



38th
ANNUAL REPORT
2007 - 2008

LLOYDS STEEL
INDUSTRIES LIMITED

BOARD OF DIRECTORS**CHAIRMAN** MUKESH R GUPTA**MANAGING DIRECTOR** RAJESH R GUPTA**DIRECTORS**

B. L. AGARWAL

B. RAVINDRANATH (IDBI NOMINEE)

S. K. SINGHAI (IFCI NOMINEE)

K.A. KRISHNA RAO

BANKERS

CENTRAL BANK OF INDIA

STATE BANK OF INDIA

THE FEDERAL BANK LIMITED

PUNJAB & SINDH BANK

ABU DHABI COMMERCIAL BANK LIMITED

AUDITORS

TODARWAL & TODARWAL

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 - 2847 0652 / 53 & 40430200 / 299

Fax : 022 - 2847 5207

E-mail: bss@bigshareonline.com

REGISTERED OFFICE

Modern Centre,

'B' Wing, 2nd Floor,

Sane Guruji Marg, Mahalaxmi,

Mumbai- 400 011.

WORKS**Steel Plant :-**

Lloyds Nagar,

Bhugaon Link Road, Wardha,

Maharashtra, India.

Engg. Plant :-

Plot No. A-5/5 & A6/3,

MIDC Industrial Area,

Murbad. Dist. Thane.

Maharashtra, India.

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NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the Members of M/s. Lloyds Steel Industries Limited will be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018, on **Saturday, the 19th July, 2008** 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, 2008 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
- To appoint Shri Mukesh Gupta, Director who retires by rotation, and being eligible, offers himself for reappointment.
- To appoint Statutory Auditors and fix their remuneration.

By order of the Board,

Date : 27th May, 2008

S. N. Tiwari

Place : Mumbai

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.
- Documents referred to the Notice are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, the 10th day of July, 2008 to Saturday, the 19th day of July, 2008** (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 bring their copy of Annual Report for the purpose of attending the meeting.

- Members are requested to kindly notify changes, if any, in their address to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Pvt. Ltd., (Unit : Lloyds Steel Industries Limited) at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
- Members are requested to quote their Folio No. and DP ID / Client ID, in case of shares are in physical / dematerialized form, as the case may be, in all their correspondence with the Company / Registrar and Share Transfer Agent.

INFORMATION REQUIRED TO BE FURNISHED AS PER THE LISTING AGREEMENT

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

Name	: Mr. Mukesh Gupta
Age	: 50 years
Qualification	: B. Com.
Expertise	: Having over two decades of vast and varied experiences in Steel Industry. He has rich experience in the field of implementation of projects, finance, marketing and procurement of material.
Other Directorship	: M/S Lloyds Metals & Engineers Ltd. and M/S Vidarbha Power Limited as Director

By order of the Board,

Date : 27th May, 2008

S. N. Tiwari

Place : Mumbai

Company Secretary

DIRECTORS' REPORT

The Directors present their 38th Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

	Current Year 2007-2008	Previous Year 2006-07
Sales :	247436.29	193204.93
Other Income	4110.27	3912.44
Total Income :	251546.56	197117.37
Profit / (Loss) before Interest, Depreciation, Exceptional Item & Tax	5961.25	7896.49
Less : Finance Charges	2501.75	3423.26
Depreciation	11362.26	11251.34
Profit / (Loss) before exceptional items & taxes	(7902.76)	(6778.11)
Add: Exceptional items (Net)	3084.87	-
Profit/(Loss) before tax	(4817.89)	(6778.11)
Tax Provision	35.38	36.08
Profit/(Loss) after Tax	(4853.27)	(6814.19)
Add: Prior Period Income	164.06	307.47
Net Profit/ (Loss)	(4689.21)	(6506.72)
Profit / (Loss) b/f from previous year	(121620.91)	(115114.19)
Balance Carried Forward	(126310.12)	(121620.91)

DIVIDEND

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

OPERATIONS & OVERALL PERFORMANCE

During the previous year, the Indian steel industry recorded a significant growth of over 12% in consumption while production showing a growth of 5 %, setting a stage for firm trend in steel prices. Globally the steel consumption has been rising on back of a sustained demand within India and other fast developing economies. Considering the strong global outlook, domestic steel companies are augmenting their capacities. However, tight raw materials markets have caused margin compression for producers who do not control their own sources of raw materials. The Company achieved a Turnover of **Rs.2474.36** crores as against Rs.1932.05 crores in the previous year, showing a remarkable increase of **28.06 %**.

