

Annual Report 2009-2010



LIVE THE FUTURE



Lloyd Electric & Engineering Limited

Extending the Global Footprints

Acquisition 2009 in Czech Republic

Janka Engineering s.r.o.

Core Products

Air Handling
Units, Oil Coolers
& Heat
Exchangers



Prague - Janka Headquarters Office Building



Prague - Production Facility



... quality verified by
years....



State-of-Art
Manufacturing
Facility



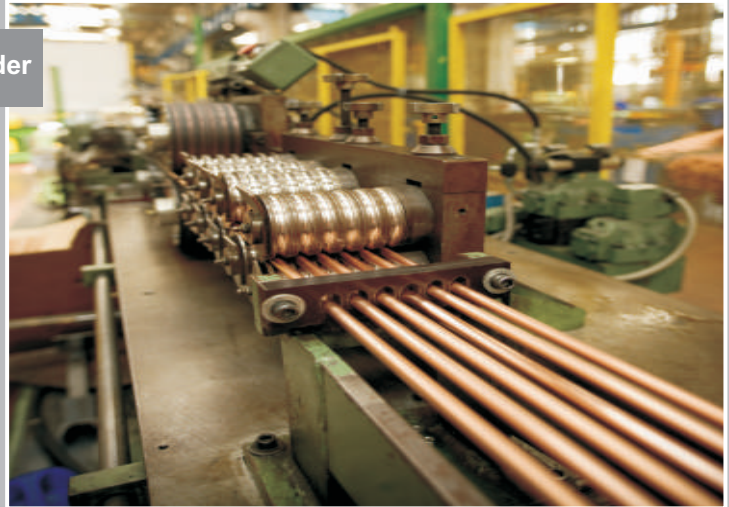
state-of-art manufacturing facilities with cutting edge technology



Innovation
& Engineering

Using technology to make
a difference to our
customers

Hairpin bender



Finpress



Industrial Coils



Other Glimpses



BOARD OF DIRECTORS

Brij Raj Punj

Chairman & Managing Director

A.K. Roy

Whole Time Director

Mukat B. Sharma

Whole Time Director cum Chief Financial Officer

K. Lall

S.K. Sharma

Geeta Ajit Tekchand

Mahesh Sreenivasan

REGISTERED OFFICE

A-146, (B&C), RIICO Industrial Area
Bhiwadi Distt. Alwar, Rajasthan- 301019
Ph: 01493-220724, 222521, 221348

CORPORATE OFFICE

159, Okhla Industrial Estate, Phase-III,
New Delhi- 110020
Ph: 011-40627200-300 Fax: 011-41609909

STATUTORY AUDITORS

M/S Suresh C. Mathur & Co.,
Chartered Accountants,
New Delhi

BANKERS

State Bank of Bikaner & Jaipur
State Bank of India
Axis Bank
Standard Chartered Bank
IFCI
IDBI Bank
ING Vysya Bank

SHARE TRANSFER AGENT

Skyline Financial Services Private Limited
D-153A, Okhla Industrial Area
Phase- I, New Delhi- 110 020
Tel: 011-26812682, 83
Fax: 011-26812684

ANITA K. SHARMA

Company Secretary

MANUFACTURING PLANTS

DOMESTIC

- | | |
|--|--|
| a) A-146, (B&C), RIICO Industrial Area Bhiwadi Distt. Alwar, Rajasthan- 301 019 | c) C-1/1, Industrial Area, Selakui Dehradun Uttaranchal |
| b) Industrial Area Kala-Amb, Trilokpur Road, Sirmour, Nahan Himachal Pradesh | d) Plot No. 24 Sector 2, IIE Sidcul Pantnagar Uttarakhand |

OVERSEAS

(owned by subsidiary)

- | | |
|--|--|
| a) Lloyd Coils Europe s.r.o Prague-5, Radotin Vrazska 143 Czech Republic Postal Code 15300 | b) Janka Engineering s.r.o. Vrazska 143 153 00 Praha 5 Radotin Czech Republic |
|--|--|

TRADING OFFICE

(owned by subsidiary)

Lloyd Electric FZE
P.O. Box: 10559
Ras Al Khaimah
United Arab Emirates



Message from the Chairman

Dear Members,

The Global economy is gradually emerging from the throes of the economic slowdown which sparked off in the last quarter of 2008 and its after effects continued well into FY 09-10. The Indian economy weathered the financial and business turmoil better than most industrialized countries, but slowdown put pressure on many business enterprises across a wide range of industries.

Spreading the Global Footprints-Acquisition 2009

At this time last year, when the growth seemed illusionary and slowdown in ongoing expansion

*initiatives, your Company stood its ground to ensure that it makes those vital investments that would enable 'Lloyd' to overcome the lows of a recessionary year, and build the platform for the future. In the quest for excellence, your Company inspite of all recessionary, went ahead and acquired 137 years old premium brand "Janka" of Janka Radotin a.s. , manufacturer of Air Handling Units, having its manufacturing facility in the heart of Europe- Prague- Czech republic through a Special Purpose Vehicle Janka Engineering s.r.o. With this move, your Company has acquired another leading brand well positioned in the Czech market in the field of air conditioning , Industrial cooling and heat exchangers (HVAC) thereby leading to second state-of-the-art manufacturing facility situated in Czech Republic. It was perhaps your faith and confidence, which gave us the courage to take this yet another step in achieving our goal to be a **Global Player** in HVAC (Heating, Ventilation & Air-conditioning) industry.*

Performance Improvements year-on-year

Despite the challenging market conditions in 2009, we were able to produce respectable financial results. During the year under review, Net Sales of your Company grew by 15% to ₹ 6765.16 Million and Profit after tax of ₹ 343.78 Millions registered an impressive growth of 68 % over 2008-09. Margins have registered an improvement and your Company is hopeful of sustaining the margins at the level close to this, despite of volatile commodity prices and competition. The consolidated Net sales of the Company at Group level increased to ₹ 8171.29 Million as against ₹ 7233.51 Million during the previous year. The Group recorded substantial increase in Net Profit after tax of ₹ 338.07 Million as

against ₹ 34.02 Million during the previous year, due to the strategic initiatives taken by the Subsidiary company towards cost restructuring.

On the Subsidiaries front, the FY 09-10 constituted the first completed twelve-month period of the new subsidiary, LLOYD COILS EUROPE s.r.o., Czech Republic and the legal successor of Luvata Czech s.r.o., since the date of acquisition in May 2008.

I am pleased to record that in spite of unfavourable market conditions in Europe, your Company's subsidiary, Lloyd Coils Europe, in Czech Republic witnessed a turnaround in its financial performance, largely due to sustained cost management processes. It has reported a Profit after tax of CZK 4.37 Million (equivalent to ₹ 10.40 Million) as against a loss of CZK (68.88) Million (equivalent to ₹ (163.93) Million) in the previous year. Despite the fiercely competitive market conditions, your subsidiary was able to maintain its market share with the existing customers as well as take up cooperation with new customers.

Capacity Enhancement & Product Development

Lloyd believes in staying alert to future opportunities while never letting go of its core value. This is the philosophy that has underpinned its growth over the years and one that remains its key driving force. In order to meet with the growing demand for latest technology products and to compete in the market place, a fully integrated manufacturing facility with cutting edge manufacturing technologies for air conditioners was set up in Pantnagar, Uttarakhand with backward integration of major components like Coils required in the manufacturing of air conditioning.


Your Company continues to remain focused on development of its assets viz. people and technology which have been instrumental in the Company's success so far and will play even far bigger role in achieving Company's objectives of Customer satisfaction, technology differentiation and cost leadership in the years to come.

We are committed to serving the nation through all our initiatives, while at the same time striving to maximize stakeholders value. The strong foundation of quality, productivity and manufacturing excellence built by your Company is helping us in consistent future growth. The opportunities are unlimited and your Company is capitalizing on the same towards its growth trajectory

Our Employees are our biggest assets. Their commitment has enabled your Company to succeed. I very warmly want to thank all our colleagues in Lloyd Group for their immense contribution to your Company's praiseworthy performance. I look forward to their continued commitment to your Company's reaching greater heights and enhancing shareholder value.

I am grateful to the Board of Directors for their unwavering support and guidance. I also take this opportunity to express my gratitude to all our stakeholders, who has reposed trust in us and extended their continued support.

Warm Regards



Brij Raj Punj

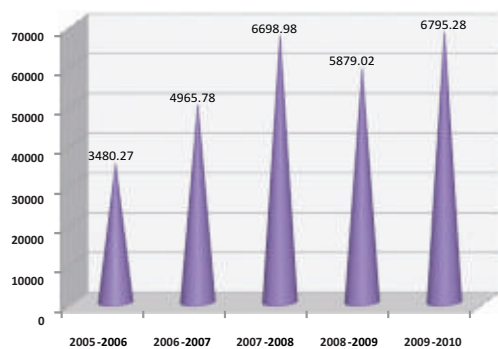
Chairman & Managing Director

FIVE YEAR FINANCIAL HIGHLIGHTS

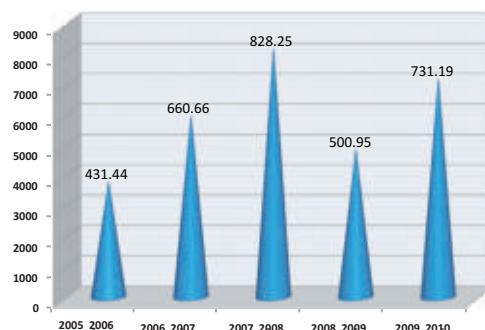
| | Standalone | | | | | Consolidated | |
|------------------------------|------------|-----------|-----------|-----------|-----------|--------------|-----------|
| | 2009-2010 | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 2009-2010 | 2008-2009 |
| Operating Results | | | | | | | |
| Total Income | 6795.28 | 5879.02 | 6698.98 | 4965.78 | 3480.27 | 8190.56 | 7377.93 |
| Operating Profit (EBIDTA) | 731.19 | 500.95 | 828.25 | 660.66 | 431.44 | 830.78 | 636.40 |
| Profit After Tax | 343.78 | 203.72 | 527.17 | 429.56 | 281.21 | 338.07 | 34.03 |
| Financial Position | | | | | | | |
| Paid up Capital | 310.07 | 310.07 | 310.07 | 310.06 | 270.03 | 310.07 | 310.07 |
| Reserves | 3711.64 | 3404.01 | 3200.28 | 2684.32 | 1917.30 | 3604.83 | 3369.22 |
| Shareholder's fund | 4021.70 | 3714.08 | 3510.35 | 2994.39 | 2187.33 | 3914.90 | 3679.29 |
| Performance Indicator | | | | | | | |
| EPS | 11.09 | 6.57 | 17.01 | 13.86 | 10.41 | 10.90 | 1.10 |

STANDALONE

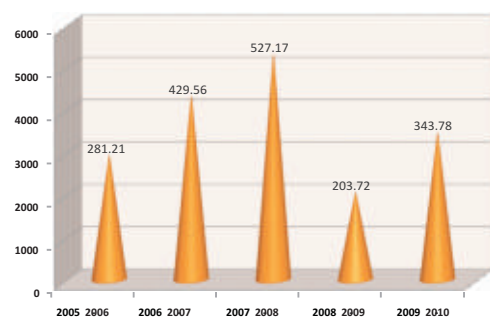
Total Income (Rs. In Millions)



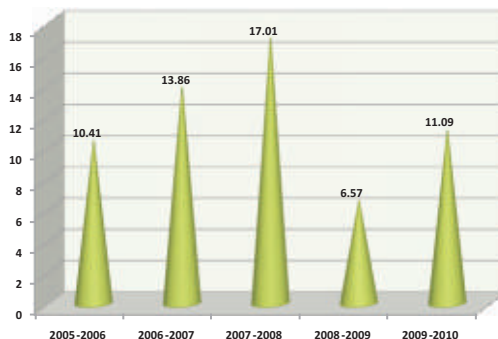
EBITDA (Rs. In Millions)



PAT (Rs. In Millions)



Earning Per Share (Rs.)



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The Annual General Meeting will be held on Tuesday, 28th September, 2010 at the Registered Office of the Company situated at A-146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan at 9.30 a.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the 23rd Annual Report along with the Audited Accounts for the financial year ended March 31, 2010

FINANCIAL PERFORMANCE

| | <i>Rs/Million</i> | |
|-------------------------------------|-------------------|--------------------|
| | Current FY | Previous FY |
| | 31.03.2010 | 31.03.2009 |
| Total Income | 6795.28 | 5879.02 |
| Operating Profit (EBIDTA) | 731.19 | 500.94 |
| Interest & Finance Charges | 158.36 | 144.74 |
| Depreciation | 120.05 | 108.50 |
| Profit before tax | 452.78 | 247.70 |
| Provision for taxation | 109.00 | 43.98 |
| Fringe Benefit Tax | NIL | 1.28 |
| Profit after taxation | 343.78 | 203.72 |
| Add: Balance brought forward | 173.90 | 5.18 |
| Total available for appropriation | 517.68 | 208.90 |
| Less: General Reserve | 48.00 | 35.00 |
| Proposed Dividend | 31.00 | NIL |
| Corporate Dividend Tax | 5.15 | NIL |
| Balance carried forward | 433.53 | 173.90 |

DIVIDEND

Your Directors are pleased to recommend payment of a dividend of Re. 1/- per equity share of Rs. 10/- each for FY 2009-10 for your approval. (Previous year NIL). The dividend if approved at the ensuing Annual General Meeting will absorb Rs. 36.15 Million including Corporate Dividend Tax.

OPERATING RESULTS

The after effects of the Global slowdown of 2008, spilled over into the first half of the financial year 2009-10.

Against this back drop, the total income of the Company stood at Rs. 6795.28 Million as compared to Rs. 5879.02 Million last year, thereby registering a growth of 15.58%.

Operating Profit, before interest tax and depreciation (EBIDTA) of Rs. 731.19 Million and Profit after tax of Rs. 343.78 Million for the financial year under review as against Rs. 500.94 Million and Rs. 203.72 Million respectively for the previous financial year, improved by 46% and 68% respectively.

The growth of the Company was due to both external factors as well as efforts of the Management. On the external front, as the general outlook improved, the consumer resumed the spending, thereby resulting in the increased demand for the Company's products.



ASSETS ACQUISITION OF JANKA RADOTIN, CZECH REPUBLIC

On 23rd November 2009, your Company completed its second overseas acquisition of all corporeal and non corporeal assets, alongwith trade mark **"JANKA"** of Janka Radotin a.s., having a track record of 137 years and a leading Czech based manufacturer of Air Handling Units, blowers, industrial coolers, heating and cooling coils, a major component of HVAC system, with manufacturing facility spread over an area of 2,00,000 sq. ft. thus another step towards realizing its goal of becoming a *"global player"*. The acquisition was done through a special purpose vehicle, which was renamed as Janka Engineering s.r.o., 100% subsidiary of the Company.

The said acquisition sets forth a major step forward in the Company's Global strategy leading to significant business synergies, arising from strong brand name of **"JANKA"** well positioned in Czech market, wide spread client portfolio, technology absorption and export potential to Central and Eastern Europe.

EXPANSION AND FUTURE PROSPECTS

Your Company considering the growth in AC sector and to economize on the product cost had set-up a fully integrated manufacturing facility with cutting edge technology in Pantnagar, Uttarakhand with backward integration of major components required for making the air conditioners. This facility has been created to meet the challenge of future by producing the air conditioners and its components under one roof.

A fully integrated condenser manufacturing facility with parallel flow technology is being installed in Pantnagar facility which will facilitate your Company to manufacture air conditioners with higher output capacity and lower power consumption.

Your Company is further expanding into transport air conditioning like Bus Air conditioning, Metro Rail Air conditioning and has developed new models for bus air conditioners and for regional metros.

SUBSIDIARY COMPANY

On 12th October 2009, your Company acquired 100% ownership interest in Janka Engineering s.r.o. Czech Republic (a special purpose vehicle) for taking over all corporeal and non corporeal property, trademarks and certificates of Janka Radotin a.s., a Czech based manufacturer of Air Handling units. Janka Engineering s.r.o. effectively became successor of Janka Radotin a.s. and took over the entire production portfolio. The acquisition was funded through internal accruals. Your Company contributed Euro 7870 towards 100% ownership interest and extended shareholders loan of Euro 4.5 Million to its special purpose vehicle, Janka Engineering s.r.o., for acquiring all assets (no liabilities) of Janka Radotin a.s.

During the year under review, your Company has converted the shareholders loan granted to its subsidiaries- Lloyd Coils Europe s.r.o. and Janka Engineering s.r.o., and outstanding alongwith interest as on February 2010 into "Capital funds".

Pursuant to the accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of all subsidiary companies, namely Lloyd Coils Europe s.r.o., Lloyd Electric FZE and the newly acquired Janka Engineering s.r.o.

As required by Section 212 of the Companies Act, 1956 the reports and audited accounts of the Subsidiary Companies alongwith the statement pursuant to Section 212 of the Companies Act, 1956 form part of the Annual Report. The detailed copy of Annual Report of Subsidiary Companies will be made available to the shareholders on request and will also be kept for inspection by any shareholder at the registered/corporate office of your company.

GLOBAL DEPOSITORY RECEIPTS (GDRs)

396000 Global Depository Receipts underlying 792000 equity shares are outstanding for conversion as on March 31, 2010. The GDRs are listed and traded at London Stock Exchange. The Bank of New York acts as the Depository and ICICI Bank as the domestic custodian in respect of GDRs issued.

FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits from public as per section 58A of the Companies Act, 1956 and Rules made there under.

CORPORATE GOVERNANCE

Your Board of Directors support the concept of Corporate Governance having regard to a belief that the Company's business strategy and plans should be consistent with the welfare of all its stakeholders. Good Corporate Governance practices enable a company to attract financial and Human Capital. In turn these resources are leveraged to maximize long term shareholders value, while preserving the interests of multiple stakeholders, including society at large.

A detailed report on Corporate Governance, duly certified by the auditors, forms a part of the Annual Report.

DIRECTORS

Dr. Geeta Ajit Tekchand was appointed as an Additional Director on the Board of the Company w.e.f. 28th January, 2010. Accordingly, she hold office as additional director upto the date of the ensuing Annual General Meeting. A notice has been received under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/- from a member of the Company signifying his intention to propose the candidature of Dr. Geeta Ajit Teckchand as Director of the Company at the ensuing Annual General Meeting.

Mr. Mahesh Sreenivasan was nominated as a director by IFCI on the Board of the Company in place of Ms. Rashmi Sachdev w.e.f. 30th October, 2009

Mr. Mukat Behari Sharma, Chief Financial Officer of the Company was appointed as Additional Director and thereby Whole Time Director of the Company w.e.f. on 28th January, 2010.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.K. Sharma and Mr. K. Lall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief profile of these Directors is given in the notice of the ensuing AGM.

INDUSTRIAL RELATIONS

Your Company has always maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform the members that the Audited Accounts for the financial year ended March 31, 2010 are in full conformity with the requirements of the Companies Act, 1956. Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm:

1. that in preparation of the annual accounts for the year ended March 31, 2010, the applicable accounting standards have been followed and that there are no material departures;
2. that, the directors have, in selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a



true and fair view of the affairs of the Company at the end of the financial year, and of the profits of the Company for that period;

3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, and for providing and detecting frauds and other irregularities.
4. that they have prepared the annual accounts on a going concern basis.

AUDITORS & AUDITORS' REPORT

The Statutory Auditors M/s Suresh C. Mathur & Co., Chartered Accountants, New Delhi, who retire at the conclusion of the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their reappointment as Auditors for the Financial Year 2010-2011.

The notes to the accounts, referred to in the Auditors' Report by the retiring auditor are self-explanatory.

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

Details of energy conservation, Technology Absorption, Foreign Exchange Earnings and Outgo and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in **Annexure A** forming part of this report.

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Employees) Rules, 1975 are set out in the **Annexure B** to this Report and forms part of the Report.

LISTING OF EQUITY SHARES/ GDR

The equity shares of your Company are listed at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing Fees for the 2010-11 have been paid to the above stock exchanges. The GDRs are listed & traded on the London Stock Exchange.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the support and assistance received from the customers, investors, dealers, suppliers, financial institution and banks, regulatory and governmental authorities.

The Board further wishes to record their sincere appreciation for significant contribution made by every member of the Lloyd family through their dedication, hard work and commitment towards the success and growth of the Company.

For and on behalf of the Board of Directors

Date: August 31, 2010
Place: New Delhi

Brij Raj Punj
Chairman & Managing Director

ANNEXURE A TO DIRECTORS' REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 relating to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows:

A. CONSERVATION OF ENERGY

The Company is committed to produce eco-friendly energy efficient products and is conscious of the need for energy conservation and continues to explore the possibilities of reducing energy consumption in its various manufacturing plants. The Company at group level takes the environmental aspects seriously and is a promoter of advanced technical solutions in heat transfer that lead to reduced energy consumption and lesser impact to the environment. During the year under review, your company has actively participated in design optimization of its own products as well as in improvement of products of the customers, always with the goal to reduce raw materials consumed in the process and to supply product with lower energy requirements during its life time.

Some of the energy conservation measures taken by the company and the impact of the measures taken are:

- Developing dry technology hair pin bending.
- Helium leak testing machine for coils thereby reducing the requirement of heating and save diesel fuel.
- Use of TPP in place of mechanical presses. This results in running cost saving in terms of electrical power.
- Conservation of LPG & O₂ using gas savers.
- Change of coil shop layout with less movement of raw material and work in process. Reduction in movement will reduce forklift movement and its diesel consumption.
- Roofing modification with natural light to reduce power consumption on lighting during the day.
- Decrease in consumption of paint materials containing organic solvents and their replacement with powder based and water based emulsion paint materials.
- Equipment capturing gaseous or solid fumes released during the hot dipped galvanization process in water scrubber before the fumes escapes in the atmosphere with the efficiency of at least 90%.
- Replacement of ordinary lights with energy efficient lights on engineering floor.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) *Efforts towards technology absorption, adaptation and innovation*

- In technology front the non CFC refrigerant is on priority and your company is already in process of developing products with hydro carbon (R290 refrigerant) which is totally non CFC.
- Introduction of new models for Bus AC by using global designs
- Development of air conditioners for Metro Rail with R-407 refrigerant as against R-22 refrigerant

b) Benefits derived as a result of above efforts

Availability of energy efficient, environment friendly air-conditioning systems and equipment, wider range of products, improved quality and product designs and cost reduction were amongst the benefits derived.

- c) Imported technologies have been successfully absorbed resulting in improved quality, reduction in rejections and better value to its customers. The Company is monitoring the process of technology adoption on a regular basis. In fact it is an ongoing process and the Company endeavors to adopt innovative measures for technology absorption and adaptation in the years to come.

C. RESEARCH AND DEVELOPMENT

Your Company continued its efforts in strengthening the R&D facilities in order to provide wider range of products to suit the customer needs.

➤ **Specific areas in which R&D carried out by the Company**

During the year under review, company has increased effort on R&D activities. Following the demand for 'greener' and more compact products, our R&D team has contributed to design optimisation of standard range of products for several customers.

Specific project undertaken by your company was development of aluminium round tube coils, including thorough work on corrosion testing and aluminium/copper brazing of connecting tubes.

To meet the challenge of the energy consumption and to upgrade the product performance and reliability your Company is setting up an AC test lab and the same will be in operation in 2010-2011. This integrated air conditioning test facility which will help your company in developing product upto 5 tonnes capacity will further strengthen the R&D activities of the company by developing products, going beyond energy efficiency norms specified by BEE (Beuro of Energy Efficiency) in time to come.

With regards to the requirement on the enhanced quality and optimized production costs, at Lloyd's Subsidiary at Czech republic, a new production range of plate heat exchangers for air-conditioning units KLM02 to KLM31 was developed during the year under review.

➤ **Benefits derived as a result of above R&D**

Aluminium round tube coil has come through the complete development phase and is currently in the stage where we are capable to produce and supply prototypes to the customers for their testing. The product has also been marketed on the major trade shows during under review year and raised a good interest of the visitors.

Value engineering and design changes brought about a significant reduction in the cost of production. Introduction of the new products resulted in improving value addition and providing complete solutions to meet with the customers' needs. It further helped in improving/ retaining the market share.

➤ **Future plan of action**

Your company is working on AHRI certification for its ½" coils. The certification would have our design validated by the laboratories and will provide the coils with international certification. This will give your Company greater access to markets where this certification is mandatory and will give us edge over competitors in this segment.

Your Company further plans to continue with testing of the aluminium round tube coils and move the project further to industrialization phase. In parallel, prototypes of aluminium coils with inner-grooved tubes will also be produced and tested.

Special focus will be given to development of aluminium micro-channel heat exchangers. Your Company plans to conduct a feasibility study on this product for European market and work in close contact with manufacturers of

brazing furnace to come up with first prototypes of this product using their testing facility. This would simultaneously require selection of software development and programming.

D. FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services and export plans

During the year under review, the Foreign Exchange Earnings and Outgo of the Company are as follows:

Foreign Exchange Earnings

| | | |
|---------------------------|---|----------------------|
| FOB Value of Exports | : | Rs. 1013.82 Millions |
| Interest on Fixed Deposit | : | Rs. 2.69 Millions |

(Balance proceeds from GDR issue parked outside India)

Foreign Exchange Outgo

| | | |
|---------------------------------------|---|----------------------|
| Raw Material | : | Rs. 1339.39 Millions |
| Other Expenditure in Foreign Currency | : | Rs. 4.42 Millions |

ANNEXURE B TO DIRECTORS REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2010

| Name of Employee | Age | Designation | Gross Remuneration (Rs. in million)p.a. | Qualification | Experience (No. of years) | Date of Joining | Last Employment |
|------------------|----------|---------------------|---|-------------------------------------|---------------------------|-----------------|----------------------|
| Mr. B.R. Punj | 64 years | Managing Director | 2.88 millions | B.E. from Brunell University (U.K.) | 39 | 21.09.1987 | - |
| Mr. A.K. Roy | 60 years | Whole Time Director | 4.14 millions | B.E. (Mechanical) | 38 | 6.09.1996 | Escorts Tractor Ltd. |



MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC ENVIRONMENT

After two difficult years, the Indian economy seems to be on a recovery path for the last few months. So far the growth momentum is still modest but most macro-economic indicators have been picking up. The revival in consumption boosted the industry and services sectors in the economy. The index of industrial production (IIP) continued its upward trend since June 2009 growing by 10.4% in 2009-10. The manufacturing sector and capital goods industry made a significant contribution to the growth of the economy. It was also a year of reckoning for the policymakers, who had taken a calculated risk in providing substantial fiscal expansion to counter the negative fallout of the global slowdown. There was a sluggish export recovery and a slowdown in financial flows into the economy.

Most economic forecasters expect 2010-11 growth to be higher than last year, with the second half significantly better than the first.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2009-10, the estimated total market size for air conditioning in India was around Rs. 10750 crores. Of this, the market for room air conditioners was around 5500 crores and the balance of about Rs. 5250 crores was for central air conditioning, including central plants, packaged/ducted systems and VRF systems.

Two significant trends were in evidence- the industry's movement towards energy –efficient 'Star' rated products, and the higher growth rate in split ACs compared to window ACs.

During the year, the economic slowdown continued to affect certain segments such as retail and builders. However, the air conditioning market witnessed significant growth in segments such as healthcare, hospitality, data centres and education. In addition, infrastructure segments such as airports, power plants, steel and metro rail were unaffected by the economic downturn and project plans were largely on track.

OVERALL COMPANY'S PERFORMANCE

Your Company is India's leading manufacturer of Evaporator and Condenser Coils for Air Conditioners and is also undertaking contract manufacturing of air conditioners, along with designing on behalf of OEM's through captive consumption of its own coils including roof mounted packaged Air conditioners (RMPUs) for Railways.

To meet the growth challenge and to economize on the product cost a new fully integrated manufacturing facility has been set up in Pantnagar, Uttarakhand in a tax free zone with backward integration of major components required for making the air conditioners. This facility has been created to meet the challenge of future by producing the air conditioners and components under one roof.

The Bureau of Energy Efficiencies (Ministry of Power, Government of India) has made energy labeling mandatory w.e.f. January 7, 2010. With this legislation finally getting implemented, Lloyd has spruced up its product portfolio and has introduced extensive range of 'Star' rated air conditioners for window and wall mounted split air conditioners. Following its pioneering launch of energy-efficient air conditioners, your company continued to hold the high ground in this market.

