



10TH ANNUAL REPORT

1996-97

LLOYD ELECTRIC & ENGINEERING LIMITED

Registered Office : A-146(B&C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan-301 109
Corporate Office : Punj House, M-13 A, Connaught Place, New Delhi-110 001

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DEV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		

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Lloyd Electric & Engineering Limited

BOARD OF DIRECTORS

MR. SUDERSHAN PRAKASH PUNJ
WHOLE TIME DIRECTOR

MR. BRIJ RAJ PUNJ
CHAIRMAN

MR. PAVANJIT SINGH
DIRECTOR

MR. BHARAT RAJ PUNJ
DIRECTOR

MR. SANDEEP SETHI
DIRECTOR

MR. RAJESH SHARMA
DIRECTOR

MR. R.K.M. PRASAD
NOMINEE DIRECTOR

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COMPANY SECRETARY
MR. SANDEEP MASAND

AUDITORS

M/s MANOHAR KUMAR & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

BANKERS

STATE BANK OF BIKANER & JAIPUR

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REGD. OFFICE & FACTORY

A-146 (B & C)
RIICO INDUSTRIAL AREA,
BHIWADI, DISTT. ALWAR,
RAJASHTAN - 301 019
PHONE: 20724, 21348
FAX : 20543

CORPORATE OFFICE

PUNJ HOUSE,
M-13A, CONNAUGHT PLACE,
NEW DELHI-110 001
PHONE : 3329091-98
FAX : 3326107



Lloyd Electric & Engineering Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON MONDAY, THE 29th DECEMBER, 1997 AT 9.00 A.M. AT RIICO COMMUNITY CENTRE, BHIWADI, DISTT. ALWAR, RAJASTHAN FOR TRANSACTING THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as on March 31, 1997 and the Profit and Loss account for the year ended on that date and the Auditors' Report thereon.
2. To declare the Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Bharat Raj Punj who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT M/s R. Sinha & Co., Chartered Accountants, New Delhi be and are hereby appointed as the Auditors of the Company in place of retiring auditors M/s Manohar Kumar & Co., Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors for the said period."

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

After Article 6A of the Articles of Association of the Company, new Article 6B be inserted :

Buy-Back of Shares : Subject to the provisions of Companies Act, 1956 and any other law for the time being in force in this regard, the Board of Directors may from time to time Buy-Back shares of the Company upon such terms and conditions as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities from time to time."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :
"RESOLVED THAT subject to the provisions of the Companies Act, 1956 as amended from time to time or any re-enactment thereof, the Articles of Association of the Company and other provisions, for the time being in force, the Board of Directors of the Company be and is hereby authorised to purchase from time to time such quantity or quantities of shares of the Company whether or not they are redeemable, at such rate(s) as may be thought fit by the Board upto an amount not exceeding Rs. 20 Crores (Rupees Twenty Crores only) on such terms and conditions as the Board may deem proper and make payment(s) for such purchases out of the funds from free reserves and share premium account or out of such funds as may be allowed under the law/rules & regulations and to keep them alive, cancel and/or resell from time to time such number(s) of the shares so purchased, at such rate(s) and on such terms as the Board may deem fit and proper."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to raise funds to the extent of Rs. 20 Crores in one or more trenches through issue/private placement of Debentures/Bonds or any other form of securities on such terms and conditions as may be decided by the Board of Directors and permissible under the law."
"RESOLVED FURTHER THAT the Board of Directors of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 be and is hereby authorised to mortgage and/or charge and/or hypothecate all the present and/or future immovable or movable properties and the whole or substantially the whole of the undertaking of the Company in such manner as the Board of Directors may decide for the purpose of securing unto the Agents and Trustees for the holders of Non-Convertible Debentures or any debt instrument(s)/securities of the aggregate nominal face value not exceeding Rs. 20 Crores to be issued, together with interest thereon, further interest, liquidated damages, remuneration or any other costs, charges and expenses of the Agents and Trustees for the holders of the said Debentures/securities and other monies in terms of an agreement to be entered into between the Company and the said Agents and Trustees."



