



LLOYDS STEEL INDUSTRIES LIMITED

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37th
Annual Report
2006 - 2007

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

STATE BANK OF HYDERABAD

THE FEDERAL BANK LIMITED

STATE BANK OF TRAVANCORE

PUNJAB & SINDH BANK

ABU DHABI COMMERCIAL BANK LIMITED

BANK OF INDIA

ORIENTAL BANK OF COMMERCE

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. 2847 3474/3747/ 2847 0652-53

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 37th 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 4th day of August, 2007** 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, 2007 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
- To appoint a Director in place of Shri B. L. Agarwal, 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 260 of Companies Act 1956 and other applicable provisions, Shri K. A. Krishnarao who was appointed as an Additional Director with effect from 16th August, 2006 and who holds office upto the date of ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, have been received from some other members signifying their intention to Propose Shri K.A Krishnarao as a candidate for the office of Director of the company, be and is hereby appointed as a Director of the company."

By order of the Board

Place : Mumbai
Dated : 30th May, 2007

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.
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- Documents referred to in 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 26th day of July, 2007 to Saturday, the 4th day of August, 2007** (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.
- 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, Everest Building, 100, Marine Lines, Maharashtra Mumbai - 400 002.

- Consequent upon amendment in Section 205 A 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 set up by Government of India.
- Members are requested to notify any changes in their address to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.

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. B. L. Agarwal
Age	: 60 years
Qualification	: B. Com, L.L.B.
Expertise	: He has vast and varied experience in Steel Trade and Industry and implementation of Steel Projects.
Other Directorship	: M/S Lloyds Metals & Engineers Ltd. as Managing Director, and M/S Vidarbha Power Limited as Director

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

Item No. 4

Shri K.A. Krishnarao, a very senior and outstanding person of about 68 years, has done M.A. in Economics from Madras University and having overall experience of about 40 years in the field of Steel Industry. He had started his journey in 1960 as a Graduate Trainee in Steel Authority of India Limited (SAIL). Thereafter he had been elevated to a position of Branch Manager then further promoted as Chief Marketing Manager and was associated with them for about 20 years. In 1981 he had been appointed as Executive Director of Nathani Import Export Pvt. Limited after retirement from SAIL. He further worked as a Vice President (Market Development) in M/S Rathi Alloys and Steels Limited and Executive Director for Mukat Pipes Limited. After taking retirement in 2001 he has been working as Consultant to Wist Overseas Private Limited, Mumbai, an International trading company.

The Board of Directors recommends the resolution(s) set out at Item No.4 of the accompanying Notice for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution(s).

By order of the Board

Place : Mumbai
Dated : 30th May, 2007

S. N. Tiwari
Company Secretary

DIRECTORS' REPORT

The Directors present their 37th Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

Sales :

Other Income

Total Income :

Profit / (Loss) before Interest,
Depreciation, Exceptional Item & Tax

Less : Finance Charges

Depreciation

Profit / (Loss) before exceptional
items & taxes

Add: Exceptional items (Net)

Profit/(Loss) before tax

Tax Provision

Profit/(Loss) after Tax

Add: Prior Period Income

Net Profit/ (Loss)

Profit / (Loss) b/f from previous year

Balance Carried Forward

Current Year 2006-07 (Rs. In Lacs)	Previous Year 2005-06 (Rs. In Lacs)
193204.93	158648.23
3912.44	1118.85
197117.37	159767.08
7896.49	2651.45
3423.26	3932.46
11251.34	10907.11
(6778.11)	(12188.12)
-	5904.27
(6778.11)	(6283.85)
36.08	36.80
(6814.19)	(6320.65)
307.47	67.40
(6506.72)	(6253.25)
(115114.19)	(108860.94)
(121620.91)	(115114.19)

DIVIDEND

In view of the losses, the Directors have not recommended any Dividend for the year ended 31st March, 2007.

