



LLOYDS STEEL INDUSTRIES LIMITED

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 :

1. 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.
2. To appoint a Director in place of Shri B. L. Agarwal, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. 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:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. Proxy Form and Attendance Slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. 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.
4. 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.
5. 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).
6. 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.
7. 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.

8. 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.
9. 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 a 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:-

- 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.
- 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.
- 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.
- Outlook:** With sustained global demand and the industry consolidation gathering momentum, there is every possibility of the steel producers getting back the pricing power. In fact, 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.
- 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.
- 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.
- 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.
- 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
Total Cost		NIL	NIL
Rate/Unit		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

Sunil Todarwal

Dated : 30th May, 2007

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 Attended meeting held	Last AGM Attended	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 :-

- i. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- ii. Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services.
- iii. Reviewing with management the annual financial statements before submission to the Board.
- iv. Reviewing with the management, the adequacy of internal control and audit system.
- v. Discussing with internal auditors any significant findings and follow up on such issues.
- vi. 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.
- vii. 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.
- viii. 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, 4th 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



7. Stock Market Data	Bombay Stock Exchange (BSE) High	Stock Exchange (In.Rs.) Low	BSE Sensex Close
April 2006	14.25	10.00	12042.56
May 2006	16.30	9.46	10398.61
June 2006	12.00	7.20	10609.25
July 2006	9.78	7.75	10743.88
Aug 2006	10.03	7.50	11699.05
Sept 2006	9.60	7.76	12454.42
Oct. 2006	9.91	8.20	12961.90
Nov. 2006	8.68	6.99	13696.31
Dec 2006	8.15	7.00	13786.91
Jan 2007	12.24	7.45	14090.92
Feb.2007	11.60	9.02	12938.09
Mar 2007	10.23	7.80	13072.10

11 Dematerialisation of Shares & Liquidity

Over **81.29 %** of the outstanding shares have been dematerialised upto 31st March, 2007. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 08.05.2000 as per notification issued by the Securities and Exchange Board of India. Company's Shares are actively traded on the Mumbai Stock Exchange & National Stock Exchange of India Limited.

12 Outstanding Warrants and convertible Bonds, Conversion date and likely impact on the Equity

Not Applicable

13 Plant Locations

Steel Plant:-
Lloyds Nagar, Bhugaon Link Road, Wardha- 442 001.

Engg. Plant:-
Plot No. A-5/5 & A6/3, MIDC Industrial Area, Murbad, Dist. Thane.

8. Registrar and Transfer Agents (share transfer and communication regarding share certificates, dividends and change of address)

Bigshare Services Private Limited.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai- 400 072.

14 (I) Investor Correspondence For transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

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
Fax No.2847 5207
E mail : bigshare@bom7.bsnl.net.in

9 Share Transfer System

Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt. Share transfer requests received in physical form with demat request have been discontinued from February 2004 in terms of SEBI directive.

10. Distribution of shareholding as on 31st March, 2007	Promoters	20.38
	Financial Institutions/Banks	06.14
	MFs/ UTI	00.51
	FII	00.42
	Others	72.55
	Total	100.00

(II) Any query on Annual Report

Secretarial Department
Lloyds Steel Industries Limited
Modern Centre, 'B' Wing, 2nd Floor,
Sane Guruji Marg, Mahalaxmi,
Mumbai- 400 011.
Tel. No. 3041 8111
Fax No. 3041 8260
E Mail : investor@lloyds.in

No. of Shares Held	No. of Shareholders		No. of Shares Held	
	Total	% of Total	Total	% of Total
1 - 500	147003	83.67	31327893	16.27
501 - 1000	18042	10.27	14178200	7.36
1001 - 2000	5722	3.26	8869277	4.61
2001 - 3000	1563	0.89	4082870	2.12
3001 - 4000	669	0.38	2442612	1.27
4001 - 5000	829	0.47	4020195	2.09
5001 - 10000	986	0.56	7676484	3.98
10001 and Above	888	0.50	119955161	62.30
Total	175702	100.00	192552692	100.00

DECLARATION

As provided under Clause 49 of the listing Agreement with the Stock Exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2007.

For Lloyds Steel Industries Ltd.

Place : Mumbai
Dated : 30th May, 2007

Rajesh R. Gupta
Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF LLOYDS STEEL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Lloyds Steel Industries Limited as at March 31, 2007 and the related Profit and Loss Account and Cash Flow for the year ended on that date, annexed thereto, both of which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies, (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, of India (the Act) and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;

(e) *The company has not provided interest amounting to Rs. 17170.79 lacs (till date Rs. 66118.27 lacs). Had the same been considered the loss for the year after taxation would have been Rs. 23984.97 lacs (as against the reported figure of loss of Rs. 6814.18 lacs) and the accumulated loss would have been Rs. 138791.70 lacs (as against the reported loss of Rs. 121620.91 lacs)*

(f) In view of the foregoing paragraphs, in our opinion and to the best of our information and according to the explanations given to us, and subject to point 4 (e), regarding non provision of interest above the Balance Sheet, Profit and Loss Account and Cash flow together with the Notes thereon and attached thereto, give in the prescribed manner, the information

required by the Act and also give, a true and fair view in conformity with the accounting principles generally accepted in India:

i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007; and

ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

iii) In the case of the Cash Flow Statement of the Cash Flow of the Company for the year ended on that date.

(g) On the basis of the written representations received from the Directors and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

For **Todarwal & Todarwal**
Chartered Accountants

Place : Mumbai

Sunil Todarwal

Dated : May 30th 2007.

Partner

ANNEXURE

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.

(b) The fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable, and no material discrepancies have been noticed on such verification.

(c) During the year, no substantial part of fixed assets has been disposed off by the Company.

2. (a) The physical verification of inventory has been conducted at reasonable intervals by the management.

(b) The procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the company and the nature of business.

(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. (a) The Company has not taken secured or unsecured loans from companies, firms, parties covered in the register maintained under Section 301 of the Act. The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

In view of the above, clauses 3(b), (c), (d) are not applicable to the company.

4. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.