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"RESOLVED FURTHER THAT the Board of Director of the Company shall exercise the powers conferred by this resolution only after necessary provision for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provisions or any other law or regulations and not otherwise."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT the following revised remuneration (salary plus perks) payable to Mr. S.P. Punj, Wholetime Director (WTD) of the Company w.e.f. December 1, 1997 be and is hereby approved :-

1. Basic Salary : Rs. 40,000/-
2. Perquisites :
 - 2.1 Housing, including Gas, electricity & furniture
 - a) Free furnished accommodation on monthly rent not exceeding 60% of the salary over & above the amount of 10% of salary payable to the Wholetime Director.
 - b) In case no accommodation is provided by the Company, WTD shall be entitled to HRA equivalent to 50% of the salary. In case the accommodation is owned or rented by the Company, he shall pay to the Company 10% of the basic salary plus 1.5% for the furnishings for the said residence.
 - c) Electricity, Gas, Water & other personal amenities reimbursement at actual subject to a ceiling of 10% of the Basic Salary.
 - 2.2 Helper Allowance to meet the expenditure on a helper where such helper is engaged for the performance of the official duties @ Rs. 7500/- per month.
 - 2.3 Reimbursement of expenditure incurred on purchase/maintenance of Corporate Attire during the performance of official duties @ Rs.4000/- per month.
 - 2.4 Reimbursement of expenditure on Newspapers/Magazines/Journals required for performance of official duties @ Rs.3500/- per month.
 - 2.5 Company's Contribution towards Provident fund not exceeding 10% of the Basic Salary.
 - 2.6 Medical Benefits; Expenses incurred for self & family reimbursement of actual expenses not exceeding one month's Gross Salary in a year or three month's Gross Salary in a block of three years.
 - 2.7 Leave encashment on full basic salary and allowances at the rates applicable to other employees of the Company but not exceeding one month leave over 11 months service.
 - 2.8 Sick Leave on medical grounds supported by proper medical certificates on full pay or without pay subject to the discretion of the Board.
 - 2.9 LTA once a year for self, wife & dependent children to or from any place in India subject to the condition that only actual fare excluding Hotel expenses will be allowed.
 - 2.10 Club Membership; Fees of clubs subject to maximum of two clubs excluding admission fee.
 - 2.11 Reimbursement of personal accident insurance & mediclaim premium not exceeding Rs.5000/- per annum.
 - 2.12 Company will provide two servants (sweeper & gardener) and security at the residence of the WTD.
 - 2.13 Transport; free use of Company's Car with driver (on reimbursement basis). The monetary value of the perquisite will be evaluated as per Rule 3 of the Income Tax Rules, 1962 for personal use.
 - 2.14 Free telephone facility at the residence.
 - 2.15 Proviso :
Provided, however, that the value of the perquisites allowed under clause 2 shall not exceed the sum of Rs. 5.4 lacs for any financial year. In arriving at the value of the perquisites in so far as there exists a provision for valuation of the perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time.



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8. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT subject to such provision, consents, sanctions and permissions as may be required, consent of the Company be and is hereby accorded in terms of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, in favour of the Board of Directors of the Company to issue and allot pursuant to the Company's Memorandum and Articles of Association either to the existing members of the Company by way of Rights issue and/or to the Public through prospectus and/or to any one or more persons, investment institutions, financial institutions whether incorporated in India of abroad by private placement whether at par or at premium as may be decided by the Board, such number of Equity Shares and/or other securities which may or may not be convertible either fully or partly into Equity Shares (collectively referred to as securities), provided that the aggregate amount of the issue which may be made in one or more trenches in terms of this authorisation including the premium, if any, shall not exceed Rs. 250 Crores (Rupees Two Hundred and Fifty Crores Only)."

