



LLOYD ELECTRIC & ENGINEERING LIMITED

159, Okhla Industrial Estate, Phase - III, New Delhi-110 020 (INDIA)

Phone : +91-11-40627200, 40627300 Fax : +91-11-41609909

Website : www.lloydengg.com

CIN : L29120RJ1987PLC012841

March 25, 2016

The Manager
Listing Department
The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The Manager
Listing Department
National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Scrip Code: 517518

NSE Symbol: LLOYDELENG

Sub: Press Release and Disclosure in pursuance of Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Dear Sirs,


In terms of regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed disclosure as prescribed in the said regulations alongwith press release providing details of "acquisition of Noske-Kaesar's Rail & Vehicle Global Business" by the Company.

This is for your kind information and record please.

Kindly acknowledge the receipt.

Thanking You,

Yours faithfully,
For Lloyd Electric and Engineering Ltd.


Anita K. Sharma
Company Secretary

Encl: a/a





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Disclosure as per regulation 30 of the of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

S.no.	Particulars	Details
1	Name of the target	<p>The Company has acquired "Rail & Vehicle" business of Noske-Kaesar Group based in Germany, New Zealand, Australia, Brazil and the United States as follows:</p> <p>a. Germany: the Company has acquired the assets relating to Rail & Vehicle business of Noske Kaeser Group in Germany through a Special Purpose Vehicle (SPV) (100% ownership) incorporated in Germany by the name of "Noske Kaeser Rail & Vehicle Germany GmbH".</p> <p>b. New Zealand, Australia & Brazil: The Company acquired directly 100% ownership interest of "Noske Kaeser Rail & Vehicles New Zealand Limited. It has two wholly owned subsidiaries by the name of Noske-Kaeser Rail & Vehicle Australia Pty Ltd and Noske-Kaeser Empreendimentos e Participações do Brasil Ltda. (the name would be changed to include R&V in name of the subsidiary). Accordingly the Company would have two steps down subsidiaries in Australia and Brazil; and</p> <p>c. United States: the Company has acquired 100% membership interest in Noske-Kaeser US Rail & Vehicle, LLC based at United States</p> <p>In addition to the above the Company has also acquired the exclusive and world-wide rights to use the trade mark "Noske-Kaeser Rail & Vehicle" from Noske Kaeser Group.</p> <p>For further details please refer press release.</p>
2	Size, turnover etc.	The carving out of acquired business was completed in July 2015, therefore the carved out financials of the acquired business are not available.
3	Whether the acquisition falls within related party transaction?	No
4	Industry to which the entity being acquired belongs.	Railway HVAC ("Heating ventilation and Air Conditioning")
5	Objects and effects of acquisition	As envisaged in "Acquisition Rationale and Synergies" section of the attached press release.



6	Brief details of any governmental or regulatory approvals required for the acquisition.	N.A.
7	Completion of the acquisition.	The closing took place on the late hours of 23 rd March 2016 (IST) at Hamburg, Germany.
8	Nature of consideration.	Cash
9	Cost of acquisition.	Total Purchase Consideration of Euro 2,301,000 which includes an earn out of Euro 3,00,000 payable as per the Assets & Share Purchase Agreement (ASPA) entered with seller.
10	Percentage of control acquired.	As detailed in point 1 above.
11	Brief background about the entity acquired.	As stated in the Press Release
12	History of last 3 years turnover.	The carving out of acquired business was completed in July 2015, therefore the carved out financials of last three years of the acquired business are not available.



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For immediate release

"Lloyd Electric and Engineering Limited announces acquisition of Noske-Kaesers Rail & Vehicle global business"

- The acquisition enhances Lloyd's inherent strength in the rail HVAC systems business
- Lloyd becomes India's first rail HVAC Company, having presence in the five continents across the globe

March 23, 2016 – Lloyd Electric and Engineering Limited (referred to as "Lloyd" or "the Company", NSE: LLOYDELENG, BSE: 517518), India's largest manufacturer of Heating, Ventilation and Air Conditioning ("HVAC") systems for the Rail and Defence industry, has acquired Noske-Kaesers Rail & Vehicle business in Germany, New Zealand, Australia, Brazil and the United States.

Deal Structure:

Lloyd has acquired 100% of the assets relating to Rail & Vehicle business of Noske-Kaesers Group in Germany through an SPV ("Special Purpose Vehicle") formed in Hamburg, Germany. It has also acquired 100% of the shares in Noske-Kaesers' group companies located in New Zealand, Australia, Brazil and the US after carve out of the non-Rail & Vehicle business.

