



32nd
Annual Report
2008-2009

Lloyds Metals &
Engineers Limited

BOARD OF DIRECTORS

CHAIRMAN MUKESH R. GUPTA

MANAGING DIRECTOR B. L. AGARWAL

DIRECTORS

RAJESH R. GUPTA

V.M.BHARATHY (IDBI NOMINEE)

SHANTANU MOHAPATRA

B.B.CHADHA (w.e.f. 28th July,2008)

J.S.CHARLU (w.e.f. 29th May,2009)

AUDITORS

TODARWAL & TODARWAL

REGISTERED OFFICE & WORKS

Plot No. A 1-2, MIDC Area, Ghugus,

Dist. Chandrapur, 442 505, Maharashtra

CORPORATE OFFICE :

Modern Centre,

'B' Wing, 2nd Floor,

Sane Guruji Marg, Mahalaxmi,

Mumbai - 400 011.

REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai - 400 072.

Tel No. - 022 - 4043 200 / 299

Fax No. - 022 - 2847 5207

E-mail - bss@bigshareonline.com

CONTENTS	Page No.
Notice	3
Directors' Report	6
Corporate Governance	9
Auditors' Report	12
Balance Sheet	14
Profit & Loss Account	15
Schedules	16
Balance Sheet Abstract and Company's General Business Profile	21
Statement Pursuant to Section 212	22
Cash Flow Statement	22
Subsidiary Companies	23
Consolidated Statement	33
Proxy Form	39

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of the Lloyds Metals & Engineers Limited will be held at Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra on **Tuesday, 28th July, 2009** at 2.00 p.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2009 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Mukesh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri B.B.Chadha, who was appointed as an Additional Director of the company with effect from 28th July, 2008 pursuant to Section 260 of the Companies Act, 1956 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri J.S.Charlu, who was appointed as an Additional Director of the company with effect from 29th May, 2009, pursuant to Section 260 of the Companies Act, 1956 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals / consents as may be required, Consent of the members be and is hereby accorded to the reappointment of Shri B. L. Agarwal as Managing Director of the Company for a period of five years with effect from 1st January, 2010 upon remuneration, perquisites, and other allowances as set out below with the liberty to the Board of Directors to alter and vary the terms and conditions of appointment including remuneration payable in such manner within the overall limits specified in schedule XIII to the said Act:-

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

In addition to this he is also eligible for:

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

RESOLVED FURTHER THAT notwithstanding loss or inadequacy of profits by the company in any financial years during the period of five years from 1st January, 2010, Shri B.L.Agarwal, shall be paid aforesaid remuneration by way of Salary, perquisites and other allowances as minimum remuneration subject to and in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

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

By Order of the Board,

Shyamal Padhiar

Company Secretary

Date : 29th May, 2009

Place : Mumbai

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. The Register of Members and Share Transfer Books of the Company shall remain closed from **Monday, 20th July, 2009 to Tuesday, 28th July, 2009** (both days inclusive).
4. 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.
5. 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.
6. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all correspondence with the Company / Registrar and Share Transfer Agent.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 32ND ANNUAL GENERAL MEETING
(Pursuant to clause 49 of the Listing Agreement)**

1. Name	Shri Mukesh Gupta	Shri B. B.Chadha	Shri J.S.Charlu	Shri B.L.Agarwal
2. Brief Resume				
Age	51 years	71 years	70 years	63 years
Qualification	B.Com	FICWA, Member of Institute of Internal Auditors, USA	M.A.(Economics), JGEDP- IIM, Sr. Marketing Management Course – AISA, Hyderabad	B.Com., L.L.B.
Experience	31 years	49 years	45 years	43 years
Date of appointment on the Board of the company	21.11.1991	28.07.2008	29.05.2009	Prior to 1987
3. Nature of expertise in Specific Functional Areas	Expertise in the field of project implementation, finance, marketing and other areas	Expertise in all management discipline techniques, corporate strategy and planning, finance, marketing and human resource development.	Having a rich and wider experience in the field of marketing of steel and allied products	Vast and varied experience in Steel Industry and implementation of Steel projects
4. Name(s) of other Companies in which Directorship Held	1. Lloyds Steel Industries Ltd. 2. Vidarbha Power Ltd. 3. Lloyds Line Pipes Ltd.	1. Surya Roshni Ltd. 2. Delton Cables Ltd. 3. Jay Ushin Ltd. 4. Intex Technologies (India) Ltd. 5. Innovation HR Consultants Pvt Ltd.	—	1. Lloyds Steel Industries Ltd. 2. Vidarbha Power Ltd. 3. Lloyds Line Pipes Ltd.
5. Name(s) of other companies in which he is Chairman / Member of the *Committee(s)	1. Lloyds Steel Industries Ltd. – Member Shareholders' / Investor Grievance Committee	1. Surya Roshni Ltd. – Member Audit Committee 2. Jay Ushin Ltd. – Chairman – Audit Committee 3. Intex Technologies (India) Ltd. – Member – Audit Committee	—	1. Lloyds Steel Industries Ltd.– Chairman Shareholders' / Investor Grievance Committee and Member – Audit Committee
6. No. of shares held of Rs.2/- each	353650	—	—	—
7. Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act,1956)	He is related to Mr. Rajesh Gupta, Director of the company.	—	—	—

* Committees for the above purpose only Audit and Share transfer and Investors' Grievance Committees is considered.

By Order of the Board,

Date : 29th May, 2009

Place : Mumbai

Shyamal Padhiar
Company Secretary

EXPLANATORY STATEMENT

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

Item No. 4

The Board of Directors at their meeting held on 28th July, 2008 appointed Shri B.B.Chadha as additional Director of the company who holds office upto the ensuing Annual General Meeting of the Company. The company has received, in terms of Section 257 of the Companies Act, 1956, notice along with the deposit of Rs.500 from a member proposing his candidature for the office of the director.

Shri B.B.Chadha, aged about 71 years has immense and rich experience of more than 49 years in the field of management discipline techniques of corporates including marketing, manufacturing, finance, corporate strategy and planning, project implementation, human resource development. He is having varied exposure in telecommunications, steel, engineering, mines, chemicals and fertilizers, power plant, pipe plant and other industries. He is also having

experience in the areas of organization restructuring and business re-engineering.

He has held senior positions in SAIL over 30 years. In the past, he was also appointed as Chairman and Managing Director of ITI Ltd. and Director – Finance of ITL Ltd. for 3-4 years. He has also worked as Director Advisor for more than 10 year in large group of companies and as a Chairman, Director and Governing Body Member in various companies and institutions.

The detailed profile and information about Shri B.B.Chadha required to be given under Clause 49 of the Listing Agreement is annexed to this Notice.

Considering the overall experience and expertise of Shri B.B.Chadha, his appointment on Board as Non Executive Independent Director will be in the best interest of the Company.

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

None of the Directors, except Shri B.B.Chadha is in any way concerned or interested in the above resolution.

Item No. 5

The Board of Directors at their meeting held on 29th May, 2009 appointed Shri J.S.Charlu as additional Director of the company who holds office upto the ensuing Annual General Meeting of the Company. The company has received, in terms of Section 257 of the Companies Act, 1956, notice along with the deposit of Rs.500 from a member proposing his candidature for the office of the director.

Shri J.S.Charlu, aged about 70 years has done M.A. in Economics, JGEDP from IIM, Kolkata, Sr. Marketing Course from AISA, Hyderabad.

Shri J.S.Charlu has immense and rich experience of more than 45 years in the field of developing marketing strategies of steel and allied products. He has work experience in the marketing areas of various steel and allied industries. During the period 1964 – 1996, he was associated with SAIL and worked as Executive Director for last 3 years. In the past, he has also worked as Director – Marketing of JSW Steel Ltd. for 6 years. He was also member of Marketing Strategy Group of International Iron & Steel Institute, Brussels for 2 years. Besides, the above experience, he has providing consultancy and advisory services to the various corporates in the area of marketing.

