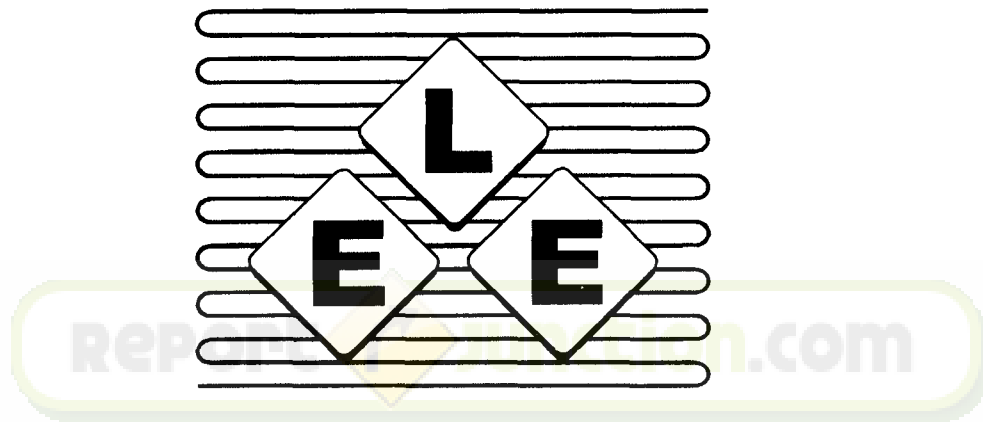
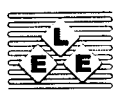


**16th  
Annual Report  
2002-2003**



**Lloyd Electric & Engineering Limited**



**BOARD OF DIRECTORS**

MR. BRIJ RAJ PUNJ  
CHAIRMAN

MR. SANDEEP SETHI  
DIRECTOR

MR. RAJESH SHARMA  
DIRECTOR

MR. K. LALL  
DIRECTOR

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

**REGD. OFFICE & FACTORY**

A - 146, (B & C), RIICO INDUSTRIAL  
AREA, BHIWADI, DISTT ALWAR  
RAJASTHAN - 301019  
PHONE: 01493 - 220724, 220543, 221348  
FAX: 01493 - 220543

**CORPORATE OFFICE**

PUNJ HOUSE, M - 13A,  
CONNAUGHT PLACE,  
NEW DELHI - 110 001  
PHONE: 23418091/2/4/5

JAIPUR STOCK EXCHANGE LIMITED  
STOCK EXCHANGE BUILDING, 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,  
BANDRA-KURLA COMPLEX,  
BANDRA (E)  
MUMBAI - 400 051

**COMPANY SECRETARY**  
MR. ANURAG UPADHYAYA

**AUDITORS**

M/S. SURESH C. MATHUR & CO.  
NEW DELHI

**BANKERS**

STATE BANK OF BIKANER & JAIPUR  
STATE BANK OF INDIA



## NOTICE

NOTICE IS HEREBY GIVEN THAT SIXTEENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON FRIDAY, 31ST OCTOBER'2003 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 on March 31, 2003 and the Profit and Loss Account for the year ended on that date and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Rajesh Sharma, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT M/s. Suresh C. Mathur & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company.**

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

## SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:  
**"RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, guidelines, rules framed by SEBI in that behalf and subject to such consents, permissions or sanctions as may be required from any of the statutory authorities, stock exchanges etc, the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting of Company's Equity shares from Jaipur Stock Exchange Limited (Regional), and Delhi Stock Exchange Association Limited.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise with regard to the aforesaid voluntary delisting of shares and as it may in its absolute discretion deem fit, without being required to seek any further approval of the members or otherwise for this purpose and intent and that the members shall be deemed to have given their approval expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and to further authorise any of its Committee or any of its Directors or officers to do all such acts, deeds or things as may be necessary to give effect to the resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:  
**"RESOLVED THAT** pursuant to provisions of Section 197A, 198, 269, 309, 311, 316, 317, Schedule XIII and any other provisions of the Companies Act, 1956 and any other provision of any Act, law, Rules and Regulations as may be applicable and subject to the approval of Central Government, Shareholders and other authorities wherever required and in consonance with Articles 114, 115 & 116 of the Articles of Association of the Company, Mr. Brij Raj Punj, be and is hereby appointed as Managing Director of the Company for a term of five years with effect from the forthcoming Annual General Meeting, on remuneration, as detailed below, with the authority of Board of Directors to alter or vary the terms and conditions of remuneration in accordance with law from time to time in force as may be desirable or necessary:-

