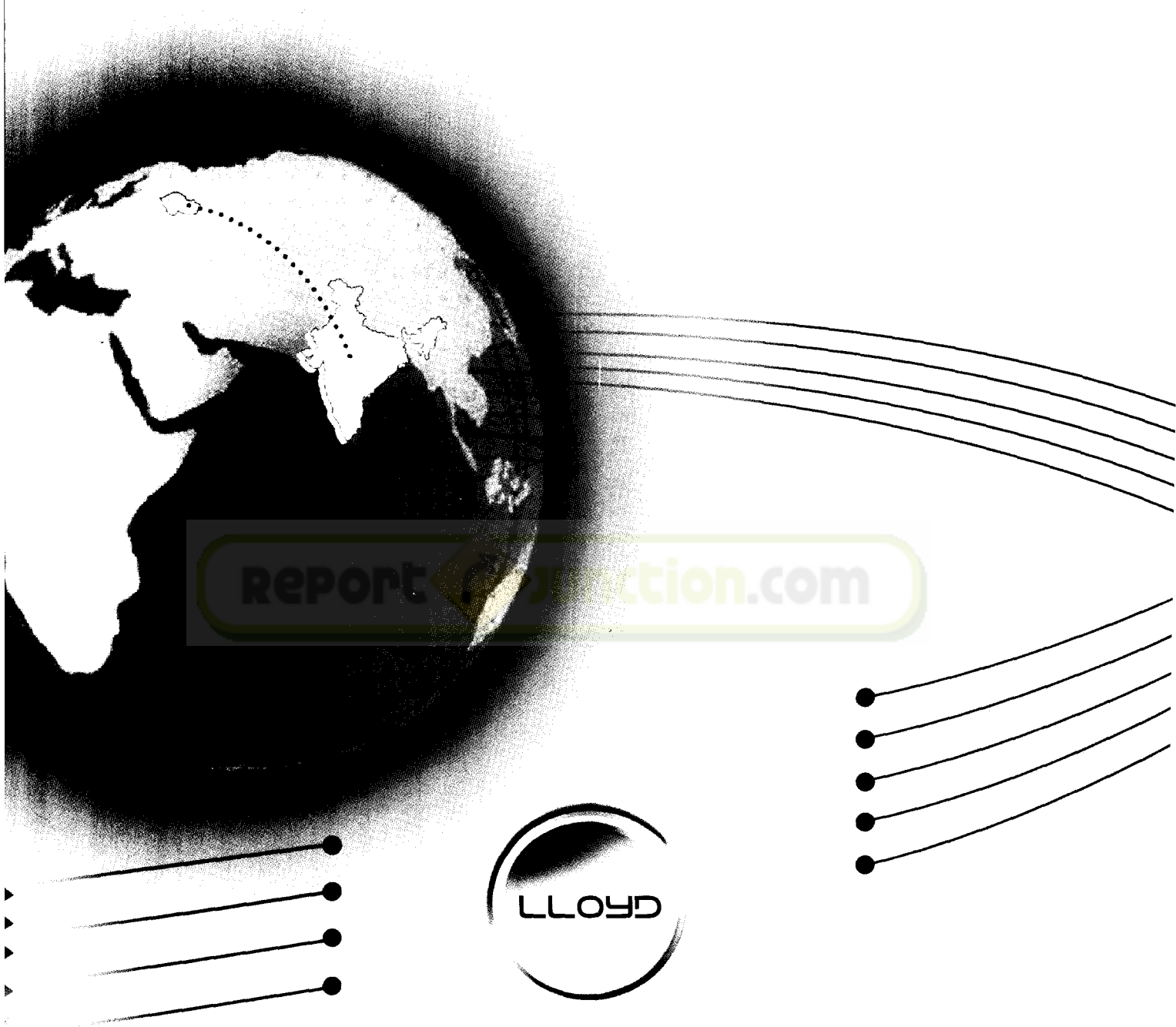


Annual Report 2007-2008



LIVE THE FUTURE

Lloyd Electric & Engineering Limited

LLOYD'S
enlarging its global footprints



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NOTICE

Registered Office: A-146, (B&C)
RIICO Industrial Area,
Bhiwadi, Distt. Alwar,
Rajasthan-301 019

NOTICE is hereby given that 21st Annual General Meeting of Lloyd Electric & Engineering Limited will be held on Monday, September 29, 2008 at 4:00 P.M. at A-146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan for transacting the following business(s):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare the dividend for the Financial Year 2007-2008.
3. To appoint a Director in place of Mr. Sandeep Sethi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K.Lall, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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, the Statutory Auditors of the Company, who retires at the conclusion of this meeting, be and are hereby re-appointed as Statutory Auditors of the Company for the financial year 2008-09, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed by the Board of Directors/ Committee thereof, including out-of-pocket and traveling expenses."