The detailed profile and information about Shri J.S.Charlu required to be given under Clause 49 of the Listing Agreement is annexed to this Notice.

Considering the overall experience and expertise of Shri J.S.Charlu; his appointment on Board as Non Executive Independent Director will be in the best interest of the Company.

The Board recommends your approval for Resolution No. 5 in respect of his appointment.

None of the Directors, except Shri J.S.Charlu is in any way concerned or interested in the above resolution.

Item No. 6

The members of the company at their 27th Annual General Meeting held on 23rd September, 2004 had re-appointed Shri B.L.Agarwal as Managing Director for five years with effect from 1st January, 2005. The present tenure of Shri B.L.Agarwal expires on 31st December, 2009, hence it is proposed to reappoint him for further period of five years on such terms and conditions including remuneration in accordance with the Section 269 and other applicable provisions including Schedule XIII of the Companies Act, 1956 subject to approval of the members and any other authorities as may be required.

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

The remuneration and terms of the appointment of Shri B.L.Agarwal mentioned in the Resolution No.6 annexed to this Notice shall be treated as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Shri B.L.Agarwal as Managing Director of the company.

The Board recommends your approval for Resolution No. 6 in respect of his re-appointment.

None of the Directors, except Shri B.L.Agarwal is in any way concerned or interested in the above resolution.

STATEMENT AS REQUIRED TO BE GIVEN TO THE SHAREHOLDERS IN TERMS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 (In respect of Item No. 6)

I. GENERAL INFORMATION

1. Nature of Industry	- Manufacturing of Steel products
2. Date of commencement of commercial Production	- The company has commenced its production activities since 1977.
3. In case of new Companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus.	- N.A.

4. Financial performance based on given indicators :

Particulars	Rs. In Lakhs		
	2006-07	2007-08	2008-09
Total Income	33707.49	33144.64	52776.23
Profit Before Tax	(3056.45)	2264.64	2856.24
Profit after tax	(3065.61)	2250.54	2838.63

5. Export performance and net foreign exchange collaborations :

Particulars	Rs. In Lakhs		
	2006-07	2007-08	2008-09
FOB value of Export	2942.82	491.24	10092.95
6. Foreign Investments or collaborations, if any	NIL		

II. INFORMATION ABOUT THE APPOINTEE**Shri B.L.Agarwal**

- Background Details** B.Com. and L.L.B., having more than 40 years of experience in steel industry, has implemented several projects of company. He was appointed as director prior to 1987 and designated as managing Director since 1995.
- Past Remuneration** Salary--Rs.1,00,000/- per month, HRA@ 60 % of basic salary and Other allowances – Rs.40,000/- per month
- Recognition or Awards** -
- Job Profile and it's suitability** At present, Managing Director of the company. He was appointed as director prior to 1987 and designated as managing Director since 1995. He is responsible for day to day affairs of the company.
- Remuneration proposed** Same as mentioned at Point 2
- Comparative remuneration profile with respect to industry, size of the company, profile and position of person** The remuneration proposed is reasonable as compared to size of the company, profile and position of the person as well as with respect to the industry.
- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial person, if any.** He is a promoter director. He is not related with any other director of the company.

III. OTHER INFORMATION

- Reasons of loss or inadequate profits
- Steps taken or proposed to be taken for improvement.
- Expected increase in productivity and profits in measurable terms.

Not applicable as the company has made profits during the last year.

IV. DISCLOSURE

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

By Order of the Board,

Date : 29th May, 2009
Place : Mumbai

Shyamal Padhiar
Company Secretary

DIRECTORS' REPORT

The Directors present their 32nd Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	Current Year 2008-09	Previous Year 2007-2008
Sales (Net)	52347.23	32969.34
Other Income	429.00	175.30
Total Income :	52776.23	33144.64
Profit before Interest, Depreciation, Exceptional Items & Tax	5338.00	3644.38
Less : Finance Charges	560.80	2117.97
Depreciation	1920.96	2123.90
Profit / (Loss) before exceptional items & taxes	2856.24	(597.49)
Exceptional items (Net)	-	2862.13
Profit/(Loss) before tax	2856.24	2264.64
Less : Tax Provision	17.61	14.10
Profit/(Loss) after Tax	2838.63	2250.54
Add / (Less): Prior Period Income / (Expenses)	5.45	(12.06)
Net Profit/ (Loss)	2844.08	2238.48
Profit / (Loss) b/f from previous year	(17742.32)	(20046.17)
	(14898.24)	(17807.69)
Add : Balance Transferred from Capital Reserve	1247.04	-
Share Premium A/c	11909.81	-
Debenture Redemption Reserve	15.00	65.37
Balance Carried Forward	(1726.39)	(17742.32)

DIVIDEND

With a view to conserve the resources and in view of the volatile business climate, the Directors have not recommended any Dividend for the year ended 31st March, 2009.

OPERATIONS & OVERALL PERFORMANCE

After witnessing a steady growth over last two years, the steel sector was struck by a catastrophe owing to financial turmoil in the major developed economies during the third quarter onwards of the year which led to sharp fall in steel prices and demand in global as well as domestic market. The steep drop in the steel prices, higher cost of coking coal and lower price realizations has put pressure on operating margins and profitability of the steel companies and the trend is expected to continue during the current year as well.

The Total Income of the Company was **Rs. 527.76** crores during the year as against Rs.331.45 crores in the previous year, showing an increase of 59 %. The Company has reported Net profits of **Rs.28.44** crores during the year under review as against Rs. 22.38 crores in the previous year in spite of stiff market condition and unfavourable economic environment.

DEBT RESTRUCTURING

The company was successful in restructuring of its debts in a phased manner with various financial institutions and banks during last 3-4 years. The restructuring of the remaining debts were approved by the Corporate Debt Restructuring (CDR) Cell during the previous year 2007-08.

In accordance with the restructured terms, the Company has paid off **Rs. 11.98** crores during the year towards past Debt liabilities.

DE-MERGER

The Company has, pursuant to provisions of Section 391-394 of the Companies Act, 1956 and with the approvals of the shareholders and creditors as also of the Hon'ble High Court of Judicature at Bombay vide its order passed on 24th April, 2009, transferred / demerged its Steel Tubes and Pipes Undertaking at Murbad under Scheme of Arrangement into its wholly owned subsidiary M/s Lloyds Line Pipes Ltd (LLPL). The Scheme of Arrangement, inter alia, also envisaged adjustment of debit balance in the Profit and Loss account of the company amounting to Rs.131.57 crores against available balance of the Share

Premium and Capital Reserve of the company as on appointed date. The appointed date for the above transfer and adjustment was fixed as 1st November, 2008. Accordingly, all the property, assets, rights, claims, title, interest, authorities, liabilities comprised in the Steel Tubes and Pipes Undertaking of the company at Murbad, as on Appointed Date has been transferred to LLPL on going concern basis. The effective date of the above transfer is 14th May, 2009 being the date of filing the Hon'ble High Court's Order with the Registrar of Companies, Mumbai. The resulting company, LLPL will issue shares to company as a consideration of the above transfer, in terms of the scheme.

SALE OF UNDERTAKING

Pursuant to the provisions of Section 293 (1) (a) of the Companies Act, 1956, the Company has, obtained approval of the members through postal ballot for sale / transfer of its CRCA Unit at Dombivli on Slump sale basis as the conditions of the plant and machinery of the unit were deteriorated over the years. As the company could not make any investment in the unit since 1999 due to financial constraint, the Board considered fit to dispose the unit on slump sale basis. Consequent upon the above sale, it was decided to shift the Registered Office of the company from Dombivli to Ghugus plant within the state of Maharashtra.

