

**35<sup>th</sup> Annual Report  
2011- 2012**



# **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, 16<sup>th</sup> Floor,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai – 400 013.  
Tel : 022 – 3041 8111

## REGISTRAR & SHARE TRANSFER AGENTS

### BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,  
Sakivihar Road,  
SakiNaka, Andheri (E),  
Mumbai – 400 072.  
Tel. No. : 022- 4043 0200 / 299  
Fax No. : 022 - 2847 5207  
E-mail : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

CONTENTS	Page No.
Notice	03
Directors' Report	04
Corporate Governance	08
Auditors' Report	12
Balance Sheet	14
Profit & Loss Account	15
Cash Flow Statement	16
Notes to the Financial Statement	17
Statement Pursuant to Section 212	22
Subsidiary Company	23
Consolidated Statement	26

## NOTICE

**NOTICE** is hereby given that the 35<sup>th</sup> 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 **Tuesday, 10<sup>th</sup> July, 2012** at 12.30 p.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 31<sup>st</sup> March, 2012 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri J.S.Charlu, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajesh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board,

Date : 26.05.2012  
Place : Mumbai

Shyamal Padhiar  
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 **Monday, 2<sup>nd</sup> July, 2012 to Tuesday, 10<sup>th</sup> July, 2012** (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.
7. The Ministry of Corporate Affairs ("MCA") 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 35<sup>th</sup> ANNUAL GENERAL MEETING (Pursuant to clause 49 of the Listing Agreement)

1. Name	Shri J.S.Charlu	Shri Rajesh Gupta
2. Brief Resume		
Age	73 years	47 years
Qualification	M.A.(Economics), JGEDP – IIM, Sr. Marketing Management Course-AISA, Hyderabad	B.Com
Experience	48 years	26 years
Date of appointment on the Board of the company	29.05.2009	21.11.1991
3. Nature of expertise in Specific Functional Areas	Having a rich and wider experience in the field of marketing of steel and allied products	Rich Experience in production, management and other areas in Steel and Power Industry.
4. Name(s) of other Companies in which Directorship Held	-	1. Lloyds Steel Industries Ltd. 2. Vidarbha Power 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
6. No. of shares held of ₹ 2/- each	-	345860
7. Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956 )	-	He is related to Mr. Mukesh Gupta, Chairman 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 : 26.05.2012  
Place : Mumbai

Shyamal Padhiar  
Company Secretary

## DIRECTORS' REPORT

The Directors present their 35<sup>th</sup> Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL HIGHLIGHTS

(₹ in Lacs)

	Current Year 2011-12	Previous Year 2010-11
<b>Sales ( Net )</b>	<b>100,680.39</b>	68,999.73
<b>Other Income</b>	<b>1,718.94</b>	2,368.80
<b>Total Income :</b>	<b>102,399.33</b>	71,368.53
Profit before Interest, Depreciation & Tax	<b>4,468.97</b>	4,584.92
Less : Finance Cost	<b>1,494.59</b>	732.64
Depreciation	<b>2,601.15</b>	1,991.80
Profit/(Loss) before tax	<b>373.23</b>	1,860.48
Less : Tax Provision	-	-
Net Profit/ (Loss) after Tax	<b>373.23</b>	1,860.48

### DIVIDEND

With a view to conserve the resources in long run, your Directors have not recommended any Dividend for the year ended 31<sup>st</sup> March, 2012.

### OPERATIONS & OVERALL PERFORMANCE

The Global Steel consumption has witnessed a steady growth during the last year. However, the Indian Steel Industry has witnessed a setback during the year under review. Despite some positive influences, overall steel consumption growth in the country during the year under review was subdued because of steep declines in the growth of end use sectors like Manufacturing, Mining, Capital Goods, Consumer Durables etc. The total Indian finished Steel consumption registered a growth of 5 % during the year under review. During the last few years, the Indian Sponge Iron Industry grew at an annual rate of 9.8% mainly due to remarkable expansion in the small-scale coal based units with short gestation period and low capital intensity.

