

June 2, 2010

**CARE REAFFIRMS RATING OF CP/STD PROGRAMME OF  
LLOYD ELECTRIC & ENGINEERING LIMITED**

**Ratings Assigned**

<b>Instrument</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Commercial Paper (within working capital limits)	65.00	<b>'PR1' (PR One)</b>	Reaffirmed

**Rating Rationale**

The rating continues to draw comfort from the experience of the promoters in the air conditioning industry, the dominant market position of Lloyd Electric & Engineering Ltd (LEEL) and its established contacts with the Original Equipment Manufacturers (OEMs). The rating is constrained by the declining profitability in FY09, working capital intensive nature of operations and susceptibility to raw material price fluctuations. The rating also factors in LEEL's increased presence in the international market and inherent risks consequent to the recent acquisitions made in the European markets.

Going forward, the ability of LEEL to improve its profitability, maintain its capital structure and the impact of exposure towards overseas subsidiaries on the credit profile shall be key rating sensitivities.

**Company Profile**

Lloyd Electric & Engineering Ltd. (LEEL) operates in Heating Ventilation Air Conditioning & Refrigeration (HVACR) segment and is engaged in the manufacturing of condenser and evaporator coils, contract manufacturing for domestic Air Conditioners (ACs) and providing customized air conditioning solution to railways. The company has three manufacturing and assembly units located in Rajasthan, Himachal Pradesh and Uttarakhand with an installed capacity of 1.23 mn condensing & evaporator coils and an assembling capacity of 0.40 mn units of ACs.

For FY09, LEEL posted income of Rs.585.32 cr with PBILDT and PAT of Rs.47.51 cr and Rs.20.37 cr, respectively.

During 9MFY10 (un-audited), LEEL had operating income of Rs.494.66 cr with PBILDT of Rs.54.33 cr and PAT of Rs.28.02 cr. The consolidated 9MFY10 (un-audited) revenues stood at Rs.588.62 cr with PAT of 31.47 cr.

**Analyst Contact**

Name: Kapil Sachdeva

Tel # 011-23716199

Email: [kapil.sachdeva@careratings.com](mailto:kapil.sachdeva@careratings.com)

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>