"RESOLVED FURTHER THAT for the purposes of giving effect to the above resolution the Board be and is hereby authorised inter alia from time to time to finalise the terms and conditions of the offer and the names of person/persons to whom the offer should be made, in the event of Right issue to decide the ratio in which the same to be issued, to finalise and prescribe the form of prospectus/other documents of Offer, the issue price of the shares and to make or carry out any alterations or modifications as suggested or recommended by any of the concerned authorities/agencies without requiring any further approval of the Members and further to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, expedient, usual or proper and to settle any questions, or remove difficulties that may arise with regard to the terms and conditions including utilisation of the proceeds of the issue."

By order of the Board

For LLOYD ELECTRIC & ENGINEERING LTD.

Sd/-

(SANDEEP MASAND)

Company Secretary

PLACE : New Delhi

DATE : 22.11.97

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KINDLY NOTE THAT THERE SHALL BE NO GIFT DISTRIBUTION AT THE ANNUAL GENERAL MEETING.

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST REACH THE COMPANY AT A-146 (B & C), RIICO INDUSTRIAL AREA BHIWADI, DISTT. ALWAR, RAJASTHAN NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
2. The relevant explanatory statement, pursuant to Section 173 (2) of the Companies Act 1956, in respect of Special Business is annexed hereto.
3. The register of Members and Share Transfer Books of the Company will remain closed from Monday, the 22nd December, 1997 to Monday the 29th December, 1997 (both days inclusive).
4. Dividend on shares as recommended by the Board of Directors, if declared at the Meeting will be paid to those members (or their mandates) whose names appear in the Register of Members as on 29th December, 1997.
5. Members are requested to notify promptly any change in their addresses to the Company's Corporate Office at M-13A, Connaught Place, New Delhi-110 001.
6. Members are requested to send to the company their queries, if any, on accounts and operations of the Company so as to reach atleast seven days before the date of the meeting at the corporate office in order that the same could be suitably answered at the meeting.
7. Member(s)/Proxy(s) desirous of attending the meeting are requested to bring the attendance slip, complete and signed and deliver the same at the entrance of the Meeting Hall.
8. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Reports as same will not be distributed at the Meeting.

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business.

ITEM NO. : 5

Your Directors propose to insert a new Article relating to Buy-back of shares in the Articles of Association of the company in order to bring these in line with draft Companies Bill, 1997, under consideration of the Government. The draft Companies Bill, 1997 allows buy-back of shares or other specified securities by a Company out of its free reserves, securities premium account or the proceeds of a prior issue made specifically for the purpose of buy-back. As per Section 31 of the Companies Act, 1956, these changes would require your approval by way of special resolution.

The above change would become effective only from the date of enactment and enforcement of the changes in the provisions of law.

Your Directors recommend the passing of this resolution as a special resolution.

None of the Directors is in any way concerned or interested in this resolution.

ITEM NO. : 6

The draft Companies Bill, 1997 allows buy-back of shares or other securities by a Company from out of its free reserves, securities premium account or the proceeds of a prior issue made specifically for the purpose of buy-back subject to the following main conditions :-

1. The company has authorised such buy-back by way of a special resolution passed in a general meeting.
2. The company shall, after completion of the buy-back, have a debt-equity ratio as may be prescribed under the Act.

In view of the above provisions, it is proposed to take authorisation in the ensuing Annual General Meeting of members in favour of the Board in respect of the following two proposals:-

a) Buy-back of equity shares of the Company upto an amount of Rs. 20 crores either from the open market or through negotiations or other arrangements or any other permissible mode with the purpose of either cancelling the securities or reissuing them in accordance with the rules.



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Your Directors recommend the passing of this resolution as a special resolution.

None of the Directors is in any way concerned or interested in this resolution.

ITEM NO.: 7

Mr. S.P. Punj is the seniormost Director of the Company. His vast and rich experience in the air-conditioning and refrigeration industry has contributed enormously to its growth. But the current remuneration drawn by him is much less considering the size and stature of the company. Keeping in view the above, the Board of Directors in its meeting held on 22.11.97 decided to revise his remuneration w.e.f. 1.12.97. The revised remuneration is within the permissible limits and is set out in the Resolution proposed under Item no. 7 of the Notice.