SPECIAL BUSINESS:

6. To re-appoint Mr. Brij Raj Punj, as Managing Director for a further period of 5 years

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 (including any modification (s) or re-enactment thereof, for time being in force) the consent of the Company be and is hereby accorded and is deemed to have been so accorded to the re-appointment of Mr. Brij Raj Punj as Managing Director of the Company for a further period of 5 (five years) with effect from 31st October 2008, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any committee of the Board constituted to exercise its power, including the powers conferred by this Resolution) to alter and vary the terms and conditions/ or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board of Directors

Place: New Delhi
Dated: August 27, 2008

Anita K.Sharma
Company Secretary



NOTES

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 6 is annexed hereto. The relevant details as required by clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item no. 3, 4 and 6 are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF. A 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 COMMENCEMENT OF THE MEETING.
3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, September 25, 2008 to Monday, September 29, 2008 (both days inclusive)**.
5. The dividend as recommended by the Board of Directors, if declared at the meeting will be payable to those members whose names appear on the Register of Members of the Company on September 25, 2008; in respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as beneficial owners as on that date.
6. Members holding shares in physical mode are requested to intimate to the Registrar and Share Transfer Agent M/s. Skyline Financial Services Private Limited, if there is any change in their registered address. Demat Shareholders should inform the change of address to their respective Depository Participants.
7. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
8. Members are requested to send their Queries, if any, on the Accounts and Operations of the Company to the Company Secretary atleast 10 days before the ensuing Annual General Meeting.
9. Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends uptill the financial years 1996-97 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Dividends for the financial year ended March 31, 2006 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Information in respect of such unclaimed dividends and last date for claiming the same are provided in the Corporate Governance Report forming part of the Annual Report. Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company or RTA immediately.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrars and Share Transfer Agent, M/s. Skyline Financial Services Private Limited for consolidation into a single folio.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6**

Mr. Brij Raj Punj has been serving as Managing Director of the Company since October 31, 2003. The term of office of Mr. Brij Raj Punj as Managing Director of the Company shall expire on October 30, 2008.

The present proposal is to seek the members' approval for the re-appointment of and remuneration payable to Mr. Brij Raj Punj as Managing Director, in terms of the applicable provisions of the Companies Act, 1956.

The Board of Directors of the Company (the "Board"), at their meeting held on August 27, 2008 has, subject to the approval of the Members, re-appointed Mr. Brij Raj Punj for a further period of 5 years from the expiry of his term, on the remuneration determined by the remuneration committee of the Board at its meeting held on August 27, 2008.

Mr. Brij Raj Punj upon re-appointment shall continue to hold office of the Chairman and Managing Director.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Brij Raj Punj are as under:

Mr. Brij Raj Punj: Chairman and Managing Director

(a) Salary, Perquisites and Allowance

Particulars	Per month (Rs.)
Salary	1,50,000
Perquisites & Allowance	1,00,000

The perquisites and allowances, as aforesaid shall include accommodation (furnished or otherwise) or House rent allowance in lieu thereof; house maintenance allowance together with re-imbursement of expenses and /or allowances for utilization of gas, electricity, water, furnishing and repairs; medical re-imbursements; leave travel concession for self and family including dependents ; club fees, medical insurance and such other perquisites and/ or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any other rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration. Further, Employees Stock Options to be granted if any, from time to time shall not be included for the purpose of the computation of the overall ceiling of remuneration.

(b) Commission:

As may be decided from time to time by the board/ committee of the directors, subject to the overall ceiling of 1% of the net profits of the Company, computed in the manner laid down in Section 309 (5) of the Companies Act, 1956.

(c) Reimbursement of Expenses

Reimbursement of expenses incurred for traveling, boarding and lodging; provision of car(s) for use on company's business and telephone expense at residence shall be reimbursed and not considered as perquisites.

The above remuneration payable to Mr. Brij Raj Punj, Managing Director is subject to the condition that the total remuneration including commission and all the perquisites as mentioned above shall not exceed 5% of the net profits for such director, and if there is more than one such director, 10% for all them together in accordance with Section 198 and 309 of the Act, or any amendment thereto or any other provisions as may be applicable.



Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of the appointee, the Company has no profits or profits are inadequate, the Company will pay salary and perquisites and allowances as specified above.