1. Remuneration : Rs.1,00,000/- (Rupees One lac only) per month.
2. Commission on : 1% of Net Profit of the Company  
Net Profit : Provided that the total remuneration including salary, commission and perquisites shall not exceed 5% of the net profit individually and 10% of the net profit collectively payable to all the Managing Directors / Whole time Directors in any year computed in the manner laid down under Section 309(5) of the Companies Act, 1956.
3. Perquisites : Unless the context otherwise requires perquisites are classified into three categories 'A', 'B' & 'C' as follows:

**CATEGORY - A**

This will comprise housing, medical re-imbursement, leave travel concession, club fees and other benefits, allowances, expenses etc. These may be provided for as under: -

- (I) **Payment of Gas, Electricity, Water Expenses and furnishing:**  
To be valued as per Income-Tax Rules, 1962.
- (II) **Medical / Hospitalisation Expenses re-Imbursement:**  
Expenses incurred for self and family in accordance with the rules of the Company.
- (III) **Leave Travel Concession:**  
Incurred for self and family in accordance with the rules of the Company.
- (IV) **Club Fees:**  
Fees of clubs subject to a maximum of two clubs. This will not include admission fees and life membership fees.
- (V) **Insurance:**  
Premium for insurance not exceeding Rs. 40,000/- (Rupees forty thousand only) per annum for personal accident insurance. He will also be entitled to Key Men Insurance Cover at a premium to be paid by the Company.



Notes

**(vi) Children Education Allowance:**

Maximum of Rs. 5,000/- p.m. per child or actual expenses incurred, whichever is less. Admissible to maximum of two children.

**(vii) Holiday Passage:**

For children / family staying outside India.

Return Holiday passage once in a year by business class or once in two year by first class to children from their places of staying abroad to India and to the members of the family from their places of stay to India, if they are not residing in India with Shri Brij Raj Punj.

**(viii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / scheme and available to other employees.**

- (i) For the purpose of perquisites stated herein above "family" means spouse, dependent children and dependent parents of Shri Brij Raj Punj.
- (ii) Perquisites shall be evaluated as per Income Tax Rules wherever applicable.

**CATEGORY - B**

Shri Brij Raj Punj, shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration:

- a) Contribution to Provident fund, Superannuation fund or Annuity fund, as per company's rules.
- b) Gratuity payable as per Company's rules.
- c) Earned Leave as per rules of the Company.
- d) Encashment of leave, as per rules of the Company.

**CATEGORY - C**

- i) Free use of Company's car with driver and free use of Company's telephone at his residence and mobile phones.

This will not be considered as perquisites.

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri Brij Raj Punj.

- ii) Shri Brij Raj Punj shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- iii) Shri Brij Raj Punj shall subject to the Companies Act, 1956 be also eligible for Housing Loan or other facilities as applicable in accordance with the rules of the Company.

In the event of absence or inadequacy of profits, no reduction from salary or perquisites shall be made and entire remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration subject to the provisions of Schedule XIII to the Companies Act, 1956 or Central Government Approval.

**RESOLVED FURTHER THAT** Mr. Anurag Upadhyaya, Company Secretary of the Company be and is hereby authorised to make an application, if necessary, to the Central Govt. / Company Law Board under section 269 of the Companies Act, 1956 for appointment of Shri Brij Raj Punj as Managing Director of the Company w.e.f. the date of forthcoming Annual General Meeting, for a period of five years, to issue General Notice to the shareholders as required under section 640-B of the Companies Act, 1956 and do such other acts and thing as may be necessary in this connection."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of Section 197A, 198, 269, 309, 311, 316, 317, Schedule XIII and any other provisions of the Companies Act, 1956 and any other provision of any Act, law, Rules and Regulations as may be applicable and subject to the approval of Central Government, Shareholders and other authorities wherever required and in consonance with Articles 114, 115 & 116 of the Articles of Association of the Company, Ms. Rachana Baral, be and is hereby appointed as Whole-time Director of the Company for a term of five years with effect from the forthcoming Annual General Meeting, on remuneration, as detailed below, with the authority of Board of Directors to alter or vary the terms and conditions of remuneration in accordance with law from time to time in force as may be desirable or necessary:-

1. Remuneration : Rs.75,000/- (Rupees Seventy Five thousand only) per month.

Provided that total remuneration including salary, commission and perquisites shall not exceed 5% of the net profit individually and 10% of the net profit collectively payable to all the Managing Directors / Whole time Directors in any year computed in the manner laid down under Section 309(5) of the Companies Act, 1956.