Further to meet the challenge of the energy consumption and to upgrade the product performance and reliability your Company is planning to set-up a AC test lab and the same is expected to be operational in the year 2010-11. This integrated air conditioning test facility which will help your company in developing product upto 5 tonnes capacity will give more strength to the R&D activities by developing products, going beyond energy efficiency norms specified by BEE (Bureau of Energy Efficiencies) in time to come.

Keeping in view, the Governments' proposal for phasing out the CFC (Chlorofluoro Carbon) refrigerant, your company has already initiated the process of developing products with hydro carbon (R290 refrigerant) which is totally non CFC. Your company has developed special coil which are used for refrigeration cooling system visicooler etc and has become a major supplier of coils for such cooling appliances in the country.

During the year under review, the commercial airconditioning production also commenced with the range upto 17 tonnes. The commercial airconditioners are being made for well known multi national brands and the company foresees robust growth in this segment.

During the year under review, the transport air conditioning business registered good growth in both bus air-conditioning and Rail Transport. Your company has developed new models for Bus Air Conditioners 15-80 seaters and 5 kw to 50 kw capacity units with split and roof top models with Bitzer compressor. Your Company also developed heat exchanger coils for all these models during the year under review. A range of evaporator-condensor-compressor combinations makes for extreme flexibility and customization. All systems use environmentally sound R-134A refrigerant. Your Company is also focusing on OEM's for this business segment.

Your Company bagged orders for Metro Rail air conditioners and the execution of that has also started. We expect metro rail air conditioning business to be strong in times to come as the Metro Rail transport system is getting a boost in most of the metro cities across the countries.

Further to tap the export market for its products, during the year under review your company had opened an office in UAE, Dubai to boost the sale of window and split air conditioners in Gulf and African market.

FINANCIAL PERFORMANCE

In spite of a subdued economic environment, Lloyd performed reasonably well, mainly due to effective cost control & favorable input costs.

During the financial year ended March 31, 2010, the Total Income of your Company (Standalone) increased from Rs.5879.02 Million during the previous year to Rs.6795.28 Million in the year under review, registering a growth of 15%. The operating profit, before interest and depreciation, amounted to Rs.731.19 Million as against Rs.500.94 Million during the previous year. Net Profit after tax amounted to Rs.343.78 Million as against Rs.203.72 Million during the previous year, registering an increase of 68%.

The Consolidated total income of the Group alongwith Subsidiaries, grew from Rs.7377.93 Million during the previous year to Rs.8190.56 Million in the year under review, registering a growth of 11%. The Consolidated Net Profit after tax amounted to Rs.338.07 Million as against Rs.34.02 Million during the previous year, recording a commendable growth of 890%.

OPPORTUNITIES AND OUTLOOK

With the economic recovery expected to gain momentum in 2010-11, domestic markets are likely to attract new or renewed investment and growth. Those which hold significant opportunities for the Company include healthcare, which attracts both governmental and private investment in hospitals; urban infrastructure, especially metro rail transport, airports and ports; power, steel and manufacturing sectors; and educational/ research institutions. The Company is well placed to seize these opportunities through its proven integrated capabilities.

RISKS AND CONCERNS

Risk management is a part of the strategic business planning and reviews and has assumed increased importance in the volatile times. The company was able to navigate successfully through the volatile business environment and has been able to generate profits because of the strong Risk Management practices.

The Company has in place effective Risk Management framework under which all internal and external risks across all the businesses and functions are periodically identified, assessed and acted upon by designated risk owners to minimize and mitigate their impact.

The Company continues to satisfactorily address the various financial risks relating to exchange rates, interest rates and credit risks as well as operating risks arising out of high input costs, changes in technology, changes in global scenario, customer preferences, and competitive pressures.

CORPORATE SUSTAINABILITY

We at Lloyd are committed to fulfilling our economic, environmental & social responsibilities while conducting business. Lloyd's commitment to a cleaner and healthier environment extends to all aspects of corporate activity.

Your Company is highly committed to the cause of protecting environment. Energy efficiency of its products remains a corner stone of its development efforts.

At Czech Operations in Europe, safety health and environment are integrated in Lloyd Coils Europe and Janka Engineering s.ro. Company's strategy. The environmental aspects are taken seriously and Company's operations at Czech Republic are a promoter of advanced technical solutions in heat transfer that lead to reduced energy consumption and lesser impact to the environment. During the year under review the group has actively participated in design optimization of its own products as well as in improvement of products of their own customers, always with the goal to reduce raw materials consumed in the process and to supply product with lower energy requirements during its life time.

Your Company maintains the highest standards of corporate ethics with a transparent governance structure and we constitute significantly to the sustainable growth of our neighboring communities.

Conservation of resources like water, energy management and reduction in waste are also areas of continuous improvements throughout the Group, while the switch to eco-friendly raw materials has been an ongoing process.

Internal Control Systems and their Adequacy

The Company has adequate internal control system that is commensurate with the size and nature of the business and covers all financial and operating functions. The Internal Control System consists of set of rules, procedures and organizational structure which aims to ensure that:

- Corporate strategy is implemented.
- All assets and resources are acquired economically, used efficiently and are adequately protected.
- Significant financial, managerial and operating information is accurate, reliable and is provided timely,
- All internal policies and statutory guidelines are complied with.

The effectiveness of the internal controls is continuously monitored by the Audit Division of the Company. The scope of Internal Audit extends to all functions and locations of the Company.

Material Development in Human Resources/Industrial Relations

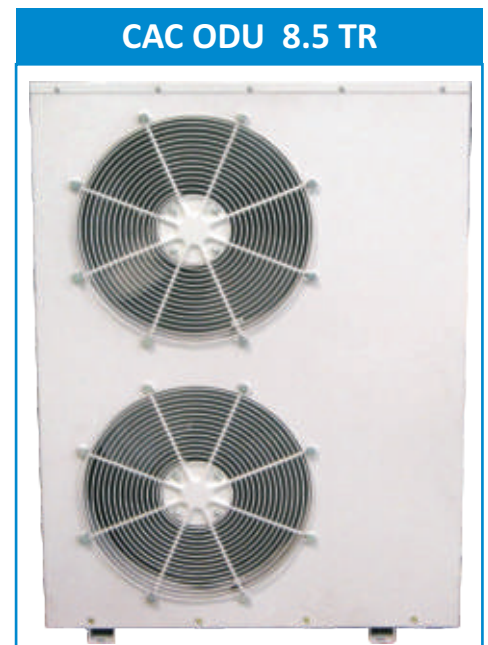
Your company appreciates significant contribution made by every employee of the Company through their dedication, hard work and commitment towards the success and growth of the Company. Their expertise and capabilities win the work, perform the work, create value for the customers and generate loyalty. Our core values are linked: people deliver value to customers, Customers bring growth to the business, and growth offers opportunities to our people. Lloyd has an environment that is flexible to change and open to innovation. Your Company continued to implement best practices and innovative initiatives. Human Resources initiatives focused on capability and capacity building.

Your Company has maintained harmonious and cordial industrial relation to safeguard the interest of employer and the employees and to ensure industrial peace and higher productivity throughout the year. Satisfaction of employees at the work place is one of the priorities of your company.

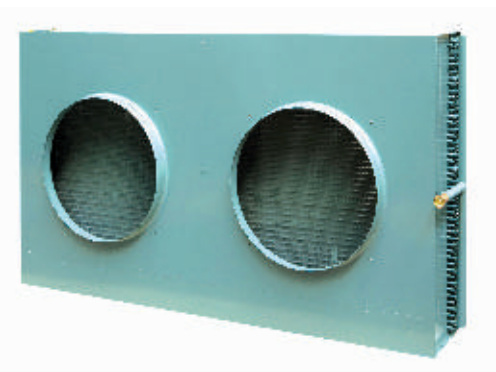
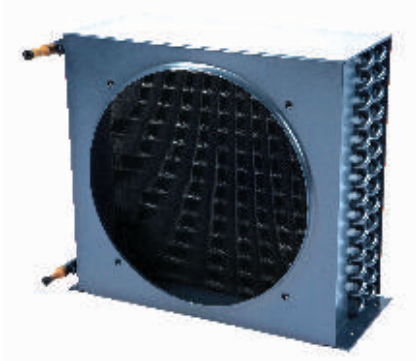
CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectation or predictions may have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual Performance may differ substantially and materially from those express or implied. Important developments that could affect your Company's operations includes down trend in the industry in which it operates, significant changes in political and economic environment in India, Tax laws, labour relation, Foreign exchange fluctuation, interest rates or other cost.

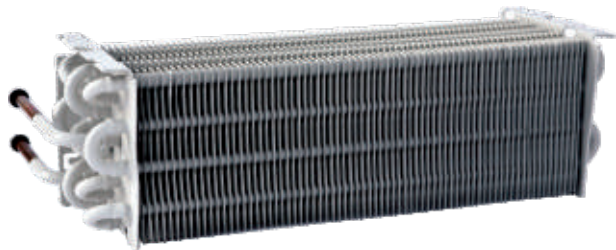
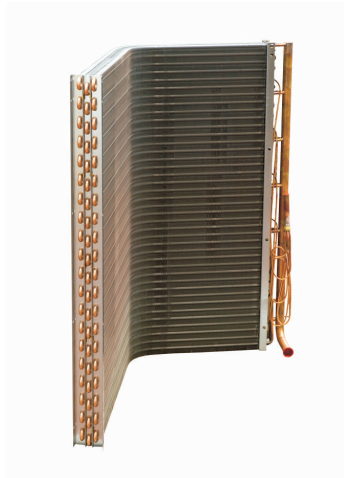
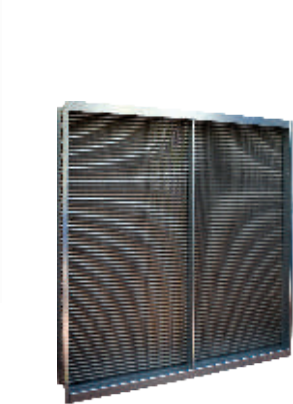
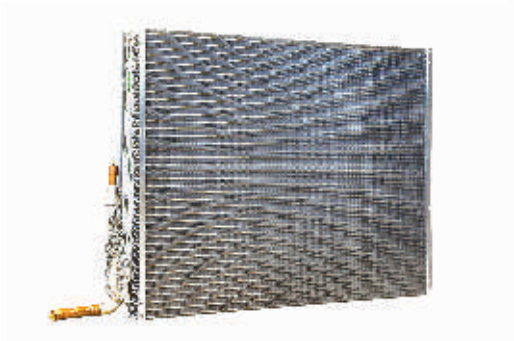
products & brands...



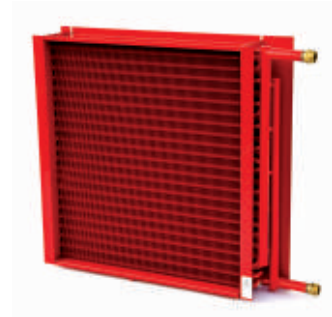
Condenser Coils



Evaporator Coils



Water And Glycol Coils



Air Handling Units



Our Installations

Roof top Air Conditioners





CORPORATE GOVERNANCE REPORT

In Compliance with Clause 49 of the Listing Agreement, your company has implemented good Corporate Governance practices in true Spirit.

Corporate governance is more about the values and beliefs of the organization. It portrays the culture and policies followed by the company. The basic objective of this report is to ensure accountability of the Directors and Management and maintain transparency in the functioning of the organization. It is our constant endeavor to retain and enhance the trust of the stakeholders.

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Effective Corporate Governance is necessary to maintain public trust, to achieve business success and optimum return for stakeholders. Corporate Governance is the application of best management practices, compliances of various laws and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharge of social responsibility. It further inspires and strengthens investors' confidence and commitment to the Company. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders, employees, other associated persons and the society at large. The Company's core values are based on better performance, increasing shareholder's value.

In Lloyd Group, the Management and Employees of the Company are committed to value transparency, integrity, honesty and accountability. Management and Employees of the Company comprises of hard core professionals who are committed to their work and owes the capability to take the Company forward even in a tough competitive business environment. Due to their effective accountability they turn opportunities into success for the betterment of the Company and its Stakeholders.

Your Company is open, accessible and consistent with its communication. Lloyd shares a long term perspective and firmly believes that Good Corporate Governance practices underscore its drive towards competitive strength and sustained performance. Thus, overall Corporate Governance norms have been institutionalized as an enabling and facilitating business process at the board, management and at all operational levels.

Good governance is about doing the right things in the right way for the company and its stakeholders. This has always been our priority.

II. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served.

a) Composition

The Board of Directors of the Company represents an optimum combination of Executive Directors and Non Executive Independent Directors which ensures the independence in functioning and decision making. Your Board

exercises its fiduciary responsibilities in the widest sense of the term and all the directors possess relevant experiences and expertise in their respective fields.

As on March 31, 2010 the Board comprised of Seven Directors, of which Four were Non Executive Independent Directors.

The composition of the Board of Directors is in conformity with the stipulation laid down in the code of Corporate Governance recommended by SEBI (Securities and Exchange Board of India) through clause 49 of the Listing agreement of the stock exchanges and as per the provisions of the Companies Act, 1956.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a director. The necessary disclosure regarding directorship and committee positions have been made by the Directors who are on the board of the Company as on March 31, 2010.

b) Meetings of the Board

The Board meets at least once in every quarter inter alia to review the quarterly results. Additional meetings are held whenever required. The Company Secretary prepares the agenda papers together with explanatory notes, in consultation with the Chairman & Managing Director and the same is circulated well in advance to all the directors. Presentations to the board members are made on the business operations by respective business units. Minutes of the proceedings of the Meetings of the Board of Directors are noted and draft minutes are circulated amongst the members of the Board for their perusal. Comments, if any, received from the directors are also incorporated in the minutes, in consultation with the Chairman & Managing Director.

During the year under review, Five (5) board meetings were held on the following dates:

- April 29, 2009
- June 29, 2009
- July 30, 2009
- October 30, 2009
- January 28, 2010

The intervening period between two Board Meetings was well within the maximum time gap of four months, as prescribed under Code of Corporate Governance.



Composition, Category and Attendance of Directors at Board Meetings, Last Annual General Meeting and number of other Directorships and chairmanships/memberships of Committees of each director in various companies as on March 31, 2010 are as follows:

| S.No | Name of the Directors | Category of Directorship | No.of Board Meetings attended | Last AGM attended | No.of Directorships in other Public Companies # | No.of Committees Positions held in other Public Companies@ | |
|------|--------------------------|-------------------------------------|-------------------------------|-------------------|---|--|--------|
| | | | | | | Chairman | Member |
| 1 | Mr.Brij Raj Punj | Chairman and Managing Director | 5 | Yes | 2 | - | 1 |
| 2 | Mr.A.K.Roy | Whole Time Director | 5 | Yes | - | - | - |
| 3 | Mr.Mukat Behari Sharma* | Whole Time Director | - | No | - | - | - |
| 4 | Mr.S.K.Sharma | Non- Executive Independent Director | 5 | No | 1 | | 1 |
| 5 | Mr.K.Lall | Non- Executive Independent Director | 5 | Yes | 3 | 2 | |
| 6 | Dr.Geeta Ajit Tekchand** | Non- Executive Independent Director | 1 | No | - | - | - |
| 7 | Mr.Mahesh Sreenivasan*** | Nominee- IFCI | 2 | No | - | - | - |

Ceased to be director

| | | | | | | | |
|--|-----------------------|--------------|---|----|---|---|--|
| | Ms.Rashmi Sachdev *** | Nominee-IFCI | 2 | No | - | - | |
|--|-----------------------|--------------|---|----|---|---|--|

Notes:

#Other directorships does not include directorships in private companies, foreign companies, companies under section 25 of the Companies Act, 1956

@ Includes only Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies

* Mr.Mukat Behari Sharma was appointed as Additional and Whole Time Director w.e.f.January 28, 2010

** Ms.Geeta Ajit Tekchand was appointed as additional non executive independent director w.e.f.January 28, 2010

*** IFCI Ltd. has nominated Mr.Mahesh Sreenivasan as director of the Company in place of Ms.Rashmi Sachdev w.e.f.October 30, 2009

During the Financial year ended March 31, 2010, the Company has not entered into any transaction with its Non Executive Directors, which establishes any pecuniary relationship with them. Thus the requirement of Clause 49, pertaining to independence of Non Executive Directors has been duly complied with.

III. **AUDIT COMMITTEE**

The Audit Committee is established with the aim of enhancing confidence in the integrity of an organisation's processes and procedures relating to internal control and corporate reporting including financial reporting. Audit Committee provides an 'independent' reassurance to the board through its oversight and monitoring role.

The functioning and the terms of reference of the audit committee including roles, powers and duties, quorum for meeting and frequency of meetings have been devised keeping in view the requirements. Audit Committee has been constituted in accordance with section 292A of the Companies Act 1956 and the guidelines set out in the listing agreement with the Stock Exchanges.

Terms of Reference

The Audit Committee has inter-alia the following mandate:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing the financial statements and draft audit report, including quarterly/ half yearly financial information.
- Reviewing with management, the annual financial statements before submission to the Board.
- Reviewing the risk management mechanisms of the Company.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems, compliance with Company's policies and applicable laws and regulations.
- Reviewing statement of significant related party transactions, management letter/ letters of internal control weakness and appointment, removal and terms of remuneration of the Internal Auditor.

Composition

The constitution, powers, duties and responsibilities of the Audit Committee are in line with clause 49 of the Listing Agreement with the Stock Exchanges in India. The Audit Committee comprises of three directors out of which two are non executive independent directors and one Whole Time Director who have financial/ accounting acumen to specifically look into the internal controls and audit procedures.

Meetings

During the year under review, the audit committee met five (5) times on the following dates:

- April 13, 2009
- June 29, 2009
- July 30, 2009
- October 30, 2009
- January 28, 2010

As on March 31, 2010, the Composition and attendance of the members at the meetings were as follows:

| Name of Director | Designation | Category of Director | No. of Meetings Held | No. of Meetings attended |
|------------------|-------------|-------------------------------------|----------------------|--------------------------|
| Mr. K. Lall | Chairman | Independent Non- Executive Director | 5 | 5 |
| Mr. S. K. Sharma | Member | Independent Non- Executive Director | 5 | 5 |
| Mr. A. K. Roy | Member | Whole Time Director | 5 | 5 |

The Company Secretary acts as the Secretary to the Audit Committee.

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Adequate Quorum was present at all the meetings.

IV. REMUNERATION COMMITTEE

The Remuneration Committee is a non- mandatory requirement of Clause 49 of the Listing Agreement. The Company has constituted the same, keeping in view its philosophy of voluntary transparency in operations.

Terms of Reference

The Remuneration Committee has been constituted by the Board to review and grant annual increments, vary and/ or modify the terms and conditions of the appointment/ re-appointment including remuneration and perquisites, commission etc. payable to Managing Directors and Whole Time Directors within the overall ceiling of remuneration as approved by the members.

Composition

The constitution of the Remuneration Committee during the financial year ending March 2010 was as follows:

| S.No. | Name of Directors | Status | Category of Director |
|-------|-------------------|----------|--------------------------------|
| 1. | Mr.S.K.Sharma | Chairman | Independent and Non- Executive |
| 2. | Mr.K.Lall | Member | Independent and Non- Executive |
| 3. | Mr.A.K.Roy | Member | Whole Time Director |

Company Secretary acts as the secretary to the Committee.

Meetings and Attendance during the year

The Remuneration Committee met on January 28, 2010. The necessary quorum was present at the meeting

| Members | Meetings Held | Meetings Attended |
|---------------|---------------|-------------------|
| Mr.S.K.Sharma | 1 | 1 |
| Mr.K.Lall | 1 | 1 |
| Mr.A.K.Roy | 1 | 1 |

REMUNERATION POLICY

Executive Director

The Remuneration Committee fixes the remuneration of the Executive Directors after considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, etc. The remuneration structure comprises Basic salary, commission, Perquisites and Allowances etc.

The details of remuneration paid to Executive Directors during the financial year ended March 31, 2010

| S. No. | Name of the Directors | Salary(Rs.) | Perquisites and other benefits (Rs.) | Commission(Rs.) | Total(Rs.) |
|--------|-------------------------|-------------|--------------------------------------|-----------------|------------|
| 1. | Mr. Brij Raj Punj | 18,00,000 | 10,80,000 | - | 28,80,000 |
| 2. | Mr. A. K. Roy | 31,80,000 | 9,60,000 | - | 41,40,000 |
| 3. | Mr. Mukat Behari Sharma | 9,70,000 | 6,17,854 | - | 15,87,854 |

Non-Executive Directors

The Non- Executive Directors have not drawn any remuneration from the Company, except sitting fees for attending meetings of the Board.

During the year under review, following sitting fees was paid to the Non –Executive Directors:

| Name of Director | Sitting Fees(Gross)(Rs.) | Total(Rs.) |
|---------------------------------------|--------------------------|------------|
| Mr.K.Lall | 30,000 | 30,000 |
| Mr.S.K.Sharma | 30,000 | 30,000 |
| Dr.Geeta Ajit Tekchand | 10,000 | 10,000 |
| Ms.Rashmi Sachdev Nominee-IFCI * | 10,000 | 10,000 |
| Mr.Mahesh Sreenivasan Nominee- IFCI * | 15,000 | 15,000 |

* IFCI has nominated Mr.Mahesh Sreenivasan as Director of the Company in place of Ms.Rashmi Sachdev w.e.f.October 30,2009

Details of shareholding of Non Executive Directors as at March 31,2010

| Name of Director | Shareholding(No.of Shares) |
|--------------------------------------|----------------------------|
| Mr.K.Lall | 1500 |
| Mr.S.K.Sharma | Nil |
| Dr.Geeta Ajit Tekchand | Nil |
| Mr.Mahesh Sreenivasan Nominee-IFCI * | Nil |

V. SHARE TRANSFER AND INVESTOR' GRIEVANCE COMMITTEE

The Company has a Share Transfer and Investors Grievance Committee to oversee Investors grievances and redressal mechanism and recommends measures to improve the level of Investors' services and to look into and decide matters pertaining to share transfers, duplicate share certificates and related matters.

Terms of Reference

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders complaints related to

transfer of shares, non-receipts of Balance Sheet, non- receipts of declared dividend etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulation, 1992. To expedite the process of share transfers, the Board has delegated the power of share transfer to Skyline Financial Services Private Limited viz. Registrar and Share Transfer Agent who attends to the share transfer formalities

Composition and Attendance

The Committee comprises of four (4) Directors, two (2) of them being Executive Directors. The Chairman of the Committee is an Independent Non- Executive Director. The present Composition of this Committee as at March 31, 2010 was as follows:

| S.No. | Name of Directors | Status |
|--------------|--------------------------|---------------|
| 1. | Mr.K.Lall | Chairman |
| 2. | Mr.Brij Raj Punj | Member |
| 3. | Mr.A.K.Roy | Member |
| 4. | Mr.S.K.Sharma | Member |

The Committee meets atleast thrice a month to consider all matters concerning transfers/ transmission of shares, issue of duplicate share certificates and new certificates on split/ consolidation etc. During the year ended March 31, 2010 the Committee met Thirty Four (34) times.

During the financial year 2009- 2010, the company received 36 complaints from various Investors'/Shareholders' relating revalidation of Dividend Warrants/ Change of bank account details/ Annual Report/ Transfer of Shares/ Dematerialisation etc. The complaints were duly attended to the satisfaction of the Investors. No Investor complaint was pending as on March 31, 2010.

Company Secretary acts as the secretary to the Committee.

VI. SUB-COMMITTEE OF DIRECTORS

The Company has constituted a Sub-Committee of Board of Directors for taking some decision of routine nature confirming the smooth functioning with respect to day to day affairs of the company. The committee consists of three directors namely, Mr. Brij Raj Punj as Chairman and Mr. K. Lall & Mr. S. K. Sharma as Members of the committee.

The committee meets at regular intervals to decide upon matters of urgent and routine nature to support the functioning of the Board of Directors in an efficient way. The proceedings of the committee are placed before the Board of Directors in their next meeting for noting and ratification.

Company Secretary, acts as the secretary to the Committee.

VII. GENERAL BODY MEETING

Details of the last three Annual General Meetings of the Company are as follows:

| Financial Year | Date & Time | Venue | Special Resolution passed |
|----------------|------------------------------------|---|---------------------------|
| 2008-2009 | September 25, 2009 at 9.00 a.m. | Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan. | None |
| 2007-2008 | September 29, 2008 at 4.00 p.m. | Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan. | None |
| 2006-2007 | September 29, 2007 at 9.00 a.m. | Regd. Office: A – 146 (B & C), RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan. | None |

No Special Resolution was passed in the last three Annual General Meeting.

No resolution was passed through postal ballot in 2009-10. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through postal ballot.

VIII. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Employees of the Company. The Code of Conduct has already been posted on the website of the Company for general viewing. (www.lloydengg.com)

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct on annual basis. The Annual Report contains a declaration to this effect signed by the Chairman & Managing Director.

IX DISCLOSURES

- a) The details of transaction with related parties are given in the Notes on Accounts attached with financial statements for the year ended March 31, 2010. There were no transactions with related parties, which are likely to have potential conflict with the interest of the Company at large.
- b) No penalties were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority in any matters related to the capital markets during the last three years.
- c) The Company remains committed to the cause of maintaining fair dealing in all its transactions. In furtherance of this philosophy, the Company has constantly ensured that any immoral or unethical activity could be reported by any of its employees directly to the members of the senior management or the Audit Committee, with adequate safeguards against victimizing the whistle-blower.
- d) Your Company recognizes the role of prompt reporting of crimes- technological or otherwise- for moving towards transparent governance. The Company declares that there have not been any known instances of technological frauds detected in the Company.
- e) Your Company has complied with all the mandatory requirements of clause 49 of the listing Agreement, as applicable. Of the Non mandatory requirements of clause 49, the Company has adopted the requirement of a Remuneration Committee. Your Company is committed towards complying with clause 49 as a whole and will take suitable measures as and when possible.

- f) Risks are an imminent part of business and the industry. Your Company maintains multi dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operations. In addition, they exchange information and participate in important management initiatives and decisions through regularly scheduled meetings. Strictly adhering to this management structure and system, the Company is implementing measures that are intended to detect potential risks at an early stage. In its efforts to minimize business risk and eliminate risks that may have significant social impact, such as those related to corporate ethics and compliance, the environment and product quality, the Group is fulfilling its responsibilities towards stakeholders.
- g) Business is done with a social measure of social accountability and the concept of giving back fair measure to the society. Your Company has always been conscious of the development in its environment and is taking small but sure steps towards fulfilling its Corporate Social Responsibility (CSR) such as cutting down wasteful expenditure, an environmentally friendly working environment and encouraging innovation in all areas of operation.

X. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms the part of the Annual Report and is given separately.

XI. MEANS OF COMMUNICATION

| | |
|---|---|
| Financial Results | Quarterly & Annual Results are published in prominent daily newspapers viz. The Pioneer (Delhi), Adhikar (Jaipur) and Economic times (Mumbai & Pune). The results are also posted on the Company's website: www.lloydengg.com . |
| News Releases | Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.lloydengg.com |
| Website | The Company's corporate website is www.lloydengg.com , which provides a comprehensive information about the Company. The Annual Report of the Company alongwith subsidiaries are available on the website. The same is also sent to all the Stock Exchanges where the shares of the Company are listed, for uploading on their own web-site. |
| Annual Report | Annual Report is circulated to all the members and all others entitled thereto like auditors, equity analyst etc. |
| Whether Management Discussion & Analysis report is a part of Annual Report or Not | Yes |
| Whether Shareholder Information Section forms part of the Annual Report | Yes |

XII. GENERAL SHAREHOLDERS INFORMATION

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

b) Annual General Meeting

Date : September 28, 2010
Time : 9.30 AM
Venue : A- 146 (B&C), RIICO Industrial Area,
Bhiwadi, Distt. Alwar, Rajasthan

c) Financial Calendar for the year 2010-2011 (Provisional):

| Declaration of Results for the Quarter ended on | Tentative Date |
|---|----------------------------------|
| Financial Reporting for the quarter ending June 30, 2010 | On or before August 15, 2010 |
| Financial Reporting for the quarter ending September 30, 2010 | On or before November 15, 2010 |
| Financial Reporting for the quarter ending December 31, 2010 | On or before February 15, 2011 |
| Financial Reporting for the quarter ending March 31, 2011 | On or before May 15, 2011 |
| Annual General Meeting for the year ended March 31, 2011 | Before the end of September 2011 |

d) Dates of Book Closure

The dates of book closure shall be from Monday, September 20, 2010 to Tuesday, September 28, 2010 (both dates inclusive)

e) Dividend Payment

The dividend of Re. 1 per equity share for the financial year 2009-10, subject to the approval of the shareholders, has been recommended by the Board of Directors. The same shall be paid on or after 29th September 2010 but within the statutory time limit.

f) Financial Year : 1st April to 31st March

g) Listing of equity shares/ shares underlying GDR's on Stock Exchanges:

The shares of the Company are listed on The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Shares underlying GDRs are listed on London Stock Exchange.

h) Listing Fees to Stock Exchanges:

The Company has paid the listing fees for the year 2010-2011 to the above Stock Exchanges

i) Custodial Fees to Depositories

The Company has paid custodial fees for the year 2010-2011 to National Securities Depository Limited (NSDL) and Central Depository Services (Indian) Limited (CDSL).