The Company incurred a Loss, before exceptional items, of **Rs. 79.08** crores during the year as compared with previous year loss of Rs. 67.78 crores after providing depreciation of **Rs.113.62** crores (Previous year Rs.112.51 crores).

DEBT RESTRUCTURING

Restructuring proposals of debts with the Financial Institutions and Banks are under various stages of discussion with the lenders. In accordance with the restructured terms, the Company has paid off **Rs. 82.67** crores during the year towards past Debt liabilities.

Steel Products

Sales of steel products during the year under review has shown growth of 7.64 % over the previous year and has reached a figure of **Rs.2013.65** crores as against the previous year figure of Rs.1870.64 crores. The Export during the year was at **Rs.34.35** Crores as against Rs.276.19 crores recorded during the previous year.

Engineering Products

During the year under review, sales of engineering products has recorded a quantum jump at **Rs. 460.71** crores as compared to the previous year of Rs.61.41 crores. This increase in sales is due to revival of the engineering industry and successful completion of various large projects / orders. The company during the year has successfully executed jobs / projects for Welspun Stahl Rohern Ltd, Punj Lloyds Ltd, GAIL (I) Ltd, Chennai Port trust, Satish Dhawan Space Centre, Bongaigaon Refinery & Petrochemicals Ltd, Indian Oil Corporation Ltd amongst others. During the current year, the company has also successfully commissioned the Pelletization plant for one of its client. It is also notable to mention that the company

has also successfully executed order of Chennai Port Trust for Marine Loading Arms. The company has also been successful in procuring fresh orders for execution of power projects and continue to support in supply of spares and services to Navy, Coast Guard, Mumbai Port Trust, GRSE and major Oil and Gas sector companies.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- Industry structure and development :** Steel prices were moving upwardly during the year under review on back of higher prices of coal, iron ore and other raw materials between 1.5 times to 3.7 times which is used for steel production. The Engineering Products of the Company has been approved for its engineering skills/works/services by various premier consulting companies and Inspection Agencies. The company has further been approved by Industrial Boiler Regulatory Authority. The Engineering segment is highly competitive in view of tough competition from foreign companies / agencies and giant public / private sector undertakings. The development of engineering industry depends on the development of core sectors and it is re-assuring to note that business from the infrastructure and other sectors looks promising.
- Opportunities and threats :** Indian domestic steel demand is set to grow exponentially driven by massive investments in infrastructure, automobile, construction, capital goods, consumer durables industries. Expansion plans by domestic players and Greenfield Steel Projects by several international players may boost the demand for steel in the country. Besides this, factors like growing economy, availability of skilled human at cheaper rate, large consumer base may attract the new players to enter into industry. Steel production is expected to grow up to 80 mn tones on the basis of massive capacity additions, by 2011. For engineering products, the company is having existing tie up arrangements with various foreign entities. The major threats for steel industry are rising prices of raw materials necessary for producing the steel products. In addition to this, major obstacles are inadequate availability of suitable quality of coal and high cost of energy / finance.
- Segment-wise performance:** The Company is mainly in the business of manufacturing Steel and Capital Equipments and Turnkey Projects. The Company has no activity outside India except export of steel products manufactured in India. Segment wise performance is given at Note No.19 of Schedule Q i.e. Notes on Accounts.
- Outlook :** The steel production in domestic sector has witnessed a strong growth during the past few years by almost doubling the steel production to approx 53 Million tones (mt). Looking at the strong global outlook for the steel sector, domestic companies are now investing in backward integration to maximize their returns and derisk their finances from fluctuations in the input prices. During the previous year, steel prices has shown strong upward move particularly during the last quarter of the year under review. The continuous rise in input cost are likely to keep margins under pressure during the current year. The current year prospects continue to be more lucrative and promising for Engineering Industry. The Company is participating on continuous basis in the tenders of major public sector undertaking amongst various other companies.
- Risk and concerns:** In spite of growing demand and increase in production of steel products at domestic and global level during the year under review, there exists imbalance in respect of supply and demand. Delay in implementing the Greenfield Steel projects by major steel producers due to non-availability of sufficient iron ore, coal and land, may increase the prevailing supply demand gap in coming years. Rising prices of the steel products at global level and domestic market may slow down the demand for steel products. The company has been taking continuous modernization programme to maintain efficient operation of its Steel and Engineering activities.
- Internal control system:** The Company maintains periodical internal checks and conduct adequate internal audit, which

