



39<sup>th</sup>  
Annual Report  
2008-2009

Report  Junction.com

LLOYDS STEEL  
INDUSTRIES LIMITED

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

B.L. AGARWAL

B. RAVINDRANATH (IDBI NOMINEE)

R.PARTHASARATHY (IFCI NOMINEE)

K.A. KRISHNA RAO

**BANKERS**

CENTRAL BANK OF INDIA

STATE BANK OF INDIA

THE FEDERABL BANK LIMITED

PUNJAB AND SIND BANK

ABU DHABI COMMERCIAL BANK LIMITED

**AUDITORS**

TODARWAL &amp; 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 &amp; 4043 200 / 299

Fax No. - 022 - 2847 5207

E-mail - bss@bigshareonline.com

**REGISTERED OFFICE :**

Modern Centre,

'B' Wing, 2<sup>nd</sup> 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 &amp; A-6/3

MIDC Industrial Area,

Murbad. Dist Thane,

Maharashtra, India.

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## NOTICE

**NOTICE** is hereby given that the 39<sup>th</sup> 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 **Friday, 31<sup>st</sup> July, 2009** 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 31<sup>st</sup> March, 2009 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
- To appoint Shri B.L. Agarwal, Director who retires by rotation, and being eligible, offers himself for reappointment.
- To appoint Statutory Auditors and fix their remuneration.

### SPECIAL BUSINESS:

- To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and 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) and subject to approval of the Central Government and such other approvals / consents as may be required, Consent of the members be and is hereby accorded to the reappointment of Shri Rajesh Gupta as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> January, 2010 upon remuneration, perquisites, and other allowances as set out below with the liberty to the Board of Directors to alter and vary the terms and conditions of appointment including remuneration payable in such manner within the overall limits specified in schedule XIII to the said Act:-

- |                                                                     |                      |
|---------------------------------------------------------------------|----------------------|
| a) Basic Salary                                                     | : 1,00,000 per month |
| b) House Rent Allowance                                             | 60% of Basic Salary  |
| 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 he 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** notwithstanding loss or inadequacy of profits by the company in any financial years during the period of five years from 1<sup>st</sup> January, 2010, Shri Rajesh Gupta, shall be paid aforesaid remuneration by way of Salary, perquisites and other allowances as minimum remuneration subject to and in accordance with the provisions of 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: 29<sup>th</sup> May, 2009

**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.
- 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 **Wednesday, 22<sup>nd</sup> July, 2009 to Friday, 31<sup>st</sup> July, 2009** (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.

### DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 39<sup>TH</sup> ANNUAL GENERAL MEETING ( Pursuant to clause 49 of the Listing Agreement )

1. Name	Shri B.L. Agarwal	Shri Rajesh Gupta
2. Brief Resume		
Age	63 years	45 years
Qualification	B.Com., L.L.B.	B.Com
Experience	43 years	23 Years
Date of appointment on the Board of the company	Since Inception	Since Inception
3. Nature of expertise in Specific functional Areas	Vast and varied experience in Steel Industry and implementation of Steel projects	Rich experience in production, management and other areas in Steel Industry.
4. Name(s) of other Companies in which Directorship held	1. Lloyds Metals & Engineers Ltd. 2. Vidarbha Power Ltd. 3. Lloyds Line Pipes Ltd.	1. Lloyds Metals & Engineers Ltd. 2. Vidarbha Power Ltd. 3. Lloyds Line Pipes Ltd.
5. Name(s) of other companies in which he is Chairman / Member of the Committee(s)	1. Lloyds Metals & Engineers Ltd. - Member Shareholders' /Investor Grievance Committee	1. Lloyds Metals & Engineers Ltd. - Member Shareholders' /Investor Grievance Committee
6. No. of shares held of Rs.10/- each		90350
7. Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)		He is related to Chairman of the company.

\* Committees means only Audit and Shareholder's / Investor Grievance Committee as per Clause 49 of the Listing agreement.

