a year of growth. Though, not in every European country and not in every industry. Construction industry has not fully recovered yet and especially public investments are still very restricted. However, after the first signs of demand recovery coming from several European countries, many companies finally released their holds on new capital expenditures, which consequently caused sudden sharp increase of orders. Improvement of demand from traditional customers has combined with spot business obtained by many OEMs from more distant markets, making thus the need for immediate capacity increase even more urgent. The market demand boosted by more than 20% in the HVAC and refrigeration industry. Exceptional increase came from Russia, decent recovery has been experienced in large West-European countries – Germany, France and UK. Central Europe followed the trend but the growth rates were rather on the lower side, while Southern Europe and particularly Spain has not shown any improvement. Among the segment, there was a considerable growth in commercial air-conditioning, especially on roof-tops which became more popular in Europe. The growth in refrigeration was not so significant also because the impact of the previous recession had not been so devastating in this segment. Despite the fiscal issues experienced by virtually all European governments, the overall economic situation went through decent recovery during last year, which was far better than predicted. Major driver was apparently Germany where companies effectively utilized the period of recession and came back stronger than ever before. Depressive situation however continues in Spain and Greece where domestic demand dropped down to bottom and unemployment rate reaches monstrous figures.

For **Janka Engineering s.r.o.**, wholly owned subsidiary of the Company, which was acquired in 2009, the year represented the first full year under the new ownership. Janka had to face many challenges due to continuing unfavourable conditions in the Czech and Slovak construction industry. Sales for the year reached Euro 11.2 Million. Air handling units (AHU) product had suffered the most due to market decline. However, the Company has witnessed growth in the Industrial cooling products (ICL) coming from nuclear power plant in Slovakia. Large project of nuclear power plant renovation has been executed in Slovakia

and Janka was the single supplier for the cooling units there. Similar project is being scheduled for nuclear power plant also in Czech Republic.

The subsidiary has also started to develop a new range of Tram AC units designed for the Prague tramways. Internal resources from the Group have been used for this project as well as co-operation with local companies on development of the best AC loop design. Another project which started at the end of the fiscal year was development of underceiling unit for Czech as well as East-European markets. The best of internal Janka knowledge was utilized on this development. New product was introduced to the public in June 2011.

### **OPPORTUNITIES & OUTLOOK**

#### **Air conditioner Penetration:**

Room Air conditioner penetration in India is approx 3% which is very low compared to other countries like China, Malaysia, Korea, Taiwan etc. It is expected to grow up to 5% by 2015.

#### **Market Growth**

The market is evolving at a rapid pace, there are several factors favoring the Indian Air conditioner market growth. Changing lifestyles, rise in disposable incomes and the ease of availability will aid this growth.

Air Conditioners markets are expected to grow though there would be change in the mix of volume & price input cost will continue to remain high, with the added challenges of volatility. The competitive environment is also expected to remain intense. The Company's strategy & focus remains consistent to robustly defend & strengthen leadership positions, and concurrently lead market development of categories and channels of future.

### **RISK MANAGEMENT**

Financial risk relating to exchange rates, interest rates, credit risks and volatile commodity prices as well as operating risk arising out of high input costs, availability of raw material, changes in technology, customer preferences, changes in the global scenario, uncertain economic scenario are the major risks which impact the Company. To address these risks, the Company continues to utilize a robust Business Risk Management (BRM) process to identify, evaluate business risks and opportunities both at the corporate and at the regional levels. The identified risks and opportunities are integrated into rolling and annual plans. The action plans to mitigate the identified risks are thereafter drawn up and its implementation monitored.

#### **Competition Risks:**

The Air Conditioning Industry is becoming intensely competitive with the foray of new entrants and some of the existing players adopting inorganic growth strategies. To mitigate this risk, the Company is leveraging its newly created capacities to increase its market share, enhance its brand equity and visibility, enlarge its product portfolio and service offerings. It would also leverage on its Infrastructure, Commercial and Institutional Sales Units to offer value to large customers.

### **CORPORATE SUSTAINABILITY**

Your Company's strategy is to integrate the social, economical and environmental agenda in the fabric of its business and operations. This requires the business, to identify the relevant impact areas and define strategies that drive consumer preference, and in parallel, address these issues i.e strategies that do well by doing well. The reasons for growing the business sustainability are compelling and the Company sees no conflict between promoting sustainable development and business growth.



The Company is highly committed to protect the environment with its continuous efforts and strategies which we have integrated in its work culture by considering the environment i.e the natural resources such as water, energy, waste reduction and health of the people as the part of our performance.

### INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that all transactions are authorized, recorded and reported correctly. The internal control system is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

The composition and competencies of the audit team and effectiveness of internal controls is continuously monitored by the Audit division of the Company.

The scope of internal audit extends to all functions and locations of the company.

### ENVIRONMENT, HEALTH & SAFETY

Your Company firmly believes that it is accountable for the well being of every person who works at its facilities, including contractor personnel and has enshrined the same in its OH&S vision of "No harm anywhere to anyone associated with LLOYD", where "anyone" is defined to include "employees" and "contractors personnel" at the various Company sites. Significant initiatives were taken during the year to improve the safety of employees and contractors and to make the Organization a safe work place.

### HUMAN RESOURCES

The Company's Human resource is focused in strengthening the areas like building a robust talent, enhancing capabilities of every individual and capabilities of the organization as a whole for future readiness, driving greater employment engagement and strengthening employee relations. Recruiting the right talent was a key thrust area, keeping in mind, the need to optimize costs.

At the platform of Lloyd, the Company appreciates each and every effort made by the employee and the Company appraises the employees for their hard work and dedication by incorporating a smooth, harmonious and cordial relations between the Company and the employees which ultimately gives them mental peace, a sense of being safe and they found the company a better place to work.

Employee engagement and motivation is a continuous process at Lloyd. Employee training activities are also emphasized in the Company, which are in line with competency matrix and training need identified through performance review of each employee. This gives focus approach for individual skill enhancement.

### CAUTIONARY STATEMENT

*Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectation or predictions may have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual Performance may differ substantially and materially from those express or implied. Important developments that could affect your Company's operations down trend in the industry which it operates, significant changes in political and economic environment in India, Tax laws, labour relation, Foreign exchange fluctuation, interest rates or other cost.*



# Section of Lloyds' wide Range of Coils

## Products & their Installations



**Roof Mounted Package unit  
for Metro Rail**



**LHB Airconditioner  
for Indian Railways**

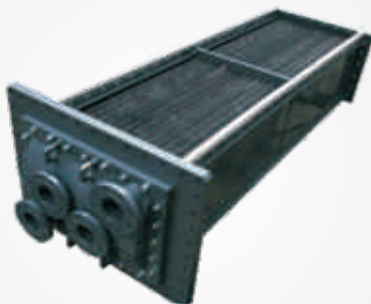
# Glimpses of our Other Products



**Air Handling Unit for power plant**



**Frameless Air Handling Unit**



**Cooler of hydrogen for generators**



**Compact under - ceiling unit**



**Air Handling Unit**



**Industrial fan to explosive atmosphere**

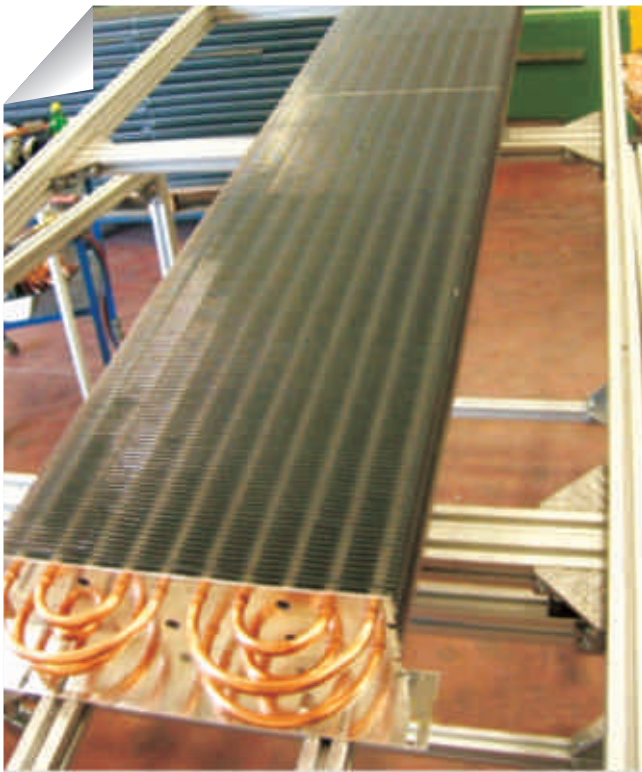




**Refrigeration Condenser**



**Steam Heater**



**Evaporator for Display Cabinets**



**Heat Exchanger for  
Nuclear Power Plant**



# Exhibitions - *ACREX* enhancing brand visibility





In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and some of the best practices followed internationally on Corporate Governance, Lloyd group has consistently followed the principles of good corporate governance through transparency, accountability, mutual trust and fair dealing. A basic set of corporate values and Beliefs have become a way of life in the Company and each employee is responsible for strict adherence to these values. The report containing the details of corporate governance systems and processes at Lloyd Electric & Engineering Limited is as under:

## **I. STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Good governance practices stem from the culture and mindset of the organisation. At Lloyd, it is our belief that as we move closer towards our aspirations of becoming a global corporation, Our Corporate Governance standards must be globally benchmarked. That gives us the confidence of having put in the right pedestal blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. At Lloyd we are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial, performance focused work environment.

By combining ethical values with business acumen, globalisation with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organisations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming truly a global leader in HVAC&R industry, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the Company.

Lloyd not only adheres to the prescribed corporate practices as per Clause 49 but is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

## **II. BOARD OF DIRECTORS**

The Board of Directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

### **Composition**

1. The Board of Directors of the Company comprises of Executive & Non- Executive Independent Directors. The Chairman is an Executive Director. As on March 31<sup>st</sup>, 2011, the Board comprises of seven Directors, of which Four are Non-Executive Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.
2. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the Companies in which they are Directors. Necessary disclosures regarding directorship and Committee positions in other public Companies as on March 31<sup>st</sup>, 2011 have been made by the Directors.



### Board Meeting

During the year under review, Five (5) board meetings were held on the following dates:

- (i) May 14, 2010      (iv) October 27, 2010
- (ii) August 3, 2010    (v) February 2, 2011
- (iii) August 31, 2010

The necessary quorum was present for all the meetings. The intervening period between two Board Meetings was well within the maximum time gap of four months, as prescribed under Code of Corporate Governance.

**Composition, Category and Attendance of Directors at Board Meetings, Last Annual General Meeting and number of other Directorships and chairmanships/memberships of Committees of each director in various companies as on March 31, 2011 are as follows:**

S.No	Name of the Directors	Category of Directorship	No. of Board Meetings attended	Last AGM attended	No. of Directorships in other Public Companies #	No. of Committees Positions held in other Public Companies@	
						Chairman	Member
1	Mr. Brij Raj Punj DIN 00080956	Chairman and Managing Director	5	Yes	2	-	1
2	Mr. A. K. Roy DIN 01475456	Whole Time Director	5	Yes	-	-	-
3	Mr. Mukat Behari Sharma DIN 02942036	Whole Time Director	5	Yes	-	-	-
4	Mr. K. Lall DIN 00555967	Non-Executive Independent Director	5	Yes	3	2	
5	Mr. S. K. Sharma DIN 00058581	Non-Executive Independent Director	5	No	1		1
6	Dr. Geeta Ajit Tekchand DIN 02937277	Non-Executive Independent Director	5	No	-	-	-
7	Mr. Mahesh Sreenivasan DIN 02833823	Nominee- IFCI	5	No	-	-	-

#### **Notes:**

#Other directorships do not include directorships in private companies, foreign companies, companies under section 25 of the Companies Act, 1956

@Includes only Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies

During the Financial year ended March 31, 2011 none of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company. Thus the requirement of clause 49, pertaining to the independence of Non Executive Directors has been duly complied with.

During the year 2010-11, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

## III. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements executed with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process. Audit Committee ensures transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit functions, ethics and compliance systems.

*The terms of reference of the Audit Committee are broadly as under:*

- Supervise the financial reporting process;
- Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements;
- Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function;
- Discuss with management the Company's major policies with respect to risk assessment and risk management;
- Hold discussions with statutory auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes;
- Ensure compliance with accounting standards and with listing requirements with respect to the financial statements;
- Recommend the appointment and removal of external auditors and their fees;
- Recommend the appointment of cost auditors;
- Review the independence of auditors;
- Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other Indian as well as foreign subsidiaries;
- Review related party transactions;

The Audit Committee comprises of 4 members, out of which 3 are Independent Directors. The Chairman of the Audit Committee was present at the last AGM.

During the year under review, the audit committee met five (5) times on the following dates:

- (i) May 14, 2010      (iv) October 27, 2010
- (ii) August 3, 2010      (v) February 2, 2011
- (iii) August 31, 2010

Adequate Quorum was present at all the meetings

As on March 31st, 2011, the Composition and attendance of the members at the meetings were as follows:

Name of Director	Designation	Category of Director	No. of Meetings Held	No. of Meetings attended
Mr. K. Lall	Chairman	Independent Non- Executive Director	5	5
Mr. S. K. Sharma	Member	Independent Non- Executive Director	5	5
Mr. A. K. Roy	Member	Whole Time Director	5	5
Dr. Geeta Ajit * Tekchand	Member	Independent Non- Executive Director	1	1

\*Dr. Geeta Ajit Tekchand was appointed as member of the Audit Committee w.e.f. from 27th October, 2010

#### IV. REMUNERATION COMMITTEE

The Company has constituted the remuneration committee, keeping in view its philosophy of voluntary transparency in operations. The Remuneration committee deals with all elements of remuneration package of the Executive Directors i.e. Salary, benefits, bonuses, stock options, pension etc. including details of fixed component and performance linked incentive, along with the performance criteria.

The broad terms of reference of the Remuneration Committee are as under:

- To approve the annual remuneration plan of the Company.
- To approve the remuneration and commission/incentive payable to Managing Director and Whole Time Directors for each financial year.
- Such other matters as the Board may from time to time request Remuneration Committee to examine and recommend/approve.

##### Composition

The constitution of the Remuneration Committee during the financial year ending March 31<sup>st</sup> 2011 was as follows:

S.No.	Name of Directors	Status	Category of Director
1.	Mr. S. K. Sharma	Chairman	Independent and Non- Executive Director
2.	Mr. K. Lall	Member	Independent and Non- Executive Director
3.	Mr. A. K. Roy	Member	Whole Time Director

Company Secretary acts as the secretary to the Committee.

