



# **Lloyds Metals & Engineers Limited**

## **31<sup>st</sup> Annual Report 2007 - 2008**

## BOARD OF DIRECTORS

**CHAIRMAN** **MUKESH R. GUPTA**

**MANAGING DIRECTOR** **B. L. AGARWAL**

### DIRECTORS

RAJESH R. GUPTA

D. K. KAMBALE (IDBI NOMINEE)

SHANTANU MOHAPATRA

### 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-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai - 400 072.  
Phone: 022-2847 0652 / 53 /40430200 / 299  
Fax : 022 - 2847 5207  
E-mail : bss@bigshareonline.com

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## NOTICE

**NOTICE** is hereby given that the 31st 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, 10th July at 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2008 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Shantanu Mohapatra, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board,

Date : 16th May, 2008

Swati Sharma

Place : Mumbai

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, 1st July, 2008 to Thursday, 10th July, 2008** (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. 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.

6. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all correspondence with the Company / Registrar and Share Transfer Agent.

### INFORMATION REQUIRED TO BE FURNISHED AS PER THE CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49, the particulars of Director who is proposed to be re-appointed is given below.

Name: : Mr. Shantanu Mohapatra

Age: : 72 years

Qualification: : B. Sc.(Hons.), M.Tech (Part), Applied Geology & Geophysics from I.I.T, Kharagpur.

Expertise: : Consultancy in Mining and Mineral based Industries, Mineral Exploration ( Trained by UNDP in Australia & USA), he was formerly director in Mining & Geology, Dept, Govt of Orissa.

Other Directorship: 1. Balasore Alloys Ltd.

2. Industrial Development Corporation Ltd  
( Govt of Orissa Undertaking).

By Order of the Board,

Date : 16th May, 2008

Swati Sharma

Place : Mumbai

Company Secretary

## DIRECTORS' REPORT

The Directors present their 31st Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2008.

### FINANCIAL HIGHLIGHTS

(Rs in lacs)

	Current Year 2007-08	Previous Year 2006-07
Sales :	38199.80	33664.05
Other Income	167.21	43.44
<b>Total Income :</b>	<b>38367.01</b>	<b>33707.49</b>
Profit before Interest, Depreciation,		
Exceptional Items & Tax	3636.29	190.62
Less : Finance Charges	2109.88	1183.43
Depreciation	2123.90	2063.64
<b>Profit / (Loss) before exceptional items &amp; taxes</b>	<b>(597.49)</b>	<b>(3056.45)</b>
Exceptional items (Net)	2862.13	-
<b>Profit/(Loss) before tax</b>	<b>2264.64</b>	<b>(3056.45)</b>
Less : Tax Provision	14.10	9.16
<b>Profit/(Loss) after Tax</b>	<b>2250.54</b>	<b>(3065.61)</b>
Add / (Less) : Prior Period Income / Expenses	(12.06)	69.80
<b>Net Profit/ (Loss)</b>	<b>2238.48</b>	<b>(2995.81)</b>
<b>Profit / (Loss) b/f from previous year</b>	<b>(20046.17)</b>	<b>(17050.36)</b>
	<b>(17807.69)</b>	<b>(20046.17)</b>
Less : Balance Transferred from		
Debenture Redemption Reserve	65.37	—
<b>Balance Carried Forward</b>	<b>(17742.32)</b>	<b>(20046.17)</b>

### DIVIDEND

In view of the accumulated losses, the Directors have not recommended any Dividend for the year ended 31st March, 2008.

### OPERATIONS & OVERALL PERFORMANCE

The domestic steel sector has witnessed a strong growth in recent years. Steel prices have risen strongly on back of rise in cost of raw materials and improvement in demand. The prices of Iron ore, coal and other inputs have gone up substantially during the previous year thereby increasing the cost of production steeply and the trend is expected to continue during the current year as well.

The Total Income of the Company was Rs. 383.67 crores during the year as against Rs. 337.07 crores in the previous year, showing an increase of 13.82 %. The Company has reported cash profits of Rs. 15.26 crores during the year under review as against a Loss of Rs. 9.93 crores in the previous year in spite of higher Financial Charges incurred due to non-availability of working capital assistance from regular banking channel.

### DEBT RESTRUCTURING

During the year, the efforts for the Debt restructuring / settlement exercise has

yielded positive results with the company receiving approval from Corporate Debt Restructuring (CDR) Cell for restructuring / settlement of remaining debt with the financial institutions and Banks. The CDR terms, inter alia, stipulates that the company shall sell / transfer the entire assets along with employees of its pipe division at Murbad and utilize the sale proceeds for payment of settlement dues. The company will consider the available options and manner of sell / hiving off after deliberations on all aspects and will decide in consultation with its legal advisors.

