Annual Report

2001-2002

LLOYD ELECTRIC

&

ENGINEERING LIMITED

BOARD OF DIRECTORS

MR. BRIJ RAJ PUNJ
CHAIRMAN

MR. BHARAT RAJ PUNJ
WHOLE TIME DIRECTOR

MR. BHAVNIT SINGH
DIRECTOR

MR. SANDEEP SETHI
DIRECTOR

MR. RAJESH SHARMA
DIRECTOR

MR. K. LALL
DIRECTOR

MR. P. N. SWAMINATHAN
DIRECTOR (NOMINEE – IFCI)

JAIPUR STOCK EXCHANGE LIMITED
INDRA PLACE, J. L. N. MARG, MALVIYA NAGAR
JAIPUR – 302017

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

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

NATIONAL STOCK EXCHANGE OF INDIA LTD.
EXCHANGE PLAZA, 5th FLOOR
PLOT NO. C/1, G BLOCK,
BANDRA-KURLA COMPLEX, BANDRA (E)
MUMBAI – 400 051

COMPANY SECRETARY
ANURAG UPADHYAYA

AUDITORS
M/S. SURESH C. MATHUR & Co.

BANKERS
STATE BANK OF BIKANER & JAIPUR
STATE BANK OF INDIA

REGD. OFFICE & FACTORY
A – 1/6, (B & C), RIICO INDUSTRIAL AREA,
BHIWADI, DISTT. ALWAR, RAJASTHAN – 301 019
PHONE: 01493-220724, 220543, 221348
FAX: 01493-220543

CORPORATE OFFICE
PUNJ HOUSE, M – 13A, CONNAUGHT PLACE,
NEW DELHI – 110 001
PHONE: 3329081/2/4/5
FAX: 3326107

NOTICE

NOTICE IS HEREBY GIVEN THAT FIFTEENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON MONDAY, 30th DECEMBER, 2002 AT 9.00 A.M. AT A-146 (B & C), RIICO INDUSTRIAL AREA, BHIWADI, DISTT. ALWAR, RAJASTHAN FOR TRANSACTING THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the year ended on that date and Directors' and Auditors' Reports thereon.

2. To appoint a Director in place of Shri Brij Raj Punj, who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Shri Sandeep Sahi 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. Suresh C. Mathur & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company.

   RESOLVED FURTHER THAT the Auditors be paid such remuneration and travelling and other out-of-pocket expenses incurred by them for the purpose of the audit as may be decided by the Board of Directors, which payment is hereby authorised for the same."

SPECIAL BUSINESS

5. To pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** Mr. [illegible] who was appointed as an Additional Director on 30th January, 2002 and whose term of office expires at the Annual General Meeting be and is hereby appointed as Director of the Company."

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

Sd/-
(ANURAG UPADHYAYA)
COMPANY SECRETARY

PLACE : NEW DELHI
DATE : 30.11.2002

NOTES:

KINDLY NOTE THAT NO GIFT SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective should be duly stamped, completed and signed and must reach the company at A-146 (B&C), RIICO Industrial Area, Bhiwadi, 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 28th December 2002 to 30th December 2002 (both days inclusive).
4. Members are requested to notify promptly any change in their addresses to the Company's correspondence address at E – 4, Phase – II, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201305.
5. Members are requested to send to the Company their queries, if any on accounts and operations of the Company so as to reach at least seven days before the date of the meeting at the correspondence address of the Company in order that the same could be properly answered at the meeting.
6. Member(s) / Proxy(s) desirous of attending the meeting are requested to bring the attendance slip and fill in and sign the same and deliver it at the entrance of the Meeting Hall.
7. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Report as [illegible] will not be [illegible] 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. K. Lal was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 30th January, 2002.

As per the provisions contained in Section 260 of the Companies Act, 1956, he holds office upto the date of the Annual General Meeting, but is eligible for appointment as Director.