##### Meetings and Attendance during the year

The Remuneration Committee met on August 31, 2011. The necessary quorum was present at the meeting

Members	Meetings Held	Meetings Attended
Mr. S. K. Sharma	1	1
Mr. K. Lall	1	1
Mr. A. K. Roy	1	1



### Remuneration Policy

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the members. During the year 2010-11, the Company paid sitting fees of Rupees 10,000/- per meeting to its Non-Executive Directors for attending meetings of the Board.

Details of Remuneration for the Year ended 31<sup>st</sup> March, 2011

#### Executive Director

S. No.	Name of the Directors	Salary(Rs.)	Perquisites and other benefits (Rs.)	Provident Fund Rs.)	Total(Rs.)
1.	Mr. Brij Raj Punj	37,86,000	-	-	37,86,000
2.	Mr. A. K. Roy	39,60,000	46,09,600	4,75,200	90,44,800
3.	Mr. Mukat Behari Sharma	14,40,000	7,20,000	1,72,800	23,32,800

#### Non-Executive Directors

The Non- Executive Directors have not drawn any remuneration from the Company, except sitting fees for attending meetings of the Board.

Name of Director	Sitting Fees(Gross)(Rs.)	Total(Rs.)
Mr.K.Lall	50,000	50,000
Mr.S.K.Sharma	50,000	50,000
Dr.Geeta Ajit Tekchand	50,000	50,000
Mr.Mahesh Sreenivasan Nominee- IFCI	50,000	50,000

## V. SHARETRANSFER AND INVESTOR' GRIEVANCE COMMITTEE

The Company has a Share Transfer and Investor Grievance Committee to oversee Investor grievances and redressal mechanism. The committee is entrusted with the responsibility to address the shareholders/investors complaints and it focuses primarily on strengthening investor relations and ensuring the rapid resolution of the shareholder or investor concerns including the following:-

- Approval and registration of transfer & transmission of shares and issue of duplicate share certificates;
- Redressal of investors' grievances and complaints like non-receipt of dividend warrants, share certificates, annual reports etc.

### Composition and meetings of the Committee during the year:

The present composition of the Committee as at March 31st, 2011 is as follows:

S.No.	Name of Directors	Status
1.	Mr.K.Lall	Chairman
2.	Mr.A.K.Roy	Member
3.	Mr.S.K.Sharma	Member
4.	Dr.Geeta Ajit Teckchand	Member

*\* Dr. Geeta Ajit Tekchand was inducted as a member of the Share Transfer and Investor Grievance Committee in place of Mr. Brij Raj Punj w.e.f. 27th, October, 2010*

All the requests pertaining to Share transfers/transmission, issue of duplicate share certificate, received are being approved by Shareholders and Investors Grievance Committee, which meets at least thrice in a month. During the year ended March 31, 2011 the Committee met 34 times.

Company Secretary acts as the secretary to the Committee.

### Details of investors Complaints\requests received & redressed during the year:

Opening Balance	Received During the year	Resolved During the year	Closing Balance
Nil	25	25	Nil

## VI. SUB-COMMITTEE OF DIRECTORS

The Company has constituted a Sub-Committee of Board of Directors for taking some decision of routine nature confirming the smooth functioning with respect to day to day affairs of the company. The committee consists of three directors namely,

- Mr. Brij Raj Punj, as Chairman,
- Mr. K. Lall as member and
- Mr. S. K. Sharma as member

The proceedings of the committee are placed before the Board of Directors in their next meeting for noting and ratification.

Company Secretary acts as the secretary to the Committee.

## VII. GENERAL BODY MEETING

Details of the last three Annual General Meetings of the Company are as follows:

Financial Year	Date & Time	Venue
2009-2010	September 28, 2010 at 9.30 a.m.	Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan.
2008-2009	September 25, 2009 at 9.00 a.m.	Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan.
2007-2008	September 29, 2008 at 4.00 p.m.	Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan.

No Special Resolution was passed in the last three Annual General Meeting.

During the year no special resolution was passed through postal ballot. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing of special resolution.

## VIII. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Employees of the Company. The Code of Conduct has already been posted on the website of the Company for general viewing. ([www.lloydengg.com](http://www.lloydengg.com))

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct on annual basis. The Annual Report contains a declaration to this effect signed by the Chairman & Managing Director.

## IX. DISCLOSURES

### a) Related Party Transactions

The Company has not entered into any transactions of material nature with its promoters, the Directors or management, their relatives that may have a potential conflict with the interests of the Company at large. Further details of related parties transaction, are given in the Balance Sheet.

### b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory Authorities on all matters related to capital markets during the last three years. No penalties and strictures are imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the financial year. The Company has complied with all Accounting standards issued by the Institute of chartered Accountants of India.

Business is done with a social measure of social accountability and the concept of fair measure to the society. Your Company has always been conscious of the development in its environment and is taking small but sure steps towards fulfilling its Corporate Social Responsibility (CSR) such as cutting down wasteful expenditure, an environmentally friendly working environment and encouraging innovation in all areas of operation.

### c) Risk Management Framework

Risks are an imminent part of business and the industry. Your Company maintains multi dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operations. In addition, they exchange information and participate in important

management initiatives and decisions through regularly scheduled meetings. Strictly adhering to this management structure and system, the Company is implementing measures that are intended to detect potential risks at an early stage. In its efforts to minimize business risk and eliminate risks that may have significant social impact, such as those related to corporate ethics and compliance, the environment and product quality, the Group is fulfilling its responsibilities towards stakeholders.

### d) **Secretarial Audit**

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### e) **Non Mandatory Requirements**

The Company has adopted the non-mandatory requirements with respect to the remuneration Committee, details in respect of which have already been given in this report.

## X. **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis forms the part of the Annual Report and is given separately.

## XI. **MEANS OF COMMUNICATION**

The Company disseminates information to all stakeholders through various channels:

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Pioneer (Delhi), Adhikar (Jaipur) and Economic times (Delhi, Mumbai & Pune). The results are also posted on the Company's website: <a href="http://www.lloydengg.com">www.lloydengg.com</a>
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: <a href="http://www.lloydengg.com">www.lloydengg.com</a>
Website	The Company's corporate website is <a href="http://www.lloydengg.com">www.lloydengg.com</a> , which provides comprehensive information about the Company. The Annual Report of the Company is available on the website. The same is also sent to all the Stock Exchanges where the shares of the Company are listed, for uploading on their own web-site.
Annual Report	Annual Report is circulated to all the members and all others entitled thereto like auditors, equity analyst etc.
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



## XII. GENERAL SHAREHOLDERS INFORMATION

1. **Registered Office** : A- 146 (B&C), RIICO Industrial Area,  
Bhiwadi, Distt. Alwar, Rajasthan
2. **Corporate Office:** 159, Okhla Industrial Estate  
Phase-III, New Delhi- 110020
3. **Annual General Meeting**
  - Date : 30th September, 2011
  - Time : 9.00 A.M.
  - Venue : A-146(B&C), RIICO Industrial Area, Bhiwadi,  
Distt. Alwar, Rajasthan

### 4. **Date of Book Closure/Record Date:**

The dates of book closure shall be from Monday, 26th September, 2011, to Friday, 30th September, 2011 (both dates inclusive)

### 5. **Dividend Payment**

The Dividend of Rs. 1.50 per equity share of Rs. 10/- each for the financial year 2010-2011, subject to the approval of the shareholders, has been recommended by the Board of Directors. The same shall be paid on or after 3<sup>rd</sup> October, 2011 but within the statutory time limit.

### 6. **Listing of equity shares/ shares underlying GDR's on Stock Exchanges:**

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and The Bombay Stock Exchange Limited (BSE) .

GDR's are listed on London Stock Exchange

The Company has paid the listing fees for the year 2011-2012 to the above Stock Exchanges.

### 7. **Listing of Debt Securities**

The Redeemable Non- Convertible Debentures issued by the Company are listed on Bombay Stock Exchange Limited. IDBI Trusteeship Services Limited is the Debenture Trustee for the Debentures issued.

### 8. **Custodial Fees to Depositories**

The Company has paid custodial fees for the year 2011-2012 to National Securities Depository Limited (NSDL) and Central Depository Services (Indian) Limited (CDSL)

### 9. **Stock Code/ Symbol**

Corporate Identification Number (CIN) : L29120RJ1987PLC012841

#### **Equity Shares**

BSE : 517518  
NSE : LLOYDELENG  
ISIN No. : INE245C01019

### Debentures

BSE

Scrip code (For LEEL NCD I FY 2010-11) : 947163

ISIN No. : INE245C07016

Scrip code (For LEEL NCD II FY 2010-11) : 947166

ISIN No. : INE245C07024

### GDR'S

LSE : LLD

Overseas Depository (for GDRs) : The Bank of New York

Domestic Custodian (for GDRs) : ICICI Bank Limited

## 10. Unclaimed Dividend

Under the provisions of the Companies Act, 1956, dividends unclaimed for a period of seven years statutorily gets transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and therefore cannot be claimed by the investors and hence no claim shall lie with the Company in respect of the same.

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) to the company confirming non-encashment/non receipt of dividend warrant(s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect of the same.

Financial Year	Date of declaration	Due date for transfer to IEPF
2005-2006 (Interim)	February 7, 2006	February 2013
2005-2006 (Final)	September 30, 2006	September 2013
2006-2007 (Final)	September 29, 2007	September 2014
2007-2008 (Final)	September 29, 2008	September 2015
2009-2010 (Final)	September 28, 2010	September 2017

## 11. Share Transfer System:

88.05% of the equity shares of the Company are in electronic form. Transfer of physical shares in to electronic shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Skyline Financial Services Pvt .Limited( Registrar & Transfer Agent) of the Company at the below mentioned address. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

**XIII. FINANCIAL CALENDAR FOR THE YEAR 2011-2012 (PROVISIONAL):**

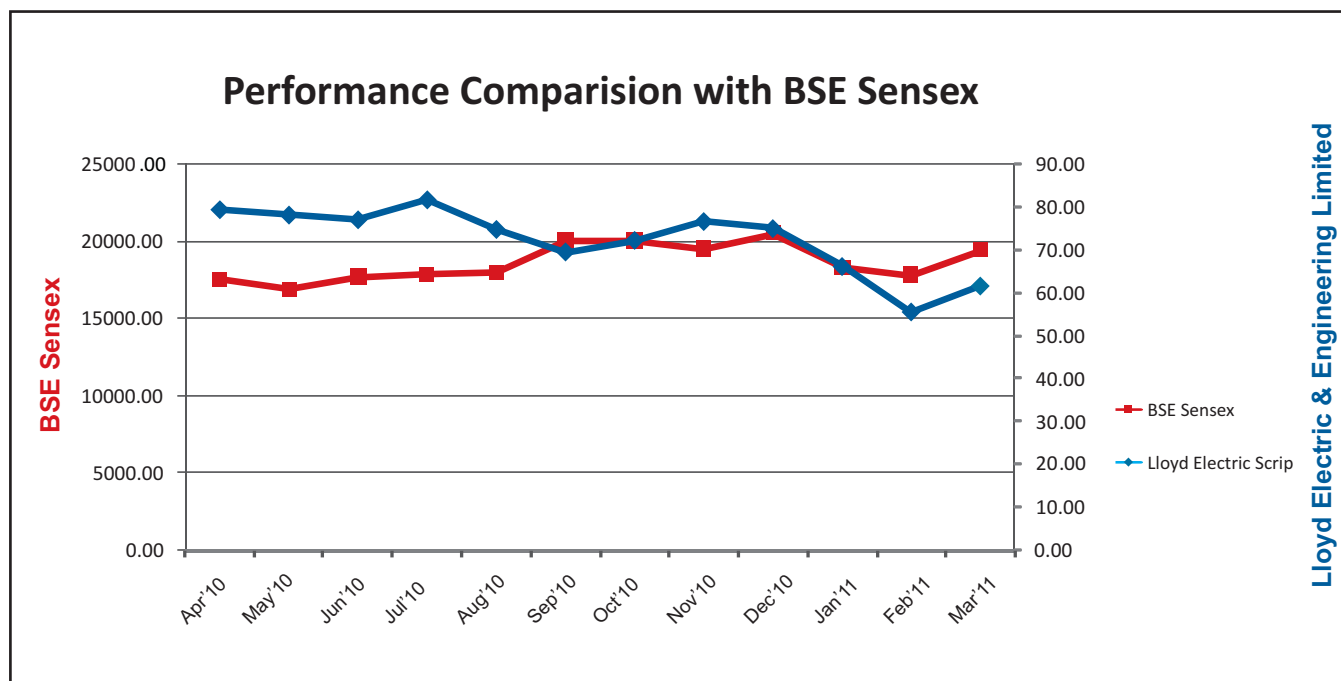
Declaration of Results for the Quarter ended on	Tentative Date
Financial Reporting for the quarter ending June 30, 2011	On or before August 15, 2011
Financial Reporting for the quarter ending September 30, 2011	On or before November 15, 2011
Financial Reporting for the quarter ending December 31, 2011	On or before February 15, 2012
Financial Reporting for the quarter ending March 31, 2012	On or before May 15, 2012
Annual General Meeting for the year ended March 31, 2012	Before the end of September 2012

**XIV. MARKET PRICE DATA**

Monthly high & low of the equity shares of the Company at BSE and NSE for the year ended March 31, 2011 are as follows

Particulars	BSE		NSE	
Months for the Financial Year 2010-11	High (Rs./share)	Low (Rs./share)	High (Rs./share)	Low (Rs./share)
April'10	85.70	62.50	85.55	62.55
May'10	84.25	71.50	84.30	74.30
June'10	82.90	73.35	82.55	73.15
July'10	92.65	76.00	92.35	75.60
August'10	87.45	73.55	87.70	73.50
September'10	79.80	69.15	79.90	68.15
October'10	82.15	70.00	82.00	69.80
November'10	93.80	72.00	93.50	75.00
December'10	81.50	67.45	83.00	67.35
January'11	77.25	62.15	77.25	61.90
February'11	66.60	48.50	67.00	48.10
March'11	64.90	54.48	59.55	54.40

## The performance comparison of Lloyd Electric & Engineering Limited's Closing Share Price in each month with BSE Sensex



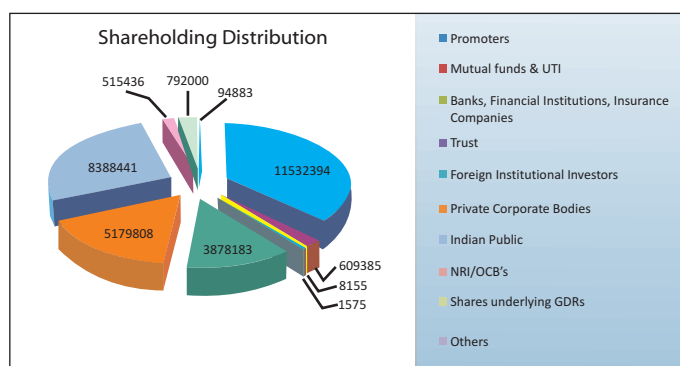
## XV. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31,2011