**j) Stock Code/ Symbol**

BSE : 517518
 NSE : LLOYDELENG
 LSE : LLD
 ISIN No. : INE245C01019
 Overseas Depository (for GDRs) : The Bank of New York
 Domestic Custodian (for GDRs) : ICICI Bank Limited

k) Unclaimed Dividend

Under the Companies Act, 1956, dividends unclaimed for a period of seven years statutorily gets transferred to the Investor Education and protection fund (IEPF) administered by the Central Government, and therefore cannot be claimed by the investors. The unclaimed dividend upto the financial year 1997 had been transferred to the IEPF and hence no claim shall lie with the Company in respect of the same.

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) to the company confirming non-encashment/non receipt of dividend warrant(s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect of the same.

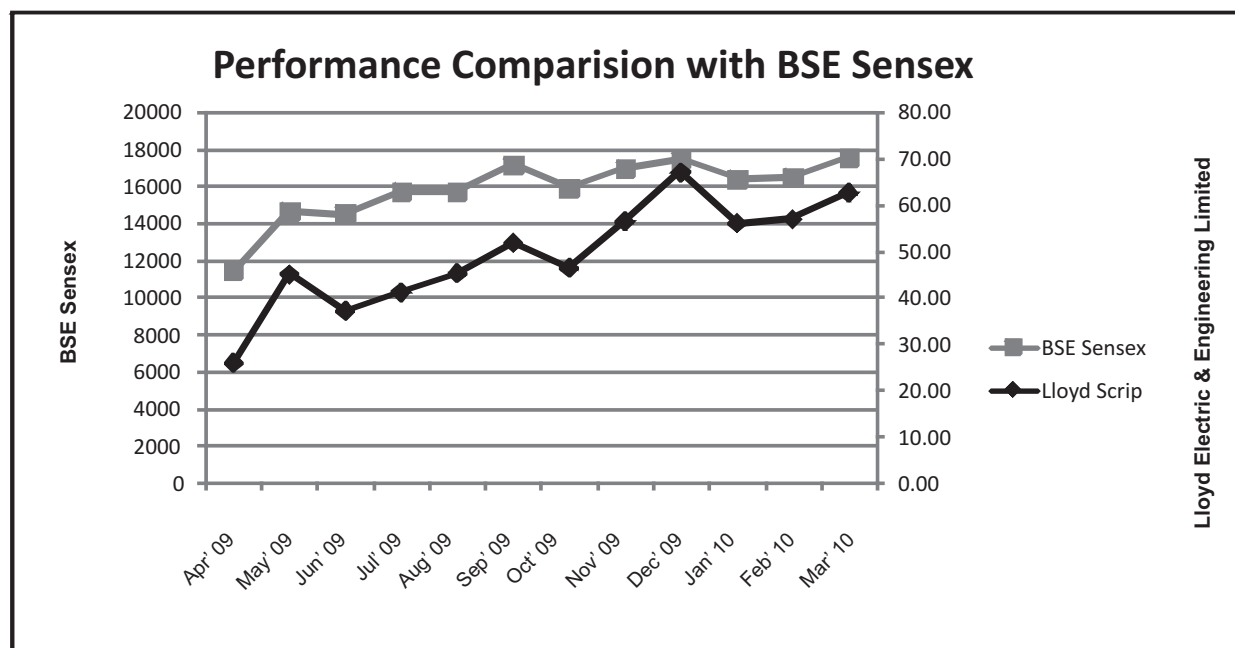
| Financial Year | Date of declaration | Due date for transfer to IEPF |
|---------------------|---------------------|-------------------------------|
| 2005-2006 (Interim) | February 7, 2006 | February 2013 |
| 2005-2006 (Final) | September 30, 2006 | September 2013 |
| 2006-2007 (Final) | September 29, 2007 | September 2014 |
| 2007-2008 (Final) | September 29, 2008 | September 2015 |

l) Market Price Data

Monthly high & low of the equity shares of the Company at BSE and NSE for the year ended March 31, 2010 are as follows

| Particulars | BSE | | | NSE | | |
|---------------------------------------|------------------|-----------------|-------------------|------------------|-----------------|-------------------|
| | High (Rs./share) | Low (Rs./share) | Close (Rs./share) | High (Rs./share) | Low (Rs./share) | Close (Rs./share) |
| Months for the Financial Year 2009-10 | | | | | | |
| April'09 | 33.90 | 18.75 | 25.80 | 34.00 | 19.10 | 25.55 |
| May'09 | 52.00 | 25.00 | 45.05 | 51.60 | 25.10 | 45.20 |
| June'09 | 49.80 | 35.55 | 37.05 | 49.80 | 36.10 | 37.00 |
| July'09 | 42.70 | 27.45 | 41.10 | 42.80 | 27.55 | 41.05 |
| August'09 | 47.70 | 40.30 | 45.20 | 47.80 | 40.00 | 45.15 |
| September'09 | 54.85 | 42.00 | 51.65 | 62.10 | 42.50 | 51.80 |
| October'09 | 54.95 | 43.80 | 46.35 | 54.95 | 45.05 | 46.35 |
| November'09 | 61.80 | 46.10 | 56.35 | 61.65 | 46.20 | 56.20 |
| December'09 | 70.00 | 51.50 | 67.00 | 69.60 | 57.00 | 66.90 |
| January'10 | 75.95 | 51.90 | 55.90 | 75.65 | 53.50 | 56.00 |
| February'10 | 63.80 | 54.00 | 56.90 | 63.65 | 54.15 | 56.90 |
| March'10 | 65.50 | 55.40 | 62.50 | 66.00 | 56.60 | 62.10 |

The performance comparison of Lloyd Electric & Engineering Limited's closing share price in each month with BSE Sensex



m) Share Transfer System

The Board has constituted the share transfer committee and delegated the power of share transfer to the committee. The Committee holds its meeting thrice a month to consider all matters concerning transfer and transmission of shares.

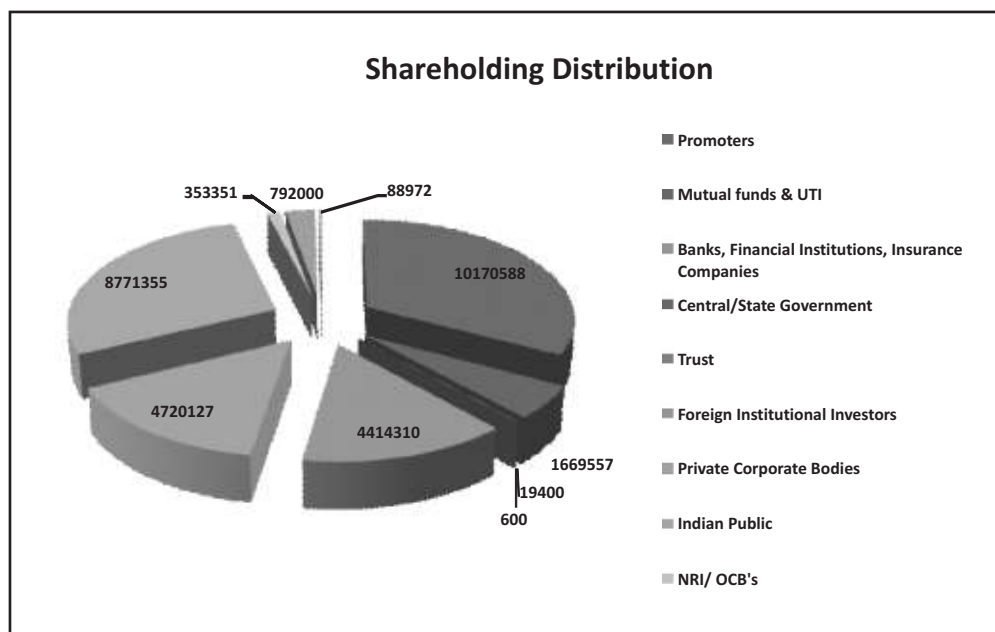
The Company's shares are required to be compulsorily traded on the stock Exchanges in dematerialize mode. Shares in physical mode which are lodged for transfer are processed by Share Transfer agent of the Company- M/s. Skyline Financial Services Private limited. Shares lodged for transfer/ transmissions are registered and returned within stipulated time period.

n) Distribution of shareholding as on March 31, 2010

| No. of Share held of Rs.10 each | No. of Shareholders | %age of Total | No. of Shares | %age of Total |
|---------------------------------|---------------------|----------------|-----------------|----------------|
| Up to 500 | 19124 | 86.46% | 2808344 | 9.06% |
| 501 – 1000 | 1499 | 6.78% | 1233379 | 3.98% |
| 1001 - 2000 | 744 | 3.36% | 1145922 | 3.70% |
| 2001 - 3000 | 236 | 1.07% | 608222 | 1.96% |
| 3001 - 4000 | 120 | 0.54% | 433877 | 1.40% |
| 4001 - 5000 | 109 | 0.49% | 515109 | 1.66% |
| 5001 - 10000 | 146 | 0.66% | 998066 | 3.22% |
| 10001 - & above | 141 | 0.64% | 23257341 | 75.02% |
| Total | 22119 | 100.00% | 31000260 | 100.00% |

o) Shareholding Pattern as at March 31, 2009

| Category | No. of Shares held | % of shareholding |
|--|--------------------|-------------------|
| Promoters | 10170588 | 32.81% |
| Mutual funds & UTI | 1669557 | 5.39% |
| Banks, Financial Institutions, Insurance Companies | 19400 | 0.06% |
| Central/State government | - | - |
| Trust | 600 | 0.00% |
| Foreign Institutional Investors | 4414310 | 14.24% |
| Private Corporate Bodies | 4720127 | 15.23% |
| Indian Public | 8771355 | 28.3% |
| NRI/OCB's | 353351 | 1.14% |
| Shares underlying GDRs | 792000 | 2.55% |
| Others | 88972 | 0.28% |
| Total | 31000260 | 100% |



p) Compliance Officer

Ms. Anita K. Sharma, Company Secretary is the Compliance Officer of the Company.

q) Dematerialization of shares and liquidity

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the Depository Systems in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

The number of issued shares held in dematerialized and physical mode as on March 31, 2010 is as under

| | No. of shares | % of Capital issued |
|-------------------------------------|-----------------|---------------------|
| Held in dematerialized form in NSDL | 18647716 | 60.13% |
| Held in dematerialized form in CDSL | 4145141 | 13.37% |
| Physical | 8220303 | 26.50% |
| Total | 31013160 | 100% |

r) Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity

The outstanding GDRs are backed by underlying equity shares which are part of the existing paid-up capital of the company. 396000 GDRs underlying 792000 equity shares of the company are outstanding as on March 31, 2010. Each GDR represents two underlying equity shares.

s) Plant Locations:

The Company has its manufacturing plant at the following location:

DOMESTIC:

- a) A – 146, (B & C),
RIICO Industrial Area,
Bhiwadi, Distt. Alwar,
Rajasthan – 301 019
- b) Industrial Area,
Kala-Amb, Trilokpur Road,
Sirmour, Nahan
Himachal Pradesh

- c) C-1/1, Industrial Area,
Selakui, Dehradun,
Uttaranchal
- d) Plot No.24
Sector 2, IIE
Sidcul, Pantnagar
Uttarakhand

OVERSEAS (Owned by subsidiaries)

- a) Lloyd Coils Europe s.r.o
Prague-5, Radotin
Vrazaska 143
Postal Code 15300
- b) Janka Engineering s.r.o
vráždžjâ 143
153 00 Praha 5 Radotin
Czech Republic

TRADING OFFICE (Owned by subsidiaries)

Lloyd Electric FZE
P.O.Box:10559
Ras Al Khaimah
United Arab Emirates

t) Shareholders Inquiries

Shareholders correspondence may be directed to the Company's Registrar and Share Transfer Agent, or at the Corporate office of the Company, at the below mentioned addresses:

Registrar & Transfer Agents

Skyline Financial Services Private Limited
D-153 A, First Floor,
Okhla Industrial Area, Phase-I
New Delhi- 110020
Tel : 91-11-26812682, 26812683, 84
Fax : 91-11-26292681
Website: www.skylinerta.com

Corporate Office

159, Okhla Industrial Estate
Phase-III, New Delhi-110020
Tel : 91-11-40627200,
40627300
Fax: 91-11-41609909

u) Investors Grievances:

For the convenience of our investors, the Company has designated exclusive email id viz. investor.relation@lloydengg.com to enable investors to register their complaints.



CODE OF CONDUCT DECLARATION

Declaration Affirming Compliance of provisions of Code of Conduct

To

The Members of Lloyd Electric & Engineering Limited

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board Members and Senior Management personnel of the Company.

For Lloyd Electric & Engineering Ltd.

Date: August 31, 2010

Place: New Delhi

Brij Raj Punj

Chairman & Managing Director

CEO/ CFO CERTIFICATION

The Board of Directors of Lloyd Electric & Engineering Limited

Dear Sirs,

Sub: **CEO/CFO Certificate**

(Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of Lloyd Electric & Engineering Limited for the year ended March 31, 2010 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-2010 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.

We further certify that:

- a) There have been no significant changes in internal control during the year.
- b) There have been no significant changes in accounting policies during the year
- c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Yours sincerely

Mukat B. Sharma

Chief Financial Officer cum Whole Time Director

Brij Raj Punj

Chairman & Managing Director

Dated : August 31, 2010

Place: New Delhi

Auditors' Certificate on compliance of conditions of Corporate Governance

To
The Members of Lloyd Electric & Engineering Limited

We have examined the compliance of conditions of Corporate Governance by Lloyd Electric & Engineering Limited for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For Suresh C. Mathur & Co.
Chartered Accountants**

**Date: August 31, 2010
Place: New Delhi**

**Brijesh C. Mathur
Partner
M. No. : 83540
Firm Registration No. 000891N**



AUDITOR'S REPORT

To
The Members,
Lloyd Electric & Engineering Limited.

We have audited the attached Balance Sheet of **LLOYD ELECTRIC & ENGINEERING LIMITED as at 31st March, 2010** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in Terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in the Paragraph 2 above we report that -
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SURESH C. MATHUR & CO.
Chartered Accountants,
(Firm Registration No. 000891N)
(BRIJESH C. MATHUR)

Place: New Delhi
Dated: August 31, 2010

PARTNER
Membership No.-083540

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 OF LLOYD ELECTRIC & ENGINEERING LIMITED

On the basis of such checks as we considered appropriate and in terms on the information and explanations given to us, we state that

1. The company has maintained records showing full particulars including quantitative details and situation of the Fixed Assets. As per information given to us, the management has verified the Fixed Assets physically. We understand that no discrepancies were noticed on such physical verification.
2. The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
3. According to the informations given to us the Company has not taken any loans, secured or unsecured from Companies, firms, or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. The Company has granted net Rs.1383.35 lakhs to Company, Firms listed in the register maintained u/s 301 of the Companies Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale goods. During the course of our audit no major weakness has been noticed in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public therefore the provision of Section 58A and 58AA of the Companies Act, 1956 are not applicable to the company.
7. In our opinion, the Company has internal audit system, commensurate with the size of the Company and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records u/s 209(1) (d) of the Companies Act 1956 for the products of the company.
9. According to the records of the company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. The disputed matter pending before authority is as under:

| Particulars | Financial Year | Amount (Rs.in Lacs) | Dispute Pending |
|-------------|----------------|------------------------|-----------------------|
| Excise Duty | 2006-2007 | 21.75 | Appellate Tribunal |



10. The company does not have accumulated Losses at the end of the financial year and has not incurred any cash loss during the financial year covered by our audit and the immediate preceding financial year.
11. The company has not defaulted in repayment of dues of financial institution / bank. The Company does not have any outstanding debenture.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the terms & conditions of the guarantees given by the Company for loan taken by the associate/subsidiary Companies from bank are prime facie not prejudicial to the interest of the company.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term, investment and no long-term funds have been used to finance short term assets.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
18. During the year, since the Company has not issued any debentures, paragraphs 4(xix) of the order is not applicable.
19. During the year, the company acquired 100% ownership interest in special purpose vehicle (spv) Janka Engineering s.r.o. The acquisition of Janka Engineering s.r.o. was funded through internal accruals. The total equity contribution is INR 3317.10 lacs as at 31st March, 2010.
20. During the year, the Company has not raised any money by way of public issue.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For SURESH C. MATHUR & CO.
Chartered Accountants,
(Firm Registration No. 000891N)
(BRIJESH C. MATHUR)

Place: New Delhi
Dated: August 31, 2010

PARTNER
Membership No.-083540

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Schedule | | As at 31.03.2010 | As at 31.03.2009 |
|--|----------|-----------|---------------------|---------------------|
| SOURCES OF FUNDS: | | | | |
| SHAREHOLDERS FUNDS | | | | |
| Share Capital | A | 3,100.67 | 3,100.67 | |
| Reserves & Surplus | B | 37,116.36 | 40,217.03 | 37,140.77 |
| LOAN FUNDS | | | | |
| Secured Loans | C | 16,591.25 | 15,361.49 | |
| Unsecured Loans | | 2,500.00 | 19,091.25 | 17,361.49 |
| DEFERRED TAX LIABILITY | | | 777.05 | 457.05 |
| TOTAL | | | 60,085.34 | 54,959.31 |
| APPLICATIONS OF FUNDS: | | | | |
| FIXED ASSETS | | | | |
| Gross Block | D | 26,953.36 | 25,330.09 | |
| Less: Depreciation | | 7,506.74 | 6,337.96 | |
| Net Block | | 19,446.62 | 18,992.13 | |
| Capital Work in Progress | | 1,812.92 | 21,259.54 | 19,967.56 |
| INVESTMENTS | | | | |
| | E | | 7,663.74 | 1,974.92 |
| CURRENT ASSETS, LOAN & ADVANCES | | | | |
| Inventories | F | 15,363.62 | 12,757.15 | |
| Sundry Debtors | G | 18,235.85 | 17,460.74 | |
| Cash and Bank Balances | H | 1,736.83 | 3,249.96 | |
| Loan and Advances | I | 4,384.82 | 6,108.66 | |
| | | 39,721.11 | 39,576.52 | |
| Less : | | | | |
| CURRENT LIABILITIES & PROVISIONS | | | | |
| Current Liabilities | J | 7,100.67 | 4,851.75 | |
| Provisions | K | 2,190.39 | 2,185.49 | |
| | | 9,291.06 | 7,037.24 | |
| NET CURRENT ASSETS | | | 30,430.04 | 32,539.28 |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | L | | 732.02 | 477.55 |
| TOTAL | | | 60,085.34 | 54,959.31 |
| NOTES TO ACCOUNTS | S | | - | - |
| Schedules A to S annexed form an integral part of accounts & are duly authenticated. | | | | |

As per our Report of even date attached

For Suresh C. Mathur & Co.

Chartered Accountants

(Brijesh C. Mathur)

Partner

Membership No. 083540

Firm Registration No. 000891N

For and on behalf of the Board**Brij Raj Punj**
Chairman & Managing DirectorPlace: New Delhi
Date: August 31, 2010**Anita K. Sharma**
Company Secretary**Mukat Sharma**
CFO cum Whole Time Director**A. K. Roy**
Whole Time Director**K. Lall**
Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Schedule | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|--|----------|--------------------------|--------------------------|
| INCOME: | | | |
| Sales | | 68,327.14 | 59,058.68 |
| Less:Excise Duty | | 675.51 | 526.56 |
| Other Income | M | 301.14 | 258.09 |
| Total | | 67,952.77 | 58,790.22 |
| EXPENDITURE: | | | |
| Materials Cost | N | 58,736.29 | 51,801.91 |
| Manufacturing Expenses | O | 565.00 | 479.86 |
| Administrative Expenses | P | 1,172.82 | 1,376.77 |
| Selling Expenses | Q | 166.76 | 122.23 |
| Finance Charges | R | 1,583.64 | 1,447.39 |
| Depreciation | | 1,200.50 | 1,085.05 |
| Total | | 63,425.01 | 56,313.20 |
| PROFIT BEFORE TAXATION | | 4,527.76 | 2,477.02 |
| Less: | | | |
| Provision for Taxation | | 770.00 | 300.00 |
| Deferred Tax for the year | | 320.00 | 127.00 |
| Fringe Benefit Tax | | - | 12.80 |
| PROFIT FOR THE YEAR AFTER TAX | | 3,437.76 | 2,037.22 |
| Balance brought forward from previous year | | 1,738.98 | 51.76 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 5,176.73 | 2,088.98 |
| APPROPRIATIONS | | | |
| Transfer to General Reserve | | 480.00 | 350.00 |
| Proposed Dividend | | 310.00 | - |
| Tax on Proposed Dividend | | 51.49 | - |
| Balance carried to Balance Sheet | | 4,335.24 | 1,738.98 |
| Basic & Diluted Earnings Per Share | | 11.09 | 6.57 |
| Notes forming part of the Accounts | | | |
| Schedules A to S annexed form an integral part of accounts & are duly authenticated. | S | | |

As per our Report of even date attached
For Suresh C. Mathur & Co.
 Chartered Accountants

(Brijesh C. Mathur)
 Partner
 Membership No. 083540
 Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
 Chairman & Managing Director

Place: New Delhi
 Date: August 31, 2010

Anita K. Sharma
 Company Secretary

Mukat Sharma
 CFO cum Whole Time Director

A. K. Roy
 Whole Time Director

K. Lall
 Director

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|---|---------------------|---------------------|
| SCHEDULE - A | | |
| SHARE CAPITAL: | | |
| 1) Authorised Capital: | | |
| 5,00,00,000 Equity Shares of Rs.10/- each (Previous year 5,00,00,000 Equity Shares of Rs.10/- each) | 5,000.00 | 5,000.00 |
| 2) Issued & Subscribed Capital: | | |
| 3,10,13,160 equity shares of Rs. 10/- each | 3,101.32 | 3,101.32 |
| 3) # Paid up Capital: | | |
| 3,10,00,260 equity shares of Rs. 10/- each fully paid up (Previous year 3,10,00,260 equity shares of Rs. 10 each) | 3,100.03 | 3,100.03 |
| Add: Equity Shares forfeited (amount originally paid up) | 0.65 | 0.65 |
| TOTAL | 3,100.67 | 3,100.67 |

Notes:

1. Out of the above equity shares
 - a) Includes 40,00,000 Equity Shares allotted in the year 2006-07 on conversion of warrants issued on preferential basis during the year 2005-06.
 - b) Includes 92,00,000 underlying Equity Shares representing 46,00,000 Global Depository Receipts issued during the year 2005-06.
 - c) in the year 2006-2007 the Company had forfeited 13,300 equity shares due to the non-payment of allotment money. The Board of Directors had annulled the forfeiture of 400 equity shares on receipt of payment advise by the shareholders and accordingly 400 equity shares had been restored back. Subsequent to the annulification of forfeiture, the paid-up equity share capital stands increased to Rs. 310002600 i.e. 31000260 equity shares of Rs. 10/- each fully paid-up.



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | As at 31.03.2010 | | As at 31.03.2009 | |
|---|---------------------|------------------|---------------------|------------------|
| SCHEDULE - B | | | | |
| RESERVES AND SURPLUS: | | | | |
| 1) Capital Reserve (subsidy received against fixed assets) | | 15.00 | | 15.00 |
| 2) Capital Reserve (Share Warrants forfeited by the Company) | | 1,125.00 | | 1,125.00 |
| 3) Revaluation Reserve (land revalued as on 31st March, 1993) | | 35.00 | | 35.00 |
| 4) Securities Premium Account: | | 17,583.74 | | 17,583.74 |
| 5) General Reserve: | | | | |
| Opening balance | 13,542.38 | | 13,192.38 | |
| Add: Transfer from Profit & Loss a/c | 480.00 | 14,022.38 | 350.00 | 13,542.38 |
| 6) Profit & Loss Account As per Profit & Loss Appropriation A/c | | 4,335.24 | | 1,738.98 |
| TOTAL | | 37,116.36 | | 34,040.10 |
| SCHEDULE - C | | | | |
| SECURED LOANS: | | | | |
| 1. Term Loans | | | | |
| From Financial Institution | 1,440.52 | | 1,685.51 | |
| From Scheduled Banks | 1,788.29 | 3,228.81 | 1,320.55 | 3,006.06 |
| 2. Working Capital Loans: | | | | |
| From Banks | | 13,300.81 | | 12,302.05 |
| 3. Loan against Vehicles (secured by hypothecation of vehicle financed) | | | | |
| | | 61.63 | | 53.38 |
| TOTAL | | 16,591.25 | | 15,361.49 |
| UNSECURED LOANS: | | | | |
| Short term Loan from Bank | | 2,500.00 | | 2,000.00 |
| TOTAL | | 2,500.00 | | 2,000.00 |

Note:

- Terms Loans secured by the creation of first mortgage and charge on all the immovable and movable assets, present and future of the Company. (subject to the charge on specified movable assets created/to be created in favour of the Company's bankers by way of security for working capital requirements.)
- The working capital loans, fund based as well as non fund based are secured by way of first hypothecation charge on the stocks/book debts, both present and future and second charge on pari-passu basis on the fixed assets of the Company.
- Short term loan from banks are against Commercial Paper raised by the Company and outstanding as on March 31, 2010.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE- D

FIXED ASSETS:

(Rs. In Lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NETBLOCK | |
|----------------------------|---------------------|-----------------|--------------|--------------------|--------------------|-----------------|--------------|--------------------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Deduction | As at 31.3.2010 | Up to 31.3.2009 | For the Year | Adjustment | Up to 31.3.2010 | As at 31.03.2010 | As at 31.03.2009 |
| 1) Leasehold Land | 233.23 | - | - | 233.23 | - | - | - | - | 233.23 | 233.23 |
| 2) Temporary Constructions | 11.97 | - | - | 11.97 | 11.97 | - | - | 11.97 | - | - |
| 3) Buildings | 1,027.00 | - | - | 1,027.00 | 215.08 | 34.30 | - | 249.38 | 777.62 | 811.92 |
| 4) Plant & Machinery | 23,412.23 | 1,632.46 | 39.73 | 25,004.96 | 5,806.20 | 1,118.23 | 7.50 | 6,916.93 | 18,088.03 | 17,606.03 |
| 5) Office Equipments | 178.35 | 11.98 | 0.49 | 189.84 | 127.91 | 6.26 | 0.10 | 134.07 | 55.78 | 50.45 |
| 6) Vehicles | 418.44 | 72.34 | 54.22 | 436.56 | 164.22 | 38.68 | 24.11 | 178.79 | 257.77 | 254.22 |
| 7) Furniture & Fixtures | 48.86 | 0.93 | - | 49.79 | 12.59 | 3.02 | - | 15.61 | 34.18 | 36.27 |
| TOTAL Rs.. | 25,330.09 | 1,717.71 | 94.44 | 26,953.36 | 6,337.96 | 1,200.50 | 31.71 | 7,506.74 | 19,446.62 | 18,992.13 |
| (Previous Year) | 22,445.10 | 2,898.18 | 13.18 | 25,330.09 | 5,261.85 | 1,085.05 | 8.94 | 6,337.96 | 18,992.13 | 17,183.25 |