By order of the Board,

Place: Mumbai  
Date: 29<sup>th</sup> May, 2009

**S. N. Tiwari**  
Company Secretary

**EXPLANATORY STATEMENT**

( Pursuant to Section 173 (2) of the Companies Act, 1956 )

**Item No. 4**

The members of the company at their 34<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September, 2004 had re-appointed Shri Rajesh Gupta as Managing Director for five years with effect from 1<sup>st</sup> January, 2005. The present tenure of Shri Rajesh Gupta expires on 31<sup>st</sup> December, 2009, hence it is proposed to reappoint him for further period of five years on such terms and conditions including remuneration in accordance with the Section 269 and other applicable provisions including Schedule XIII of the Companies Act, 1956 subject to approval of the members, Central Government and any other authorities as may be required.

Accordingly, the Board of Directors at their meeting held on 29<sup>th</sup> May, 2009 reappointed Shri Rajesh Gupta as Managing Director for further period of five years with effect from 1<sup>st</sup> January, 2010. The Remuneration Committee also at its meeting held on 29<sup>th</sup> May, 2009 approved the remuneration payable to him on his reappointment.

The remuneration and terms of the appointment of Shri Rajesh Gupta mentioned in the Resolution No. 4 annexed to this Notice shall be treated as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Shri Rajesh Gupta as Managing Director of the company.

The Board recommends your approval for Resolution No. 4 in respect of his re-appointment.

None of the Directors, except Shri Rajesh Gupta and Shri Mukesh Gupta, is in any way concerned or interested in the above resolution.

**STATEMENT AS REQUIRED TO BE GIVEN TO THE SHAREHOLDERS IN TERMS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 ( In respect of Item No. 4 )**

**I. GENERAL INFORMATION**

1. **Nature of Industry** - Manufacturing of Steel and capital Equipment products
2. **Date of commencement of commercial Production** - The company has commenced its production activities since 1974.
3. **In case of new Companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus.** - N.A.
4. **Financial performance based on given indicators :**

Rs. In Lakhs

Particulars	2006-07	2007-08	2008-09
Total Income	197117.37	251546.56	284798.69
Profit Before Tax	(6778.11)	(4817.89)	(16470.04)
Profit after tax	(6814.19)	(4853.27)	(16512.13)

5. **Export performance and net foreign exchange collaborations :**

Rs. In Lakhs

Particulars	2006-07	2007-08	2008-09
FOB value of Export	29236.55	20664.72	18279.34

6. **Foreign Investments or collaborations, if any** - NIL

**II. INFORMATION ABOUT THE APPOINTEE****Shri Rajesh Gupta****1. Background Details**

B.Com. having more than 20 years of experience in steel industry. The company under his leadership implemented several projects. He is promoter director since inception and designated as Managing Director with effect from 1995.

**2. Past Remuneration**

Salary- Rs.1,00,000/- per month, HRA@ 60 % of basic salary and Other allowances - Rs.40,000/- per month

**3. Recognition or Awards****4. Job Profile and it's suitability**

At present, Managing Director of the company. He has also held directorship since inception of the company. He was appointed as Joint Managing Director w.e.f. 1-1-1990 and working as Managing Director since 1-1-1995 for more than last 10 years. He is looking after and responsible for day to day affairs and management of the company.

**5. Remuneration proposed**

Same as mentioned at Point 2 above.

**6. Comparative remuneration profile with respect to industry, size of the company, profile and position of person**

The remuneration proposed is reasonable as compared to size of the company, profile and position of the person as well as with respect to the industry.

**7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial person, if any.**

He is a promoter director. He is related with Chairman of the company

**III. OTHER INFORMATION****1. Reasons of loss or inadequate profits**

- Increase in the cost of production
- World wide financial recession
- Decline in the Steel prices
- Cash losses incurred by the company
- High cost of financial charges

**2. Steps taken or proposed to be taken for improvement.**

- Restructuring of debts with the Financial Institutions and Banks
- Repayments of the existing debts in a phased manner
- Efforts to improve the working capital of the company
- Measures to keep the cost of production at minimum level

**3. Expected increase in productivity and profits in measurable terms.**

Expected increase can not be measured exactly at this stage.

**IV. DISCLOSURE**

The disclosure on remuneration package payable to the managerial person is given under the head "Corporate Governance" in this report.

