



34th
Annual Report
2010-2011

Lloyds Metals and
Energy Limited

(Formerly Lloyds Metals and Engineers Limited)

BOARD OF DIRECTORS

CHAIRMAN MUKESH R. GUPTA

MANAGING DIRECTOR B. L. AGARWAL

DIRECTORS

RAJESH R. GUPTA

V.M.BHARATHY (IDBI NOMINEE)

SHANTANU MOHAPATRA

B.B.CHADHA

J.S.CHARLU

AUDITORS

TODARWAL & TODARWAL

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE :

Trade World,
'C' Wing, 16th Floor,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013.

REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Tel No. - 022 - 4043 200
Fax No. - 022 - 2847 5207
E-mail - investor@bigshareonline.com

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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of the **Lloyds Metals and Energy Limited** will be held at Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra on **Wednesday, 3rd August, 2011** at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2011 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
- To appoint a Director in place of Shri Mukesh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Shri B.B.Chadha, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board,

Date : 18th May, 2011
Place : Mumbai

Shyamal Padhiar
Company Secretary

NOTES:

- 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.**

- 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.
- The Register of Members and Share Transfer Books of the Company shall remain closed from **Monday, 25th July, 2011 to Wednesday, 3rd August, 2011** (both days inclusive).
- 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.
- 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.
- 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.
- The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. Therefore we request you to **provide your email id** to our Registrar M/s Bigshare Services Pvt. Ltd. Unit : Lloyds Metals and Energy Ltd. on the address given in this notice to send various notices / documents, etc.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 34th ANNUAL GENERAL MEETING

(Pursuant to clause 49 of the Listing Agreement)

1. Name	Shri Mukesh Gupta	Shri B. B. Chadha
2. Brief Resume		
Age	53 years	73 years
Qualification	B.Com	FICWA, Member of Institute of Internal Auditors, USA.
Experience	33 years	53 years
Date of appointment on the Board of the company	21.11.1991	28.07.2008
3. Nature of expertise in Specific Functional Areas	Expertise in the field of project implementation, finance, marketing and other areas	Expertise in all management discipline techniques, corporate strategy and planning, finance, marketing and human resource development.
4. Name(s) of other Companies in which Directorship Held	1. Lloyds Steel Industries Ltd 2. Vidarbha Power Ltd	1. Surya Roshni Ltd 2. Delfon Cables Ltd 3. Jay Ushin Ltd 4. Intex Technologies (India) Ltd 5. Innovation HR Consultants Pvt Ltd
5. Name(s) of other companies in which he is Chairman / Member of the * Committee(s)	1. Lloyds Steel Industries Ltd Member Shareholders' /Investor Grievance Committee	1. Surya Roshni Ltd – Member Audit Committee 2. Jay Ushin Ltd – Chairman – Audit Committee 3. Intex Technologies (India) Ltd. - Member – Audit Committee
6. No. of shares held of Rs.2/- each	353650	-
7. Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	He is related to Mr. Rajesh Gupta, Director of the company.	-

* Committees for the above purpose only Audit and Share transfer and Investors' Grievance Committees is considered.

By Order of the Board,

Date : 18th May, 2011
Place : Mumbai

Shyamal Padhiar
Company Secretary

DIRECTORS' REPORT

The Directors present their 34th Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

	(₹ in Lacs)	
	Current Year 2010-11	Previous Year 2009-10
Sales (Net)	68999.73	56789.42
Other Income	2325.73	917.89
Total Income :	71325.46	57707.31
Profit before Interest, Depreciation & Tax	4542.86	4351.97
Less : Interest & Finance Charges	689.57	883.05
Depreciation	1991.80	1680.05
Profit/(Loss) before tax	1861.49	1788.87
Less : Tax Provision	-	-
Profit/(Loss) after Tax	1861.49	1788.87
Less : Prior Period Expenses	1.01	2.10
Net Profit/ (Loss)	1860.48	1786.77
Profit / (Loss) b/f from previous year	60.38	(1726.39)
Balance Carried Forward	1920.86	60.38

DIVIDEND

With a view to conserve the resources in long run, your Directors have not recommended any Dividend for the year ended 31st March, 2011.