Lloyd has also acquired the exclusive and world-wide rights to use the trade mark "Noske-Kaesers Rail & Vehicle" from Noske-Kaesers group.

The above have been acquired for a total cash consideration of Euro 2,301,000 which includes an upfront payment of Euro 2,001,000 and an earn out of upto Euro 300,000 payable in the next year.



Commenting on the acquisition, Mr. Brij Raj Punj, Chairman & Managing Director of Lloyd, said, "Today's successful conclusion of this acquisition marks a new milestone for Lloyd. This acquisition will be instrumental in achieving our strategic objective of enhancing Lloyd's market position in the global Rail & Defence HVAC systems business. This will allow us to enlarge our scope of activities and deliver significant business synergies, especially through technology absorption and increased access to the global Rail & Defence markets. Through this strategic growth initiative, we remain committed to manufacturing excellence, best in class customer service and increasing value for all stakeholders."

Mr. Bharat Punj, Deputy Managing Director of Lloyd, has the following remarks, "We are excited to conclude Lloyd's third overseas acquisition in the HVAC space. With engineering bases and manufacturing sites spread across four continents Lloyd is now the only Rail & Defence HVAC provider based in India that operates on the global stage. In Noske-Kaesar Rail & Vehicle ("NK R&V"), we have found a company that perfectly aligns with our focus on high technology and customized engineering solutions together with unprecedented levels of customer support. NK R&V has supplied and serviced HVAC systems for the world's leading rolling stock builders. It has also designed and supplied HVAC equipment for Maglev ("Magnetic Levitation") high speed trains and other high speed rail projects in Germany. With this powerful synergy that Noske-Kaesar Rail & Vehicle brings to Lloyd, we will be uniquely positioned to offer superior quality HVAC solutions for upcoming High Speed Rail (HSR) projects in India and other key international markets. Lloyd is well placed to serve the entire spectrum of the rolling stock industry from diesel/electric locomotives to mass transit/metro rail systems. NK R&V has also supplied its HVAC systems on a military vehicle platform in India. Hence, this transaction will also enable Lloyd to further strengthen its presence in the combat/military vehicle market in India's growing Defence sector while significantly extending its global reach. We would also like to welcome management teams and all employees at Noske-Kaesar Rail & Vehicle in Germany, New Zealand and Australia to the Lloyd family."

Advisors to the transaction:

Buy-side advisors:

- Legal Advisors: Allen & Overy LLP, Hamburg, Germany
- Financial Due Diligence Advisors: KPMG, Hamburg, Germany

Sell-side advisors:

- Legal Advisors: Dr Madsen & Partner, Hamburg, Germany
- Financial Advisors: MCF Corporate Finance, Hamburg, Germany



Background:

About the seller:

Noske-Kaeser grew from original German company R.F. Noske founded in 1879 and it entered the rail market in 1993.

The Noske-Kaeser group ("Noske-Kaeser/NK") is a leading provider of Heating, Ventilation and Air Conditioning ("HVAC") systems as well as fire-fighting, refrigeration and Chemical, Biological, Radiological and Nuclear protection ("CBRN protection", previously known as NBC protection) systems for the marine, rail and offshore industries.

In April 2009, Noske-Kaeser's German entities have entered into insolvency proceedings which were restructured by the insolvency administrator in order to sell the business.

Noske-Kaeser Rail & Vehicle ("NK R&V") business

NK R&V has dual hemisphere located design teams with center of competence for rail HVAC in Germany and New Zealand. The New Zealand center of competence was founded in Palmerston North as a result of a localization program for a large Australian project. Today NK R&V has dedicated rail HVAC subsidiaries in Australia, USA and Brazil. They have a distinction of supporting their HVAC systems through their lifetime. NK R&V has delivered its customize HVAC solutions to military vehicle builders in Germany. It has also actively involved in armoured vehicle air-conditioning projects in India. It has also delivered state of the art HVAC systems multiple High Speed Rail ("HSR") projects in Germany including the priced Maglev ("Magnetic Levitation") trains.

About the buyer:

Lloyd is India's leading manufacturer and supplier of HVAC equipment for the Rail and Defence sectors with its state of the art manufacturing facilities spread across three geographic locations in India and one in the Czech Republic. Lloyd is an industry leader in the heat exchanger coils business that caters to HVAC&R industry. In addition, Lloyd is a leading brand in the consumer durable business with an extensive product portfolio that includes residential air conditioners, LED televisions, washing machines, chest freezers and small home appliances.

