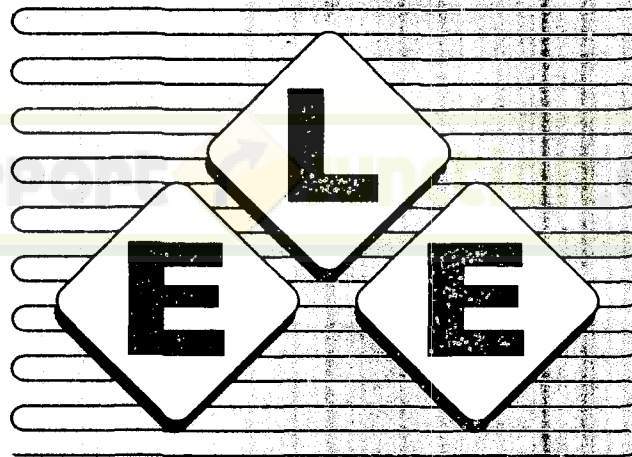


MD	✓	BKC	✓
CS	✓	DPY	NA
RO	✓	DIV	✓
TRA	NA	AC	✓
AGM	✓	SH	✓
YE	✓		

11th
ANNUAL REPORT
1997-1998



LLOYD ELECTRIC & ENGINEERING LIMITED





Lloyd Electric & Engineering Limited

BOARD OF DIRECTORS

MR. BRIJ RAJ PUNJ
CHAIRMAN

MR. BHARAT RAJ PUNJ
WHOLE TIME DIRECTOR

MR. PAVANJIT SINGH
DIRECTOR

MR. SANDEEP SETHI
DIRECTOR

MR. RAJESH SHARMA
DIRECTOR

Mr. R.K.M. PRASAD
NOMINEE DIRECTOR

1. JAIPUR STOCK EXCHANGE (REGIONAL)
STOCK EXCHANGE BUILDING,
JAWAHARLAL NEHRU MARG,
MALVIYA NAGAR,
JAIPUR - 302017
2. THE STOCK EXCHANGE, MUMBAI
PHIOROZEE JEEJEBHOY TOWERS,
DALAL STREET,
MUMBAI - 400001
3. THE DELHI STOCK EXCHANGE ASSOCIATION LTD.
WEST PLAZA, INDIRA GANDHI INDOOR STADIUM,
INDIRA PRASTHA ESTATE,
NEW DELHI - 110002
4. THE NATIONAL STOCK EXCHANGE OF INDIA LTD.
TRADE WORLD, SENAPATI BAPAT MARG,
LOWER PARLET,
MUMBAI - 4000013

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COMPANY SECRETARY

MR. SANDEEP MASAND

AUDITORS

M/S R. SINHA & CO.
NEW DELHI

BANKERS

STATE BANK OF BIKANER & JAIPUR

REGD. OFFICE & FACTORY

A-146(B&C),
RIICO INDUSTRIAL AREA,
BHIWADI, DISTT. ALWAR,
RAJASTHAN -301 109
PHONE : 20724, 21348
FAX : 20543

CORPORATE OFFICE

PUNJ HOUSE,
M-13A, CONNAUGHT PLACE,
NEW DELHI-110001
PHONE : 3329091-98
FAX : 3326107



Lloyd Electric & Engineering Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT ELEVENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON MONDAY, THE 28TH DECEMBER, 1998 AT 9.00 AM AT RIICO COMMUNITY CENTRE, BHIWADI, DISTT. ALWAR, RAJASTHAN FOR TRANSACTING THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on March 31st, 1998 and the Profit and Loss account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To declare the dividend on Equity Shares.
3. To appoint a Director in place of Shri Brij 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, the retiring Auditors of the Company who being eligible offer themselves for re-appointment, be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors for this period."