OPERATIONS & OVERALL PERFORMANCE

World Steel consumption has shown a remarkable recovery during the last year. The Indian Steel Industry has been on a high growth trajectory led by buoyancy in sectors such as infrastructure and construction, oil and gas and automobiles during the year under review on back of finished steel consumption showing an increase of around 8 %. India has maintained its position as the world's largest producer of DRI / Sponge Iron. During the last few years, the demand growth has been more than supply growth. The lag in supply growth was mainly due to delay in statutory clearances, land acquisition issues and lack of new raw material linkages. Globally, the Steel prices has softened during the first quarter due to increase in supply and slowdown in inventory restocking but showed a rising trend during the last quarter. The High raw material cost coupled with increasing operational cost has put pressure on operating margins of the Steel Companies in the later half and trend is expected to continue during the current year as well.

The Total Income of the Company was **Rs. 713.25 crores** during the year as against Rs.577.07 crores in the previous year, showed an increase of **24 %**. The Company has reported Net profit of **Rs.18.61 crores** during the year under review as against Rs. 17.87 crores in the previous year.

SPONGE IRON DIVISION

The production of Sponge Iron Division during the year under review was **186882 MT** against 168144 MT in the previous year showing a growth of **11%**. The total income of the division was **Rs.656.95 Crores** as against Rs. 567.89 Crores during the previous year, showing an increase of **16 %**.

POWER PLANT

As part of manufacturing process, the Company is using coal to produce Sponge Iron and during the process, the hot waste gases are

being generated which were earlier being released in atmosphere after cooling down and passing through Electrostatic Precipitator for removal of dust particles.

During the third quarter of the year, in order to utilize the waste heat and convert it into productive energy, the Company has commissioned its 30 MW co-generation Waste Heat Recovery Based (WHRB) Power Plant, at Ghugus, Maharashtra. The project has received all statutory clearances. The project has also been registered under Carbon Development Mechanism (CDM) and expected to get CDM certification. The total income of the division was **Rs.33.04 Crores** during the year under review.

With the commissioning of the said plant, the Company will entail a reduction in power cost in the cost of production and may be in a position to produce and sell additional / surplus power to the Power Distribution Companies which may generate savings / earnings to the Company. The generation of the above revenue will entail the additional source of income for the company in addition to conducting manufacturing of Sponge Iron activities.

In respect of Iron ore mining activities, the company has received all statutory permissions and necessary sanctions from the concerned authorities to commence mining operations and the mining operations are expected to commence in due course.

CHANGE OF NAME / ALTERATION OF OBJECT CLAUSE

In view of the commencement of the power generation activities by the Company, it was proposed to alter the Main Object clause of the Company by addition of power generation Clause in the Memorandum of Association of the Company and to change the name of the Company from "Lloyds Metals and Engineers Limited" to 'Lloyds Metals and Energy Limited' by obtaining members approval through Postal Ballot. Accordingly, the Postal Ballot process was conducted and Special Resolutions approving the above alterations with requisite majority were passed on 11th April, 2011. The Registrar Of Companies, Maharashtra, Mumbai has approved the above changes and issued fresh certificate of Incorporation for change of name of the Company w.e.f. 25th April, 2011.

ENVIRONMENT & SOCIAL OBLIGATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

- Industry structure and development:** India's domestic steel demand remained robust with apparent demand last year, led by good demand for autos and engineering services. The Indian Steel Industry is expected to do well on the back of increase in demand and capacity addition by domestic steel companies. The Company has installed during the year under review, 30 MW Waste Heat Recovery based Power Plant.
- Opportunities and threats:** The Steel industry has a very good growth potential in years to come with rising domestic as well as global consumption. The main challenges to the industry are high input cost, temporary oversupply due to substantial capacity addition in upcoming 12-15 months, infusion of funds and cheaper imports. The upward trend in increase in steel prices is expected in line with higher raw material cost. The Power Industry has very good growth potential in coming years backed by initiatives taken by the Govt. for generation / distribution of Power at national level. The challenges to the power industry are fuel availability, plant equipment / skilled manpower shortage and financial assistance.
- Segment-wise performance:** The Company is operating two segments, Iron and Steel and Power Generation. Segment Wise results are given at Note No. 19 under 'Notes to the Accounts' forming part of balance sheet. The Company has no activity outside India.

- d) **Outlook:** The outlook for the domestic steel industry is positive, driven by robust growth in infrastructure, autos and construction. With the expanding consumer market, Indian Steel Industry is likely to receive huge domestic and foreign investments. The Steel Industry outlook in immediate future looks stable in line with growth of domestic as well as global steel industry. The Power sector outlook is also looks positive.
- e) **Risk and concerns:** The Company is continuously monitoring the supply management practices. Technological obsolescence, input prices, price sensitivity and demand volatility are an inherent business risks. The Company undertakes continuous development, training and modernization programme to keep its business efficient. The risks faced by the Power sector are irregular tariff structures, capacity addition, project execution, land acquisition and environment clearance etc.
- 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' & 'Operations and Overall Performance' in the current year.
- h) **Human resources and industrial relations :** During the year under review the Employee/ Industrial relations remained harmonious. Steps were taken continuously by the Company for training its employees in various disciplines. Number of employees as on 31st March, 2011 was **301**.
- 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 & 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**, wholly owned subsidiary is 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.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year.