OPERATIONS & OVERALL PERFORMANCE

The Steel demand has grown steadily during last three years which resulted in elevating the India's rank among the top steel producers of the world from 9th position in 2004 to 7th position in the year under review. In tandem the price of Flat Steel with an exception of previous year has also shown an upswing trend. However, the cost of raw materials particularly zinc prices which has shown a jump of over 100% and energy during the year under review has kept margins under constant pressure. The Company achieved a Turnover of Rs.1932.05 crores as against Rs.1586.48 crores in the previous year, showing a remarkable increase of 21.78%.

The Company incurred a Loss, before exceptional items, of Rs. 67.78 crores during the year as compared with previous year loss of Rs. 121.88 crores after providing depreciation of Rs.112.51 crores (Previous year Rs.109.07 crores).

DEBT RESTRUCTURING

On the restructuring/settlement of debts with the Financial Institutions and Banks, the Restructuring proposals are under various stages of discussion with the lenders. In accordance with the restructured terms, the Company has paid off Rs. 70.45 crores during the year towards past Debt liabilities.

During the year, company has issued Redeemable Preference Shares at par of Rs. 1.29 Crores against part conversion of its debt to IDBI as per the approval of Members at the last Annual General Meeting. These Preference Shares will be redeemed with a premium of 11.5% commencing from Financial year 2016.

Steel Products

Steel Products Sales during the year under review has seen an improvement of 23% over the previous year and has reached a figure of Rs.1870.64 crores as against the previous year figure of Rs.1526.50 crores. The exports of steel has shown a quantum jump and has almost doubled. The Export during the year was at Rs.276.19 Crores as against Rs.127.28 crores recorded during the previous year.

Engineering Products

The Engineering Products, during the year under review has recorded sales at Rs. 61.41 crores as compared to the previous year of Rs.127.87 crores. The Company during the year has successfully executed jobs for reputed public and private sector companies. The setting up of Pelletization Plant at Orissa for a client is almost in the completion stages. The Company 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:-

a) **Industry structure and development :** Steel prices remained firm during second half of the year after seeing a fall in prices during the previous year. The steel sector has performed well in the year under review. 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 is highly competitive in view of tough competition from foreign companies/agencies.

b) **Opportunities and threats :** The liberalization of industrial policy, big infrastructure spending and other initiatives taken by the Government have given a definite impetus growth of the private sector in the steel industry. A soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad is expected to see a continuous growth of India's Steel Industry. For Engineering products Company has entered into fresh agreements apart from existing tie up arrangements with various Foreign Entities for Steering Gears and Fin Stabilizer systems.

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.17 of Schedule Q i.e. Notes on Accounts.

d) **Outlook:** With sustained global demand and the industry consolidation gathering momentum, there is every possibility of the steel producers getting back the pricing power. Infact, the consolidation is also expected to lower the prices because of expected synergies in such areas as procurement and logistics though the timeline is difficult to predict. However the input cost showing no signs of softening, pressure on margins is likely to continue during the current year. For Engineering Industry, the Current year appears to be promising. The Company is participating on continuous basis in the tenders of major public sector undertaking amongst various other companies.

e) **Risk and concerns:** The uncertainties looming over the global business environment and the absence of a clear trend in the business cycle have resulted in uncertainties in demand and no clear price signal from the steel industry. Considering the nature of the industry where supply cannot be immediately controlled to influence the price, there is need for price stability for the steel producers to expand capacities. The current phase of consolidation may stabilise prices that have for long being quiet volatile. 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. 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. A mutual settlement had been carried out for the



workmen of one of the unit located at Murbad during the year. Training is imparted for upgradation of manufacturing techniques. Many times Staff has been sponsored for external programmes for the betterment in their skill. Despite continuing working capital constraints, morale of the employees remained high. Number of employees as on 31st March, 2007 was 1439.

- 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 P. C. Soni , Director of your Company, has resigned from Board/ Committees of the Company w.e.f. 25th May 2006 due to his preoccupation.

Shri Sameer Phutane, Nominee Director of ICICI Bank Limited on Board of the Company, was withdrawn w.e.f. 22nd September, 2006.

The Board hereby places on record its sincere appreciation for the valuable guidance and meaningful contribution made by Shri P. C. Soni and Shri Sameer Phutane as member of the Board / Committees during the period of their association with the Company.

