

**LLOYD**



**Annual Report 2013-14**

**LLOYD ELECTRIC & ENGINEERING LIMITED**



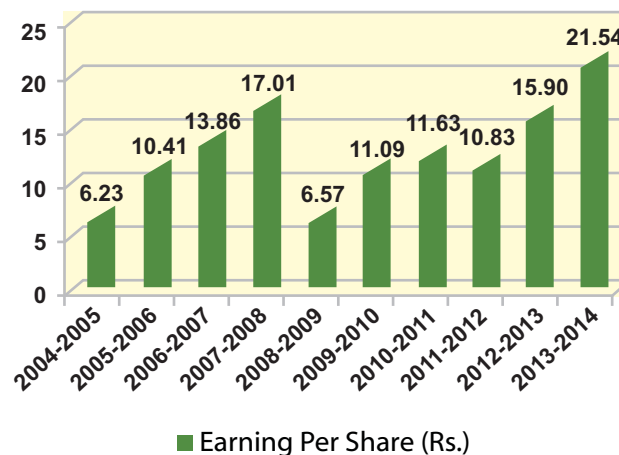
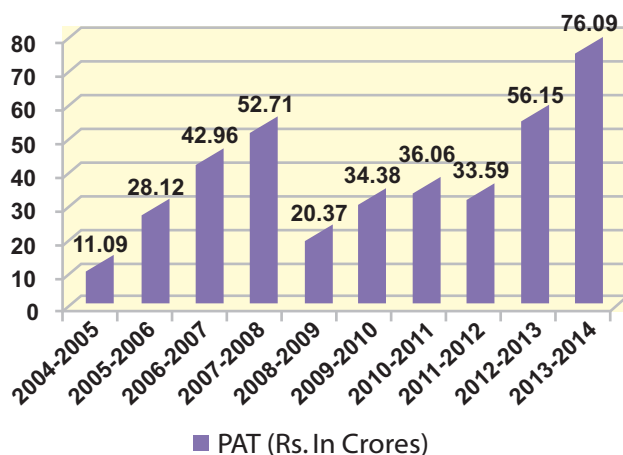
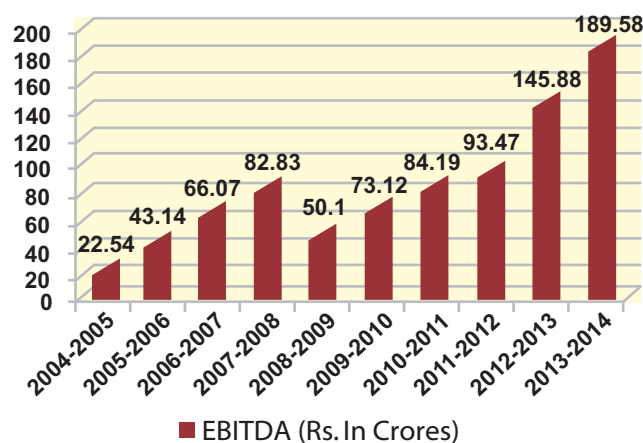
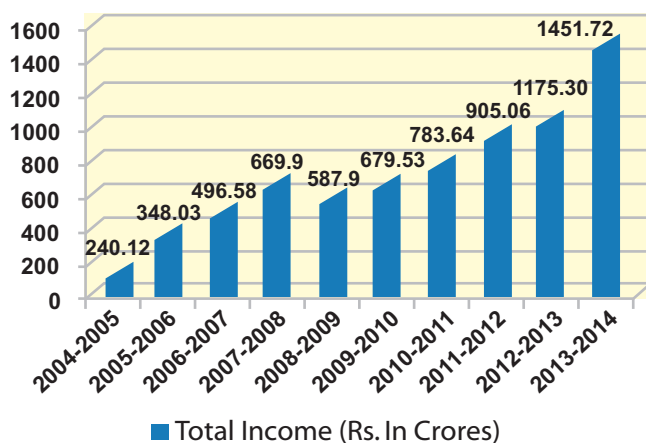
# Key Financial Highlights