The terms and conditions of the said re-appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole Time Directors in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.

The resolution for re-appointment of Mr. Brij Raj Punj as Managing Director, requires approval of the company in general meeting pursuant of Section 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956.

The Company has achieved a phenomenal growth under his leadership. Your directors recommend the resolution set out at item no. 6 of the notice for your approval by way of ordinary resolution.

None of the directors except Shri Brij Raj Punj is interested in the aforesaid resolution.

The explanatory statement read with the proposed resolution may be treated as an abstract of the terms of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

Details of Directors Seeking appointment/ Re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Mr. Brij Raj Punj

Mr. Brij Raj Punj is an Engineering Graduate from Brunell University of United Kingdom and possess vast experience of more than three decades in the air conditioning and refrigeration industry. Aged about 63 years, Mr. Punj is serving the Company in the capacity of Chairman & Managing Director and is also actively involved in framing of its long term policies and plans. He is also a Chairman & Managing Director of Fedders Lloyd Corporation Limited and also on the Board of following Companies, namely- PSL Engineering Pvt. Ltd.; Perfect Radiators & Oil Coolers Pvt. Ltd.; Airserco Pvt. Ltd.; Regal Information Technology Pvt. Ltd.; Lloyd Sales Pvt. Ltd.; Lloyd Infotech (India) Pvt. Ltd.; Lloyd Credits Ltd.; Pt. Kanahya Lal Punj Pvt. Ltd.; Punj Technology Pvt. Ltd.; Punj Services Pvt. Ltd.; Lloyd Manufacturing Pvt. Ltd.; Punj Software Solutions Pvt. Ltd.; Punj Softech Pvt. Ltd.; Punj Software Technology Pvt. Ltd.; Lloyd Builders Pvt. Ltd.; Himalayan Mineral Waters Pvt. Ltd.; Lloyd Developers & Infrastructure Pvt. Ltd.

Mr. Punj is also a member of Share Transfer /Investor Grievance Committee and sub-committee of Fedders Lloyd Corporation limited

As on March 31, 2008, Mr. Punj holds 867270 equity shares representing 2.80% in the paid-up capital of the Company. He is not related to any directors of the Company.

Mr. Sandeep Sethi

Mr. Sethi, age around 43 years has been serving as a Director of the Company since May 1996. He holds master degree in Law. Mr. Sethi is a Senior Advocate practicing in Delhi High Court and has gained an insight into various aspects of Indian Corporate Law, Mergers and Acquisition, Arbitration etc.

Directorship held in other public Companies: NIL

Memberships/ Chairmanships of committees of other public companies (includes Audit Committee and Shareholders/ Investor Grievance Committee): NIL

No. of Equity Shares held in the Company: NIL

Annual Report 2007-2008**Mr. K.Lall**

Mr. K.Lall, age around 64 years has been serving as a Director of the Company since 2002. Mr. Lall is a FCS and CWA and possess a vast professional experience of over 37 years in the field of financial and corporate matters such as investment banking, corporate finance, business restructuring, legal and commercial laws etc.

Directorship held in other public Companies: Fedders Lloyd Corporation Ltd; Vishwas Securities Ltd.; Arjun Industries Ltd. and Lloyd Credits Ltd.

Memberships/ Chairmanships of committees of other public companies (includes Audit Committee and Shareholders/ Investor Grievance Committee): Mr. Lall chairs the Audit Committee and Share Transfer/ Investor Grievance Committee of Fedders Lloyd Corporation Ltd.

No. of Equity Shares held in the Company: NIL

By order of the Board of Directors

Place: New Delhi
Dated: August 27, 2008

Anita K.Sharma
Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 21st Annual Report along with the Audited statement of accounts of your Company for the financial year ended March 31, 2008.

		Rs. In Lacs
FINANCIAL RESULTS	2007-2008	2006-2007
Total Income	66989.80	49657.69
Profit before Interest, depreciation and taxation	8145.40	6503.53
Interest	1003.98	573.68
Depreciation	923.37	848.65
Profit before tax	6218.05	5081.20
Provision for Taxation (Current and Deferred)	932.50	774.60
Fringe Benefit Tax	13.82	11.00
Profit after tax for the year	5271.73	4295.60
Balance brought forward from previous year	72.71	2.49
Amount transferred from General Reserve	1229.53	-
Less: Tax for earlier years	30.00	-
Less: Short provision for Restructured liability	1229.53	-
Amount available for appropriation	5314.45	4298.09
Proposed Dividend	310.00	620.01
Tax on proposed dividend	52.68	105.37
Transfer to General Reserve	4900.00	3,500.00
Balance carried over to Balance Sheet	51.76	72.71

FINANCIAL HIGHLIGHTS

During the year under review, the total income of the Company rose to Rs. 66990 Lacs from Rs. 49658 Lacs, indicating an impressive growth of 35 percent. The Profit before depreciation and interest rose from Rs. 6504 Lacs in the previous year to Rs. 8145 Lacs during the year under review.