SPECIAL BUSINESS :

5. To pass, with or without modifications, the following Resolutions as a SPECIAL RESOLUTION :
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 316 read with Schedule XIII and other relevant provisions of the Companies Act, 1956 and Article Nos. 114, 115 & 116 of the Articles of Association of the company and other relevant provisions of the Companies Act, 1956 and subject to the approval of the Industrial Finance Corporation of India Ltd. (IFCI), if so required, Mr. Bharat Raj Punj be and is hereby appointed AS WHOLE- Time Director of the company for a period of 5 years with effect from 1st November, 1998 on remuneration, perquisites and general terms and conditions as mentioned herein below:

1. Basic Salary : Rs.40,000/-P.M.
2. Commission : Such amount as may be decided by the board of directors or a committee thereof from year to year provided that the total remuneration including salary and perquisites shall not exceed the limit laid down u/s 198 of the Companies Act, 1956.
3. Perquisites :
 - 3.1 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 the salary payable to the Whole-Time Director.
 - b). In case no accommodation is provided by the Company, Whole -Time Director shall be entitled to House Rent Allowance equivalent to 50% of the salary. In case the accommodation is owned or rented by the company, 10% of the basic salary plus 1.5% for the furnishings for the said residence shall be deducted from his salary.
 - c). Electricity, Gas, Water & other personal amenities: Reimbursement at actuals subject to a ceiling of 10% of the Basic salary.
 - 3.2 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.
 - 3.3 Reimbursement of expenditure incurred on purchase/maintenance of Corporate Attire during the performance of official duties @ Rs.4000/- per month.
 - 3.4 Reimbursement of expenditure on Newspapers/Magazines/Journals required for performance of Official duties @ Rs.3500/- per month.
 - 3.5 Company's Contribution towards provident fund not exceeding 12% of the Basic Salary.
 - 3.6 Medical Benefits: Reimbursement of actual expenses incurred for self & family not exceeding one month's Gross Salary in a Year or three months' Gross Salary in a block of three Years.
 - 3.7 Leave encashment of full basic salary and allowances at the rates applicable to the employees of the Company but not exceeding one month leave over 11 months' service.
 - 3.8 Sick Leave on medical grounds supported by proper medical certificates on full pay or without pay subject to the discretion of the Board.
 - 3.9 Leave Travel Allowance 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.



Lloyd Electric & Engineering Limited

- 3.10 Club Membership; fees of Clubs subject to maximum of two clubs excluding admission fee.
- 3.11 Reimbursement of personal accident insurance & mediclaim premium not exceeding Rs.5000/- per annum.
- 3.12 Gratuity as per Company's Rules.
- 3.13 Company will provide two servants (sweeper & gardener) and security at the residence of the Whole Time Director.
- 3.14 Transport: Free use of Company's Car with driver (on reimbursement basis). The monetary value of the perquisites will be evaluated as per Rule 3 of the Income Tax Rules, 1962 for personal use.
- 3.15 Free telephone facility at the residence.
- 3.16 Proviso :

provided however that the value of the perquisites allowed under clause 3 shall not exceed the sum of Rs. 5.4 lacs for each 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.

In the event of absence or inadequacy of profits, in any Financial Year, no deduction from salary or perquisites shall be made and entire remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration.

This may be treated as an Abstract of terms of appointment and Memorandum of interest under section 302 of the Companies Act, 1956

Termination - The appointment of Whole time Director may be terminated by either party giving to the other six calendar months notice in writing.

RESOLVED FURTHER THAT Mr. Brij Raj Punj-Chairman/ Company secretary of the company be and is hereby authorised to file the necessary returns with the Registrar of Companies and other authorities if so required and to do all acts, things and deeds as may be necessary in this connection."

6. To pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT subject to such provisions, sanctions and permission 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 or 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 tranches 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 purpose of giving effect to the above resolution the Board of Directors 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."