PIPE DIVISION

The Steel Tubes and Pipes Division of the company has been demerged into its wholly owned subsidiary M/s Lloyds Line Pipes Ltd. from 1st November, 2008. Hence, sales figures for the division are enumerated for the seven months of the year under review and are not comparable with the previous year's full year figures.

Pipe Division at Murbad recorded sales of **Rs. 173.32** crores during the seven months period as compared to Rs.60.25 crores in the whole previous year. The exports from the division were **Rs. 100.93** crores during the mentioned period as compared to Rs.4.91 crores during the previous year.

SPONGE IRON DIVISION

The production in the division was **173000 MT** against 191799 MT. in the previous year. The Total Income of the Sponge Iron Division was at **Rs. 411.74** crores against Rs.321.78 crores in the previous year which was 28 % higher over the previous year.

In order to utilize, and harness the Waste gases generated while producing Sponge Iron, the Company is in the process of setting up a 30 MW power plant at its Sponge Iron plant site. The work on this is expected to be completed in the third quarter of the current financial year.

During the year 2004-05, the company floated a wholly owned subsidiary for the purpose of Iron ore mining activities. As per the order of Mines Tribunal, the revised letter issued by Government of Maharashtra (GoM) in favour of subsidiary has been set aside. Subsequently the original status has been restored by GoM and a lease has been granted in favour of the company. The matter is under litigation in a case filed by competitor before Delhi High Court. The company is taking necessary steps to safeguard its interest. In the meanwhile, the company has received all statutory permissions and necessary sanctions from the concerned authorities to commence mining operations and the mining operations will be commencing shortly. The commencement of mining will provide viable and uninterrupted source of raw material for the company's Sponge Iron Plant.

ENVIRONMENT & SOCIAL OBLIGATION

The Company maintains the pollution free environment in and around its plants. The Company's plant comply with all norms set up for clean & better environment by Competent Authorities.

BIFR DE-REGISTRATION

Based on the Audited Balance Sheet for the year ended 31st March, 2002, the Company has filed a reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) on 29th May, 2002. The reference came to be registered as Case No. 259/2002 as per their communication No.F.3(L-3) BC/ 2002 dated 3rd July, 2002.

On 17th August 2005, the BIFR declared the Company as Sick in terms of Section 3(1) (o) of the SICA and appointed Industrial development Bank of India (IDBI) as the Operating Agency (OA) u/s 17(3) of the SICA to prepare Rehabilitation Scheme.

In the meanwhile, based on the Audited quarterly Accounts for the quarter ended 30th June, 2008 indicating that the Net worth of the Company has become positive as on 30th June, 2008, the company made an application to the Board for Industrial and Financial Reconstruction (BIFR) for de-registration of the company. Accordingly, Hon'ble BIFR vide its order dtd 22.09.2008 deregistered the company as sick company from the purview of provisions of Section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- a) **Industry structure and development** : With the demand and prices of Steel undergoing several beating during the second quarter of the year under review, the steel industry has been passing through a crisis. The situation seems to have been stabilized during the last quarter of the financial year.
- b) **Opportunities and threats** : The Steel industry has a very good growth potential in years to come with rising domestic consumption on back of growing demand by sectors like infrastructure, automobiles and real estate. The ongoing worldwide recession on account of turmoil in the financial market may affect the steel industry.
- c) **Segment-wise performance** : The Company is operating on only one broad segment, Iron and Steel and hence separate segmental reporting is not applicable. The Company has no activity outside India except export of steel products manufactured in India.
- d) **Outlook** : The Steel Industry outlook in immediate future looks uncertain owing to instability in the developed markets.
- e) **Risk and concerns** : Steel Industry always runs risk of Industry cycle. The Company is continuously monitoring the market development, order procurement and supply management practices and latest development in the steel industry are being introduced. Technological obsolescence, price sensitivity and demand volatility are an inherent business risks. The Company undertakes continuous development, training and modernization programme to keep its business efficient.
- f) **Internal control system** : The Company maintains adequate internal control systems, which provide adequate safeguards and proper monitoring of the transactions. The Company has appointed an Internal Auditor who reports to the Managing Director and Audit Committee of the Board. The Internal Auditor conducts quarterly audits to ensure that the Company's control systems are adequately followed and all statutory requirements are complied with.
- g) **Discussion on financial performance with respect to operating performance** : The operating performance of the Company has been discussed in Directors Report under the head 'Financial Highlights and Operations and Overall Performance' in the current year.
- h) **Human resources and Industrial relations** : During the year under review the Employee/ Industrial relations at both units remained harmonious. Steps were taken continuously by the Company for training its employees in various disciplines. Number of employees as on 31st March, 2009 was 561.
- 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.

SUBSIDIARIES & CONSOLIDATED FINANCIAL STATEMENTS

During the year under review, the company has floated a wholly owned subsidiary, M/s Lloyds Line Pipes Ltd to sale / transfer of its Steel Tubes & Pipes Undertaking at Murbad under a Scheme pursuant to Section 391 - 394 of the Companies Act, 1956.

The Statement required Under Section 212 of the Companies Act, 1956, the Audited Accounts and the Reports of the Directors and Auditors of **M/s. Gadchiroli Metals and Minerals Limited and M/s Lloyds Line Pipes Ltd**, wholly owned subsidiaries, are attached herewith. In accordance with the Accounting Standard AS -21, the Consolidated Financial Statements are attached herewith which forms part of the Annual Report and Accounts.

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 in terms of SEBI direction, for having a common Registrar and Share Transfer Agent, endeavored their best to service the Investors satisfactorily.

PUBLIC DEPOSITS

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

DIRECTORS

During the year under review, **Shri B.B.Chadha** was appointed as additional director with effect from 28th July, 2008 who holds office upto the ensuing Annual General Meeting and the company has received a notice under Section 257 of the Companies Act, 1956 proposing his name to be appointed as Director of the company at the ensuing Annual General Meeting:

Shri J. S. Charlu who was appointed at the meeting of the Board of Directors held on 29th May, 2009 as additional director with effect from 29th May, 2009 holds office upto the ensuing Annual General Meeting and the company has received a notice under Section 257 of the Companies Act, 1956 proposing his name to be appointed as Director of the company at the ensuing Annual General Meeting.

Mrs. V.M.Bharathy was appointed as Nominee Director of IDBI, in place of **Shri D.K.Kamble** with effect from 8th September, 2008.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Final accounts have been prepared on going concern basis.

CORPORATE GOVERNANCE

Pursuant to the revised 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.

AUDITORS & AUDITORS' REPORT

The members are requested to appoint Auditors and fix their remuneration. Auditors' observations in Clause No. 9 (b) in the Annexure to Audit Report (CARO Report) are self explanatory and do not require further explanation.

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

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Dated : 29th May, 2009
Place : Mumbai

Mukesh R Gupta
Chairman

ANNEXURE - A

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

(A) CONSERVATION OF ENERGY

Energy Conservation Measures Taken:-

Pipe Division

The Murbad pipe plant of the company had achieved power factor unity since 2002-06 and continued to maintain the same.

Sponge Iron Division

The division has achieved Electrical System Power Factor at Unity level since 2006-07 which expected to continue the same for the current year and following measures were taken for reducing electrical energy consumption :

- 1) Installation of variable speed control-drives for CB Fan, Shell Air fan and lobe compressors motors.
- 2) Water harvesting and recycling process of water resulting into reduction of consumption of fresh water.
- 3) Improvement in the standards of plant housekeeping and green belt development.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Pipe Division

The Murbad Plant has a separate wing for Project Development and uses in house technology for improvement in the quality of the product.