DIRECTORS

Shri Mukesh Gupta and Shri B.B.Chadha, Directors of your Company, retires by rotation and being eligible, offers themselves 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 2011, 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 Exchange 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 for the next financial year 2011-2012.

Auditors' observations in Clause No. 9 (b) 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

The Company does not have any employee, whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended by MCA vide it's Circular No. 23/ 2011 dated 03.05.2011.

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

Dated: 18th May, 2011
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.

SPONGE IRON PLANT

(A) CONSERVATION OF ENERGY

Energy Conservation Measures Taken:-

The Sponge Iron Plant has achieved Electrical System Power Factor at Unity level since 2006-07 and expected to continue the same for the current year and following measures were taken for reducing electrical energy consumption:

- 1) Installation of variable speed control drives for various equipments of Kiln.
- 2) Replacement of Copper ballasts by electronic ballasts.
- 3) Provision of Time based controls in plant street lights for energy saving.
- 4) Provision of Localized switching arrangements to control the office and building lights.
- 5) Replacement of Higher rating pumps alongwith motors for GCT pump in 4 x 100 TPD Kiln by a suitable rating pump motor assembled as ABC pump to optimize the water consumption and power saving.
- 6) Dismantling of High rating GCT pumps of 500 TPD Kiln as a result of abandonment of GCT system.
- 7) The project of generation of 30 MW Power from Waste Heat Recovery has been registered under Carbon Development Mechanism (CDM) and expected to get CDM certification

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

- 1) Waste heat recovery based 30 MW cogeneration Power Plant has been commissioned during the 3rd quarter of the year to generate power from the waste gases of Kiln for the purpose of recovery of waste energy into productive energy.
- 2) Provision of 4 additional ESP transformers for 4 x 100 TPD Kilns to improve the pollution control measures.
- 3) Upgradation of Char, a solid waste by- product generated while manufacturing DRI in the Char Beneficiation system which beneficiating in elimination of dense contaminants and feeble magnetic particles and such waste is usable as secondary fuel in AFBC Boiler resulting in substantial reduction of coal consumption.
- 4) Installation of Opacity Meters to monitor the stack emission and improve pollution control standards.
- 5) Installation of 3 new bag filters and capacity enhancement of existing 3 bag filters.

POWER PLANT

(A) CONSERVATION OF ENERGY

Note : Form 'A' is not applicable to power generation activities as it does not fall under the list of industries specified in the Schedule attached to Rule 2.

Energy Conservation Measures Taken:-

- 1) Installation of variable Speed Control Drives for various equipments of power plant.
- 2) As a measure of energy conservation, Replacement of Copper ballasts by electronic ballasts.
- 3) Provision of Time based controls in plant street lights for energy saving.
- 4) Provision of Localized switching arrangements to control the office and building lights.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

- 1) Waste heat recovery based 30 MW cogeneration Power Plant has been commissioned during the 3rd quarter of the year to generate power from the waste gases of Kiln for the purpose of use of waste energy into productive energy.
- 2) Replacement of the dense phase ash conveying system of

ESp fly ash in 500 TPD Kiln by pneumatic conveying system.

- 3) Upgradation of Char, a solid waste by- product generated while manufacturing DRI in the Char Beneficiation system which beneficiating in elimination of dense contaminants and feeble magnetic particles and such waste is usable as secondary fuel in AFBC Boiler resulting in substantial reduction of coal consumption.
- 4) Installation of Opacity Meters to monitor the stack emission and improve pollution control standards.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(Rs in Lacs)		
	2010-11	2009-10
(1) Earnings		
Exports including Third Party	2699.31	1419.80
(2) Outgo		
Travelling	20.76	-

FORM – A

Form for Disclosure of Particulars with respect to Conservation of Energy
(Sponge Iron)