5. (a) On the basis of our examination of the books of account, we are of the opinion that the transactions that need to be entered in the register in pursuance of Section 301 of the Act have been entered in the said register.
- (b) In our opinion, the transactions exceeding Rs. 500,000 in respect of any party during the financial year have been made at prices which are reasonable, having regard to the prevailing market price for such goods and materials or prices at which transaction for similar goods or material have been made with other parties.
6. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public during the year.
7. In our opinion and according to information and explanation given to us, the Company's present internal audit system is commensurate with its size and the nature of its business.
8. We have Broadly reviewed the books of accounts maintained by the company in respect of Steel Division, where, pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 209(1) (d) of the Companies Act, 1956. We are of the view that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also Management representations, undisputed statutory dues in respect of provident fund, profession tax, income tax and wealth tax have been regularly deposited by the Company during the year with the appropriate authorities in India.
- (b) According to the records of the Company, the disputed dues in respect of Excise Duty of Rs. 427.26 lacs (Previous year Rs.402.74 Lacs) and Sales Tax of Rs. 31.21 lacs (Previous year Rs. 60.68 lacs) as at March 31, 2007 have not been deposited with appropriate authorities and no provision has been made for the same.
- 10 The Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth and it has not incurred cash losses in the financial year under audit, however, in the immediately preceding financial year the Company has incurred cash losses.
- 11 According to the records of the Company, and as informed to us, the dues to Lenders are under various stages of restructuring process. Amount of default aggregating to Rs.327.59 crores is outstanding since 1996-97 & Rs.75.57 crores during the year.
- 12 The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 13 In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it.
- 14 In our opinion the company is not dealing or trading in shares, securities, debentures & other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors report) Order 2003 are not applicable to the company.
- 15 As informed to us, the Company has during the year, not given any guarantee for the loans taken by others from banks or financial institutions. The guarantees given in the earlier years continues.
- 16 As per information given to us no fresh term loans have been taken by the Company during the year.
- 17 On the basis of review of utilisation of funds on an overall basis, related information as made available to us and as represented to us by the Management, no funds has been raised on short term basis by the company during the year.
- 18 In our opinion and according to information and explanation given to us, the Company has not made any preferential allotment of shares during the year.
- 19 In our opinion and according to information and explanation given to us, the Company has not issued any fresh debentures during the year.
- 20 In our opinion and according to information and explanation given to us, the Company has not raised any money by public issue during the year.
- 21 During the course of our examination of the books of account carried in accordance with the generally accepted auditing standards in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For **Todarwal & Todarwal**
Chartered Accountants

Place : Mumbai
Dated : 30th May, 2007

Sunil Todarwal
Partner



BALANCE SHEET

AS AT 31ST MARCH, 2007

(Rupees in lacs)

PARTICULARS	Schedule	AS AT 31.03.2007	AS AT 31.03.2006
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Capital	'A'	42549.05	42419.49
(b) Reserves & Surplus	'B'	41490.66	41490.60
		84039.71	83910.09
2. LOAN FUNDS			
(a) Secured Loans	'C'	136033.25	140813.69
(b) Unsecured Loans	'D'	1806.54	2185.37
		137839.79	142999.06
TOTAL		221879.50	226909.15
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	'E'		
Gross Block		223701.10	221671.96
Less: Depreciation		110274.30	99028.66
Net Block		113426.80	122643.30
2. INVESTMENTS	'F'	250.00	1000.02
3. CURRENT ASSETS, LOANS & ADVANCES	'G'		
(a) Inventories		30179.15	23616.57
(b) Sundry Debtors		12311.64	10666.93
(c) Cash & Bank Balances		1777.23	1785.19
(d) Loans & Advances		17427.62	9378.41
		61695.64	45447.10
Less: Current Liabilities & Provisions	'H'	75535.27	58189.16
NET CURRENT ASSETS		(13839.63)	(12742.06)
4. MISCELLANEOUS EXPENDITURE	'I'	421.42	893.70
5. PROFIT & LOSS ACCOUNT		121620.91	115114.19
TOTAL		221879.50	226909.15
Notes forming part of Accounts	'Q'		

As per our Report of even date attached

For **TODARWAL & TODARWAL**
Chartered Accountants

SUNIL L. TODARWAL
Partner

Place : Mumbai
Date : 30th May, 2007

S. N. TIWARI
Company Secretary

For and on behalf of the Board

RAJESH R. GUPTA
Managing Director

MUKESH R. GUPTA
Chairman



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2007

(Rupees in lacs)

PARTICULARS	Schedule	Current Year 31.03.2007	Previous Year 31.03.2006
INCOME			
(a) Sales including job work		193204.93	158648.23
(b) Other Income	'J'	3912.44	1118.85
		197117.37	159767.08
EXPENDITURE			
(a) Raw Materials Consumed/Sold & Other Materials	'K'	129160.20	109170.34
(b) Excise Duty		20648.91	18781.93
(c) Personnel	'L'	3476.41	2735.94
(d) Manufacturing & Asset Maintenance	'M'	24410.14	17922.67
(e) Administrative & other Expenses	'N'	1783.68	1041.29
(f) Selling & Distribution Expenses	'O'	9269.26	6991.19
(g) Preliminary / Issue / Deferred Expenses Written Off		472.28	472.27
		189220.88	157115.63
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION, EXCEPTIONAL ITEMS & TAX		7896.49	2651.45
Interest & Financial Charges (Net)	'P'	3423.26	3932.46
PROFIT / (LOSS) BEFORE DEPRECIATION, EXCEPTIONAL ITEM & TAX		4473.23	(1281.01)
Depreciation		11251.34	10907.11
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEM & TAX		(6778.11)	(12188.12)
Add: EXCEPTIONAL ITEMS (Net)		-	5904.27
PROFIT / (LOSS) BEFORE TAX		(6778.11)	(6283.85)
Provision for Taxation		36.08	36.80
PROFIT / (LOSS) AFTER TAX		(6814.19)	(6320.65)
Add : Prior period income (net)		307.47	67.40
		(6506.72)	(6253.25)
Add : Profit / (Loss) B/F from previous year.		(115114.19)	(108860.94)
BALANCE CARRIED TO BALANCE SHEET		(121620.91)	(115114.19)
Basic & Diluted Earning Per Share (Rs.)		(3.52)	(6.33)
Notes forming part of Accounts	'Q'		

As per our Report of even date attached

For TODARWAL & TODARWAL
Chartered Accountants

SUNIL L. TODARWAL
Partner

Place : Mumbai
Date : 30th May, 2007

For and on behalf of the Board

S. N. TIWARI
Company Secretary

RAJESH R. GUPTA
Managing Director

MUKESH R. GUPTA
Chairman

SCHEDULES

SCHEDULES "A TO Q" ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lacs)

	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE A : SHARE CAPITAL		
AUTHORISED		
20,00,00,000 Equity Shares of Rs.10/- each (Previous Year 20,00,00,000 Equity Shares of Rs.10/- each)	20000.00	20000.00
25,00,00,000. Preference Shares of Rs.10/- each (Previous Year 25,00,00,000 Preference Shares of Rs.10/- each)	25000.00	25000.00
TOTAL	45000.00	45000.00
ISSUED, SUBSCRIBED & PAID-UP		
Equity Share Capital		
19,21,06,371 Equity Shares of Rs.10/-each fully paid up (Previous Year 19,21,06,371 Equity Shares of Rs.10/-each fully paid up)	19210.64	19210.64
Less: Calls - in - Arrears	308.06	308.08
Add : 446321 Forfeited Shares (Amount originally received)	18.93	18.93
	18921.51	18921.49
Preference Share Capital		
23,62,75,420 Redeemable Preference Shares of Rs. 10/- each fully paid up (Previous Year 23,49,80,000 Redeemable Preference Shares of Rs. 10/- each fully paid up)	23627.54	23498.00
TOTAL	42549.05	42419.49
Note: The Redeemable Preference Shares will be redeemed with a premium of 11.50 % in 6 (Six) Annual Instalments commencing from financial year 2016		
SCHEDULE B : RESERVES & SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	2660.44	74.44
Add: Transfer during the Year		2586.00
	2660.44	2660.44
Debenture Redemption Reserve		
Balance as per last Balance Sheet	1902.00	1902.00
Share Premium Account		
Balance as per last Balance Sheet	37728.50	37728.50
Less : Calls - in - Arrears	800.28	800.34
	36928.22	36928.16
TOTAL	41490.66	41490.60
SCHEDULE C : SECURED LOANS		
1. Long Term Loans		
(a) From Banks :		
Rupee Loan	40476.62	40715.90
Foreign Currency Loan	3664.33	5078.16
	44140.95	45794.06
(b) From Financial Institutions		
Rupee Loan	26082.08	26082.08
(c) Interest Accrued and Due		
	4656.31	4751.13
	74879.34	76627.27
2. (a) Debentures (Non Convertible)		
(i) 150000 14% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1989	46.40	46.40
(ii) 200000 14% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1990	100.00	100.00
(iii) 500000 18.5% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1993	500.00	500.00
(iv) 2500000 18.5% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1995	2100.00	2100.00
(v) 700000 19 % Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1998	700.00	700.00

