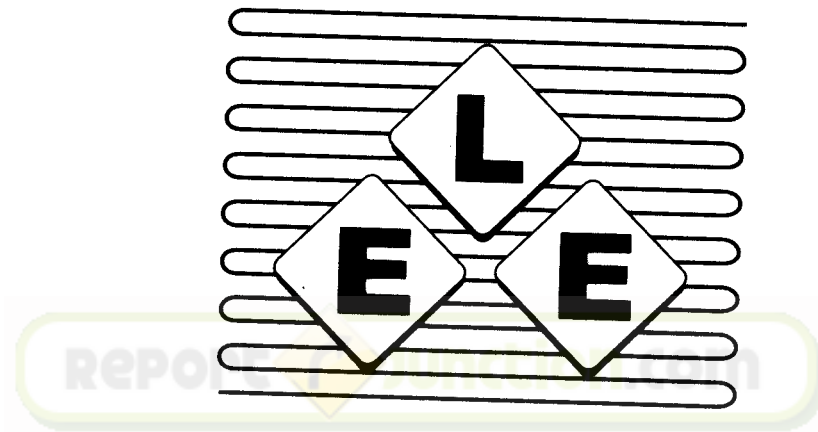


**17th  
Annual Report  
2003-2004**



**Lloyd Electric & Engineering Limited**



## 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 - 301 019  
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  
FAX: 23416107

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

PAYAL M. PURI

### AUDITORS

M/s. SURESH C. MATHUR & Co.  
NEW DELHI

### BANKERS

STATE BANK OF BIKANER & JAIPUR  
STATE BANK OF INDIA



## Lloyd Electric & Engineering Limited

### NOTICE

NOTICE IS HEREBY GIVEN THAT SEVENTEENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON 30TH SEPTEMBER 2004 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, 2004 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 K. Lall, 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."

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

PAYAL M. PURI  
COMPANY SECRETARY



## Lloyd Electric & Engineering Limited

### NOTES:

**KINDLY NOTE THAT THERE SHALL BE NO GIFT DISTRIBUTION 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 A-146, (B&C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September 2004 to 30th September 2004 (both days inclusive).
3. 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 Regd. office in order that the same could be properly answered at the meeting.
4. 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.
5. 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.
6. All the documents as mentioned in the notice are available for inspection at the Registered office of the Company during working hours.





## Lloyd Electric & Engineering Limited

### DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Seventeenth Annual Report of your Company alongwith the Audited Accounts for the year ended 31st March 2004.

#### FINANCIAL RESULTS

#### RUPEES IN LACS

	Current year 2003-2004	Previous year 2002-2003
Turnover	16807.29	14388.75
Gross Profit before Depreciation	906.94	775.33
Less Depreciation	431.61	395.59
Provision for Taxation	45.00	30.00
Profit after Tax	430.33	349.74
Deferred Tax for the year	62.73	56.20
Profit for the year	367.60	293.54

#### 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 review.

#### PERFORMANCE

During the year under review the performance of the Company has been very competitive. However, Sales and other income for the Financial Year ending 31st March 2004 aggregated to Rs. 16807.29 Lacs against the last years figure Rs. 14388.75 Lacs. Net profit after tax for the year under report is Rs. 367.60 Lacs against the last year figure of Rs. 293.54 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 K. Lall, Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

#### 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.

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.

#### CORPORATE GOVERNANCE

Your Company adheres to the standards as prescribed by Securities and Exchange Board of India with respect to the Corporate Governance practices.

Auditor's Certificate on Corporate Governance is enclosed as annexure and forms a part of the Directors' Report.

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

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 forming part of this report.



## Lloyd Electric & Engineering Limited

### 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, Stock Exchange, Mumbai, National Stock Exchange and Jaipur Stock Exchange (Regional). However the company is in the process of getting the shares delisted from the Delhi Stock Exchange and Jaipur Stock Exchange.

### INDUSTRIAL RELATION

The company continued to maintain harmonious and cordial relations with its employees in all its divisions. The Board places on record its highest appreciation for the efforts and contribution made by all the employees for continued high level of performance.

### ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and gratitude for the support extended by the various banks viz. Industrial Finance Corporation of India (IFCI), State Bank of India, State Bank of Bikaner & Jaipur and other bankers, Central and State Governments and other concerned agencies who were instrumental in achieving the present performance levels of the Company.

The Directors of your company 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. The Directors of your Company place on record their appreciation for the dedicated and sincere services rendered by the officers and staff at all levels.

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

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, 2004:

#### A. CONSERVATION OF ENERGY:

The Company strives to make the plant energy efficient to the maximum extent possible. Your company reviews the various technologies to conserve energy at all levels of operation on a periodic basis with a view to conserve energy. The measures for energy conservation includes the following:

- Monitoring and operating air conditioner plants, water pumps and other accessories.
- Optimum utilization of Distribution and Test Bed Transformers.
- Installation of load managers for monitoring energy consumption.
- Monitoring of power factor by manually switching of capacitor banks.

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

Your company is adopting innovative measures for technology absorption at all levels. The company is monitoring the process of technology adoption on a regular basis. Infact it is an ongoing process and the company endeavour to adopt innovative measures for technology absorption and adaptation in the years to come. The company has invested in new fin machine and fully automated hair pin bendings. The Company has a plan to import new production lines with different fin pitch to enhance the capacity of Condenser and Evaporator coil.

#### EXPENDITURE INCURRED FOR REASERCH 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. 599.59 Lacs  
Foreign Exchange Outgo : Rs. 1891.42 Lacs



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview:

Lloyd Electric & Engineering Limited is progressively working towards achieving its target focusing itself to be a leader in the sector of manufacturing coils by implementing new strategies. The year under review was yet another remarkable year both strategically and operationally.

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 the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein.

Our business strategy emphasizes the following:

1. Innovate new technology and to adopt modern and sophisticated techniques for manufacturing product.
2. Strengthen and increase brand equity of Lloyd Electric & Engineering Limited.
3. Focus on quality performance and thereby increasing the earning potential.

### Outlook

The Company continues to be optimistic about its growth prospects for the current financial year and aims to excel in the coil manufacturing industry in the years to come. The Company's new project is coming up at Kala-Amb, Himachal Pradesh. The project is heading near completion. The Management expects a bright future of the company with the coming up of the new project.

### Risks and Concerns

Every industry operating in the market is exposed to various risks. These risks may be in the form of Government actions and Economic policies, risks inherent in the industry depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas etc.

### Systems and their Adequacy

The internal control systems are established keeping in view the global standards. There are adequate internal control systems, which are established by following set of intense policies and procedures so as to ensure the adequacy of internal controls at all levels.

These internal controls are established with a view to eradicate the bottlenecks and voids existing in the organisation levels and these internal controls are monitored on a periodic basis.

During the year under review, an Audit Committee consisting of three independent and non-executive directors was re-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 2003-04 stood at Rs.168.07 Crores representing an increase of Rs. 24.18 Crores over the previous year thereby raising the net profit of the current year to Rs. 3.67 Crores.

### Industrial Relation

The company continues to maintain cordial relations with the workers. The workers are in their high spirits and remain committed towards the company. The management feels that with the whole hearted support of the dedicated workers, the company's production will soon reach heights in the years to come.

The management is committed to help the workers to improve their skills and knowledge to enable them to learn and contribute effectively to the manufacturing process.

### 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. These forward-looking statements describe our objectives, plans and goals. These statements are subject to risks and uncertainties. The factors such as Government actions and policies, risks inherent in the industry depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas and other factors may cause the actual results to 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.



## Lloyd Electric & Engineering Limited

### CORPORATE GOVERNANCE

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is aware of its responsibility towards its shareholders, customers, employees, stake -holders and the society in general and therefore has always focused on adopting the practices of good and fair Corporate Governance. Your company believes that Transparency and Accountability are the parameters within which the Corporate Governance practices of any company can be established and fully adheres to these norms within the organisation. Your company adheres to the standards of good Corporate Governance in its true spirit and conducts its business within the acceptable legal, ethical and social framework. The Company also endeavour to improve upon these practices on ongoing basis in the years to come.

The Company believes in maintaining highest standards of Corporate Governance. The principles underlying the Corporate Governance practices is to ensure transparency in all its operations, decision making process and to ensure that the Company follows globally recognized Corporate Governance practices.