Mr. K. Lal has given notice to the Company expressing his candidature for the office of Director of the Company and has deposited a sum of Rs. 500/- in cash as per the requirement of Section 257 of the Companies Act, 1956.

Mr. K. Lal is a fellow member of Institute of Company Secretaries of India and a member of Institute of Cost and Works Accountants of India. He has a wide experience in corporate management. Keeping in view his professional background the Board of Directors considers that it will be in the interest of the Company to appoint him as a Director.

Hence the Resolution.

None of the directors except Mr. K. Lal is concerned or interested in this Resolution.

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

Sd/-
(ANURAG UPADHYAYA)
COMPANY SECRETARY

PLACE : NEW DELHI
DATE : 30.10.2002

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Fifteenth Annual Report of your Company alongwith the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

(Rupees in Lacs)

	Current year 2001-02	Previous year 2000-01
Turnover	11796.78	9903.64
Gross profit before depreciation	695.00	632.40
Less: Depreciation	372.82	306.11
Provision for taxation	35.00	29.00
Profit after tax	287.18	297.29
Add: Balance brought forward from the previous year	1378.57	1143.77
Profit available for appropriation	1665.75	1441.07
Transferred to General Reserve	40.00	62.50
Balance carried forward to Balance Sheet	1625.75	1378.57

DIVIDEND

Keeping in view the increased working capital requirements for projects under implementation, your directors are constrained not to recommend any dividend for the year under report.

PERFORMANCE

Your directors are pleased to report that your Company has achieved a turnover of Rs. 11796.78 lacs giving a growth rate of 19.10%.

FIXED DEPOSITS

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

DIRECTORS

Mr. K. Lall was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 30th January, 2002. Considering his background as a member of Institute of Company Secretaries of India and member of Institute of Cost and Works Accountants of India and his wide experience in corporate management, your directors are seeking your approval as per resolution proposed under special business in the notice of the meeting.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri B.R. Puri and Shri Sandeep Bajaj, Directors of the company are liable to retire by rotation and, being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby states as under:

(i) that in preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s Suman C. Mathur & Co., Chartered Accountants, statutory auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have given the certificate as required under section 224(1B) of the Companies Act, 1956.

With regard to the Auditor's qualification in respect of provision for the value of stock and trees (Point no. 3) of the Auditor's Report, the Company will take steps to make the necessary provision on proportionate basis as per actual valuation.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure - I forming part of the report.

PARTICULARS OF EMPLOYEES:

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report is given as under:

A. Employed for the whole year and were in receipt of remuneration which was not less than Rs. 12,00,000/- p.a. in aggregate.

NIL

B. Employed for part of the year and were in receipt of remuneration which was not less than Rs. 1,00,000/- p.m. in aggregate.

NIL

LISTING OF SECURITIES

The securities of the company are listed on Delhi Stock Exchange, The Stock Exchange, Mumbai, National Stock Exchange and Jaipur Stock Exchange (Regional).

INDUSTRIAL RELATION

The Company continued to maintain harmonious and cordial relations with its employees at all levels, which enabled it to achieve higher performance at all levels.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and gratitude for the support extended by the IFCI Ltd., State Bank of India, State Bank of Bikaner & Jaipur and other bankers, Central and State Governments and other concerned agencies. The Directors are grateful for the continued co-operation, assistance and support given to the company by the valued Customers, Distributors, Suppliers, Employees and Shareholders of the Company.

On behalf of the Board of Directors
For LLOYD ELECTRIC & ENGINEERING LIMITED

Sd/-
(BRIJ RAJ PUNJ)
CHAIRMAN

PLACE : NEW DELHI
DATE : 30.10.2002

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE - 1

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2002.