Rs. in crores

	Standalone										Consolidated	
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2013-14	2012-13
Total Income	1451.72	1175.30	905.06	783.64	679.53	587.90	669.90	496.58	348.03	240.12	1825.02	1479.33
Operating Profit (EBIDTA)	189.58	145.88	93.47	84.19	73.12	50.10	82.83	66.07	43.14	22.54	214.30	155.88
Profit Before Tax	81.77	72.87	45.28	48.66	45.28	24.77	62.18	50.82	31.83	13.03	97.03	71.56
Profit After Tax	76.09	56.15	33.59	36.06	34.38	20.37	52.71	42.96	28.12	11.09	89.12	52.80
<b>Financial Position</b>												
Paid up Capital	35.32	31.00	31.00	31.00	31.00	31.00	31.00	31.00	27.00	17.79	35.32	31.00
Share Capital Suspense	-	4.32	4.32	-	-	-	-	-	-	-	-	4.32
Total Paid up												
Share Capital	35.32	35.32	35.32	31.00	31.00	31.00	31.00	31.00	27.00	17.79	35.32	35.32
Reserves & Surplus	599.49	526.15	442.53	401.04	371.16	340.40	320.03	268.43	191.73	48.90	604.57	515.69
Shareholder's fund	634.81	561.48	473.54	432.05	402.17	371.40	351.04	299.44	218.73	66.69	639.89	551.01
<b>Performance Indicator</b>												
EPS	21.54	15.90	10.83	11.63	11.09	6.57	17.01	13.86	10.41	6.23	25.23	14.95

## Standalone Financial Trends



# Chairman's Address



## Dear Fellow Shareowners,

The Fiscal Year 2013 was another challenging year for the Indian economy as the slowdowns continued with expected recovery not materializing. While the global economy showed some signs of stabilization, most of the emerging economies, including India faced multiple challenges of capital outflows, rising current account deficit and depreciation of the local currency. Stabilizing these parameters was one of the key challenges for the Indian economy.

Amidst this slowdown, your Company was able to effectively navigate the domestic turmoil through its sound business strategies and robust business model. This enabled your Company to deliver a sound performance in a difficult business environment. The Consolidated Revenue of the Group grew by 20% over the previous year to **Rs. 1776 crores**, while profits (PBT) expanded by 35% to touch at record high of **Rs. 97 crores**.

Positioning itself for long term success, your Company continued to expand its capabilities in technology, expanding existing

product portfolio by developing new range of environment friendly air conditioners meeting with new star rating norms rolled out by BEE (Bureau of energy efficiency). New products developed includes inverter split air conditioners for the OEM market, Heat and Cool products for export market with R-410A refrigerant, development of commercial AC -24K & 48K Cassette/ Floor standing, among others.

Our strong distribution network and differentiated manufacturing process make us the preferred supplier to key players across industries we cater to, enabling us to capture value from healthy demand in the domestic and international markets.

The year also saw the exponential rise in exports with increasing market presence in Middle-East, Africa and CIS countries indicating growing acceptability of our value-added products meeting with international quality standards and certifications.

In the Commercial Air-conditioning business, your company has developed Roof Mounted HVAC unit for Metro Rail using eco-friendly refrigerants. Being IRIS compliant, your company has bagged its first prestigious order from Bombardier Transportation for the supply of Roof Mounted Ventilation Units for EMU coaches. This has opened avenues for the company to bid for international jobs in Railways.

With the integration of the heat exchanger business with the existing line of coil business, your company has expanded its existing product base by offering wide range of heat exchangers including copper and aluminium brazed radiators, charge air coolers and condensers for railways, automobiles and industrial application.

We have expanded our "LLOYD" brand portfolio to include products like star-rated Air-Conditioners, Washing Machines, LED television, Chest Freezers, including others. Our endeavor is to lead the transformation in the Consumer goods industry in India by launching products with cutting edge technology, so as to position the brand as a one amongst the top players in the fast growing Consumer Durable sector. Lloyd is committed to fulfilling the vision of every Home, everywhere by marketing well-differentiated products not only of high quality, technology or service but also giving consumers the ultimate satisfaction guarantee phrased as-"Khushiyan ki Guarantee"!

We have the expertise in leveraging our ever expanding capacities to face challenges, transform them into opportunities and ultimately evolve as a market leader. We are positive and confident of making further strides even in the current challenging economic environment & sustain the growth momentum demonstrated over the last decade.



