



18th Annual Report 2004-2005



Lloyd Electric & Engineering Limited

LLOYD ELECTRIC & ENGINEERING LIMITED



Board of Directors

Mr. Brij Raj Punj

Chairman-cum- Managing Director

Mr. K. Lall

Director

Mr. Sandeep Sethi

Director

Mr. S.K. Sharma

Director

Mr. Sanjay Behari

Director (Nominee - IFCI)

Company Secretary

Payal M. Puri

Auditors

M/s. Suresh C. Mathur & Co.

Bankers

State Bank of Bikaner & Jaipur

State Bank of India

Registered Office

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

Stock Exchanges

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

LLOYD ELECTRIC & ENGINEERING LIMITED

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LLOYD ELECTRIC & ENGINEERING LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT EIGHTEENTH ANNUAL GENERAL MEETING OF LLOYD ELECTRIC & ENGINEERING LIMITED WILL BE HELD ON 5TH SEPTEMBER 2005 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, 2005 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 Sandeep Sethi, 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 as 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 traveling 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Articles of Association of the Company and Section 260 of the Companies Act, 1956, Mr. S.K. Sharma, who was appointed as Additional Director of the Company on 31st January 2005 and whose term of office expires at this Annual General Meeting be and is hereby appointed as Director of the Company".

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

Place: New Delhi
Date: 10.08.2005

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 3rd September 2005 to 5th September 2005 (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.

EXPLANATORY STATEMENT

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

ITEM NO. 4

Mr. S.K. Sharma was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 31st January 2005.

As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting, but is eligible to be appointed as Director of the Company.

Mr. S.K. Sharma 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. S.K. Sharma holds a masters degree in Engineering in Electrical Communication from the Indian Institute of Science, Bangalore. He is a retired Air Vice Marshal from the Indian Air force following a career of 35 years in the services. Mr. Sharma holds an undergraduate engineering degree from REC Bhopal. He possesses varied experience in the field of planning, controlling and executing technical projects/activities of Communication, Electrical and Air Conditioning Systems. Mr. S.K. Sharma is also highly experienced in the management, human resources and administrative fields.

Keeping in view the above, the Board of Directors considers that it will be in the interest of the Company to appoint him as a Director.

None of the directors except Mr. S.K. Sharma is concerned or interested in this resolution.



LLOYD ELECTRIC & ENGINEERING LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Eighteenth Annual Report of your Company along with the Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

RUPEES IN LACS

	Current year 2004-2005	Previous year 2003-2004
Turnover	24788.29	16807.29
Gross Profit before Depreciation	1772.06	906.94
Less Depreciation	469.29	431.61
Provision for Taxation	151.00	45.00
Profit after Tax	115.85	430.33
Deferred Tax for the year	42.58	62.73
Profit for the year	1109.27	367.60

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 2005 aggregated to Rs. 24788.29 Lacs against the last years figure Rs. 16807.29 Lacs. Net profit after tax for the year under report is Rs. 1109.27 Lacs against the last year figure of Rs. 367.60 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 Sandeep Sethi, Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

During the year Mr. S.K. Sharma was appointed as Additional Director on the Board of the Company. The Board recommends his appointment as director liable to retire by rotation.

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.



LLOYD ELECTRIC & ENGINEERING LIMITED

(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 Corporate Governance 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.

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 at the Stock Exchange, Mumbai and The National Stock Exchange of India Limited.

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.



LLOYD ELECTRIC & ENGINEERING LIMITED

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

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, 2005:

A. CONSERVATION OF ENERGY

The Company undertakes to adopt the efficient technology to conserve energy at all levels of operations to the maximum extent possible. 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 etc are some of the important measures which are being adopted on a regular basis.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your company is constantly carrying on value engineering and value analysis with respect to the products and processes on a continuous basis to improve quality, reduce rejections and give better value to its customers. The company is monitoring the process of technology adoption on a regular basis. Infact it is an ongoing process and the company endeavors to adopt innovative measures for technology absorption and adaptation in the years to come.

EXPENDITURE INCURED 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. 3911.18 Lacs
Foreign Exchange Outgo	: Rs. 836.82 Lacs

LLOYD ELECTRIC & ENGINEERING LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****Overview**

Lloyd Electric & Engineering Limited continued the strategy of active growth in its business. This outstanding performance can be primarily attributed to high level of productivity and efficiency in overall operations. Various initiatives towards improvement and excellence continued on an on-going basis and the company has successfully aligned itself to economic and market realities with greater adaptivity and responsiveness. With the objective of profitable growth, the Company is pursuing several strategic initiatives in the areas of product innovation, manufacturing process and exports.

The Company's business strategy includes innovation of new technology and to adopt modern and sophisticated techniques for manufacturing product, strengthening and increasing brand equity of Lloyd Electric & Engineering Limited and focussing on quality performance and thereby increasing the earning potential.

Outlook

The Company's new project in the tax heaven Kala-Amb, Himachal Pradesh commercialized operation in January 2005. The results from the operationalization of this new projects have been remarkable. The Management feels that the new project will help the company to reach new heights in the industry.

Risks and Concerns

Macro-economic factors like slowdown, unforeseen political and social upheavals, natural calamities, may effect the company as other companies in the Indian Industry.

The risks and uncertainties include but not limited to risks and uncertainties regarding fluctuations and earnings in exchange rates, government policies, such as liberalization of economy, changes in fiscal policies, multilateral and bilateral trade agreements etc. and risks inherent in the business due to cyclic nature of the business.

Systems and their Adequacy

In order to maintain healthy business operations, every company needs to be supported by well-formulated internal control systems and processes. The company has from the beginning taking care that all the internal control systems are well in place and has paid considerable attention for placing the internal control systems with definite roles and responsibilities at all levels of operations. The Company is also supported by Management Information System, which helps to regulate the operations of the company.

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 net surplus for the financial year 2004-05 stood at Rs.1109.27 lacs. Crores representing an increase of Rs. 741.67 lacs over the previous year.

**LLOYD ELECTRIC & ENGINEERING LIMITED****Industrial Relation**

The present position of the Company is largely due to the dedication and commitment of its people. Productive high performing employees are the company's most valuable assets. The company appreciates the contribution and commitment of the employees for their continued support and performance. The company continues to maintain cordial relations with the workers and to place emphasis on enhancing the skills and capabilities of the employees. The Company's focus is not only to impart adequate training but also to provide the right environment to maximize productivity and growth potential.

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.