SCHEDULES

(Rupees in lacs)

- (vi) 400000 18% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1998
- (vii) 5000000 17% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1999
- (viii) 1600000 17% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 2000

Add: Interest Accrued and Due

(b) Optionally Fully Convertible Debentures

3. Working Capital from Banks

(Cash Credit / Workings Capital Demand Loan)

Total

	AS AT 31.03.2007	AS AT 31.03.2006
	125.00	125.00
	5000.00	5000.00
	1600.00	1600.00
	10171.40	10171.40
	6132.14	6132.14
	16303.54	16303.54
	5100.00	5100.00
	39750.37	42782.88
	136033.25	140813.69

NOTES TO SCHEDULE C :

NOTES TO SCHEDULE C :

- a. Long Term Loans referred to in 1(a) and 1(b) above, are secured by way of hypothecation of all the movables except book debts, including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and/or to be created in favour of the Company's Bankers for Working Capital facilities.
- b. (i) Long Term Loans referred to in 1(a) and 1(b) above, to the extent of Rs. 60880.60 lacs, are also secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Dombivili/ Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- (ii) Long Term Loans referred to in 1(a) and 1(b) above, to the extent of Rs. 2859.50 lacs, are also secured by way of first mortgage and charge on Company's immovable properties situated at Wardha, both present and future (excluding Staff Quarters at Dombivili/ Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- c. Long Term Loans referred to in 1(a) and 1(b) above, to the extent of Rs 6128.96 lacs, are to be secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Dombivili/ Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- d. The Term Loans of Rs. 353.97 lacs from SBI Home Finance Limited are secured by exclusive mortgage of the housing colony situated at Wardha.

- a. Non-Convertible Debentures/ Bonds referred to in 2 above are secured / to be secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Dombivili/ Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables both present and future, hypothecated to Banks for Working Capital..
- b. (i) The Debentures referred in 2 (a) (i) above are redeemable in five equal annual instalments beginning from the end of the fifth year from the date of Allotment i.e. August 08,1989. The premium of 5% is payable alongwith the third instalment at the end of seventh year from the date of Allotment.
- (ii) The Debentures referred in 2 (a) (ii) above are redeemable in five equal annual instalments beginning from the end of the fifth year from the date of Allotment i.e. June 29, 1990. The premium of 5% is payable alongwith the third instalment at the end of seventh year from the date of Allotment.
- (iii) The Debentures referred in 2 (a) (iii) above are redeemable in five equal annual instalments beginning from the end of the fifth year from the date of Allotment i.e. November 30,1993. The premium of 5% is payable alongwith the third instalment at the end of seventh year from the date of Allotment.
- (iv) The Debentures referred in 2 (a) (iv) above are redeemable in three equal annual instalments commencing from the end of the sixth year from the date of Allotment as below:

Date of Allotment	Amount In Lacs
December 12, 1995	125.00
January 1, 1996	900.00
January 2, 1996	75.00
January 4, 1996	100.00
January 16, 1996	500.00
May 16, 1996	400.00



NOTES TO SCHEDULE C :

- (v) The Debentures referred in 2 (a) (v) above are redeemable in 4 equal yearly instalments from the end of 3rd year from date of allotment i.e. April 3, 1998 and ending on 6th year of allotment.
- (vi) The Debentures referred in 2(a)(vi) above are redeemable in 32 equal quarterly instalments from March 15, 2002 to Dec 15, 2009.
- (vii) The Debentures referred in 2(a)(vii) above are redeemable in 32 equal quarterly instalments from April 2002 to January 2010.
- (viii) The Debentures referred in 2(a)(viii) above are redeemable in 32 equal quarterly instalments from April, 2002 to January 2010.
- (ix) The Optionally Fully Convertible Debentures referred to in 2(b) above are redeemable in three equal instalments in the 7th, 8th and 9th year from the date of allotment with an option

to the lender to convert the OFCDs into preference shares within 18 months of allotment. i.e. (a) Rs 27 crores allotted on 28th April, 1999 (b) Rs 12 crores allotted on 30th September, 1999 and (c) Rs 12 crores allotted on 15.1.2000.

- c. Debentures referred to in 2(a) & 2(b) above include debentures of Rs. 9353.43 lacs matured for redemption
3. Cash Credit from Bank is secured against hypothecation of Raw Materials, Work-in-process, Finished Goods, Stores & Spares, Book Debts etc., and by way of Second Charge on Company's immovable properties, and also guaranteed by some of the Directors of the Company.
4. i) The loan mentioned in 1 above includes non interest bearing loans of Rs. 36886.05 lacs as per the loan restructuring terms.
- ii) The loans Mentioned in 3 above includes non interest bearing loans of Rs.2071.37lacs as per the loan restructuring term.

SCHEDULE D : UNSECURED LOANS

(a) From Financial Institutions

- (i) U T I (STL)
- (ii) IDBI
- (iii) Capital Subsidy Loan (SICOM)
- (iv) Sales Tax Deferral Loan (SICOM)
- (v) Interest Accrued and Due

(b) From bodies corporate

TOTAL

(Rupees in lacs)	
AS AT 31.03.2007	AS AT 31.03.2006
561.45	561.45
19.05	129.54
543.91	36.33
1124.41	651.22
682.13	1378.54
1806.54	706.83
-	2085.37
-	100.00
1806.54	2185.37

Notes :

- i) Short Term Loan from Unit Trust of India Rs 561.45 lacs (Previous year Rs. 561.45 lacs) is guaranteed by some of the Directors of the Company
- ii) Amount repayable within one year Rs. 706.27 lacs (Previous year Rs. 781.49 lacs)

SCHEDULE E : FIXED ASSETS

(Rupees in lacs)