In Europe, Operations of the subsidiaries were significantly impacted by the flood that hit Prague, Czech Republic in June 2013, causing total damage of Euro 6 Million, which was fully indemnified by insurance. Though it impacted the sales of Lloyd Coils Europe (LCE) by 10% down to Euro 33.37 Million, LCE reported all time high EBITDA of Euro 3.9 Million. This was primarily the result of improved product portfolio, customer management and focus on new product segment like heat pumps, display cabinets and large bespoke coils with better quality and value additions. At Janka Engineering, the year was a turnaround in sales and profitability. Although Janka too was affected by the flood, the volume loss has been more than compensated by additional revenue generated from the new segment of Railway HVAC unit and supply of special coolers to Nuclear power plant Mochovce. This resulted in pushing the sales to all time high of Euro 12 Million, up by 16% over the previous year, with EBITDA margin touching to all time high of Euro 0.40 Million, as against previous year loss of Euro-1 Million. Janka has also developed condensing unit for retro-fitted coaches of local train operator Regiojet and is in advanced talks to provide similar solutions to Czech Railways.

The Indian HVAC&R market is poised for rapid growth due to a number of changes that are taking place in the Indian economy as well as easier availability of A/C products, which constitutes the bulk of the HVAC&R segment, in the market. The potential demand from the construction sector (both conventional and green buildings), coupled with the potential to save energy from air-conditioning (especially through efficient technologies), will usher a boom period for the HVAC&R market, with support from the Government to promote energy-efficient standards, practices, and technologies.

Going forward, your Company is well placed to capitalize on the opportunities arising out of this improved market conditions. We are investing in augmenting our manufacturing, research and marketing base in order to pursue strong and sustained growth.

Caring for the community has always been a cornerstone of your company. While delivering value to our clients, we make sure that we do not lose focus of the need to give back to society. Under the aegis of Pandit Kanahya Lal Punj Trust, we continue to expand our reach and make difference to society by empowering people and communities at the bottom of the pyramid and providing opportunities in the field of education, health and community development. I am glad to inform you that under the flagship of PKLP Trust, we have set-up a school in Tauru, Haryana for imparting education to the under-privileged section of our society.

Over the past year, Lloyd has built on its core strengths and leveraged its growth drivers to ensure a profitable future for your Company. As we move forward, we will continue to enhance our brand equity in domestic markets and in select emerging markets.

Building on our human capital has always been a priority and during the year we undertook various activities that assisted in enhancing leadership capabilities through specially designed programs.

It is with great sadness that I share with you the news of the demise of Mr. Krishan Lall, Non-Executive Director and Chairman of the Audit Committee, who left for his heavenly abode on 9<sup>th</sup> March 2014. Mr. Lall joined the Board in 2002 and played a key role in building high standards of Corporate Governance for your Company. His contribution and commitment to Lloyd will be cherished for years to come. On behalf of my Board and all my colleagues, we express our deepest condolences to his wife and family.

We are confident that Lloyd's pace of growth will continue on its strong path as we derive benefits from the strategic foundation we have put in place. As we enter into the next fiscal year, we stay committed to improving operational efficiencies, building and strengthening alliances, deriving value from group synergies and continuing to reward stakeholders with a shared commitment towards profitability and sustainability.

We hope that the new Government at the Centre with clear majority will push reforms and spur economic growth of India. We look forward to implementation of growth oriented policies particularly in the areas of infrastructure and manufacturing sectors. Your Company is well placed to capitalize on the opportunities arising out of the improved market conditions.

Lastly, I would like to express my appreciation to all our colleagues for their commitment and contribution towards the growth of your company. I would like to thank each and every one of our customers, business associates, vendors, supporters and the shareholders for their continued trust in building Lloyd for this exciting future.

Very sincerely

A handwritten signature in blue ink, appearing to read "Brij Raj Punj".

Brij Raj Punj  
Chairman & Managing Director

## Consumer Durable and Home Appliance Segment

Widening product range....