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

| Particulars | Face Value | Number of Shares | As At 31.03.2010 (Rs. in Lacs) | Number of Shares | As At 31.03.2009 (Rs. in Lacs) |
|---|------------|------------------|-----------------------------------|------------------|-----------------------------------|
| SCHEDULE - E | | | | | |
| INVESTMENTS: | | | | | |
| Quoted Shares | | | | | |
| Blue Star Ltd. | 2 | 375 | 0.13 | 375 | 0.13 |
| Blue Star Info. Ltd. | 10 | 25 | 0.04 | 25 | 0.04 |
| Castrol (India) Ltd. | 10 | 5 | 0.01 | 5 | 0.01 |
| Chambal Fertilizers & Chem. Ltd. | 10 | 1,000 | 0.20 | 1,000 | 0.20 |
| D.B. International Brokers Ltd. | 10 | 16,600 | 1.66 | 16,600 | 1.66 |
| Dot Com. Global Ltd. | 10 | 24,200 | 0.16 | 24,200 | 0.16 |
| Shardul Securities Ltd. | 10 | 25,600 | 7.68 | 25,600 | 7.68 |
| ACE India Ltd. | 10 | 16,900 | 1.69 | 16,900 | 1.69 |
| Fortis Financial Services Ltd. | 10 | 400 | 0.04 | 400 | 0.04 |
| Glaxo Sithkline Pharmaceuticals Ltd. | 10 | 125 | 0.76 | 125 | 0.76 |
| HDFC Bank Ltd. | 10 | 25 | 0.09 | 25 | 0.09 |
| Hindustan Unilever Ltd. | 1 | 3,850 | 4.63 | 3,850 | 4.63 |
| JSW Steel Limited | 10 | 5,124 | 11.12 | 5,124 | 11.12 |
| Lumax Industries Limited | 10 | 4,600 | 2.68 | 4,600 | 2.68 |
| Panasonic Battery India Ltd. | 10 | 500 | 0.21 | 500 | 0.21 |
| SRG Infotech Limited | 10 | 200 | 0.00 | 200 | 0.00 |
| Sterlite Opticals Limited | 5 | 210 | 0.05 | 210 | 0.05 |
| Subros Limited | 10 | 30 | 0.03 | 30 | 0.03 |
| Tata Chemicals Limited | 10 | 50 | 0.06 | 50 | 0.06 |
| Tata Consultancy Services Limited | 1 | 2,458 | 20.89 | 2,458 | 20.89 |
| Visesh Infotecnics Limited | 10 | 100 | 0.00 | 100 | 0.00 |
| Voltas Limited | 1 | 500 | 0.06 | 500 | 0.06 |
| GHCL Ltd. | 10 | 125,000 | 190.93 | 125,000 | 190.93 |
| Archies Ltd. | 10 | 30,000 | 32.17 | 30,000 | 32.17 |
| Sub-Total (A) Rs. | | | 275.29 | | 275.29 |
| Less: Provision for diminution in value of shares | | | - | | 172.10 |
| | | | 275.29 | | 103.19 |
| Unquoted Shares: | | | | | |
| Lloyd Credits Ltd. | 10 | 300,000 | 30.00 | 300,000 | 30.00 |
| Lloyd Aircon (P) Ltd. | 10 | 350 | 0.04 | 350 | 0.04 |
| Lloyd Manufacturing (P) Ltd. | 100 | 5 | 0.01 | 5 | 0.01 |
| Carrier Aircon Ltd. | 10 | 100 | 0.09 | 100 | 0.09 |
| <u>Advance for investment in share:</u> | | | | | |
| Lloyd Coils LP (USA) | | - | 178.44 | - | 178.44 |
| SBI Mutual Fund | | | 10.00 | | - |
| Subsidiary Company: | | | | | |
| Lloyd Coils Europe s.r.o. | | | 3,784.62 | | 1,595.00 |
| Janka Engineers s.r.o. | | | 3,317.10 | | - |
| Lloyd Eelctric FZE (500000 AED) | 100000AED | 5 | 68.15 | - | 68.15 |
| Sub-Total (B) Rs.. | | | 7,388.44 | | 1,871.73 |
| | | | 7,663.74 | | 1,974.92 |
| Additional Information : | | | | | |
| 1) Aggregate amount of Company's - | | | | | |
| a) Market value of Quoted Investments | | | | | |
| | | | 289.93 | | 103.19 |
| b) Unquoted Investments | | | | | |
| | | | 7,388.44 | | 1,871.73 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|---|---------------------|---------------------|
| SCHEDULE - F | | |
| INVENTORIES: | | |
| (Refer Note No.-I (e) of Schedule-S) | | |
| 1) Raw-materials | 13,701.65 | 11,425.71 |
| 2) Consumables | 94.74 | 48.35 |
| 3) Stock in Process | 583.49 | 148.58 |
| 4) Finished Goods | 234.60 | 536.34 |
| 5) Stock in Transit (At Cost) | 749.13 | 598.17 |
| TOTAL Rs.. | 15,363.62 | 12,757.15 |
| SCHEDULE - G | | |
| SUNDRY DEBTORS: | | |
| (Unsecured considered good by the Management) | | |
| 1) Debts outstanding for a period exceeding six months | 173.76 | 242.03 |
| 2) Other Debts | 18,062.08 | 17,218.71 |
| TOTAL RS... | 18,235.85 | 17,460.74 |
| SCHEDULE - H | | |
| CASH AND BANK BALANCES: | | |
| 1) Cash balance in hand | 11.41 | 24.87 |
| 2) Balances with scheduled banks | | |
| a) in current accounts | 152.57 | 86.99 |
| b) in fixed deposits | 0.25 | 2.12 |
| c) in Fixed Deposit in Foreign A/c | 1,570.34 | 3,112.79 |
| d) Receipt pledged with Bank for margin money (Including Interest) | 1.79 | - |
| e) interest accrued on fixed deposit in foreign accounts replacement | 0.47 | 23.20 |
| TOTAL Rs.. | 1,736.83 | 3,249.96 |



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|---|---------------------|---------------------|
| SCHEDULE - I | | |
| LOAN & ADVANCES : | | |
| 1) Security Deposits | 76.89 | 64.38 |
| 2) Advances recoverable in cash or in kind or for value to be recovered | 1,608.77 | 879.26 |
| 3) Loan to subsidiary company | 60.70 | 1,169.40 |
| 4) Advance Taxes & TDS | 1,255.09 | 1,961.67 |
| 5) Intra Group Accounts (Net) | 1,383.35 | 2,033.95 |
| TOTAL Rs. | 4,384.82 | 6,108.66 |
| SCHEDULE - J | | |
| CURRENT LIABILITIES: | | |
| 1) Sundry creditors | 6,713.73 | 4,432.34 |
| 2) Unclaimed Dividend | 15.54 | 15.66 |
| 3) Other Liabilities | 371.40 | 403.74 |
| TOTAL Rs.. | 7,100.67 | 4,851.75 |
| SCHEDULE - K | | |
| PROVISIONS: | | |
| Provision for Income Tax | 1,687.00 | 2,077.32 |
| Provision for Fringe Benefit Tax | 25.90 | 37.62 |
| Provision for proposed dividend | 310.00 | - |
| Provision for tax on proposed dividend | 51.49 | - |
| Provision for gratuity & leave encashment | 116.01 | 70.56 |
| TOTAL Rs.. | 2,190.39 | 2,185.49 |
| SCHEDULE - L | | |
| MISCELLANEOUS EXPENDITURE: | | |
| (to the extent not written off or adjusted) | | |
| Deferred Revenue Expenses | | |
| Opening balance | 477.55 | - |
| Addition during the year | 254.48 | 477.55 |
| TOTAL Rs.. | 732.02 | 477.55 |

SCHEDULES-PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | | Year Ended 31.03.2010 | | Year Ended 31.03.2009 |
|--|-----------|--------------------------|-----------|--------------------------|
| SCHEDULE - M | | | | |
| OTHER INCOME | | | | |
| 1) Interest Income | | 0.04 | | 12.70 |
| 2) Interest on Foreign Currency Deposit | | 26.95 | | 99.54 |
| 3) Interest from Lloyd Coils Europe s.r.o. | | 156.83 | | 89.72 |
| 4) Interest form Janka Engineering s.r.o. | | 62.09 | | - |
| 5) Misc.Income | | 49.55 | | 52.45 |
| 6) Dividend Income | | 5.67 | | 3.69 |
| TOTAL Rs.. | | 301.14 | | 258.09 |
| SCHEDULE - N | | | | |
| MATERIALS COST: | | | | |
| 1) Raw materials, consumables and components consumed: | | | | |
| a) Opening stocks | 11,474.06 | | 9,530.30 | |
| b) Purchases | 61,137.40 | | 53,859.32 | |
| c) Carriage Inwards | 54.39 | | 54.50 | |
| | 72,665.84 | | 63,444.12 | |
| d) Less: Closing stocks | 13,796.38 | 58,869.46 | 11,474.06 | 51,970.06 |
| 2) Decrease/(Increase) in stocks in process: | | | | |
| a) Opening stock | 148.58 | | 258.49 | |
| b) Less :Closing stock | 583.49 | (434.91) | 148.58 | 109.90 |
| 3) Decrease/(Increase) in finished goods: | | | | |
| a) Opening stock | 536.34 | | 258.28 | |
| b) Less :Closing stock | 234.60 | 301.74 | 536.34 | (278.06) |
| TOTAL.. | | 58,736.29 | | 51,801.91 |
| SCHEDULE - O | | | | |
| MANUFACTURING EXPENSES: | | | | |
| 1) Wages | | 165.04 | | 123.34 |
| 2) Labour Welfare | | 30.59 | | 25.87 |
| 3) Repair and Maintanance | | 28.84 | | 43.62 |
| 4) Power and Fuel | | 165.96 | | 139.61 |
| 5) Factory Overheads | | 82.85 | | 52.39 |
| 6) Factory Rent | | 57.56 | | 72.72 |
| 7) Insurance | | 34.16 | | 22.07 |
| 8) Other Charges | | - | | 0.24 |
| TOTAL.. | | 565.00 | | 479.86 |



SCHEDULES-PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|--|--------------------------|--------------------------|
| SCHEDULE- P | | |
| ADMINISTRATIVE EXPENSES: | | |
| 1) Salary and Allowances | 509.39 | 426.15 |
| 2) Contribution to Provident Fund | 44.96 | 37.73 |
| 3) Staff Welfare | 25.06 | 20.49 |
| 4) Rent, Rates & Taxes | 3.08 | 1.06 |
| 5) Postage, Telegram and Telephones | 32.76 | 25.20 |
| 6) Printing and stationery | 16.32 | 11.79 |
| 7) Audit Fee (including service tax) | 13.79 | 11.58 |
| 8) Legal and professional charges | 103.49 | 82.72 |
| 9) Office maintenance | 9.12 | 15.26 |
| 10) Travel and Conveyance | 122.21 | 72.40 |
| 11) Motor Car Expenses | 34.33 | 37.22 |
| 12) General Expenses | 59.69 | 66.48 |
| 13) Loss on sale of Fixed Assets | 23.72 | 2.04 |
| 14) Loss on foreign exchange fluctuation | 347.01 | 394.55 |
| 15) Diminution in the value of investment | (172.10) | 172.10 |
| TOTAL Rs.. | 1,172.82 | 1,376.77 |
| SCHEDULE - Q | | |
| SELLING & MARKETING EXPENSES: | | |
| 1) Advertisement and publicity | 20.30 | 5.48 |
| 2) Business Promotion | 32.86 | 10.33 |
| 3) Carriage outwards | 67.54 | 77.31 |
| 4) Discount | 27.78 | 6.92 |
| 5) Commission & Incentive | 5.28 | 1.61 |
| 6) Bad debts | 6.25 | 8.84 |
| 7) Foreign Exhibition Expenses | 5.38 | 10.17 |
| 8) Free Samples | 1.37 | 1.57 |
| TOTAL Rs.. | 166.76 | 122.23 |
| SCHEDULE - R | | |
| FINANCE CHARGES: | | |
| 1) Interest on term loans/working capital & Others | 1,431.15 | 1,272.85 |
| 2) Bank charges | 152.49 | 174.54 |
| TOTAL Rs.. | 1,583.64 | 1,447.39 |

SCHEDULE-S

NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation of Financial statements:

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of Companies Act, 1956.

b) Revenue Recognition:

- i) Income and Expenditure are recognized on accrual basis.
- ii) Sales are accounted on dispatch of products and sales value includes excise duty.
- iii) Export sales are accounted on the basis of date of bill of lading.
- iv) Dividend income is recognised when the right to receive the dividend is established.

c) Fixed Assets:

Fixed assets except leasehold land are stated at cost less accumulated depreciation. The cost includes freight, duties, taxes and other incidental expenses related to acquisition and installation. CENVAT claim, if any, on capital goods is reduced from the cost.

d) Depreciation:

- i) Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets added during the year, is calculated on pro-rata basis with reference to the date of installation.

e) Inventory Valuation:

- i) Raw materials and consumables are valued at cost as per the First in First Out (FIFO) method and include(s) customs duty wherever paid, and are net of credit availed under CENVAT scheme.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- iv) Stock in transit lying in customs warehouse is valued at cost but does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.

f) Investments:

Long term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Investments in subsidiary company are of long-term strategic value and the diminution if any in the value of these investments is temporary in nature.

SCHEDULE-S (Contd....)

g) **Foreign currency transactions:**

- Income and Expenses in foreign exchange are accounted at the average rate prevailing during the month of transaction.
- Income and expenses on foreign projects are accounted at average rate for the year.
- Assets purchased are capitalized at rates prevailing on date of purchase
- Balances in foreign bank accounts, Exchange Earners Foreign Currency Account are translated into Indian Rupees at rates prevailing at the year-end.

h) **Retirement Benefits:**

The company's contribution to the provident fund is charged to profit and loss account.

The company's liability in respect of payment of gratuity is provided on accrual basis and actuarial valuation is subject to management.

Leave Encashment: The Company has provided an adhoc provision as accrued liability during the year which is subject to actuarial valuation.

i) **Borrowing Cost:**

Borrowing cost that is directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

j) **Taxation:**

Current Tax:

The tax expenses for the year, comprising current tax is included in determining the net profit for the year.

A Provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Deferred Tax:

Deferred tax liabilities represent the tax effect of temporary differences substantially on account of differences in the written down value of Fixed Assets on account of differing depreciation methods and rates and other timing differences.

k) **Expenditure during construction and on new projects**

In the case of new industrial units and substantial expansion of existing units, all pre operating expenditure specifically for the project, incurred upto the date of installation, is capitalized and added pro rata to the cost of fixed assets.

l) **Management Estimation:**

The financial statements are prepared in conformity with generally accepted accounting principles and applicable accounting standards, which may require management to make estimates and assumptions. These may affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting period. Actual report later could differ from these estimates.

SCHEDULE-S (Contd....)

m) **Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

n) **Segment Reporting:**

The Company is engaged in only one segment i.e. air conditioners and its parts. Hence segment reporting is not applicable.

o) **Earning Per Share:**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

p) **Cash Flow Statement:**

The Cash Flow statement is prepared by the indirect method set out in Accounting standard –3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

q) **Sundry Debtors/Loans & Advances:**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation.

r) **Provisions /Contingencies:**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes on Accounts.

s) **Derivative Instruments:**

The Company has not entered into the derivative instruments. Forward Contract other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange difference arising on such contracts is recognized in the period in which they arise and premium paid/received is accounted as expenses/income over the period of the contract.

t) **Deferred Revenue Expenditure:**

Cost of traveling & Consultancy fees related to Lloyd Coils Europe and Janka Engineering s.r.o. are considered as deferred revenue expenditure.

SCHEDULE-S (Contd....)

II) NOTES TO ACCOUNTS:

1) Contingent liability not provided for:

| Particulars | Current Year (Rs. In lacs) | Previous Year (Rs. In lacs) |
|---|-------------------------------|--------------------------------|
| a) Bank Guarantees | 200.14 | 73.00 |
| b) Corporate Guarantees given against loan taken by related parties | 5000.00 | 7240.00 |
| c) Guarantee of 15 million Euro given by the Company for 12 million Euro Loan availed by Lloyd Coils Europe s.r.o.a wholly owned subsidiary (as at March 31,2010) | 9600.00 | 10122.00 |

2) **Contracts remaining to be executed on capital account and not provided for** 2500.00 2700.00

3) Micro and Small Scale Business Entities:

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount, not there was necessity to pay interest for delayed payment in terms of section 16 of the Micro, Small and Medium Enterprises Development Act.

4) Investment in Subsidiary Company:

During the year, the Company, through its wholly owned subsidiary Janka Engineering s.r.o. (a special purpose vehicle) acquired all assets (no liabilities) of Janka Radotin a.s.. The acquisition cost was funded from internal accruals. Lloyd Electric & Engineering Ltd. Invested Euro 4.71 Million (equivalent to INR 3317.10 lacs) towards capital contribution of Janka Engineering s.r.o. uptill March 31, 2010. Lloyd Electric & Engineering Ltd. hold 100% ownership interest in its overseas subsidiary, Janka Engineering s.r.o.

During the year under review, the Company extended shareholders loan of Euro 1.3 million to its wholly owned subsidiary, Lloyd Coils Europe, which together with the earlier loan outstanding with interest was converted into capital of Lloyd Coils Europe s.r.o. As at 31st March 2010, the company has contributed INR 3784.62 lacs in capital of Lloyd Coils Europe s.r.o.

5) Unquoted investment in subsidiary Company:

Unquote investment in subsidiary companies is of long-term strategic value. In the opinion of the management, the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.

SCHEDULE-S (Contd....)

6) Disclosure as per clause 32 of the Listing Agreement:

Loan given to Subsidiary:

| Name of the Company | Relationship | | Amount Outstanding As on 31.03.2010 (Rs.In lacs) | |
|---------------------------|--------------|---------------------------------|--|-------|
| Lloyd Coils Europe s.r.o. | Subsidiary | Loan | 2189.62 | |
| | | Transfer to Equity (Investment) | 2189.62 | Nil |
| Janka Engineering s.r.o | Subsidiary | Loan | 3311.60 | |
| | | Transfer to Equity (Investment) | 3311.60 | Nil |
| Lloyd Electric FZE | Subsidiary | Loan & Advances | | 60.70 |

7) Capital work in progress:

Capital work in progress amounting to Rs. 1812.92 Lacs.

8) Related Party Disclosures: (in which some Directors are interested)

A. Related Companies:-

| Name of Company | Nature of Relationship (Associate Co/ Subsidiary Co/Directors Interested) |
|--|--|
| Airserco Pvt.Ltd. | Director Interested |
| Fedders Lloyd Corporation Ltd | Director Interested |
| Perfect Radiators & Oil Coolers Pvt.Ltd. | Director Interested |
| PSL Engineering Pvt.Ltd. | Director Interested |
| Regal Information Technology Pvt.Ltd. | Director Interested |

Foreign Subsidiary Company:

| | |
|---------------------------|-----------------|
| Lloyd Coils Europe s.r.o. | 100% Subsidiary |
| Lloyd Electric FZE | 100% Subsidiary |
| Janka Engineering s.r.o. | 100% Subsidiary |

B. Key Management Personnel-

| | |
|------------------|---|
| Mr.Brij Raj Punj | Chairman and Managing Director |
| Mr.A.K.Roy | Whole Time Director |
| Mr.Mukat Sharma | Chief Financial Officer cum Whole Time Director |

C. Transactions with Related Companies

| Transactions | Amount (Rs. In Lacs) |
|------------------------------------|----------------------|
| Sale of goods | 1869.10 |
| Reimbursement of Expenses (in Lac) | 0.18 |
| Advances | 650.59 |

9) The break up of deferred tax assets and liabilities into major components at the year ended as below:

| | |
|-----------------------------------|---------------|
| a) Deferred Tax Liability: | (Rs.in Lacs) |
| Depreciation Difference | 375.45 |
| b) Deferred Tax Asset: | |
| Gratuity & Other Provisions | 55.45 |
| Net Deferred Tax | <u>320.00</u> |

SCHEDULE-S (Contd....)

10) Additional information pursuant to Part II of schedule VI of the Companies Act, 1956:

| | Current Year Amount (Rs.In lacs) | Previous Year Amount (Rs.In lacs) |
|---|--|---|
| a) Payment to Auditors-Audit fee including Service Tax & Cess | 13.79 | 11.58 |
| b) Expenditure in foreign currency: | | |
| Raw Material | 13393.92 | 3577.47 |
| Foreign Traveling | 32.96 | 10.26 |
| Exhibition & other Expenses | 11.25 | 10.17 |
| c) Earning in foreign currency (Export of goods on FOB basis) | 10138.29 | 441.40 |
| d) Interest on Fixed Deposit in Foreign Currency | 26.95 | 99.54 |

e) Capacity Utilization

i) Licensed Capacity

1. Condensing & Evaporator Coil Set
2. Fan coil units /Cooling Unit
3. All types of air conditioners up to 15 ton capacity
4. Sheet Metal (for mfg.coil)
5. Parts of air conditioner/cooling

| | Current Year Quantity (Nos.) | Previous Year Quantity (Nos.) |
|--|---------------------------------|----------------------------------|
| 1. Condensing & Evaporator Coil Set | 12,25,000 | 12,25,000 |
| 2. Fan coil units /Cooling Unit | 10,000 | 10,000 |
| 3. All types of air conditioners up to 15 ton capacity | 6,03,000 | 4,02,000 |
| 4. Sheet Metal (for mfg.coil) | 3,00,000 | 3,00,000 |
| 5. Parts of air conditioner/cooling | 10,000 | 10,000 |

ii) Installed Capacity

(As certified by the Management)

1. Condensing & Evaporator Coil Set
2. Fan coil units /Cooling Unit
3. All types of air conditioners up to 15 ton capacity
4. Sheet Metal (for mfg.coil)

| | Current Year Quantity (Nos.) | Previous Year Quantity (Nos.) |
|--|---------------------------------|----------------------------------|
| 1. Condensing & Evaporator Coil Set | 12,25,000 | 12,25,000 |
| 2. Fan coil units /Cooling Unit | 10,000 | 10,000 |
| 3. All types of air conditioners up to 15 ton capacity | 6,03,000 | 4,02,000 |
| 4. Sheet Metal (for mfg.coil) | 3,00,000 | 3,00,000 |

iii) Actual production

1. Condenser Coil
2. Evaporator Coil
3. Air conditioners (RMPU/WAC/IDU/ODU)

| | Current Year Quantity (Nos.) | Previous Year Quantity (Nos.) |
|--|---------------------------------|----------------------------------|
| 1. Condenser Coil | 695,134 | 521,225 |
| 2. Evaporator Coil | 439,208 | 286,913 |
| 3. Air conditioners (RMPU/WAC/IDU/ODU) | 308,101 | 272,223 |

SCHEDULE-S (Contd....)

f) Quantitative Information:

| Sale Items | Current Year | | Previous Year | |
|-------------------------------------|----------------|------------------------|----------------|------------------------|
| | Qty. (Nos.) | Value (Rs. In Lacs) | Qty. (Nos.) | Value (Rs. In Lacs) |
| Condensing Coil | 703,347 | 4824.03 | 509,857 | 2466.77 |
| Evaporator Coil | 438,299 | 2329.61 | 283,707 | 1457.65 |
| Air conditioners (RMPU/WAC/IDU/ODU) | 308,863 | 22076.08 | 271,616 | 21500.66 |
| Sheet Metal (P & C in Mt) | 63,406 | 34877.56 | 74,110 | 30382.59 |
| Parts, Components | - | 4219.85 | - | 3251.01 |

All the values mentioned above are without excise duty. The excise duty charged on sale amounts to Rs. 675.51 lacs in sales captive consumptions are included. Quantities of condenser coils and evaporator coils are in tonnage for production and sale.

g) Closing Stock:

| Name of the Items | Current Year | | Previous Year | |
|-------------------|----------------|------------------------|----------------|------------------------|
| | Qty. (Nos.) | Value (Rs. In Lacs) | Qty. (Nos.) | Value (Rs. In Lacs) |
| Condensing Coil | 9,074 | 96.35 | 17,287 | 314.45 |
| Evaporator Coil | 8,116 | 65.87 | 7,207 | 103.50 |
| Air conditioners | 326 | 53.03 | 1088 | 112.55 |
| Others | - | 19.35 | - | 5.84 |

h) Consumption of Raw Materials, Components, Spares & Consumables (Used in Manufacturing) and others (in case of compressor quantity includes supplied by customer also).

| Name of the Item | Current Year | | Previous Year | |
|------------------|---------------|------------------------|---------------|------------------------|
| | Qty. (Kg.) | Value (Rs. In Lacs) | Qty. (Kg.) | Value (Rs. In Lacs) |
| Copper Tube | 1,140,705 | 3754.80 | 849,171 | 2278.36 |
| Aluminum Foil | 974,348 | 1289.47 | 845,593 | 816.18 |
| Compressors | 308,101 | 3798.12 | 272,383 | 5394.21 |
| Sheet Metal | 63,760 | 22335.40 | 74,385 | 27800.79 |
| Ac spares | | 27691.66 | | 15680.52 |

i) Consumption of Raw Material, Components Consumables, Spares Parts & others

| | Current Year (Rs. In Lacs) | Previous Year (Rs. In Lacs) |
|------------|-------------------------------|--------------------------------|
| Indigenous | 52297.09 (88.84%) | 47919.37 (92.20%) |
| Imported | 6572.36 (11.16%) | 4050.69 (7.80%) |



SCHEDULE-S (Contd....)

j) Value of Import of Raw Material, Components, spares & Consumables Made During the Year on CIF Basis:

| | Current Year (Rs. In Lacs) | Previous Year (Rs. In Lacs) |
|--|-------------------------------|--------------------------------|
| Raw Material (Including HI – Sea Purchase) | 10640.93 | 4199.75 |
| Capital Goods | 10.26 | 102.12 |

k) Managerial Remuneration Paid to Managing Director and Whole Time Directors:

| | Current Year (Rs. In Lacs) | Previous Year (Rs. In Lacs) |
|----------------------|-------------------------------|--------------------------------|
| Salary | 67.24 | 48.53 |
| Value of Perquisites | 13.07 | 3.85 |
| P.F. | 5.40 | 2.88 |
| Total | 85.71 | 55.26 |

l) Balances of sister concerns are subject to reconciliation & confirmation

m) Basic & Diluted Earnings per Share:

Earnings per share has been computed as under:

| | Current Year | Previous Year |
|---|--------------|---------------|
| Profit after Taxation (Rs. Lacs) | 3437.75 | 2037.21 |
| Number of Ordinary Shares | 31000260 | 31000260 |
| Basic and Diluted Earnings per share (Face Value Rs.10/-per share) | 11.09 | 6.57 |

11) Previous year figures have been regrouped and recast wherever necessary.

12) In the opinion of the Board, the current assets are approximately of the value as stated, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably considered necessary. Income accrued has been accounted for in the books.

13) Schedules "A" to "S" form an integral part of accounts and are duly authorized.

Refer to our Report of even date.

As per our Report of even date attached
For Suresh C. Mathur & Co.
Chartered Accountants

(Brijesh C. Mathur)
Partner
Membership No. 083540
Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
Chairman & Managing Director

Place: New Delhi
Date: August 31, 2010

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. In Lacs)

| Particulars | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|--|--------------------------------|--------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net Profit before tax & Extra-ordinary items | 4,527.76 | 2,477.02 |
| Adjustments: | | |
| Add: | | |
| Depreciation | 1,200.50 | 1,085.05 |
| Provision no longer required | (172.10) | - |
| Interest Paid | 1,431.15 | 1,272.85 |
| Loss/ (Diminution) on sale (in value) of Investment | - | 172.10 |
| Loss on sale of fixed assets | 23.72 | 2.04 |
| | 2,483.27 | 2,532.04 |
| Less: | | |
| Interest Income | (245.92) | (201.96) |
| Dividend Income | (5.67) | (3.69) |
| Profit on sale of Investment | - | - |
| | (251.59) | (205.65) |
| Operating profit before working capital changes | 6,759.44 | 4,803.41 |
| Adjustments for : | | |
| Inventories | (2,606.46) | (918.62) |
| Trade & other receivables | 242.16 | (2,904.76) |
| Trade & other payables | 2,294.38 | (660.31) |
| | (69.93) | (4,483.70) |
| Cash generated from operations | 6,689.51 | 319.71 |
| Direct tax paid | (465.46) | (940.95) |
| Net Cash Flow from Operating Activities | 6,224.05 | (621.24) |
| B Cash Flow from Investing Activities: | | |
| Purchased of fixed assets | (2,555.20) | (1,664.10) |
| Deferred Revenue in respect of acquisition | (254.48) | (477.55) |
| Sale of fixed assets | 39.00 | 2.20 |
| Net Purchase of Investments | (5,516.71) | (1,663.15) |
| Dividend Received | 5.67 | 3.69 |
| Interest received | 245.92 | 201.96 |
| Net Cash Flow from Investing Activities | (8,035.80) | (3,596.95) |
| C Cash Flow from Financial Activities: | | |
| Proceeds from Borrowing | 1,729.77 | 2,002.20 |
| Proceeds from Issue of Share capital | - | - |
| Interest paid | (1,431.15) | (1,272.85) |
| Dividend paid | - | (310.00) |
| Dividend tax | - | (52.68) |
| Net Cash Flow from Financing Activities | 298.62 | 366.66 |
| Net increase in Cash and Cash Equivalents (A+B+C) | (1,513.13) | (3,851.53) |
| Net increase/ decrease in Cash and Cash Equivalents | (1,513.13) | (3,851.53) |
| Opening Balance of Cash and Cash Equivalents | 3,249.96 | 7,101.49 |
| Closing Balance of Cash and Cash Equivalents | 1,736.83 | 3,249.96 |

For Suresh C. Mathur & Co.
Chartered Accountants,

(Brijesh C. Mathur)
(Partner)
Membership No. 083540
Firm Registration No. 000891N

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director

Brij Raj Punj
Chairman & Managing Director

For and on behalf of the Board of Director of
Lloyd Electric & Engineering Ltd.

