



LLOYDS STEEL INDUSTRIES LIMITED

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34th
Annual Report
2003 - 2004

BOARD OF DIRECTORS**CHAIRMAN** MUKESH R. GUPTA**MANAGING DIRECTOR** RAJESH R. GUPTA**DIRECTORS** B. L. AGARWAL

T. B. ANANTHANARAYAN (IDBI Nominee)

P. KAR (IFCI Nominee)

SAMEER PHUTANE (ICICI Bank Nominee)

P. C. SONI

BANKERS

CENTRAL BANK OF INDIA

STATE BANK OF INDIA

STATE BANK OF HYDERABAD

CREDIT AGRICOLE INDOSUEZ

THE FEDERAL BANK LIMITED

PUNJAB NATIONAL BANK

STATE BANK OF TRAVANCORE

PUNJAB AND SIND BANK

ABU DHABI COMMERCIAL BANK LIMITED

INDUSIND BANK LIMITED

BANK OF INDIA

THE BANK OF TOKYO MITSUBISHI LIMITED

GLOBAL TRUST BANK LIMITED

REGISTERED OFFICE

Modern Mills Compound,
101, Keshavrao Khade Marg,
Jacob Circle, Mumbai - 400 011.

Works - Steel Division :-

Lloyds Nagar,
Bhugaon Link Road,
Wardha - 442 001.

Works - Engg. Division :-

Plot No. A-5/5, & A-6/3,
MIDC Industrial Area,
Murbad, Dist. Thane.

REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (E), Mumbai - 400 072.
Phone: 2847 3474 / 2847 0652-53
Fax : 2847 5207

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NOTICE

NOTICE is hereby given that the **34th Annual General Meeting** of the Members of **Lloyds Steel Industries Limited** will be held at Hall of Harmony, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai - 400 018, on Saturday, the 25th day of September, 2004 at 11.00 a.m. to transact the following business: -

ORDINARY BUSINESS :

- To consider, approve and adopt the Profit and Loss Account of the Company for the year ended on 31st March, 2004 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
- To appoint a Director in place of Shri M R Gupta, who retires by rotation, and being eligible, offers himself for reappointment.
- To appoint Auditors and fix their remuneration

SPECIAL BUSINESS: *

- To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution :

"RESOLVED THAT Subject to the approval of the Central Government and pursuant to the provisions of Section 198, 268, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded for reappointment of Mr. Rajesh R Gupta as the Managing Director of the Company for a further period of five years w.e.f. 1st January, 2005 on the following terms and remuneration and perquisites and that the Board of Directors is authorised to alter and vary the terms and conditions of appointment including remuneration payable to the Managing Director within the overall limits specified in schedule XIII to the said Act:-

Details of remuneration:-

- | | |
|---|---------------------|
| a) Basic Salary | 1,00,000 per month |
| b) House Rent Allowance | 60% of Basic |
| c) Medical Allowance, | () |
| d) Leave Travel Allowance & | () 40,000 per month |
| e) Other Perquisites | () |
| f) Leave :- One Month's leave with full salary for every 11 months. | |

In addition to this Mr. Rajesh R Gupta is also eligible for:

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT if during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to aforesaid remuneration as minimum remuneration subject to the limit specified in Part II of the said Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board,

Place : Mumbai
Dated : 10th June, 2004

S.N. TIWARI
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, the 13th day of September, 2004 to Saturday, the 25th day of September, 2004 (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 meeting to enable the Management to keep full information ready.
- Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the Share Certificate(s) to the Registrar & Transfer Agent, M/s. Bigshare Services Private Limited for

consolidation of all such Shareholdings into one account to facilitate better services.

- Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mill Compound, 2nd Floor, Dattaram Lad Path, Kalachowkie, Mumbai - 400 033.
- Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment Act, 1999), the amount of the dividend remaining unclaimed for a period of seven years pertaining to financial year ended 31st March, 1996 has been transferred to the Investors Education and Protection Fund.