Globally, the Steel prices has risen during the first three quarters of the year, but showed a sharp fall during the last quarter. However, domestic steel prices were remained stable during the year under review. The volatility in raw materials prices coupled with fluctuating demand has put pressure on operating margins of the Steel Producers and trend is expected to continue during the current year as well.

The Power sector is one of the crucial inputs to the growth of the other industrial sectors and overall economic growth of India. India is world's 6<sup>th</sup> largest energy consumer, accounting for 3.4% of global energy consumption. The Indian

Power Sector has witnessed a very challenging phase and almost hits a bottom during the year under review as a result of fuel scarcity, funds paucity, regulatory, policy and investments hurdles amongst the other factors. The High fuel prices and low merchant realization has put pressure on operating margins of the power companies, however, the trend is expected to change in the coming years backed by higher coal production and tariff hike by State Electricity Boards.

The Total Income of the Company was ₹ **1,024.00** crores during the year as against ₹ 713.69 crores in the previous year, showed an increase of **43 %**. The Company has reported Net profit of ₹ **3.73** crores during the year under review as against ₹ 18.61 crores in the previous year.

### SPONGE IRON DIVISION

The production of Sponge Iron Division during the year under review was **156698 MT** against 186882 MT in the previous year showing decrease of **16 %**. The total income of the division was ₹ **934.14 Crores** as against ₹ 656.95 Crores during the previous year, showing an increase of **42 %**.

### POWER DIVISION

During the previous year 2010-11, in order to utilize the waste heat and convert into productive energy, the Company has commissioned it's 30 MW co-generation Waste Heat Recovery Based (WHRB) Power Plant, at Ghugus, Maharashtra. The production of the division was **24.54 MWH** during the year under review as compared to 22.64 MWH for the previous year. The total income of the division was ₹ **72.65 Crores** during the year under review as against ₹ 33.04 Crores during the last six months of the previous year.

By virtue of issuance of Commercial Circular No. 154 & 156 dated 23.01.2012 by Maharashtra State Electricity Distribution Company Limited and other laws and circulars of authority, the scope of distribution/supply/utilization of electricity through Open Access has been expanded. The company is exploring all the possibilities, strictly adhering to and complying with the parameters and conditions laid down in the said circulars & other laws to utilize the power generated by its power generation unit.

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 have commenced on trial basis.

### 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 :-

- a) **Industry structure and development:** The domestic steel sector was hit badly during the last year due to slow down in infra projects, high interest rates and falling capex. However, the industry is expected to perform well due to increase in consumption of steel backed by growing demand in consumer durables and infrastructure industries. The Indian Power sector is one of the fastest growing sector in the world and energy availability in the country has increased rapidly during past few years.
- b) **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 low labour productivity, high energy cost, operational agility. The upward trend in increase in steel prices during the major part of the year is unlikely to sustain in the current year. The Indian Power Sector is undergoing a rapid growth phase with vision to provide reliable, affordable and quality power to all. The demand for power is growing exponentially in accordance with high level of developments on both infrastructure and social fronts. The main challenges to the power industry are tariff structure, fuel availability, plant equipment / skilled manpower shortage and financial assistance.
- c) **Segment-wise performance:** The Company is operating two segments, Iron and Steel and Power Generation. Segment Wise results are given at Note No. 15 under 'Notes to the Accounts' forming part of balance sheet. The Company has no activity outside India.
- d) **Outlook:** The outlook for the Global steel industry remains cautious. The Global steel demand will vary depending on the outlook for different regions and countries. The outlook for the domestic steel industry is optimistic, driven by modest growth in infrastructure industries. With the sufficient raw material resources and surplus raw material production coupled with expected demand growth, Indian Steel Industry makes attractive investment destination for global majors. Considering the huge demand of power from India's rising population and rapid industrialization and urbanization, the outlook for the Power sector outlook looks positive.
- e) **Risk and concerns:** Steel Industry always runs risk of Industry cycle. 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, fuel availability, project execution, land acquisition, financial assistance and environment clearance etc. The Company is taking proper actions against the possible industry risks which may affect the business activities of the Company.