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Lloyd Electric & Engineering Limited for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company.

For Suresh C. Mathur & Co.
Chartered Accountants,

(Brijesh C. Mathur)
(Partner)
Membership No. 083540
Firm Registration No. 000891N

Place: New Delhi
Dated: August 31, 2010



Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile.

| | | | |
|---|----------------|------------------------------|--|
| I. REGISTRATION DETAILS | | State Code | 17 |
| Registration No. | 12841 | | |
| Balance Sheet | 31032010 | | |
| Date | Day Month Year | | |
| II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS) | | | |
| Public Issue. | N I L | Rights Issue. | N I L |
| Bonus Issue. | N I L | Private Placement. | N I L |
| III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS) | | | |
| Total Liabilities. | 6008533 | Total Assets. | 6008533 |
| SOURCES OF FUNDS | | | |
| Paid Up Capital. | 310067 | Reserves and Surplus. | 3711636 |
| Deferred Tax | 77705 | Secured Loans | 1659125 |
| Unsecured Loans | 250000 | | |
| APPLICATION OF FUNDS | | | |
| Net Fixed Assets (Including Capital Work in Progress). | 2125954 | Investments. | 766373 |
| Net Current Assets. | 3043004 | Misc. Expenditure. | 73202 |
| Accumulated Losses/Profit. | N I L | | |
| IV. PERFORMANCE OF THE COMPANY (AMOUNT RS. IN THOUSANDS) | | | |
| Turnover and Other Income. | 6795276 | Total Expenditure | 6342501 |
| +/- Profit / Loss Before Tax. | +452775 | +/- Profit / Loss After Tax. | +343775 |
| (Please tick appropriate box + for profit, - for Loss) | | | |
| Earning per Share (in Rs.). | 11.09 | Dividend Rate (%). | 10 |
| V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES ON THE COMPANY. (AS PER MONETARY TERMS) | | | |
| Item Code No. (ITC Code). | 84159000 | Product Description. | Condenser, Evaporators coils, Air-conditioner & parts there of |

As per our Report of even date attached
For Suresh C. Mathur & Co.
Chartered Accountants

(Brijesh C. Mathur)
Partner
Membership No. 083540
Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
Chairman & Managing Director

Place: New Delhi
Date: August 31, 2010

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director

**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to
Subsidiary Companies As on 31st March, 2010**

| | | | | |
|---|---|--|---|--|
| 1 | Name of Subsidiary Companies | Lloyd Coils Europe s.r.o. (Prague, Czech Republic) | Lloyd Electric FZE (Ras Al Khaimah, United Arab Emirates) | Janka Engineering s.r.o (Prague, Czech Republic) |
| 2 | Financial Year of the Subsidiary Company ended on | March 31, 2010 | March 31, 2010 | March 31, 2010 |
| 3 | Holding Company's Interest as on the above date | | | |
| | a) Total equity held (Rs. In Lacs) | 3784.62 | 68.15 | 3317.10 |
| | b) Number of shares | - | 5 shares | - |
| | c) Face Value | - | AED: 100,000/- | - |
| | d) Extent of share holding in the subsidiary | 100% | 100% | 100% |
| 4 | Net aggregate amount of the Subsidiary's Profit/Loss so far as it concerns members of Holding Company and not dealt with in the Holding Company's Accounts: | | | |
| | i) For Subsidiary's financial year ended as above (Rs. In Lacs) | 104.12 | (38.92) | (113.67) |
| | ii) For Subsidiary's previous financial years since it became Subsidiary | (1667.60) | N.A. | N.A. |
| 5 | Net aggregate amount of the Subsidiary's Profit/Loss so far as it concerns members of Holding Company and dealt with in the Holding Company's Accounts: | | | |
| | i) For Subsidiary's financial year ended as above | Nil | Nil | Nil |
| | ii) For Subsidiary's previous financial years since it became Subsidiary | | | |
| 6 | Additional information u/s 212(5) | N.A. | N.A. | N.A. |

As per our Report of even date attached
For Suresh C. Mathur & Co.
Chartered Accountants

(Brijesh C. Mathur)
Partner
Membership No. 083540
Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
Chairman & Managing Director

Place: New Delhi
Date: August 31, 2010

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director



Consolidated Financial Statements

- ▲ **Auditors Report on Consolidated Accounts**
- ▲ **Consolidated Balance Sheet**
- ▲ **Consolidated Profit & Loss Account**
- ▲ **Consolidated Cash Flow Statement**

Auditors' Report on Consolidated Financial Statements

To The Board of Directors

Lloyd Electric & Engineering Limited

We have audited the attached Consolidated Balance Sheet of Lloyd Electric & Engineering Limited ("the Company") and its subsidiaries as at 31st March, 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Lloyd Coils Europe s.r.o., Janka Engineering s.r.o. and Lloyd Electric FZE (100% subsidiaries of Lloyd Electric & Engineering Limited). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2010;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiaries for the year then ended.

For Suresh C. Mathur & Co.
Chartered Accountants,
(Firm Registration No. 000891N)

Brijesh C. Mathur
Partner
Membership No.-083540

Place: New Delhi
Dated: August 31, 2010



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Schedule | As at 31.03.2010 | As at 31.03.2009 |
|--|----------|---------------------|---------------------|
| SOURCES OF FUNDS: | | | |
| SHAREHOLDERS FUNDS | | | |
| Share Capital | A | 3,100.68 | 3,100.68 |
| Reserves & Surplus | B | 36,048.35 | 33,692.19 |
| | | 39,149.03 | 36,792.87 |
| LOAN FUNDS | | | |
| Secured Loans | C | 23,301.25 | 23,682.28 |
| Unsecured Loans | | 2,500.00 | 2,000.00 |
| | | 25,801.25 | 25,682.28 |
| DEFERRED TAX LIABILITY | | 1,538.11 | 1,228.99 |
| TOTAL | | 66,488.38 | 63,704.14 |
| APPLICATIONS OF FUNDS: | | | |
| FIXED ASSETS | | | |
| Gross Block | D | 41,393.85 | 34,327.87 |
| Less: Depreciation | | 13,154.48 | 6,985.09 |
| Net Block | | 28,239.37 | 27,342.78 |
| Capital Work in Progress | | 1,812.92 | 975.43 |
| | | 30,052.29 | 28,318.21 |
| INVESTMENTS | E | 493.87 | 379.92 |
| CURRENT ASSETS, LOAN & ADVANCES | | | |
| Inventories | F | 17,258.36 | 14,324.60 |
| Sundry Debtors | G | 22,855.18 | 20,776.87 |
| Cash and Bank Balances | H | 2,845.38 | 3,844.93 |
| Loan and Advances | I | 4,768.86 | 5,307.37 |
| | | 47,727.78 | 44,253.77 |
| Less : | | | |
| CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | J | 10,291.32 | 7,493.31 |
| Provisions | K | 2,296.23 | 2,232.00 |
| | | 12,587.55 | 9,725.31 |
| NET CURRENT ASSETS | | 35,140.23 | 34,528.46 |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | L | 801.98 | 477.55 |
| TOTAL | | 66,488.38 | 63,704.14 |
| NOTES TO ACCOUNTS | | | |
| Schedules A to S annexed form an integral part of accounts & are duly authenticated. | S | | |

As per our Report of even date attached

For Suresh C. Mathur & Co.

Chartered Accountants

(Brijesh C. Mathur)

Partner

Membership No. 083540

Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj

Chairman & Managing Director

Place: New Delhi

Date: August 31, 2010

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Schedule | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|--|----------|--------------------------|--------------------------|
| INCOME: | | | |
| Sales | | 82,388.43 | 72,861.72 |
| Less:Excise Duty | | 675.51 | 526.56 |
| Other Income | M | 192.73 | 1,444.16 |
| Total | | 81,905.65 | 73,779.32 |
| EXPENDITURE: | | | |
| Materials Cost | N | 66,669.11 | 62,519.37 |
| Manufacturing Expenses | O | 3,805.55 | 2,465.44 |
| Administrative Expenses | P | 2,656.39 | 2,305.47 |
| Selling Expenses | Q | 466.82 | 124.99 |
| Finance Charges | R | 1,843.83 | 3,987.34 |
| Depreciation | | 1,973.56 | 1,732.18 |
| Total | | 77,415.25 | 73,134.79 |
| PROFIT BEFORE TAXATION | | 4,490.40 | 644.53 |
| Less: | | | |
| Provision for Taxation | | 775.38 | 329.06 |
| Deferred Tax for the year | | 334.27 | (37.60) |
| Fringe Benefit Tax | | - | 12.80 |
| PROFIT FOR THE YEAR AFTER TAX | | 3,380.74 | 340.27 |
| Balance brought forward from previous year | | 42.03 | 51.76 |
| | | 3,422.77 | 392.03 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 3,422.77 | 392.03 |
| APPROPRIATIONS | | | |
| Proposed Dividend | | 310.00 | - |
| Tax on Proposed Dividend | | 51.49 | - |
| Transfer to General Reserve | | 480.00 | 350.00 |
| Balance carried to Balance Sheet | | 2,581.28 | 42.03 |
| Basic & Diluted Earnings Per Share | | 10.90 | 1.09 |
| Notes forming part of the Accounts | | | |
| Schedules A to S annexed form an integral part of accounts & are duly authenticated. | | | |

As per our Report of even date attached
For Suresh C. Mathur & Co.
 Chartered Accountants

(Brijesh C. Mathur)
 Partner
 Membership No. 083540
 Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
 Chairman & Managing Director

Place: New Delhi
 Date: August 31, 2010

Anita K. Sharma
 Company Secretary

Mukat Sharma
 CFO cum Whole Time Director

A. K. Roy
 Whole Time Director

K. Lall
 Director



CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|--------------------------|--------------------------|
| SCHEDULE - A | | |
| SHARE CAPITAL: | | |
| 1) Authorised Capital: | | |
| 5,00,00,000 Equity Shares of Rs.10/- each (Previous year 5,00,00,000 Equity Shares of Rs.10/- each) | 5,000.00 | 5,000.00 |
| 2) Issued & Subscribed Capital: | | |
| 3,10,13,160 equity shares of Rs. 10/- each | 3,101.32 | 3,101.32 |
| 3) # Paid up Capital: | | |
| 3,10,00,260 equity shares of Rs. 10/- each fully paid up (Previous year 3,10,00,260 equity shares of Rs. 10 each) | 3,100.03 | 3,100.03 |
| Add: Equity Shares forfeited (amount originally paid up) | 0.65 | 0.65 |
| TOTAL | 3,100.68 | 3,100.68 |

Notes:

1. Out of the above equity shares

- Include 40,00,000 Equity Shares allotted in the year 2006-07 on conversion of warrants issued on preferential basis during the year 2005-06
- Includes 92,00,000 underlying Equity Shares representing 46,00,000 Global Depository Receipts issued during the year 2005-06.
- in the year 2006-2007 the Company had forfeited 13,300 equity shares due to the non-payment of allotment money. The Board of Directors had annulled the forfeiture of 400 equity shares on receipt of payment advise by the shareholders and accordingly 400 equity shares had been restored back. Subsequent to the annulification of forfeiture, the paid-up capital stands increased to Rs. 310002600 i.e. 31000260 equity shares of Rs. 10/- each fully paid-up.

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | | Year Ended 31.03.2009 | |
|--|--------------------------|------------------|--------------------------|------------------|
| SCHEDULE - B | | | | |
| RESERVES AND SURPLUS: | | | | |
| 1) Capital Reserve (subsidy received against fixed assets) | | 15.00 | | 15.00 |
| 2) Capital Reserve (Share Warrants forfeited by the Company) | | 1,125.00 | | 1,125.00 |
| 3) Revaluation Reserve (land revalued as on 31st March, 1993) | | 35.00 | | 35.00 |
| 4) Securities Premium Account: | | 17,583.74 | | 17,583.74 |
| 5) Statutory Reserve Czeck | | - | | 172.41 |
| 6) General Reserve: | | | | |
| Opening balance | 14,644.01 | | 14,294.01 | |
| Add: Transfer from Profit & Loss a/c | 646.15 | 15,290.15 | 350.00 | 14,644.01 |
| 7) Exchange Difference on Consolidation | | (581.82) | | 75.00 |
| 8) Profit & Loss Account: | | | | |
| As per Profit & Loss Appropriation A/c | | 2,581.28 | | 42.03 |
| TOTAL | | 36,048.35 | | 33,692.19 |
| SCHEDULE - C | | | | |
| SECURED LOANS: | | | | |
| 1. Term Loans | | | | |
| From Financial Institution | 1,440.52 | | 1,685.51 | |
| From Scheduled Banks | 6,335.39 | 7,775.91 | 7,389.87 | 9,075.38 |
| 2. Working Capital Loans: | | | | |
| From Banks | | 15,463.70 | | 14,553.52 |
| 3. Loan against Vehicles | | | | |
| (secured by hypothecation of vehicle financed) | | 61.63 | | 53.38 |
| TOTAL | | 23,301.25 | | 23,682.28 |
| UNSECURED LOANS: | | | | |
| Short term Loan from Bank | | 2,500.00 | | 2,000.00 |
| TOTAL | | 2,500.00 | | 2,000.00 |

Note:

1. Terms Loans secured by the creation of first mortgage and charge on all the immovable and movable assets, present and future of the Company. (subject to the charge on specified movable assets created/to be created in favour of the Company's bankers by way of security for working capital requirements.)
2. The working capital loans, fund based as well as non fund based are secured by way of first hypothecation charge on the stocks/book debts, both present and future and second charge on pari-passu basis on the fixed assets of the Company.
3. Short term loan from banks are against Commercial Paper raised by the Company and outstanding as on March 31, 2010.



CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE- D

FIXED ASSETS:

(Rs. In Lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------------------------|---------------------|-----------------|-------------------|--------------------|--------------------|-----------------|-------------------|--------------------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Adjustment | As at 31.3.2010 | Up to 31.3.2009 | For the Year | Adjustment | Up to 31.3.2010 | As at 31.03.2010 | As at 31.03.2009 |
| 1) Leasehold Land | 1,135.54 | 228.41 | - | 1,363.94 | - | - | - | - | 1,363.94 | 1,165.95 |
| 2) Temporary Constructions | 11.97 | - | - | 11.97 | 11.97 | - | - | 11.97 | - | - |
| 3) Buildings | 2,399.12 | 945.24 | (336.96) | 3,681.33 | 244.15 | 79.62 | (337.70) | 661.47 | 3,019.86 | 2,200.24 |
| 4) Plant & Machinery | 24,920.98 | 1,877.36 | (3,630.03) | 30,428.36 | 6,120.47 | 1,469.97 | (3,664.67) | 11,255.11 | 19,173.26 | 18,840.76 |
| 5) Office Equipments | 280.21 | 19.30 | (195.92) | 495.43 | 172.03 | 59.59 | (196.30) | 427.93 | 67.50 | 110.13 |
| 6) Vehicles | 418.44 | 96.73 | 54.22 | 460.96 | 164.22 | 39.73 | 24.11 | 179.84 | 281.12 | 254.22 |
| 7) Furniture & Fixtures | 48.86 | 0.93 | - | 49.79 | 12.59 | 3.02 | - | 15.61 | 34.18 | 36.27 |
| 8) Intangible Fixed Assets | 1.57 | 70.65 | (28.14) | 100.36 | - | 3.60 | (29.71) | 33.31 | 67.05 | 1.63 |
| 9) Other Tangible Assets | 1.41 | 0.33 | - | 1.74 | - | - | - | - | 1.74 | 1.45 |
| 10) Fixed Assets under Construction | 47.92 | 26.26 | 42.70 | 31.48 | - | - | (12.65) | 12.65 | 18.82 | 49.53 |
| 11) Adjust To Acquired Fixed Assets | 4,768.50 | - | - | 4,768.50 | 238.56 | 318.04 | - | 556.60 | 4,211.90 | 4,682.61 |
| TOTAL Rs.. | 34,034.52 | 3,265.20 | (4,094.13) | 41,393.85 | 6,963.99 | 1,973.56 | (4,216.93) | 13,154.48 | 28,239.37 | 27,342.79 |
| (Previous Year) | 22,445.10 | 16,373.40 | 4,490.62 | 34,327.88 | 5,261.85 | 1,732.18 | 8.94 | 6,985.09 | 27,342.79 | |

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Face Value | Number of Shares | As At 31.03.2010 | Number of Shares | As At 31.03.2009 |
|---|------------|------------------|------------------|------------------|------------------|
| SCHEDULE - E | | | | | |
| INVESTMENTS: | | | | | |
| Quoted Shares | | | | | |
| Blue Star Ltd. | 2 | 375 | 0.13 | 375 | 0.13 |
| Blue Star Info. Ltd | 10 | 25 | 0.04 | 25 | 0.04 |
| Castrol (India) Ltd. | 10 | 5 | 0.01 | 5 | 0.01 |
| Chambal Fertilizers & Chem. Ltd. | 10 | 1,000 | 0.20 | 1,000 | 0.20 |
| D.B. International Brokers Ltd. | 10 | 16,600 | 1.66 | 16,600 | 1.66 |
| Dot Com. Global Ltd. | 10 | 24,200 | 0.16 | 24,200 | 0.16 |
| Shardul Securities Ltd. | 10 | 25,600 | 7.68 | 25,600 | 7.68 |
| ACE India Ltd. | 10 | 16,900 | 1.69 | 16,900 | 1.69 |
| Fortis Financial Services Ltd. | 10 | 400 | 0.04 | 400 | 0.04 |
| Glaxo Sithkline Pharmaceuticals Ltd. | 10 | 125 | 0.76 | 125 | 0.76 |
| HDFC Bank Ltd. | 10 | 25 | 0.09 | 25 | 0.09 |
| Hindustan Unilever Ltd. | 1 | 3,850 | 4.63 | 3,850 | 4.63 |
| JSW Steel Limited | 10 | 5,124 | 11.12 | 5,124 | 11.12 |
| Lumax Industries Limited | 10 | 4,600 | 2.68 | 4,600 | 2.68 |
| Panasonic Battery India Ltd. | 10 | 500 | 0.21 | 500 | 0.21 |
| SRG Infotech Limited | 10 | 200 | 0.00 | 200 | 0.00 |
| Sterlite Optical Limited | 5 | 210 | 0.05 | 210 | 0.05 |
| Subros Limited | 10 | 30 | 0.03 | 30 | 0.03 |
| Tata Chemicals Limited | 10 | 50 | 0.06 | 50 | 0.06 |
| Tata Consultancy Services Limited | 1 | 2,458 | 20.89 | 2,458 | 20.89 |
| Visesh Infotecnics Limited | 10 | 100 | 0.00 | 100 | 0.00 |
| Voltas Limited | 1 | 500 | 0.06 | 500 | 0.06 |
| GHCL Ltd. | 10 | 125,000 | 190.93 | 125,000 | 190.93 |
| Archies Ltd. | 10 | 30,000 | 32.17 | 30,000 | 32.17 |
| Sub-Total (A) Rs. | | | 275.29 | | 275.29 |
| Less: Provision for diminution in value of shares | | | - | | 172.10 |
| | | | 275.29 | | 103.19 |
| Unquoted Shares: | | | | | |
| Lloyd Credits Ltd. | 10 | 300,000 | 30.00 | 300,000 | 30.00 |
| Lloyd Aircon (P) Ltd. | 10 | 350 | 0.04 | 350 | 0.04 |
| Lloyd Manufacturing (P) Ltd. | 100 | 5 | 0.01 | 5 | 0.01 |
| Carrier Aircon Ltd. | 10 | 100 | 0.09 | 100 | 0.09 |
| <u>Advance for investment in share:</u> | | | | | |
| Lloyd Coils LP (USA) | | - | 178.44 | - | 178.44 |
| SBI Mutual Fund | | | 10.00 | | - |
| | | | - | | - |
| Subsidiary Company: | | | | | |
| Lloyd Eelctric FZE (500000 AED) | 100000AED | 5 | - | 5 | 68.15 |
| Sub-Total (B) Rs.. | | | 218.57 | | 276.72 |
| | | | 493.87 | | 379.92 |
| Additional Information : | | | | | |
| 1) Aggregate amount of Company's - | | | | | |
| a) Market value of Quoted Investments | | | | | |
| | | | 289.93 | | 103.19 |
| b) Unquoted Investments | | | | | |
| | | | 218.57 | | 276.72 |



CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|--------------------------|--------------------------|
| SCHEDULE - F | | |
| INVENTORIES: | | |
| (Refer Note No.-I (e) of Schedule-S) | | |
| 1) Raw-materials | 14,771.65 | 12,321.92 |
| 2) Consumables | 103.63 | 48.35 |
| 3) Stock in Process | 850.02 | 278.06 |
| 4) Finished Goods | 729.63 | 1,078.10 |
| 5) Stock in Transit (At Cost) | 803.44 | 598.17 |
| TOTAL Rs.. | 17,258.36 | 14,324.60 |
| SCHEDULE - G | | |
| SUNDRY DEBTORS: | | |
| (Unsecured considered good by the Management) | | |
| 1) Debts outstanding for a period exceeding six months | 1,045.78 | 242.03 |
| 2) Other Debts | 21,809.39 | 20534.84 |
| TOTAL Rs.. | 22,855.18 | 20776.87 |
| SCHEDULE - H | | |
| CASH AND BANK BALANCES: | | |
| 1) Cash balance in hand | 16.84 | 26.12 |
| 2) Balances with scheduled banks | - | |
| a) in current accounts | 1,255.69 | 680.7 |
| b) in fixed deposits | 0.25 | 2.12 |
| c) in Fixed Deposit in Foreign A/c | 1,570.34 | 3112.79 |
| d) Receipt pledged with Bank for margin money (Including Interest) | 1.79 | - |
| e) interest accrued on above accounts | 0.47 | 23.2 |
| TOTAL Rs.. | 2,845.38 | 3844.93 |

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | | Year Ended 31.03.2009 |
|---|--------------------------|--------|--------------------------|
| SCHEDULE - I | | | |
| LOAN & ADVANCES : | | | |
| 1) Security Deposits | 77.60 | | 64.38 |
| 2) Advances recoverable in cash or in kind or for value to be recovered | 1,853.89 | | 1,118.61 |
| 3) Advance Taxes & TDS | 1,454.02 | | 2,090.44 |
| 4) Intra Group Accounts (Net) | 1,383.35 | | 2,033.94 |
| TOTAL Rs.. | 4,768.86 | | 5,307.37 |
| SCHEDULE - J | | | |
| CURRENT LIABILITIES: | | | |
| 1) Sundry creditors | 9,044.97 | | 6,327.82 |
| 2) Unclaimed Dividend | 15.54 | | 15.66 |
| 3) Other Liabilities | 1,230.81 | | 1,149.83 |
| TOTAL Rs.. | 10,291.32 | | 7,493.31 |
| SCHEDULE - K | | | |
| PROVISIONS: | | | |
| Provision for Income Tax | 1,735.08 | | 2,077.32 |
| Provision for Fringe Benefit Tax | 25.90 | | 37.62 |
| Provision for proposed dividend | 310.00 | | - |
| Provision for tax on proposed dividend | 51.49 | | - |
| Provision for gratuity & leave encashment | 173.76 | | 117.06 |
| TOTAL Rs.. | 2,296.23 | | 2,232.00 |
| SCHEDULE - L | | | |
| MISCELLANEOUS EXPENDITURE: | | | |
| (to the extent not written off or adjusted) | | | |
| <u>Deferred Revenue Expenses</u> | | | |
| Opening balance | 477.55 | | |
| Addition during the year | 324.44 | 477.55 | |
| Less: Written off during the year | | - | 477.55 |
| TOTAL Rs.. | 801.98 | | 477.55 |



CONSOLIDATED SCHEDULES-PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended | | Year Ended |
|--|------------|------------------|------------------|
| | 31.03.2010 | | 31.03.2009 |
| SCHEDULE - M | | | |
| OTHER INCOME: | | | |
| 1) Interest Income | | 2.38 | 913.54 |
| 2) Interest on Foreign Currency Deposit | | 26.95 | 99.54 |
| 3) Misc. Income | | 157.73 | 427.39 |
| 4) Dividend Income | | 5.67 | 3.69 |
| TOTAL Rs.. | | 192.73 | 1,444.16 |
| SCHEDULE - N | | | |
| MATERIALS COST: | | | |
| 1) Raw materials, consumables and components consumed: | | | |
| a) Opening stocks | 12,341.22 | | 10,559.56 |
| b) Purchases | 69,121.30 | | 61,915.23 |
| c) Carriage Inwards | 327.40 | | 2,361.00 |
| | 81,789.92 | | 74,835.79 |
| d) Less: Closing stocks | 14,875.27 | 66,914.65 | 12,370.27 |
| 2) Decrease/(Increase) in stocks in process: | | | |
| a) Opening stock | 273.84 | | 465.08 |
| b) Less :Closing stock | 850.02 | (576.18) | 278.06 |
| 3) Decrease/(Increase) in finished goods: | | | |
| a) Opening stock | 1,060.28 | | 944.94 |
| b) Less :Closing stock | 729.63 | 330.64 | 1,078.11 |
| TOTAL Rs.. | | 66,669.11 | 62,519.37 |
| SCHEDULE - O | | | |
| MANUFACTURING EXPENSES: | | | |
| 1) Wages | | 2,220.61 | 1,366.25 |
| 2) Labour Welfare | | 47.01 | 717.14 |
| 3) Repair and Maintanance | | 131.15 | 43.62 |
| 4) Power and Fuel | | 529.30 | 139.61 |
| 5) Factory Overheads | | 420.67 | 52.39 |
| 6) Rent | | 276.84 | 72.72 |
| 7) Insurance | | 103.71 | 73.47 |
| 8) Other Charges | | 76.25 | 0.24 |
| TOTAL Rs.. | | 3,805.55 | 2,465.44 |

CONSOLIDATED SCHEDULES-PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|--------------------------|--------------------------|
| SCHEDULE- P | | |
| ADMINISTRATIVE EXPENSES: | | |
| 1) Salary and Allowances | 1,736.37 | 1,171.09 |
| 2) Contribution to Provident Fund | 70.43 | 27.05 |
| 3) Staff Welfare | 91.66 | 74.78 |
| 4) Rent, Rates & Taxes | 26.33 | 10.03 |
| 5) Postage, Telegram and Telephones | 65.88 | 25.20 |
| 6) Printing and stationery | 115.68 | 11.79 |
| 7) Audit Fee (including service tax) | 57.91 | 11.55 |
| 8) Legal and professional charges | 234.27 | 82.72 |
| 9) Office maintenance | 32.28 | 15.26 |
| 10) Travel and Conveyance | 208.56 | 73.61 |
| 11) Motor Car Expenses | 35.80 | 37.22 |
| 12) General Expenses | 71.82 | 196.48 |
| 13) Loss on sale of Fixed Assets | 26.82 | 2.04 |
| 14) Loss on foreign exchange fluctuation | 54.67 | 394.55 |
| 15) Diminution in the value of investment | (172.10) | 172.10 |
| TOTAL Rs.. | 2,656.39 | 2,305.47 |
| SCHEDULE - Q | | |
| SELLING & MARKETING EXPENSES: | | |
| 1) Advertisement and publicity | 22.73 | 5.48 |
| 2) Business Promotion | 56.56 | 10.33 |
| 3) Carriage outwards | 304.43 | 77.31 |
| 4) Discount | 27.78 | 6.92 |
| 5) Commission & Incentive | 42.31 | 1.61 |
| 6) Bad debts | 6.25 | 11.60 |
| 7) Foreign Exhibition Expenses | 5.38 | 10.17 |
| 8) Free Samples | 1.37 | 1.57 |
| TOTAL Rs.. | 466.82 | 124.99 |
| SCHEDULE - R | | |
| FINANCE CHARGES: | | |
| 1) Interest on term loans/working capital & Other | 1,652.31 | 1,907.86 |
| 2) Bank charges | 154.51 | 174.54 |
| 3) Other Financial Charges | 37.00 | 1,904.94 |
| TOTAL Rs.. | 1,843.83 | 3,987.34 |



SCHEDULE-S

CONSOLIDATED NOTES FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation of Financial statements:

The Consolidated financial statements are prepared under the historical cost convention, on accrual basis, in accordance with generally accepted accounting principles in India, the Accounting Standard issued by Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Principles of consolidation:

The Consolidated financial statements relate to Lloyd Electric & Engineering Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra-group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements".
 - ii) The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
 - iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in exchange fluctuation reserve.
 - iv) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. year ended 31st March 2010.
 - v) All material inter-company balances and transactions are eliminated on consolidation.
- c) Investment other than in subsidiaries have been accounted as per Accounting Standard (AS) Accounting for Investment.
- d) The Subsidiary company considered in the preparation of these consolidated financial statements is:

| Name of Subsidiary | Country of incorporation | Proportion of ownership Interest as at 31.03.10 |
|---------------------------|--------------------------|--|
| Lloyd Coils Europe s.r.o. | Czech Republic | 100% |
| Janka Engineering s.r.o. | Czech Republic | 100% |
| Lloyd Electric FZE | United Arab Emirates | 100% |

- e) During the year, the Company, through its wholly owned subsidiary Janka Engineering s.r.o. (a special purpose vehicle) acquired all assets (no liabilities) of Janka Radotin a.s.. The acquisition cost was funded from internal accruals. Lloyd Electric & Engineering Ltd. Invested Euro 4.71 Million (equivalent to INR 3317.10 lacs) towards capital contribution of Janka Engineering s.r.o. uptill March 31, 2010. Lloyd Electric & Engineering Ltd. hold 100% ownership interest in its overseas subsidiary, Janka Engineering s.r.o.
- f) During the year, the Financial Statement of subsidiary companies namely Janka Engineering s.r.o and Lloyd Electric FZE are for 15 months period. Hence figures of financial statement of current year are not comparable with last year. The Profit and Loss Account of Janka Engineering s.r.o. is for the period beginning from January 1, 2009 to March 31, 2010. The Company acquired 100% ownership interest in Janka Engineering s.r.o. on October 12, 2009. Please note that expenses of 18200 CZK and interest income of 113 CZK related to the period beginning from January 1, 2009 till October 12, 2009 are included in the income statement of the Company.