By order of the Board,

Place : Mumbai
Dated : 10th June, 2004 *

S.N. TIWARI
Company Secretary

INFORMATION REQUIRED TO BE FURNISHED AS PER THE LISTING AGREEMENT

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

Name	Mr. Mukesh R Gupta
Age	46 years
Qualification	B.Com.
Expertise	He has vast and varied experience in Steel Trade and Industry and implementation of Steel Projects.
Other Directorship	M/s. Lloyds Metals and Engineers Ltd. - Director M/s. Aristo Realty Developers Ltd. - Director M/s. Vidarbha Power Ltd - Director

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

The Directors of the Company passed resolution on 10th June, 2004 and reappointed Shri Rajesh R Gupta as Managing Director of the Company on the terms and conditions and remuneration subject to the Consent of Shareholders of the Company in their General Meeting and subject to the approval of Central Government under the provisions of Section 268, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 w.e.f. 1st January, 2005 when his current appointment tenure is due to expire.

Information as required under the Revised Schedule XIII to the Companies Act, 1956.

The Company is engaged in the Steel Industry and the manufacturing of the Company's products are already in process. The details of the Company's financial, export performance and foreign exchange are given in the Company's Annual Accounts for the financial year ended 31st March, 2004.

Shri Rajesh R Gupta has a degree in Commerce from University of Mumbai. Shri Rajesh R Gupta has more than 20 years of experience in steel industry. The Company has under his leadership implemented several projects. Shri Rajesh R Gupta has been holding position of Managing Director and managing day to day business affairs of the Company subject to the superintendence, control and directions of the Board of Directors of the Company since last 10 years.

The Proposed remuneration to Shri Rajesh R Gupta is comparable with the other companies in the steel industry and considering operational and financial size of the Company. Shri Rajesh R Gupta drew total remuneration of Rs.24,00,000/- per annum up to now.

The Board of Directors considering that passing of the proposed special resolution is considered to be in the best and overall interest of the Company considering the fact Shri Rajesh R Gupta has contributed immense efforts in reviving the business and restructuring the financial structure of the Company in the most challenging times faced by it in recent years.

Your Directors commend the resolution for approval of the members.

Shri Mukesh R Gupta is related to Shri Rajesh R Gupta and is to be regarded concerned or interested in the passing of this resolution. No other Director is concerned or interested in the said resolution.

This along with Resolution No. 4 may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

By order of the Board,

Place : Mumbai
Dated : 10th June, 2004

S.N. TIWARI
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, 2004.

FINANCIAL HIGHLIGHTS

	Current Year 2003-04 (Rs.in Lacs)	Previous Year 2002-03 (Rs.in Lacs)
Sales :	86281.18	64576.54
Other Income	1051.63	304.77
Total Income :	87332.81	64881.31
Profit /Loss (-) before Interest, Depreciation, Exceptional Item & Tax	3291.41	-733.38
Less : Finance Charges	876.76	11753.05
Depreciation	10963.99	10921.31
Loss before exceptional items & taxes	8549.36	23407.74
Exceptional items : Loans / Interest write back	8103.08	-
Loss before tax	446.28	23407.74
Add : Tax Provision	0.00	0.00
Loss after Tax	446.28	23407.74
Add/Less: Prior Period Expenses/ Income (-)	-338.40	42.45
Add:- Income tax of earlier year	-	4.81
Net Loss	107.88	23445.38
(Profit)/Loss b/f from previous year	-136838.36	-113392.98
	-136946.24	-136838.36
Less:- Set off against General Reserve	15881.35	15881.35
Balance Carried Forward	-121064.89	-120957.01

DIVIDEND

In view of the loss, the Directors have not recommended any Dividend for the year ended 31st March, 2004.

TOTAL INCOME & PROFITABILITY

The Year under review witnessed marked upswing in the fortunes of the steel industry with both prices and volumes showing improvement. This helped the Company in achieving a 35% growth in the Total Income at Rs.873.33 crores during the year as against Rs.648.81 crores in the previous year.