No. of Share held of Rs.10 each	No. of Shareholders	%age of Total	No. of Shares	%age of Total
Up to 500	18486	92.62%	2808344	7.93%
501 – 1000	853	4.27%	1233379	2.30%
1001 - 2000	318	1.59%	1145922	1.56%
2001 - 3000	86	0.43%	608222	0.73%
3001 - 4000	47	0.24%	433877	0.54%
4001 - 5000	43	0.22%	515109	0.65%
5001 - 10000	67	0.34%	998066	1.58%
10001 - & above	60	0.30%	23257341	84.71%
<b>Total</b>	<b>19960</b>	<b>100.00%</b>	<b>31000260</b>	<b>100.00%</b>



## XVI. SHAREHOLDING PATTERN AS AT MARCH 31, 2011

Category	No. of Shares held	% of shareholding
Promoters	11532394	37.20%
Mutual funds & UTI	609385	1.97%
Banks, Financial Institutions, Insurance Companies	8155	0.00%
Central/ State Government	-	-
Trust	1575	0.01%
Foreign Institutional Investors	3878183	12.51%
Private Corporate Bodies	5179808	16.71%
Indian Public	8388441	27.06%
NRI/OCB's	515436	1.66%
Shares underlying GDRs	792000	2.55%
Others	94883	0.33%
<b>Total</b>	<b>31000260</b>	<b>100%</b>

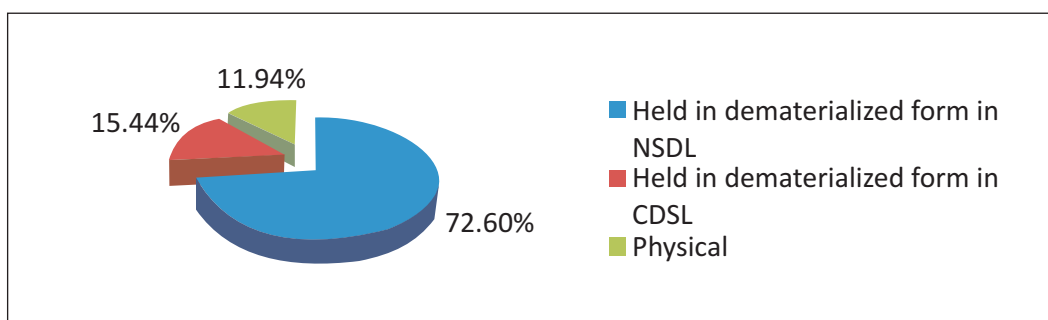


## XVII. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2011 27,295,797 equity shares of the Company, forming 88.05% of the shareholding stand dematerialized.

The number of shares held in dematerialized and physical mode as on March 31, 2011 is as under:

	No. of shares	% of Capital issued
Held in dematerialized form in NSDL	22508149	72.60 %
Held in dematerialized form in CDSL	4787648	15.44%
Physical	3704463	11.94%
<b>Total</b>	<b>31000260</b>	<b>100%</b>



### XVIII. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The outstanding GDRs are backed by underlying equity shares which are part of the existing paid-up capital of the company. 396000 GDRs underlying 792000 equity shares of the Company are outstanding as on March 31, 2011. Each GDR represents two underlying equity shares.

### XIX. "GREEN INITIATIVE IN THE CORPORATE GOVERNANCE":

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this Green initiative of the Government, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Company's Registrars & Share Transfer Agents, SKYLINE FINANCIAL SERVICES PRIVATE LIMITED.

### XX. PLANT LOCATIONS:

The Company has its manufacturing plant at the following location:

#### DOMESTIC:

- a) A – 146, (B & C),  
RIICO Industrial Area,  
Bhiwadi, Distt. Alwar,  
Rajasthan – 301 019
- b) Industrial Area,  
Kala-Amb, Trilokpur Road,  
Sirmour, Nahan  
Himachal Pradesh
- c) Plot No. S 21 & S 22, NON SEZ, Phase III  
Sipcot Road, Mugundarayapuram  
Ranipet, Vellore District (Tamilnadu)

- d) C-1/1, Industrial Area,  
Selakui, Dehradun,  
Uttaranchal
- e) Plot No. 24  
Sector 2, IIE  
Sidcul, Pantnagar  
Uttarakhand

- f) Bahadarabad, Mehdood  
Industrial Park, 2 Salempur  
SIDCUL, Haridwar, Uttarakhand

#### OVERSEAS (Owned by subsidiaries)

- a) Lloyd Coils Europe s.r.o  
Prague-5, Radotin  
Vrazaska 143  
Postal Code 15300
- b) Janka Engineering s.r.o  
vráňská 143  
153 00 Praha 5 Radotin  
Czech Republic



### **XXI. ADDRESS FOR CORRESPONDENCE:**

#### **Corporate Office**

INVESTOR RELATION DEPARTMENT  
LLOYD ELECTRIC & ENGINEERING LIMITED  
159, Okhla Industrial Estate  
Phase-III, New Delhi- 110020  
Tel :91-11-40627200, 40627300  
Fax: 91-11-41609909  
e-mail id- investor.relation@lloydengg.com

#### **COMPLIANCE OFFICER**

ANITA K. SHARMA  
Company Secretary

#### **Registrar & Transfer Agents**

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED  
D-153 A, First Floor,  
Okhla Industrial Area, Phase-I  
New Delhi- 110020  
Tel :91-11-26812682, 26812683,84  
Fax: 91-11-26292681  
Website: [www.skylinerta.com](http://www.skylinerta.com)  
e-mail id- admin@skylinerta.com

### **CODE OF CONDUCT DECLARATION**

To

**The Members of Lloyd Electric & Engineering Limited**

As provided under Clause 49 of the listing agreement with Bombay Stock Exchange & National Stock Exchange of India Limited, the Board members and the Senior Management personnel have confirmed compliance with the code of conduct & ethics for the financial year ended March 31st, 2011.

**For Lloyd Electric & Engineering Ltd.**

**Date: August 11, 2011**

**Place: New Delhi**

**Brij Raj Punj**

**Chairman & Managing Director**

### **CEO/ CFO CERTIFICATION**

**The Board of Directors of Lloyd Electric & Engineering Limited**

Dear Sirs,

Sub: **CEO/CFO Certificate**

(Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of Lloyd Electric & Engineering Limited for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-2011 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.

We further certify that:

- a) There have been no significant changes in internal control during the year.
- b) There have been no significant changes in accounting policies during the year.
- c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

**Yours sincerely**

**Mukat B. Sharma**

*Chief Financial Officer cum Whole Time Director*

**Brij Raj Punj**

*Chairman & Managing Director*

**Dated : August 11, 2011**

**Place: New Delhi**





### **COMPLIANCE CERTIFICATE**

TO THE MEMBERS OF

#### **LLOYD ELECTRIC & ENGINEERING LIMITED**

We have examined the compliance of conditions of Corporate Governance by **LLOYD ELECTRIC & ENGINEERING LIMITED** ("the Company") for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For Suresh C. Mathur & Co.  
Chartered Accountants**

**Date: August 11, 2011  
Place: New Delhi**

**Brijesh C. Mathur  
Partner  
M. No. : 83540  
Firm Registration No. 000891N**

# Auditors' Report

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To

Members,

Lloyd Electric & Engineering Limited.

We have audited the attached Balance Sheet of **LLOYD ELECTRIC & ENGINEERING LIMITED as at 31<sup>st</sup> March, 2011** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in Terms of sub-section (4A) of Section 227 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.
3. Further to our comments in the Annexure referred to in the Paragraph 2 above we report that -
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

for **SURESH C. MATHUR & CO.**

Chartered Accountants,

(Firm Registration No.000891N)

**(BRIJESH C. MATHUR)**

PARTNER

Membership No.-083540

PLACE : NEW DELHI

DATED : AUGUST 11, 2011

## **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011 OF LLOYD ELECTRIC & ENGINEERING LIMITED**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that

1. The company has maintained records showing full particulars including quantitative details and situation of the Fixed Assets. As per information given to us, the management has verified the Fixed Assets physically. We understand that no discrepancies were noticed on such physical verification. The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
3. According to the informations given to us the Company has not taken any loans, secured or unsecured from Companies, firms, or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. The Company has granted net Rs. 1498.39 lakhs to Company, Firms listed in the register maintained u/s 301 of the Companies Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale goods. During the course of our audit no major weakness has been noticed in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public therefore the provision of Section 58A and 58AA of the Companies Act, 1956 are not applicable to the company.
7. In our opinion, the Company has internal audit system, commensurate with the size of the Company and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records u/s 209(1) (d) of the Companies Act 1956 for the products of the company.



9. According to the records of the company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. The disputed matter pending before authority is as under:

Particulars	Financial Year	Amount (Rs.in Lacs)	Dispute Pending
Excise Duty	2006-2007	21.75	Appellate Tribunal

10. The company does not have accumulated Losses at the end of the financial year and has not incurred any cash loss during the financial year covered by our audit and the immediate preceding financial year.
11. The company has not defaulted in repayment of dues of financial institution / bank as at the Balance Sheet date.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
15. In our opinion and according to the information and explanation given to us, the terms & conditions of the guarantees given by the Company for loan taken by the associate/subsidiary Companies from bank are prime facie not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
18. During the year the company has allotted 500 No's 11.25% Secured Redeemable Non-Convertible Debentures @ Rs.10 Lacs each (Refer Schedule C). According to the information and explanations given to us and the records examined by us, charge has been created in respect of the debentures issued.



19. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
20. During the year, the Company has not raised any money by way of public issue.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by management.

For **SURESH C. MATHUR & CO.**  
Chartered Accountants,  
(Firm Registration No.000891N)

**(BRIJESH C. MATHUR)**

PARTNER

Membership No.-083540

PLACE : NEW DELHI

DATED : AUGUST 11, 2011

# Balance Sheet as at 31<sup>st</sup> March, 2011

(Rs. In Lacs)

Particulars	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	<b>A</b>	3,100.67	3,100.67
Reserves & Surplus	<b>B</b>	40,104.06	37,116.36
<b>LOAN FUNDS</b>	<b>C</b>		
Secured Loans		33,064.70	16,591.25
Unsecured Loans		-	2,500.00
<b>DEFERRED TAX LIABILITY</b>		1,057.05	777.05
<b>TOTAL</b>		<b>77,326.48</b>	<b>60,085.34</b>
<b>APPLICATIONS OF FUNDS:</b>			
<b>FIXED ASSETS</b>	<b>D</b>		
Gross Block		30,583.45	26,953.36
Less: Depreciation		8,800.45	7,506.74
Net Block		21,783.00	19,446.62
Capital Work in Progress		2,233.67	1,812.92
<b>INVESTMENTS</b>	<b>E</b>	8,380.21	7,663.74
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	<b>F</b>	20,268.20	15,363.62
Sundry Debtors	<b>G</b>	21,856.91	18,235.85
Cash and Bank Balances	<b>H</b>	6,034.33	1,736.83
Loan and Advances	<b>I</b>	5,681.06	4,384.82
		53,840.49	39,721.11
<b>Less :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	<b>J</b>	7,989.04	7,100.67
Provisions	<b>K</b>	1,687.51	2,190.39
		9,676.55	9,291.06
<b>NET CURRENT ASSETS</b>		44,163.94	30,430.05
<b>MISCELLANEOUS EXPENDITURE</b>	<b>L</b>	765.66	732.02
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>77,326.48</b>	<b>60,085.34</b>
<b>NOTES TO ACCOUNTS</b>	<b>S</b>		
Schedules A to S annexed form an integral part of accounts & are duly authenticated.			

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**

# Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2011



(Rs. In Lacs)

Particulars	Schedule	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME:</b>			
Sales		79,026.28	68,327.14
Less: Excise Duty		798.33	675.51
Other Income	M	135.63	301.14
<b>Total</b>		<b>78,363.59</b>	<b>67,952.77</b>
<b>EXPENDITURE:</b>			
Materials Cost	N	67,009.57	58,736.29
Manufacturing Expenses	O	807.63	565.00
Administrative Expenses	P	1,740.31	1,172.82
Selling Expenses	Q	386.96	166.76
Finance Charges	R	2,050.00	1,583.64
Misc. Exp. Written off	L	191.42	-
Depreciation		1,312.12	1,200.50
<b>Total</b>		<b>73,498.00</b>	<b>63,425.01</b>
<b>PROFIT BEFORE TAXATION</b>		4,865.58	4,527.76
<b>Less:</b>			
Provision for Taxation		980.00	770.00
Deferred Tax for the year		280.00	320.00
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>3,605.58</b>	<b>3,437.76</b>
Balance brought forward from previous year		4,335.24	1,738.98
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>7,940.83</b>	<b>5,176.73</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		465.00	310.00
Tax on Proposed Dividend		75.44	51.49
Transfer to Debenture Redemption Reserve		250.00	-
Transfer to General Reserve		450.00	480.00
<b>Balance carried to Balance Sheet</b>		<b>6,700.39</b>	<b>4,335.24</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		11.63	11.09
<b>Notes forming part of the Accounts</b>	S		
Schedules A to S annexed form an integral part of accounts & are duly authenticated.			

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**



## Schedules to the Balance Sheet as at 31<sup>st</sup> March, 2011

Particulars	(Rs. In Lacs)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL:</b>		
1) <b>Authorised Capital:</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
(Previous year 5,00,00,000 Equity Shares of Rs.10/- each)		
2) <b>Issued &amp; Subscribed Capital:</b>		
3,10,13,160 equity shares of Rs. 10/- each	3,101.32	3,101.32
3) <b># Paid up Capital:</b>		
3,10,00,260 equity shares of Rs. 10/- each fully paid up	3,100.03	3,100.03
(Previous year 3,10,00,260 equity shares of Rs. 10 each )		
Add: Equity Shares forfeited (amount originally paid up)	0.65	0.65
<b>TOTAL</b>	<b>3,100.67</b>	<b>3,100.67</b>

### # Notes:

1. Out of the above equity shares
  - a) Include 40,00,000 Equity Shares allotted in the year 2006-07 on conversion of warrants issued on preferential basis during the year 2005-06.
  - b) Includes 92,00,000 underlying Equity Shares representing 46,00,000 Global Depository Receipts issued during the year 2005-06.
  - c) in the year 2006-2007 the Company had forfeited 13,300 equity shares due to the non-payment of allotment money. The Board of Directors had annulled the forfeiture of 400 equity shares on receipt of payment advise by the shareholders and accordingly 400 equity shares had been restored back. Subsequent to the annulification of forfeiture, the paid-up capital stands increased to Rs.310002600 i.e.31000260 equity shares of Rs.10/- each fully paid-up.

