



30th

Annual Report
2006 - 2007

Lloyds Metals & Engineers Limited

BOARD OF DIRECTORS

CHAIRMAN

MUKESH R. GUPTA

MANAGING DIRECTOR

B. L. AGARWAL

DIRECTORS

RAJESH R. GUPTA

D. K. KAMBALE (IDBI NOMINEE)

SHANTANU MOHAPATRA

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

Plot No. A-9 & 10, MIDC Phase II, Dombivli (East),

Dist. Thane 421 201, Maharashtra

CORPORATE OFFICE :

Modern Centre, 'B' Wing,

2nd floor, Sane Guruji Marg,

Mahalaxmi, Mumbai - 400 011.

WORKS

PIPES & TUBES DIVISION

Plot No. M-1, Additional MIDC Area, Murbad,

Dist. Thane 421 401, Maharashtra

SPONGE IRON DIVISION

Plot No. A 1-2, MIDC Area, Ghugus,

Dist. Chandrapur. 442 505, Maharashtra

REGISTRAR & SHARE TRANSFER AGENTS

Bigshare Services Private Limited

E-2/D, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai - 400 072.

Phone: 2847 3474 / 3747 / 2847 0652 / 53

Fax : 2847 5207

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NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of the Lloyds Metals & Engineers Limited will be held at Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201, Dist. Thane on Thursday, the 2nd August, 2007 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2007 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Rajesh R. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board,

Place : Mumbai

Neelu Dhingra

Date : 30th May, 2007

Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. Proxy Form and Attendance Slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, the 24th day of July 2007 to Thursday, the 2nd day of August, 2007** (both days inclusive).
4. Members desiring any information as regards to Accounts are requested to write 7 days in advance to the Company before the date of the meeting to enable the Management to keep full information ready.
5. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their

dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Everest Building, 100, Marine Lines, Maharashtra Mumbai - 400 002.

6. Consequent upon amendment in Section 205 A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment Act, 1999), the amount of the dividend remaining unclaimed for a period of seven years pertaining to financial year ended 31st March, 1996 has been transferred to the Investors Education and Protection Fund.
7. Members are requested to notify any changes in their address to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.

INFORMATION REQUIRED TO BE FURNISHED AS PER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Director who is proposed to be re-appointed is given below.

Name	: Mr. Rajesh R. Gupta
Age	: 43 years
Qualification	: B.Com.
Expertise	: Having rich experience in Management and Steel Trading & Industry. He is a Managing Director in Lloyds Steel Industries Limited.
Other Directorship	: M/S Lloyds Steel Industries Limited as a Managing Director M/S Vidarbha Power Limited as a Director

By Order of the Board,

Neelu Dhingra

Company Secretary

Date : 30th May, 2007
Place : Mumbai

DIRECTORS' REPORT

The Directors present their 30th Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

	Current Year 2006-07 (Rs.in Lacs)	Previous Year 2005-06 (Rs.in Lacs)
Sales :	33664.05	29504.68
Other income	43.44	37.52
Total Income :	33707.49	29542.20
Profit / (Loss) before Interest, Depreciation, Exceptional Item & Tax	190.62	89.54
Less : Finance Charges	1183.43	504.93
Depreciation	2063.64	1580.18
Profit / (Loss) before exceptional items & taxes	(3056.45)	(1995.57)
Exceptional items (Net)	-	6207.07
Profit/(Loss) before tax	(3056.45)	4211.50
Less : Tax Provision	9.16	6.28
Profit/(Loss) after Tax	(3065.61)	4205.22
Add : Prior Period Income	69.80	4.70
Net Profit/ (Loss)	(2995.81)	4209.91
Profit / (Loss) b/f from previous year	(17050.36)	(21260.27)
Balance Carried Forward	(20046.17)	(17050.36)

DIVIDEND

In view of the accumulated losses, the Directors have not recommended any Dividend for the year ended 31st March, 2007.