The international and domestic steel market has shown a visible improvement in terms of prices and demand during the financial year 2002-03 and 2003-04. A part of increase in prices however was on account of steel producers passing on increase in input costs which have shown a phenomenal increase. The capacity utilisation of the company has been encouraging despite acute working capital constraints. The Company recorded a cash profit of Rs.24.15 crores compared with a loss of Rs.124.86 crores during the preceding year. The net loss of the Company was at Rs.4.46 crores as compared with previous year loss of Rs.234.08 crores after providing depreciation of Rs.109.64 crores (Previous year Rs.109.21 crores).

The company has submitted a fresh restructuring/settlement proposals to the Financial Institutions and Banks. Recognising the fact of improved prospects of Rehabilitation, the lenders are inclined towards restructuring. The Lead Institutions, ICICI and lead working capital bank, Central Bank of India has agreed for the restructuring of debt. The Restructuring of Debt has also been approved by some other Financial Institutions and Banks and the proposals are under various stages of discussion with other lenders.

OPERATIONS

Steel Division

The total income of Steel Division during the year under review has reached to Rs.873.65 crores as against the previous year figure of Rs.531.96 crores

registering a growth of 58%. The Input costs have been rising which has led to higher cost of production, however the company could pass on the same in view of the improved market conditions. The Thrust given to Export has been continuing during the year and the company was able to register a Export turnover of Rs.112.66 crores against Rs.122.87 crores recorded during the previous year.

Engineering Division

The Division during the year under review has recorded sales of Rs.24.16 crores as compared to the previous year of Rs.113.81 crores. The Income from sales is relatively lower as major jobs are still under execution. The Division has executed during the year jobs for Nuclear Power Corporation of India Ltd; HPCL, BARC amongst others. The Division has secured orders interalia from Indian Glycols Ltd; Punj Lloyds Ltd. during the year under review.

RESEARCH AND DEVELOPMENT

The Company undertakes on a continuous basis, various activities such as the development of new products and processes, cost reduction, improvement in quality and productivity and import substitution.

CURRENT YEAR OUTLOOK

Steel Division

The domestic steel consumption is likely to maintain a steady growth rate of 7-8 percent over the next five years on the back of rise in economic activity, investment in infrastructure and improving GDP growth. The capacity utilisation of the company has been improving and with overall steel price trend being positive the outlook for the current year is expected to be good.

Engineering Division

The Division during the current year is in the process of executing many orders for renowned Public Sector Undertakings (PSU) and Private Sector units. The Division is participating in the tenders for HPCL Expansion projects and Mumbai Port trust and is confident of securing more orders for spares and services from Ports, Navy, Defence, Oil and Gas Sectors. The Division is in the final stage of concluding a Tie-up agreement for manufacturing Steering Gears and sourcing of controls with CALZONI SPA Italy.

REFERENCE TO BIFR

The Company has filed a reference before the Hon'ble BIFR on 29th June 2001. The reference came to be registered as Case Number 278/2001 as per their communication No. 3(L-7) BC/2001 dated 11th July 2001. The company had received a number of objections from the Secured Creditors to the reference and which were suitably replied by the company. The matter came up for hearing before the Hon'ble BIFR for consideration of the sickness on 28th October, 2003, whereat ICICI Bank was appointed as Operating Agency (OA).

In the meanwhile, the Company has filed reference based on Results of Financial Year ended 31.03.2002 and 31.3.2003 the same came to be registered as Case No. 22/2003 and 51/2004.

INVESTOR SERVICES

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

EMPLOYEE RELATIONS

During the year under review Employee/Industrial relations at all units and job sites remained cordial. Steps were taken continuously by the Company for training its employees in various disciplines.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

After undergoing a tough time for a prolonged period of over five years, the steel industry started picking up during last eighteen months with improvement in demand and realisations.