In accordance with the restructured terms, the Company has paid off Rs. 19.39 crores during the year towards past Debt liabilities.

### PREFERENTIAL ISSUE

During the year under review, the company has allotted 50,00,000 Equity shares of Rs. 2/- each against the option exercised by holders of warrants issued on preferential basis to the non-promoters @ Rs. 18.40 per share as per the approval of members at Extra Ordinary General Meeting held on 3rd October, 2007. The Company has received listing approval from the stock exchange in respect of the aforesaid shares. The proceeds from the issue is fully utilized towards the working capital as per stated object in the resolution approving the said issue.

### SUB-DIVISION OF FACE VALUE OF SHARE

During the previous year, the company has subdivided the face value of its equity share from Rs. 10/- to Rs. 2/- as approved by the members and in consultation with the Bombay Stock Exchange which resulted in increase in the number of equity shares of the company.

### PIPE DIVISION

Pipe Division at Murbad recorded sales of Rs. 60.25 crores as compared to Rs. 76.97 crores in the previous year. The division has in second successive year, underperformed due to the reasons beyond the control of the company owing to its product becoming commercially uneconomical. The exports from the division were Rs. 4.91 crores during the year as compared to Rs. 29.43 crores during the previous year.

### SPONGE IRON DIVISION

The production in the division was 191799 MT against 186571 MT in the previous year showing a marginal volume growth. The Total Income of the Sponge Iron Division was at Rs. 321.78 crores against Rs. 259.67 crores in the previous year which was 23.91 % higher over the previous year.

During the year 2004-05, the company has floated a wholly owned subsidiary for the purpose of Iron ore mining activities. Accordingly, a revised Letter of Intent was issued by the Govt. of Maharashtra (GoM) in favour of the subsidiary. However, as per the order of Mines Tribunal, the said action has been set aside. Subsequently the original status has been restored by GoM and a lease has been granted in favour of the company during the year. Two parties are under litigation in this matter before Delhi High Court. The company is taking necessary steps to safeguard its interest.

### ENVIRONMENT & SOCIAL OBLIGATION

The Company maintains the pollution free environment in and around its plants. The Company's 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 :-

- a) **Industry structure and development** : The demand of Steel has remained good during the year under review with strengthening of price. The year 2007- 2008 has recorded steel demand growth in excess of 12 %.
- b) **Opportunities and threats** : The Steel industry has a very good growth potential in years to come with rising domestic consumption on back of growing demand by sectors like infrastructure, construction and automobiles.
- c) **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 Steel Industry outlook in immediate future looks better due to strong growth in demand.
- 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 quarterly 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, 2008 was 483.
- 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 Shantanu Mohapatra, 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 2008, 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.

Auditors' observations in Clause No. 9 (b), & 10 in the Annexure to Audit Report (CARO Report) are self explanatory and do not require further explanation.

## 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.

## PARTICULARS OF EMPLOYEES

A statement pursuant to 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 'B' to the Directors 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 while discharging their duties.

For and on behalf of the Board

Date : 16th May, 2008  
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 Murbad pipe plant of the company had achieved power factor unity during the last three years 2005-06, 2006-07 and 2007-08 and expected to continue the same for the current year 2008-09.

**Sponge Iron Division**

Following measures taken at Ghugus Sponge Iron division for reducing electrical energy consumption :

- 1) Introduction of HT capacitor for ID FAN of large Kiln which reduces power consumption and improves system power factor.
- 2) Modification of GCT spraying system of smaller Kilns by installing high efficiency pump.
- 3) Effective and optimum operation of plant on continuous basis has benefited to get load factor incentive. Regular monitoring of electrical system has benefited power factor incentive through out the year.

**(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****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.

Data Logger Recording System which was installed in one of the mill has been modified to enhance the performance to record one more parameter viz H.T.Voltage.

The Pipe division at Murbad has received licence for API monogramming. Accordingly, the division has installed the following new equipments.

- (a) Off line auto ultrasonic testing equipment.
  - (b) New Electronic control tensile testing machine and charpy impact test equipment
  - (c) Weld pressure roll assembly for better welding quality
- 4 \*API pipes yield has increased as compared to previous year.