OPERATIONS & OVERALL PERFORMANCE

After witnessing a slump during the previous year, steel prices have shown stabilization driven by improvement in user industry and rise in domestic consumption during the year under review. However, the cost of raw materials and energy remain major challenge for the industry. The Company has recorded a production of Sponge Iron of 186571 MT as against 115480 MT in the previous year.

The Total Income of the Company was Rs. 337.07 crores during the year as against Rs.295.42 crores in the previous year, showing a increase of 14.10%. The Company has incurred a Loss, before exceptional items, of Rs. 30.56 crores during the year as against a Loss of 19.96 crores in the previous year mainly due to increase in the cost of raw materials, depreciation & Financial Charges.

DEBT RESTRUCTURING

On the restructuring / settlement of debts with the Financial Institutions and Banks, the Restructuring proposals are under various stages of discussion with the lenders. In accordance with the restructured terms, the Company has paid off Rs. 16.44 crores during the year towards past Debt liabilities.

PREFERENTIAL ISSUE

During the year under review the Company has issued Equity Shares on the Preferential basis at Rs. 10 each at a premium of Rs. 36/- per equity share,

aggregating to Rs. 23 Crores, to Promoters/ Non Promoters by conversion of their existing Preference shares as per approval of members at the last Annual General Meeting.

PIPE DIVISION

The sales of Pipe Division at Murbad has been Rs. 76.97 crores as compared to Rs.157.00 crores in the previous year. The production in the division was lower due to unexpected increase in the price of zinc, having more then doubled during the year under review, which has made the sale of galvanized pipes commercially uneconomical. The management, in the alternative, has initiated steps for export of Black pipes (API Grade). The Company's exports were Rs. 29.43 crores during the year as compared to Rs.70.92 crores during the previous year.

SPONGE IRON DIVISION

With gradual stabilisation of enhanced capacity the production in the division was 186571 MT against 115480 MT in the previous year showing a volume growth of 61.56 %. The Total Income of the Sponge Iron Division was at Rs. 259.67 crores against Rs.138.07 crores in the previous year which was 88.08 % higher over the previous year.

ENVIRONMENT & SOCIAL OBLIGATION

The Company maintains the pollution free environment in and around its plants. The Companys' plant comply with all norms set up for clean & better environment by Competent Authorities.

REFERENCE TO BIFR

Based on the Audited Balance Sheet for the year ended 31st March, 2002, the Company has filed a reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) on 29th May, 2002. The reference came to be registered as Case No. 259/2002 as per their communication No.F.3(L-3) BC/ 2002 dated 3rd July, 2002.

On 17th August 2005, the BIFR declared the Company as Sick in terms of Section 3(1) (o) of the SICA and appointed Industrial development Bank of India (IDBI) as the Operating Agency (OA) u/s 17(3) of the SICA to prepare Rehabilitation Scheme. The Company had submitted a Draft Rehabilitation Scheme (DRS) to the IDBI, OA and the copy of the same has been forwarded to the BIFR.

The OA convened a meeting of Lenders on 27th September, 2006 to elicit their view on the DRS submitted by the Company. The Lenders present at the meeting sought improvement in the terms of the DRS and the company agreed to submit a revised DRS in terms of the discussion taken place at the Lenders meet. The OA had informed BIFR about holding of Lenders Meet and has sought further directions from BIFR.

MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the Company is manufacturing and marketing Iron and Steel. The Management discussions and analysis is given hereunder :-

- Industry structure and development :** The year under review has shown stabilization in steel prices after going through a steep fall in the last year. In the year 2006- 2007 the steel sector has recorded an average growth at 11.1% which has surpassed the projection of 7.3% made by the National Steel Policy.
- Opportunities and threats :** The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. Soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad, is expected to put India's Steel Industry on the world map.
- Segment-wise performance :** The Company is operating on only one broad segment, Iron and Steel and hence separate segmental reporting is not applicable. The Company has no activity outside India except export of steel products manufactured in India.