Shri K.A. Krishna Rao has been appointed as an Additional Director (Independent Non Executive) of your company w.e.f. 16.08.2006. His appointment is to be approved at the ensuing meeting of the members.

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 31st March 2007, 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, 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.

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 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 during the discharge of their duties.

For and on behalf of the Board of Directors:

Place : Mumbai
Dated : 30th May, 2007

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 new Capacitor Bank on 11 KV Bus of HRM Division.
2. Addition of Capacitor Bank near load at various locations throughout plant.
3. Overflow water from cooling towers taken back to system for re-use.
4. Ventilation system for Drives being switched-off when Drives are not in use.
5. Float Valves provided at various Air Cooling Systems.
6. Transparent sheets provided for shed at CRM shop to reduce electrical lighting during day hours.

(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) AMLC has been installed in the second caster to improve quality of slabs cast.
- b) CELOX operations have been established.
- c) Successfully produced very low sulphur steels.

2. Benefits derived as a result of R & D

- a) Production of high quality slabs achieved.
- b) Low carbon heats production has increased and improvement in CR quality achieved.
- c) Capability of supplying steel for very critical application has been achieved.

3. Future plan of action for R & D

- a) Development of all grades of steel for API casing/tubing and line pipe applications.
- b) Use of high grade flux for improvement in quality of steel.

4. Expenditure on R & D

Expenses on R & D Rs. 47.59 Lacs

1) Technology Absorption, Adaptation and Innovation :

- a) Successful installation of Down Coiler.
- b) AMLC installation in second machine.

2) Benefits :

- a) Improvement in steel quality.
- b) Improvement in product range and customer base.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(Rs in Lacs)

	2006-07	2005-06
(a) Earnings		
a. Brokerage and Commission	3.00	Nil
b. Exports including Deemed and Third Party	29236.55	14788.55
(b) Outgo		
Travelling/Books Periodicals	49.34	110.88
Imported Raw Materials, Stores & Spares, etc.	26804.46	24580.39
Interest	70.98	2541.11
Brokerage & Commission	66.42	313.66
Repairs & Maintenance	72.55	14.10
Engineering & Design	80.35	Nil
Others	19.73	24.34

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th May, 2007

Mukesh R Gupta
Chairman

FORM 'A'

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

		UNIT	2006-07	2005-06
A. Power & Fuel Consumption				
1 Electricity				
a) Purchased				
Units	Kwh		530067600	502872630
Total Amount	Rs.		2080115142	1619555405
Rate/Unit	Rs/Kwh		3.92	3.22
b) Own Generation				
i) Through Diesel Generator				
Units	Kwh		7296	7808
Units per Ltr. of Diesel Oil	Kwh/Ltr		1.33	2.17
Cost/Unit	Rs/Kwh		28.40	15.46
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		31064	27509
Total Amount	Rs.		493297778	415111938
Average Rate	Rs/KI		15880	15090
b) LDO				
Quantity	KI		1408	2407
Total Amount	Rs.		36687915	62314285
Average Rate	Rs/KI		26055	25888
4 Others/Internal Generation				
Quantity	NIL		NIL	NIL
Total Cost	NIL		NIL	NIL
Rate/Unit	NIL		NIL	NIL
B. Consumption per unit of production				
1 HR PRODUCTS				
- Electricity	Kwh/mt		903	908
- Furnace Oil	Ltr/mt		60	56
- LDO	Ltr/mt		1.33	2.36
2 GP/GC PRODUCTS				
- Electricity	Kwh/mt		1196	1349
- Furnace Oil	Ltr/mt		66	62
- LDO	Ltr/mt		06	10
3 CR PRODUCTS				
- Electricity	Kwh/mt		1131	1284
- Furnace Oil	Ltr/mt		67	62
- LDO	Ltr/mt		06	10

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th May, 2007

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, 2007 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our 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 **Todarwal & Todarwal**
Chartered Accountants

Place : Mumbai

Dated : 30th May, 2007

Sunil Todarwal
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 pursue objective that are in the best interest of the Company and its shareholders.