# Schedules to the Balance Sheet as at 31<sup>st</sup> March, 2011



(Rs. In Lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
<b>SCHEDULE - B</b>				
<b>RESERVES AND SURPLUS:</b>				
1) Capital Reserve (subsidy received against fixed assets)		15.00		15.00
2) Capital Reserve (Share Warrants forfeited by the Company)		1,125.00		1,125.00
3) Revaluation Reserve (land revalued as on 31st March, 1993)		35.00		35.00
4) Securities Premium Account: Less: Debenture issue Expenses	17,583.74 77.45	17,506.28		17,583.74
5) General Reserve: Opening balance Add: Transfer from Profit & Loss a/c	14,022.38 450.00	14,472.38	13,542.38 480.00	14,022.38
6) Debenture Redemption Reserve		250.00		-
7) Profit & Loss Account: As per Profit & Loss Appropriation A/c		6,700.39		4,335.24
<b>TOTAL</b>		<b>40,104.06</b>		<b>37,116.36</b>
<b>SCHEDULE - C</b>				
<b>SECURED LOANS:</b>				
1. <b>Term Loans</b>				
From Financial Institution	774.16		1,440.52	
From Scheduled Banks	7,530.77	8,304.93	1,788.29	3,228.81
2. <b>Working Capital Loans:</b>				
From Banks		19,735.45		13,300.81
3. <b>Debentures*</b> (Refer Note)				
500 nos. 11.25% Secured Redeemable Non Convertible Debentures @ Rs. 10,00,000/- each		5,000.00		0.00
4. <b>Loan against Vehicles</b> (secured by hypothecation of vehicle financed)		24.33		61.63
<b>TOTAL</b>		<b>33,064.70</b>		<b>16,591.25</b>
<b>UNSECURED LOANS:</b>				
Short term Loan from Bank		0.00		2,500.00
<b>TOTAL</b>		<b>0.00</b>		<b>2,500.00</b>

**Note:**

- The Term loan from banks & financial Institutions are Secured by way of first charge on Pari-Passu basis on the Fixed Assets of the Company and Second hypothecation charge on the Stock/Books debts.
- The working capital loans, fund based as well as non fund based from banks are secured by way of first hypothecation charge on the stocks/ book debts, both present and future and second charge on pari-passu basis on the fixed assets of the Company.
- As per Board Resolution dated 14.03.2011 the Company has allotted 400 Nos., 11.25% secured redeemable non-Convertible Debentures @ Rs. 10,00,000/- each on 14.03.2011 and balance 100 Nos., 11.25% Secured Redeemable Non-Convertible Debentures @ Rs. 10,00,000/- each on 29.03.2011 for a tenure of 5 Years on private placement basis. The Interest on Debentures is payable quarterly from the date of allotment @ 11.25% P.A. Debentures will be redeemed at par in Six Equal half Yearly installments at the end of 30th Month, 36th Month, 42nd month, 48th month, 54th month and 60th month from the date of allotment and secured by first ranking pari passu charge on all fixed assets including the immovable properties together with structures and appurtenances thereon and there under and movable properties, present and future.

## Schedules to the Balance Sheet as at 31<sup>st</sup> March, 2011

### SCHEDULE- D

#### FIXED ASSETS:

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deduction	As at 31.3.2011	Up to 31.3.2010	For the Year	Adjustment	Up to 31.3.2011	As at 31.03.2011	As at 31.03.2010
1) Leasehold Land	233.23	-	-	233.23	-	-	-	-	233.23	233.23
2) Temporary Constructions	11.97	-	-	11.97	11.97	-	-	11.97	-	-
3) Buildings	1,027.00	2,223.39	-	3,250.39	249.38	49.85	-	299.22	2,951.16	777.62
4) Plant & Machinery	25,004.96	1,336.78	6.49	26,335.25	6,916.93	1,209.94	0.23	8,126.63	18,208.61	18,088.03
5) Office Equipments	189.84	47.62		237.46	134.07	8.71		142.77	94.69	55.78
6) Vehicles	436.56	44.31	34.75	446.11	178.79	40.00	18.17	200.62	245.49	257.77
7) Furniture & Fixtures	49.79	19.25	-	69.04	15.61	3.62	-	19.23	49.81	34.18
<b>TOTAL</b>	<b>26,953.36</b>	<b>3,671.34</b>	<b>41.24</b>	<b>30,583.45</b>	<b>7,506.74</b>	<b>1,312.12</b>	<b>18.40</b>	<b>8,800.45</b>	<b>21,783.00</b>	<b>19,446.62</b>
(Previous Year)	25,330.09	1,717.71	94.44	26,953.36	6,337.96	1,200.50	31.71	7,506.74	19,446.62	18,992.13



(Rs. In Lacs)

Particulars	Face Value	Number of Shares	As At 31.03.2011	Number of Shares	As At 31.03.2010
<b>SCHEDULE - E</b>					
<b>INVESTMENTS:</b>					
<b>Quoted Shares</b>					
Blue Star Ltd.	2	375	0.13	375	0.13
Blue Star Info. Ltd.	10	25	0.04	25	0.04
Castrol (India) Ltd.	10	5	0.01	5	0.01
Chambal Fertilizers & Chem. Ltd.	10	1,000	0.20	1,000	0.20
D.B. International Brokers Ltd.	10	16,600	1.66	16,600	1.66
Dot Com. Global Ltd.	10	24,200	0.16	24,200	0.16
Shardul Securities Ltd.	10	25,600	7.68	25,600	7.68
ACE India Ltd.	10	16,900	1.69	16,900	1.69
Fortis Financial Services Ltd.	10	400	0.04	400	0.04
Glaxo Sithkline Pharmaceuticals Ltd.	10	125	0.76	125	0.76
HDFC Bank Ltd.	10	25	0.09	25	0.09
Hindustan Uinliver Ltd.	1	3,850	4.63	3,850	4.63
JSW Steel Limited	10	5,124	11.12	5,124	11.12
Lumax Industries Limited	10	4,600	2.68	4,600	2.68
Panasonic Battery India Ltd.	10	500	0.21	500	0.21
SRG Infotech Limited	10	200	0.00	200	0.00
Sterlite Opticals Limited	5	210	0.05	210	0.05
Subros Limited	10	30	0.03	30	0.03
Tata Chemicals Limited	10	50	0.06	50	0.06
Tata Consultancy Services Limited	1	2,458	20.89	2,458	20.89
Visesh Infotecnics Limited	10	100	0.00	100	0.00
Voltas Limited	1	500	0.06	500	0.06
GHCL Ltd.	10	125,000	190.93	125,000	190.93
Archies Ltd.	10	30,000	32.17	30,000	32.17
Investment in SBI Mutual Fund			10.00		10.00
<b>Sub-Total (A)</b>			<b>285.29</b>		<b>285.29</b>
Less: Provision for diminution in value of shares			-		-
			<b>285.29</b>		<b>285.29</b>
<b>Unquoted Shares:</b>					
Lloyd Credits Ltd.	10	300,000	30.00	300,000	30.00
Lloyd Aircon (P) Ltd.	10	350	0.04	350	0.04
Lloyd Manufacturing (P) Ltd.	100	5	0.01	5	0.01
Carrier Aircon Ltd.	10	100	0.09	100	0.09
<u>Advance for investment in share:</u>					
Lloyd Coils LP (USA)		-	178.44	-	178.44
<b>Subsidiary Company:</b>					
Lloyd Coils Europe s.r.o.			4,501.09		3,784.62
Janka Engineers s.r.o.			3,317.10		3,317.10
Lloyd Eelctric FZE (500000 AED)	100000AED	5	68.15	-	68.15
<b>Sub-Total (B)</b>			<b>8,094.91</b>		<b>7,378.44</b>
			<b>8,380.21</b>		<b>7,663.74</b>
Additional Information :					
1) Aggregate amount of Company's -					
a) Market value of Quoted Investments			394.12		289.93
b) Unquoted Investments			8,094.91		7,378.44



## Schedules to the Balance Sheet as at 31<sup>st</sup> March, 2011

(Rs. In Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - F</b>		
<b>INVENTORIES:</b>		
(Refer Note No.-I (e) of Schedule-S)		
1) Raw-materials	15,821.33	13,701.65
2) Consumables	145.51	94.74
3) Stock in Process	354.89	583.49
4) Finished Goods	1,448.18	234.60
5) Stock in Transit (At Cost)	2,498.29	749.13
<b>TOTAL</b>	<b>20,268.20</b>	<b>15,363.62</b>
<b>SCHEDULE - G</b>		
<b>SUNDRY DEBTORS:</b>		
(Unsecured considered good by the Management)		
1) Debts outstanding for a period exceeding six months	176.95	173.76
2) Other Debts	21,679.96	18,062.08
<b>TOTAL</b>	<b>21,856.91</b>	<b>18,235.85</b>
<b>SCHEDULE - H</b>		
<b>CASH AND BANK BALANCES:</b>		
1) Cash balance in hand	9.39	11.41
2) Balances with scheduled banks		
a) in current accounts	988.33	152.57
b) in fixed deposits	5,000.25	0.25
c) in Fixed Deposit in Foreign A/c	-	1,570.34
d) Receipt pledged with Bank for margin money (Including Interest)	9.45	1.79
e) interest accrued on fixed deposit	26.92	0.47
<b>TOTAL</b>	<b>6,034.33</b>	<b>1,736.83</b>



(Rs. In Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - I</b>		
<b>LOAN &amp; ADVANCES :</b>		
1) Security Deposits	99.85	76.89
2) Advances recoverable in cash or in kind or for value to be recovered	2,436.93	1,608.77
3) Loan to subsidiary company	1,117.08	60.70
4) Advance Taxes & TDS	528.81	1,255.09
5) Intra Group Accounts (Net)	1,498.39	1,383.35
<b>TOTAL</b>	<b>5,681.06</b>	<b>4,384.82</b>
<b>SCHEDULE - J</b>		
<b>CURRENT LIABILITIES:</b>		
1) Sundry creditors	7,114.68	6,713.73
2) Unclaimed Dividend	19.16	15.54
3) Other Liabilities	803.42	371.40
4) Interest Accrued but not due	51.79	-
<b>TOTAL</b>	<b>7,989.04</b>	<b>7,100.67</b>
<b>SCHEDULE - K</b>		
<b>PROVISIONS:</b>		
Provision for Income Tax	982.00	1,687.00
Provision for Fringe Benefit Tax	25.90	25.90
Provision for proposed dividend	465.00	310.00
Provision for tax on proposed dividend	75.44	51.49
Provision for gratuity & leave encashment	139.17	116.01
<b>TOTAL</b>	<b>1,687.51</b>	<b>2,190.39</b>
<b>SCHEDULE - L</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenses		
Opening balance	732.02	477.55
Addition during the year	225.05	254.48
	957.08	732.02
Less: 1/5 written off during the year	191.42	-
	765.66	732.02
<b>TOTAL</b>	<b>765.66</b>	<b>732.02</b>

## Schedules to the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011

(Rs. In Lacs)

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
SCHEDULE - M				
OTHER INCOME:				
1) Interest Income		29.89		0.04
2) Interest on Foreign Currency Deposit		2.81		26.95
3) Interest from Lloyd Coils Europe s.r.o.		33.31		156.83
4) Interest form Janka Engineering s.r.o.		6.34		62.09
5) Misc.Income		56.54		49.55
6) Dividend Income		6.75		5.67
TOTAL		135.63		301.14
SCHEDULE - N				
MATERIALS COST:				
1) Raw materials, consumables and components consumed:				
a) Opening stocks	13,796.38		11,474.06	
b) Purchases	70,053.85		61,137.40	
c) Carriage Inwards	111.14		54.39	
	83,961.38		72,665.84	
d) Less: Closing stocks	15,966.84	67,994.54	13,796.38	58,869.46
2) Decrease/(Increase) in stocks in process:				
a) Opening stock	583.49		148.58	
b) Less : Closing stock	354.89	228.60	583.49	(434.91)
3) Decrease/(Increase) in finished goods:				
a) Opening stock	234.60		536.34	
b) Less : Closing stock	1,448.18	(1,213.57)	234.60	301.74
TOTAL		67,009.57		58,736.29
SCHEDULE - O				
MANUFACTURING EXPENSES:				
1) Wages		220.52		165.04
2) Labour Welfare		64.72		30.59
3) Repair and Maintenance		63.76		28.84
4) Power and Fuel		185.16		165.96
5) Factory Overheads		91.15		12.86
6) Factory Rent		46.62		57.56
7) Insurance		35.14		34.16
8) Other Charges		100.56		69.99
TOTAL		807.63		565.00



(Rs. In Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE- P</b>		
<b>ADMINISTRATIVE EXPENSES:</b>		
1) Salary and Allowances	945.00	509.39
2) Contribution to Provident Fund	64.70	44.96
3) Staff Welfare	40.98	25.06
4) Rent, Rates & Taxes	23.79	3.08
5) Postage, Telegram and Telephones	60.37	32.76
6) Printing and stationery	31.53	16.32
7) Audit Fee (including service tax)	15.44	13.79
8) Legal and professional charges	173.31	103.49
9) Office maintenance	15.70	9.12
10) Travel and Conveyance	224.53	122.21
11) Motor Car Expenses	35.65	34.33
12) General Expenses	90.19	59.69
13) Loss on sale of Fixed Assets	12.53	23.72
14) Loss on foreign exchange fluctuation	6.59	347.01
15) Diminution in the value of investment	-	(172.10)
<b>TOTAL</b>	<b>1,740.31</b>	<b>1,172.82</b>
<b>SCHEDULE - Q</b>		
<b>SELLING &amp; MARKETING EXPENSES:</b>		
1) Advertisement and publicity	68.33	20.30
2) Business Promotion	21.56	32.86
3) Carriage outwards	237.09	67.54
4) Discount	40.91	34.03
5) Commission & Incentive	7.57	5.28
7) Foreign Exhibition Expenses	5.65	5.38
8) Free Samples	5.84	1.37
<b>TOTAL</b>	<b>386.96</b>	<b>166.76</b>
<b>SCHEDULE - R</b>		
<b>FINANCE CHARGES:</b>		
1) Interest on term loans/working capital & Other	1,727.26	1,431.15
2) Bank charges	322.74	152.49
<b>TOTAL</b>	<b>2,050.00</b>	<b>1,583.64</b>

### SCHEDULE-S

#### NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.

##### 1. SIGNIFICANT ACCOUNTING POLICIES:

###### a) Basis of Preparation of Financial statements:

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

###### b) Revenue Recognition:

- i) Income and Expenditure are recognized on accrual basis.
- ii) Sales are accounted on dispatch of products and sales value includes excise duty.
- iii) Export sales are accounted on the basis of date of bill of lading.
- iv) Dividend income is recognised when the right to receive the dividend is established.