- d) **Outlook** : The outlook for the steel industry appears to be better due to strong growth in demand and further depends on global steel prices.
- e) **Risk and concerns** : Steel Industry always runs risk of Industry cycle. The Company is continuously monitoring the market development, order procurement and supply management practices and latest development in the steel industry are being introduced. Technological obsolescence is an inherent business risk. The Company undertakes continuous development, training and modernization programme to keep its business efficient.
- f) **Internal control system** : The Company maintains adequate internal control systems, which provide adequate safeguards and proper monitoring of the transactions. The Company has appointed an Internal Auditor who reports to the Managing Director and Audit Committee of the Board. The Internal Auditor conducts monthly audits to ensure that the Company's control systems are adequately followed and all statutory requirements are complied with.
- g) **Discussion on financial performance with respect to operating performance** : The operating performance of the Company has been discussed in Directors Report under the head 'Financial Highlights and Operations and Overall Performance' in the current year.
- h) **Human resources and industrial relations** : During the year under review the Employee/ Industrial relations at both units remained harmonious. Steps were taken continuously by the Company for training its employees in various disciplines. Number of employees as on 31st March, 2007 was 461.
- i) **Cautionary Statement** : The Management Discussions and Analysis describe Company's projections, expectations or predictions and are forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors.

SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS

The Statement required Under Section 212 of the Companies Act, 1956, the Audited Accounts and the Reports of the Directors and Auditors of M/s. Gadchiroli Metals and Minerals Limited, a wholly owned subsidiary Company, are attached herewith. In accordance with the Accounting Standard AS -21, the Consolidated Financial Statements are attached herewith which forms part of the Annual Report and Accounts.

INVESTOR SERVICES

The Company and its Registrars M/s. Bigshare Services Private Limited who is looking after the physical as well as Demat work and also shareholders correspondence in terms of SEBI direction, for having a common Registrar and Share Transfer Agent, endeavored their best to service the Investors satisfactorily.

DIRECTORS

Shri Sameer Phutane , ICICI Bank Nominee Director on the Board of the Company, was withdrawn from Board/Committees of the Company w.e.f. 22nd September, 2006.

The Board hereby places on record its sincere appreciation for the valuable guidance and meaningful contribution made by Shri. Sameer Phutane as member of the Board/ Committees during the period of his association with the Company.

Shri Rajesh R. Gupta, Director of your Company, retire by rotation and being eligible, offer himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :

1. In the preparation of annual accounts for the financial year ended 31st March 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Final accounts have been prepared on going concern basis.

CORPORATE GOVERNANCE

Pursuant to the revised Clause 49 of the Listing Agreement your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges with which the Company is listed are complied with.

A separate report on Corporate Governance and the Auditor's Certificate on its compliance are annexed hereto and forms part of this Annual Report.

AUDITORS & AUDITORS' REPORT

The members are requested to appoint Auditors and fix their remuneration.

As regards qualification at Sr.No.4 (e) in the Auditors' Report, Directors wish to state that in view of the ongoing discussion for restructuring of the debt and interest liability, the Company has not provided for interest on some loans. Auditors' observations in Clause No. 9, 10 & 11 in the Annexure to Audit Report (CARO Report) are self explanatory and do not require further explanation.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

Information in accordance with 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 set out in Annexure 'A' forming part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation and gratitude for the assistance and generous support extended by all Government authorities, Financial Institutions, Banks, Customers, Vendors and Members during the year under review. Your Directors wish to express their immense appreciation for the devotion, commitment and contribution shown by the employees of the company during the discharge of their duties.

For and on behalf of the Board of Directors

Dated: 30th May, 2007
Place: Mumbai

Mukesh R. Gupta
Chairman

ANNEXURE - A

STATEMENT PURSUANT TO SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY

Energy Conservation Measures Taken:-

Pipe Division

The Company at its Murbad Pipe plant had installed additional capacitor with automatic power factor correction panel during the previous year which had resulted in the Company getting P. F. incentive on energy consumption during the previous year on its power bills and continued to maintain the achievement of power factor unity in the year under review.