2. Perquisites : Unless the context otherwise requires perquisites are classified into three categories 'A', 'B' & 'C' as follows:



**CATEGORY - A**

This will comprise housing, medical re-imbursement, leave travel concession, club fees and other benefits, allowances, expenses etc. These may be provided for as under: -

**(i) Payment of Gas, Electricity, Water Expenses and furnishing:**

To be valued as per Income-Tax Rules, 1962.

**(ii) Medical / Hospitalisation Expenses re-imburement:**

Expenses incurred for self and family in accordance with the rules of the Company.

**(iii) Leave Travel Concession:**

Incurred for self and family in accordance with the rules of the Company.

**(iv) Club Fees:**

Fees of clubs subject to a maximum of one club. This will not include admission fees and life membership fees.

**(v) Insurance:**

Premium for insurance not exceeding Rs. 10,000/- (Rupees Ten thousand only) per annum for personal accident insurance.

**(vi) Children Education Allowance:**

Maximum of Rs. 2,000/- p.m. per child or actual expenses incurred, whichever is less. Admissible to maximum of two children.

**(vii) Holiday Passage:**

For children / family staying outside India.

Return Holiday passage once in a year by economy class or once in two year by business class to children from their places of staying abroad to India and to the members of the family from their places of stay to India, if they are not residing in India with Ms. Rachana Baral.

(viii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / scheme and available to other employees.

(ix) For the purpose of perquisites stated herein above "family" means spouse, dependent children and dependent parents of Ms. Rachana Baral.

(x) Perquisites shall be evaluated as per Income Tax Rules wherever applicable.

**CATEGORY - B**

Ms. Rachana Baral, shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration:

- a. Contribution to Provident fund, Superannuation fund or Annuity fund, as per company's rules.
- b. Gratuity payable as per Company's rules.
- c. Earned Leave as per rules of the Company.
- d. Encashment of leave, as per rules of the Company.

**CATEGORY - C**

- (i) Free use of Company's car with driver and free use of Company's telephone at her residence and mobile phone.

This will not be considered as perquisites.

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Ms. Rachana Baral.

- (ii) Ms. Rachana Baral shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- (iii) Ms. Rachana Baral shall subject to the Companies Act, 1956 be also eligible for Housing Loan or other facilities as applicable in accordance with the rules of the company.

In the event of absence or inadequacy of profits, no reduction from salary or perquisites shall be made and entire remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration subject to the provisions of Schedule XIII to the Companies Act, 1956

**RESOLVED FURTHER THAT** Mr. Anurag Upadhyaya, Company Secretary of the Company be and is hereby authorised to make an application, if necessary, to the Central Govt. / Company Law Board under Section 269 of the Companies Act, 1956 for appointment of Ms. Rachana Baral as Whole-time Director of the Company w.e.f. the date of forthcoming Annual General Meeting, for a period of five years, to issue General Notice to the shareholders as required under Section 640-B of the Companies Act, 1956 and do such other acts and things as may be necessary in this connection.

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

PLACE : NEW DELHI  
DATE : 16.09.2003

BRIJ RAJ PUNJ  
CHAIRMAN

**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 to the company at M-13A, PUNJ HOUSE, CONNAUGHT PLACE, NEW DELHI-110001 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 29th October, 2003 to 31st October, 2003 (both days inclusive).
4. Members are requested to notify promptly any change in their addresses to the correspondence address at M-13A, PUNJ HOUSE, CONNAUGHT PLACE, NEW DELHI-110001. 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 registered office in order that the same could be properly answered at the meeting.
5. Member(s) / Proxy(s) desirous of attending the meeting are requested to bring the attendance slip and fill-in and sign the same and deliver it at the entrance of the Meeting Hall.
6. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Reports, as the same will not be distributed at the meeting.
7. All the documents as mentioned in the notice are available for inspection at the Registered Office of the Company during working hours.

**EXPLANATORY STATEMENT**

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

**ITEM NO. 4**

The equity shares of your company are presently listed on The National Stock Exchange of India Limited, The Delhi Stock Exchange Association Limited, Jaipur Stock Exchange Association Limited and the Stock Exchange Mumbai.

Trading of the Company's scrip in Delhi Stock Exchange (DSE) and Jaipur Stock Exchange (JSE) is negligible.