#### I. BOARD OF DIRECTORS

##### A. Composition

The Board of Directors of the Company consists of Executive and Non-Executive Directors. As on 31.03.2004 more than 50% of the board consisted of Non-Executive & Independent Directors. One Director was nominee of Financial Institution namely, IFCI. Chairman is an Executive Director. Composition of the Board of Directors of the Company as on 31st March 2004 was as under:-

Name	Status	No. of other Directorship and Committee Memberships / Chairmanships		
		Other Directorship	Committee membership	Committee Chairmanship
Shri Brij Raj Punj	Executive Chairman	16	4	2
Shri K. Lall	Non-Executive & Independent	2	8	6
Mrs. Rachana Baral	Executive Director	-	-	-
Shri Sandeep Sethi	Non-Executive & Independent	1	4	-
Shri Rajesh Sharma	Non-Executive & Independent	-	3	-
Shri P. N. Swaminathan	Non-Executive & Independent (Nominee - IFCI)	1	-	-

##### B. Attendance of Directors at Board/ Shareholders' Meetings

Five meetings were held during the financial year 2003-04. These meetings were held on 29th April 2003, 30th July 2003, 16th September 2003, 29th October 2003 and 31st January 2004. The attendance of all the directors at the board meetings and the last AGM between 01.04.2003 to 31.03.2004 was as under:

Name	No. of Board meetings attended	Attended last AGM
Shri Brij Raj Punj	5	Yes
Shri K. Lall	5	Yes
Shri Sandeep Sethi	-	No
Shri Rajesh Sharma	-	No
Mrs. Rachana Baral	1	Yes
Shri P. N. Swaminathan	5	No

##### C. Number of Board Meetings held and the Dates of Board Meetings

Five Board Meetings were held during the Financial Year, 1st April 2003 to 31st March 2004. The dates of the Board Meetings are as under:





## Lloyd Electric & Engineering Limited

- 29th April 2003
- 30th July 2003
- 16th September 2003
- 29th October 2003
- 31st January 2004.

### D. Directors' Remuneration

The details of remuneration paid to the Directors during the year from 01.04.2003 to 31.03.2004 were as under:

Name	Gross Remuneration(Rs.)	Sitting fees (Rs.)	Total (Rs.)
Shri Brij Raj Punj	300,000	-	300,000
Shri K. Lall	-	10,000	10,000
Shri Sandeep Sethi	-	-	-
Shri Rajesh Sharma	-	-	-
Mrs. Rachana Baral	224,000	-	224,000
Shri P. N. Swaminathan	-	10,000*	10,000
Shri Bharat Raj Punj	319,600	-	319,600

▪ Gross remuneration includes salary, bonus and perquisites.

\* Paid to IFCI Ltd.

## II. AUDIT COMMITTEE

### A. Composition , Names of Members and Chairperson

The Audit Committee consisted of the following Directors upto the quarter ended 30th September 2003:

1. Mr. K. Lall, Independent and Chairman of the Committee
2. Mr. Brij Raj Punj, Independent Director
3. Mr. Sandeep Sethi, Independent Director

But with Mr. Brij Raj Punj becoming the Executive Director of the Company, the Audit Committee underwent a change in composition. Therefore, as on 31st March 2004 the Audit Committee comprised of 3 Directors:

1. Mr. K. Lall, Independent and Chairman of the Committee
2. Mr. Sandeep Sethi, Independent Director
3. Mr. Rajesh Sharma, Independent Director

### B. Terms of Reference

1. To review the systems and procedures of internal control.
2. To review the reports of the internal auditors and statutory auditors.
3. To oversee the Company's financial reporting policies.
4. To ensure the adequacy of follow up action taken by the management.

It may be clarified that the role of the Audit Committee includes matters specified under clause 49 of the Listing Agreement between the company and the Stock Exchanges, on which the company's shares are listed.

### C. Meetings and Attendance during the year

Five meetings were held during the year. The attendance of the Audit Committee Members is as under:

Name	No. of meeting(s) Attended	% of total meetings attended during tenure as director
Shri K. Lall	5	100
Shri Brij Raj Punj	2	40
Shri Sandeep Sethi	3	60
Shri Rajesh Sharma	-	-