SCHEDULE-S (Contd....)

g) **Revenue Recognition:**

- i) Income and Expenditure are recognized on accrual basis.
- ii) Sales are accounted on dispatch of products and sales value includes excise duty.
- iii) Export sales are accounted on the basis of date of bill of lading.

h) **Fixed Assets:**

- i) Fixed assets except leasehold land are stated at cost less accumulated depreciation. The cost includes freight, duties, taxes and other incidental expenses related to acquisition and installation. CENVAT claim, if any, on capital goods is reduced from the cost.
- ii) Intangible Assets: In Lloyd Coils Europe, intangible fixed assets are recorded at cost and amortised on a straight line basis over their estimated lives. Software is being written off over a period of two years.
- iii) Capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

i) **Depreciation:**

- i) Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets added during the year, is calculated on pro-rata basis with reference to the date of installation.

j) **Inventory Valuation:**

- i) Raw materials and consumables are valued at cost as per the First in First Out (FIFO) method and include(s) customs duty wherever paid, and are net of credit availed under CENVAT scheme.
- ii) Stock in process is valued at direct cost, i.e., cost of materials and variable manufacturing expenses.
- iii) Finished goods are valued at lower of cost or net realizable value.
- iv) Stock in transit lying in customs warehouse is valued at cost but does not include custom duty payable, however, non-provision of duty does not affect the profit for the year.
- v) In Lloyd Coils Europe, a provision for slow-moving and obsolete inventory is based on an analysis of the turnover and individual evaluation of the inventory.

k) **Investments:**

Long term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Investments in subsidiary company are of long-term strategic value and the diminution if any in the value of these investments is temporary in nature.

l) **Foreign currency transactions:**

- Income and Expenses in foreign exchange are accounted at the average rate prevailing during the month of transaction.
- Income and expenses on foreign projects are accounted at average rate for the year.
- Assets purchased are capitalized at rates prevailing on date of purchase
- Balances in foreign bank accounts, Exchange Earners Foreign Currency Account are translated into Indian Rupees at rates prevailing at the year-end.

SCHEDULE-S (Contd....)

- On consolidation non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in exchange fluctuation reserve.

m) **Retirement Benefits:**

The company's contribution to the provident fund is charged to profit and loss account.

The company's liability in respect of payment of gratuity is provided on accrual basis as per actuarial valuation.

Leave Encashment: The Company has provided an adhoc provision as accrued liability during the year which is subject to actuarial valuation.

n) **Borrowing Cost:**

Borrowing cost that is directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

o) **Taxation:**

Current Tax:

Current tax is the amount of tax payable on the taxable income for the years as determined in accordance with the provisions of the Income Tax Act, 1961, except for the overseas subsidiary where current tax provisions is determined based on the local tax laws.

Deferred Tax:

Deferred tax liabilities represent the tax effect of temporary differences substantially on account of differences in the written down value of Fixed Assets on account of differing depreciation methods and rates and other timing differences.

p) **Expenditure during construction and on new projects**

In the case of new industrial units and substantial expansion of existing units, all pre operating expenditure specifically for the project, incurred upto the date of installation, is capitalized and added pro rata to the cost of fixed assets.

q) **Management Estimation:**

The financial statements are prepared in conformity with generally accepted accounting principles and applicable accounting standards, which may require management to make estimates and assumptions. These may affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting period. Actual report later could differ from these estimates.

r) **Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

s) **Segment Reporting:**

The Company is engaged in the manufacturing and sale of Air-conditioning parts. The geographical segmentations are insignificant, as exports are less 5% of total turnover.

SCHEDULE-S (Contd....)

t) **Earning Per Share:**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profits after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity share.

u) **Cash Flow Statement:**

The Cash Flow statement is prepared by the indirect method set out in Accounting standard –3 issued by the Institute of Chartered Accountants of India as required by the SEBI on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

v) **Sundry Debtors/Loans & Advances:**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any which is not likely to be material, will be adjusted at the time of confirmation.

w) **Provisions /Contingencies:**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent liabilities are not recognized and are disclosed in the Notes on Accounts.

x) **Derivative Instruments:**

The Company has not entered into the derivative instruments. Forward Contract other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange difference arising on such contracts is recognized in the period in which they arise and premium paid/received is accounted as expenses/income over the period of the contract.

y) **Deferred Revenue Expenditure:**

Cost of traveling & Consultancy fees related to Lloyd Coils Europe s.r.o. and Janka Engineering s.r.o. are considered as deferred revenue expenditure.

II) **NOTES TO ACCOUNTS:**

a) **Contingent liability not provided for:**

| Particulars | Current Year (Rs. In lacs) | Previous Year (Rs. In lacs) |
|--|-------------------------------|--------------------------------|
| a) Bank Guarantees | 200.14 | 73.00 |
| b) Corporate Guarantees given against loan taken by related parties. | 5000.00 | 7240.00 |
| c) Guarantee of 15 million Euro given by the Company for Loan availed by Lloyd Coils Europe s.r.o. a wholly owned subsidiary | 9600.00 | 10122.00 |
| b) Contracts remaining to be executed on capital account and not provided for | 2500.00 | 2700.00 |

SCHEDULE-S (Contd....)

c) Related Party Disclosures: (in which some Directors are interested)

A. Related Companies:-

| Name of Company | Nature of Relationship (Associate Co/ Subsidiary Co/Directors Interested) |
|--|--|
| Airserco Pvt.Ltd. | Directors Interested |
| Fedders Lloyd Corporation Ltd | Director Interested |
| Perfect Radiators & Oil Coolers Pvt.Ltd. | Director Interested |
| PSL Engineering Pvt. Ltd. | Director Interested |
| Regal Information Technology Pvt.Ltd. | Director Interested |
| Foreign Subsidiary Company: | |
| Lloyd Coils Europe s.r.o. | 100% Subsidiary |
| Janka Engineering s.r.o. | 100% Subsidiary |
| Lloyd Electric FZE | 100% Subsidiary |

B. Key Management Personnel-

| | |
|-------------------|--------------------------------|
| Mr.Brij Raj Punj | Chairman and Managing Director |
| Mr.A.K.Roy | Whole Time Director |
| Mr.Mukat B.Sharma | CFO cum Whole Time Director |

C. Transactions with Related Companies

| Transactions | Amount (Rs. In Lacs) |
|------------------------------------|----------------------|
| Sale of goods | 1869.10 |
| Reimbursement of Expenses (in Lac) | 0.18 |
| Advances | 6050.59 |

d) Unquoted investment in subsidiary Company:

Unquote investment in subsidiary companies is of long-term strategic value. In the opinion of the management, the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.

e) Capital work in progress:

Capital work in progress amounting to Rs.1812.92 Lacs.

f) Loan given to Subsidiary:

| Disclosure as per clause 32 of the Listing Agreement: | | | (Rs. In lacs) | |
|---|--------------|---------------------------------|--|-------|
| Name of the Company | Relationship | | Amount Outstanding As on 31.03.2010 | |
| Lloyd Coils Europe s.r.o. | Subsidiary | Loan | 2189.62 | |
| | | Transfer to Equity (Investment) | 2189.62 | Nil |
| Janka Engineering s.r.o. | Subsidiary | Loan | 3311.60 | |
| | | Transfer to Equity (Investment) | 3311.60 | Nil |
| Lloyd Electric FZE | Subsidiary | Loan & Advances | | 66.70 |

SCHEDULE-S (Contd....)

g) **Micro and Small Scale Business Entities:**

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount not there was necessity to pay interest for delayed payment in terms of section 16 of the Micro, Small and Medium Enterprises Development Act.

h) **Managerial Remuneration Paid to Managing Director and Whole Time Director:**

| | (Parent Company) | |
|----------------------|-------------------------------|--------------------------------|
| | Current Year (Rs. In Lacs) | Previous Year (Rs. In Lacs) |
| Salary | 67.24 | 48.53 |
| Value of Perquisites | 13.07 | 3.85 |
| P.F. | 5.40 | 2.88 |
| Total | 85.71 | 55.26 |

i) Balances of sister concerns are subject to reconciliation & confirmation

j) **Basic & Diluted Earnings per Share:**

Earnings per share has been computed as under:

| | Current Year | Previous Year |
|--|--------------|---------------|
| Profit after Taxation (Rs. Lacs) | 3380.74 | 340.27 |
| Number of Ordinary Shares | 31000260 | 31000260 |
| Basic and Diluted Earnings per share (Face Value Rs. 10/- per share) | 10.90 | 1.10 |

k) Schedules "A" to "S" form an integral part of accounts and are duly authenticated.

Refer to our Report of even date.

As per our Report of even date attached
For Suresh C. Mathur & Co.
 Chartered Accountants

(Brijesh C. Mathur)
 Partner
 Membership No. 083540
 Firm Registration No. 000891N

For and on behalf of the Board

Brij Raj Punj
Chairman & Managing Director

Place: New Delhi
 Date: August 31, 2010

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. In Lacs)

| Particulars | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|--|--------------------------|--------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net Profit before tax & Extra-ordinary items | 4,490.40 | 644.53 |
| Adjustments: | | |
| Add: | | |
| Depreciation | 1,973.56 | 1,732.18 |
| Interest Paid | 1,689.31 | 3,812.80 |
| Loss/ (Diminution) on sale (in value) of Investment | (172.10) | 172.10 |
| Loss on sale of fixed assets | 26.82 | 2.04 |
| | 8,007.99 | 6,363.65 |
| Less: | | |
| Interest Income | (29.33) | (1,013.08) |
| Dividend Income | (5.67) | (3.69) |
| Profit on sale of fixed assets | - | (9.29) |
| | (35.00) | (1,026.06) |
| Operating profit before working capital changes | 7,973.00 | 5,337.59 |
| Adjustments for : | | |
| Inventories | (2,933.76) | (2,486.08) |
| Trade & other receivables | (2,176.20) | (5,290.84) |
| Trade & other payables | 2,854.71 | 1,998.70 |
| | (2,255.25) | (5,778.22) |
| Cash generated from operations | 5,717.75 | (440.63) |
| Exchange fluctuation | (526.50) | 75.00 |
| Direct tax paid | (492.93) | (1,069.72) |
| | 4,698.32 | (1,435.35) |
| B Cash Flow from Investing Activities: | | |
| Purchased of fixed assets | (3,979.90) | (15,139.32) |
| Deferred Revenue in respect of acquisition | (324.44) | (477.55) |
| Sale of fixed assets | 39.00 | 4,488.92 |
| Net Purchase of Investments | 58.15 | (68.15) |
| Purchase of Business | 44.68 | 2,210.59 |
| Dividend Received | 5.67 | 3.69 |
| Interest received | 29.33 | 1,013.08 |
| | (4,127.50) | (7,968.73) |
| Net Cash Flow from Investing Activities | (4,127.50) | (7,968.73) |
| C Cash Flow from Financial Activities: | | |
| Proceeds from Borrowing | 118.96 | 10,323.00 |
| Proceeds from Issue of Share capital | - | - |
| Interest paid | (1,689.31) | (3,812.80) |
| Dividend paid | - | (310.00) |
| Dividend tax | - | (52.68) |
| | (1,570.36) | 6,147.52 |
| Net Cash Flow from Financing Activities | (1,570.36) | 6,147.52 |
| Net increase in Cash and Cash Equivalents (A+B+C) | (999.54) | (3,256.57) |
| Net increase/ decrease in Cash and Cash Equivalents | (999.54) | (3,256.57) |
| Opening Balance of Cash and Cash Equivalents | 3,844.92 | 7,101.49 |
| Closing Balance of Cash and Cash Equivalents | 2,845.38 | 3,844.92 |

For Suresh C. Mathur & Co.
Chartered Accountants,

(Brijesh C. Mathur)
(Partner)
Membership No. 083540
Firm Registration No. 000891N

Anita K. Sharma
Company Secretary

Mukat Sharma
CFO cum Whole Time Director

A. K. Roy
Whole Time Director

K. Lall
Director

Brij Raj Punj
Chairman & Managing Director

For and on behalf of the Board of Director of
Lloyd Electric & Engineering Ltd.

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Lloyd Electric & Engineering Limited for the year ended 31st March, 2010 agreement entered into with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company.

For Suresh C. Mathur & Co.
Chartered Accountants,

(Brijesh C. Mathur)
(Partner)
Membership No. 083540
Firm Registration No. 000891N

Place: New Delhi
Dated: August 31, 2010



Subsidiary Financial Statements

- ▲ **Lloyd Coils Europe s.r.o.**
- ▲ **Lloyd Electric FZE**
- ▲ **Janka Engineering s.r.o**



Auditor's report

To the member of

LLOYD COILS EUROPE s.r.o

We have audited the accompanying financial statements of LLOYD COILS EUROPE s.r.o., which comprise the balance sheet as of 31 March 2010, and the income statement for the period from 1 April 2009 to 31 March 2010.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial information of LLOYD COILS EUROPE s.r.o. in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial information based on our audit. We conducted our audit in accordance with the Act on Auditors and International standards on Auditing and the relevant guidance of the chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information present fairly in all material respects the assets, liabilities and the financial position of LLOYD COILS EUROPE s.r.o. as of 31 March 2010, and its expenses, revenues and financial performance for the period from 1 April 2009 to 31 March 2010 in accordance with Czech accounting legislation.

Prague

5 May, 2010

Petr Skoda

Partner

KPMG Ceska republika, s.r.o

BALANCE SHEET

in full format
as at 31 March 2010
(in thousands of Czech crowns "TCZK")
Translated from the Czech original

Identification number
27872475

Name and regist. Office of the company
LLOYD COILS EUROPE s.r.o.
Vrazska 143
Praha 5 - Radotin
Czech Republic

| Ident. a | ASSETS b | Line c | Current year | | | Prior year |
|-------------|--|-----------|----------------|------------------|----------------|----------------|
| | | | Gross 1' | Provisions 2' | Net 3' | Net 4' |
| | TOTAL ASSETS (L02+03+31+63) | 1 | 781,619 | -243,232 | 538,387 | 577,994 |
| A. | Receivables for subscribed registered capital | 2 | 0 | | 0 | 0 |
| B. | FIXED ASSETS (L04+13+23) | 3 | 547,734 | -236,158 | 311,576 | 339,044 |
| B. I. | Intangible fixed assets (L05 to 12) | 4 | 14,323 | -13,580 | 743 | 2,489 |
| B. I. 1 | Incorporation Expenses | 5 | 1,247 | -1,247 | 0 | 0 |
| 2 | Research and development | 6 | 0 | 0 | 0 | 0 |
| 3 | Software | 7 | 12,825 | -12,333 | 492 | 2,423 |
| 4 | Intellectual property rights | 8 | 0 | 0 | 0 | 0 |
| 5 | Goodwill | 9 | | | | |
| 6 | Other intangibles fixed assets | 10 | 0 | 0 | 0 | 0 |
| 7 | Intangibles fixed assets under construction | 11 | 251 | 0 | 251 | 66 |
| 8 | Advances for intangibles fixed assets | 12 | 0 | 0 | 0 | 0 |
| B. II. | Tangible fixed assets (L14 to 22) | 13 | 533,411 | -222,578 | 310,833 | 336,556 |
| B. II. 1 | Land | 14 | 37,869 | 0 | 37,869 | 37,869 |
| 2 | Buildings | 15 | 72,111 | -17,050 | 55,061 | 56,367 |
| 3 | Plant and equipment | 16 | 221,961 | -181,637 | 40,324 | 50,131 |
| 4 | Cultivated areas | 17 | 0 | 0 | 0 | 0 |
| 5 | Adult livestock | 18 | 0 | 0 | 0 | 0 |
| 6 | Other tangible fixed assets | 19 | 59 | 0 | 59 | 59 |
| 7 | Tangible fixed assets under construction | 20 | 1,281 | -531 | 750 | 1,282 |
| 8 | Advances for tangibles fixed assets | 21 | 0 | 0 | 0 | 729 |
| 9 | Adjustment to acquired fixed assets | 22 | 200,130 | -23,360 | 176,770 | 190,118 |
| B. III. | Long-term Investments (L24 to 30) | 23 | 0 | 0 | 0 | 0 |
| B. III. 1 | Investments in group undertakings | 24 | 0 | 0 | 0 | 0 |
| 2 | Investments in associated companies | 25 | 0 | 0 | 0 | 0 |
| 3 | Other long-term securities and ownership interests | 26 | 0 | 0 | 0 | 0 |
| 4 | Loans - group undertakings, associated companies | 27 | 0 | 0 | 0 | 0 |
| 5 | Other long-term investments | 28 | 0 | 0 | 0 | 0 |
| 6 | Long-term investments (provisional value) | 29 | 0 | 0 | 0 | 0 |
| 7 | Advance payments for long-term investments | 30 | 0 | 0 | 0 | 0 |

| Ident. a | ASSETS b | Line c | Current year | | | Prior year |
|-------------|--|-----------|----------------|------------------|----------------|----------------|
| | | | Gross 1' | Provisions 2' | Net 3' | Net 4' |
| C. | CURRENT ASSETS (L32+39+48+58) | 31 | 227,889 | -7,074 | 220,815 | 231,260 |
| C. I. | Inventory (L33 to 38) | 32 | 52,322 | -2,174 | 50,148 | 63,640 |
| C. I. 1 | Raw Materials | 33 | 33,096 | 0 | 33,096 | 36,387 |
| 2 | Work-in-process and semi finished products | 34 | 1,934 | 0 | 1,934 | 5,257 |
| 3 | Finished products | 35 | 15,013 | -2,174 | 12,839 | 21,989 |
| 4 | Young and other livestock | 36 | 0 | 0 | 0 | 0 |
| 5 | Goods for resale | 37 | 0 | 0 | 0 | 7 |
| 6 | Advances payments for inventories | 38 | 2,279 | 0 | 2,279 | 0 |
| C. II. | Long-term receivables (L40 to 47) | 39 | 0 | 0 | 0 | 36 |
| C. II. 1 | Trade receivables | 40 | 0 | 0 | 0 | 0 |
| 2 | Receivables - group undertakings | 41 | 0 | 0 | 0 | 0 |
| 3 | Receivables - associated companies | 42 | 0 | 0 | 0 | 0 |
| 4 | Receivables from shareholders / owners and alliance partners | 43 | | | | |
| 5 | Long term advances paid | 44 | | | | 36 |
| 6 | Estimated receivables | 45 | 0 | 0 | 0 | 0 |
| 7 | other receivables | 46 | | 0 | 0 | 0 |
| 8 | Deferred tax asset | 47 | | | | |
| C. III. | Short-term receivables (L49 to 57) | 48 | 131,569 | -4,900 | 126,669 | 143,428 |
| C. III. 1 | Trade receivables | 49 | 126,831 | -4,900 | 121,931 | 132,752 |
| 2 | Receivables - group undertakings | 50 | 0 | 0 | 0 | 0 |
| 3 | Receivables - associated companies | 51 | | | | |
| 4 | Receivables from shareholders / owners and alliance partners | 52 | 0 | 0 | 0 | 0 |
| 5 | Social security and health insurance | 53 | | | | |
| 6 | Tax receivables | 54 | 2,874 | | 2,874 | 5,228 |
| 7 | Short-term advances paid | 55 | 1,665 | 0 | 1,665 | 1,992 |
| 8 | Estimated receivables | 56 | 183 | 0 | 183 | 3,456 |
| 9 | Other receivables | 57 | 16 | 0 | 16 | 0 |
| C. IV. | Short-term financial assets (L59 to 62) | 58 | 43,998 | 0 | 43,998 | 24,156 |
| C. IV. 1 | Cash | 59 | 24 | | 24 | 51 |
| 2 | Bank accounts | 60 | 43,974 | | 43,974 | 24,105 |
| 3 | Short term securities and ownership interests | 61 | | | | |
| 4 | Short term investments (provisional value) | 62 | 0 | 0 | 0 | 0 |
| D. | Deferrals (L64+65+66) | 63 | 5,996 | 0 | 5,996 | 7,690 |
| D. I. | Prepaid expenses | 64 | 5,996 | 0 | 5,996 | 7,690 |
| D. I. 1 | Complex Prepaid expenses | 65 | | | | |
| 2 | Accrued revenues | 66 | 0 | | 0 | 0 |

Annual Report 2009-2010

| Ident. a | Liabilities b | Line c | Current year 5' | Prior year 6' |
|-------------|--|-----------|-----------------------|---------------------|
| | TOTAL LIABILITIES AND EQUITY (L68+86+119) | 67 | 538,387 | 577,994 |
| A. | Equity (L69+73+79+82+85) | 68 | 136,231 | 52,841 |
| A. I. | Registered capital (L70+71+72) | 69 | 70,000 | 70,000 |
| A. I. 1 | Registered capital | 70 | 70,000 | 70,000 |
| 2 | Own shares and ownership interests (-) | 71 | | |
| 3 | Changes in registered capital | 72 | 0 | 0 |
| A. II. | Capital Contributions (L74 to 78) | 73 | 79,020 | 0 |
| A II. 1 | Share premium | 74 | 0 | 0 |
| 2 | Other capital contributions | 75 | 79,020 | 0 |
| 3 | Revaluation of assets and liabilities | 76 | 0 | 0 |
| 4 | Revaluation reserve on transformations | 77 | | |
| 5 | Differences resulting from transformations | 78 | | 0 |
| A III. | Reserve funds, undistributable fund and other funds from profit (L80+81) | 79 | 7,000 | 7,000 |
| A III. 1 | Statutory reserve fund / undistributable fund | 80 | 7,000 | 7,000 |
| 2 | Statutory and other funds | 81 | | 0 |
| A. IV. | Retained earnings (L83+84) | 82 | -24,159 | 44,727 |
| IV. 1 | Retained profits | 83 | 0 | 44,727 |
| 2 | Accumulated losses | 84 | -24,159 | 0 |
| A. V. | Profit (loss) for the current period (+/-) | 85 | 4,370 | -68,886 |
| B. | LIABILITIES (L87+92+103+115) | 86 | 401,988 | 524,984 |
| B. I. | Provisions (L88 to 91) | 87 | 1,275 | 1,888 |
| B. I. 1 | Tax deductible provisions | 88 | 0 | 0 |
| 2 | Provisions for pensions and other similar payables | 89 | 0 | 0 |
| 3 | Income tax provision | 90 | | |
| 4 | Other provisions | 91 | 1,275 | 1,888 |
| B. II. | Long-term liabilities (L93 to 102) | 92 | 32,947 | 70,537 |
| B. II. 1 | Trade payables | 93 | 0 | 0 |
| 2 | Liabilities - group undertakings | 94 | 0 | 39,195 |
| 3 | Liabilities - associated companies | 95 | 0 | 0 |
| 4 | Liabilities to shareholders / owners and alliance partners | 96 | 0 | 0 |
| 5 | Long term advances received | 97 | 0 | 0 |
| 6 | Debentures and bonds issued | 98 | | |
| 7 | Long term bills of exchange payable | 99 | | |
| 8 | Estimated payables | 100 | | |
| 9 | Other payables | 101 | | |
| 10 | Deffered tax liability | 102 | 32,947 | 31,342 |

| Ident. a | Liabilities b | Line c | Current year 5' | Prior year 6' |
|---------------------------|--|-------------------------|----------------------------------|--------------------------------|
| B. III. | Short-term liabilities (L 104 to 114) | 103 | 97,139 | 114,727 |
| B. III. 1 | Trade payables | 104 | 77,741 | 80,961 |
| 2 | Liabilities - group undertakings | 105 | 0 | 3,643 |
| 3 | Liabilities - associated companies | 106 | | |
| 4 | Liabilities to shareholders / owners and alliance partners | 107 | | |
| 5 | Payables to Employees | 108 | 5,120 | 5,646 |
| 6 | Payables to social security and health insurance | 109 | 3,828 | 4,333 |
| 7 | Tax liabilities and subsidies | 110 | 927 | 3,665 |
| 8 | Short term advances received | 111 | 3,339 | 3,033 |
| 9 | Debentures and bonds issued | 112 | | |
| 10 | Estimated payables | 113 | 5,946 | 8,434 |
| 11 | Other payables | 114 | 238 | 5,012 |
| B. IV. | Bank loans and overdrafts (L116+117+118) | 115 | 270,627 | 337,832 |
| B. IV. 1 | Long-term bank loans | 116 | 190,838 | 246,420 |
| 2 | Short-term bank loans | 117 | 79,789 | 91,412 |
| 3 | Short-term financial liabilities | 118 | 0 | 0 |
| C. | Accruals (L120+121) | 119 | 168 | 169 |
| C. I. 1 | Accrued expenses | 120 | 168 | 169 |
| 2 | Deffered revenues | 121 | 0 | 0 |

PROFIT AND LOSS ACCOUNT

in classification by nature
for the year ended 31 March 2010
(in thousands of Czech crowns "TCZK")
Translated from the Czech original

Identification number
27872475

Name and regist. Office of the company
LLOYD COILS EUROPE s.r.o.