Sales Turnover

The Sales Turnover of the Company during the year under review was Rs.86281.18 Lacs as against Rs. 64576.55 Lacs for the previous year.

Adequacy of Internal Control

The Company has a very effective internal control system covering both accounting and administrative controls.

Balance Sheet

(Rs. in Lacs)		
Particulars	As at March 31, 2004	As at March 31, 2003
Liabilities		
Share Capital	18862.03	18862.03
Reserve & Surplus	38749.91	38749.91
Loan Fund	217315.59	231246.19
Total Liabilities	274927.53	288558.13
Assets		
Net Fixed Assets	135706.80	146060.40
Investments	1006.12	1006.13
Net Working Capital	15467.20	18699.33
Misc. Expenditure	1680.52	2135.26
Profit & Loss A/c	121064.88	120957.01
Total Assets	274927.53	288558.13

Share Capital

The Company's share capital was at Rs. 18862.03 Lacs during the year.

Loan Funds

Company's Loan funds at the year end had been at Rs. 217315.59 Lacs during the year as compared to Rs. 231246.19 Lacs last year. The Reduction was caused partly due to repayments and partly in restructuring of certain debts.

Investments

Investment during the year remained at Rs. 1006.12 Lacs.

Human Resources / Industrial Relations

Despite continuing working capital constraints morale of the employees remained high.

Number of employees as on 31.03.2004 was 1231.

Out Look for the 2003-2004

The positive outlook of the year 2003-04 is continuing in the year 2004-05. The success of Debt Restructuring by the Lenders and continuance of positive frame of market conditions, domestic and international will enable the Company to record improved performance.

DIRECTORS

Shri Sameer Phutane has been appointed as Nominee Director by ICICI Bank Ltd on the Board of the Company with effect from 24th October, 2003

The Directors take pleasure in welcoming Shri Sameer Phutane who is possessing rich and varied experience, on the Board and are sure that Company will be benefited immensely.

The current tenure of appointment of Shri Rajesh R. Gupta, Managing Director is due to expire on 31st December, 2004 and the Board subject to Members and Central Governments approvals has re-appointed him as Managing Director for a further term of 5 years w.e.f. 1st January, 2005.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of annual accounts for the financial year ended 31st March 2004, 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 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.

ENVIRONMENT & SOCIAL OBLIGATION

The Company's plants comply with all norms set up for clean and better environment by the competent authorities. The Company undertakes regular checks / inspections including certification for the maintenance of the environment, health and safety. The Company values environmental protection and safety as the major considerations in its functioning. The Company has adequate effluent Treatment Plants to prevent pollution.

The Company is continuously endeavoring to improve the quality of life in the communities surrounding its industrial complex.

PUBLIC DEPOSITS

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

AUDITORS & AUDITORS' REPORT

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

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

PARTICULARS OF EMPLOYEES

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

TRANSFER TO THE INVESTORS' EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956 an amount of Rs.21.54 Lacs being unclaimed dividend due for the year 1995-96 was transferred during the year to the Investors Education and Protection Fund established by 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.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and continued co-operation extended by the Financial Institutions, Banks, Government Authorities, Clients and Suppliers during the year under review. The Directors wish to place on record their deep sense of appreciation for the devotion and sense of commitment shown by the employees at all levels and acknowledges their contribution.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 10th June, 2004

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, 1985.

(A) CONSERVATION OF ENERGY**Engineering Division**

Form "A" is not applicable at its' activities does not fall under the list of Industries specified in the Schedule attached to Rule 2.