provide safeguards and proper monitoring and vetting of transactions. The Company has obtained ISO- 9001: 2000 certification for execution of its works at Murbad, Maharashtra. Necessary quality control systems and procedures have been established to audits to ensure that the Company's control systems are adequately followed and all statutory requirements are complied with. The Company has appointed an Internal Auditor who reports to the Managing Director and Audit Committee of the Board.

- g) **Discussion on financial performance with respect to operating performance:** The operating performance of the Company has been discussed in Directors' Report under the head 'Financial Highlights and Operations and Overall Performance' in the current year.
- h) **Human resources and industrial relations:** During the year under review the Employee/Industrial relations at all units and job sites remained cordial. Training programmes are conducted internally for staff and workmen. Training is imparted for updating of manufacturing techniques / processes. Personnel are sponsored for external programmes on need basis. Morale of the employees remained high. Number of employees as on 31st March, 2008 was 1479.
- 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.

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.

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 Hon'ble BIFR vide its order dated 1st March, 2006, after hearing the matter has declared the Company as a sick industrial company in terms of section 3 (1) (o) of SICA and appointed ICICI Bank Ltd. as the Operating Agency to prepare a Draft Rehabilitation Scheme (DRS).

The Company has submitted a Draft Rehabilitation Scheme (DRS) to the ICICI Bank Ltd., OA and the copy of the same is forwarded to the BIFR. After convening lenders meeting and eliciting their views, DRS will be submitted to BIFR.

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, endeavored their best to service the Investors satisfactorily. Your company has constituted a committee comprising of 3 Senior directors of the Company to redress the Investor grievances.

DIRECTORS

Shri Mukesh 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 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.

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

CORPORATE GOVERNANCE

Pursuant to 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. 9 (b), 10 & 11 in the Annexure Audit Report (CARO Report) are self explanatory and do not require further explanation.

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

Information in accordance with Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure 'A' forming part of this report.

PARTICULARS OF EMPLOYEES

A statement pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure 'B' to the Directors Report.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Dated : 27th May, 2008
Place : Mumbai

Mukesh R Gupta
Chairman

ANNEXURE - A

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

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

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

Steel Products

- 1 Replacement of indication bulbs with LED lamps.
- 2 Modification in pipe layout to stop use of 55 KW motor in RHF.
- 3 Conducting Energy Audit to suggest efficient measures to save energy.
- 4 Commencement of use of HV-FO to replace Furnace oil.
- 5 Installation of Auto temperature control system and coolant heaters in one of the CRM Mill.
- 6 Replacement of higher KW exhaust blower motor with lower KW motor in galvanizing line.
- 7 Provision of drive system in CGL soaking zone and provision of heaters for temperature control.
- 8 Complete shutdown of main compressor motors during the shutdown period and use of portable compressor of low capacity motor as and when required.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**Research & Development (R & D)****Steel Products****1. Specified areas in which R & D carried out by the Company :**

- a) Commencement of manufacturing API Grade X-70 products in particular thickness.
- b) Development of alloy steel plates with heat treatment for import substitution.
- c) Improvement in quality of steel products by use of high grade calcined lime and mould flux.

2. Benefits derived as a result of R & D

- a) Improvement in contribution by producing value added steel products.
- b) Achievement of good market credibility due to improvement in steel quality.

3. Future plan of action for R & D

- a) Installation of high capacity and high technology cut to length line to cut coils of particular thickness in plant.
- b) Installation of equipment for thin organic coatings.

4. Expenditure on R & D

Expenses on R & D Rs. 15.22 Lacs

1) Technology Absorption, Adaptation and Innovation:

The company is planning to install new spectrometer.

2) Benefits.