###### c) Fixed Assets:

Fixed assets except leasehold land are stated at cost less accumulated depreciation. The cost includes freight, duties, taxes and other incidental expenses related to acquisition and installation. CENVAT claim, if any, on capital goods is reduced from the cost.

###### d) Depreciation:

- i) Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets added during the year, is calculated on pro-rata basis with reference to the date of installation.

###### e) Inventory Valuation:

- i) Raw materials and consumables are valued at cost as per the First in First Out (FIFO) method and include(s) customs duty wherever paid, and are net of credit availed under CENVAT scheme.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- iv) Stock in transit lying in customs warehouse is valued at cost but does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.

###### f) Investments:

Long term Investments are stated at cost. Investments in subsidiary company are of long-term and strategic nature. The diminution if any in the value of these investments is temporary in nature.





## **g) Foreign currency transactions:**

- Income and Expenses in foreign exchange are accounted at the transaction rate prevailing at the time of transaction.
- Assets purchased are capitalized at rates prevailing on the date of purchase
- Balances in foreign bank accounts, Exchange Earners Foreign Currency Account are translated into Indian Rupees at rates prevailing at the year-end.

## **h) Retirement Benefits:**

### **Provident Fund:-**

Retirement benefit in form of provident fund is a defined contribution scheme and the contributions are charged to the profit and Loss account of the year when the contributions to the respective funds are due.

### **Gratuity:-**

The company's liability in respect of payment of gratuity is provided on accrual basis and actuarial valuation is subject to management.

### **Leave Encashment:-**

Leave Encashment are valued at cost to company basis without considering any discounting and salary increase and provided on the basis of actual valuation.

## **i) Borrowing Cost:**

Cost in connection with the borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortized and charged to the Profit and Loss Account, over the tenure of the loan. Borrowing cost to the extent directly attributable to acquisition of fixed assets are added to the cost of fixed assets.

## **j) Taxation:**

### **Current Tax:**

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961, except for the overseas subsidiaries and joint ventures where current tax provisions is determined based on the local tax laws. Deferred tax is recognized for all timing differences, subject to the consideration of prudence applying the tax rates that have been substantively enacted by the Balance Sheet date.

### **Deferred Tax:**

Deferred tax liabilities represent the tax effect of temporary differences substantially on account of differences in the written down value of Fixed Assets on account of differing depreciation methods and rates and other timing differences.

## **k) Capital Work-in-Progress**

Projects under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**l) Use of Estimation:**

The financial statements are prepared in conformity with generally accepted accounting principles and applicable accounting standards, which may require management to make estimates and assumptions. These may affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting period. Actual report later could differ from these estimates.

**m) Impairment of Assets:**

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized.

**n) Segment Reporting:**

The Company's operations predominantly comprise of manufacturing and sale of Air-conditioning and parts thereof. The geographical segmentations are insignificant.

**o) Earning Per Share:**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

**p) Cash Flow Statement:**

The Cash Flow statement is prepared by the indirect method set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

**q) Sundry Debtors/Loans & Advances:**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation.

**r) Provisions /Contingencies:**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes on Accounts.

**s) Derivative Instruments:**

The Company has entered into derivative contracts in the nature of interest rate swaps and forward contracts with intention to hedge its requirements and firm commitments. The contracts are mark to market and losses are recognized in the profit and loss account. Gains arising on the same are not recognized on ground of prudence.

**t) Deferred Revenue Expenditure:**

Cost of traveling, Consultancy fees and other expenses related to International Certification are considered as deferred revenue expenditure. 1/5 of the expenditures have been charged to Profit and Loss account.

**u) Debenture issue Expenses :**

Debenture issue expenses are adjusted against the Securities Premium Account as permissible under Section 78 ( 2 ) of the Companies Act 1956.

**II) NOTES TO ACCOUNTS:****1) Contingent liability not provided for:**

Particulars	Current Year (Rs. In lacs)	Previous Year (Rs. In lacs)
a) Bank Guarantees	740.70	200.14
b) Corporate Guarantees given against loan taken by related parties.	Nil	5000.00
c) Corporate Guarantee of 15 million Euro given by the Company for 12 million Euro Loan availed by Lloyd Coils Europe s.r.o. a wholly owned subsidiary. Outstanding as at March 31, 2011 is Euro 7.50 million .	5906.25	9600.00
d)		
(i) Stand by Line of Credit of Euro 2.5 million given by the Company for Euro 2.25 million working capital facility availed by Lloyd Coils Europe s.r.o. a wholly owned subsidiary .	1575.00	-
(ii) Stand by Line of Credit of Euro 2.34 million given by the Company for Euro 1.90 million working capital facility availed by Janka Engineering s.r.o a wholly owned subsidiary .	1474.00	-
(iii) Letter of Comfort of Euro 1.61 million has been issued on behalf of foreign wholly owned subsidiaries.	1014.30	-

**2) Contracts remaining to be executed on capital account and not provided for**

**Rs.282.58 lacs      Rs.2500.00 lacs**

**3) Micro and Small Scale Business Entities:**

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount, not there was necessity to pay interest for delayed payment in terms of section 16 of the Micro, Small and Medium Enterprises Development Act.

### 4) Investment in Subsidiary Company:

During the year, the Company, Lloyd Electric & Engineering Ltd. Invested Euro 1.2 Million (equivalent to INR 716.47 lacs ) towards capital contribution of Lloyd Coils Europe s.r.o.

During the year under review, the Company extended shareholders loan of Euro 1.5 million (equivalent to INR 944.36 lacs) to its wholly owned subsidiary, Lloyd Coils Europe. On loan outstanding interest is INR 33.31 lacs at 31st March 2011. The loan of EURO 0.15 million (equivalent to INR 89.25 lacs) given to Janka Engg. s.r.o. and interest is INR 6.34 Lacs as on 31st March, 2011.

### 5) Unquoted investment in subsidiary Company:

Unquote investment in subsidiary companies is of long-term strategic value. In the opinion of the management, the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.

### 6) Disclosure as per clause 32 of the Listing Agreement:

Loan given to Subsidiary:

Name of the Company	Relationship	Amount Outstanding As on 31.03.2011 (Rs.In lacs)	Amount Outstanding As on 31.03.2010 (Rs.In lacs)
Lloyd Coils Europe s.r.o.	Subsidiary Loan	973.33	Nil
Janka Engineering s.r.o	Subsidiary Loan	95.58	Nil
Lloyd Electric FZE	Subsidiary Loan & Advances	48.15	60.70

### 7) Capital work in progress:

Capital work in progress amounting to Rs.2233.67 Lacs.

### 8) Related Party Disclosures: (in which some Directors are interested)

#### A. Related Companies:-

Name of Company	Nature of Relationship (Associate Co/ Subsidiary Co/Directors Interested)
Airserco Pvt.Ltd.	Director Interested
Fedders Lloyd Corporation Ltd	Director Interested
Perfect Radiators & Oil Coolers Pvt.Ltd.	Director Interested
PSL Engineering Pvt.Ltd.	Director Interested
Regal Information Technology Pvt.Ltd.	Director Interested
Fedders Lloyd Trading FZE	Director Interested

**Foreign Subsidiary Company:**

Lloyd Coils Europe s.r.o.	100% Subsidiary
Lloyd Electric FZE	100% Subsidiary
Janka Engineering s.r.o.	100% Subsidiary

**B. Key Management Personnel-**

Mr. Brij Raj Punj	Chairman and Managing Director
Mr. A. K. Roy	Whole Time Director
Mr. Mukut Sharma	Chief Financial Officer cum Whole Time Director

**C. Transactions with Related Companies**

Transactions	Amount (Rs. In Lacs)
Sale of goods	982.80
Reimbursement of Expenses (in Lac)	4.57
Advances	1498.39
Purchase of Goods	196.09

**9) The breakup of deferred tax assets and liabilities into major components at the year ended as below:**

<b>a) Deferred Tax Liability:</b>	<b>(Rs. in Lacs)</b>
Depreciation Difference	287.70
<b>b) Deferred Tax Asset:</b>	
Gratuity & Other Provisions	7.70
<b>Net Deferred Tax</b>	<b>280.00</b>

\*The deferred tax Assets have been created only if there is reasonable certainty on the date of Balance Sheet, that there will be sufficient taxable income available to realize such assets in future.

**10) Additional information pursuant to Part II of schedule VI of the Companies Act, 1956:**

Particulars	Current Year Amount (Rs. In lacs)	Previous Year Amount (Rs. In lacs)
a) Payment to Auditors-Audit fee including Service Tax & Cess	15.44	13.79
b) Expenditure in foreign currency:		
Raw Material	23695.57	13393.92
Foreign Traveling	10.57	32.96
Exhibition & other Expenses	26.09	11.25
c) Earning in foreign currency (Export of goods on FOB basis)	11588.47	10138.29
d) Interest on Fixed Deposit in Foreign Currency	2.81	26.95



## e) Capacity Utilization

### i) Licensed Capacity

Particulars	Current Year Quantity (Nos.)	Previous Year Quantity (Nos.)
1. Condensing & Evaporator Coil Set	12,25,000	12,25,000
2. Fan coil units /Cooling Unit	10,000	10,000
3. All types of air conditioners up to 15 ton capacity	6,03,000	6,03,000
4. Sheet Metal (for mfg.coil)	3,00,000	3,00,000
5. Parts of air conditioner/cooling	10,000	10,000

### ii) Installed Capacity

(As certified by the Management)

Particulars	Current Year Quantity (Nos.)	Previous Year Quantity (Nos.)
1. Condensing & Evaporator Coil Set	12,25,000	12,25,000
2. Fan coil units /Cooling Unit	10,000	10,000
3. All types of air conditioners up to 15 ton capacity	6,03,000	6,03,000
4. Sheet Metal (for mfg.coil)	3,00,000	3,00,000
5. Parts of air conditioner/cooling	10,000	10,000

### iii) Actual production

Particulars	Current Year Quantity (Nos.)	Previous Year Quantity (Nos.)
1. Condenser Coil	546,424	695,134
2. Evaporator Coil	350,435	439,208
3. Air conditioners (RMPU/WAC/IDU/ODU)	360,389	308,101

## f) Quantitative Information:

Sale Items	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs.In Lacs)	Qty. (Nos.)	Value (Rs.In Lacs)
Condensing Coil	547,091	4330.30	703,347	4824.03
Evaporator Coil	353,074	2172.85	438,299	2329.61
Air conditioners (RMPU/WAC/IDU/ODU)	351,782	38572.80	308,863	20948.91
Sheet Metal (P & C in Mt)	53005	22613.45	63,406	24981.72
Parts,Components & Spares & Others	-	10538.55	-	15242.86

All the values mentioned above are without excise duty. The excise duty charged on sale amounts to Rs.798.32 lacs in sales captive consumptions are included. Quantities of condenser coils and evaporator coils are in tonnage for production and sale.

**g) Closing Stock:**

Name of Items	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs. In Lacs)	Qty. (Nos.)	Value (Rs. In Lacs)
Condensing Coil	8,407	142.88	9,074	96.35
Evaporator Coil	5,477	76.27	8,116	65.87
Air conditioners	8,933	1127.52	326	53.03
Others	-	101.03	-	19.35

**h) Consumption of Raw Materials, Components, Spares & Consumables (Used in Manufacturing) and others (in case of compressor quantity includes supplied by customer also).**

Name of the Item	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs. In Lacs)	Qty. (Nos.)	Value (Rs. In Lacs)
Copper Tube	1132414	4288.63	1140705	3754.80
Aluminum Foil	734692	1063.63	974348	1289.47
Compressors	305961	9882.54	308101	9088.98
Others	-	52759.73	-	44736.20

**l) Consumption of Raw Material, Components Consumables, Spares Parts & others**

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Indigenous	51774.55 (76.15%)	52297.09 (88.84%)
Imported	16219.99 (23.85%)	6572.36 (11.16%)

**j) Value of Import of Raw Material, Components, spares & Consumables Made During the Year on CIF Basis:**

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Raw Material (Including HI - Sea Purchase)	21370.59	10640.93
Capital Goods	929.04	10.26

**k) Managerial Remuneration Paid to Managing Director and Whole Time Directors:**

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Salary	91.86	67.24
Value of Perquisites	30.29	13.07
Commission	23.00	-
P.F.	6.48	5.40
<b>Total</b>	<b>151.63</b>	<b>85.71</b>

**l) Balances of sister concerns are subject to reconciliation & confirmation**

**m) Basic & Diluted Earnings per Share:**

Earnings per share has been computed as under:

Particulars	Current Year	Previous Year
Profit after Taxation (Rs. Lacs)	3605.58	3437.75
Number of Ordinary Shares	31000260	31000260
Basic and Diluted Earnings per share (Face Value Rs.10/-per share)	11.63	11.09

**11)** Previous year figures have been regrouped and recast wherever necessary.

**12)** In the opinion of the Board, the current assets are approximately of the value as stated, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably considered necessary. Income accrued has been accounted for in the books.

**13)** Schedules "A" to "S" form an integral part of accounts and are duly authorized.

**Refer to our Report of even date.**

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

**Anita K. Sharma**

**Mukat Sharma**

**A. K. Roy**

**K. Lall**

Date: August 11, 2011

**Company Secretary**

**CFO cum Whole Time Director**

**Whole Time Director**

**Director**

# Cash Flow Statement For the year ended 31<sup>st</sup> March 2011



(Rs. In Lacs)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax & Extra-ordinary items	4,865.58	4,527.76
<b>Adjustments:</b>		
<b>Add:</b>		
Depreciation	1,312.12	1,200.50
Provision no longer required	113.96	(172.10)
Interest Paid	1,727.26	1,431.15
Loss/ (Diminution) on sale (in value) of Investment	-	-
Loss on sale of fixed assets	12.53	23.72
	3,165.86	2,483.27
	8,031.45	7,011.02
<b>Less:</b>		
Interest Income	72.34	(245.92)
Dividend Income	6.75	(5.67)
Profit on sale of Investment	-	-
	79.08	(251.59)
<b>Operating profit before working capital changes</b>	<b>7,952.37</b>	<b>6,759.44</b>
<b>Adjustments for :</b>		
Inventories	(4,904.58)	(2,606.46)
Trade & other receivables	(5,643.58)	242.16
Trade & other payables	911.54	2,294.38
	(9,636.62)	(69.93)
<b>Cash generated from operations</b>	<b>(1,684.26)</b>	<b>6,689.51</b>
Direct tax paid	(958.72)	(465.46)
<b>Net Cash Flow from Operating Activities</b>	<b>(2,642.98)</b>	<b>6,224.05</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchased of fixed assets	(4,092.09)	(2,555.20)
Deferred Revenue in respect of acquisition	(225.05)	(254.48)
Sale of fixed assets	10.31	39.00
Net Purchase of Investments	(716.47)	(5,516.71)
Dividend Received	6.75	5.67
Interest received	72.34	245.92
<b>Net Cash Flow from Investing Activities</b>	<b>(4,944.22)</b>	<b>(8,035.80)</b>
<b>C Cash Flow from Financial Activities:</b>		
Proceeds from Borrowing	13,973.45	1,729.77
Proceeds from Issue of Share capital	-	-
Interest paid	(1,727.26)	(1,431.15)
Dividend paid	(310.00)	-
Dividend tax	(51.49)	-
<b>Net Cash Flow from Financing Activities</b>	<b>11,884.70</b>	<b>298.62</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>4,297.50</b>	<b>(1,513.13)</b>
Net increase/ decrease in Cash and Cash Equivalents	-	-
Opening Balance of Cash and Cash Equivalents	1,736.83	3,249.96
Closing Balance of Cash and Cash Equivalents	6,034.33	1,736.83

**For Suresh C. Mathur & Co.**

Chartered Accountants,

**(Brijesh C. Mathur)**

(Partner)

Membership No.083540

Firm Registration No.000891N

**For and on behalf of the Board of Director of  
Lloyd Electric & Engineering Ltd.**

**Anita K. Sharma**  
Company Secretary

**Mukat Sharma**  
CFO cum Whole Time Director

**A. K. Roy**  
Whole Time Director

**K. Lall**  
Director

**Brij Raj Punj**  
Chairman & Managing Director

## AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Lloyd Electric & Engineering Limited for the year ended 31st March, 2011. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company.