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01.04.2006	Additions during the year	Discarded/Sold during the year	As at 31.03.2007	Provided Upto 01.04.2006	Provided during the year	Written back during the year	Total upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
1	Land	435.86	0.00	0.00	435.86	0.00	0.00	0.00	435.86	435.86	
2	Building	4631.65	53.47	0.00	4685.12	1016.77	89.63	0.00	1106.40	3578.72	3614.88
3	Plant & Machinery	210178.76	2280.34	0.00	212459.10	96234.46	11024.11	0.00	107258.58	105200.52	113944.27
4	Computers	742.95	18.97	0.34	761.58	661.69	35.76	0.18	697.27	64.31	81.26
5	Electrical Installations	86.57	0.00	0.00	86.57	69.39	3.79	0.00	73.18	13.39	17.19
6	Office Equipment	303.35	4.82	0.15	308.02	168.60	14.81	0.04	183.37	124.65	134.76
7	Furniture & Fixtures	502.61	0.00	0.97	501.64	340.38	30.99	0.76	370.61	131.03	162.22
8	Motor Vehicles	82.67	0.00	14.79	67.88	20.97	6.74	4.73	22.98	44.90	61.70
9	Railway Siding	958.15	0.00	0.00	958.15	516.40	45.51	0.00	561.91	396.24	441.76
	Total	217922.57	2357.60	16.25	220263.92	99028.66	11251.34	5.71	110274.30	109989.62	118893.90
	Capital Work -in-Progress	3749.40	229.41	541.63	3437.18	-	-	-	-	3437.18	3749.40
	Total	221671.97	2587.01	557.88	223701.10	99028.66	11251.34	5.71	110274.30	113426.80	122643.30
	Previous Year	214749.32	14829.74	7907.10	221671.96	88128.80	10907.10	7.24	99028.66	122643.30	-

SCHEDULES

Rupees in lacs

SCHEDULE F : INVESTMENTS (At Cost)

Shares (Unquoted)-

10000000 Equity Shares of Rs. 2.50 each of Aristo Realty Developers Ltd
(Previous Year 10000000 Equity Shares of Rs. 10/- each)

Other Investments:

National Savings Certificates

TOTAL

SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES

(a) INVENTORIES

Stores and Spare Parts

Fuel & Gases

Stock-in-Trade :

Raw Materials

Finished Goods

Work in Process/Semi Finished

Scrap Materials

(b) SUNDRY DEBTORS

(Unsecured, considered good)

Exceeding six months

Others

(c) CASH & BANK BALANCES

Cash balance on hand

Bank Balance :

With Scheduled Banks-

1. In Current accounts

2. Margin Account

3. Cheques on hand / Remittance in Transit

(d) LOANS & ADVANCES

(Unsecured and Considered good)

Advances recoverable in cash or in kind or for value to be received

Deposits with Govt. Dept. and others

Advance Income Tax and Income Tax deducted at source

TOTAL

SCHEDULE H : CURRENT LIABILITIES

Sundry Creditors

Acceptances

Advances against orders received

Current Account Overdrawn

Interest accrued but not due

Other liabilities

TOTAL

SCHEDULE I : MISCELLANEOUS EXPENDITURE

(To the extent not adjusted or w/off)

Equity / Debenture Issue Expenses

Deferred Revenue Expenditure

TOTAL

	Current Year 31.03.2007	Previous Year 31.03.2006
	250.00	1000.00
		0.02
TOTAL	250.00	1000.02
	6269.60	4445.12
	109.94	87.30
	3001.78	3065.78
	5276.77	4334.12
	15207.85	11154.98
	313.21	529.27
	30179.15	23616.57
	744.47	1251.33
	11567.17	9415.60
	12311.64	10666.93
	9.63	19.20
	360.69	529.08
	755.26	382.68
	651.65	854.23
	1777.23	1785.19
	14539.13	7237.12
	2865.67	2137.79
	22.82	3.50
	17427.62	9378.41
TOTAL	61695.64	45447.10
	49772.32	33098.18
	56.32	1977.90
	24163.97	21118.86
		217.18
	89.82	-
	1452.84	1777.04
TOTAL	75535.27	58189.16
	421.42	848.12
		45.58
TOTAL	421.42	893.70

SCHEDULES

Rupees in lacs

SCHEDULE J : OTHER INCOME

Rent Receipts	0.96	5.97
Dividend Income	0.28	4.46
Sundry Balance Write Back / Write off (Net)	101.02	298.89
Miscellaneous Receipts	3810.18	809.53

TOTAL

3912.44

1118.85

SCHEDULE K : RAW MATERIALS CONSUMED / SOLD & OTHER MATERIALS

Consumption of :

Raw Materials	104774.02	87367.80
Production Consumables, Stores & Spares	19928.44	17072.40
Petroleum Products (Fuel)	9237.20	8018.46

(Increase)/ Decrease in Stocks

Opening Stock :

Finished Goods	4334.12	3763.17
Work in Process/Semi finished Goods	11154.97	8847.09
Scrap	529.27	119.79

Less:

16018.36

12730.05

Closing Stock :

Finished Goods	5276.77	4334.12
Work in Process/Semi finished Goods	15207.84	11154.98
Scrap	313.21	529.27

20797.82

16018.37

(Increase) / Decrease in Stocks

(4779.46)

(3288.32)

TOTAL

129160.20

109170.34

SCHEDULE L : PERSONNEL

Salaries, Wages, & Bonus	3245.79	2549.67
Employer's Contribution to Provident Fund and Other Funds	163.20	136.57
Staff Welfare Expenses	67.42	49.70

TOTAL

3476.41

2735.94

SCHEDULE M : MANUFACTURING & ASSET MAINTENANCE

Electricity & Water Charges	20847.15	16231.87
Repairs & Maintenance -		
Plant & Machinery	540.47	318.63
Buildings	10.20	3.83
Others	15.42	17.54
Engineering & Processing charges	770.53	489.16
Insurance (Net)	284.38	259.29
Freight, Transport, Clearing	257.94	54.20
Misc. expenses for production	1684.05	548.15

TOTAL

24410.14

17922.67

SCHEDULE N : ADMINISTRATIVE & OTHER EXPENSES

Travelling & Conveyance Expenses	230.27	234.30
Postage, Telephone & Telex	76.06	83.04
Printing & Stationery	32.98	32.08
Professional Fees	235.18	231.90
Rent	5.43	7.02
Rates & Taxes	27.39	22.04
Auditors' Remuneration :		
For Audit	2.25	2.25
For Tax Audit	0.75	0.75
For Other services	1.09	1.64
Sitting Fees to Directors	0.30	0.36
Vehicle Hire & Maintenance Charges	64.90	65.60
Sundry Expenses	353.30	358.96
Investment Depletion A/c	750.00	-
Loss on Sale of Fixed Assets (Net)	3.78	0.98
Charity & Donation	-	0.37

TOTAL

1783.68

1041.29

SCHEDULE O : SELLING & DISTRIBUTION EXPENSES

Commission & Brokerage	969.99	388.50
Freight Outwards	8233.47	6558.29
Other Selling Expenses	65.80	44.40

TOTAL

9269.26

6991.19



SCHEDULES

SCHEDULE P : INTEREST & FINANCIAL CHARGES

Finance Charges:

Bills Discounting Charges	
Bank Charges & Commission	
Forex Difference	
Others	

Interest :

On Term Loans	
On Working Capital	
On Others	

Less:Interest Received

TOTAL

		Rupees in lacs	
		Current Year 31.03.2007	Previous Year 31.03.2006
		726.92	336.35
		479.32	143.78
		(307.27)	22.94
		370.64	359.86
		1269.61	862.93
		1572.21	1590.12
		1059.30	1163.13
		762.99	619.86
		3394.50	3373.11
		4664.11	4236.04
		1240.65	303.58
		3423.26	3932.46

SCHEDULE Q : NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007, AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

(1) Significant Accounting Policies :