Your Directors recommend the passing of this resolution as an ordinary resolution.

None of the Directors, apart from Mr. S.P. Punj is in any way concerned or interested in this resolution.

This may also be treated as a notice to the shareholders under Section 302 of the Companies Act, 1956 for the resolution of the Board of Directors revising the remuneration paid to Mr. S.P. Punj w.e.f. December 1, 1997.

ITEM NO.: 8

The Board of Directors of the Company feel that for modernisation & expansion plans of the Company, the company should be able to raise funds as and when required, by issue of shares and/or other securities which may or may not be convertible either fully or partly into Equity Shares, within an overall limit of Rs. 250 Crores (Rupees Two Hundred Fifty Crores Only).

In terms of Section 81 the Board is seeking an authorisation to enable it to issue fresh capital to the extent as stated above.

Your Directors recommend the passing of this resolution as a special resolution.

None of the Directors is in any way concerned or interested in this resolution.

By order of the Board
For LLOYD ELECTRIC & ENGINEERING LTD.

PLACE : New Delhi

DATE : 22.11.97

Sd/-
(SANDEEP MASAND)
Company Secretary

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Lloyd Electric & Engineering Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report of the Company alongwith the Audited Accounts for the year ended March 31, 1997.

FINANCIAL RESULTS

	Current Yr. 1996-97	Previous Yr. 1995-96
Turnover	4901.50	3096.64
Gross Profit before depreciation	376.09	309.14
Less : Depreciation	107.38	49.81
Provision for taxation	61.56	2.50
Profit after tax	207.15	256.83
Proposed Dividend	81.85	59.38
Retained Profit	125.30	197.45
Add : Balance brought forward	309.32	137.76
Excess prov. for Dividend of previous year	—	0.11
Profit available for appropriation	434.62	335.32
Less : transferred to General Reserve	26.50	26.00
Less : Provision for Corporate Dividend tax	8.18	—
Balance Carried to Balance Sheet	399.94	309.32

DIVIDEND

Your Directors are pleased to recommend a Dividend of 10% on fully paid up Equity Share Capital on pro-rata basis for the financial year ended March 31, 1997 and the dividend will absorb an amount of Rs. 81.85 Lacs. The Corporate Dividend Tax on this amount will be 8.18 Lacs.

RIGHT ISSUE

This year your Company came out with Right Issue of 11875440 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share in the ratio of 2:1 and with your support the issue was fully subscribed.

OPERATIONS

Your Directors are extremely pleased to report that Company has achieved a turnover of Rs. 4,901.5 lacs against the turnover of Rs. 3,096.64 lacs in the previous year thereby giving a growth rate of more than 55%.

PROSPECTS FOR THE CURRENT YEAR

Your Company continues to be a leading merchant manufacturer of coils in the organised sector. Last year the Company developed coils with copper tubes of 7 mm diameter as compared to usual of 3/8". Though these coils have a lot of advantages over the earlier coils like reduction in the size of the air-conditioners as also saving the energy consumption, this new technology is yet to catch up in the Indian Market. This year the company plans to focus its efforts towards better marketing of this improved product and continue to be the leader in this field.

FIXED DEPOSITS

Your Company has not accepted any fixed deposit as per Section 58A of the Companies Act, 1956.

DIRECTORS

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

AUDITORS

The Board has received a Special Notice under Sec. 225 of the Companies Act, 1956 for the proposed appointment of M/s.R. Sinha & Co., Chartered Accountants, New Delhi, a certificate in terms of Sec. 224 (1B) of the Companies Act, 1956, has been received from them. The Board therefore places the proposed appointment of M/s R. Sinha & Co., Chartered Accountants in place of M/s Manohar Kumar & Co., the retiring auditors of the Company.