Sponge Iron Division

Ghugus Sponge Iron division has done remarkable work for reducing electrical energy consumption by taking various steps. Following are the achievements made.

- 1) We have removed port grids to make higher input of combustible air in side the Kiln to improve better reduction & higher production level, which also has reduced number of Port air fan operation. Enhance production capacity reduce overall power consumption.
- 2) We have installed high efficiency nose cooling fan for Kiln outlet and Cooler inlet in place of existing system.
- 3) Electrical System Power factor has been improved to Unity level on continuous basis which resulting power saving and gain in incentives in monthly billing.
- 4) Lobe compressor speed has been increased to get higher air volume & proper coal throw in side the Kiln resulted better temperature profile to maintain quality and higher production.
- 5) Inception of our own Washery and use of Washed coal resulted in reduction of coal consumption in terms of per MT DRI.

Efforts are already in process in other potential areas within the plant to reduce electrical power consumption by proper maintenance/ Modifications of equipments and replacing higher capacity fans / blowers with modified designed fans.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development, Technology Absorption, Adoption and Innovation

Pipe Division

The Murbad Plant has a separate wing for Project Development and uses in house technology for improvement in the quality of the product.

1. Data Logger Recording System

This Machine was installed to record mill RPM, Weld Amp, Weld Temperature Seam normalizing temperature, to give better quality of pipes. This has resulted in increase of yield and saving of power.

2. API 5 CT - Value Added items

The Pipe division at Murbad has received licence for API monogramming.

For this purpose we have already initiated to install the following new equipments.

- (a) New Hydrotesting Machine.
- (b) Off line auto ultrasonic testing equipment.
- (c) On line Eddycurrent testing facility is modified with end circling coil.
- (d) New Electronic control tensile testing machine and charpy impact test equipment.
- (e) Weld pressure roll assembly for better welding quality.

3. New Testing Machine is installed

This machine will spray and display the defective pipes and automatically segregate and transfer rejected pipes.

4. 4" API pipes yield has increased.

Sponge Iron Division

In order to bring kiln to its rated capacity main constraint we found input quality and quantity of raw materials. Three main raw materials responsible to achieve rated capacity are iron ore, coal and air.

1) Iron ore:

It has been decided that high yield ore from Barbil (Orissa) sector only is to be used in 500-tpd kilns, which will give consistent performance.

Pellets were used in small proportion and seeing its impact on overall quality decision is being taken to use more pellets in 500 tpd Kiln.

2) Coal:

Our own coal Washery commissioned and after initial trouble it is now running smoothly and main advantages of washed coal on Fe(m) and sulphur levels are distinctly visible.

3) Air:

Number of times Port grids on the kiln found main constraint for blocking air path resulting into improper temperature profile affecting the production levels. Higher capacity utilization existing ID fan has been replaced with new energy efficient fan designed and supplied by M/s Flakt India Ltd.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details of Foreign Exchange Earnings and Outgo are as under :

	(Rs in Lacs)	
	2006-07	2005-06
(1) Earnings		
Exports including Third Party	2942.82	7092.41
	2942.82	7092.41
(2) Outgo:		
Interest	16.85	62.32
Brokerage & Commission	7.64	61.50
Legal & Professional Charges	1.84	2.95
Travelling	12.19	0.65
Other Finance Charges	1.56	0.59
	40.08	128.01