By Order of the Board,

Date : 29<sup>th</sup> May, 2009  
Place : Mumbai

S.N.Tiwari  
Company Secretary

## DIRECTORS' REPORT

The Directors present their 39<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, 2009.

### FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

	Current Year 2008-2009	Previous Year 2007-08
<b>Sales :</b>	<b>284156.44</b>	247436.29
<b>Other Income</b>	<b>642.25</b>	4110.27
<b>Total Income :</b>	<b>284798.69</b>	251546.56
Profit / (Loss) before Interest, Depreciation, Exceptional Item & Tax	(8757.26)	6199.01
Less : Finance Charges	5099.65	2739.51
Depreciation	11579.27	11362.26
Profit / (Loss) before exceptional items & taxes	(25436.18)	(7902.76)
Add: Exceptional items (Net)	8966.14	3084.87
Profit/(Loss) before tax	(16470.04)	(4817.89)
Tax Provision	42.09	35.38
<b>Profit/(Loss) after Tax</b>	<b>(16512.13)</b>	(4853.27)
Add: Prior Period Income	26.68	164.06
<b>Net Profit/ (Loss)</b>	<b>(16485.45)</b>	(4689.21)
Profit / (Loss) b/f from previous year	(126310.12)	(121620.91)
Balance Carried Forward	(142795.57)	(126310.12)

### DIVIDEND

In view of the losses, the Directors have not recommended any Dividend for the year ended 31<sup>st</sup> March, 2009.

### OPERATIONS & OVERALL PERFORMANCE

During the year under review, the domestic steel industry recorded a moderate growth of over 5% in consumption while production witnessed a growth of over 3 % as compared to last year, at a time when a reverse trend is faced by major steel producing countries. Producing about 53 MT of steel a year, today India accounts for a little over 7 % of the world's total production. Backed by robust volumes as well as realizations, steel industry has registered a phenomenal growth over the past few years. However, Global steel production plunged during the year on the back of declining demand for manufactured goods as well as tight credit conditions. Globally, steel prices has shown a rising trend during the earlier part of the year, but dropped sharply amid major developing economies facing recession and worldwide financial turmoil. The higher cost of inputs, drop in the steel prices and lower realizations has put pressure on the profitability and operating margins of the international as well as domestic steel companies.

The Company achieved a Turnover of **Rs. 2841.56** crores as against Rs.2474.36 crores in the previous year, showing an increase of **15%**. The Company incurred a Loss, before exceptional items, of **Rs. 254.36** crores during the year as compared with previous year loss of Rs. 79.02 crores after providing depreciation of **Rs. 115.79** crores ( Previous year Rs.113.62 crores). A sudden crash in Steel prices by more than 50% during second quarter of the year under review has

impacted the Company very badly in terms of finished goods Inventory selling significantly below cost while Inventory of import inputs such as scrap put at high levels and further aggravated by the rupee depreciation vis-à-vis US \$ by more than 15%. While selling prices touching unimaginably low levels and the demand not forthcoming, the Company was forced to reduce production level during this period.

### Debt Restructuring

Restructuring proposals of debts with the Financial Institutions and Banks are under various stages of discussion with the lenders. In spite of Company facing a very difficult situation, the Company has paid off **Rs. 46.14** crores during the year towards past Debt liabilities in accordance with the restructured terms.

### Steel Products

Sales of steel products during the year under review has been stagnant at **Rs.2009.20** crores as against the previous year figure of Rs.2013.65 crores. The Export has risen significantly during the year at **Rs.158.93** Crores as against Rs.34.35 crores recorded during the previous year. The bulk of exports were made in first half of the year. However due to sudden fall in international steel prices, exports realizations have suffered on account of discounts sought by customers. In the second half of the year, exports have become virtually NIL due to no demand from global customers.