**Sponge Iron Division**

- a) CB pipe dia reduced and location changed in 500 tpd plant, due to change of CB our production capacity has increased with less consumption of coal.
- b) Associate auxiliaries of 100 tpd kilns like off gas system, dedusting system and product transfer system were connected with centralized PLC system of 100 tpd to get better control of the equipments.
- c) Water harvesting has been adopted to reutilize the waste process water in the plant operation which reduces our fresh water consumption.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

		(Rs in Lacs)	
		2007-2008	2006-07
(1) Earnings			
Exports including Third Party		491.24	2942.82
		491.24	2942.82
(2) Outgo:			
Interest		-	16.85
Brokerage & Commission		34.54	7.64
Legal & Professional Charges		1.76	1.84
Travelling		20.80	12.19
Other Finance Charges		0.24	1.56
		57.34	40.08

**FORM -A**

Form for Disclosure of Particulars with respect to Conservation of Energy

		UNIT	2007-2008	2006-07
1 Electricity				
a) Purchased				
Units	Kwh		24433677	22152914
Total Amount	Rs.		97615609	96115262
Rate/Unit	Rs/kwh		4.00	4.34
b) Own Generation				
i) Through Diesel Generator				
Units	Kwh		31640	44960
Units per ltr. of Diesel Oil	Kwh/ltr		2.43	2.35
Cost/Unit	Rs/kwh		14.03	15.85
ii) Through Steam Turbine / Generator			NIL	NIL
2 Coal				
Quantity	Ton		362282	304746
Total Cost	Rs.		577530395	548663446
Average Rate	Rs/Ton		1594.15	1800.40
3 Fuel Oil				
a) Furnace Oil				
Quantity	Ltr.		95500	136860
Total Amount	Rs.		2167169	2222289
Average Rate	Rs/Ltr		22.69	16.24
b) LDO/				
Quantity	Ltr.		13001	19105
Total Amount	Rs.		443914	712502
Average Rate	Rs/Ltr.		34.14	37.29
Consumption per unit of Production		UNIT	2007-2008	2006-07
1 PRODUCT Pipe /Tubes				
- Electricity	Kwh/MT		165.39	159.89
- Furnace Oil	Ltr/MT		7.60	9.94
- LDO	Ltr/MT		1.03	1.39
2 PRODUCT Sponge/Iron				
- Electricity	Kwh/MT		116.72	107.18
- Coal	Ton/MT		1.89	1.63

For and on behalf of the Board

Date : 16th May,2008  
Place : Mumbai

Mukesh R Gupta  
Chairman

**ANNEXURE - B**

INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF THE EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008.

Sr. No.	Name	Designation	Remuneration (Rs in Lacs)	Qualification	Age (years)	Experience (years)	Date of joining	Previous Employment
1	B. L. Agarwal	Managing Director	25.44	B.Com., LLB.	62	32	1.1.1995	Business

Notes :

1. Remuneration includes salary, allowances, leave travel assistance, reimbursement of medical expenses, company's contribution to provident fund and monetary value of other perquisites calculated in accordance with provisions of Income tax act, 1961 and rules made there under.
2. The above employee is not related to any directors of the company.
3. The employment of the above employee is regular and subject to the rules and regulations of the company.
4. The employee does not hold equity shares of more than 2 % of paid up capital of the company.

For and on behalf of the Board

Dated : 16th May, 2008  
Place : Mumbai

Mukesh R.Gupta  
Chairman

## CORPORATE GOVERNANCE

**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To the Members of Lloyds Metals & Engineers Limited

We have examined the compliance of the conditions of Corporate Governance by Lloyds Metals & Engineers Limited, for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For and on behalf of **TODARWAL & TODARWAL**  
Chartered Accountants

Dated : 16th May, 2008  
Place : Mumbai

**SUNIL L. TODARWAL**  
Partner  
M.No. 32512

### NOTE ON CORPORATE GOVERNANCE :

#### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :-

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operation, and all its interactions with the stakeholders including shareholders, employees, customers, government and suppliers.

#### 2. BOARD OF DIRECTORS

The Board of the Company has a combination of Executive, Non-Executive and Independent Directors headed by Non-executive Chairman.

During the year under review, the Board met 5 times on 30th May 2007, 31st July 2007, 8th September 2007, 31st October 2007 and 31st January 2008 respectively.