A. CONSERVATION OF ENERGY

Being a National objective, all areas of Power consumption are monitored regularly and leakages/wastes have been plugged. The company has started implementing ISO 9002 procedures bringing about close monitoring and control over all areas of operations.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

In order to be able to continuously improve its product, your company gives high priority to Research & Development (R & D). The R & D Department has qualified people and necessary facilities have been provided for faster absorption and implementation of new developments. The Company is using indigenous technology and is constantly striving to improve the processes to upgrade the quality of its product. This is done through various stages of lab work, production plant [illegible] and customer interaction. R & D is [illegible] implementing new technology at production level through co-ordination with shop floor people leading to absorption of the same. Further our R & D Department is continuously interacting with Marketing Department to satisfy customer needs by introducing changes in products keeping in view the Indian and Global conditions.

EXPENDITURE INCURRED FOR RESEARCH AND DEVELOPMENT

Capital Expenditure	Nil
Revenue expenditure	Charged as expenses through the respective heads of accounts

C. FOREIGN EXCHANGE EARNING AND OUTGOINGS

Foreign Exchange earned	509.62 Lacs
Foreign Exchange Outgo	1025.84 Lacs

ANNEXURE - 2
REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on the code of Corporate Governance is to ensure that adequate control systems exist to enable the Board in efficiently discharging its responsibilities to all the stakeholders of the Company, to ensure that decision making process is fair and transparent, to ensure fullest commitment of the Management and the Board to maximization of shareholder value, to ensure that the employees of the Company subscribe to the corporate values and apply them in their conduct and to ensure that the Company follows globally recognised corporate governance practices.

2. COMPOSITION OF BOARD

The Board of Directors of the Company consists of Executive and Non-executive Directors. As on 31.03.2002 more than 50% of the Board consisted of Non-executive & Independent Directors. One Director was nominee of Financial Institution namely IFCI Ltd. Chairman is Non Executive Director. Composition of the Board of Directors of the Company as on 31st March 2002 was as under:-

Name	Status	No. of other Directorship and Committee Membership / Chairmanship		
		Other Directorship	Committee Membership	Committee Chairmanship
Shri Brij Raj Punj	Non Executive Chairman	18	4	2
Shri Bharat Raj Punj	Executive & Whole Time Director	11	-	-
Shri Pavanjit Singh	Non executive	3		-
Shri K. Lall	Non executive & Independent	3	7	5
Shri Sandeep Sethi	Non executive & Independent	1	5	-
Shri Rajesh Sharma	Non executive & Independent			
Shri P.N. Swaminathan	Non executive & Independent (Nominee - IFCI)	2		

DIRECTORS' ATTENDANCE AT BOARD / SHAREHOLDERS' MEETING(S)

Five meetings were held during the financial year 2001-02. These meetings were held on 30th April 2001, 30th July 2001, 28th August 2001, 30th October 2001 and 30th January 2002. The attendance of each Director at the Board meetings and the last AGM between 01.04.2001 to 31.03.2002 was as under:

Name	No. of Board meetings attended	Attendance at AGM
Shri Brij Raj Punj	5	Yes
Shri Bharat Raj Punj	NIL	Yes
Shri Pavanjit Singh	NIL	No
Shri K. Lall	1	No
Shri Sandeep Sethi	2	No
Shri Rajesh Sharma	2	No
Shri P.N. Swaminathan	4	No

DIRECTORS' REMUNERATION

The details of remuneration paid to the Directors during the period from 01.04.2001 to 31.03.2002 were as under:

Name	Gross Remuneration (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Shri Brij Raj Punj	-	10,000	10,000
Shri Bharat Raj Punj	6,43,600	-	6,43,600
Shri Pavanjit Singh	-	-	-
Shri K. Lall	-	2,000	2,000
Shri Sandeep Sethi	-	4,000	4,000
Shri Rajesh Sharma	-	4,000	4,000
Shri P.N. Swaminathan	-	8,000	8,000

* Gross remuneration includes salary, bonus and perquisites.