During the year under review, the Pipe division at Murbad has successfully developed production facility for new grade X-65 and supplied the products to Govt. Authorities. The division has also installed a new Automatic Lacquering machine for surface coating of black pipes to enhance the productivity in terms of quality as well as quantity of pipe products.

Sponge Iron Division

- 1) Operating technology of 500 TPD Kiln has been changed to LURGI based concept during the year 2008-2009. The conversion of technology has improved plant productivity with substantial reduction of raw materials input and electrical power consumption per MT of DRI.
- 2) In order to reduce number of transfer points in product handling and fully utilize the product separation building, major modifications have been carried out by relocating the product screen, magnetic separators, char and semi finished product storage and improved the standards of pollution control.
- 3) Flip Flow Screen with technically advanced concept has been installed in Coal screening circuit of RMHS section to get desired particles' separation of Coal which may enable to maintain consistent quality.
- 4) Kiln to Cooler Transfer Chutes of all 4X100 TPD Kilns have been modified.
- 5) Imported coal with High F.C has been introduced to get a better coal mix with our WCL-coals, enhance the quality of fuel to achieve consistency in quality of the finished products, higher productivity and higher campaign life of kilns.
- 6) On line Ring granulator for crushing of Oversize coal from primary crusher has been installed to improve crushing efficiency of coal thereby reducing operating hour of the circuit.
- 7) Iron Ore crushing has been introduced in closed loop system with screening to separate and crush the oversize fraction of Iron Ore and avoid re-handling of material.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(Rs in Lacs)	
	2008-09	2007-08
(1) Earnings		
Exports including Third Party	10092.95	491.24
(2) Outgo:		
Brokerage & Commission	2.33	34.54
Legal & Professional Charges		1.76
Travelling	23.56	20.80
Other Finance Charges	69.05	0.24
	94.94	57.34

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

		UNIT	2008-09	2007-03
1	Electricity			
a)	Purchased			
	Units	Kwh	22226749	24433877
	Total Amount	Rs.	96337785	97515309
	Rate/Unit	Rs/kwh	4.33	4.00
b)	Own Generation			
i)	Through Diesel Generator			
	Units	Kwh	91750	31340
	Units per ltr. of Diesel Oil	Kwh/ltr	2.94	2.43
	Cost/Unit	Rs/kwh	12.68	14.03
ii)	Through Steam Turbine / Generator		NIL	NIL
2	Coal			
	Quantity	Ton	359490	362282
	Total Cost	Rs.	779775760	577530395
	Average Rate	Rs/Tonne	2169.12	1594.15
3	Fuel Oil			
a)	Furnace Oil			
	Quantity	Ltr.	503484	95500
	Total Amount	Rs.	16206773	2167139
	Average Rate	Rs/Ltr	26.86	22.39
b)	LDO/			
	Quantity	Ltr.	31207	13001
	Total Amount	Rs.	1163220	443914
	Average Rate	Rs/Ltr.	37.27	34.14
	Consumption per unit of Production			
1	PRODUCT Pipe /Tubes			
	- Electricity	Kwh/MT	104.04	165.39
	- Furnace Oil	Ltr/MT	26.24	7.60
	- LDO	Ltr/MT	1.36	1.03
2	PRODUCT Sponge/iron			
	- Electricity	Kwh/MT	115.18	116.72
	- Coal	Ton/MT	2.08	1.89

Note : Figures for Pipe Division are enumerated for the period of 7 months of the year.

For and on behalf of the Board

Dated: 29th May, 2009
Place: Mumbai

Mukesh R Gupta
Chairman

ANNEXURE B

INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF THE EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2009

Sr. No.	Name	Designation	Remuneration (Rs in Lacs)	Qualification	Age (years)	Experience (years)	Date of joining	Previous Employment
1	B.L.Agarwal	Managing Director	25.44	B.Com., LL.B.	63	43	01.01.1995	Business

Notes :

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

For and on behalf of the Board

Dated: 29th May, 2009
Place: Mumbai

Mukesh R Gupta
Chairman

CORPORATE GOVERNANCE

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Lloyds Metals & Engineers Limited

We have examined the compliance of the conditions of Corporate Governance by Lloyds Metals & Engineers Limited, for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

For and on behalf of **TODARWAI & TODARWAI**
Chartered Accountants

Sunil Todarwai
Partner
M.No. 32512

Dated : 29th May, 2009
Place : Mumbai

NOTE ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :-

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operation, and all its interactions with the stakeholders including shareholders, employees, customers, government and suppliers.

2. BOARD OF DIRECTORS

The Board of the Company has a combination of Executive, Non-Executive and Independent Directors headed by Non-executive Chairman.

During the financial year 2008-09, five (5) Board Meetings were held on 16th May 2008, 28th July 2008, 14th August, 2008, 25th October 2008 and 30th January, 2009 respectively.

Details of Directors attendance at Board Meetings and the last Annual General Meeting and number of directorship / membership as on 31st March, 2009 are as follows :

Director	Category of Directorship	No. of meetings held	No. of Meetings Attended	Last AGM Attended	No. of Directorship on Board of other public Companies	No. of other committees where he is a Chairman (C) / Member (M)
Mr. Mukesh R Gupta	Non-Executive/ Promoter	5	5	Yes	3	1(M)
Mr. Rajesh R Gupta	Non-Executive/ Promoter	5	5	Yes	3	1(M)
Mr. B.L. Agarwal	Executive/ Promoter	5	5	Yes	3	1(C) / 1(M)
Mr. Shantanu Mohapatra	Non-Executive Independent	5	4	Yes	2	
Mr. D.K. Kambale	Independent IDBI Nominee	5	3	No	1	
Mr. B. B. Chadha	Non-Executive Independent	5	4		4	1 (C) / 4(M)
Mrs. V.M. Bharathy	Independent IDBI Nominee	5	2		NIL	

Appointed as Independent Director w.e.f. 28th July, 2008

* Withdrawn as Nominee Director w.e.f. 8th September, 2008.

@ Appointed as Nominee Director in place of Mr. D.K. Kambale w.e.f. 8th September, 2008

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the Directors and the Members of the Senior Management Personnel which is also affirmed by them for the financial year ended 31st March, 2009. The declaration to this effect by Managing Director is annexed at the end of this report.

The Code has also been posted on the Company's website at www.lloyds.in.

3. AUDIT COMMITTEE:-

❖ Terms of Reference

The role and terms of reference of the Audit Committee covers the areas mentioned in the Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292 A of the Companies Act, 1956, as amended from time to time, besides other matters as may be referred by the Board of Directors. These, inter alia, include the Review of Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, Review of the adequacy of internal control systems and advising the necessary steps to be taken to correct the weaknesses, Review of the quarterly and annual financial statements before submission to the Board for approval, Review of financial and risk management policies and practices etc.

❖ Composition, No. of meetings held and attendance during the year

As on 31st March, 2009, the Audit Committee comprised of 4 Non-executive Directors including 1 Nominee Director.

During the financial year 2008-09, Five (5) Meetings of Audit Committee were held on 16th May 2008, 28th July 2008, 14th August, 2008, 25th October 2008 and 30th January, 2009 respectively.

Name of Director	Position	No. of Meetings held	No. of meetings attended	Remarks
Mr. Shantanu Mohapatra	Chairperson	5	4	
Mr. Mukesh R Gupta	Member	5	5	
Mr. D.K. Kambale	Member	5	3	Withdrawn as Member w.e.f. 08.09.2008
Mr. B.B. Chadha	Member	5	3	Appointed as Member w.e.f. 28.07.2008
Mrs. V.M. Bharathy	Member	5	2	Appointed as Member w.e.f. 08.09.2008

Mr. Shyamal Padhiar is acting as secretary to the committee.