Steel Division

- Better slag making techniques have resulted in prevention of heat loss through radiation in Electric Arc Furnace.
- Ladles have been lined with ceramic blankets alongwith insulation bricks to reduce heat loss and also heat size had been increased for better productivity.
- Change in design, capacity and location of Descale Assembly has resulted in plates with improved surface finish.
- Controlled coiling temp. practice of coils has improved elongation and forming properties.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**Steel Division****Sr. Particulars****No.**

- Specified areas in which R & D carried out by the Company**
 - Improvement in mechanical properties of forming quality steel grades.
 - Logic of reheating furnace firing based on Oxygen levels in different zones of Reheating furnace.
 - Reduction in refractory consumption by selection of high density magnesita carbon bricks.
- Benefits derived as a result of R & D**
 - Improvement in the forming quality of steel.
 - Productivity improvement of reheating furnace.
 - benefit on account of lesser scale formation by 0.25%.
- Future plan of action for R & D.**
 - Development of stainless steels grades through AOD_LRF_CCM route.
 - Techniques for lowering Nitrogen in Steel.
 - Change in roll cooling practice for obtaining longer Campaign life.
- Expenditure on R & D s**

Expenses on R & D Rs. 8.08 Lacs.

 - Technology Absorption, Adaptation and-Innovation :**
Furnace atmosphere control in HRM leading to saving in fuel.
 - Benefit :**
Improved width with control in HRM.
 - NOT APPLICABLE**

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company undertakes orders for design, engineering, supply, erection and commissioning of equipments under global tenders and these are treated as deemed exports.

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

(Rs in lacs)

	2003-04	2002-03
(a) Earnings		
a. Brokerage and Commission	6.78	71.81
b. Sales including deemed exports	11266.45	12267.44
(b) Outgo		
Travelling/Books Periodicals	28.55	26.02
Imported Raw Materials, Stores & Spares, etc.	7436.69	3357.25
Interest	401.17	0.00
Brokerage & Commission	83.16	31.84
Others (Design & Engg.)	26.10	2.45

For and on behalf of the Board of Directors

MUKESH R GUPTA
Chairman

Place : Mumbai
Dated : 10th June, 2004

FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption	UNIT	2003-04	2002-03
1 Electricity			
a) Purchased			
Units	Kwh	353933206	265389508
Total Amount	Rs.	1068371334	864804510
Rate/Unit	Rs/kwh	3.02	3.26
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	5664	11152
Units per ltr. of Diesel Oil	Kwh/ltr	2.09	1.99
Cost/Unit	Rs/kwh	11.22	6.81
ii) Through Steam Turbine / Generator			
Units		NIL	NIL
Units per ltr. of Fuel Oil/Gas		NIL	NIL
Cost/Unit		NIL	NIL
2 Coal			
Quantity	Ton	NIL	NIL
Total Cost	Rs.	NIL	NIL
Average Rate	Rs/Ton	NIL	NIL
3 Fuel Oil			
a) Furnace Oil			
Quantity	KI	22949	17575
Total Amount	Rs.	235917479	164145307
Average Rate	Rs/KI	10280	9339
b) LDO			
Quantity	KI	1915	1868
Total Amount	Rs.	30610740	25328781
Average Rate	Rs/KI	15982	13562
4 Others/Internal Generation			
Quantity		NIL	NIL
Total Cost		NIL	NIL
Rate/Unit		NIL	NIL
B. Consumption per unit of production			
1 HR PRODUCTS			
- Electricity	kwh/mt	1003	995
- Furnace Oil	ltr/mt	72	71
- LDO	ltr/mt	12	3
2 GP/GC PRODUCTS			
- Electricity	kwh/mt	1430	1386
- Furnace Oil	ltr/mt	84	79
- LDO	ltr/mt	12	14
3 CR PRODUCTS			
- Electricity	kwh/mt	1294	1277
- Furnace Oil	ltr/mt	81	78
- LDO	ltr/mt	11	14

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 10th June, 2004

MUKESH R GUPTA
Chairman

CORPORATE GOVERNANCE

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Board of Directors of Lloyds Steel Industries Limited

We have reviewed implementation of Corporate Governance procedure set by Lloyds Steel Industries Limited ("The Company") for the year ended 31st March, 2004 with the relevant records and documents maintained by the Company and furnished to us for our review.