**For Suresh C. Mathur & Co.**  
Chartered Accountants,

**(Brijesh C. Mathur)**  
(Partner)

Membership No.083540  
Firm Registration No.000891N

Place: New Delhi

Dated: August 11, 2011

# Balance Sheet Abstract and Company's General Business Profile

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile.

## I. REGISTRATION DETAILS

State Code

1 7

Registration No.

1 2 8 4 1

Balance Sheet

3 1 0 3 2 0 1 1

Date

Day Month Year

## II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue.

N I L

Rights Issue.

N I L

Bonus Issue.

N I L

Private Placement.

N I L

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities.

7 7 3 2 6 4 7

Total Assets.

7 7 3 2 6 4 7

### SOURCES OF FUNDS

Paid Up Capital.

3 1 0 0 6 7

Reserves and Surplus.

4 0 1 0 4 0 5

Deferred Tax

1 0 5 7 0 5

Secured Loans

3 3 0 6 4 7 0

Unsecured Loans

N I L

### APPLICATION OF FUNDS

Net Fixed Assets (Including

Capital Work in Progress).

2 4 0 1 6 6 6

Investments.

8 3 8 0 2 0

Net Current Assets.

4 4 1 6 3 9 4

Misc. Expenditure.

7 6 5 6 6

Accumulated Losses/Profit.

N I L

## IV. PERFORMANCE OF THE COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover and Other Income.

7 8 3 6 3 5 8

Total Expenditure

7 3 4 9 8 0 0

+/- Profit / Loss Before Tax.

+ 4 8 6 5 5 8

+/- Profit / Loss After Tax.

+ 3 6 0 5 5 8

(Please tick appropriate box + for profit, - for Loss)

Earning per Share (in Rs.).

1 1 . 6 3

Dividend Rate (%).

1 5

## V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES ON THE COMPANY. (AS PER MONETARY TERMS)

Item Code No. (ITC Code).

8 4 1 5 9 0 0 0

Product Description.

Condenser, Evaporators coils,  
Air-conditioner & parts thereof

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**





**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to  
Subsidiary Companies As on 31<sup>st</sup> March, 2011**

1	Name of Subsidiary Companies	Lloyd Coils Europe s.r.o. (Prague, Czech Republic)	Lloyd Electric FZE (Ras Al Khaimah, United Arab Emirates)	Janka Engineering s.r.o (Prague, Czech Republic)
2	Financial Year of the Subsidiary Company ended on	March 31, 2011	March 31, 2011	March 31, 2011
3	Holding Company's Interest as on the above date			
	a) Total equity held (Rs. In Lacs)	4501.09	68.15	3317.10
	b) Number of shares	-	5 shares	-
	c) Face Value	-	AED: 100,000/-	-
	d) Extent of share holding in the subsidiary	100%	100%	100%
4	Net aggregate amount of the Subsidiary's Profit/Loss so far as it concerns members of Holding Company and not dealt with in the Holding Company's Accounts:			
	i) For Subsidiary's financial year ended as above (Rs. In Lacs)	192.78	(28.55)	(229.84)
	ii) For Subsidiary's previous financial years since it became Subsidiary	(508.58)	(36.35)	(123.31)
5	Net aggregate amount of the Subsidiary's Profit/Loss so far as it concerns members of Holding Company and dealt with in the Holding Company's Accounts:			
	i) For Subsidiary's financial year ended as above	Nil	Nil	Nil
	ii) For Subsidiary's previous financial years since it became Subsidiary			
6	Additional information u/s 212(5)	N.A.	N.A.	N.A.

As per our Report of even date attached  
**For Suresh C. Mathur & Co.**  
Chartered Accountants

**(Brijesh C. Mathur)**  
Partner  
Membership No.083540  
Firm Registration No.000891N

**For and on behalf of the Board**

**Brij Raj Punj**  
**Chairman & Managing Director**

Place: New Delhi  
Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**



## **Consolidated Financial Statements**

- Auditors Report on Consolidated Accounts
- Consolidated Balance Sheet
- Consolidated Profit & Loss Account
- Consolidated Cash Flow Statement



To The Board of Directors

## **Lloyd Electric & Engineering Limited**

We have audited the attached Consolidated Balance Sheet of Lloyd Electric & Engineering Limited ("the Company") and its subsidiaries as at 31<sup>st</sup> March, 2011, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Lloyd Coils Europe s.r.o., Janka Engineering s.r.o. and Lloyd Electric FZE (100% subsidiaries of Lloyd Electric & Engineering Limited). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March, 2011;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiaries for the year then ended.

for **SURESH C. MATHUR & CO.**  
Chartered Accountants,  
(Firm Registration No.000891N)

**(BRIJESH C. MATHUR)**  
PARTNER

Membership No.-083540

PLACE : NEW DELHI  
DATED : AUGUST 11, 2011

# Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

(Rs. In Lacs)

Particulars	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	<b>A</b>	3,100.67	3,100.67
Reserves & Surplus	<b>B</b>	38,835.69	36,048.35
		41,936.36	39,149.02
<b>LOAN FUNDS</b>	<b>C</b>		
Secured Loans		38,436.69	23,301.25
Unsecured Loans		-	2,500.00
		38,436.69	25,801.25
<b>DEFERRED TAX LIABILITY</b>		1,609.23	1,538.11
<b>TOTAL</b>		<b>81,982.29</b>	<b>66,488.38</b>
<b>APPLICATIONS OF FUNDS:</b>			
<b>FIXED ASSETS</b>	<b>D</b>		
Gross Block		45,433.72	41,393.85
Less: Depreciation		15,053.97	13,154.48
Net Block		30,379.75	28,239.37
Capital Work in Progress		2,233.67	1,812.92
		32,613.42	30,052.29
<b>INVESTMENTS</b>	<b>E</b>	493.87	493.87
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	<b>F</b>	24,239.70	17,258.36
Sundry Debtors	<b>G</b>	28,418.86	22,855.18
Cash and Bank Balances	<b>H</b>	6,595.78	2,845.38
Loan and Advances	<b>I</b>	4,796.45	4,768.86
		64,050.79	47,727.78
<b>Less :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	<b>J</b>	14,207.72	10,291.32
Provisions	<b>K</b>	1,803.37	2,296.23
		16,011.09	12,587.55
<b>NET CURRENT ASSETS</b>		48,039.70	35,140.23
<b>MISCELLANEOUS EXPENDITURE</b>	<b>L</b>	835.30	801.98
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>81,982.29</b>	<b>66,488.38</b>
<b>NOTES TO ACCOUNTS</b>	<b>S</b>		
Schedules A to S annexed form an integral part of accounts & are duly authenticated.			

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**

# Consolidated Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2011



(Rs. In Lacs)

Particulars	Schedule	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME:</b>			
Sales		102,285.93	82,388.43
Less:Excise Duty		798.33	675.51
Other Income	M	96.26	192.73
<b>Total</b>		<b>101,583.86</b>	<b>81,905.65</b>
<b>EXPENDITURE:</b>			
Materials Cost	N	79,665.97	66,669.11
Manufacturing Expenses	O	4,347.04	3,805.55
Administrative Expenses	P	6,482.95	2,656.39
Selling Expenses	Q	1,742.16	466.82
Finance Charges	R	2,316.63	1,843.83
Misc. Exp. Written off	L	191.42	-
Depreciation		2,113.16	1,973.56
<b>Total</b>		<b>96,859.32</b>	<b>77,415.25</b>
<b>PROFIT BEFORE TAXATION</b>		4,724.54	4,490.40
<b>Less:</b>			
Provision for Taxation		984.76	775.38
Deferred Tax for the year		(17.30)	334.27
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>3,757.07</b>	<b>3,380.74</b>
Balance brought forward from previous year		2,581.28	42.03
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>6,338.35</b>	<b>3,422.77</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		465.00	310.00
Tax on Proposed Dividend		75.44	51.49
Transfer to Debenture Redemption Reserve		250.00	-
Transfer to General Reserve		450.00	480.00
<b>Balance carried to Balance Sheet</b>		<b>5,097.91</b>	<b>2,581.28</b>
<b>Basic&amp; Diluted Earnings Per Share</b>		<b>12.12</b>	<b>10.90</b>
<b>Notes forming part of the Accounts</b>	S		
Schedules A to S annexed form an integral part of accounts & are duly authenticated.			

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No.083540

Firm Registration No.000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**  
**Company Secretary**

**Mukat Sharma**  
**CFO cum Whole Time Director**

**A. K. Roy**  
**Whole Time Director**

**K. Lall**  
**Director**



## Schedules to Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

Particulars	(Rs. In Lacs)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL:</b>		
1) <b>Authorised Capital:</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
(Previous year 5,00,00,000 Equity Shares of Rs.10/- each)		
2) <b>Issued &amp; Subscribed Capital:</b>		
3,10,13,160 equity shares of Rs. 10/- each	3,101.32	3,101.32
3) <b># Paid up Capital:</b>		
3,10,00,260 equity shares of Rs. 10/- each fully paid up	3,100.03	3,100.03
(Previous year 3,10,00,260 equity shares of Rs. 10 each )		
Add: Equity Shares forfeited (amount originally paid up)	0.65	0.65
<b>TOTAL</b>	<b>3,100.67</b>	<b>3,100.67</b>

### # Notes:

1. Out of the above equity shares
  - a) Include 40,00,000 Equity Shares allotted in the year 2006-07 on conversion of warrants issued on preferential basis during the year 2005-06.
  - b) Includes 92,00,000 underlying Equity Shares representing 46,00,000 Global Depository Receipts issued during the year 2005-06.
  - c) In the year 2006-2007 the Company had forfeited 13,300 equity shares due to the non-payment of allotment money. The Board of Directors had annulled the forfeiture of 400 equity shares on receipt of payment advise by the shareholders and accordingly 400 equity shares had been restored back. Subsequent to the annulification of forfeiture, the paid-up capital stands increased to Rs.310002600 i.e. 31000260 equity shares of Rs. 10/- each fully paid-up.



(Rs. In Lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
<b>SCHEDULE - B</b>				
<b>RESERVES AND SURPLUS:</b>				
1) Capital Reserve (subsidy received against fixed assets)		15.00		15.00
2) Capital Reserve (Share Warrants forfeited by the Company)		1,125.00		1,125.00
3) Revaluation Reserve (land revalued as on 31st March, 1993)		35.00		35.00
4) Securities Premium Account: Less: Debenture issue Expenses	17,583.74 77.45	17,506.28		17,583.74
5) Statutory Reserve:		180.13		166.15
6) General Reserve: Opening balance Add: Transfer from Profit & Loss a/c	15,124.00 450.00	15,574.00	14,644.00 480.00	15,124.00
7) Debenture Redemption Reserve		250.00		-
8) Exchange Difference on Consolidation		(947.64)		(581.82)
7) Profit & Loss Account: As per Profit & Loss Appropriation A/c		5,097.91		2,581.28
<b>TOTAL</b>		<b>38,835.69</b>		<b>36,048.35</b>
<b>SCHEDULE - C</b>				
<b>SECURED LOANS:</b>				
1. <b>Term Loans</b> From Financial Institution From Scheduled Banks	774.16 12,332.78	13,106.94	1,440.52 6,335.39	7,775.91
2. <b>Working Capital Loans:</b> From Banks		20,305.43		15,463.70
3. <b>Debentures</b> 500 nos. 11.25% Secured Redeemable Non Convertible Debentures @ Rs. 10,00,000/- each		5,000.00		-
4. <b>Loan against Vehicles</b> (secured by hypothecation of vehicle financed)		24.33		61.63
<b>TOTAL</b>		<b>38,436.69</b>		<b>23,301.25</b>
<b>UNSECURED LOANS:</b>				
Short term Loan from Bank		-		2,500.00
<b>TOTAL</b>		-		<b>2,500.00</b>

**Note:**

- The Term loan from banks & financial Institutions are Secured by way of first charge on Pari-Passu basis on the Fixed Assets of the Company and Second hypothecation charge on the Stock/Books debts.
- The working capital loans, fund based as well as non fund based from banks are secured by way of first hypothecation charge on the stocks/ book debts, both present and future and second charge on pari-passu basis on the fixed assets of the Company.
- As per Board Resolution dated 14.03.2011 the Company has allotted 400 Nos., 11.25% secured redeemable non- Convertible Debentures @ Rs. 10,00,000/- each on 14.03.2011 and balance 100 Nos., 11.25% Secured Redeemable Non-Convertible Debentures @ Rs. 10,00,000/- each on 29.03.2011 for a tenure of 5 Years on private placement basis. The Interest on Debentures is payable quarterly from the date of allotment @ 11.25% PA. Debentures will be redeemed at par in Six Equal half Yearly installments at the end of 30th Month, 36th Month, 42nd month, 48th month, 54th month and 60th month from the date of allotment and secured by first ranking pari passu charge on all fixed assets including the immovable properties together with structures and appurtenances thereon and there under and movable properties, present and future.