Vrazska 143

Praha 5 - Radotin

Czech Republic

| Ident. a | Text b | Line c | Accounting period | |
|-------------|--|-----------|--------------------|------------------|
| | | | Current Year 1' | Prior Year 2' |
| I. | Revenues from goods | 1 | 0 | 5 |
| A. | Cost of goods sold | 2 | | 11 |
| + | Gross profit (L01 - 02) | 3 | 0 | -6 |
| II. | Revenues from production (L05+06+07) | 4 | 465,171 | 551,971 |
| II. 1 | Revenues from own products and services | 5 | 477,755 | 560,985 |
| 2 | Change in inventory of own production | 6 | -12,584 | -9,014 |
| 3 | Own work capitalized | 7 | 0 | 0 |
| B. | Cost of Sales (09+10) | 8 | 311,692 | 426,677 |
| B. 1 | Materials and consumables | 9 | 247,299 | 333,031 |
| B. 2 | Services | 10 | 64,393 | 93,646 |
| + | Added value (L03+04-08) | 11 | 153,479 | 125,288 |
| C. | Personnel expenses (L13 to 16) | 12 | 118,312 | 110,544 |
| C. 1 | Wages and salaries | 13 | 87,392 | 80,274 |
| C. 2 | Remuneration of board members | 14 | 0 | 0 |
| C. 3 | Social security and health insurance expenses | 15 | 28,894 | 28,066 |
| C. 4 | Social expenses | 16 | 2,026 | 2,204 |
| D. | Taxes and charges | 17 | 174 | 364 |
| E. | Depreciation of Intangible and tangible fixed assets | 18 | 31,572 | 26,274 |
| III. | Proceeds from disposals of fixed assets and raw material (L20+21) | 19 | 7,554 | 11,217 |
| III. 1 | Proceeds from disposals of fixed assets | 20 | 2 | 2,394 |
| 2 | Proceeds from disposals of raw material | 21 | 7,552 | 8,823 |
| F. | Net book value of fixed assets and raw material sold (L23+24) | 22 | 1,381 | 4,292 |
| 1 | Net book value of fixed assets sold | 23 | 132 | 2,017 |
| 2 | Raw Material sold | 24 | 1,249 | 2,275 |
| G. | Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses | 25 | -1,219 | -551 |
| IV. | Other operating revenues | 26 | 4,145 | 7,747 |
| H. | Other operating expenses | 27 | 5,311 | 7,526 |
| V. | Transfer of operating revenues | 28 | | 0 |

| Ident. a | Text b | Line c | Accounting period | |
|-------------|---|-----------|--------------------|------------------|
| | | | Current Year 1' | Prior Year 2' |
| I. | Transfer of operating expenses | 29 | 0 | 0 |
| * | Operating profit (loss) (L11-12-17-18+19-22-25+26-27+28-29) | 30 | 9,647 | -4,197 |
| VI | Proceeds from sale of securities and ownership interests | 31 | 0 | 0 |
| J. | Securities and ownership interests sold | 32 | 0 | 0 |
| VII. | Revenues from long-term investments (L34+35+36) | 33 | 0 | 0 |
| VII.1 | Revenues from investments in group undertakings and associated companies | 34 | 0 | 0 |
| VII.2 | Revenues from other long-term securities and ownership interests | 35 | 0 | 0 |
| VII.3 | Revenues from other long-term investments | 36 | 0 | 0 |
| VIII. | Revenues from short-term financial investments | 38 | 0 | 0 |
| K. | Financial assets expenses | 39 | 0 | 0 |
| IX. | Revenue from revaluation of securities and derivatives | 40 | 0 | 0 |
| L. | Expenses for revaluation of securities and derivatives | 41 | | 0 |
| M. | Change in provisions and adjustments relating to financial activity | 41 | 0 | 0 |
| X. | Interest revenues | 42 | 81 | 565 |
| N. | Interest expenses | 43 | 15,796 | 25,782 |
| XI. | Other financial revenues | 44 | 52,644 | 36,010 |
| O. | Other financial expenses | 45 | 40,375 | 80,985 |
| XII. | Transfer of financial revenues | 46 | 0 | 0 |
| P. | Transfer of financial expenses | 47 | 0 | 0 |
| * | Profit (loss) from financial operations (L31-32+33+37-38+39-40+41+42-43+44-45+46-47) | 48 | -3,446 | -70,192 |
| Q. | Income tax on ordinary profit (loss) (L50+51) | 49 | 1,831 | -5,503 |
| Q. 1 | - current | 50 | 226 | 1,180 |
| Q. 2 | - deferred | 51 | 1,605 | -6,683 |
| ** | Profit (loss) on ordinary activities after tax (L30+48-49) | 52 | 4,370 | -68,886 |
| XIII. | Extraordinary revenues | 53 | 0 | 0 |
| R. | Extraordinary expenses | 54 | 0 | 0 |
| S. | Income tax on extraordinary profit (loss) (L56+57) | 55 | 0 | 0 |
| S. 1 | - current | 56 | 0 | 0 |
| S. 2 | - deferred | 57 | 0 | 0 |
| * | Extraordinary profit (loss) (L53-54-55) | 58 | 0 | 0 |
| T. | Transfer of profit or loss to partners | 59 | 0 | 0 |
| *** | Profit (loss) for the accounting period (L52+58-59) | 60 | 4,370 | -68,886 |
| **** | Profit (loss) before tax (L30+48+53-54) | 61 | 6,201 | -74,389 |

NOTES TO THE REPORTING PACKAGE

Notes to the Czech statutory financial statements (non-consolidated)

Year ended 31 March 2010

(in thousands of Czech crowns "TCZK")

1. GENERAL INFORMATION

LLOYD COILS EUROPE s.r.o. ("the Company") was incorporated on 19 March 2007. The Company's principal activities are the production, installation and repair of refrigerators, air-conditioning and heat pumps. Company's activity is the lease of immovables, flats and non-residential premises.

Ownership structure

LLOYD ELECTRIC AND ENGINEERING LIMITED 100%

Registered office

LLOYD COILS EUROPE s.r.o.

Vrážská 143

153 00 Prague 5 – Radotín

Czech Republic

The statutory representative as at 31 March 2010

Mukat Behari Sharma

The statutory representative acts independently on behalf of the Company.

Changes in the Commercial Register

In the financial year ended 31 March 2010 no changes were made that would require recording in the Commercial Register.

2. SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE COMPANY

a) Intangible fixed assets

Acquired intangible fixed assets are recorded at cost and amortised on a straight-line basis over their estimated useful lives. Depreciation is provided as follows:

| | |
|----------|---------|
| Software | 2 years |
|----------|---------|

Intangible assets with a useful life longer than one year and a unit cost up to CZK 60 000 are charged to the profit and loss account in the year that they are acquired.

b) Tangible fixed assets

Acquired tangible fixed assets are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition, such as transport costs, duties and installation costs. The cost of internally produced assets includes direct material, wages and overheads directly related to the creation of the asset until it is put into use.

c) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes appropriate overheads incurred to bring the inventory to its present state and location (particularly acquisition cost, transport costs and customs duties). Cost is determined using the weighted average method.

Inventories generated from own production, i.e. work in progress and finished goods, are stated at cost decreased by a provision. Cost includes direct and indirect materials, direct and indirect wages and production overheads based on the percentage of completion. The cost of work in progress and finished goods is determined using own cost.

A provision for slow-moving and obsolete inventory is established based on an analysis of the turnover and an individual evaluation of the inventory.

d) Receivables

Receivables are stated at nominal value less a provision for doubtful debts. A provision for bad debts is established on the basis of an ageing analysis and individual evaluation of the solvency of the customers.

e) Foreign currency transaction

Transactions denominated in a foreign currency are translated and recorded at the fixed exchange rate stated by the Company for a one-month period and derived from the exchange rate published by the Czech National Bank on the second Wednesday in a month. Such rate is used for entries made in the following month. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement.

At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the exchange rate published by the Czech National Bank. Unrealised foreign exchange gains and losses are recognised in the profit and loss account.

f) Revenue recognition

Sales are recognised when products are dispatched and the ownership is passed to the customer and are stated net of discounts and value added tax.

g) Leases

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price.

h) Derivative financial instruments

The Company revalues derivatives and assets being hedged by derivatives at the balance sheet date to fair value based on the market value or an expert appraisal.

The Company holds certain derivatives as hedging instruments in accordance with its risk management strategy. However, the company opted not to use hedge accounting for these derivatives, and all derivatives are therefore classified as held for trading.

Changes in the fair value of derivatives held for trading are included in other financial revenues or expenses.

i) Provisions

The Company creates provisions when there is an existing liability and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is established for social security and health insurance relating to the estimated cost of untaken holiday, bonuses unpaid to employees as at the balance sheet date and other business risks.

j) Income tax

Income tax for the year comprises current tax and the change in deferred tax.

k) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

l) Related parties

The Company's related parties are considered to be the following:

- ❖ companies that form a Group of companies with the Company,
- ❖ shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of these shareholders,
- ❖ members of the Company's statutory bodies and management and parties related to such members, including the subsidiaries and associates of the members and their related parties,
- ❖ companies with the same management members.

Outstanding transactions with related parties are described in Note 19.

m) Accounts of the branch

The accounts of the branch are maintained separately in France in EUR. The balances of the accounts are accounted for monthly and are translated at a fixed exchange rate applied by the Czech entity to transactions in the respective month. As at the balance sheet date, assets and liabilities denominated in EUR are translated at the Czech National Bank official rate. Foreign exchange differences arising from the translation of the balance sheet and profit and loss account as at the balance sheet date are recognised in the profit and loss account.

3. COMPARABILITY OF ACCOUNTING PERIODS

On 13 May 2008 LLOYD COILS EUROPE s.r.o. purchased 100% shares of Luvata Czech s.r.o. The management decided on the merger with Luvata Czech s.r.o. as at 1 July 2008. The merger was recorded in the Commercial Register as at 1 December 2008.

In the profit and loss account and the financial statements notes, the prior year amounts disclosed are for the 15 months period (from 1 January 2008 to 31 March 2009).

4. INTANGIBLE FIXED ASSETS

| | Establishment cost | Software | Intangible fixed assets under construction | Total |
|---------------------------------|--------------------|--------------|--|--------------|
| Acquisition cost | | | | |
| Balance at 1/4/2009 | 1 247 | 12 518 | 66 | 13 831 |
| Additions | — | 241 | 251 | 492 |
| Disposals | — | — | — | — |
| Transfers | — | 66 | -66 | — |
| Balance at 31/3/2010 | 1 247 | 12 825 | 251 | 14 323 |
| Accumulated depreciation | | | | |
| Balance at 1/4/2009 | 1 247 | 10 095 | — | 11 342 |
| Depreciation expense | — | 2 238 | — | 2 238 |
| Disposals | — | — | — | — |
| Transfers | — | — | — | — |
| Balance at 31/3/2010 | 1 247 | 12 333 | — | 13 580 |
| Net book value 1/4/2009 | — | 2 423 | 66 | 2 489 |
| Net book value 31/3/2010 | — | 492 | 251 | 743 |

In the period from 1 April 2009 to 31 March 2010 the Company acquired directly charged intangible fixed assets totalling amount of TCZK 88.

5. TANGIBLE FIXED ASSETS

| | Land | Buildings | Machin. and equip. | Individ. tangible assets | Work of art | Fixed assets under constr. | Adjust. to acquired fixed assets | Total |
|---------------------------------|---------------|---------------|--------------------|--------------------------|-------------|----------------------------|----------------------------------|----------------|
| Acquisition cost | | | | | | | | |
| Balance at 1/4/2009 | 37 869 | 71 772 | 205 230 | 15 170 | 59 | 2 011 | 200 130 | 532 241 |
| Additions | — | — | 2 231 | 982 | — | 1 062 | — | 4 275 |
| Disposals | — | -43 | -1 817 | -1 245 | — | — | — | -3 105 |
| Transfers | — | 382 | 1 410 | — | — | -1 792 | — | — |
| Balance at 31/3/2010 | 37 869 | 72 111 | 207 054 | 14 907 | 59 | 1 281 | 200 130 | 533 411 |
| Accum. depreciation | | | | | | | | |
| Balance at 1/4/2009 | — | 15 405 | 156 984 | 13 285 | — | — | 10 012 | 195 686 |
| Depreciation expense | — | 1 657 | 12 637 | 1 692 | — | — | 13 348 | 29 334 |
| Provisions | — | — | — | — | — | 531 | — | 531 |
| Disposals | — | -12 | -1 726 | -1 235 | — | — | — | -2 973 |
| Transfers | — | — | — | — | — | — | — | — |
| Balance at 31/3/2010 | — | 17 050 | 167 895 | 13 742 | — | 531 | 23 360 | 222 578 |
| Net book value 1/4/2009 | 37 869 | 56 367 | 48 246 | 1 885 | 59 | 2 011 | 190 118 | 336 555 |
| Net book value 31/3/2010 | 37 869 | 55 061 | 39 159 | 1 165 | 59 | 750 | 176 770 | 310 833 |

In the period from 1 April 2009 to 31 March 2010 the major addition to fixed assets was lamellar machine in the amount of TCZK 2 257.

Pledged assets are listed in the Note 17.

6. INVENTORIES

| | 31 March 2010 | 31 March 2009 |
|---|---------------|---------------|
| Raw materials | 33 096 | 36 684 |
| Work in progress and semi-finished products | 1 934 | 5 257 |
| Finished goods | 15 013 | 24 274 |
| Goods for resale | — | 7 |
| Advance payments for inventories | 2 279 | — |
| Total | 52 322 | 66 222 |
| Adjustment to raw material | — | -297 |
| Adjustment to finished goods | -2 174 | -2 285 |
| Net book value | 50 148 | 63 640 |

7. RECEIVABLES AND PAYABLES

- (a) Short-term trade receivables total TCZK 126 831 as at 31 March 2010 (31 March 2009 – TCZK 138 381), of which TCZK 29 345 (31 March 2009 – TCZK 32 553) is overdue. An adjustment of TCZK 4 900 (31 March 2009 – TCZK 5 629) was set up at 31 March 2010 for receivables that may be uncollectible. Approximately 30% of unpaid receivables are covered by insurance.
- (b) Short-term trade accounts payable total TCZK 77 741 as at 31 March 2010 (31 March 2009 – TCZK 80 961), of which TCZK 4 093 (31 March 2009 – TCZK 9 276) is overdue.

8. REGISTERED CAPITAL

The registered capital amounts to TCZK 70 000 (31 March 2009 – TCZK 70 000).

9. CHANGES IN EQUITY

| | Registered capital | Other capital contributions | Statutory reserve fund | Retained earnings | Accumulated losses | Profit (loss) for the current period | Total |
|-------------------------|--------------------|-----------------------------|------------------------|-------------------|--------------------|--------------------------------------|---------|
| Balance at 1/4/2009 | 70 000 | — | 7 000 | 54 558 | — | -78 717 | 52 841 |
| Additions to funds | — | 79 020 | — | -54 558 | -24 159 | 78 717 | 79 020 |
| Profit | — | — | — | — | — | 4 370 | 4 370 |
| Balance as at 31/3/2010 | 70 000 | 79 020 | 7 000 | — | -24 159 | 4 370 | 136 231 |

Management of the Company expect that the profit of the current period will be transferred to accumulated losses.

On 26 February 2010 the sole member, LLOYD ELECTRIC & ENGINEERING LIMITED, approved a capital contribution of

TCZK 79 020 made in addition to registered capital, and at the same time assumed the liability to make the capital contribution, and further agreed to offset the liability against LLOYD ELECTRIC & ENGINEERING LIMITED's receivables from loans of TCZK 79 020.

10. BANKLOANS

The Company has following bank loan balance:

| | Balance as at | | |
|---|----------------|--------------------------|----------------|
| | 31 March 2010 | | 31 March 2009 |
| State Bank of India - due within one year | 79 789 | (TEUR 3 000 + interests) | 91 412 |
| - due in 1- 5 years | 190 838 | (TEUR 7 500) | 246 420 |
| Total | 270 627 | | 337 832 |

Interest liability of TCZK 3 454 due as of 6 May 2010 (31 March 2009 – TCZK 9 272 due as of 6 November 2009) and principal repayment of TCZK 76 335 (31 March 2009 – TCZK 82 140) due within one year are stated as short-term part of the long-term bank loan. The bank loan interest rate is 6M-LIBOR + 2.20%. The bank loan is due in eight semi-annual repayments starting from 6 November 2009.

A part of the payment on the bank loan principal, amounting to TEUR 1 300, due as at 6 November 2009 was paid by the parent company, LLOYD ELECTRIC AND ENGINEERING LIMITED, and the resulting loan was transferred to Other capital contribution (see Note 13).

The loan is secured as follows:

- guarantee from LLOYD ELECTRIC AND ENGINEERING LIMITED
- pledge by LLOYD ELECTRIC AND ENGINEERING LIMITED as the pledgor, of 100% ownership interest in LLOYD COIL EUROPE s.r.o.
- lien on movable and immovable property of the Company by agreement signed on 6 May 2009. The net book value of the pledged movable assets as at 31 March 2010 is TCZK 27 790 and the net book value of the pledged realties as at 31 March 2010 is TCZK 56 728.

11. RELATED PARTY TRANSACTIONS

The Company has not concluded a controlling agreement with its parent company. A report on relations between related parties will form a part of the annual report. The Company is a part of the LLOYD ELECTRIC AND ENGINEERING LIMITED group.

(a) The following related party balances were outstanding:

| | Receivables as at | | Payables as at | |
|---------------------------------|-------------------|---------------|----------------|---------------|
| | 31 March 2010 | 31 March 2009 | 31 March 2010 | 31 March 2009 |
| LLOYD ELECTRIC&ENGINEERING LTD. | 3 987 | 4 064 | 503 | 5 |
| JANKA ENGINEERING s.r.o | 5 706 | — | 1 741 | — |
| M/S PERFECT RADIATORS | 7 | — | — | — |
| Total | 9 700 | 4 064 | 2 244 | 5 |

(b) The Company carried out the following related party transactions:

| | Sales for the period 4/09 - 3/10 | Sales for the period 7/08 - 3/09 | Purchases for the period 4/09 - 3/10 | Purchases for the period 7/08 - 3/09 |
|----------------------------------|---|---|---|---|
| LLOYD ELECTRIC&ENGINEERING LTD.. | 258 | 3 068 | 531 | 315 |
| JANKA ENGINEERING s.r.o | 9 686 | — | 2 842 | — |
| M/S PERFECT RADIATORS | 7 | — | — | — |
| Total | 9 951 | 3 068 | 3 373 | 315 |

All significant transactions were realised at the arm's length price.

(c) The Company had loans with the following related parties:

| | Balance at | |
|---------------------------------|----------------------|----------------------|
| | 31 March 2010 | 31 March 2009 |
| LLOYD ELECTRIC&ENGINEERING LTD. | | |
| - due within one year | - | 3 643 |
| - due in 1-5 years | - | 39 195 |
| Total | - | 42 838 |

On 26 February 2010 the sole member LLOYD ELECTRIC & ENGINEERING LIMITED approved the offsetting of unpaid loan against the capital contribution made in addition to registered capital (see note 13).



Independent Auditor's Report

To

The Shareholder's

Lloyd Electric FZE

Ras Al Khaimah, United Arab Emirates

We have audited the statement of financial position of **Lloyd Electric FZE (the Establishment)** as at March 31, 2010 and the related statements of comprehensive income, changes in shareholder's equity and cash flows for the period from December 25, 2008 to March 31, 2010. These financial statements are the responsibility of the Establishment's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Bank balances are not independently confirmed.

Except for the effects of the matters discussed in the preceding paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of **Lloyd Electric FZE** as on March 31, 2010 and the result of its operations and its cash flows for the period from December 25, 2008 to March 31, 2010, in conformity with the Establishment's accounting policies as mentioned in note no.2 to the financial statements.

Dubai

JAXA CHARTERED ACCOUNTANTS

June 23, 2010

Reg.No.442

Ref:JAXA/SA/310/293

Lloyd Electric FZE
Ras Al Khaimah – United Arab Emirates
Statement of Financial Position as at March 31, 2010
(In Arab Emirates Dirham)

| | Notes | <u>2010</u> |
|---|-------|----------------|
| Assets | | |
| Current assets | | |
| Bank balances | 3 | 73,090 |
| Other receivables | 4 | 51,733 |
| Total current assets | | 124,823 |
| Non-current assets | | |
| Intangible assets | 5 | 573,630 |
| Total non current assets | | 573,630 |
| Total assets | | 698,453 |
| Liabilities and Shareholder's Equity | | |
| Current liabilities | | |
| Loan from holding company | | 150,000 |
| Other payables | 6 | 348,139 |
| Total current liabilities | | 498,139 |
| Total liabilities | | 498,139 |
| Shareholder's equity | | |
| Share capital | 1 | 500,000 |
| Accumulated deficit | | (299,686) |
| Total shareholder's equity | | 200,314 |
| Total liabilities and shareholder's equity | | 698,453 |

The accompanying notes form an integral part of these financial statements.



LLOYD ELECTRIC FZE
RAS AL KHAIMAH - UNITED ARAB EMIRATES
Statement of Comprehensive Income
For the period from December 25, 2008 to March 31, 2010
(In Arab Emirates Dirham)

| | Note | For the period from December 25, 2008 to March 31, 2010 |
|--|------|---|
| Revenue | | - |
| General and administrative expenses | 7 | (299,686) |
| Net loss for the period | | (299,686) |
| Other comprehensive income | | - |
| Total comprehensive loss for the period | | (299,686) |
| The accompanying notes form an integral part of these financial statements | | |

LLOYD ELECTRIC FZE
RAS AL KHAIMAH - UNITED ARAB EMIRATES
Statement of Changes in Shareholder's Equity
For the period from December 25, 2008 to March 31, 2010
(In Arab Emirates Dirham)

| | Share capital | Accumulated deficit | Total |
|---|------------------|------------------------|----------------|
| Capital introduced | 500,000 | - | 500,000 |
| Total comprehensive loss for the period | - | (299,686) | (299,686) |
| Balance at March 31, 2010 | 500,000 | (299,686) | 200,314 |

The accompanying notes form an integral part of these financial statements

LLOYD ELECTRIC FZE
RAS AL KHAIMAH - UNITED ARAB EMIRATES
Statement of Cash Flows
For the period from December 25, 2008 to March 31, 2010
(In Arab Emirates Dirham)

| | For the period fro December 25, 2008 to March 31, 2010 |
|--|--|
| Cash flows from operating activities | |
| Total comprehensive loss for the period | (299,686) |
| Operating cash flow before movements in working capital | (299,686) |
| Movements in working capital | |
| Other receivables | (51,733) |
| Other payables | 348,139 |
| Net cash used in operating activities | (3,280) |
| Cash flows from investing activities | |
| Intangible assets | 573,630 |
| Net cash used in investing activities | 573,630 |
| Cash flows from financing activities | |
| Capital introduced | 500,000 |
| Loan from holding Company | 150,000 |
| Net cash used in financing activities | 650,000 |
| Net increase in cash and cash equivalents | 73,090 |
| Cash and cash equivalents at the beginning of the period | - |
| Cash and cash equivalents at the end of the period | 73,090 |

The accompanying notes form an integral part of these financial statements



Lloyd Electric FZE

Ras Al Khaimah - United Arab Emirates

Notes to the Financial Statements

For the period from December 25, 2008 to March 31, 2010

1. Company and operations

Lloyd Electric FZE (the Establishment) is a Free Zone Establishment with limited liability and is registered with the RAK Free Trade Zone, Ras Al Khaimah – United Arab Emirates. The Establishment received the general trading license on 25 Dec, 2008.

The Share capital of the Establishment is AED 500,000/-. Following is the details of the shareholders and their shareholdings:

| Shareholder's | Nationality | % |
|--|-------------|------------|
| M/s.Lloyd Electric & Engineering Limited | India | 100 |
| Total | | 100 |

The principal activity of the Establishment is general trading (trading in tobacco, alcohol, armaments are not permitted).

The address of the registered office of the Establishment is P.O Box 10559, RAK Free Trade Zone, Ras Al Khaimah – United Arab Emirates.

2. Basis of presentation of financial statements

These financial statements are presented In Arab Emirates Dirham (AED). The financial statements have been prepared on the historical cost basis. Following is a summary of the significant accounting policies adopted.

Revenue recognition

Income from services is recognized when all the conditions in connection with the service rendered is fulfilled and invoiced for. Sale of goods is recognized when goods are delivered and title has been passed.

Financial instruments

Other receivables

Other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established where there is objective evidence that the Establishment will not be able to collect all amounts due according to the terms of receivables. Bad debts are written off when identified.

Basis of presentation of financial statements

Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities arising in foreign currencies are converted into AED at the rates of exchange prevailing on financial position date and profit or loss arising thereon was charged to statement of comprehensive income.

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand, demand and time deposit with the banks, with an original maturity of three months or less at the date of placement, free of encumbrances.

3. Bank Balances

| | March'31,2010 |
|------------------------------------|----------------------|
| | AED |
| Bank Balances :In current accounts | 73,090 |
| | 73,090 |

4. Other receivables

| | March'31,2010 |
|-------------|----------------------|
| | AED |
| Deposits | 5,758 |
| Prepayments | 45,975 |
| | 51,733 |

5. Intangible assets

This represents the expenses for market research. This will be written off over a period of 3 years starting from the year in which the Establishment commences its commercial operations.

6. Other payables

| | March'31,2010 |
|-------------------------------------|----------------------|
| | AED |
| Audit Fee payable | 2,400 |
| Expenses payable to holding company | 345,639 |
| | 348,039 |

7. General and administrative expenses

| | For the period from December 25, 2008 to March'31, 2010 |
|-------------------------------|--|
| | AED |
| Salary and allowances | 197,073 |
| Registration and License fees | 34,550 |
| Rent | 56,375 |
| Travelling expenses | 5,558 |
| Audit fee | 2,500 |
| Bank charges | 1,780 |
| Others | 1,850 |
| | 299,686 |

The above general and administrative expenses include the expenses incurred for the period from 25.12.2008 to 31.03.2009 which are stated as follows:

| | AED |
|-------------------------------|--------------|
| Registration and License fees | 7,625 |
| Bank charges | 700 |
| | 8,325 |

8. Financial instruments

Financial instruments of the Establishment comprise bank balances, other receivables, loan from holding Company and other payables.

Credit risk exposure

The Establishment's exposure to credit risk at the period end is indicated by the carrying amounts of its financial assets, net of any applicable allowance for losses.

Currency risk exposure

The Establishment's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates.

Fair values

The fair value of the financial assets and liabilities at financial position date approximate their carrying amounts in the statement of financial position.

9. Comparative figure

Since this being the first financial statements of the Establishment since inception, comparative figures are not provided.

Auditor's report to the member of JANKA ENGINEERING s. r. o

We have audited the accompanying financial statements of JANKA ENGINEERING s.r.o., which comprise the balance sheet as of 31 March 2010, and the income statement for the period from 1 January 2009 to 31 March 2010, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of JANKA ENGINEERING s.r.o. in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International standards on Auditing and the relevant guidance of the chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly in all material respects the assets, liabilities and the financial position of JANKA ENGINEERING s.r.o. as of 31 March 2010, and its expenses, revenues and financial performance for the period from 1 January 2009 to 31 March 2010 in accordance with Czech accounting legislation.