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

For Todorwal & Todorwal,
Chartered Accountants

Place : Mumbai
Dated : 10th June, 2004

Sunil Todorwal
Partner

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain highest level of Corporate Governance with transparency & Corporate Accountability in its actions & operations and to become a good Corporate Citizen.

2. BOARD OF DIRECTORS

The Board of Directors of the Company is comprised of :-
Promoter Directors 3

Non-executive - Nominee Directors

Representing IDBI, IFCI & ICICI Bank Ltd. 3

Non-executive independent director 1

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

Director	No. of meeting held	Atten- ded	Last AGM Attended	No. of Director- ship in other public Company	Remark
Mr. Mukesh R. Gupta	4	4	Yes	3	-
Mr. Rajesh R. Gupta	4	4	Yes	3	-
Mr. B.L. Agarwal	4	4	Yes	3	-
Mr. P. C. Soni	4	4	No	1	-
Mr. T. B. Ananthanarayanan	4	4	No	-	-
Mr. Sameer Phutane	4	2	NA	-	Appointed on 24.10.2003
Mr P. Kar	4	4	No	5	-

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

4 (Four) Board Meetings were held during the year. The dates on which the meetings were held were 30th May, 2003, 31st July, 2003, 24th October, 2003 and 29th January, 2004.

3. AUDIT COMMITTEE

The Company had already constituted an Audit Committee currently comprising of 5 directors with 3 independent non-executive directors, including two nominee directors as follows :

Mr. P. C. Soni - Chairman	Independent Director	-
Mr. Mukesh R Gupta	Promoter director	-
Mr. B. L. Agarwal	Promoter director	-
Mr. Sameer Phutane	ICICI Bank Nominee Director	Appointed w.e.f. 24.10.2003
Mr. T. B. Ananthanarayanan	IDBI Nominee Director	-

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

Review of internal control and audit system.

Review of the Company's financial progress and report.

Review of the Company's working capital and loan position

Review of the Company Division wise activities and the operation performed at the divisional level.

Review of the Company's sales policies and the debt recovery

Review of the Company purchase, consumption of raw material and other stores.

Review of Risk Management policies and practices.

The Committee has met 4 times during the financial year ended March 31st, 2004 i.e. 30th May, 2003, 31st July, 2003, 24th October, 2003 and 29th January, 2004. The attendance of the members are as under:-

Name of Director	No. of Meetings held	No. of Meetings Attended	Remark
Mukesh R Gupta	4	4	-
B L Agarwal	4	4	-
P C Soni	4	4	-
T B Ananthanarayanan	4	4	-
Sameer Phutane	4	2	Appointed w.e.f. 24.10.2003

4. REMUNERATION COMMITTEE

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

The Company has constituted a Remuneration Committee of the Board comprising of three (3) Non-executive independent Directors. The Committee shall have powers to determine remuneration packages of Working Directors and the Company's policy on remuneration and any other compensation related matters.

During the year Mr. Rajesh R. Gupta, Managing Director has been paid as per Schedule XIII of the Companies Act, 1956 minimum remuneration of Rs.25.44 Lacs by way of Salary, Remuneration & contribution to Provident Fund.

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

5. SHAREHOLDERS' COMMITTEE

The Company has constituted the Share Transfer & Investor Grievance Committee comprising of 3 promoter directors. Mr. Mukesh R. Gupta, Mr. B.L. Agarwal and Mr. Rajesh R Gupta are the members this committee.

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

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

The Board has designated Mr. S. N. Tiwari, Company Secretary, as the Compliance Officer.

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

Description	Received	Replied
Consumer Forum	0	0
Bombay Stock Exchange	30	30
SEBI Complaints	86	86
Legal Notice	0	0
Misc.	133	133

6. GENERAL BODY MEETING

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

Year	Location	Date	Time
2000-2001	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	26.09.2001	11.00 a.m.
2001-2002	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	25.09.2002	11.00 a.m.
2002-2003	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	27.09.2003	11.00 a.m.