## Schedules to Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

### SCHEDULE- D

#### FIXED ASSETS:

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deduction	As at 31.3.2011	Up to 31.3.2010	For the Year	Adjustment	Up to 31.3.2011	As at 31.03.2011	As at 31.03.2010
1) Leasehold Land	1,363.94	-	-	1,363.94	-	-	-	-	1,363.94	1,363.94
2) Temporary Constructions	11.97	-	-	11.97	11.97	-	-	11.97	-	-
3) Buildings	3,681.33	2,252.60	-	5,933.92	661.47	116.96	-	778.42	5,155.50	3,019.86
4) Plant & Machinery	30,428.36	1,473.50	81.53	31,820.33	11,255.11	1,560.45	155.22	12,660.33	19,160.00	19,173.26
5) Office Equipments	495.43	55.95	0.51	550.86	427.93	31.27	-	459.20	91.66	67.50
6) Vehicles	460.96	65.13	34.75	491.33	179.84	45.58	18.17	207.25	284.08	281.12
7) Furniture & Fixtures	49.79	19.25	-	69.04	15.61	3.62	-	19.23	49.81	34.18
8) Capital Work in Progress	100.36	251.54	-	351.90	33.31	-	13.66	19.65	332.25	67.05
9) Intangible Fixed Assets	1.74	38.70	-	40.44	-	11.76	26.61	(14.85)	55.29	1.74
10) Fixed Assets Under Construction	31.48	-	-	31.48	12.65	-	-	12.65	18.82	18.82
11) Adjustment to Assets	4,768.50	-	-	4,768.50	556.60	343.51	-	900.11	3,868.39	4,211.90
<b>TOTAL</b>	<b>41,393.85</b>	<b>4,156.66</b>	<b>116.79</b>	<b>45,433.72</b>	<b>13,154.48</b>	<b>2,113.16</b>	<b>213.66</b>	<b>15,053.97</b>	<b>30,379.75</b>	<b>28,239.37</b>
(Previous Year)	34,034.52	3,265.20	(4,094.13)	41,393.85	6,963.99	1,973.56	(4,216.93)	13,154.48	28,239.37	



(Rs. In Lacs)

Particulars	Face Value	Number of Shares	As At 31.03.2011	Number of Shares	As At 31.03.2010
<b>SCHEDULE - E</b>					
<b>INVESTMENTS:</b>					
<b>Quoted Shares</b>					
Blue Star Ltd.	2	375	0.13	375	0.13
Blue Star Info. Ltd.	10	25	0.04	25	0.04
Castrol (India) Ltd.	10	5	0.01	5	0.01
Chambal Fertilizers & Chem. Ltd.	10	1,000	0.20	1,000	0.20
D.B. International Brokers Ltd.	10	16,600	1.66	16,600	1.66
Dot Com. Global Ltd.	10	24,200	0.16	24,200	0.16
Shardul Securities Ltd.	10	25,600	7.68	25,600	7.68
ACE India Ltd.	10	16,900	1.69	16,900	1.69
Fortis Financial Services Ltd.	10	400	0.04	400	0.04
Glaxo Sithkline Pharmaceuticals Ltd.	10	125	0.76	125	0.76
HDFC Bank Ltd.	10	25	0.09	25	0.09
Hindustan Uniliver Ltd.	1	3,850	4.63	3,850	4.63
JSW Steel Limited	10	5,124	11.12	5,124	11.12
Lumax Industries Limited	10	4,600	2.68	4,600	2.68
Panasonic Battery India Ltd.	10	500	0.21	500	0.21
SRG Infotech Limited	10	200	0.00	200	0.00
Sterlite Opticals Limited	5	210	0.05	210	0.05
Subros Limited	10	30	0.03	30	0.03
Tata Chemicals Limited	10	50	0.06	50	0.06
Tata Consultancy Services Limited	1	2,458	20.89	2,458	20.89
Visesh Infotecnics Limited	10	100	0.00	100	0.00
Voltas Limited	1	500	0.06	500	0.06
GHCL Ltd.	10	125,000	190.93	125,000	190.93
Archies Ltd.	10	30,000	32.17	30,000	32.17
<b>Sub-Total (A)</b>			<b>275.29</b>		<b>275.29</b>
			-		-
			<b>275.29</b>		<b>275.29</b>
<b>In units of Mutual Funds</b>					
SBI Mutual Fund			10.00		10.00
<b>Unquoted Shares:</b>					
Lloyd Credits Ltd.	10	300,000	30.00	300,000	30.00
Lloyd Aircon (P) Ltd.	10	350	0.04	350	0.04
Lloyd Manufacturing (P) Ltd.	100	5	0.01	5	0.01
Carrier Aircon Ltd.	10	100	0.09	100	0.09
<u>Advance for investment in share:</u>			-		-
Lloyd Coils LP (USA)		-	178.44	-	178.44
			-		-
			-		-
<b>Sub-Total (B)</b>			<b>218.57</b>		<b>218.57</b>
			<b>493.87</b>		<b>493.87</b>
<b>Additional Information :</b>					
1) Aggregate amount of Company's -					
a) Market value of Quoted Investments			394.12		289.93
b) Unquoted Investments			218.57		218.57

## Schedules to Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

Particulars	(Rs. In Lacs)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - F</b>		
<b>INVENTORIES:</b>		
(Refer Note No.-I (e) of Schedule-S)		
1) Raw-materials	18,193.70	14,771.65
2) Consumables	145.51	103.63
3) Stock in Process	917.16	850.02
4) Finished Goods	2,485.04	729.63
5) Stock in Transit (At Cost)	2,498.29	803.44
<b>TOTAL</b>	<b>24,239.70</b>	<b>17,258.36</b>
<b>SCHEDULE - G</b>		
<b>SUNDRY DEBTORS:</b>		
(Unsecured considered good by the Management)		
1) Debts outstanding for a period exceeding six months	176.95	1,045.78
2) Other Debts	28,241.91	21,809.39
<b>TOTAL</b>	<b>28,418.86</b>	<b>22,855.18</b>
<b>SCHEDULE - H</b>		
<b>CASH AND BANK BALANCES:</b>		
1) Cash balance in hand	12.28	16.84
2) Balances with scheduled banks		
a) in current accounts	1,546.89	1,255.69
b) in fixed deposits	5,000.25	0.25
c) in Fixed Deposit in Foreign A/c		1,570.34
d) Receipt pledged with Bank for margin money (Including Interest)	9.45	1.79
e) interest accrued on fixed deposit	26.92	0.47
<b>TOTAL</b>	<b>6,595.78</b>	<b>2,845.38</b>





(Rs. In Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - I</b>		
<b>LOAN &amp; ADVANCES :</b>		
1) Security Deposits	100.54	77.60
2) Advances recoverable in cash or in kind or for value to be recovered	2,622.35	1,853.89
3) Advance Taxes & TDS	575.16	1,454.02
4) Intra Group Accounts (Net)	1,498.39	1,383.35
<b>TOTAL</b>	<b>4,796.45</b>	<b>4,768.86</b>
<b>SCHEDULE - J</b>		
<b>CURRENT LIABILITIES:</b>		
1) Sundry creditors	11,664.58	9,044.97
2) Unclaimed Dividend	19.16	15.54
3) Other Liabilities	2,472.19	1,230.81
4) Interest Accrued but not due	51.79	-
<b>TOTAL</b>	<b>14,207.72</b>	<b>10,291.32</b>
<b>SCHEDULE - K</b>		
<b>PROVISIONS:</b>		
Provision for Income Tax	1,097.86	1,735.08
Provision for Fringe Benefit Tax	25.90	25.90
Provision for proposed dividend	465.00	310.00
Provision for tax on proposed dividend	75.44	51.49
Provision for gratuity & leave encashment	139.17	173.76
<b>TOTAL</b>	<b>1,803.37</b>	<b>2,296.23</b>
<b>SCHEDULE - L</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off or adjusted)		
Deferred Revenue Expenses		
Opening balance	801.66	477.55
Addition during the year	225.05	324.44
	1,026.72	801.98
Less: 1/5 written off during the year	191.42	-
	835.30	801.98
<b>TOTAL</b>	<b>835.30</b>	<b>801.98</b>

## Schedules to Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

(Rs. In Lacs)

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
<b>SCHEDULE - M</b>				
<b>OTHER INCOME:</b>				
1) Interest Income		30.17		2.38
2) Interest on Foreign Currency Deposit		2.81		26.95
3) Misc.Income		56.54		157.73
4) Dividend Income		6.75		5.67
<b>TOTAL</b>		<b>96.26</b>		<b>192.73</b>
<b>SCHEDULE - N</b>				
<b>MATERIALS COST:</b>				
1) Raw materials, consumables and components consumed:				
a) Opening stocks	14,875.27		12,341.22	
b) Purchases	84,654.13		69,121.30	
c) Carriage Inwards	298.32		327.40	
	99,827.72		81,789.92	
d) Less: Closing stocks	18,339.21	81,488.51	14,875.27	66,914.65
2) Decrease/(Increase) in stocks in process:				
a) Opening stock	850.02		273.84	
b) Less : Closing stock	917.16	(67.13)	850.02	(576.18)
3) Decrease/(Increase) in finished goods:				
a) Opening stock	729.63		1,060.28	
b) Less : Closing stock	2,485.04	(1,755.41)	729.63	330.64
<b>TOTAL</b>		<b>79,665.97</b>		<b>66,669.11</b>
<b>SCHEDULE - O</b>				
<b>MANUFACTURING EXPENSES:</b>				
1) Wages		2,582.50		2,220.61
2) Labour Welfare		119.43		47.01
3) Repair and Maintanance		253.25		131.15
4) Power and Fuel		458.84		529.30
5) Factory Overheads		118.34		420.67
6) Factory Rent		46.62		276.84
7) Insurance		184.07		103.71
8) Other Charges		584.00		76.25
<b>TOTAL</b>		<b>4,347.04</b>		<b>3,805.55</b>



(Rs. In Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE- P</b>		
<b>ADMINISTRATIVE EXPENSES:</b>		
1) Salary and Allowances	2,523.24	1,736.37
2) Contribution to Provident Fund	1,488.04	70.43
3) Staff Welfare	137.19	91.66
4) Rent, Rates & Taxes	320.75	26.33
5) Postage, Telegram and Telephones	262.69	65.88
6) Printing and stationery	31.56	115.68
7) Audit Fee (including service tax)	45.02	57.91
8) Legal and professional charges	876.11	234.27
9) Office maintenance	80.50	32.28
10) Travel and Conveyance	382.57	208.56
11) Motor Car Expenses	35.65	35.80
12) General Expenses	245.69	71.82
13) Loss on sale of Fixed Assets	18.81	26.82
14) Loss on foreign exchange fluctuation	35.13	54.67
15) Diminution in the value of investment		(172.10)
<b>TOTAL</b>	<b>6,482.95</b>	<b>2,656.39</b>
<b>SCHEDULE - Q</b>		
<b>SELLING &amp; MARKETING EXPENSES:</b>		
1) Advertisement and publicity	155.19	22.73
2) Business Promotion	46.73	56.56
3) Carriage outwards	1,020.18	304.43
4) Discount	40.91	27.78
5) Commission & Incentive	-	42.31
6) Bad debts & Provision	467.65	6.25
7) Foreign Exhibition Expenses	5.65	5.38
8) Free Samples	5.84	1.37
<b>TOTAL</b>	<b>1,742.16</b>	<b>466.82</b>
<b>SCHEDULE - R</b>		
<b>FINANCE CHARGES:</b>		
1) Interest on term loans/working capital & Other	1,934.37	1,652.31
2) Bank charges	382.26	154.51
3) Other Financial Charges		37.00
<b>TOTAL</b>	<b>2,316.63</b>	<b>1,843.83</b>

## SCHEDULE-S

### CONSOLIDATED NOTES FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### a) Basis of Preparation of Financial statements:

The Consolidated financial statements are prepared under the historical cost convention, on accrual basis, in accordance with generally accepted accounting principles in India, the Accounting Standard issued by Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

##### b) Principles of consolidation:

The Consolidated financial statements relate to Lloyd Electric & Engineering Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra-group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements".
- ii) The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in exchange fluctuation reserve.
- iv) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. year ended 31st March 2011.
- v) All material inter-company balances and transactions are eliminated on consolidation.

##### c) Investment other than in subsidiaries have been accounted as per Accounting Standard (AS) Accounting for Investment.

##### d) The Subsidiary company considered in the preparation of these consolidated financial statements is:

Name of Subsidiary	Country of incorporation	Proportion of ownership Interest as at 31.03.11
Lloyd Coils Europe s.r.o.	Czech Republic	100%
Janka Engineering s.r.o.	Czech Republic	100%
Lloyd Electric FZE	United Arab Emirates	100%

##### e) Revenue Recognition:

- i) Income and Expenditure are recognized on accrual basis.



- ii) Sales are accounted on dispatch of products and sales value includes excise duty.
- iii) Export sales are accounted on the basis of date of bill of lading.

**f) Fixed Assets:**

- i) Fixed assets except leasehold land are stated at cost less accumulated depreciation. The cost includes freight, duties, taxes and other incidental expenses related to acquisition and installation. CENVAT claim, if any, on capital goods is reduced from the cost.
- ii) Intangible Assets: In Lloyd Coils Europe, intangible fixed assets are recorded at cost and amortized on a straight line basis over their estimated lives. Software is being written off over a period of two years.
- iii) Capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**g) Depreciation:**

**Depreciation policy of Indian company :**

- i) Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets added during the year, is calculated on pro-rata basis with reference to the date of installation.

**Depreciation policy of foreign Subsidiaries :**

- iii) Intangible Fixed assets

Acquired intangible fixed assets are recorded at cost and amortized on a straight line basis over their estimated useful lives. Depreciation is provided as follows :

Software	2 Years
----------	---------

Intangible assets with a useful life longer than one year and a unit cost up to CZK 60 000 ( Equivalent to Rs. 1.25 lacs ) are charged to the profit and loss account in the year that they are acquired.

- iv) Tangible fixed assets

Acquired tangible fixed assets are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition, such as transport costs, duties and installation costs. The cost of internally produced assets including direct material, wages and overheads directly related to the creation of the asset until it is put into use.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided over the periods stated :

Building and constructions	30 Years
Plant, machinery and equipment (above MCZK 3) ( Equivalent to Rs. 75 lacs )	10 Years

Plant, machinery and equipment (less than MCZK 3) (Equivalent to Rs.75 lacs)	8 Years
Personal computers and office equipment	2 Years
Low value fixed assets	2 Years
Adjustment to acquired fixed assets	15 Years

Property improvements over CZK 40 000 (Equivalent to Rs.1 lacs) per item per year are capitalised to the acquisition price of the asset and depreciated over their remaining useful lives.

Tangible assets with a useful life longer than one year and a unit cost up to CZK 40 000 (Equivalent to Rs.1 lacs) are depreciated over two accounting periods.

Where the net book value of an asset is greater than its estimated recoverable amount, a provision is established to adjust the net book value of the asset to this recoverable amount.

Leasehold improvements are depreciated on the straight-line basis over the shorter of the period of the lease contract or their estimated useful lives.