- (a) The Company follows the mercantile system of accounting. The Company accrues individual items of income/expenses above Rs.5000/- per item. The accounts are prepared on going concern basis.
- (b) Sales :
Sales/Income in case of contracts/orders spreading over more than one financial year are booked to the extent of work billed. Sales include export benefits . Export benefits accrue on the date of export, which are utilised for custom duty free import of material / transferred for consideration.
- (c) Inventories :
Inventories are valued as under:-
 - (i) Tools equipments at cost or disposable value whichever is less.
 - (ii) Engineering Plant Finished Goods at contract price.
 - (iii) Steel Plant Finished Goods at cost price or market value whichever is lower.
 - (iv) Finished Goods at the end of trial run at net realisable value.
 - (v) Scrap material at net realisable value.
 - (vi) Stores and spares, raw materials at cost, work-in-process/ semi-finished goods at cost.
- (d) Depreciation :
 - (i) Depreciation on the assets acquired prior to 2nd April, 1987 is provided on the straight line method as prescribed under Section 205 (2)(b) of the Companies Act, 1956, prior to the amendment enacted vide the Companies (Amendment) Act, 1988. Accordingly, in respect of all the assets acquired prior to 2nd April, 1987, the depreciation is provided for the year as per equivalent straight line method rates based on the depreciation rates prescribed under the Income Tax rules prevalent at the relevant time.
 - (ii) In respect of the assets acquired after 2nd April, 1987 and upto 19th December, 1993, the depreciation has been provided on straight line method as per Schedule XIV of the Companies Act, 1956. In respect of Plant & Machinery acquired after 19th December, 1993, the depreciation has been provided on straight line method as per Amendment to Schedule XIV vide Notification No. G.S.R. 756 (E), dated 16/12/93 issued by the Department of Company Affairs.

(iii) Depreciation provided in respect of assets put to use during implementation of ongoing projects have been included in pre-operative expenses.

(e) Lease Rentals :

Lease rentals are expensed with reference to lease terms.

(f) Research and Development :

Research and Development costs (other than cost of fixed assets acquired) are expensed in the year in which they are incurred.

(g) Gratuity :

Provision for Gratuity is made on the basis of actuarial valuation.

(h) Leave Salaries :

Provision is made for value of unutilized leave due to employees at the end of the year.

(i) Fixed Assets :

(i) Fixed Assets are valued at cost net of Modvat, unless revalued, for which proper disclosure is made.

(ii) All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure/Income arising out of trial run is part of pre-operative expenses included in Capital Work-in-Progress.

(j) Investments :

Long term investments are carried at cost less provision for permanent diminution in value. Current investments are carried at lower of cost or fair value.

(k) Deferred Revenue Expenses :

Share / Debenture issue expenses are amortised over a period of ten years from the commencement of commercial production and other deferred revenue expenses are amortised over a period of five years, depending upon the nature and benefit of such expenditure in the future.

(l) Foreign Currency Transactions :

Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at contract rates, when covered by foreign exchange contracts and at year-end rate in other cases. Realised gains and losses of foreign exchange transactions other than those relating to fixed assets are recognized in Profit and Loss Account. Realized gains or losses on translation of long-term liabilities incurred to acquire fixed assets are treated as an adjustment to the carrying cost of such fixed assets.

(m) **Provision for doubtful debts:**

The management reviews on a periodical basis the outstanding debtors with a view to determine as to whether the debtors are good, bad or doubtful after taking into consideration all the relevant aspects. On the basis of such review and in pursuance of other prudent financial considerations the management determines the extent of provision to be made in the accounts.

(n) **Contingent Liability :**

Unprovided Contingent Liabilities are disclosed in the accounts by way of notes giving the nature and quantum of such liabilities.

(2) **Contingent Liabilities not provided for :**

- (a) In respect of guarantees issued by Banks :
This includes expired bank guarantees of Rs.111.40 lacs which has been invoked, the encashment of which has been stayed by a Court of Law.
- (b) Corporate Guarantees issued by the Company
- (c) i) Claims against the Company not acknowledged as debt.
ii) Show cause notices under hearing in respect of excise duty which is disputed by the Company
iii) Sales Tax
- (3) Amount held in Margin/Fixed Deposit accounts with Banks having lien for Letters of Credit opened and Guarantees provided.
- (4) a) Managing Directors remuneration :
i) Salary
ii) Contribution to Provident Fund
iii) Perquisites
Total

As at 31.03.2007 (Rs. In Lacs)	As at 31.03.2006 (Rs. In Lacs)
778.55	1071.05
115.57	282.87
305.87	625.17
427.26	402.74
31.21	60.68
755.26	382.65
19.20	19.20
1.44	1.44
4.80	4.80
25.44	25.44
0.30	0.36
71.80	12.91
379.27	80.31

Since minimum remuneration has been paid to the Managing Director, the computation of net profit under Section 349 of the Companies Act, 1956 is not given.

Remuneration paid to Managing Director from January 2005 onwards is subject to Central Government approval for which necessary application has been made.

- b) Miscellaneous expenses include Directors' sitting fees
- (5) i) Expenses pertaining to previous year debited to Profit & Loss Account
ii) Income pertaining to previous year credited to Profit & Loss Account
- (6) (a) The company does not envisage any liability for Income Tax for the current year in absence of Taxable income. The assessment of the company has been completed up to assessment year 2004-05
(b) In the event of carry forward losses and unabsorbed depreciation no Deferred Tax Liability / Asset has been created for the financial year ending 31.03.2007 as per the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.
- (7) **Sales include :**
a) Engineering Plant sales to Steel Plant at cost price amounting to **Rs. 732.08 Lacs** (Previous Year Rs.1939.64 Lacs),out of which **Rs. 445.44 lacs** (Previous Year Rs.1098.60)are Capitalised
b) Steel Plant sales to Engineering Plant at selling price amounting to **Rs.1085.78Lacs** (Previous Year Rs. 490.95 Lacs).
- (8) Assets aggregating **Rs. 2442.37 Lacs** at cost (Previous year Rs. 2442.37 Lacs) have been acquired on lease finance. The obligation for future lease rentals amounts to **Rs 2037.61 Lacs**.(Previous year Rs.2037.61 lacs).
- (9) Some balances of Debtors, Loans & Advances, Creditors and Bank dues are subject to Confirmation by the parties. Differences, (if any), shall be accounted on such reconciliation.
- (10) The Company has no information as to whether any of its suppliers constitute small scale industrial undertakings and therefore, the amount due to such suppliers has not been identified.
- (11) The amount of exchange differences :
a) charged to Profit and Loss Account is **Rs. (307.27)Lacs** (net) (Previous Year Rs. 22.94Lacs)
b) included in the carrying amount of fixed asset is **Nil** (Previous Year Rs.4.45 Lacs)
- (12) There are **446321** forfeited Equity Shares pending reissue at the year end(Previous Year 446321 shares).
- (13) In view of accumulated losses, Debenture Redemption Reserve (Cumulative Rs.791.75 Lacs) is not created.
- (14) 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 after hearing the matter on 1st March 2006 has declared the Company as sick industrial company in terms of Section 3(1) (o) of SICA and appointed ICICI Bank Limited as the Operating Agency (OA) to prepare a Draft Rehabilitation Scheme (DRS). The Company has submitted DRS to the OA with copy of the same to the BIFR After convening lenders meeting and eliciting their view, DRS will be submitted to the BIFR.