For and on behalf of the Board of Directors

Mukesh R. Gupta
Chairman

Dated : 30th May, 2007
Place : Mumbai

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

	UNIT	2006-07	2005-06
1 Electricity			
a) Purchased			
Units	Kwh	22152914	17427020
Total Amount	Rs	96115262	60986686
Rate / Unit	Rs/Kwh	4.34	3.50
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	449600	153920
Units per ltr. of Diesel Oil	Kwh/Ltr	2.35	3.13
Cost/Unit	Rs/Kwh	15.85	11.37
ii) Through Steam Turbine / Generator			
Units	Kwh	NIL	NIL
Units per ltr. of Fuel Oil / Gas	Kwh/Ltr	NIL	NIL
Cost/Unit	Rs /Kwh	NIL	NIL
2 Coal			
Quantity	Ton	304746	265510
Total Cost	Rs.	548663446	330974448
Average Rate	Rs/Ton	1800.40	1246.56
3 Fuel Oil			
a) Furnace Oil			
Quantity	Ltr	136860	843500
Total Amount	Rs	2222289	12176090
Average Rate	Rs/Ltr	16.24	14.44
b) LDO/			
Quantity	Ltr	19105	49185
Total Amount	Rs	712502	1749721
Average Rate	Rs/Ltr.	37.29	35.57
Consumption per unit of Production	UNIT	2006-2007	2005-06
1 PRODUCT Pipe /Tubes			
- Electricity	Kwh/MT	159.89	99.68
- Furnace Oil	Ltr/MT	9.94	17.52
- LDO	Ltr/MT	1.39	1.02
2 PRODUCT Sponge/Iron			
- Electricity	Kwh/MT	107.18	110.71
- Coal	Ton/MT	1.63	2.30

For and on behalf of the Board of Directors

Mukesh R. Gupta
Chairman

Dated : 30th May, 2007
Place : Mumbai

CORPORATE GOVERNANCE

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Board of Directors of Lloyds Metals & Engineers Limited

We have reviewed implementation of Corporate Governance procedure set by Lloyds Metals & Engineers Limited ("The Company") for the year ended 31st March, 2007 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

For **Todarwal & Todarwal**
Chartered Accountants

Place : Mumbai
Dated : 30th May, 2007

Sunil Todarwal
Partner

NOTE ON CORPORATE GOVERNANCE:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain highest level of Corporate Governance with transparency & Corporate Accountability in its actions & operations and to pursue objectives that are in the best interest of the Company and its Shareholders.

2. BOARD OF DIRECTORS

The Board of Directors of the Company is comprised of :-

Promoter Directors	3
Non-executive - Nominee Directors	
Representing IDBI Ltd	1
Non-executive independent director	1

Attendance of each Director at the Board of Directors meetings and the last AGM is as follows.

Director	No. of meetings held	Atte-nded	Last AGM Attended	No. of Directorship in other Public Company	Remarks
Mukesh R. Gupta	4	4	Yes	2	-
Rajesh R. Gupta	4	3	Yes	2	-
B.L. Agarwal	4	4	Yes	2	-
D. K. Kambale	4	3	No	1	-
Shantanu Mohapatra	4	3	No	-	-
Sameer Phutane	4	1	No	2	Resigned w.e.f. 22.09.2006

Number of Board of Directors meeting held and the dates on which held.

4 (Four) Board Meetings were held during the year, as per the statutory requirement. The dates on which the meetings were held were as follows:

25th May 2006, 31st July 2006, 28th October 2006 and 31st January 2007.

CODE OF CONDUCT:

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said code has been communicated to the

Directors and the Members of the Senior Management. The Code has also been posted on the Company's website at www.lloyds.in

3. AUDIT COMMITTEE

a) Terms of Reference

The broad terms of reference of Audit Committee are as follows. -

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board
- Reviewing with the management, the adequacy of internal control and audit system.
- Discussing with internal auditors any significant findings and follow up on such issues.
- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board.
- Discussing with external auditors before the audit commences on the nature and scope of audit as well as having post audit discussion to ascertain any area of concern.
- Review of financial and risk management policies and practices.

b) Composition, name of Members and Chairperson

As on 31st March, 2007 the Audit Committee comprised of 3 Independent Non-executive Directors, including 1 Nominee Directors as follows:

Mr. Shantanu Mohapatra	Chairperson & Independent Director	-
Mr. Mukesh R Gupta	Group Chairman	-
Mr. D K Kambale	IDBI Bank Nominee Director	-
Mr. Sameer Phutane	ICICI Bank Nominee Director	Resigned with effect from 22.09.2006

c) Meetings and attendance during the year

The Committee has met 4 times during the financial year ended March 31st 2007 i.e. 25th May 2006, 31st July 2006, 28th October 2006 and 31st January 2007. The attendances of the members are as under:-

Name of Director	No. of Meetings	No. of Meetings	Remark
Mukesh R Gupta	4	4	-
D K Kambale	4	3	-
Shantanu Mohapatra	4	3	-
Sameer Phutane	4	1	Resigned with effect from 22.09.2006

4. REMUNERATION COMMITTEE

The Remuneration of Director in all the cases is decided by the Board subject to necessary approval of shareholders and other applicable

approvals, if any. Save and except Mr. B. L. Agarwal, Managing Director, no other director is drawing remuneration.

The Company has constituted a Remuneration Committee of the Board comprising of three (3) Non-executive Independent Directors. The Committee shall have powers to determine remuneration packages of Working Directors and the Company's policy on remuneration and any other compensation related matters. However Mr. Sameer Phutane has resigned from the Remuneration Committee with effect from 22nd September, 2006.

During the year Mr. B. L. Agarwal, Managing Director has been paid as per Schedule XIII of the Companies Act, 1956 minimum remuneration of Rs. 25.44 Lacs by way of Salary, Remuneration and contribution to provident fund. The remuneration paid to Managing Director from 1st January, 2005 onwards is subject to the approval of the Central Government for which necessary application has been made.

All the Directors except Managing Director, are in receipt of sitting fees of Rs.1000/- per meeting attended by them. This is as per the Articles of Association of the Company.

5. SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Share Transfer & Investor Grievance Redressal Committee comprising of 3 Directors, Mr. Mukesh R. Gupta, Mr. B. L. Agarwal and Mr. Rajesh R Gupta are the members of this committee. The committee is headed by Mr. Mukesh R Gupta a non executive director.

The Committee oversees the performance of the Registrar and Transfer Agents, recommend measures to improve the level of investor services and matters pertaining to shareholders' complaints and grievances.

The Board has designated Mrs. Neelu Dhingra, Company Secretary, as the Compliance Officer.

The company has incorporated a grievance redressal division for the purpose of registering complaints by investors and for its speedy disposal. The investors may send their grievance on, investor@lloyds.in.

The Committee meets fortnightly for the approval of the share transfer/ issue of duplicate shares/replacements etc.

The total number of complaints received and replied to the satisfaction of the shareholders during the year are as follows:

Description	Received	Replied
Direct	42	42
Bombay Stock Exchange	-	-
SEBI Complaints	-	-
DCA	-	-
Investor's Association	-	-
TOTAL	42	42

6. GENERAL BODY MEETING

a. Location & time for last 3 Annual General Meeting were:-

Year	Location	Date	Time
2003-2004	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	25.09.2004	11.30 a.m.
2004-2005	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	04.08.2005	11.30 a.m.
2005-2006	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	03.07.2006	11.30 a.m.

- b. Whether any special resolution was passed in the previous 3 AGMs: Yes
- c. Whether any special resolution passed last year through Postal Ballot
Not Applicable

7. DISCLOSURE

- a) Disclosures on materially significant related party transaction i.e. Transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. That may have potential conflicts with the interest of the company at large : There are no such transactions during the year
- b) Details of Non-Compliance by the Company, penalties strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years : None
- c) Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee :
No personnel has been denied access to the audit committee
- d) Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The company has complied with all the mandatory requirements. As regards the Non-Mandatory requirements they are complied with to the maximum extent

8. CEO/CFO CERTIFICATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges the Managing Director of the Company has certified to the Board in compliance with the Clause 49 (V) regarding CEO/CFO certification.