- f) **Mitigation of Risks:** The Company in order to mitigate the risks, threats and concerns, is taking necessary short term and long term steps like exploring Open Access Market for sale of power, expanding customer base, forward integration and energy management etc. The Company has already taken effective steps for raw material security in the long term.
- g) **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.
- h) **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.
- i) **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 31<sup>st</sup> March, 2012 was 430.
- j) **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 J.S.Charlu and Shri Rajesh Gupta, Directors of your Company, retires by rotation and being eligible, offers themselves for re-appointment.

#### **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 31<sup>st</sup> March 2012, 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.

#### **STATUTORY AUDITORS & AUDITORS' REPORT**

The members are requested to appoint Auditors for the next financial year 2012-2013.

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

#### **COST AUDITORS**

In terms of provisions of Section 233B(2) of the Companies Act, 1956 and in accordance with notification issued by the Ministry Of Corporate Affairs, F.No.52 /26 / CAB – 2010 dated 02.05.2011, M/s Manisha & Associates, Nagpur, Cost Accountant was appointed as Cost Auditor of the Company for the financial year 2011-12 and offered themselves for re-appointment for the financial year 2012-13 subject to approval of the Central Government.

#### **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 employees, 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 its 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: 26.05.2012  
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. Replacement of conventional motors with Inverter duty energy efficient motors for Shell Air Fans of 500TPD kiln to increase the efficiency and reduction in power consumption.
2. Optimizing the size of De-dusting blower motor from 55 KW to 37 KW.
3. Replacement of higher rating nose cooling fan motor in Kiln outlet of 500 TPD kiln by suitable rating fan motor resulting in reduction of power consumption.
4. Reduction of one number of slinger coal conveyor from two numbers resulting in saving of energy.
5. Recycling of power plant cooling tower blow down water in DRI process on rotary coolers thereby conserving substantial quantity of water and energy.

#### (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

1. Installation of coal dust injection system to inject bag filters dust in to After Burning Chamber (ABC) of kilns to increase the flue gas temperature and gas volume thereby increasing the steam generation from WHR boilers.
2. Replacement of steel trough by RCC trough underneath the rotary coolers of both 500 tpd kiln and 4x100tpd kilns for better/direct air contact to the hot water falling from the coolers to enable fast/natural cooling of the water thereby eliminating the operation of cooling tower and save energy.
3. Reclamation of 2mm to 5mm fraction of Iron Ore from Iron Ore Fines dump and use as Iron Ore in DRI manufacturing thereby reducing specific consumption of Iron Ore per ton of DRI.
4. Installation of Flip Flow screens in Iron ore & coal screening plants to improve the quality of feed material into Kiln thereby improving campaign life of the kilns and produce quality of Finished Goods.

### 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 frequency drive for LT BFP in power plant.
2. 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.
3. As a measure of energy conservation, Replacement of Copper ballasts by electronic ballasts.
4. Auto switching of all street lights.
5. Provision of Localized switching arrangements to control the office and building lights.

#### (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

1. In 55 TPH Waste Heat Recovery Boiler, MS deflector plates are provided in Economizer casing to enable proper distribution of the flue gasses to flow through the maximum area of the coils to enable proper heat transfer and also reduce the erosion of coils.
2. In 55 TPH Waste Heat Recovery Boiler, SS plate shielding on Screen tubes is done to protect erosion of tubes with the direct impact of flue gasses.

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

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

	2011-12	2010-11
(1) <b>Earnings</b>		
Exports including Third Party	-	2699.31
(2) <b>Outgo:</b>		
Travelling Expenses	22.31	20.76

### FORM - A

#### Form for Disclosure of Particulars with respect to Conservation of Energy

(Sponge Iron)