2. BOARD OF 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 of Directors meetings and the last AGM is as follows.

Director	No. of meeting held	Attended Last AGM	No. of Directorship in other public Company	Remarks
Mr. Mukesh R. Gupta	4	4	Yes	2
Mr. Rajesh R. Gupta	4	3	Yes	2
Mr. B. L. Agarwal	4	4	Yes	2
Mr. B. Ravindranath	4	3	No	1
Mr. S K Singhai	4	4	No	-
Mr. Sameer Phutane	4	1	No	2 Withdrawn w.e.f. 22.09.2006
Mr. K.A. Krishna Rao	4	2	-	Appointed w.e.f. 16.08.2006
Mr. P. C. Soni	4	1	No	1 Resigned w.e.f. 25.5.2006

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 25th May 2006, 31st July 2006, 28th October 2006 and 31st January 2007.

CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the

Directors and the Members of the Senior Management. The Code has also been posted on the Company's website at <http://www.lloyds.in>:

3. AUDIT COMMITTEE:

a) Terms of Reference:

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

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with the management, the adequacy of internal control and audit system.
- Discussing with internal auditors any significant findings and follow up on such issues.
- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board.
- Discussing with external auditors before the audit commences on the nature and scope of audit as well as having post audit discussion to ascertain any area of concern.
- Review of financial and risk management policies and practices.

b) Composition, Name of Members and Chairperson:

As on 31st March, 2007 the Company had re-constituted Audit Committee comprising of 3 Independent Non-executive Directors, including 1 Nominee Director as follows:

Mr. K.A. Krishna Rao- Chairman	Independent Director	Appointed w.e.f. 16.08.2006
Mr. B. L. Agarwal	Promoter Director	-
Mr. B. Ravindranath	IDBI Nominee Director	-
Mr. P.C. Soni	Independent Director	Resigned w.e.f. 25.05.2006
Mr. Sameer Phutane	IDBI Bank Nominee Director	Withdrawn w.e.f. 22.09.2006

c) Meetings and attendance during the year

The Committee has met 4 times during the financial year ended March 31st 2007 i.e. 25th May 2006, 31st July, 2006, 28th October, 2006 and 31st January, 2007. The attendance of the members are as under:-

Name of Director	No. of Meetings held	No. of Meetings Attended	Remark
B L Agarwal	4	4	-
B Ravindranath	4	3	-
K.A. Krishna Rao	4	2	Appointed w.e.f. 16.08.2006
P. C. Soni	4	1	Resigned w.e.f. 25.05.2006
Sameer Phutane	4	1	Withdrawn w.e.f. 22.09.2006

4. REMUNERATION COMMITTEE:

The Remuneration of Director in all the cases is decided by the Board subject to necessary approval of shareholder 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 aggregate remuneration of Rs.25. 44 Lacs by way of Salary, Remuneration & 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. This is as per the Articles of Association of the Company.

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

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

Description	Received	Replied
Direct	206	206
Bombay Stock Exchange	7	7
SEBI Complaints	38	38

6. GENERAL BODY MEETING:

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

Year	Location	Date	Time
2003-2004	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	25.09.2004	11.00 a.m.
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.

- b. Whether any special resolution was passed in the previous 3 AGMs: Yes
c. Whether any special resolution passed last year through Postal Ballot: Not Applicable

7. DISCLOSURE :

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:

None

c) Whistle 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. 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 put on the Company's website at www.lloyds.in

10. GENERAL SHAREHOLDER INFORMATION:

1 Annual General Meeting

Date	Saturday, 4 th August, 2007
Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

2 Financial Calendar (tentative)

Results for quarter ending 30.06.2007	Fourth Week of July 2007
Results for quarter ending 30.09.2007	Fourth week of October 2007
Results for quarter ending 31.12.2007	Fourth week of January 2007
Results for quarter ending 31.03.2008	Fourth week of May 2008

3. Book Closure Date **Thursday, 26th July, 2007 to Saturday, 4th August, 2007** (both days inclusive)

4. Dividend Payment date Not declared

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

6. Stock Code 500254- Bombay Stock Exchange
LLOYDSTEEL - National Stock Exchange of India

ISIN No.: INE292A01015