Lloyd has been in the rail HVAC systems business for over 20 years and has designed, developed and supplied customized solutions for Indian railways and metro rail customers throughout India. It also has the distinction of being the only India based HVAC equipment provider to some of the leading European rolling stock builders. Lloyd is the first Indian Company to secure IRIS ("International Railway Industry Standard") Industry certification. The Lloyd group in India has a proven track record of over three decades of providing its HVAC equipment and engine cooling systems on numerous track and wheeled vehicle platform for the Indian arm-forces. The Company has worked extensively in its area of work on military armoured vehicles/battle tanks such as BMP-2, T-72 and T-90.



Acquisition Rationale and Synergies:

- **Noske-Kaeser Rail & Vehicle's reputation and customers:**

Noske-Kaeser Rail & Vehicle ("NK R&V") is a strong brand in rolling stock HVAC ("Heating, Ventilation and Air Conditioning") systems. Their unique industry knowledge in design, engineering, manufacturing, installation and maintenance of HVAC equipment has helped them deliver their products to some of the world's leading rolling stock companies.

- **NK R&V – Lloyd's business synergies:**

Lloyd is engaged in the Rail HVAC business from more than two decades and has developed immense goodwill in this industry in India. Lloyd has expertise in developing the HVAC systems that are also commonly referred to as roof mounted package units ("RMPU") in the context of Indian Railways. Lloyd has also successfully supplied its HVAC units for the metro rail application in India. Similarly, NK R&V is a renowned player in the rail HVAC industry in Europe, particularly in Germany, New Zealand and Australia. NK R&V has a well-established history of supplying technical equipment and engineering solutions for track-bound and wheeled vehicles. NK R&V also has a highly successful record in providing HVAC systems for high speed rail projects in Europe. Therefore, this acquisition opens up immense opportunity for Lloyd in this highly specialized area of work in the Indian and other key global markets. The strong synergy between the two companies will strengthen Lloyd's positioning in terms of market reach, superior technology and manufacturing expertise.

Lloyd and NK R&V will mutually benefit from their respective global customer relationships, which although common, operate in different territories. As a result of this acquisition, NK R&V will be in a highly advantageous position over its competitors as it will benefit from Lloyd's lower cost manufacturing base in Prague, Czech Republic as it services the European rail market. However, NK R&V would be in a position to offer high quality, cost-effective and custom engineered solutions to various markets in the Asia Pacific region by utilizing Lloyd's state of the art and integrated manufacturing facilities in India. For more distant markets such as Australia, where NK R&V is actively present, Lloyd would continue to utilize the NK R&V New Zealand facility to meet local contents requirements. Together Lloyd and NK R&V will have the financial and technical ability, goodwill and pre-qualifications to target potential customers world-wide.

- **Targeting new markets:**

Lloyd prides itself in developing one of the most promising clientele in India. With the two prior overseas acquisitions in Europe, Lloyd has established a strong presence on the continent. Lloyd believes that it has the ability to cater to clients in several other foreign markets and develop its business globally. There could be no other better ways of making this possible. Lloyd, by acquiring Rail & Vehicle business of Noske-Kaeser will not only reinforce its presence and goodwill in Europe but will also gain access in high potential growth markets such as USA,



Australia and South America. This will open up new markets that will deliver innumerable opportunities for Lloyd.

- **Advanced technology and know-how:**

Lloyd will immensely benefit from NK R&V's unparalleled German technology. NK R&V has delivered its customize HVAC solutions to military vehicle builders in Germany. It has also actively involved in armoured vehicle air-conditioning projects in India. It has also delivered state of the art HVAC systems multiple High Speed Rail ("HSR") projects in Germany including the priced Maglev ("Mangnetic Levitation") trains. NK R&V will play a crucial role in strengthening Lloyd's engineering and designing capabilities.

- **Management teams:**

NK R&V comes with highly competent and experienced management teams that will deliver future growth for the organization in their respective regions.

For further information, please contact:

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Safe Harbour

This release contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Lloyd Group's (Lloyd Electric and Engineering Limited and/or its subsidiaries and associates) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Lloyd Group undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

For Lloyd Electric and Engineering Limited




Bharat Punj
Deputy Managing Director