### Engineering Products

Sales of engineering products during the year under review was **Rs. 271.51** crores as compared to the previous year of Rs. 343.25 crores. The Company during the year has supplied critical items for IQCL, Haldia and Bharat Oman Refinery Limited, Bina Projects through Punj Lloyds Ltd and has successfully executed jobs for Essar Steel Ltd, Welspun Stahl Rohern Ltd and Uttam Galva Steel Ltd. The division has completed its project of supply and commissioning of Marine Loading Arms to Chennai Port Trust and further has set up 15 MW Power Project for a client in Chandrapur District, Maharashtra during the year. The Company is in the process of Waste Heat Recovery Boilers for the power plants of Mid India Power & Steel Ltd. The Company continues to support in supply of Spares and Services to all the major Oil, Gas, Port Trust and various Government bodies. The Company has been successful in obtaining further orders from SMS Demag Ltd., Utkal Alumina Ltd., Uttam Galva Metallics Ltd, amongst others for supply of various critical items for their Projects.

### PREFERENTIAL ISSUE

During the year under review, in terms of restructuring of the debts with financial institution, the company has allotted 2,00,00,000 Equity shares of Rs.10/- each at par on preferential basis to a financial institution against part conversion of it's existing loan after obtaining approval of the members through postal ballot. The Company has received listing approval from one of the stock exchange in respect of the aforesaid shares. However, listing approval from the other stock exchange is pending at the end of the year.

### 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:-

a) **Industry structure and development** : The domestic steel industry staged a recovery during the last quarter of the year under review on account of revival of demand from the automobile, rural infrastructure and housing sectors, although world's major steel producing countries are facing a steep fall in output. The Engineering Products of the Company has been approved for its engineering skills/works/services by various premier consulting companies and Inspection Agencies. 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 the infrastructure sector.

b) **Opportunities and threats** : In spite of a downturn in the Global Steel demand, Indian steel demand could survive showing an upward trend, setting a road ahead for the growth of the domestic steel industry in the long run. The upward trend is expected to be continued on account of fiscal measures taken by the Government such as infusion of funds for development of infrastructure sector, introduction of stimulus packages for revival of industry besides factors like increase in consumption and production of steel, upcoming infrastructure and Greenfield projects, stabilization of prices etc. The National Steel Policy has a target for taking Indian Steel production upto 110 MT by 2019-20. The major threats for the industry is higher cost of inputs, sharp drop in the steel prices and lower realizations which may put pressure on the profitability and operating margins of the international as well as domestic steel companies. In addition to this, major obstacles are current economic turmoil, technological change, inadequate availability of suitable quality of coal, high cost of energy / capital etc...

c) **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.

d) **Outlook**: The outlook for the industry looks reasonable, since India has good iron ore deposits, skilled manpower and growing demand for steel. The improved demand is expected to continue in the current fiscal as well on the back of ongoing government funded infrastructure projects and revival of the automobile industry. Backed by renegotiation of lower raw materials cost contracts and slowly increase in the sales volumes, the Steel players are now eyeing on rural market in addition to growing sectors like construction, infrastructure, automobile and engineering. The companies who are having captive raw materials linkages can take advantage of higher margins on the back of rising demand during the current year. The global recession and weak economic scenario around the globe has its impact on Engineering Industry and in this background, the current year does not seem to be more promising unless there is quick turn around in the economy.

Nevertheless, the Company is competing and participating in the tenders of various Public and Private Sector giants and is hopeful of bagging reasonable level of orders.

e) **Risk and concerns**: The domestic steel industry carrying inherent risk in respect of imbalance in supply / demand apart from price sensitivity and demand volatility. Slowdown in implementation of 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. Besides the above, the current market turmoil, which dented the growth curve of the automobile, infrastructure, construction sectors and declining trend of steel prices at global and domestic level may affect the progress of the steel industry. The company has been taking continuous modernization programme to maintain efficient operation of its Steel and Engineering activities.

f) **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 31<sup>st</sup> March, 2009 was 1379.

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 29<sup>th</sup> June 2001. The reference came to be registered as Case Number 278/2001 as per their communication No. 3(L-7)

BC/2001 dated 11<sup>th</sup> July 2001. The Hon'ble BIFR vide its order dated 1<sup>st</sup> 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 with a copy of the same to the BIFR. As per the direction of Hon'ble BIFR, OA convened a joint meeting of three Secured Creditors, not supporting CDR, on 1<sup>st</sup> August, 2008. In accordance with the decision taken thereat, the company has approached the three secured creditors and was successful in approving the OTS with one of the creditor and in discussion for revision/ reschedulement with remaining two-creditors. The developments in this regard are being informed to Operating Agency.