UNIT		2010-11	2009-10
1	Electricity		
a)	Purchased		
	Units	17211220	17961254
	Total Amount	Rs. 105,952,580	90,518,724
	Rate/Unit	Rs/kwh 6.16	5.04
b)	Own Generation		
i)	Through Diesel Generator		
	Units	NIL	NIL
	Units per ltr. of Diesel Oil	Kwh/ltr -	-
	Cost/Unit	Rs/kwh -	-
ii)	Through Steam Turbine / Generator (Consumption)*		
	Units	Kwh 9509822	-
	Total Amount	Rs. 47610921	-
	Cost per Unit	Rs/kwh 5.01	-
*Consumption excludes 8085956 KWH consumed in power plant and 70425302 KWH sold.			
2	Coal *		
	Quantity	Ton 436137	395858
	Total Cost	Rs. 1127563367	851469045
	Average Rate	Rs/Tonne 2585.34	2150.95
*includes Used in Power Plant.			
3	Fuel Oil		
a)	Furnace Oil		
	Quantity	Ltr. NIL	NIL
	Total Amount	Rs. NIL	NIL
	Average Rate	Rs/Ltr -	-
b)	LDO/		
	Quantity	Ltr. 185571	146000
	Total Amount	Rs. 5975445	3891718
	Average Rate	Rs/Ltr. 32.15	26.66
Consumption per unit of Production			
1	PRODUCT Sponge/Iron		
	- Electricity	Kwh/MT 92.10	106.82
	- Coal	Ton/MT 2.17	2.35
	- LDO	Ltr/MT 0.99	0.87

For and on behalf of the Board

Dated: 18th May, 2011
Place: Mumbai

Mukesh R Gupta
Chairman

CORPORATE GOVERNANCE

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **Lloyds Metals and Energy Limited**

We have examined the compliance of the conditions of Corporate Governance by Lloyds Metals and Energy Limited, for the year ended 31st March, 2011, 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 : 18th May, 2011
Place : Mumbai

Sunil Todarwal
Partner
M.No. 32512

REPORT 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 financial year 2010-11, four (4) Board Meetings were held on 24th May, 2010, 29th July, 2010, 8th November, 2010 and 10th February, 2011 respectively.

Details of Directors attendance at Board Meetings and the last Annual General Meeting and number of directorship / membership as on 31st March, 2011 are as follows :

Name	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended	No. of Directorship in other public Companies	No. of Other Company Committees where he is a Chairman (C)/ Member (M)
Mr. Mukesh R. Gupta	Non-Executive/ Promoter	4	4	Yes	2	1(M)
Mr. Rajesh R. Gupta	Non-Executive/ Promoter	4	4	No	2	1(M)
Mr. B. L. Agarwal	Executive/ Promoter	4	4	Yes	2	1(C) / 1(M)
Mr. Shantanu Mohapatra	Non-Executive Independent	4	3	Yes	2	-
Mr. B. B. Chadha	Non-Executive Independent	4	4	No	4	1(C) / 2(M)
Mrs. V. M. Bharathy	Independent IDBI Nominee	4	2	No	-	-
Mr. J. S. Charlu	Non-Executive Independent	4	3	No	-	-

Note: Committees for the above purpose, only Audit and Share transfer and Investors' Grievance Committees is considered.

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the Directors and the Members of the Senior Management Personnel which is also affirmed by them for the financial year ended 31st March, 2011. The declaration to this effect by Managing Director is annexed at the end of this report.

The Code has also been posted on the Company's website at www.lloyds.in.

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 its financial information to ensure that the financial statement is correct, sufficient and credible, Review of the adequacy of internal control systems and advising the necessary steps to be taken to correct the weaknesses, Review of the quarterly and annual financial statements before submission to the Board for approval, Review of financial and risk management policies and practices etc..

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

As on 31st March, 2011, the Audit Committee comprised of 4 Non-executive Directors including 1 Nominee Director.

During the financial year 2010-11, four (4) Meetings of Audit Committee were held on 24th May, 2010, 29th July, 2010, 8th November, 2010 and 10th February, 2011 respectively.

Name of Director	Position	No. of Meetings held	No. of meetings attended	Remarks
Mr. Shantanu Mohapatra	Chairman	4	3	-
Mr. Mukesh R Gupta	Member	4	4	-
Mr. B.B. Chadha	Member	4	4	-
Mrs. V.M. Bharathy	Member	4	2	-

Mr. Shyamal Padhiar is acting as secretary to the committee.

4. REMUNERATION COMMITTEE

The Remuneration Committee comprises of 3 Non-executive independent Directors namely Shri Shantanu Mohapatra, Shri B.B. Chadha and Mrs. V.M. Bharathy. During the financial year 2010-11, no Remuneration Committee Meeting was held.

The remuneration of Director in all the cases is decided by the Board as per the Remuneration policy of the company 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 has drawn remuneration during the financial year 2010-11.