3. COMMITTEE OF BOARD OF DIRECTORS

3.01 AUDIT COMMITTEE

An Audit committee has been constituted by the Board of Directors on 1[illegible] January, 2002. Committee consists of 3 directors – all non-executive. It met once during the year 2001-02 on 29th March, 2002. The attendance of the Audit Committee Member(s) are as under:

Name	Category	No. of meeting(s) attended
Shri K. Lal	Independent & Chairman of the Committee	1
Shri Sandeep Bothi	Independent	1
Shri Rajesh Sharma	Independent	1

The Audit Committee deals with the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, various audit reports, significant judgements affecting the financial statements, compliance of accounting standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. Board has accepted all the recommendations of the Audit Committee.

3.02 REMUNERATION COMMITTEE

The Company has constituted remuneration Committee of the Board of Directors on 30-01-2002 to recommend/review the remuneration package of the Executive Directors. The Remuneration Committee consists of three Directors, all being Non-executive & Independent Directors as follows:-

Name	Category
Shri K. Lal	Independent Non-executive
Shri Sandeep Sethi	Independent Non-executive
Shri Rajesh Sharma	Independent Non-executive

One meeting of the remuneration Committee was held on 29th March, 2002, which was attended by all the three Directors.

3.03 SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

The Company had a Share Transfer committee till January 30, 2002. It was renamed and reconstituted as "Share Transfer cum – Investors' Grievance Committee" w.e.f. January 30, 2002. It consists of three members namely Mr. K. Lal, Mr. Sandeep Sethi & Mr. Brij Raj Punj, Directors of the Company. Committee meets fortnightly. In addition to the Share transfer, Committee looks into redressal of shareholders complaints like delay in transfer of shares, non-receipt of dividend, non-receipt of Balance Sheet etc.

3.04 SUB-COMMITTEE OF DIRECTORS

The Company has a Sub-committee of Board of Directors for taking decisions of routine nature. Committee of Board of Directors consists of three directors namely Mr. Brij Raj Punj – Chairman, Mr. Bharat Raj Punj – Whole Time Director and Mr. K. Lal. Matters which are of urgent and routine nature are referred to the Committee.

4. OTHER DISCLOSURES

4.01 DETAILS OF LAST THREE ANNUAL GENERAL MEETING

Year	Venue	Date	Time	No. of Special Resolutions
2001	Regd. Office at A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan	29th September 2001	8:00 A.M.	NIL
2000	RIICO Guest House, Hill Top Bhiwadi Distt. Alwar, Rajasthan	30th September 2000	9:00 A.M.	1
1999	RIICO Guest House, Hill Top Bhiwadi Distt. Alwar, Rajasthan	30th September 1999	9:00 A.M.	2

No postal ballot was used / invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company shall comply with the relevant guidelines relating to postal ballot, as and when specified / considered expedient.

4.02 DISCLOSURE

(A) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

(B) Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the past three years.

None

4.03 MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders	No. The Company is publishing the results in one National & one Regional Newspaper.
Quarterly results are normally published in	Quarterly Results are published in National & Regional Newspapers
Any website, where displayed	No. However results are being sent to all the Stock Exchanges where the shares of the Company are listed, for publication on their own website
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Not Applicable
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

5 SHAREHOLDER INFORMATION

5.01 ANNUAL GENERAL MEETING

Date	30th December 2002
Time	3.00 p.m.
Venue	Regd. Office at A – 166 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan

5.02 Financial Calendar (Tentative)

Financial Reporting for the quarter ending June 30, 2002	End of July 2002
Financial Reporting for the quarter ending September 30, 2002	End of October 2002
Half Yearly Review Report for the period ending September 30, 2002	End of October 2002
Financial Reporting for the quarter ending December 31, 2002	End of January 2003
Financial Reporting for the quarter ending March 31, 2003	End of April 2003
Financial Reporting for the year ending March 31, 2003	End of August 2003
Annual General meeting for the year	September 2003

5.03 Dates of Book Closure

From Saturday, the 28th December 2002 to Monday, the 30th December 2002 (both days inclusive).