Prague

24 May, 2010

KPMG Ceska republika Audit, s.r.o

Licence number 71



JANKA ENGINEERING s.r.o.
BALANCE SHEET
 in full format
 as at 31 March 2010
 (in thousands of Czech crowns "TCZK")
 Translated from the Czech original

Name and regist. office of the Company
 JANKA ENGINEERING s.r.o.
 Vrážská 143
 153 00 Praha 5 Radotín
 Czech Republic

Identification number
 279 12 612

| Ident. a | ASSETS b | Line c | Current Period | | | Prior Period Net 4 |
|-------------|---|-----------|----------------|--------------|----------|-----------------------------|
| | | | Gross 1 | Adjust. 2 | Net 3 | |
| | TOTAL ASSETS (L.02+03+31+63) | 001 | 184243 | -2651 | 181592 | 173 |
| A. | Receivables for subscribed registered capital | 002 | - | - | - | - |
| B. | Fixed assets (L.04+13+23) | 003 | 58322 | -873 | 57449 | - |
| B.I. | Intangible fixed assets (L.05 to 12) | 004 | 2754 | -151 | 2603 | - |
| B.I. | 1. Incorporation expenses | 005 | - | - | - | - |
| | 2. Research and development | 006 | - | - | - | - |
| | 3. Software | 007 | - | - | - | - |
| | 4. Intellectual property rights | 008 | 2714 | -151 | 2563 | - |
| | 5. Goodwill | 009 | - | - | - | - |
| | 6. Other intangible fixed assets | 010 | - | - | - | - |
| | 7. Intangible fixed assets under construction | 011 | 40 | - | 40 | - |
| | 8. Advance payments for intangible fixed assets | 012 | - | - | - | - |
| B.II. | Tangible fixed assets (L.14 to 22) | 013 | 55568 | -722 | 54846 | - |
| B.II. | 1. Land | 014 | 9586 | - | 9586 | - |
| | 2. Buildings | 015 | 39289 | -245 | 39044 | - |
| | 3. Plant and equipment | 016 | 6679 | -477 | 6202 | - |
| | 4. Cultivated areas | 017 | - | - | - | - |
| | 5. Adult livestock | 018 | - | - | - | - |
| | 6. Other tangible fixed assets | 019 | 14 | - | 14 | - |
| | 7. Tangible fixed assets under construction | 020 | - | - | - | - |
| | 8. Advance payments for tangible fixed assets | 021 | - | - | - | - |
| | 9. Adjustments to acquired fixed assets | 022 | - | - | - | - |
| B.III. | Long-term investments (L.24 to 30) | 023 | - | - | - | - |
| B.III. | 1. Investments in group undertakings | 024 | - | - | - | - |
| | 2. Investments in associated companies | 025 | - | - | - | - |
| | 3. Other long-term securities and ownership interests | 026 | - | - | - | - |
| | 4. Loans - group undertakings, associated companies | 027 | - | - | - | - |
| | 5. Other long-term investments | 028 | - | - | - | - |
| | 6. Long-term investments (provisional value) | 029 | - | - | - | - |
| | 7. Advance payments for long-term investments | 030 | - | - | - | - |

Annual Report 2009-2010

| Ident. a | ASSETS b | Line c | Current Period | | | Prior Period |
|-------------|---|-----------|----------------|--------------|----------|--------------|
| | | | Gross 1 | Adjust. 2 | Net 3 | Net 4 |
| C. | Current assets (L.32+39+48+58) | 031 | 125083 | -1778 | 123305 | 173 |
| C.I. | Inventories (L.33 to 38) | 032 | 31151 | -1778 | 29373 | - |
| C.I. | 1. Raw materials | 033 | 12857 | -1046 | 11811 | - |
| | 2. Work-in-progress and semi-finished products | 034 | 9948 | -696 | 9252 | - |
| | 3. Finished goods | 035 | 7943 | -6 | 7937 | - |
| | 4. Young and other livestock | 036 | - | - | - | - |
| | 5. Goods for resale | 037 | 403 | -30 | 373 | - |
| | 6. Advance payments for inventories | 038 | - | - | - | - |
| C.II. | Long-term receivables (L.40 to 47) | 039 | 1006 | - | 1006 | - |
| C.II. | 1. Trade receivables | 040 | - | - | - | - |
| | 2. Receivables - group undertakings | 041 | - | - | - | - |
| | 3. Receivables - associated companies | 042 | - | - | - | - |
| | 4. Receivables from shareholders/owners and alliance partners | 043 | - | - | - | - |
| | 5. Long-term advances paid | 044 | - | - | - | - |
| | 6. Estimated receivables | 045 | - | - | - | - |
| | 7. Other receivables | 046 | - | - | - | - |
| | 8. Deferred tax asset | 047 | 1006 | - | 1006 | - |
| C.III. | Short-term receivables (L.49 to 57) | 048 | 90773 | - | 90773 | - |
| C.III. | 1. Trade receivables | 049 | 83944 | - | 83944 | - |
| | 2. Receivables - group undertakings | 050 | - | - | - | - |
| | 3. Receivables - associated companies | 051 | - | - | - | - |
| | 4. Receivables from shareholders/owners and alliance partners | 052 | - | - | - | - |
| | 5. Social security and health insurance | 053 | - | - | - | - |
| | 6. Tax receivables | 054 | 5475 | - | 5475 | - |
| | 7. Short-term advances paid | 055 | 1230 | - | 1230 | - |
| | 8. Estimated receivables | 056 | - | - | - | - |
| | 9. Other receivables | 057 | 124 | - | 124 | - |
| C.IV. | Short-term financial assets (L.59 to 62) | 058 | 2153 | - | 2,153 | 173 |
| C.IV. | 1. Cash | 059 | 204 | - | 204 | - |
| | 2. Bank accounts | 060 | 1949 | - | 1,949 | 173 |
| | 3. Short-term securities and ownership interests | 061 | - | - | - | - |
| | 4. Short-term investments (provisional value) | 062 | - | - | - | - |
| D.I. | Deferrals (L.64+65+66) | 063 | 838 | - | 838 | - |
| D.I. | 1. Prepaid expenses | 064 | 838 | - | 838 | - |
| | 2. Complex prepaid expenses | 065 | - | - | - | - |
| | 3. Accrued revenues | 066 | - | - | - | - |



| Ident. a | Liabilities b | Line c | Current Period 5 | Prior Period 6 |
|-------------|---|-----------|------------------------|----------------------|
| | TOTAL LIABILITIES AND EQUITY (L.68+86+119) | 067 | 181592 | 173 |
| A. | Equity (L.69+73+79+82+85) | 068 | 119623 | 173 |
| A.I. | Registered capital (L.70+71+72) | 069 | 44300 | 200 |
| A.I. 1. | Registered capital | 070 | 44300 | 200 |
| 2. | Own shares and ownership interests (-) | 071 | 0 | 0 |
| 3. | Changes in registered capital | 072 | 0 | 0 |
| A.II. | Capital contributions (L.74 to 78) | 073 | 80121 | 0 |
| A.II. 1. | Share premium | 074 | 0 | 0 |
| 2. | Other capital contributions | 075 | 80121 | 0 |
| 3. | Revaluation of assets and liabilities | 076 | 0 | 0 |
| 4. | Revaluation reserve on transformations | 077 | 0 | 0 |
| 5. | Differences resulting from transformations | 078 | 0 | 0 |
| A.III. | Reserve funds, undistributable fund and other funds from profit (L.80+81) | 079 | 0 | 0 |
| A.III. 1. | Statutory reserve fund / Undistributable fund | 080 | 0 | 0 |
| 2. | Statutory and other funds | 081 | 0 | 0 |
| A.IV. | Retained earnings (L.83+84) | 082 | -27 | -7 |
| A.IV. 1. | Retained profits | 083 | 0 | 0 |
| 2. | Accumulated losses | 084 | -27 | -7 |
| A.V. | Profit (loss) for the current period (+/-) | 085 | -4771 | -20 |
| B. | Liabilities (L.87+92+103+115) | 086 | 61969 | 0 |
| B.I. | Provisions (L.88 to 91) | 087 | 2479 | 0 |
| B.I. 1. | Tax-deductible provisions | 088 | 0 | 0 |
| 2. | Provision for pensions and other similar payables | 089 | 0 | 0 |
| 3. | Income tax provision | 090 | 0 | 0 |
| 4. | Other provisions | 091 | 2479 | 0 |
| B.II. | Long-term liabilities (L.93 to 102) | 092 | 0 | 0 |
| B.II. 1. | Trade payables | 093 | 0 | 0 |
| 2. | Liabilities - group undertakings | 094 | 0 | 0 |
| 3. | Liabilities - associated companies | 095 | 0 | 0 |
| 4. | Liabilities to shareholders/owners and alliance partners | 096 | 0 | 0 |
| 5. | Long-term advances received | 097 | 0 | 0 |
| 6. | Debentures and bonds issued | 098 | 0 | 0 |
| 7. | Long-term bills of exchange payable | 099 | 0 | 0 |
| 8. | Estimated payables | 100 | 0 | 0 |
| 9. | Other payables | 101 | 0 | 0 |
| 10. | Deferred tax liability | 102 | 0 | 0 |

Annual Report 2009-2010

| Ident. a | Liabilities b | Line c | Current Period 5 | Prior Period 6 |
|-------------|--|-----------|------------------------|----------------------|
| B.III. | Short-term liabilities (L.104 to 114) | 103 | 48504 | 0 |
| B.III. 1. | Trade payables | 104 | 31326 | 0 |
| 2. | Liabilities - group undertakings | 105 | 0 | 0 |
| 3. | Liabilities - associated companies | 106 | 0 | 0 |
| 4. | Liabilities to shareholders/owners and alliance partners | 107 | 0 | 0 |
| 5. | Payables to employees | 108 | 6379 | 0 |
| 6. | Payables to social security and health insurance | 109 | 3018 | 0 |
| 7. | Tax liabilities and subsidies | 110 | 1091 | 0 |
| 8. | Short-term advances received | 111 | 124 | 0 |
| 9. | Debentures and bonds issued | 112 | 0 | 0 |
| 10. | Estimated payables | 113 | 6566 | 0 |
| 11. | Other payables | 114 | 0 | 0 |
| B.IV. | Bank loans and overdrafts (L.116+117+118) | 115 | 10986 | 0 |
| B.IV. 1. | Long-term bank loans | 116 | 0 | 0 |
| 2. | Short-term bank loans | 117 | 10986 | 0 |
| 3. | Short-term financial liabilities | 118 | 0 | 0 |
| C.I. | Accruals (L.120+121) | 119 | 0 | 0 |
| C.I. 1. | Accrued expenses | 120 | 0 | 0 |
| 2. | Deferred revenues | 121 | 0 | 0 |



JANKA ENGINEERING s.r.o.

PROFIT AND LOSS ACCOUNT

classification by nature

for the year ended 31 March 2010

(in thousands of Czech crowns "TCZK")

Translated from the Czech original

Name and regist. office of the Company
JANKA ENGINEERING s.r.o.

Vrážská 143

153 00 Praha 5 Radotín

Czech Republic

Identification number
279 12 612

| Ident. a | Text b | Line c | Accounting period | |
|-------------|--|-----------|-------------------|------------|
| | | | Current 1 | Prior 2 |
| I. | Revenue from goods | 01 | 20969 | 0 |
| A. | Cost of goods sold | 02 | 17758 | 0 |
| + | Gross profit (L.01-02) | 03 | 3211 | 0 |
| II. | Revenue from production (L.05+06+07) | 04 | 95252 | 0 |
| II. 1. | Revenue from own products and services | 05 | 91299 | 0 |
| II. 2. | Change in inventory of own production | 06 | 3790 | 0 |
| II. 3. | Own work capitalized | 07 | 163 | 0 |
| B. | Cost of sales (L.09+10) | 08 | 64167 | 19 |
| B. 1. | Materials and consumables | 09 | 49267 | 0 |
| B. 2. | Services | 10 | 14900 | 19 |
| + | Added value (L.03+04-08) | 11 | 34296 | -19 |
| C. | Personnel expenses (L.13 to 16) | 12 | 32893 | 0 |
| C.1. | Wages and salaries | 13 | 25000 | 0 |
| C.2. | Remuneration of board members | 14 | 0 | 0 |
| C.3. | Social security and health insurance expenses | 15 | 7573 | 0 |
| C.4. | Social expenses | 16 | 320 | 0 |
| D. | Taxes and charges | 17 | 306 | 0 |
| E. | Depreciation of intangible and tangible fixed assets | 18 | 873 | 0 |
| III. | Proceeds from disposals of fixed assets and raw material (L.20+21) | 19 | 5684 | 0 |
| III. 1 | Proceeds from disposals of fixed assets | 20 | 0 | 0 |
| III. 2 | Proceeds from disposals of raw material | 21 | 5684 | 0 |
| F. | Net book value of fixed assets and raw material sold (L.23+24) | 22 | 3790 | 0 |
| F. 1. | Net book value of fixed assets sold | 23 | 0 | 0 |
| F. 2. | Raw materials sold | 24 | 3790 | 0 |
| G. | Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses | 25 | 4257 | 0 |
| IV. | Other operating revenues | 26 | 350 | 0 |
| H. | Other operating expenses | 27 | 79 | 0 |
| V. | Transfer of operating revenues | 28 | 0 | 0 |

Annual Report 2009-2010

| Ident. a | Text b | Line c | Accounting period | |
|-------------|---|-----------|-------------------|------------|
| | | | Current 1 | Prior 2 |
| I. | Transfer of operating expenses | 29 | 0 | 0 |
| * | Operating profit (loss) (L.11-12-17-18+19-22-25+26-27+28-29) | 30 | -1868 | -19 |
| VI. | Proceeds from sale of securities and ownership interests | 31 | 0 | 0 |
| J. | Securities and ownership interests sold | 32 | 0 | 0 |
| VII. | Revenue from long-term investments (L.34+35+36) | 33 | 0 | 0 |
| VII. 1. | Revenue from investments in group undertakings and associated companies | 34 | 0 | 0 |
| VII. 2. | Revenue from other long-term securities and ownership interests | 35 | 0 | 0 |
| VII. 3. | Revenue from other long-term investments | 36 | 0 | 0 |
| VIII. | Revenue from short-term financial investments | 37 | 0 | 0 |
| K. | Financial assets expenses | 38 | 0 | 0 |
| IX. | Revenue from revaluation of securities and derivatives | 39 | 0 | 0 |
| L. | Expenses for revaluation of securities and derivatives | 40 | 0 | 0 |
| M. | Change in provisions and adjustments relating to financial activity | 41 | 0 | 0 |
| X. | Interest revenue | 42 | 17 | 0 |
| N. | Interest expense | 43 | 2343 | 0 |
| XI. | Other financial revenues | 44 | 2001 | 0 |
| O. | Other financial expenses | 45 | 3584 | 1 |
| XII. | Transfer of financial revenues | 46 | 0 | 0 |
| P. | Transfer of financial expenses | 47 | 0 | 0 |
| * | Profit (loss) from financial operations (L.31-32+33+37-38+39-40+41+42-43+44-45+46-47) | 48 | -3909 | -1 |
| Q. | Income tax on ordinary profit (loss) (L.50+51) | 49 | -1006 | 0 |
| Q.1. | - current | 50 | 0 | 0 |
| Q.2. | - deferred | 51 | -1006 | 0 |
| ** | Profit (loss) on ordinary activities after tax (L.30+48-49) | 52 | -4771 | -20 |
| XIII. | Extraordinary revenue | 53 | 0 | 0 |
| R. | Extraordinary expenses | 54 | 0 | 0 |
| S. | Income tax on extraordinary profit (loss) (L.56+57) | 55 | 0 | 0 |
| S.1. | - current | 56 | 0 | 0 |
| S.2. | - deferred | 57 | 0 | 0 |
| * | Extraordinary profit (loss) (L.53-54-55) | 58 | 0 | 0 |
| T. | Transfer of profit or loss to partners | 59 | 0 | 0 |
| *** | Profit (loss) for the accounting period (L.52+58-59) | 60 | -4771 | -20 |
| **** | Profit (loss) before tax (L.30+48+53-54) | 61 | -5777 | -20 |



Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 March 2010
(in thousands of Czech crowns "TCZK")

1. Description and principal activities

JANKA ENGINEERING s.r.o. („the Company”) is a legal entity - a limited liability company - which was registered on 15 June 2007 and its registered office is located in Praha 5 – Radotín, Vrážská 143, Czech Republic. Until November 2009 the principal activity of the Company was lease of real estate without providing other than basic lease-related services.

Ownership structure as at 31 March 2010

| | |
|--|------|
| LLOYD ELECTRIC AND ENGINEERING LIMITED | 100% |
|--|------|

Identification number

279 12 612

Statutory representative as at 31 March 2010

Arun Kumar Paliwal

Organisational structure

The Company is organised into the divisions for manufacture of cooling units, air-conditioning units and ventilators..

2. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing less than TCZK 3 and intangible fixed assets costing less than TCZK 60 are charged to the profit and loss account in the year that they are acquired.

(b) Inventories

Purchased inventories are stated at cost using standard costing and price variance. Cost includes the purchase price of the inventory and related expenses (freight costs, customs duties, commissions, etc.). Finished goods and work-in-progress are stated at cost which includes direct materials, direct labour, cooperation costs and manufacturing overheads.

(c) Establishment of adjustments and provisions

Accounts receivable

Receivables are stated at nominal value when they arise. Purchased receivables are stated at acquisition cost. The valuation of doubtful receivables is reduced by adjustments booked on costs at the realisable value. The Company establishes adjustments for doubtful accounts based on an analysis of the credit status of customers and ageing structure of receivables.

Inventories

Adjustments to reduce the cost of obsolete and unusable inventory to net realisable value are established based on the management's analysis of inventory turnover.

(d) Foreign currency translation

The Company applied the Czech National Bank official rate to foreign currency transactions.

At the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in the profit and loss account.

(e) Research and development

Research costs are expenditures that are undertaken for the purpose of acquiring new technical knowledge, which may lead to improved products or processes in the future but for which economic viability has not been established. Research costs are charged to the profit and loss account in the year in which they are incurred.

(f) Leased assets

Lease payments are expensed on a straight-line basis over the lease term.

(g) Taxation

Corporate income tax on the profit for the year comprises current income tax and the change in deferred tax.

Current income tax comprises taxes payable calculated on the basis of the accounting profit increased or decreased by permanently or temporarily tax non-deductible expenses or non-taxable revenues (e.g. additions to and release of other provisions and adjustments, representation expenses, difference between depreciation for accounting and tax purposes, etc.), and any adjustment to the tax payable for previous years.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the income tax rates expected to be valid for the periods in which the tax asset/liability is expected to be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

(h) Liabilities, loans and overdrafts

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

3. Material events of the period 2009/10

On 23 November 2009, based on a strategic decision of the owner of LENNOX klimatizace Czech Republic a.s., all inventories and tangible and intangible fixed assets, including the trade marks and design and technological documentation of the company were sold to JANKA ENGINEERING s.r.o. A part of the transaction was also transfer of all employees to the buyer.

The Company's management decided on a change of the accounting period so that the accounting period shall always start on 1 April and end on 31 March of the following year and thus it will correspond to the accounting period of the group. The financial statements as at 31 March 2010 have been prepared for a period of 15 months and the data for the past accounting period are not comparable to the data as at 31 December 2009. The Profit and Loss Account of Janka Engineering s.r.o. is for the period beginning from January 1, 2009 to March 31, 2010. The Company acquired 100% ownership interest in Janka Engineering s.r.o. on October 12, 2009. Please note that expenses of 18200 CZK and interest income of 113 CZK related to the period beginning from January 1, 2009 till October 12, 2009 are included in the income statement of the Company.

4. Fixed assets

(a) Intangible fixed assets

| | Assets under construction | Royalties | Total |
|--------------------------|------------------------------|-----------|-------|
| Acquisition cost | | | |
| Balance at 1/1/2009 | — | — | — |
| Additions | 40 | 2 714 | 2 754 |
| Disposals | — | — | — |
| Transfers | — | — | — |
| Balance at 31/3/2010 | 40 | 2 714 | 2 754 |
| Accumulated depreciation | | | |
| Balance at 1/1/2009 | — | — | — |
| Depreciation expense | — | 151 | 151 |
| Disposals— | — | — | |
| Transfers — | — | — | |
| Balance at 31/3/2010 | — | 151 | 151 |
| Net book value 1/1/2009 | — | — | — |
| Net book value 31/3/2010 | 40 | 2 563 | 2 603 |

(b) Tangible fixed assets

| | Land | Buildings | Machinery and equipment | Vehicles | Works of art | Total |
|--------------------------|-------|-----------|-------------------------------|----------|-----------------|--------|
| Acquisition cost | | | | | | |
| Balance at 1/1/2009 | — | — | — | — | — | — |
| Additions | 9 586 | 39 289 | 5 655 | 1 024 | 14 | 55 568 |
| Disposals | — | — | — | — | — | — |
| Transfers | — | — | — | — | — | — |
| Balance at 31/3/2010 | 9 586 | 39 289 | 5 655 | 1 024 | 14 | 55 568 |
| Accumulated depreciation | | | | | | |
| Balance at 1/1/2009 | — | — | — | — | — | — |
| Depreciation expense | — | 245 | 433 | 44 | — | 722 |
| Disposals | — | — | — | — | — | — |
| Transfers | — | — | — | — | — | — |
| Balance at 31/3/2010 | — | 245 | 433 | 44 | — | 722 |
| Net book value 1/1/2009 | — | — | — | — | — | — |
| Net book value 31/3/2010 | 9 586 | 39 044 | 5 222 | 980 | 14 | 54 846 |

5. Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in note 2(a) above, the Company has charged low value tangible and intangible fixed assets to the profit and loss account in the year that they were acquired. The cumulative acquisition cost of these tangible and intangible assets which were still in use was as follows:

| | Balance at | |
|------------------------------------|------------|------------|
| | 31/3/2010 | 31/12/2008 |
| Tangible fixed assets | 1 736 | — |
| Intangible fixed assets (software) | 78 | — |
| Total | 1 814 | — |

6. Inventories

Based on an analysis of the turnover of inventories as at 31 March 2010, the Company created an adjustment to raw materials, semi-finished products, goods and finished goods of TCZK 1 778 (2008 – TCZK 0).

7. Trade receivables and payables

As at 31 March 2010, short-term trade receivables are of TCZK 83 944 (2008 – TCZK 0), of which TCZK 13 894 (2008 – TCZK 0) is overdue. As at 31 March 2010, any reason has arisen to the Company to create adjustments for doubtful accounts (2008 – TCZK 0).

As at 31 March 2010, short-term trade payables are of TCZK 31 326 (2008 – TCZK 0), of which TCZK 4 492 (2008 – TCZK 0) is overdue.

8. Adjustments

| | Adjustments to inventory | Adjustments to receivables | Total |
|----------------------|--------------------------|----------------------------|-------|
| Balance at 1/1/2009 | — | — | — |
| Additions | 1 778 | — | 1 778 |
| Decrease/release | — | — | — |
| Balance at 31/3/2010 | 1 778 | — | 1 778 |

9. Registered capital

On 24 March 2010, the registered capital of the Company was increased from TCZK 200 to TCZK 44 300. The receivable from increase in registered capital was offset against a payable from a loan provided by the sole member of the Company.

10. Changes in equity

| | Registered capital | Accumulated losses | Profit (loss) | Other capital contributions | Total |
|--------------------------------|--------------------|--------------------|---------------|-----------------------------|---------|
| Balance at 1/1/2009 | 200 | -7 | -20 | — | 173 |
| Additions to funds | — | -20 | 20 | 80 121 | 80 121 |
| Reductions of funds | — | — | — | — | — |
| Increase in registered capital | 44 100 | — | — | — | 44 100 |
| Loss for 2009 | — | — | -4 771 | — | -4 771 |
| Balance at 31/3/2010 | 44 300 | -27 | -4 771 | 80 121 | 119 623 |

The receivable due from increase in other capital contributions of TCZK 80 121 was offset against a payable from a loan provided by the sole member of the Company.

11. Provisions

| | Provision for untaken holiday | Provision for complaints | Total |
|----------------------|-------------------------------|--------------------------|-------|
| Balance at 1/1/2009 | — | — | — |
| Additions | 2 004 | 475 | 2 479 |
| Utilisation | — | — | — |
| Balance at 31/3/2010 | 2 004 | 475 | 2 479 |

12. Bank loans

The Company has an open loan account by ABN AMRO Bank N.V. in Prague. This account allows it to draw a loan of up to TEUR 1 176. The loan can be drawn in EUR and in CZK. As at 31 March 2010 the Company has drawn TCZK 10 986 (2008 – TCZK 0) from the provided loan. The loan is secured by a guarantee in the form of an issued stand-by letter of credit.

13. Segment information

Since November 2009 the Company has produced air-conditioning units, ventilators and cooling units. The sales for these segments for the period between November 2009 and March 2010 were as follows:

| | Sales | | Total |
|---|----------|--------|---------|
| | Domestic | Europe | |
| Air-conditioning units, ventilators and cooling units | 48 393 | 33 717 | 82 110 |
| Goods | 13 122 | 7 847 | 20 969 |
| Services | 8 700 | 489 | 9 189 |
| Total | 70 215 | 42 053 | 112 268 |

14. Related parties

(a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in note 7.

| | Receivables | | Payables | |
|--------------------------|-------------|------|----------|------|
| | 2009/10 | 2008 | 2009/10 | 2008 |
| LLOYDCOILS EUROPE s.r.o. | 1 741 | — | 5 387 | — |
| Total | 1 741 | — | 5 387 | — |

(b) Sales and purchases

| | Sales for the period | | Costs for the period | |
|--------------------------|----------------------|------|----------------------|------|
| | 2009/10 | 2008 | 2009/10 | 2008 |
| LLOYDCOILS EUROPE s.r.o. | 2 852 | — | 9 463 | — |
| Total | 2 852 | — | 9 463 | — |

(c) Interest on provided loans

During the period ended 31 March 2010, the Company was provided by a loan from LLOYD ELECTRIC AND ENGINEERING LIMITED and the interests paid from this loan were TCZK 2 321 (2008 – TCZK 0).

(d) Remuneration and loans provided to members of statutory and supervisory bodies

In 2008 and 2009/10, the Company did not pay any remuneration or bonuses to members of statutory and supervisory bodies and has not provided them any loans.

(e) Group relations

The Company has not concluded a controlling agreement with its sole shareholder LLOYD ELECTRIC AND ENGINEERING LIMITED. A report on relations between related parties will form a part of the annual report.

15. Employees and executives

The average number of employees and executives and remuneration paid in the period between November 2009 and March 2010 (until November 2009 the Company had no employees) are as follows:

| March, 2010 | Number of employees | Wages and salaries | Social security and health insurance expenses | Social expenses |
|-------------|---------------------|--------------------|---|-----------------|
| Employees | 189 | 20 478 | 6 851 | 320 |
| Executives | 2 | 4 522 | 722 | — |
| Total | 191 | 25 000 | 7 573 | 320 |

16. Social security and health insurance liabilities

Social security and health insurance liabilities as at 31 March 2010 are of TCZK 3 018 (2008 – TCZK 0). None of these liabilities are overdue.

17. Income tax

(a) Current tax

The Company generated a tax loss for the accounting period 2009/2010 and as a result of that it has not established any income tax provision (2008 – TCZK 0).

(b) Deferred tax

Deferred tax assets and liabilities

| | base 2009/10 | rate 2009/10 | receivable 2009/10 | liability 2009/10 |
|--|-----------------|-----------------|-----------------------|----------------------|
| Difference between accounting and tax residual value of fixed assets | -851 | 19% | — | -162 |
| Adjustments to receivables | — | 19% | — | — |
| Adjustments to inventories | 1 778 | 19% | 338 | — |
| Provisions | 2 479 | 19% | 471 | — |
| Other temporary differences | — | 19% | — | — |
| Tax losses carried forward | 1 887 | 19% | 359 | — |
| Net tax asset/(liability) | | | 1 168 | -162 |

In accordance with the accounting policy described in note 2 (g), deferred tax was calculated using the tax rates valid for the periods in which the tax asset/liability is expected to be utilised, i.e. 19%.

18. Leased assets

The Company has operating leases for passenger cars. The usual period for which the lease contracts are concluded is 3 years. Total lease payments in 2009/10 amounted to TCZK 953.

19. Research and development

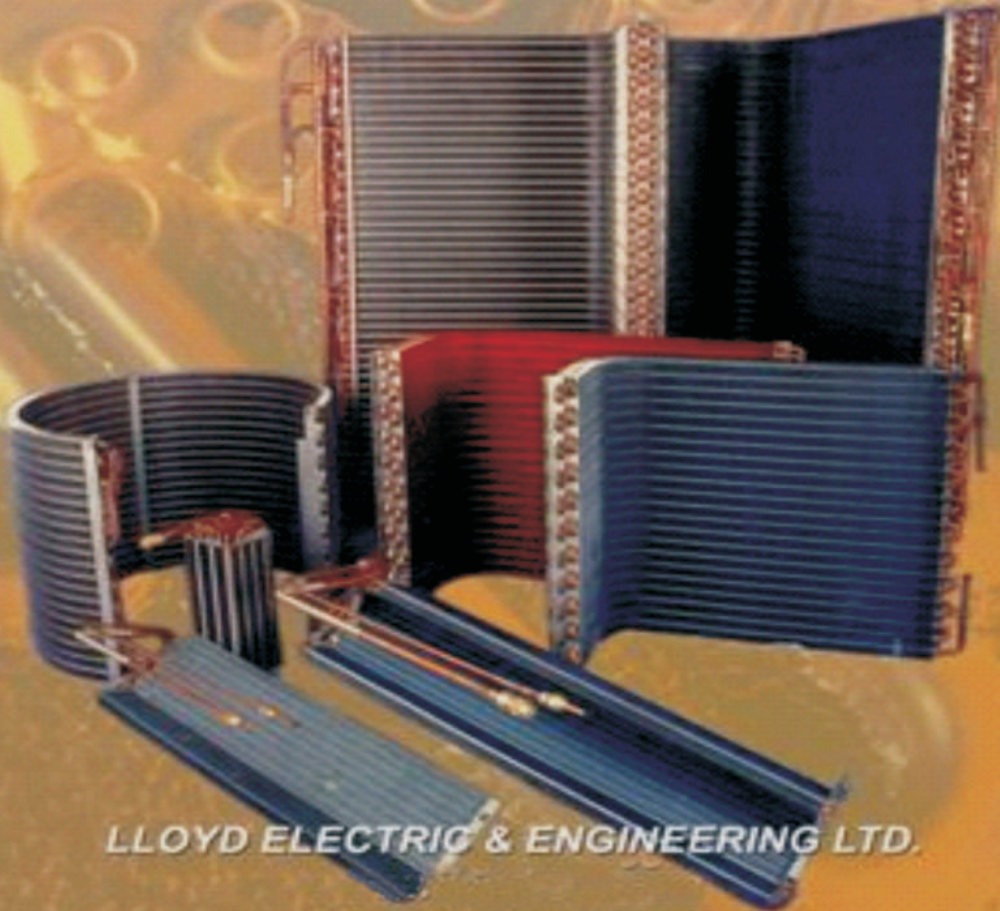
The Company had no research and development expenditures in 2009/10.

20. Material subsequent event

On 27 April 2010, Arun Kumar Paliwal was removed as a statutory representative of the Company. Krishnendu Dasgupta was appointed as a new statutory representative. The change in the position of the statutory representative was recorded in the Commercial Register on 13 May 2010.

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LLOYD ELECTRIC & ENGINEERING LTD.



LIVE THE FUTURE

LLOYD ELECTRIC & ENGINEERING LIMITED

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