4. REMUNERATION COMMITTEE

The present Remuneration Committee comprises of three Non Executive Independent Directors. The Company had earlier constituted a Remuneration Committee of the Board comprising of three (3) Non-executive Independent Directors. However, since withdrawal of one Nominee Director from the Board, position was vacant for some time. The said position has been filled since appointment / replacement of one more Independent and Nominee Director on the Board.

The remuneration of Director in all the cases is decided by the Board as per the Remuneration policy of the company subject to necessary approval of shareholders, remuneration committee and other applicable approvals, if any. Save and except Mr. B.L. Agarwal, Managing Director, no other director has drawn remuneration during the financial year 2008-09.

Mr. B.L. Agarwal has been appointed as a Managing Director for a term of five years w.e.f. 1st January, 2005 and is responsible for day to day affairs of the Company. During the year Mr. B.L. Agarwal been paid as per provisions of Schedule XIII of the Companies Act, 1956 minimum remuneration of Rs.25.44 Lacs by way of Salary, Perquisites & Contribution to Provident Fund. For remuneration paid to Managing Director from 1st January, 2005 onwards necessary application has been made for approval of Central Government.

All the Directors except Managing Director, are in receipt of sitting fees of Rs.1000/- per Board and Audit Committee meeting attended by them.

❖ **Details of shares held by Non-Executive directors in their own name as on 31st March, 2009.**

S.No.	Name of the Director	No. of Equity Shares held (Face value Rs. 2/- each)
1.	Mr. Mukesh Gupta	353650
2.	Mr. Rajesh Gupta	345860
3.	Mr. Shantanu Mohapatra	NIL
4.	Mr. B.B.Chadha	NIL
5.	Mrs. V.M. Bharathy	NIL

5. SHAREHOLDER'S AND INVESTOR'S GRIEVANCE COMMITTEE:-

The company has constituted the Share Transfer & Investor Grievance Redressal Committee comprising of 3 Directors namely Mr.Mukesh R.Gupta, Mr.B.L.Agarwal and Mr.Rajesh R.Gupta. The committee is headed by Mr.Mukesh R.Gupta, a Non-executive Director.

The committee oversees the performance of the Registrar and Share Transfer Agents, recommends the measures to improve the level of investor services and matters pertaining to shareholder's complaints and grievances.

The Board has designated Mr. Shyamal Padhiar, 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 therefore are requested to send their grievance, if any, on investor@loyds.in.

The Company's Registrar & Transfer Agent M/s Bigshare Services Pvt. Ltd. recently launched Gen- next Investor Module i'Boss, the most advanced tool to interact with shareholders. The investors may login into i'Boss (www.bigshareonline.com) to help the Company to serve better.

The committee meets weekly/ fortnightly for the approval of the share transfer / split / consolidation / replacement and issue of duplicate Share certificates 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	78	78
Bombay Stock Exchange	2	2
SEBI	5	5
MCA	2	2
Investor's Association	-	-
TOTAL	87	87

6. GENERAL BODY MEETING

a. Details of last 3 Annual General Meetings (AGM) :-

Year	Location	Date	Time
2005-2006	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	03.07.2006	11.30 a.m.
2006-2007	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	02.08.2007	11.30 a.m
2007-2008	Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201. Dist- Thane	10.07.2008	11.30 a.m

b. No Extra Ordinary General Meeting (EGM) was held during the last year.

c. Details of Special Resolution passed in last 3 AGMs :

Date of AGM	Details of Special Resolution
03.07.2006	Issue of Equity shares on Preferential basis by conversion of Preference shares
02.08.2007	No Special Resolution passed
10.07.2008	No Special Resolution passed

d. The Company has passed following Resolutions through Postal Ballot during the last year.

Type of Resolution	Details of Transaction
Ordinary	Sale of Undertaking pursuant to Section 293(1) (a) of the Companies Act,1956
Special	Shifting of the Registered Office of the company

Mr. K.C. Nevatia, Practising Company Secretary who was appointed as Scrutinizer, conducted the postal ballot exercise. Based on the Report of the Scrutinizer, the Chairman declared that the Ordinary Resolution was passed with majority votes of 99.96 % and Special Resolution with 99.94 %.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

7. DISCLOSURES

a) Disclosures on materially significant related party transactions 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 were no such transactions during the year. The details of transactions with related parties are disclosed in the accounts.

b) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee :

No personnel have been denied access to the audit committee.

c) 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

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 are complied with to the extent possible.

8. CEO/CFO CERTIFICATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges the Managing Director of the Company has certified to the Board in compliance with the Clause 49 (V) regarding CEO/CFO certification.

9. MEANS OF COMMUNICATION

The Quarterly and Annual Results are published in Navshakti and Free Press Journals and are displayed on Company's website www.loyds.in. Pursuant to Clause 51 of the Listing Agreement, the results are also displayed on the Electronic Data-Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC).

10. GENERAL SHAREHOLDER INFORMATION

I Annual General Meeting

Date	Tuesday, 28th July, 2009
Time	2.00 p.m.
Venue	Plot No. A 1-2, MIDC Area, Ghugus, Dist Chandrapur, 442-505, Maharashtra.

II Financial Calendar (tentative)

Results for quarter ending 30.06.2009	Fourth Week of July 2009
Results for half year ending 30.09.2009	Fourth week of October 2009
Results for quarter ending 31.12.2009	Fourth week of January 2010
Results for year ending 31.03.2010	Fourth week of May 2010

III **Book Closure Date** Monday, 20th July, 2009 to Tuesday, 28th July, 2009 (both days inclusive)

IV **Dividend Payment date** Not declared

V **Listing of Equity Shares on Stock Exchanges at** Bombay Stock Exchange, Mumbai
The Company has paid annual Listing fees for the financial year 2009-2010 to the Bombay Stock Exchange.

VI **Stock Code** 512455 ISIN No.: INE281B01024

VII Stock Market Data

The monthly movement of equity Share Price on Bombay Stock Exchange

	Share Price (In.Rs.)			BSE Sensex
	High	Low	Close	
April 2008	81.75	60.30	17287.31	
May 2008	79.40	66.10	16415.57	
June 2008	76.55	57.00	13461.60	
July 2008	72.50	50.50	14355.75	
August, 2008	76.05	57.55	14564.53	
September, 2008	64.50	27.50	12860.43	
October, 2008	35.90	14.00	9788.06	
November, 2008	23.80	14.00	9092.72	
December, 2008	24.00	14.35	9647.31	
January, 2009	27.40	15.00	9424.24	
February, 2009	18.00	14.65	8891.61	
March, 2009	23.70	15.05	9708.50	

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

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

IX Share Transfer System

Share Transfer request are registered within an average period of 25 to 30 days from the day of receipt.

Share transfer request in physical form with demat request have been discontinued from February 2004 in terms of SEBI directive.

X Distribution of shareholding as on 31st March, 2009

Promoters	47.78 %
Banks/Financial Institutions	4.05 %
MFs & UTI	0.01 %
FII	0.00 %
Others	48.16 %
Total	100.00

	No. of Shares Held	No. of Shareholders		No. of Shares Held	
		Total	% of Total	Total	% of Total
1 - 500	14507	86.17	6531165	5.87	
501 - 1000	1366	8.11	1311606	1.18	
1001 - 2000	436	2.59	701972	0.63	
2001 - 3000	187	1.11	494219	0.44	
3001 - 4000	45	0.27	162882	0.15	
4001 - 5000	71	0.42	346268	0.31	
5001 - 10000	70	0.42	555766	0.50	
10001 and Above	153	0.91	101187412	90.92	
Total	16835	100.00	111291290	100.00	

Note : * Excludes 397875 forfeited shares of Rs.10/- each.