(15) Information pursuant to the provisions of Paragraph 3 and 4C of Part II Schedule VI of the Companies Act, 1956.

(A) PRODUCTION

		Unit	Licensed Capacity	Installed Capacity	Actual Production
1	a) Fabrication of Chemical, Pharmaceutical & Other Machinery and Structural	M.T.	N.A. (N.A.)	13855 (13855)	See Notes Below
	b) Steel Structural	M.T.	N.A. (N.A.)	7000 (7000)	See Notes Below
2	Ship sets of Steering Gears & Stabilizers each	Nos.	N.A. (N.A.)	8 (8)	(-)
3	Steel Pipes and Tubes	M.T.	N.A. (N.A.)	10000 (10000)	See Notes Below
4	Silos	M.T.	N.A. (N.A.)	10000 (10000)	(-)
5	Marine Loading Arms/Truck And Rail Loading Arms	Nos.	N.A. (N.A.)	200 (200)	See Notes Below
6	Hot Rolled Coils/Plates/Sheets	M.T.	N.A. (N.A.)	600000 (600000)	511824 (498921)
7	Cold Rolled Coils/Sheets	M.T.	N.A. (N.A.)	350000 (350000)	166402 (167996)
8	GP Coils/Sheets & GC Sheets	M.T.	N.A. (N.A.)	250000 (250000)	187701 (160061)
9	Power Plants	Nos.	N.A. (N.A.)	5 (5)	- (-)

NOTES :

1. N.A. - Not Applicable in terms of Government of India's Notification No. S.O. 477(E), dated 25th July, 1991.
2. Considering the nature of business of fabrication of Chemical, Pharmaceutical and Other Machinery and Structural, Steel Pipes and Tubes, Marine Loading Arms production details are not available in M.T.
3. Production of GP Coil/ Sheet & GC Sheets includes production from conversion work (conversion from HR product to GP product) at job work site.
4. The above figures are certified by Managing Director and accepted by the Auditors.
5. Saleable Production including production from conversion work but excluding captive consumption is as under :

Current Year	Previous Year
307203	318500
1816	7948
188222	159662

- a) Hot Rolled Coils & Plate
- b) Cold Rolled Coils
- c) Galvanised Plain Coils

(B) FINISHED GOODS:

		Sales		Opening Stock		Closing Stock	
		Qty.	Value (Rs. In Lacs)	Qty.	Value (Rs. In Lacs)	Qty.	Value (Rs. In Lacs)
1	Fabrication of Chemicals Pharmaceutical, Machinery, Structural, Marine Loading Arms & Engineering Services	NA (NA)	6088.84 (12757.57)	(-)	(-)	(-)	(-)
2	HR Coils/Plates/Sheets (MTS)	307336.47 (315371)	94172.99 (87798.66)	8050 (4921)	1980.63 (1507.35)	7917 (8050)	2485.17 (1980.63)
3	CR Coils/Sheets (MTS)	2248.24 (9282)	564.65 (2709.09)	432 (1766)	95.54 (552.08)	0.00 (432)	0.00 (95.54)
4	GP Coils/Sheets & GC Sheets (MTS)	190700.12 (156514)	76614.02 (50013.53)	7784 (4636)	2257.95 (1703.73)	5305 (7784)	2088.54 (2257.95)
5	Scrap & Others	- (-)	** 10230.68 (5346.76)	- (-)	- (-)	- (-)	- (-)
	Net Sales		* 187671.18 (158625.61)				

* The above sales does not include Trading Sales shown separately in note below.

** The above sales includes job charges received.



(C) (a) COST OF RAW MATERIAL CONSUMED / SOLD

	Current Year			Previous Year		
	Qty.		Value (Rs. In Lacs)	Qty.		Value (Rs. In Lacs)
i. Melting Scrap (HMS)	182262.266	MT	26968.20	191354.33	MT	26430.28
ii. HBI/Sponge Iron	406225.108	MT	47119.25	359187.90	MT	38522.34
iii. Pig Iron	54658.390	MT	8577.74	57810.00	MT	7684.98
iv. Zinc & Alloys	6126.283	MT	10310.05	6856.28	MT	5712.52
v. HR Coil	0.00	MT	0.00	7664.81	MT	1904.19
vi. Iron & Steel (including M.S. & S.S.)	19741.616	MT	5416.17	7232.24	MT	1625.83
vii. Pipes & Tubes	8781.560	MTR	59.29	6444.02	MTR	67.78
	87.290	MT			MT	
Viii Fabrication items			138.99			5397.33
ix. Trade items - Steel			5634.94			
Others			549.38			22.55

(b) DETAILS OF TRADED GOODS

Particulars	Steel 2006 - 07		Others 2006 - 07		Steel 2005 - 06		Others 2005 - 06	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Op. Stock	—	—	—	—	—	—	—	—
Purchases	16729.55	5634.94	N.A	549.38	19.82	4.21	1545.20	18.34
Sales	14615.61	4984.01	N.A	549.75	19.82	4.28	1545.20	18.34
Closing Stock	2113.94	703.07	—	—	—	—	—	—

	Value Rs. In Lacs	Percentage (%)
(D) PRODUCTION CONSUMABLES, STORES & SPARE PARTS AND COMPONENTS CONSUMED		
a) Imported	3077.90	15.45
	(2465.40)	(14.44)
b) Indigenous	16850.54	84.55
	(14607.00)	(85.66)
(E) RAW MATERIAL CONSUMED		
a) Imported	29133.18	27.80
	(26163.54)	(29.95)
b) Indigenous	75640.84	72.20
	(61204.26)	(70.05)
(F) C.I.F. VALUE OF IMPORTS		
a) Raw Material	23941.67	
	(22343.37)	
b) Production Consumables, Stores & Spares	2862.79	
	(2237.02)	
(G) EXPORTS		
a) Direct	12058.43	
	(5359.63)	
b) Deemed	1617.09	
	(2060.07)	
c) Third Party	15561.03	
	(7368.85)	
(H) EXPENDITURE IN FOREIGN CURRENCY		
a) Travelling, Books & Periodicals	49.34	
	(110.88)	
b) Interest paid	70.98	
	(2541.11)	
c) Brokerage and Commission	66.42	
	(313.66)	
d) Engineering & Design	80.35	
	(Nil)	
e) Conference & Training Expenses	19.73	
	(24.34)	
f) Repairs & Maintenance	72.55	
	(14.10)	
(I) EARNING IN FOREIGN CURRENCY		
Brokerage & Commission	3.00	
	(Nil)	

(16) Segment Reporting :

Yearly Reporting of Segment wise Revenue, Results and Capital Employed, under Clause 41 of the Listing Agreement.