7. To pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT in compliance with Sections 77-A and 77-B of the Companies Act, 1956 consequent upon coming into force the Companies (Amendment) Ordinance, 1998 and the Regulations issued by the Securities and Exchange Board of India (SEBI) on the subject, and subject to approval of Financial Institutions, if so required, and in consonance with Article No.6-B of the Articles of Association of the company, the Board of Directors of the company be and is hereby authorised to buy-back on behalf of the company its own fully paid-up equity shares of Rs.10/- each of aggregate value not exceeding 25% of the paid-up share capital and free-reserves such number of shares and at such price as may be decided by the Board of Directors of the company from its existing shareholders through tender offer on proportionate basis and/or from odd lot share-holders and/or from the open market and/ or by book-building process and/or through Stock Exchange.



Lloyd Electric & Engineering Limited

RESOLVED FURTHER THAT the buy-back of the shares be financed from the free-reserves of the company and/or the proceeds of earlier issue of capital and/or Share premium.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this connection and further to do all such acts, deeds, matters and things and finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

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

PLACE : New Delhi.
DATE : 30.10.1998

(SANDEEP MASAND)
Company Secretary

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 21.12.1998 to 28.12.1998 (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 28th December, 1998.
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-110001.
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

Mr. Bharat Raj punj is a Director of our company since 30th May, 1994. He is a Management Graduate from Duquesne University, Pittsburg, U.S.A. and during his tenure as Director of the company he has shown great determination and foresight in shouldering big responsibilities.

The Board of Directors in their meeting held on 30th Oct., 1998 approved the appointment of Mr. Bharat Raj Punj for a period of five years W.E.F.1st Nov., 1998 subject to approval by the share holders and other authorities if so required on the terms and conditions as contained in the resolution as stated at Item No.5. He has obtained the age of majority but below 25 years and is



Lloyd Electric & Engineering Limited

eligible to be appointed as Whole-time Director of the Company with remuneration as per schedule XIII of the Companies Act, 1956 with the approval of shareholders by Special Resolution.

The Board considers that the proposed remuneration and other terms and conditions of appointment being offered to Mr. Bharat Raj Punj compare favourably to the remuneration being paid to similar personnel in other companies of similar magnitude as this company and is within Schedule XIII of the Companies Act, 1956

Memorandum of Interest:

Apart from Mr. Bharat Raj Punj none of the directors of the company except Mr. Brij Raj Punj and Mr.S.P.Punj, being appointee's relatives are interested or concerned in this resolution.

Abstract:

The aforesaid Explanatory Statement concerning Mr. Bharat Raj Punj together with the relevant resolution in the accompanying notice should be treated as abstract U/S 302 of the Companies Act, 1956

ITEM NO.6

The Board of Directors feel that for modernisation and 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 and Fifty Crores only).

In terms of section 81 of the Companies Act, 1956, the Board is seeking an authorisation to enable it to issue fresh capital to the extent as stated above.

The resolution set out at Item No.6 is an enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements.

Directors recommend the above stated resolution for approval of the shareholders for the proposed issue of securities.

All the directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that will be offered to them on Right basis or otherwise and allotted to them.

ITEM NO.7

Your company is an existing profit making company having been registered on 10.11.1987 as a Pvt.Ltd. company and converted into a Public Ltd. Company on 5.8.1994. The company has a paid up share capital of Rs.17.79 crores and free reserves of Rs.20.79 crores as on 31st March,1998.

Although the company has been earning adequate profits and has been declaring dividend for the last three financial years as a Public Limited Company, the price of its shares in the market has been continued to be quoted at around Rs.4/-per share during the last about two years.This may be partly attributed to the general depressed condition in the stock market but the management of the company feels that the shareholders are not being adequately rewarded on their investment-the reason being that the capital base of the company is sufficiently broad.The management now is of the view that in case the equity shares of the value not exceeding 25% of the paid up capital and free reserves of the company are bought back by the company,it will reduce its paid up capital base and thus result into a higher earning per share and give a better return to the investors.The Debt-Equity ratio after the buy-back will remain well within the norms of 2:1 as laid down in the Companies(Amendment)Ordinance,1998.The quantum of the funds for financing the buy back is also within the statutory limits of 25% of the paid up capital and free reserves of the company as per stipulations in the said ordinance.