The net profit after provision for taxation rose from Rs. 4296 Lacs to Rs. 5272 Lacs during the year under review. Earning per share for the year stood at 17.01 as against 13.86 in 2006-07.

OPERATING PERFORMANCE

Your Company is the largest manufacturer of Heat Exchanger Coils in India and is an OEM supplier of evaporator and condenser Coils to almost all airconditioner makers in the country. The Company is manufacturing 400 varieties of Coils.

Your Company recorded another year of excellent growth with all the business segments performing well. During the year, Lloyd expanded the spectrum of its customers to include companies involved in precision air conditioning. This was in addition to the company's existing client base of regular air conditioner manufacturers. Instead of focusing on "seasonal" players in the air conditioning industry, the company addressed customers with all-year-round business. The Railway

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business and Bus air conditioners, both new opportunity areas for Lloyd contributed significantly to the Company's annual turnover.

EXTENDING THE GLOBAL FOOTPRINT-OUR STRATEGIC ACQUISITION IN 2008

Besides organic growth, your Directors also focused on spurring the momentum of the Company through inorganic means.

To gain a strong foothold in the European markets, recently, your Company acquired Luvata Czech s.r.o. in Prague, Czech Republic through its Special purpose Vehicle (SPV) Lloyd Coils Europe (Originally named Lloyd Coils Czech) Luvata Czech, is a leading manufacturer of Finned Pack Heat Exchangers (Coils) serving the heating, ventilation, air conditioning and refrigeration (HVAC&R) requirements of customers throughout Europe. The Company is strategically located in Radotin (within the greater Prague area) and the facility has made headway in key European markets due to its low cost production and short delivery times.

The Company announced the acquisition on May 13, 2008, subsequent to the balance sheet date, which is why the consolidated financial statements and other documents of the new subsidiary are not being attached with the Annual Report of the Company.

With this acquisition, your Company has acquired Coil manufacturing facilities in the Continent, which will enable it to address the larger business opportunity in the attractive, regulated, high growth Finned Pack Heat Exchanger market in the region.

CAPITAL STRUCTURE

During the year under review, the forfeiture of 400 equity shares was nullified by the company on receipt of proper particulars of having paid the allotment money due thereon. As a result thereof, the paid up capital of the Company stands increased from Rs. 309998600 to Rs. 310002600 i.e. 31000260 equity shares of Rs. 10- each fully paid-up.

In order to finance the long-term working capital requirement, strategic acquisitions and expansion plans, and for general corporate purposes, your Company issued and allotted 50,00,000 warrants on September 11, 2007 on preferential basis to entities in the promoter/non-promoters group at Rs. 225 each, to be converted into an equal number of equity shares of Rs. 10 each at a premium of Rs. 215 per share on exercise of the option of conversion by the warrant holders within 18 months from the date of the allotment of warrants in accordance with the provisions of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The company has received Rs. 1125 lacs towards 10 percent of deposit against the aforesaid preferential warrants. The balance 90 % shall be payable on the date of conversion at the option of the warrant holders. The funds had been utilized for the purpose for which it has been raised.

During the year under review the authorized share capital of the company was increased from Rs. 35,00,00,000 to Rs. 50,00,00,000 divided into 5,00,00,000 equity shares of Rs. 10 each.

DIVIDEND

Keeping in view the Company's need for capital for its growth plans and the intent to finance the same through internal accruals, your Directors are pleased to recommend for approval of the members at the forthcoming Annual General Meeting, a dividend of 10 percent for the financial year 2007-2008. (last year 20%)

TRANSFER TO GENERAL RESERVES

In accordance with statutory provisions, your Company has transferred a sum of Rs. 4900 Lacs to the General Reserves.

GLOBAL DEPOSITORY RECEIPTS (GDR)

396000 Global Depository Receipts underlying 792000 equity shares are outstanding for conversion as on March 31, 2008. The GDRs are listed and traded at the London Stock Exchange. The Bank of New York acts as the Depository and ICICI Bank as the domestic custodian in respect of GDRs issued.