UNIT	2011-12	2010-11
<b>1 Electricity</b>		
a) Purchased		
Units	Kwh 1683873	17211220
Total Amount	₹ 24,176,280	105,952,580
Rate/Unit	₹/kwh 14.36	6.16
b) Own Generation		
i) Through Diesel Generator		
Units	Kwh NIL	NIL
Units per ltr. of	Kwh/ltr —	—
Diesel Oil Cost/Unit	₹/kwh —	—
ii) Through Steam		
Turbine / Generator		
(Consumption) *		
Units	Kwh 19152446	9509822
Total Amount	₹ 95,886,713	47610921
Cost per Unit	₹/kwh 5.01	5.01
* Consumption excludes 24143614 (P.Y. 8085956)		
KWH consumed in power plant and 172295940		
(P.Y. 70425302) KWH sold.		
<b>2 Coal *</b>		
Quantity	Ton 428514	436137
Total Cost	₹ 1506421502	1127563367
Average Rate	₹/Tonne 3515.45	2585.34
*includes Used in Power Plant.		
<b>3 Fuel Oil</b>		
a) Furnace Oil		
Quantity	Ltr. NIL	NIL
Total Amount	₹ NIL	NIL
Average Rate	₹/Ltr -	-
b) LDO/		
Quantity	Ltr. 115300	185571
Total Amount	₹ 4105273	5975445
Average Rate	₹/Ltr. 35.61	32.15
<b>Consumption per unit of Production</b>		
<b>1 PRODUCT Sponge/Iron-</b>		
- Electricity	Kwh/MT 132.97	142.98
- Coal	Ton/MT 2.04	2.17
- LDO	Ltr / MT 0.74	0.99

For and on behalf of the Board

Dated: 26.05.2012  
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 31<sup>st</sup> March, 2012, 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**

**Sunil Todarwal  
Partner  
M.No. 32512**

Dated : 26<sup>th</sup> May, 2012  
Place : Mumbai

### 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 2011-12, four (4) Board Meetings were held on 18<sup>th</sup> May, 2011, 29<sup>th</sup> July, 2011, 9<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012 respectively.

Details of Directors attendance at Board Meetings and the last Annual General Meeting and number of directorship / membership as on 31<sup>st</sup> March, 2012 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 other Company's Committees Where He Is A Chairman (C)/ Member(M)
Mr. Mukesh R Gupta	Non-Executive/ Promoter	4	4	Yes	1	1(M)
Mr. Rajesh R Gupta	Non-Executive/ Promoter	4	4	Yes	2	1(M)
Mr. B.L. Agarwal	Executive/ Promoter	4	4	Yes	2	1(C) / 1(M)
Mr. Shantanu Mohapatra	Non-Executive Independent	4	1	Yes	2	-
Mr. B.B. Chadha	Non-Executive Independent	4	2	No	4	1(C)/ 2(M)
Mrs. V.M. Bharathy	Independent IDBI Nominee	4	4	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 31<sup>st</sup> March, 2012. 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](http://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 it's 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 31<sup>st</sup> March, 2012, the Audit Committee comprised of 5 Non-executive Directors including 1 Nominee Director.

During the financial year 2011-12, four (4) Meetings of Audit Committee were held on 18<sup>th</sup> May, 2011, 29<sup>th</sup> July, 2011, 9<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012 respectively.

Name of Director	Position	No. of Meetings held	No. of meetings attended	Remarks
Mr. Shantanu Mohapatra	Chairman	4	1	-
Mr. Mukesh R Gupta	Member	4	4	-
Mr. B. B.Chadha	Member	4	2	-
Mrs. V.M.Bharathy	Member	4	4	-
Mr. J.S.Charlu	Member	4	3	Appointed as member w.e.f. 29 <sup>th</sup> July, 2011

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 2011-12, 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 2011-12.

Mr. B.L.Agarwal was re-appointed as a Managing Director for a term of five years w.e.f. 1<sup>st</sup> 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 ₹ 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 ₹ 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 31<sup>st</sup> March, 2012.**

S.No.	Name of the Director	Equity shares of ₹ 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](mailto: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](http://www.bigshareonline.com)) to help the company to serve better.

The committee meets weekly for the approval of the share transfer / spilt / 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	49	49
Bombay Stock Exchange	-	-
SEBI Complaints	-	-
MCA	-	-
Investor's Association	-	-
<b>TOTAL</b>	<b>49</b>	<b>49</b>