- a) Analysis of more elements may be possible resulting in improvement of steel quality.
- b) It may improve product range and customer base of the company.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(Rs in Lacs)

	2007-2008	2006-2007
(a) Earnings		
Brokerage and Commission		3.00
Exports including Deemed and Third Party	20664.72	29236.55
(b) Outgo		
Traveling /Books Periodicals	78.83	49.34
Imported Raw Materials, Stores & Spares, etc.	19184.09	26804.46
Interest		70.98
Brokerage & Commission	247.26	66.42
Repairs & Maintenance	47.77	72.55
Engineering & Design	123.53	80.35
Others	9.48	19.73

FORM - A

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

UNIT	2007-2008	2006-07
A. Power & Fuel Consumption		
1 Electricity		
a) Purchased		
Units	Kwh 478620462	530067600
Total Amount	Rs. 1789648567	2080115142
Rate/Unit	Rs/kwh 3.74	3.92
b) Own Generation		
i) Through Diesel Generator	Units Kwh 7352	7296
Units per ltr. of Diesel Oil	Kwh/ltr 1.46	1.33
Cost/Unit	Rs/Kwh 23.68	28.40
ii) Through Steam Turbine /	NIL	NIL
2 Coal	NIL	NIL
3 Fuel Oil		
a) Furnace Oil		
Quantity	KI 26253	31064
Total Amount	Rs. 495715074	493297778
Average Rate	Rs/KI 18882	15880
b) LDO		
Quantity	KI 981	1408
Total Amount	Rs. 23076937	36687915
Average Rate	Rs/KI 23521	26055
4 Others/Internal Generation	NIL	NIL
B. Consumption per unit of production		
1 HR PRODUCTS		
Electricity	kwh/mt 939	903
Furnace Oil	ltr/mt 56	60
LDO	ltr/mt 1.03	1.33
2 GP/GC PRODUCTS		
Electricity	kwh/mt 1198	1196
Furnace Oil	ltr/mt 63	66
LDO	ltr/mt 11	6
3 CR PRODUCTS		
Electricity	kwh/mt 1125	1131
Furnace Oil	ltr/mt 63	67
LDO	ltr/mt 11	6

For and on behalf of the Board

Dated : 27th May, 2008

Place : Mumbai

Mukesh R.Gupta

Chairman

ANNEXURE - B

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

Sr. No.	Name	Designation	Remuneration (Rs in lacs)	Qualification	Age (years)	Experience (years)	Date of joining	Previous Employment
1	Rajesh R. Gupta	Managing Director	25.44	B.Com.	44	22	01.01.1990	Business

Notes :

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

For and on behalf of the Board

Dated : 27th May, 2008

Place : Mumbai

Mukesh R.Gupta

Chairman



CORPORATE GOVERNANCE

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Lloyds Steel Industries Limited

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

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For and on behalf of
TODARWAL & TODARWAL
Chartered Accountants

Dated : 27th May, 2008
Place : Mumbai

SUNIL TODARWAL
Partner
M.No. 32512

NOTE ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board of Directors of the Company has a combination of executive, non-executive and independent Directors.

The Board of Directors of the Company is comprised of :

Promoter Directors 3

Non-executive - Nominee Directors

Representing IDBI, & IFCI 2

Non-executive Independent Director 1

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

Director	Category of Directorship	No. of meetings held	No. of Meetings Attended	Last AGM Attended	No. of Directorship on Board of other Companies	No. of Committees where he is a Chairman (C)/ Member(M)
Mr. Mukesh R. Gupta	Promoter	4	4	Yes	2	1(C)/ 1(M)
Mr. Rajesh R. Gupta	Promoter	4	4	Yes	2	1(M)
Mr. B. L. Agarwal	Executive	4	4	Yes	2	1(M)
Mr. B. Ravindranath	Non-Executive	4	4	No	3	NIL
Mr. S. K. Singhai	Independent	4	4	No	NIL	NIL
Mr. K. A. Krishna Rao	Nominee	4	4	Yes	NIL	NIL
	Non-Executive					

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

The Board met 4 (Four) times during the year. The meetings were held on 30th May, 2007, 31st July 2007, 31st October, 2007 and 31st January 2008 respectively.