SEBI has issued Guidelines on Delisting of Securities viz. The SEBI (Delisting of Securities) Guidelines 2003, (SEBI Delisting Guidelines), of a Company's securities from the Stock Exchanges including the Regional Stock Exchanges if the shares of the Company continue to be listed on the Stock Exchange, Mumbai or the National Stock Exchange. With a view to control the expenditure and conserve resources for the operations of the Company it is proposed to delist the Equity shares of the Company from JSE and DSE. Delisting of shares from these stock exchanges will help in reducing the cost by way of listing fees and other incidental costs and will also help in utilising the manpower in other places.

**ITEM NO. 5**

Shri Brij Raj Punj was appointed the Director of the Company in 1987 and has been working with the Company for last many years. Keeping in view the enormous progress the company achieved in last few years, the Board of Directors of the Company in its meeting held on 16.09.03 accorded its approval for appointment of Mr. Brij Raj Punj as Managing Director of the Company for a term of five years w. e. f. 31.10.03.

The Board considers that the proposed remuneration and other terms and conditions of appointment being offered to Mr. Brij Raj Punj compare favourably to the remuneration being paid to similar personnel in other companies of similar magnitude as this Company.

**ITEM NO.6**

For the smooth functioning of the Company and professionalising the Board, Company has decided to appoint Ms. Rachana Baral as Whole-time Director of the Company.

Ms. Rachana Baral is B.A. (Hons), FCA, LLB and a senior Chartered Accountant She was born on 10th May, 1968. She has vast experience in Finance and Accounts. She has industry associated experience of 10 years.

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

PLACE : NEW DELHI  
DATE : 16.09.2003

BRIJ RAJ PUNJ  
CHAIRMAN





## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Sixteenth Annual Report of your Company alongwith the Audited Accounts for the year ended 31st March, 2003

## FINANCIAL RESULTS

(RUPEES IN LACS)

	Current year 2002-03	Previous year 2001 - 02
Turnover	14388.75	11796.73
Gross profit before depreciation	775.33	690.00
Less Depreciation	395.59	372.82
Provision for taxation	86.20	30.00
Profit after tax	293.54	287.18
Balance brought forward from the previous year	1625.75	1378.57
Profit available for appropriation	1919.29	1665.75
Deferred Tax for earlier years	223.60	-
Transferred to General Reserve	40.00	40.00
Balance Carried forward to Balance Sheet	1655.69	1625.75

## DIVIDEND

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

## PERFORMANCE

The year 2002-03 showed a moderate improvement in the Indian economy. Even though the markets for the company's products did grow, but the competitive pressures remained very strong. To counter this pressure there was an effective internal drive to control costs and expenses. The outcome was that the total income showed a growth of 21.97%. The company achieved a turnover of Rs.14388.75 lacs for the financial year ending 31st March, 2003 against last year's turnover of Rs.11796.73 lacs.

## FIXED DEPOSITS

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

## DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rajesh Sharma, Director of the Company, is liable to retire by rotation and being eligible, offers him self for reappointment.

Mr. Bharat Raj Punj - Whole - time Director of the Company has resigned from directorship with effect from 16.09.2003.

Mr. Pavanjit Singh - Director of the Company has resigned from the directorship of the Company w.e.f 16.09.2003.

Mr. Brij Raj Punj - Chairman of the Company, is proposed to be appointed as Managing Director of the Company with effect from the date of 16th Annual General Meeting of the Company (i.e. 31st October, 2003), subject to the approval of the Shareholders.

Ms. Rachana Baral is proposed to be appointed as Whole-time Director of the Company with effect from the date of 16th Annual General Meeting of the Company (i.e. 31st October, 2003), subject to the approval of the Shareholders.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby states as under:

- (i) that in preparation of the annual accounts, the applicable accounting standards had 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 Suresh C. Mathur & Co., Chartered Accountants, statutory auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have given certificates as required under section 224(1B) of the Companies Act, 1956.

With regard to Auditors' Qualification in respect of provision for the value of unutilized leave (Point No. 3(c) of the Auditor's Report), the Company, on the basis of actuarial valuation, will make the provision for the value of unutilized leave.

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



## Lloyd Electric & Engineering Limited

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

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

#### PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of 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. 24,00,000/- p.a. in aggregate,  
NIL
- B. Employed for part of the year and were in receipt of remuneration which was not less than Rs. 2,00,000/- 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). The Company has paid listing fees to all the stock exchanges for the year 2003-04.