9. MEANS OF COMMUNICATION

The Quarterly Results are published in Navshakti and Free Press Journals and are displayed on Company's website www.lloyds.in

10. GENERAL SHAREHOLDER INFORMATION

I Annual General Meeting

Date : Thursday, 2nd August, 2007

Venue : Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane

II Financial Calendar (tentative)

Results for quarter ending 30.06.2007 Fourth Week of July 2007

Results for quarter ending 30.09.2007 Fourth week of October 2007

Results for quarter ending 31.12.2007 Fourth week of January 2008

Results for quarter ending 31.03.2008 Fourth week of May 2008.

III Book Closure Date Tuesday, 24th July, 2007 to Thursday 2nd August, 2007 (both days inclusive)

IV Dividend Payment date Not declared

V Listing of Equity Shares on Stock Exchanges at Mumbai

VI Stock Code 512455 – Bombay Stock Exchange ISIN No.: INE281B01016

VII Stock Market Data

Bombay Stock Exchange

	(BSE)	(In.Rs.)	BSE
	High	Low	Sensex
			Close
April 2006	45.00	29.05	12042.56
May 2006	46.70	27.00	10398.61
June 2006	40.80	24.75	10609.25
July 2006	33.90	27.00	10743.88
Aug. 2006	30.50	26.10	11699.05
Sept. 2006	25.00	27.70	12454.42
Oct. 2006	25.15	27.85	12961.90
Nov. 2006	24.25	27.90	13696.31
Dec. 2006	25.60	25.90	13786.91
Jan. 2007	26.25	29.65	14090.92
Feb. 2007	24.35	25.05	12938.09
Mar. 2007	18.10	25.35	13072.10

VIII Registrar and Transfer Agents (share transfer and communication regarding share certificates, dividends and change of address)

Bigshare Services Private Limited.

E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai- 400 072

IX Share Transfer System

Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt.

Share transfer request in physical form with demat request have been discontinued from February 2004 in terms of recent SEBI directive.

X Distribution of shareholding as on 31st March, 2007

Promoters		46.80%
Banks/ Financial Institutions		00.47%
MFs & UTI		00.02%
FII		00.00%
Others		52.71%
TOTAL		100.00%

No. of Shares Held	No. of Shareholders		No. of Shares Held	
	Total	% of Total	Total	% of Total
1 - 500	18342	97.13	2192003	10.12
501 - 1000	279	1.48	227063	1.05
1001 - 2000	98	0.52	155375	0.72
2001 - 3000	35	0.18	92752	0.43
3001 - 4000	15	0.08	53952	0.25
4001 - 5000	18	0.10	87334	0.40
5001 - 10000	27	0.14	205793	0.95
10001 and Above	69	0.37	18641861	86.08
Total	18883	100.00	21656133	100.00

XI Dematerialisation of Shares

Over **89.97 %** of the shares have been dematerialised upto 31st March, 2007.

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 08.05.2000 as per notification issued by the Securities and Exchange Board of India.

Liquidity : Company's Shares are traded on the Mumbai Stock Exchanges.

XII Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, Conversion date and likely impact on the Equity.

Not Applicable

XIII Plant Locations

Pipe & Tube Division

Plot No. M-1, Additional MIDC Area, Murbad, Dist. Thane 421 401. Maharashtra State.

Sponge Iron Division

Plot No. A-1/2, MIDC Area, Ghugus, Dist. Chandrapur- 442 505. Maharashtra State.

XIV (I) Investor Correspondence

For transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

Bigshare Services Private Limited.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai- 400 072.

Tel. No.2847 3474/3747/ 2847 0652-53

Fax No.2847 5207

(II) Any query on Annual Report

Secretarial Department:

Modern Centre, "B" Wing,
2nd Floor, Sane Guruji Marg,
Mahalaxmi, Mumbai- 400 011.

Tel. No. 3041 8111

Fax No. 3041 8260

E mail : investor@lloyds.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct during the financial year ended March 31, 2007.

For Lloyds Metal & Engineers Ltd.

Date : 30th May, 2007

Place : Mumbai

B L Agarwal
Managing Director