XI **Dematerialisation of Shares** Over 95.37 % of the shares have been dematerialized upto 31st March, 2009.

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.

Liquidity Company's Shares are traded on the Bombay Stock Exchange.

XII **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, and likely impact on the Equity.** Not Applicable

XIII **Plant Locations** **Sponge Iron Division**
Plot No. A-1/2, MIDC Area, Ghugus, Dist. Chandrapur-442 505, Maharashtra.

XIV (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 Ltd
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(East), Mumbai - 400072.
Tel No. - 022 - 40430200/ 299
Fax No. - 022 - 2847 5207
E-mail: bss@bigshareonline.com

(ii) Any query on Annual Report

Secretarial Department:
Modern Centre, "B" Wing,
2nd Floor, Sane Guruji Marg,
Mahalaxmi, Mumbai - 400 011.
Tel. No. 022 - 3041 8111
Fax No. 022 - 3041 8260
E mail : investor@lloyds.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct during the financial year ended March 31, 2009.

For Lloyds Metal & Engineers Ltd.

Date : 29th May, 2009
Place : Mumbai

B L Agarwal
Managing Director

AUDITORS' REPORT

TO THE MEMBERS OF LLOYDS METALS & ENGINEERS LIMITED

1. We have audited the attached Balance Sheet of Lloyds Metals & Engineers Limited as at March 31, 2009 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, as amended by Companies (Auditors' Report) (Amendment) 2004 (together 'the order') 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, Profit and Loss Account and Cash Flow Statement Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss and Cash Flow Statement 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) In view of the foregoing paragraphs, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow together with the other 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, 2009; 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.
- (f) 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, 2009 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

Sunil Todarwal

Partner

Dated: 29th May, 2009

Place : Mumbai

Membership No. -32512

ANNEXURE TO AUDITORS' REPORT

[Referred to in Paragraph 3 of the Auditor's Report of even date to the Members of Lloyds Metal & Engineers Limited on the Financial Statement for the year ended 31st March 2009]

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) As per scheme of Demerger, a part of fixed assets have been disposed off during the year. Such disposal has, in our opinion, not affected the going concern status of 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), (e), (f) & (g) 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, and according to the information & explanation given to us, the transactions made during the year with parties covered under sec.301 of the Act have been 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 are informed that maintenance of Cost Records has not been prescribed by the central government under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
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 as at March 31, 2009 amounting to Rs. 14.12 lacs (Previous Year Rs.26.16 Lacs) have not been deposited with appropriate authorities and no provision has been made for the same.*
- | Sr. No. | Name of the Statute | Amount (In Lacs) | Forum where dispute is pending |
|---------|------------------------------|------------------|---|
| 1 | The Central Excise Act, 1944 | 8.12 | Customs, Excise, Service Tax Appellate Tribunal |
| | | 6.00 | High Court |
| | TOTAL | 14.12 | |
10. The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash losses in the financial year under audit, as well as, in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments of dues to any financial Institutions and banks.
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.
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. According to the information & explanation given to us, the Company has not made any preferential allotment of shares to parties & companies covered under register maintained under section 301 of the Act during the year.
19. In our opinion and according to information, and explanation given to us, the company has not issued any fresh debenture 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

Sunil Todarwal
Partner
Membership No.-32512

Dated: 29th May, 2009
Place : Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Lacs)

		Schedule	
		AS AT 31.03.2009	AS AT 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,243.05	2,243.05
Reserves & Surplus	B	7,767.24	15,335.06
		10,010.29	17,578.11
Loan Funds			
Secured Loans	C	4,393.22	12,439.43
Unsecured Loans	D	950.00	1,074.34
		5,343.22	13,513.77
TOTAL		15,353.51	31,091.88
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	33,004.02	39,309.48
Less: Depreciation		15,627.65	19,584.51
Net Block		17,376.37	19,724.97
Capital work in progress		7,331.02	379.30
		24,707.39	20,104.27
Investments	F	910.00	10.00
Current Assets, Loans and Advances			
Inventories	G	3,061.97	3,966.39
Sundry Debtors		1,626.03	1,150.03
Cash and Bank Balances		783.51	87.25
Loans and Advances		5,086.79	5,416.42
		10,558.30	10,620.09
Less : Current Liabilities and Provisions	H		
Liabilities & Provisions		22,548.57	17,384.80
Net Current Assets		(11,990.27)	(6,764.71)
Profit & Loss Account		1,726.39	17,742.32
TOTAL		15,353.51	31,091.88

Notes forming part of Accounts

P

Abstract and General Profile of the Company

Q

Schedules referred to herein form an integral part of Balance Sheet

As per our Report of even date attached.

For and on behalf of the Board

For and on behalf of

TODARWAL & TODARWAL

Chartered Accountants

SUNIL L. TODARWAL

Partner

M. No. - 32512

Dated : 29th May, 2009

Place : Mumbai.

SHYAMAL PADHIAR

Company Secretary

B. L. AGARWAL

Managing Director

MUKESH R. GUPTA

Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lacs)

	Schedule	Current Year 31.03.2009	Previous Year 31.03.2008
INCOME			
Gross Turnover		58,506.25	38,199.80
Less : Excise Duty		6,159.02	5,230.46
Net Turnover		52,347.23	32,969.34
Other Income	I	429.00	175.30
		52,776.23	33,144.64
EXPENDITURE			
Cost of Materials	J	42,061.67	25,894.31
Manufacturing & Asset Maintenance	K	1,895.57	1,763.33
Personnel Cost	L	962.38	855.92
Selling & Distribution Expenses	M	1,933.83	525.35
Administrative Expenses	N	584.78	461.35
Total		47,438.23	29,500.26
Profit before Interest, Depreciation & Tax		5,338.00	3,644.38
Interest & Financial Charges (Net)	O	560.80	2,117.97
Profit / (Loss) before Depreciation & Tax		4,777.20	1,526.41
Depreciation		1,924.96	2,127.90
Less : Transferred from Revaluation Reserve		4.00	4.00
		1,920.96	2,123.90
Profit / (Loss) before Exceptional Items & Tax		2,856.24	(597.49)
Exceptional Items (Net)		-	2,862.13
Profit / (Loss) before Tax		2,856.24	2,264.64
Fringe Benefit Tax		17.61	14.10
Profit / (Loss) after Tax		2,838.63	2,250.54
Add / (Less) : Prior period Income / (Expenses)		5.45	(12.06)
Net Profit / (Loss) For The Year		2,844.08	2,238.48
Add: Profit/ (Loss) brought forward from last year		(17,742.32)	(20,046.17)
		(14898.24)	(17,807.69)
Add: Transferred from Capital Reserve		1,247.04	-
Add: Transferred from Share Premium Account		11,909.81	-
Add: Transferred from Debenture redemption Reserve		15.00	65.37
Balance carried to Balance Sheet		(1,726.39)	(17,742.32)
Basic & Diluted Earning Per Share (Rs.)		2.56	2.06
Notes forming part of Accounts	P		
Abstract and General Profile of the Company	Q		

As per our Report of even date attached.

For and on behalf of the Board

For and on behalf of

TODARWAL & TODARWAL

Chartered Accountants

SUNIL L. TODARWAL

Partner
M. No. - 32512

Dated : 29th May, 2009

Place : Mumbai.