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, 2008. 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:

a) 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, includes the review of Company's financial reporting process and disclosure of financial information before submission to the Board, review of the adequacy of internal control and audit system and advising the necessary steps to be taken to correct the weaknesses, review of the findings reported by the internal auditors in respect of any fraud or material irregularity and reporting such matters to the Board, review of financial and risk management policies and practices.

b) Composition:

Name	Category	Designation	Remarks
Mr. K. A. Krishna Rao	Independent Director	Chairman	-
Mr. B. L. Agarwal	Promoter Director	Member	-
Mr. B. Ravindranath	Nominee Director	Member	-
Mr. S.K.Singhai	Nominee Director	Member	Appointed as member w.e.f. 31.05.2007

Shri S.N.Tiwari is acting as secretary to the Audit Committee of the Company.

c) No. of Meetings held and attendance thereof during the year

The Committee has met 4 times during the financial year ended 31st March, 2008 i.e. on 30th May 2007, 31st July, 2007, 31st October, 2007 and 31st January, 2008 respectively. The attendance of the members at the meetings is as under:-

Name of Director	No. of Meetings held	No. of Meetings Attended	Remarks
Mr. K. A. Krishna Rao	4	4	-
Mr. B. L. Agarwal	4	4	-
Mr. B. Ravindranath	4	4	-
Mr. S.K.Singhai	4	3	Appointed as member w.e.f. 31.05.2007

4. REMUNERATION COMMITTEE:

❖ Composition

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

❖ Remuneration Policy

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

Mr. Rajesh R. Gupta has been appointed for a term of five years w.e.f. 1st January, 2005 and is responsible for day to day affairs of the Company. During the year Mr. 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, Perquisites & Contribution to Provident Fund. The remuneration paid to Managing Director from 1st January, 2005 onwards is subject to the approval of Central Government for which necessary application has been made.

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

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

S.No.	Name of the Director	No. of Equity shares held (Face value Rs.10/- each)
1.	Mr. Mukesh Gupta	10434
2.	Mr. B.L.Agarwal	NIL
3.	Mr. B.Ravindranath	NIL
4.	Mr. S.K.Singhai	NIL
5.	Mr. K.A. Krishna Rao	5000

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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

The Committee oversees the performance of the Registrar and Share Transfer Agents', recommends measures to improve the level of investor services and matters pertaining to shareholders' complaints and grievances e.g. non-receipt of annual report, non-receipt of dividend warrant, change of address etc...

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

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

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

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

Description	Received	Replied
Direct	366	366
Bombay Stock Exchange	15	15
SEBI Complaints	20	20
MCA	3	3
Investor's Association	1	1
TOTAL	405	405

6. GENERAL BODY MEETING:

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

Year	Location	Date	Time
2004-2005	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	06.08.2005	11.00 a.m.
2005-2006	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	05.08.2006	11.00 a.m.
2006-2007	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	04.08.2007	11.00 a.m.

b. Whether any special resolution was passed in the previous 3 AGM s: Yes

c. Whether any special resolution passed last year through Postal Ballot: Not Applicable

7. DISCLOSURES :

a) Disclosure on Materially Significant Related Party Transaction i.e. Transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc that may have potential conflicts with the interest of the company at large :

There are no such transactions during the year.

b) Details of Non-Compliance by the Company, Penalties, Strictures imposed on the Company by Stock exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years:

There has been no instance of non-compliance by the company on any matter related to capital markets during the last 3 years, however the SEBI has cautioned the company vide its letter dtd. May 14, 2008 for being diligent in connection with submission of shareholding pattern to the Stock Exchanges.

c) Whistler Blower Policy and affirmation that No Personnel has been denied access to the Audit committee.

No Personnel has been denied access to the Audit committee.

d) Details of Compliance with Mandatory requirements and Adoption of the Non-mandatory requirements of this clause:

The Company has complied with all the Mandatory requirements. As regards the Non-mandatory requirements, they have been 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/Half yearly and the Annual Results are published in Navshakti and Free Press Journals and displayed on the Company's website at www.lloyds.in.

10. GENERAL SHAREHOLDER INFORMATION:

1 Annual General Meeting

Date	Saturday, 19 th July, 2008
Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.
Time	11.00 a.m.

2 Financial Calendar (tentative)

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

3. Book Closure Date **Thursday, 10th July, 2008 to Saturday, 19th July, 2008**
(both days inclusive)

4. Dividend Payment date Not declared

5. Listing of Equity Shares on Stock Exchanges at Bombay Stock Exchange, Mumbai
National Stock Exchange, Mumbai

6. Stock Code 500254 - Bombay Stock Exchange

LLOYDSTEEL - National Stock Exchange of India

ISIN No.: INE292A01015