*Ghar le aao*

**LLOYD**

**Khushiyon Ki GUARANTEE**

**Experience 58 YEARS GUARANTEE**

**Style Ki GUARANTEE**

**Quality Ki GUARANTEE**

**Performance Ki GUARANTEE**

**Service Ki GUARANTEE**

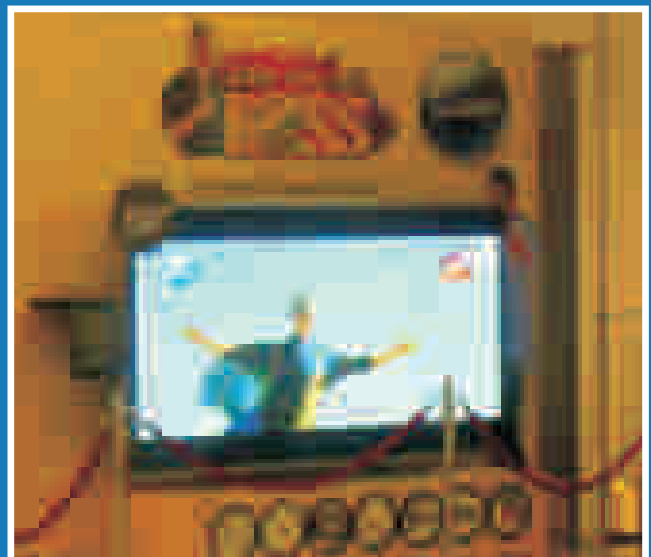
**Taareefon Ki GUARANTEE**

• ACs • LED TVs • Refrigerator • Washing Machines • Chest Freezers • Water Dispensers • Induction Cookers • Room Heaters

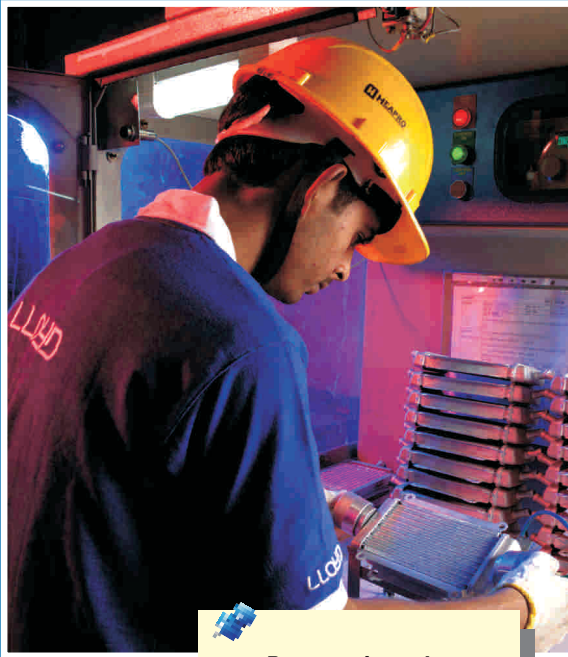




Continuing the thrust to expand Lloyd's market footprint through extensive marketing Strategy....



*With Cutting Edge Technology....*



Pneumatic and  
Hydraulic  
Leak Testing



Red Brass Tube mill for MB Radiator



State of Art Manufacturing facility at Pant Nagar

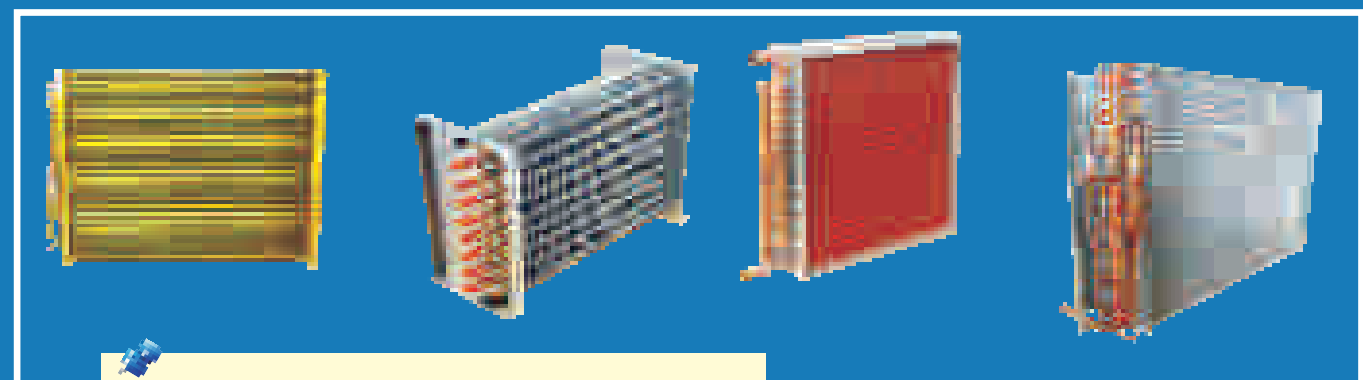




**Brazing Furnace for Micro-Channel Coils**



**Roof Mounted Package Units (RMUP'S)  
for Railways and Metro**



**Heat Exchangers and Coils having wide range of  
applications in Commercial Air Conditioners,  
Refrigeration, Automobile, Telecom and Railway  
Air Conditioning**

## *Lloyd's Engine for Growth – Overseas Manufacturing Facilities*



Production Process at Janka Engineering-  
latest software and equipments to create  
true and exact 3D models of the products



Development of HVAC Units for Railways