Details of Directors attendance at Board Meetings and the last Annual General Meeting and number of directorship / membership as on 31st March, 2008 are as follows :

Name	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Whether Last AGM Attended	No. of Directorship In other Public Company	No. of Committees Where he is a Chairman (C)/Member(M)
Mr. Mukesh R Gupta	Non-Executive/ Promoter	5	5	Yes	2	1(M)
Mr. Rajesh R Gupta	Non-Executive/ Promoter	5	5	Yes	2	1(M)
Mr. B.L. Agarwal	Executive/ Promoter	5	4	Yes	2	1(C) / 1(M)
Mr. Shantanu Mohapatra	Non-Executive Independent	5	5	Yes	2	NIL
Mr. D.K. Kambale	Non-Executive Independent	5	4	No	1	NIL

### CODE OF CONDUCT

The Board has adopted the Code of Conduct for the Board members and Senior Management Personnel. The said code has also been posted on the company's website at [www.lloyds.in](http://www.lloyds.in).

The declaration made by Managing Director for affirmation in this respect is forming part of the report which is placed at the end of the report.

#### 3. AUDIT COMMITTEE:-

##### ❖ Terms of Reference

The role and terms of reference of the Audit Committee covers the areas mentioned in the Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292 A of the Companies Act, 1956, as amended from time to time, besides other matters as may be referred by the Board of Directors. These, inter alia, include the review of Company's financial reporting process and disclosure of financial information before submission to the Board, review of the adequacy of internal control and audit system and advising the necessary steps to be taken to correct the weaknesses, review of the findings reported by the internal auditors in respect of any fraud or material irregularity and reporting such matters to the Board, review of financial and risk management policies and practices etc..

##### ❖ Composition, No. of meetings held and attendance during the year

As on 31st March 2008, the Audit Committee comprised of 3 Non-executive Directors including 1 Nominee Director.

The committee met 4 times during the financial year ended 31st March, 2008 on 30th May 2007, 31st July 2007, 31st October 2007 and 31st January 2008 respectively.

Name of Director	Position	No. of Meetings held	No. of meetings attended
Mr. Shantanu Mohapatra	Chairperson	4	4
Mr. Mukesh R Gupta	Member	4	4
Mr. D. K. Kambale	Member	4	4

Mrs. Swati Sharma is acting as secretary to the committee.

#### 4. REMUNERATION COMMITTEE

##### ❖ Composition

The Company had earlier constituted a Remuneration Committee of the Board comprising of three (3) Non-executive Independent Directors. However, since withdrawal of one nominee director from the Board and consequently the Remuneration Committee, the vacant position is yet to be filled.

##### ❖ Remuneration policy

The remuneration of Director in all the cases is decided by the Board subject to necessary approval of shareholders, remuneration committee and other applicable approvals, if any. Save and except Mr. B. L. Agarwal, Managing Director, no other director is drawing remuneration.

Mr. B.L. Agarwal has been appointed as a Managing Director for a term of five years w.e.f. 1st January, 2005 and is responsible for day to day affairs of the Company. During the year Mr. B.L. Agarwal been paid as per provisions of Schedule XIII of the Companies Act, 1956 minimum remuneration of Rs.25.44 Lacs by way of Salary, Perquisites & Contribution to Provident Fund. The remuneration paid to Managing Director from 1st January, 2005 onwards is subject to the approval of 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.

- ❖ Details of shares held by Non-Executive directors in their own name as on 31st March, 2008.

S. No.	Name of the Director	No. of Equity shares held (Face value Rs. 2/- each)
1.	Mr. Mukesh Gupta	353650
2.	Mr. Rajesh Gupta	345860
3.	Mr. Shantanu Mohapatra	NIL
4.	Mr. D. K. Kambale	NIL

#### 5. SHAREHOLDER'S AND INVESTOR'S GRIEVANCE COMMITTEE:—

The company has constituted the Share Transfer & Investor Grievance Redressal Committee comprising of 3 Directors namely Mr. Mukesh R. Gupta, Mr. B. L. Agarwal and Mr. Rajesh R. Gupta. The committee is headed by Mr. Mukesh R. Gupta a Non-executive Director.

The committee oversees the performance of the Registrar and Share Transfer Agents, recommends the measures to improve the level of investor services and matters pertaining to shareholder's complaints and grievances.

The Board has designated Mrs. Swati Sharma, 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 therefore are requested to send their grievance on, [investor@lloyds.in](mailto:investor@lloyds.in).

The committee meets fortnightly for the approval of the share transfer / split / consolidation / replacement and issue of duplicate share certificates 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	172	172
Bombay Stock Exchange	1	1
SEBI Complaints	-	-
MCA	-	-
Investor's Association	-	-
<b>TOTAL</b>	<b>173</b>	<b>173</b>

#### 6. GENERAL BODY MEETING

- a. Details of last 3 Annual General Meeting :-

Year	Location	Date	Time
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.
2006-2007	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	02.08.2007	11.30 a.m.