### **h) Inventory Valuation:**

- i) Raw materials and consumables are valued at cost as per the First in First Out (FIFO) method and include(s) customs duty wherever paid, and are net of credit availed under CENVAT scheme.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- iv) Stock in transit lying in customs warehouse is valued at cost but does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.
- v) In Lloyd Coils Europe, a provision for slow-moving and obsolete inventory is based on an analysis of the turnover and individual evaluation of the inventory.

### **i) Investments:**

Long term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments.

### **j) Foreign currency transactions:**

- Income and Expenses in foreign exchange are accounted at the average rate prevailing during the month of transaction.
- Income and expenses on foreign projects are accounted at average rate for the year.
- Assets purchased are capitalized at rates prevailing on date of purchase.
- Balances in foreign bank accounts, Exchange Earners Foreign Currency Account are translated into Indian Rupees at rates prevailing at the year-end.
- On consolidation non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in exchange fluctuation reserve.





## **k) Retirement Benefits:**

The company's contribution to the provident fund is charged to profit and loss account.

The company's liability in respect of payment of gratuity is provided on accrual basis as per actuarial valuation.

Leave Encashment: The Company has provided an adhoc provision as accrued liability during the year which is subject to actuarial valuation.

## **l) Borrowing Cost:**

Borrowing cost that is directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## **m) Taxation:**

### **Current Tax:**

Current tax is the amount of tax payable on the taxable income for the years as determined in accordance with the provisions of the Income Tax Act, 1961, except for the overseas subsidiary where current tax provisions is determined based on the local tax laws.

### **Deferred Tax:**

Deferred tax liabilities represent the tax effect of temporary differences substantially on account of differences in the written down value of Fixed Assets on account of differing depreciation methods and rates and other timing differences.

## **n) Expenditure during construction and on new projects:**

In the case of new industrial units and substantial expansion of existing units, all pre operating expenditure specifically for the project, incurred upto the date of installation, is capitalized and added pro rata to the cost of fixed assets.

## **o) Management Estimation:**

The financial statements are prepared in conformity with generally accepted accounting principles and applicable accounting standards, which may require management to make estimates and assumptions. These may affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting period. Actual report later could differ from these estimates.

## **p) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## **q) Segment Reporting:**

The Company is engaged in the manufacturing and sale of Air-conditioning parts. The geographical segmentations are insignificant, as exports are less 5% of total turnover.

**r) Earning Per Share:**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

**s) Cash Flow Statement:**

The Cash Flow statement is prepared by the indirect method set out in Accounting standard -3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

**t) Sundry Debtors/Loans & Advances:**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any which is not likely to be material, will be adjusted at the time of confirmation.

**Sundry Debtors policy of foreign Subsidiaries :**

Receivables are stated at nominal value less a provision for doubtful debts. A provision for bad debts is established on the basis of an ageing analysis and individual evaluation of the solvency of the customers.

**u) Provisions /Contingencies:**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes on Accounts.

**v) Derivative Instruments:**

The Company has entered into derivative contracts in the nature of interest rate swaps and forward contracts with intention to hedge its requirements and firm commitments. The contracts are mark to market and losses are recognized in the profit and loss account. Gains arising on the same are not recognized on ground of prudence.

**w) Deferred Revenue Expenditure:**

Cost of traveling, Consultancy fees and other expenses related to International Certification are considered as deferred revenue expenditure. 1/5 of the expenditures have been charged to Profit and Loss account.



## II) NOTES TO ACCOUNTS:

### a) Contingent liability not provided for:

Particulars	Current Year (Rs.In lacs)	Previous Year (Rs.In lacs)
a) Bank Guarantees	740.70	200.14
b) Corporate Guarantees given against loan taken by related parties.	Nil	5000.00
c) Corporate Guarantee of 15 million Euro given by the Company for 12 million Euro Loan availed by Lloyd Coils Europe s.r.o.a wholly owned subsidiary . Outstanding as at March 31,2011 is Euro 7.50 million .	5906.25	9600.00
d) (i) Stand by Line of Credit of Euro 2.5 million given by the Company for Euro 2.25 million working capital facility availed by Lloyd Coils Europe s.r.o.a wholly owned subsidiary .	1575.00	-
(ii) Stand by Line of Credit of Euro 2.34 million Euro given by the Company for Euro 1.90 million working capital facility availed by Janka Engineering s.r.o.a wholly owned subsidiary .	1474.20	-
(iii) Letter of Comfort of Euro 1.61 million has been issued on behalf of foreign wholly owned subsidiaries.	1014.30	-

### b) Contracts remaining to be executed on capital account and not provided for

Rs.282.58 lacs

Rs.2500.00 lacs

### c) Related Party Disclosures:(in which some Directors are interested)

#### A. Related Companies:-

Name of Company	Nature of Relationship (Associate Co/ Subsidiary Co/Directors Interested)
Airserco Pvt.Ltd.	Directors Interested
Fedders Lloyd Corporation Ltd	Director Interested
Perfect Radiators & Oil Coolers Pvt.Ltd.	Director Interested
PSL Engineering Pvt.Ltd.	Director Interested
Regal Information Technology Pvt.Ltd.	Director Interested
Lloyd Sales Corporation P.Ltd.	Director Interested
Fedders Lloyd Trading FZE	Director Interested
<b>Foreign Subsidiary Company:</b>	
Lloyd Coils Europe s.r.o.	100% Subsidiary
Janka Engineering s.r.o.	100% Subsidiary
Lloyd Electric FZE	100% Subsidiary

### B. Key Management Personnel-

Mr.Brij Raj Punj	Chairman and Managing Director
Mr.A.K.Roy	Whole Time Director
Mr. Mukut B.Sharma	CFO cum Whole Time Director

### C. Transactions with Related Companies

Transactions	Amount (Rs.In Lacs)
Sale of goods	982.80
Reimbursement of Expenses (in Lac)	4.57
Advances	1498.39
Purchases of Goods	196.09

### d) Unquoted investment in subsidiary Company:

Unquote investment in subsidiary companies is of long-term strategic value. In the opinion of the management, the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.

### e) Capital work in progress:

Capital work in progress amounting to Rs.2233.66 Lacs.

### f) Loan given to Subsidiary:

#### Disclosure as per clause 32 of the Listing Agreement:

Name of the Company	Relationship	Amount Outstanding As on 31.03.2011 (Rs.In lacs)	Amount Outstanding As on 31.03.2010 (Rs.in Lacs)
Lloyd Coils Europe s.r.o.	Subsidiary Loan	973.33	Nil
Janka Engineering s.r.o	Subsidiary Loan	95.58	Nil
Lloyd Electric FZE	Subsidiary Loan & Advances	48.15	60.70

### g) Micro and Small Scale Business Entities:

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount not there was necessity to pay interest for delayed payment in terms of section 16 of the Micro, Small and Medium Enterprises Development Act.



#### h) Managerial Remuneration Paid to Managing Director and Whole Time Director:

(Parent Company)	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Salary	91.86	67.24
Value of Perquisites	30.29	13.07
Commission	23.00	-
P.F.	6.48	5.40
<b>Total</b>	<b>151.63</b>	<b>85.71</b>

#### j) Balances of sister concerns are subject to reconciliation & confirmation

#### k) Basic & Diluted Earnings per Share:

Earnings per share has been computed as under:

	Current Year	Previous Year
Profit after Taxation (Rs. Lacs)	3520.82	3380.74
Number of Ordinary Shares	31000260	31000260
Basic and Diluted Earnings per share (Face Value Rs. 10/- per share)	11.36	10.90

#### l) Schedules "A" to "S" form an integral part of accounts and are duly authenticated.

Refer to our Report of even date.

As per our Report of even date attached

**For Suresh C. Mathur & Co.**

Chartered Accountants

**(Brijesh C. Mathur)**

Partner

Membership No. 083540

Firm Registration No. 000891N

**For and on behalf of the Board**

**Brij Raj Punj**

**Chairman & Managing Director**

Place: New Delhi

Date: August 11, 2011

**Anita K. Sharma**

**Company Secretary**

**Mukat Sharma**

**CFO cum Whole Time Director**

**A. K. Roy**

**Whole Time Director**

**K. Lall**

**Director**

# Consolidated Cash Flow Statement For the year ended 31<sup>st</sup> March 2011

(Rs. In Lacs)			
Particulars	Year Ended		Year Ended
	31 st March, 2011		31st March, 2010
<b>A. Cash Flow from Operating Activities:</b>			
Net Profit before tax & Extra-ordinary items	4,724.54		4,490.40
<b>Adjustments:</b>			
<b>Add:</b>			
Depreciation	2,113.16		1,973.56
Provision no longer required	(22.25)		-
Interest Paid	1,934.37		1,689.31
Loss/ (Diminution) on sale (in value) of Investment	-		(172.10)
Loss on sale of fixed assets	18.81	4,044.09	26.82
		8,768.63	8,007.99
<b>Less:</b>			
Interest Income	32.97		29.33
Dividend Income	6.75		5.67
Profit on sale of Investment	-	39.72	-
		8,728.91	7,973.00
<b>Operating profit before working capital changes</b>			
<b>Adjustments for :</b>			
Inventories	(6,981.34)		(2,933.76)
Trade & other receivables	(6,470.13)		(2,176.20)
Trade & other payables	3,881.81	(9,569.67)	2,854.71
			(2,255.25)
<b>Cash generated from operations</b>		(840.76)	5,717.75
Exchange Flucutation		(365.82)	(526.50)
Debenture Issue Expenses		77.45	
Direct tax paid		(743.12)	(492.93)
<b>Net Cash Flow from Operating Activities</b>		<b>(2,027.15)</b>	<b>4,698.32</b>
<b>B Cash Flow from Investing Activities:</b>			
Purhased of fixed assets		(4,460.62)	(3,979.90)
Deferred Revenue in respect of acquisition		(225.05)	(324.44)
Sale of fixed assets		83.91	39.00
Net Purchase of Investments		-	58.15
Purchase of Business		-	44.68
Dividend Received		6.75	5.67
Interest received		32.97	29.33
<b>Net Cash Flow from Investing Activities</b>		<b>(4,562.04)</b>	<b>(4,127.51)</b>
<b>C Cash Flow from Financial Activities:</b>			
Proceeds from Borrowing		12,635.45	118.96
Proceeds from Issue of Share capital		-	-
Interest paid		(1,934.37)	(1,689.31)
Dividend paid		(310.00)	-
Dividend tax		(51.49)	-
<b>Net Cash Flow from Financing Activities</b>		<b>10,339.59</b>	<b>(1,570.35)</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>		<b>3,750.40</b>	<b>(999.53)</b>
Net increase/ decrease in Cash and Cash Equivalents		<b>3,750.40</b>	<b>(999.54)</b>
Opening Balance of Cash and Cash Equivalents		2,845.38	3,844.92
Closing Balance of Cash and Cash Equivalents		6,595.78	2,845.38

**For Suresh C. Mathur & Co.**

Chartered Accountants,

**(Brijesh C. Mathur)**

(Partner)

Membership No.083540

Firm Registration No.000891N

**For and on behalf of the Board of Director of**

**Lloyd Electric & Engineering Ltd.**

**Anita K. Sharma**  
Company Secretary

**Mukat Sharma**  
CFO cum Whole Time Director

**A. K. Roy**  
Whole Time Director

**K. Lall**  
Director

**Brij Raj Punj**  
Chairman & Managing Director

## AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Lloyd Electric & Engineering Limited for the year ended 31st March, 2011. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company.

**For Suresh C. Mathur & Co.**

Chartered Accountants,

**(Brijesh C. Mathur)**

(Partner)

Membership No.083540

Firm Registration No.000891N

Place: New Delhi

Dated: August 11, 2011



## Important Communications to shareholders

### "Green Initiative in the Corporate Governance"



Ministry of Corporate Affairs, vide its circular no 17/95/2011 CL-V dated April 21, 2011 and subsequent to clarification issued on April 29, 2011, has announced "green initiatives in the Corporate Governance" by allowing paperless compliances by companies stating that the service of documents to shareholders by a Company can be made through electronic mode.

Keeping in view the underlying theme by the Ministry that will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment and ensuring prompt receipt of communication and to avoid loss in postal transit and to be a part of "Green Initiative in the Corporate Governance" in the right spirit members who hold share in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with the Depository through their concerned depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses and intimate any change in e-mail id with the Company, by filling appropriate details in the below mentioned Form or register their e-mail addresses with Company's Registrars & Share Transfer Agents, SKYLINE FINANCIAL SERVICES PRIVATE LIMITED, giving their consent to receive the Notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form. The said form is also available on the Company's website [www.lloydengg.com](http://www.lloydengg.com)

You may kindly note that as a Member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

We look forward to your support in this initiative towards a Greener Environment.

#### Email Address Registration Form (For members who hold shares in physical Form)



### LLOYD ELECTRIC & ENGINEERING LIMITED

Corporate Office: 159, Okhla Industrial Estate, Phase-III, New Delhi- 110020

Ledger Folio No. ....

No. of Shares Held: .....

Full Name of the Shareholder/ Joint Holder.....

.....

Email Id to be registered: .....

Contact No. ....

I hereby give my/our consent to receive the Notices calling general meetings, audited financial statements, auditors' report, directors' report, explanatory statement and all other documents required by law to be attached thereto or any other communication in electronic mode at my/our above mentioned email ID.

Signed this .....day of.....2011

.....  
Signature of the shareholder





## LLOYD ELECTRIC & ENGINEERING LIMITED

Regd. Office: A-146 (B&C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan - 301 019



### ATTENDANCE SLIP

(For attending the 24th Annual General Meeting)

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NO. OF SHARE HELD.....

Folio No.....

I/we record my/our presence at the 24<sup>th</sup> **Annual General Meeting** of the Company held on Friday, September 30, 2011 at 9:00 A.M. at A-146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan-301 019.

Name and Address of the Shareholder .....

.....

NAME OF THE PROXY.....

(to be filled only when Shareholder is appointing proxy)

SIGNATURE OF THE SHAREHOLDER / PROXY



## LLOYD ELECTRIC & ENGINEERING LIMITED

Regd. Office: A-146 (B&C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan - 301 019



### PROXY FORM

I/We .....of.....

in the district of .....being a member/members of the Company, hereby

appoint.....of .....

in the district of.....or failing him.....

in the district of.....

as my/our proxy to attend and vote for me/us on my / our behalf at the 24<sup>th</sup> **Annual General Meeting** of the Company to be held on Friday, September 30, 2011 at 9:00 A.M. at A-146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan-301 019.

Signed this .....day of .....2011.

Signature.....

Affix a  
Re. 1/-  
Revenue  
Stamps

Note: The proxy in order to be effective should be duly stamped, complete and signed and must be deposited at the Regd. office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.









LIVE THE FUTURE

## LLOYD ELECTRIC & ENGINEERING LIMITED

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