#### 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

During the year, Shri R.Partahasarathy was appointed as Nominee Director of IFCI Ltd. in place of Shri S.K.Singhai with effect from 27<sup>th</sup> May, 2008.

The Board hereby places on record its sincere appreciation for the valuable guidance and meaningful contribution made by Shri S.K.Singhai as member of the Board / Committees during the period of his association with the company.

Shri B.L.Agarwal, 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 31<sup>st</sup> March 2009, 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 : 29<sup>th</sup> May, 2009  
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 Installation of separate step down transformers to save power.
- 2 Replacement of exhaust fans by powerless turbo-ventilators in HRM and CRM compressor house.
- 3 Installation of air receiver with portable compressors in HR-CTL.
- 4 Replacement of 4 Aluminium fans with FRP fans for cooling towers.

**(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) Development of higher thickness plates of Carbon and Alloy steel grades.
- b) Improvement in quality of steel products and achieved BEML and IBR approval.

**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) Development of new grades of steel to substitute imports such as alloy steels in boiler quality.
- b) Installation of equipment for thin organic coatings.

**4. Expenditure on R & D**

Expenses on R & D Rs. 3.82 Lacs

**1) Technology Absorption, Adaptation and Innovation:**

- a) The company has successfully installed high capacity CTL to cut upto 25 mm thick coils.
- b) Installation of Spectrometer to analyze more elements including gases in steel.

**2) Benefits.**

- a) Production of High quality steel products is possible which may improve the contribution.
- 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)

	2008-2009	2007-2008
<b>(a) Earnings</b>		
a. Brokerage and Commission	58.57	
b. Exports including Deemed and Third Party	18279.34	20664.72
<b>(b) Outgo</b>		
Traveling /Books Periodicals	83.15	78.83
Imported Raw Materials, Stores & Spares, etc.	38725.79	19184.09
Brokerage & Commission	159.57	247.26
Repairs & Maintenance	14.86	47.77
Engineering & Design	13.43	123.53
Others	30.59	9.48

**FORM - A**

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

UNIT	2008-2009	2007-08
<b>A. Power &amp; Fuel Consumption</b>		
<b>1 Electricity</b>		
a) Purchased		
Units	Kwh 461365051	478620462
Total Amount	Rs. 1,94,55,65,998	1,78,96,48,567
Rate/Unit	Rs/kwh 4.22	3.74
b) Own Generation		
i) Through Diesel Generator		
Units	Kwh 3520	7352
Units per ltr. of Diesel Oil.	Kwh/ltr 1.68	1.46
Cost/Unit	Rs/kwh 21.86	23.68
ii) Through Steam Turbine / Generator	NIL	NIL
<b>2 Coal</b>	NIL	NIL
<b>3 Fuel Oil</b>		
a) Furnace Oil		
Quantity	Kl 24093	26253
Total Amount	Rs. 57,45,30,751	49,57,15,074
Average Rate	Rs/Kl 23846	18882
b) LDO		
Quantity	Kl 972	981
Total Amount	Rs. 3,02,37,498	23076937
Average Rate	Rs/Kl 31120	23521
<b>4 Others/Internal Generation</b>	NIL	NIL
<b>B. Consumption per unit of production</b>		
<b>1 HR PRODUCTS</b>		
- Electricity	kwh/mt 935	939
- Furnace Oil	ltr/mt 53	56
- LDO	ltr/mt 1.15	1.03
<b>2 GP/GC PRODUCTS</b>		
- Electricity	kwh/mt 1229	1198
- Furnace Oil	ltr/mt 55	63
- LDO	ltr/mt 8	11
<b>3 CR PRODUCTS</b>		
- Electricity	kwh/mt 1163	1125
- Furnace Oil	ltr/mt 56	63
- LDO	ltr/mt 8	11

For and on behalf of the Board

Dated: 29<sup>th</sup> May, 2009

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 31<sup>ST</sup> MARCH, 2009

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.	45	23	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 thereunder.
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 paid up capital of the company.

For and on behalf of the Board

Dated : 29<sup>th</sup> May, 2009

Place : Mumbai

**Mukesh R. Gupta**

Chairman