- b. Details of Extra Ordinary General Meetings ( EGM )

2007-2008	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	03.10.2007	11.30 a.m.
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- c. Whether any Special Resolution was passed in last 3 AGM / EGM : Yes  
d. Whether any special resolution passed last year through postal Ballot : N.A

#### 7. DISCLOSURES

- a) Disclosures on materially significant related party transactions 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) Money raised through Preferential issue has been used to meet the stated objective of the Issue for working capital requirements of the Company.

- 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 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

- e) 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 extent possible.

#### 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](http://www.lloyds.in).

#### 10. GENERAL SHAREHOLDER INFORMATION

##### I Annual General Meeting

Date	Thursday, 10th July, 2008
Time	11.30 a.m.
Venue	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane

##### II Financial Calendar (tentative)

Results for quarter ending 30.06.2008	Fourth Week of July 2008
Results for half year ending 30.09.2008	Fourth week of October 2008
Results for quarter ending 31.12.2008	Fourth week of January 2009
Results for year ending 31.03.2009	Fourth week of May 2009

##### III Book Closure Date

Tuesday, 1st July, 2008 to Thursday, 10th July, 2008 ( both days inclusive ).

##### IV Dividend Payment date

Not declared



Listing of Equity Shares on Stock Exchanges at		Bombay Stock Exchange, Mumbai		No. of Shares Held	No. of Shareholders Total % of Total	No. of Shares Held Total % of Total
VI Stock Code		512455		1 - 500	14896	86.15
				501 - 1000	1387	8.02
		ISIN No.: INE281B01024		1001 - 2000	446	2.58
				2001 - 3000	205	1.19
				3001 - 4000	49	0.29
				4001 - 5000	82	0.47
				5001 - 10000	70	0.40
				10001 and Above	156	0.90
				Total	17291	100.00
				Note : * Excludes 397875 forfeited shares of Rs. 10/- each.		
VII Stock Market Data		Bombay Stock Exchange		Over 90.10 % of the shares have been dematerialized upto 31st March, 2008.		
	(BSE)	(In.Rs.)	BSE Sensex	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.		
	High	Low	Close	Liquidity		
April 2007	29.00	23.65	13,872.37	Company's Shares are traded on the Bombay Stock Exchange.		
May 2007	80.60	27.50	14544.46	XII Outstanding GDRs/ ADRs/ Warrants or any convertible Instruments, Conversion date and likely impact on the Equity.		
June 2007	68.00	51.00	14650.51	Not Applicable		
July 2007	72.95	54.55	15550.99	XIII Plant Locations		
August 2007	108.75	58.55	15318.60	Pipe & Tube Division		
September 2007	287.55	114.15	17291.10	Plot No. M-1, Additional MIDC Area, Murbad, Dist. Thane 421 401. Maharashtra State.		
October 2007	316.95	46.25	19837.99	Sponge Iron Division		
November 2007	95.00	65.00	19363.19	Plot No. A-1/2, MIDC Area, Ghugus, Dist. Chandrapur- 442 505. Maharashtra State.		
December 2007	143.15	79.90	20286.99	XIV (I) Investor Correspondence		
January 2008	166.00	76.00	17648.71	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.		
February 2008	97.70	67.90	17578.72	(II) Any query on Annual Report		
March 2008	82.00	51.35	15644.44	Secretarial Department: Modern Centre, "B" Wing, 2nd Floor, Sane Guruji Marg, Mahalaxmi, Mumbai- 400 011. Tel. No. 022- 3041 8111 Fax No. 022- 3041 8260 E mail : <a href="mailto:investor@lloyds.in">investor@lloyds.in</a>		
Note : Trading in the share of the company was for 10 Rupee face value upto 18.10.2007 and consequent upon split in the face value, for 2 Rupee face value w.e.f 19.10.2007.				DECLARATION		
VIII Registrar and Share Transfer Agents ( share transfer and communication regarding share certificates, dividends and change of address)		Big share Services Private Limited		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, 2008.		
		E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri(E), Mumbai-400 072		For Lloyds Metal & Engineers Ltd.		
IX Share Transfer System				B L Agarwal Managing Director		
		Share Transfer request are registered within an average period of 25 to 30 days from the day of receipt.				
		Share transfer request in physical form with demat request have been discontinued from February 2004 in terms of SEBI directive.				
X Distribution of shareholding as on 31st March, 2008						
Promoters			45.53 %			
Banks/Financial Institutions			0.01%			
MFs & UTI			0.02%			
FII			0.00 %			
Others			54.44%			
Total			100.00			