Rupees in lacs

- 1 Revenue (Net sale /Income from each segment)
- a) Steel Products
- b) Engineering Products
- Total
- Less : Inter Segment Revenue
- Net Sales / Income from operations

2 Results

(Profit (+) / Loss (-) before tax and interest from each segment)

- a) Steel Products
- b) Engineering Products
- Total

Less : i) Interest

ii) Other un-allocable expenditure net off un-allocable income

iii) Exceptional Items - Net

Total Profit (Loss) Before Tax

Other Information

- 3 Segment Assets - Steel Products

- Engineering Products

- Common

4 Segment Liabilities - Steel Products

- Engineering Products

- Common

5 Capital Expenditure - Steel Products

- Engineering Products

- Common

6 Depreciation - Steel Products

- Engineering Products

- Common

(17) The Company has not made provision for interest on various loans of institutions and banks in view of the likely restructuring of the loans, amounting to Rs. 17170.79 Lacs. (Cumulative Rs.66118.27 lacs)

(18) Previous year's figures have been re-grouped and recast wherever necessary to make them comparable with the current year.

(19) Figures in brackets pertain to the previous year.

Signatures to Schedules "A" to "Q".

As per our Report of even date attached

For TODARWAL & TODARWAL

Chartered Accountants

For and on behalf of the Board

SUNIL L. TODARWAL
PartnerS. N. TIWARI
Company SecretaryRAJESH R. GUPTA
Managing DirectorMUKESH R. GUPTA
ChairmanPlace : Mumbai
Date : 30th May, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	(Rs. In Thousands)	<u>APPLICATION OF FUNDS</u>	(Rs. In Thousands)
Registration No.	14621	Net Fixed Assets	11342680
State Code	11	Investments	25000
Balance Sheet Date	31/03/2007	Net Current Assets	(1383962)
II. Capital Raised during the year	(Rs. In Thousands)	Miscellaneous Exps.	42142
Public Issue	NIL	Accumulated Losses	12162091
Rights Issue	NIL	IV. Performance of Company	(Rs. In Thousands)
Bonus Issue	NIL	Turnover	19320493
Private Placement	12962	Total Expenditure	20389547
III. Position of Mobilisation and Deployment of Funds	(Rs. In Thousands)	Profit / (Loss) Before Tax	(677810)
<u>SOURCES OF FUNDS</u>		Profit / (Loss) After Tax	(681418)
Total Liabilities	22187950	Earning Per Share in Rs.	(3.52)
Total Assets	22187950	Dividend rate %	NIL
Paid-up Capital	4254905	V. Generic Names of Three Principal Products/Service of Company.	
Reserves & Surplus	4149066	1. Item Code No. (ITC Code)	72 - 08 - 31
Secured Loans	13603325	Product Description	Hot Rolled Coils
Unsecured Loans	180654	2. Item Code No. (ITC Code)	72 - 10 - 49
		Product Description	Hot Dipped Galvanised Coils/Sheets
		3. Item Code No. (ITC Code)	—
		Product Description	Turnkey Projects

As per our Report of even date attached

For TODARWAL & TODARWAL
Chartered Accountants

For and on behalf of the Board

SUNIL L. TODARWAL
Partner

S. N. TIWARI
Company Secretary

RAJESH R. GUPTA
Managing Director

MUKESH R. GUPTA
Chairman

Place : Mumbai
Date : 30th May, 2007

CASH FLOW STATEMENT

PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT
FOR THE YEAR ENDED 31ST MARCH, 2007

Rupees in lacs

A. CASH FLOW FROM OPERATION ACTIVITIES:

Net Profit before tax and extraordinary items

Adjustments for:

Depreciation

Loss on Sale of Fixed Assets(Net)

Interest Expense(Net)

Foreign Exchange variation

Depletion of Investment

Misc.Expenditure W/Off

Dividend Income

Misc. Receipts

Operating Profit before working capital changes

Adjustments for:

Trade and Other Receivables

Inventories

Trade Payables

Cash generated from operations

TDS paid /Refunded

Taxes Paid - FBT

Cash Flow before extraordinary items

Extraordinary Items:

Prior Period Income

Exceptional Item (Net)

Misc.Expenditure W/Off

Dividend Income

Misc. Receipts

Foreign Exchange variation

Net cash from operating activities :-

	2006 - 2007		2005 - 2006	
Net Profit before tax and extraordinary items		(6778.10)		(12188.13)
Adjustments for:				
Depreciation	11251.34		10907.11	
Loss on Sale of Fixed Assets(Net)	3.78		0.98	
Interest Expense(Net)	3730.53		3909.51	
Foreign Exchange variation	(307.27)		22.94	
Depletion of Investment	750.00		0.00	
Misc.Expenditure W/Off	472.28		472.28	
Dividend Income	(0.28)		(4.46)	
Misc. Receipts	(3810.18)	12090.20	(809.53)	14498.83
Operating Profit before working capital changes		5312.10		2310.70
Adjustments for:				
Trade and Other Receivables		(9674.60)		597.57
Inventories		(6562.58)		(1727.76)
Trade Payables		17346.11		15881.55
Cash generated from operations		6421.03		17062.06
TDS paid /Refunded		(19.33)		10.54
Taxes Paid - FBT		(36.08)		(36.80)
Cash Flow before extraordinary items		6365.62		17035.80
Extraordinary Items:				
Prior Period Income		307.47		67.40
Exceptional Item (Net)		0.00		5904.27
Misc.Expenditure W/Off		0.00		(131.44)
Dividend Income		0.28		4.46
Misc. Receipts		3810.18		809.53
Foreign Exchange variation		307.27		(22.94)
Net cash from operating activities :-		10790.83		23667.08



Rupees in lacs

B. CASH FLOW FROM INVESTING ACTIVITIES:

	2006 - 2007	2005 - 2006
Purchase of Fixed Assets	(2045.38)	(6934.88)
Sale of Fixed Assets	6.76	4.02
Investment	0.02	0.00
Interest Received	1240.85	303.58
Net cash used in investing activities :-	(797.75)	(6627.28)

C. CASH FLOW FROM FINANCING ACTIVITIES:

	2006 - 2007	2005 - 2006
Proceeds from Issue of Share Capital	129.62	23712.15
Payment of Working Capital Borrowing	(3032.51)	(11998.11)
Payment of Other Borrowings (net)	(2126.77)	(26556.22)
Reduction in Loans	-	2586.00
Interest	(4971.38)	(4213.10)
Net cash from financing activities :-	(10001.03)	(16469.28)
Net increase in cash and cash equivalents :-	(7.95)	570.52
Cash and cash equivalents as at 1.4.2006	(1785.18)	(1214.66)
Cash and cash equivalents as at 31.03.2007	1777.23	1785.18

Notes:

- Cash Flow statement has been prepared following the indirect method except in case of dividend paid/received and taxes paid which have been considered on the basis of actual movements of cash.
- Purchases of Fixed Assets includes movements of Capital Work-in-process between the beginning and end of the year.
- Proceeds from long-term and other borrowings are shown net of repayments.
- Cash and cash equivalents represent cash and bank balances only.
- Previous year's figures have been regrouped/reclassified wherever applicable.
- Figures in brackets represent outflows.