SHYAMAL PADHIAR

Company Secretary

B. L. AGARWAL

Managing Director

MUKESH R. GUPTA

Chairman

SCHEDULES

SCHEDULES "A" TO "Q" ANNEXED TO & FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lacs)

SCHEDULE A

SHARE CAPITAL

Authorised

	As at 31.03.2009	As at 31.03.2008
37,50,00,000 Equity Shares of Rs.2/- each (Previous year 37,50,00,000 Equity Shares of Rs.2/- each)	7,500.00	7,500.00
250,00,000 Preference Shares of Rs.10/- each	2,500.00	2,500.00
TOTAL	10,000.00	10,000.00

Issued, Subscribed and Paid-up

11,12,91,290 Equity Shares of Rs.2/- each (Previous year 11,12,91,290 Equity Shares of Rs.2/- each)	2,225.83	2,225.83
Add : 3,97,875 Forfeited shares of Rs. 10/- each (Amount originally received)	17.22	17.22

TOTAL

2,243.05 **2,243.05**

Notes :

- (i) Out of the above shares 5005900 Equity Shares (Previous Year 5005900 Equity Shares) have been issued as fully paid Bonus Shares by way of capitalisation of General Reserve.
- (ii) The Company has forfeited 397875 Equity Shares of Rs.10/- each which are yet to be reissued.

SCHEDULE B

RESERVES AND SURPLUS

Capital Reserve

As per Last Balance Sheet	3,395.23	2,260.00
Add : Addition during the year	5,608.01	1,135.23
Less : Profit & Loss Account Adjusted as per Scheme of Arrangement (Pl. refer Note No.2 of Schedule P)	1,247.03	-
TOTAL	7,756.21	3,395.23

Share Premium

As per last Balance Sheet	11,909.80	11,089.80
Add : Addition during the year	-	820.00
Less : Profit & Loss Account Adjusted as per Scheme of Arrangement (Pl. refer Note No.2 of Schedule P)	11,909.80	-
TOTAL	-	11,909.80

Revaluation Reserve

Balance as per last Balance Sheet	15.03	19.03
Less : Transferred to Profit & Loss Account	4.00	4.00
TOTAL	11.03	15.03

Debenture Redemption Reserve

Balance as per last Balance-Sheet	15.00	80.37
Less : Transferred to Profit & Loss Account	15.00	65.37
TOTAL	-	15.00

TOTAL

7,767.24 **15,335.06**

(Rs. in Lacs)

SCHEDULE C

SECURED LOANS

1. Long Term Loans

(a) From Financial Institutions :

Rupee Loan **4,321.51** 5,446.15

(b) From Banks :

Rupee Loan **71.71** 6,933.28

4,393.22 **12,379.43**

2. Debentures :

(i) 200 20.50% Privately Placed Secured Redeemable Non Convertible Debentures of Rs. 1,00,000/- each. 60.00

TOTAL

4,393.22 **12,439.43**

NOTES TO SCHEDULE C

1. (a) Term Loan from Financial Institutions, and Banks are secured / to be secured by first mortgage and charge on pari-passu basis, on all the Company's immovable & movable properties, both present & future, in such form as may be required, subject to prior charge on specified assets created in favour of the Banker IDBI (for Equipment Finance and Asset Credit Scheme) for secured borrowings and Working Capital requirements.
- (b) Security by way of hypothecation of all the movables except aforesaid specified assets has already been created in respect of the entire aforesaid Term Loans of **Rs 4393.22 Lacs**
2. Term Loan mentioned in 1(a) above includes Equipment Finance & Asset Credit Scheme facilities from IDBI of **Rs.830.40 Lacs** as at 31.03.2009 secured by hypothecation of specific moveable assets financed under the said schemes.
3. The loan mentioned in 1 above includes non interest bearing loans of **Rs 173.21 Lacs** as per the loan restructuring terms.

(Rs. in Lacs)

SCHEDULE D

UNSECURED LOANS

(a) Sales Tax Deferral Loan (SICOM)

124.34

(b) From Body Corporate

950.00 950.00

TOTAL

950.00 **1,074.34**

Notes :

1. Loans repayable within one year Rs. 31.40 Lacs (Previous year Rs. 31.40 Lacs)
2. Sales Tax Deferral Scheme :- Deferred Sales Tax loan is Interest free and repayable after 10 years from the date of availment i.e. starting from 01st April, 2006.

SCHEDULES

SCHEDULE : E

(Rs. in lacs)

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2008	ADDITIONS	ADJUSTMENT ASSETS	AS AT 31.03.2009	AS AT 01.04.2008	FOR THE PERIOD	WRITE BACK/ ADJUSTMENT	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
FREE HOLD LAND	40.83	-	-	40.83	-	-	-	-	40.83	40.83
LEASEHOLD LAND	301.48	-	117.30	184.18	-	-	-	-	184.18	301.48
FACTORY BUILDING	2,197.85	118.96	783.10	1,533.72	1,039.48	60.26	548.43	551.30	982.41	1,158.37
STAFF RESIDENTIAL BUILDING	968.39	-	184.29	784.09	180.37	14.54	46.05	148.86	635.23	788.02
PLANT & MACHINERY	34,939.22	1,185.26	6,009.68	30,114.80	17,897.43	1,805.94	4,971.28	14,732.09	15,382.71	17,041.79
COMPUTERS	119.07	4.02	37.29	85.80	63.49	14.13	36.27	41.36	44.45	55.58
ELECTRICAL INSTALLATION	475.45	-	405.26	70.19	276.32	12.10	223.24	65.18	5.01	199.13
AIR CONDITIONERS	18.05	0.70	4.03	14.73	9.35	0.79	2.40	7.72	6.99	6.70
OFFICE EQUIPMENTS	20.10	-	14.41	5.69	11.23	0.67	8.58	3.33	2.37	8.87
FURNITURE & FIXTURES	101.77	6.22	65.28	42.72	70.20	4.88	45.57	29.51	13.21	31.57
MOTOR VEHICLES	118.08	-	-	118.08	30.08	11.22	-	41.30	76.78	88.00
WEIGHING MACHINE	9.19	-	-	9.19	6.56	0.44	-	6.99	2.19	2.63
TOTAL	39,309.48	1,315.16	7,620.63	33,004.02	19,584.51	1,924.97	5,881.83	15,627.65	17,376.37	19,724.97
CWIP	379.30	8,115.26	1,163.55	7,331.02	-	-	-	-	7,331.02	379.30
TOTAL	39,688.78	9,430.42	8,784.17	40,335.04	19,584.51	1,924.97	5,881.83	15,627.65	24,707.39	20,104.27
PREVIOUS YEAR	39,952.07	814.37	1,077.66	39,688.78	17,493.57	2,127.90	36.96	19,584.51	20,104.27	

NOTE :

- Gross block includes assets aggregating to Rs.2175.82 lacs given on conducting basis.
- Adjustment represents Fixed Assets of Demerged Undertaking (Steel Pipe & Tube Division) transferred at book value as per Scheme of Arrangement approved by the Hon'ble High Court Bombay (Ref Note No.2 of Schedule P).