Mr. B.L. Agarwal was re-appointed as a Managing Director for a term of five years w.e.f. 1st January, 2010 and is responsible for day to day affairs of the Company. During the year Mr. B.L. Agarwal has been paid minimum remuneration of Rs.25.44 Lacs by way of Salary, Perquisites & Contribution to Provident Fund, in accordance with the provisions of Schedule XIII of the Companies Act, 1956

All the Directors except Managing Director, are in receipt of sitting fees of Rs.1000/- per Board / Audit and Other Committee meeting attended by them.

❖ Details of shares held by Non-Executive directors in their own name as on 31st March, 2011.

S.No.	Name of the Director	Equity shares of Rs.2/- each Held in their own name
1.	Mr. Mukesh Gupta	353650
2.	Mr. Rajesh Gupta	345860
3.	Mr. Shantanu Mohapatra	NIL
4.	Mr. B.B. Chadha	NIL
5.	Mrs. V.M. Bharathy	NIL
6.	Mr. J.S. Charlu	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 Mr. Shyamal Padhiar, 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 therefore are requested to send their grievance, if any, on investor@lloyds.in.

The Company's Registrar & Transfer Agent M/s Bigshare Services Pvt. Ltd. had launched Gen-next investor Module i'Boss, the most advanced tool to interact with shareholders. The investors may login into i'Boss (www.bigshareonline.com) to help the company to serve better.

The committee meets weekly 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	64	64
Bombay Stock Exchange	3	3
SEBI Complaints	4	4
MCA	-	-
Investor's Association	-	-
TOTAL	71	71

6. GENERAL BODY MEETING

a. Details of last 3 Annual General Meetings (AGM) :-

Year	Location	Date	Time
2007-2008	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	10.07.2008	11.30 a.m
2008-2009	Plot No. A 1-2, MIDC Area, Ghugus, Dist - Chandrapur, 442 505, Maharashtra.	28.07.2009	2.00 p.m.
2009-2010	Plot No. A 1-2, MIDC Area, Ghugus, Dist - Chandrapur, 442 505, Maharashtra.	27.07.2010	12.30 p.m.

b. No Extra Ordinary General Meeting (EGM) was held during the last year.

c. Details of Special Resolution passed in last 3 AGMs :

Date of AGM	Details of Special Resolution
10.07.2008	No Special Resolution passed
28.07.2009	No Special Resolution passed
27.07.2010	Authority to Board of Directors to make investments or to give loans or to provide guarantee u/s 372A of the Companies Act, 1956

d. The Company has not passed any Resolutions through Postal Ballot during the last year. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

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 were no such transactions during the year. The details of transactions with related parties are disclosed in the accounts.

- b) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee :

No personnel have been denied access to the audit committee.

- c) 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

- 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 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 and Annual 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	Wednesday, 3rd August, 2011.
Time	12.30 p.m.
Venue	Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra.

II Financial Calendar (tentative)

Results for quarter ending 30.06.2011	Fourth Week of July 2011
Results for half year ending 30.09.2011	Fourth week of October 2011
Results for quarter ending 31.12.2011	Fourth week of January 2012
Results for year ending 31.03.2012	Fourth week of May 2012

III Book Closure Date	Monday, 25 th July, 2011 to Wednesday, 3 rd August, 2011 (both days inclusive)
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IV Dividend Payment date

Not declared

V Listing of Equity Shares on Stock Exchanges at

Bombay Stock Exchange, Mumbai
The Company has paid annual Listing fees for the financial year 2011-2012 to the Bombay Stock Exchange.

VI Stock Code

512455 ISIN No.: INE281B01024

VII Stock Market Data

The monthly movement of equity Share Price on on Bombay Stock Exchange

	Share Price (In.Rs.)		BSE Sensex
	High	Low	
April 2010	53.40	30.00	17558.71
May 2010	54.70	36.20	16944.63
June 2010	68.65	45.15	17700.90
July 2010	74.80	57.30	17868.29
August. 2010	69.90	56.75	17971.12
September. 2010	63.00	56.00	20069.12
October. 2010	57.25	47.85	20032.34
November. 2010	51.90	40.00	19521.25
December. 2010	48.00	38.05	20509.09
January. 2011	54.85	37.10	18327.76
February. 2011	53.45	35.65	17823.40
March. 2011	46.00	35.00	19445.22

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

Big share 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 request are registered within an average period of 15 to 20 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, 2011

Promoters	47.78 %
Banks/Financial Institutions	2.84 %
MFs & UTI	0.01 %
FII	0.00 %
Others	49.37 %
Total	100.00