As per our Report of even date attached

For TODARWAL & TODARWAL
Chartered Accountants

For and on behalf of the Board

SUNIL L. TODARWAL
Partner

S. N. TIWARI
Company Secretary

RAJESH R. GUPTA
Managing Director

MUKESH R. GUPTA
Chairman

Place : Mumbai
Date : 30th May, 2007

FINANCIAL HIGHLIGHTS

	Rupees in lacs									
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
Sales	193204.93	158648.22	151799.39	86281.18	64576.55	34666.26	49489.69	53883.05	87652.89	126239.04
Other Income	3912.44	1118.84	95.04	1051.51	304.72	695.90	847.63	724.44	507.92	1167.19
TOTAL INCOME	197117.37	159767.08	151894.43	87332.69	64881.27	35362.16	50337.32	54607.49	88160.81	127406.23
Manufacturing & Other Expenses	189220.88	157115.65	133679.20	81781.42	63591.15	37915.89	53018.21	52734.30	83546.20	113410.12
OPERATING PROFIT / (LOSS) FOR THE YEAR	7896.49	2651.43	18215.23	5551.27	1290.12	(2553.73)	(2680.89)	1873.19	4614.61	13996.11
Interest & Financial Charges	3423.26	3932.45	2309.35	876.77	11753.05	8552.49	28883.06	21481.67	17774.20	13767.25
Depreciation	11251.34	10907.11	10925.89	10963.99	10921.31	11086.23	9087.31	6870.86	6626.96	6110.77
PROFIT / (LOSS) FOR THE YEAR	(6778.11)	(12188.12)	4979.99	(6289.49)	(21384.24)	(22192.45)	(40651.26)	(26479.34)	(19786.55)	(5881.91)
Exceptional Items	-	5904.27	7155.23	5843.22	(2023.50)	(2265.09)	-	-	-	-
Adjustment in respect of earlier years	307.47	67.40	68.73	338.40	(37.64)	1248.46	(158.27)	(2926.63)	(1322.78)	2043.24
PROFIT BEFORE TAX	(6470.64)	(6216.45)	12203.95	(107.87)	(23445.38)	(23209.08)	(40809.53)	(29405.97)	(21109.33)	(3838.67)
Taxation	36.08	36.80	0.00	0.00	0.00	0.00	0.00	0.00	3.25	3.50
PROFIT AFTER TAX	(6506.72)	(6253.25)	12203.95	(107.87)	(23445.38)	(23209.08)	(40809.53)	(29405.97)	(21112.58)	(3842.17)
Profit / (Loss) b/f from last year	(115114.19)	(108860.94)	(121064.89)	(120957.02)	(97511.64)	(74302.56)	(33493.03)	(4087.06)	(1144.19)	5206.36
Appropriations										
(a) Dividend : Amount	-	-	-	-	-	-	-	-	-	-
Percentage	-	-	-	-	-	-	-	-	-	-
(b) Transfer to Reserves/Surplus/P & L	-	-	-	-	-	-	-	-	(15881.33)	220.00
BALANCE CARRIED TO BALANCE SHEET	(121620.91)	(115114.19)	(108860.94)	(121064.89)	(120957.02)	(97511.64)	(74302.56)	(33493.03)	(4087.06)	1144.19
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	223701.10	221671.96	214749.32	212929.21	212324.47	212285.37	212276.51	204951.89	189551.43	166203.17
Less : Depreciation	110274.30	99028.66	88128.80	77220.41	66264.07	55372.63	44337.75	33545.66	23975.29	18482.18
Net Block	113426.80	122643.30	126620.52	135708.80	146060.40	156912.74	167938.76	171406.23	165576.14	147720.99
Investment	250.00	1000.02	1000.02	1006.12	1006.13	1163.48	1163.48	1163.48	1163.48	1196.21
Current Assets	61695.64	45447.10	43756.92	53962.89	54111.92	58071.62	65600.28	64140.04	73128.11	88276.06
Miscellaneous Expenditure	421.42	893.70	1234.53	1680.52	2135.26	2363.35	2773.76	3072.21	3258.68	3704.63
	175793.86	169984.12	172611.99	192358.33	203313.71	218511.19	237476.28	239781.96	243126.41	240897.89
WHAT THE COMPANY OWED										
Secured Loans	136033.25	140813.69	155883.56	213281.02	226032.09	212408.19	202894.34	162140.80	124976.20	111575.93
Unsecured Loans	1806.54	2185.37	25735.08	3899.48	5214.10	8465.92	13676.77	11472.05	16115.95	9830.49
Current Liabilities & Provisions	75535.27	58189.16	42242.35	38630.78	35412.59	37536.77	37595.82	42050.22	48511.26	44855.89
	213375.06	201188.22	223860.99	255811.28	266658.78	258410.88	254166.93	215663.07	189603.41	166262.31
NET WORTH OF THE COMPANY										
Equity Share Capital	42549.05	42419.49	18862.03	18862.03	18862.03	18862.03	18861.99	18861.99	18861.65	18861.66
Reserves & Surplus	41490.66	41490.60	38749.91	38749.91	38749.91	38749.91	38749.91	38749.91	38748.39	55773.92
SHAREHOLDERS FUND	84039.71	83910.09	57611.94	57611.94	57611.94	57611.94	57611.90	57611.90	57610.04	74635.58
Profit & Loss Account	(121620.91)	(115114.19)	(108860.94)	(121064.89)	(120957.01)	(97511.63)	(74302.55)	(33493.01)	(4087.04)	
NET WORTH	(37581.20)	(31204.11)	(51249.00)	(63452.95)	(63345.07)	(39899.69)	(16690.65)	24118.89	53523.00	74635.58

LLOYDS STEEL INDUSTRIES LIMITED

Regd. Office : Modern Centre, 'B' Wing, 2nd Floor, Sane Guruji Marg, Mahalaxmi, Mumbai - 400.011.

DP ID *	
Client ID *	

PROXY FORM

Folio No.	
No. of Shares	

I / We
of
being a Member/s of **LLOYDS STEEL INDUSTRIES LIMITED**, hereby appoint
of or failing him
of as my/ our proxy to vote for me / us on my / our behalf at the 37th Annual
General Meeting of the Company to be held on Saturday, the 4th August, 2007 at 11.00 a.m. at Hall of Harmony,
Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment thereof.

Signed at this day of 2007.

Affix
Revenue
Stamp

Note : The form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

* Applicable for investors holding shares in electronic form.

Tear Here

✂ Tear Here *✂*

LLOYDS STEEL INDUSTRIES LIMITED

Regd. Office : Modern Centre, 'B' Wing, 2nd Floor, Sane Guruji Marg, Mahalaxmi, Mumbai - 400 011.

37th Annual General Meeting

DP ID *	
Client ID *	

ATTENDANCE SLIP

(To be handed at the entrance
of the Meeting Hall)

Folio No.	
No. of Shares	

I, Certify that I am, a registered Member / Proxy for the registered Member of the Company, I hereby record my presence at the 37th Annual General Meeting of the Company to be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Saturday, the 4th August, 2007 at 11.00 a.m.

Full Name of Member (in BLOCK LETTERS)

Name of PROXY (in BLOCK LETTERS)

(To be filled in if the Proxy attends instead of the Member/s)

Member's / Proxy's Signature

* Applicable for investors holding shares in electronic form.

BOOK - POST

If undelivered please return to :

BIGSHARE SERVICES PRIVATE LIMITED

(Unit : Lloyds Steel Industries Limited)

E-2/3, Ansa Industrial Estate, Sakivihar Road,

Saki Naka, Andheri (East),

Mumbai - 400 072.

Phone : 2847 3474 / 3747 / 2847 0652 / 53

Fax : 2847 5207