



Building a Sustainable Future...

LLOYD ELECTRIC & ENGINEERING LIMITED



India Trusts LLOYD Air Conditioners!



Engineering Smiles. Enriching Lives....

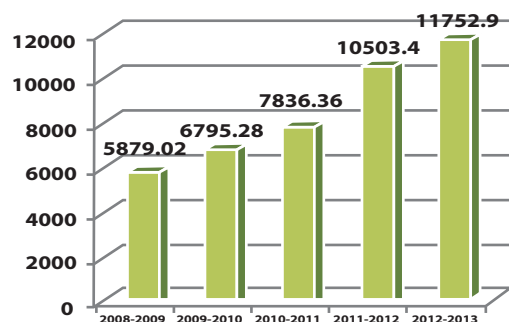
Key Financial Highlights



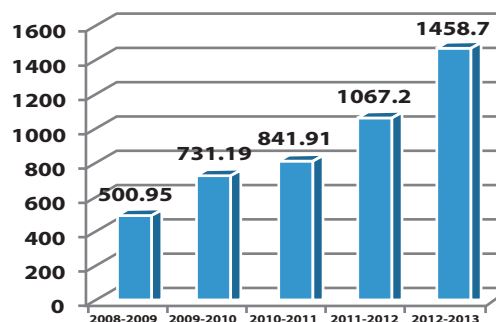
(Rs. in Million)

	Standalone					Consolidated	
	2012-2013 (Post Merger)	2011-2012	2010-2011	2009-2010	2008-2009	2012-2013 (Post Merger)	2011-2012
Operating Results							
Total Income	11752.90	10503.40	7836.36	6795.28	5879.02	14793.40	13513.50
Operating Profit (EBIDTA)	1458.70	1067.20	841.91	731.19	500.95	1558.70	1180.60
Profit Before Tax	728.60	530.20	486.56	452.78	247.70	715.60	503.30
Profit After Tax	561.50	393.30	360.56	343.78	203.72	528.00	351.20
Financial Position							
Paid up Capital	310.07	310.07	310.07	310.07	310.07	310.07	310.07
Share Capital Suspense	43.20	43.20	-	-	-	43.20	43.20
Share Capital	353.27	353.27	310.07	310.07	310.07	353.27	353.27
Reserves	5261.50	4710.60	4107.85	3711.64	3404.01	5156.90	4663.90
Shareholder's fund	5614.77	5063.87	4417.92	4021.71	3714.08	5510.17	5017.17
Performance Indicator							
EPS	15.90	11.14	11.63	11.09	6.57	14.95	9.94

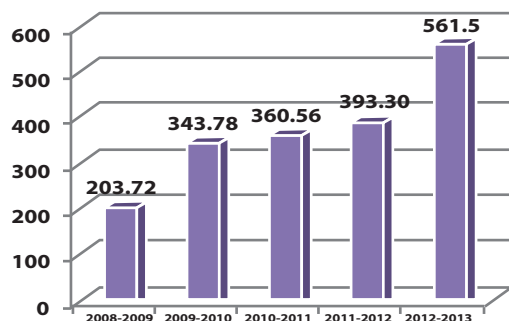
Standalone Financial Trends



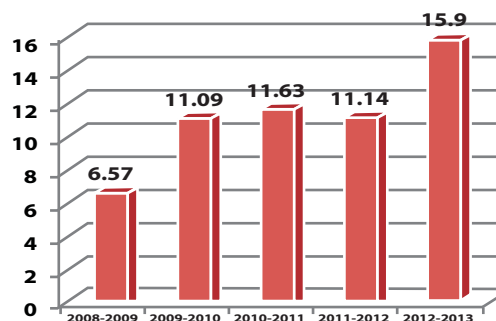
■ Total Income (Rs. In Millions)



■ EBITDA (Rs. In Millions)



■ PAT (Rs. In Millions)



■ Earning Per Share (Rs.)

Chairman's Address



Dear Shareholders

Across the world in 2012 the economy remained a worry. Global GDP fell to 3.2% compared to 4% in 2011. The Indian economy continued to remain sluggish in FY 2012-13. Both manufacturing and service activities remained subdued on account of supply-side bottlenecks and sluggish external demand. The current account deficit (CAD) came in at an all-time high of 6.7% of GDP in Q3 of FY 2012-13.

Indian economy is passing through challenging times. Growth has slowed down on account of fiscal imbalances, and reduced trade and investments in advanced economies. The Indian economy suffered a decade low GDP of 5% not only on account of global headwinds but also due to RBI's liquidity tightening measures as well as widening current account deficit. Concerns have also emerged due to depreciating value of rupee as compared to dollars in the past few weeks that would adversely impact both inflation and the CAD. This is a time for bold action on the part of Governments, corporations and individuals. The year also saw room air conditioning industry declining by around 5% as against the decline of 14% in the year 2011-12. A short summer season and other economic conditions had an adverse impact on the industry.

Despite the challenging environment, your Company has strengthened its position as a leading player in the HVAC&R industry. The overall revenue of the Company grew by 10% during the year, whereas there was a remarkable increase in the Profit after tax by 50%.