The Articles of Association of the company permit this buy-back vide Article 6-B and this Special Resolution will enable the Board of Directors to buy back the shares of the company on its behalf and to decide the method of buy back,sources of funds, basis of determining the buy-back price,number of shares to be bought back,total amount required for buy back,to do all other acts,deeds and things as may be necessary in this connection.The whole procedure will be completed within 12 months period.

The directors recommend the above stated resolution for approval of the shareholders for the proposed buy-back of securities.

The Board resolution for the above said matter was passed by circulation on 23.11.1998 as per the provisions of section 289 of the Companies Act,1956.

All the directors of the Company may be deemed to be concerned or interested to the extent of the shares that may be offered by them in the buy-back scheme.

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

(SANDEEP MASAND)
Company Secretary

PLACE : New Delhi.
DATE : 30.10.1998



Lloyd Electric & Engineering Limited

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company alongwith the Audited Accounts for the Year ended 31st March, 1998.

FINANCIAL RESULTS

	Current Year 1997-98	RUPEES IN LACS Previous Year 1996-97
Turnover	5761.67	4901.50
Gross profit before depreciation	486.74	376.09
Less: Depreciation	183.99	107.38
Provision for taxation	39.09	61.56
Profit after tax	263.66	207.15
Proposed Dividend	95.42	81.85
Retained Profit	168.24	125.30
Add: Balance brought forward	399.94	309.32
Profit available for appropriation	568.18	434.63
Less: Transferred to General Reserve	26.50	26.50
Less: Prov. for Corporate Dividend Tax	9.54	8.18
Balance carried to Balance Sheet	532.14	399.94

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 31st, 1998 and dividend will absorb an amount of Rs. 95.42 Lacs. The Corporate Dividend Tax on this amount will be Rs. 9.54 Lacs.

However, payment of dividend will be subject to the approval of Industrial Finance Corporation of India.

OPERATION

Your directors are extremely pleased to report that Company has achieved a turnover of Rs. 5761.67 lacs against the turnover of Rs. 4901.50 lacs in the previous year thereby giving a growth rate of more than 17%.

PROSPECTS FOR THE CURRENT YEAR

This year, your company has been instrumental in bringing new technology to our country, which has been observed, tried and tested in other countries. After successfully developing the low cost, high efficiency 7.00 mm diameter copper tube coils, your company, further added value in giving the best value to the customers. Your company is in the process of obtaining ISO 9002, where the Quality Policy emphasises continuous upgradation of technology and giving the customer maximum value for his money. Your company has entered the foray of specialised Package Airconditioning for special purpose applications.

NEW PROJECT

During the year under review, your company has envisaged a diversification scheme involving setting up of a new unit for manufacture of Air cooled liquid chillers (ALCL) and Closed control environmental units (CCEU) with an annual installed capacity of 22,000 TR and 3,750 TR respectively at Kala-Amb, Tehsil Nahan, Distt. Sirmour, Himachal Pradesh, with the assistance of Industrial Finance Corporation of India. The project is under implementation and will add up to the growth of the company.

FIXED DEPOSITS

Your company has not accepted any fixed deposit as per Section 58A of the Companies Act, 1956 and Rules made thereunder.

DIRECTORS

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

Mr. S.P. Punj has resigned from the directorship of the company W.E.F. 1st Nov., 1998. The Board places on record with sincere gratitude his contribution in nourishing the company with his hard work and devotion during his tenure right from its inception and thus making it a pioneer in its field.

AUDITORS

M/S R. Sinha & Co., Chartered Accountants, statutory auditors of the company retire and being eligible, offer themselves for re-appointment.

The observation of the Auditors as contained in the Auditor's Report read with Notes on Accounts are self explanatory and do not call for any further clarification.