Board of Directors in their meeting held on 16.09.2003 has decided to delist the shares of the Company from Jaipur Stock Exchange and Delhi Stock Exchange subject to the approval of shareholders in Annual General Meeting.

#### INDUSTRIAL RELATION

The Company continued to maintain harmonious and cordial relations with its employees in all its divisions 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 and shareholders of the Company.

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

Place : New Delhi  
Date : 16.09.2003

**BRIJ RAJ PUNJ**  
CHAIRMAN

#### ANNEXURE TO THE DIRECTORS' REPORT

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 year ended 31st March, 2003:

##### A. CONSERVATION OF ENERGY:

Lloyd Electric and Engineering has been constantly upgrading its technology with a view to conserve energy. Keeping in view the trend to conserve energy, Lloyd Electric and Engineering Ltd has developed new design condensers and evaporators where the rate of heat transfer has considerably increased.

This results in attaining the desired temperatures at a much faster rate which in turn cuts off the compressor at lesser running time. This results in power saving.

It has been calculated that by running an airconditioner fitted with these new design coils, the cost of the airconditioner can be recovered in a span of 2.5 years by way of power saving.

##### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Lloyd Electric and Engineering Ltd has always been a pioneer when it comes to innovation in technology and increase in productivity. Keeping up with the tradition Lloyd Electric and Engineering Ltd has recently invested in a new fin making machine which is double the capacity than what is available. Besides, a lot many balancing machines have also been imported to meet this high level of production.

To facilitate the manufacture of new design coils, the Company has invested on a data logger and a software for design of coils which result in manufacture of better quality, lower priced coils, but giving the same efficiency.

Thus technology absorption and adaptation has been an ongoing process at your Company.

#### EXPENDITURE INCURRED FOR RESEARCH AND DEVELOPMENT

Capital Expenditure : Taken as Fixed Assets and depreciation is provided accordingly

Revenue expenditure : Charged out as expenses through the respective heads of accounts.

##### C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange Earned	:	Rs. 614.60 Lacs
Foreign Exchange Outgo	:	Rs. 1627.63 Lacs





## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

Lloyd Electric & Engineering Limited's focus is on the commercial and corporate sectors. These include institutional, industrial and government organizations. The Company is targeting aggressive growth in its core area of coil manufacturing. Consequently the Company is implementing strategic initiatives in the areas of coil manufacturing and of brand building.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of Lloyd Electric & Engineering Limited accepts responsibility for integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. These estimates and judgements relating to financial statements have been on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the state of affairs and profits for the year.

### Our business strategy emphasizes the following

Company's strategy is to increase its market share by delivering high quality products & customer service at economic operating costs. Company is constantly working on leverage of technology & manufacturing platforms to extend product coverage in Air-conditioning market. Company's emphasis is to innovate and upgrade products and features and improve upon services & thus attract target customers with a special emphasis on export market.

### Outlook

During the year under review, the Indian Economy in general started looking up after its poor performance in last two years. In view of the recovery trend in the economy, the Board expects to achieve higher growth in turnover and profit margin during the current financial year.

### Risk and concerns

The current competitive trend among manufacturers and ever changing demand of consumers place any business in a vulnerable position of risk and concern. The performance of the industry depends upon various economic factors and its critical nature. Any economic slowdown can adversely affect demand supply dynamics and profitability of the Company.

### Internal Control Systems and their Adequacy

The Company has a proper and adequate internal control procedure commensurate with the nature of its business and size of operations. A periodic audit is undertaken to review the adequacy and effectiveness of internal controls, suggest improvements for strengthening them and ensure adherence to laid-down procedures and systems. The annual Audit Plan also includes review of risk management system.

During the year under review, an Audit Committee consisting of three independent and non-executive directors was constituted. The Audit Committee is independent and empowered by the Board with the authority to investigate any matter relating to the internal control system and to review the scope of internal audit.

### Financial Condition

The revenue for the financial year 2002-03 stood at Rs. 143.89 crores representing an increase of Rs. 25.92 crores over the revenues of Rs. 117.97 crores of the previous year 2001-02 thereby raising net profit of the current year to Rs. 2.94 crores.

### Industrial Relations

The Company maintained a cordial relationship with the workers during the year under report. Existence of cordial relationship between the management and Company's personnel helps the Company to comfortably place itself as one of the leaders in the industry. The workers are motivated with better service conditions which is at par with the best in the industry.

### Cautionary Statement

Management Discussion and Analysis detailing the Company's objectives and expectations may have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.