A recent significant development has been that, the Hon'ble High Courts at Delhi and Rajasthan, Jaipur bench has sanctioned the on-going scheme of arrangement which became effective on 11th June 2013. On the scheme coming into effect, all assets and liabilities of the Heat Exchanger business of Perfect Radiators & Oil Coolers Pvt. Ltd. stood demerged and transferred to the Company with appointed date as 1st April 2011, which has been approved by the Hon'ble High Courts.

Post- merger of the Heat Exchanger undertaking of PROC, your Company has added another state of art manufacturing facility at Haridwar, Uttarakhand equipped with latest plant and machineries for the manufacture of Copper and brass heat exchangers, shell & tube heat exchanger for industrial application, oil coolers for railways, and heavy automobile and tube mill for MB radiators.

We are confident of the synergies arising from the merger of heat exchanger business with our existing line of Coil business in terms of economies of scale and leadership position in Heat Exchanger industry and look forward to achieving significant value by integrating and consolidating the business globally.

Post -Merger of the Heat Exchanger business, the Consolidated Revenue of your Company stood at Rs. 1479.34 crores, registering a growth of 10%. Your Company earned a consolidated EBITDA of Rs. 155.87 crores, an increase of 32% over the last year, resulting in improvement in operating margins from 8.73% to 10.53%. The Profit after tax grew at a healthy rate of 50% to Rs. 52.80 crores

Over the years, your Company has expanded its air-conditioning and refrigeration product offerings by investing in new product development, marketing, and servicing and distribution network. We continue to invest in improving productivity and efficiency, enriching our product portfolio and preparing ourselves for future opportunities.

Driven by the passion to pursue excellence through innovations, Lloyd has evolved and adapted with the changing trends and lifestyle by introducing eco -friendly R410A refrigerant Hot & Cold AC, and Portable AC catering to export and domestic market. New star rated room air conditioners meeting with the high energy efficiency norms were also introduced during the year. We are enhancing our focus more on the use of green technologies to reduce our carbon footprint and optimise the use of natural resources. As our next step towards energy saving, we are focusing on the development of the split air-conditioners with inverter technology and getting ready to launch products meeting 2014 energy norms. During the year, your Company has also developed roof mounted packaged units with environment friendly



refrigerants for LHB and conventional coaches for Indian railways. While your Company continues its strong presence in the domestic market, it has also increased its international revenues consistently over the past few years. Your Company has been approved by the Bombardier, Alstom and GE as the worldwide supplier of HVAC&R units. I am confident that this momentum will help it leverage its proven strengths in the coming years as well.

Your Company is expanding its Lloyd branded product portfolio in Indian market by introducing innovative products that are ideally suited to the market. Under the Lloyd branded products, your company has introduced Ultra High Definition, Smart, 3D LED's ; chest freezers including new and exciting range of room air-conditioners in premium and mass premium segment. We are constantly strengthening our after sales service network through a comprehensive CRM module operating through 525 Lloyd authorized service centres and over 5000 dealers nationwide. On distribution front, we are expanding beyond the larger cities into fast growing Tier -III and IV markets.

I am pleased to report that 'Lloyd' brand has been awarded as one of the India's most promising brands and is rapidly gaining the market share.

On the subsidiaries front, Lloyd Coils Europe s.r.o. (LCE) too reported strong operating results, braving the economic headwinds globally, recording a significant increase of 40% in the EBITDA from the previous year. Significant initiatives taken towards optimizing the Company's footprint and rationalizing the cost structure have stood the Company in good stead. While the Net Sales has increased marginally by 5% to Euro 37 Million, EBITDA touched to all time high to Euro 3.36 Million, setting yet another milestone in the history of the plant. For Janka Engineering s.r.o. (Janka), the situation is still difficult, due to the slow recovery of the commercial construction segment in central Europe and the reduced no. and value of projects. The subsidiary had reported negative EBITDA of Euro -1 Million, which primarily was suffered due to bankruptcy of customer in Slovakia. In difficult times, your Company taps its inherent strengths to adapt to changing circumstances and devise new ways to deal with adversities. As a result, by the end of the fiscal year 2012, Janka was selected by the local rolling stock manufacturer Skoda transportation as exclusive supplier for their new projects of tramcars for Turkish city of Konya. This project has value of Euro 3.2 Million and will be supplied during the year 2013 & 2014. In addition, new range of Air handling units (AHU) have been launched under the brand name 'PremiAir'.

On 24th Aug 2013 late hours, a major fire broke out at one of the Company's godown in Kalkaji, New Delhi, resulting in the loss of stock. We were fortunate that there were no human casualties. The company has filed the insurance claim. Fighting against any adverse situation is the core of Lloyd's philosophy. However, operations have not been hampered due to the same.

Sustainability at 'Lloyd' takes many forms- engaging with our communities, being a generous Corporate Citizen and making sure that we do not deplete the environment of resources we use in making our products. Lloyd's business priorities have never overshadowed its community efforts. In fact, we have always looked upon our business as an enabling force for social advancement. At LLOYD, we believe that Corporate Social Responsibility (CSR) is an opportunity and a privilege to serve the community in which we live. Our flagship initiative Pandit Kanhaya Lal Punj (PKLP) Trust focus on education, health and family welfare, infrastructure development, and women empowerment. Lloyd supports a wide range of initiatives based in the heart of communities.

It is imperative that India regains its growth trajectory of 8-9% sooner than later. The core challenges that constrain high rates of growth must be addressed comprehensively and speedily. The Government has announced several policy measures in recent times to tackle these challenges. It is hoped that investor and consumer sentiment would get re-ignited to put the country once again on a high growth path.

Your Company is poised to achieve a quantum leap in the next few years in every respect - volume, capabilities and enhanced value for all its stakeholders. The ability to achieve these results has come from having world class products, excellent people and also in part of the strategic decision made over the past few years to focus on organic and inorganic growth opportunities which has seen us spend significant amount of capital in new product development and infrastructure to bolster our competitive position in the market place.

I wish to take this opportunity to express my sincere gratitude to the members of the Board of Directors for their professionalism and dedicated contribution to steer the Company towards excellence. My special thanks also to the management team and every member of Lloyd group for their continued contributions and commitment towards the Organisation. I also wish to extend our thanks to our valuable shareholders, customers, business associates, investors as well as banking institutions and relevant authorities for their continued support, guidance and confidence in the Company.

Given the distinctive growth path that we have charted, your Company is well on its way to becoming a global leader in HVAC&R industry.

With warm regards,

Brij Raj Punj
Chairman & Managing Director

Integrating and Consolidating Heat Exchanger Business Globally.....



*Controlled Atmosphere Brazing Furnace
for Aluminum Radiators, Condensers and Oil Coolers*



The Heat Exchanger Division, Strategic Business Unit merged during the year Manufactures wide range of Heat Exchangers, Radiators, Oil Coolers for Automotive and Non Automotive Industry



Aluminium Fin Forming



Copper Fin Forming



VMC Header Plate CNC Drilling



Glimpses of our Manufacturing Facilities

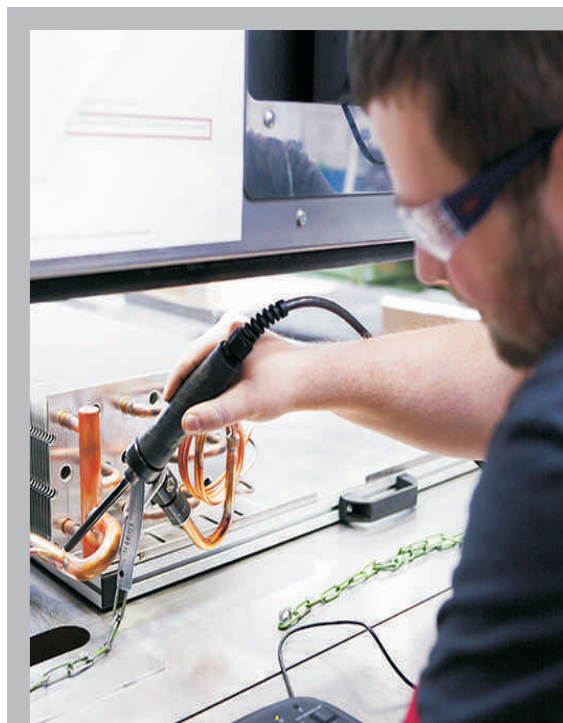
Assembly Line for Room Air Conditioners



Assembly Line for Roof Mounted Packaged Air Conditioner for Indian Railways, Defence & Metros



Overseas Manufacturing Facility



Sustainability Report

WE RESPECT PEOPLE, COMMUNITIES AND THE ENVIRONMENT



“ A vision to create wealth for society, to work and improve lives of our communities and other stakeholders and an inherent respect for the environment has guided our business ethos.”

Sustainability has been a core value at Lloyd since its inception. Our focus areas are embodied in the following themes – social contract, resource intensity and green innovation – and are articulated in our Sustainability Policy. Social contracts are our implicit responsibility to the larger society, to factor in social and environmental aspects as important dimensions of our business. Resource

intensity is about doing more with fewer resources – energy, water or material. Green innovation is about leveraging the opportunity for business leadership through sustainability.

While we address all aspects of social, environmental and economic performance, the issues of immediate material concern to Lloyd are the safety and health of our people, resource conservation, development of innovative products and processes which lead to a low carbon future, minimizing the carbon footprint, value creation for all stakeholders and contributing to the prosperity of the communities and nations where we operate.

As part of our sustainability journey, many of our business units are pursuing innovation in green technologies and many of these have been implemented as solutions for our clients. The Company is conscious of the need for energy conservation and continues to explore the possibilities of reducing energy consumption in the office premises and plants.

Your Company's ideology towards corporate sustainability and a few steps taken towards the aim of becoming world's leading brand in corporate sustainability are enumerated here:

Think Green

Lloyd is committed towards taking steps to protect environment either by direct initiatives or conserving the by-products to reduce fuel consumption.

Caring for environment is need for the hour. A greener, healthier plant is the best legacy we can leave for future generations