	(Rs. in Lacs)	
	As at 31.03.2009	As at 31.03.2008
SCHEDULE F		
INVESTMENTS		
Long Term:		
100000 Equity Shares of Wholly Owned Subsidiary Gadchiroli Metals & Minerals Limited of Rs. 10/- each (Previous Year 100000 Equity Share of Rs.10/- each)	10.00	10.00
50000 Equity Shares of Wholly Owned Subsidiary Lloyds Line Pipes Ltd of Rs. 10/- each. (Previous year Nil)	5.00	-
Shares to be issued by Lloyds Line Pipes Limited as per Scheme of Arrangement (Pl. refer Note No.2 of Schedule P)	895.00	-
TOTAL	910.00	10.00
SCHEDULE G		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
Stores and Spares	754.42	525.04
Raw Materials	966.00	1,278.47
Raw Materials in transit / At Port	858.78	242.76
Finished Goods	63.82	1,311.86
Work In Process	6.59	138.36
Scrap	412.36	469.90
	3,061.97	3,966.39
Sundry Debtors		
(Unsecured, considered good unless otherwise stated)		
Exceeding six months		19.48
Others	1,626.03	1,130.55
	1,626.03	1,150.03

	(Rs. in Lacs)	
	As at 31.03.2009	As at 31.03.2008
Cash and Bank Balances		
Cash on Hand	5.88	11.60
Balances with scheduled banks		
In Current Accounts	300.80	17.90
Cheques in hand		54.04
In Margin Account	476.83	3.71
	783.51	87.25
Loans and Advances		
(Unsecured and considered good)		
a) Advances recoverable in cash or in kind or for value to be received	714.41	994.80
b) Deposits and balances with Government departments and others	4,366.45	4,414.18
c) Advance tax / Tax deducted at source	5.93	7.44
	5,086.79	5,416.42
TOTAL	10,558.30	10,620.09
SCHEDULE H		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	16,473.15	10,732.93
Other Liabilities	1,112.06	1,439.19
Bank Overdrawn	75.87	142.21
Advance from Customers	4,715.30	4,882.85
Interest accrued & not Due	36.31	28.08
Provisions		
Provisions for Leave encashment & Gratuity	135.88	159.54
	22,548.57	17,384.80

(Rs. in Lacs)

SCHEDULE I**OTHER INCOME**

	Current Year 31.03.2009	Previous Year 31.03.2008
Miscellaneous Receipts	63.88	142.21
Compensation Earned	25.00	25.00
Exchange Fluctuation Gain	340.12	8.09
TOTAL	429.00	175.30

SCHEDULE J**COST OF MATERIALS :****Consumption of :**

Raw Materials	43,128.89	26,799.09
Production Consumables, Stores & Spares consumed	920.71	739.40
Petroleum Products (Fuel)	257.19	76.07

(Increase)/Decrease in stocks of finished goods and work in process & scrap

Closing Stock	482.77	1,920.12
Less: Opening Stock	1,920.12	199.87

Less : Stock Transfer to LLPL on Demerger

	3,682.47	(1,720.25)
TOTAL	42,061.67	25,894.31

SCHEDULE K**MANUFACTURING & ASSET MAINTENANCE**

Power & Water Charges	983.33	990.14
Repairs and Maintenance	-	-
Plant and Machinery	29.38	45.96
Buildings	11.52	5.82
Others	33.44	17.71

Other Production Expenses

	74.34	69.49
--	-------	-------

Insurance (net)

	829.18	677.96
	8.72	25.74
TOTAL	1,895.57	1,763.33

SCHEDULE L**PERSONNEL**

Salaries, Wages, bonus and allowances	867.35	782.06
Contribution to Provident and other funds	54.99	46.67
Workmen and staff welfare expenses	40.04	27.19
TOTAL	962.38	855.92

SCHEDULE M**SELLING & DISTRIBUTION EXPENSES**

Brokerage & Commission on sales	41.95	108.84
Delivery charges and others exps	911.06	352.09
Export Expenses	979.60	25.40
Sales Promotion	9.14	5.86
Sundry Dr/ Cr Balance Write off / Write back (Net)	(7.92)	33.16
TOTAL	1,933.83	525.35

SCHEDULE N**ADMINISTRATIVE EXPENSES**

Travel and Conveyance	62.10	51.92
Postage, Telephone & Telex	11.55	13.77
Legal and Professional Charges	104.41	51.64
Rent	222.09	198.86
Rates and Taxes	11.21	15.65
Auditor's Remuneration & Out of Pocket Expenses	2.17	1.50
Director's Sitting Fees	0.40	0.28
Vehicle expenses	45.13	43.07
Fees & Subscriptions	16.25	1.82
General Expenses	9.26	16.24
Advertisement and publicity	8.66	1.43
Miscellaneous Expenses	91.55	65.17
TOTAL	584.78	461.35

(Rs. in Lacs)

SCHEDULE O**INTEREST & FINANCIAL CHARGES****Finance Charges :**

	Current Year 31.03.2009	Previous Year 31.03.2008
Bank charges	113.36	229.34
Other financial charges	36.67	1,453.94
	150.03	1,683.28

Interest on :

Term Loans	451.81	382.48
Others	33.22	57.41
	485.03	439.89

	635.06	2,123.17
--	--------	----------

Less : Interest Received (Includes Tax Deducted At Source)

	74.26	5.20
TOTAL	560.80	2,117.97

SCHEDULE P : NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.**1 SIGNIFICANT ACCOUNTING POLICIES****A) System of Accounting :**

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

B) Fixed Assets :

- All fixed assets are valued at cost net of Cenvat unless if any assets are revalued and for which proper disclosure is made in the accounts.
- In the case of ongoing projects, all pre-operative expenses for the project incurred upto the date of commercial production are capitalised and apportioned to the cost of respective assets.

C) Depreciation :

Depreciation on all the assets has been provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956. Lease hold land will be amortised on the expiry of Lease Agreement.

D) Inventories :

The general practice adopted by the company for valuation of inventory is as under :

Raw materials	: At lower of cost or net realisable value.
Store & spares	: At cost (weighted average cost)
Work in process	: At cost
Finished goods	: At cost or net realisable value, whichever is lower (Also refer Accounting Policy G)
Traded goods	: At cost

*Material and other supplies held for use in the production of the inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

E) Investments :

Investments are valued at cost of acquisition, which includes charges such as Brokerage, Fees and Duties.

F) Expenditure during construction period:

Expenditure incurred on projects under implementation are being treated as pre-operative expenses pending allocation to the assets which are being apportioned on commencement of commercial production.

G) Excise Duty :

The Excise duty payable on finished goods dispatches is accounted on the clearance thereof from the factory premises. Excise duty is provided on the finished goods lying at the factory premises and not yet dispatched as per the Accounting Standard 2 "Valuation of Inventories"

H) Customs Duty :

Customs Duty payable on imported raw materials, components and stores and spares is recognised to the extent assessed by the customs department.

I) Foreign Currency Transaction :

Foreign currency transactions during the accounting year are translated at the rates prevalent on the transaction date. Exchange differences arising from foreign currency fluctuations are dealt with on the date of payment/receipt. Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rate. The exchange difference is credited / charged to Profit & Loss Account in case of revenue items and capital items.

J) Provision for Gratuity :

Provision for Gratuity is made on the basis of actuarial valuation based on the provisions of the Payment of Gratuity Act, 1972.

K) Leave Salary :

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

L) Customs Duty Benefit :

Customs duty entitlement eligible under pass book scheme / DEPB is accounted on accrual basis. Accordingly, import duty benefits against exports effected during the year are accounted on estimate basis as incentive till the end of the year in respect of duty free imports of raw material yet to be made.

M) Amortisation of Expenses :**i) Equity Issue Expenses :**

Expenditure incurred in equity issue is being treated as Deferred Revenue Expenditure to be amortised over a period of ten years.

ii) Preliminary Expenses :

Preliminary expenses are amortised over a period of ten years.

iii) Debenture Issue Expenses :

Debenture Issue expenditure is amortised over the period of the Debentures.

N) Impairment of Assets :

The company determines whether a provision should be made for impairment loss on fixed assets (including Intangible Assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard – 28 "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

O) Revenue Recognition :

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 & net of sales return & trade discounts. Export benefits accrue on the date of export, which are utilized for custom duty free import of material / transferred for consideration.

2. a) Pursuant to the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 between the company and Lloyds Line Pipes Limited (LLPL) and their respective Shareholders and Creditors, which was sanctioned by the Hon'ble High Court of Bombay vide its order passed on 24th April 2009, the assets & liabilities of Steel & Pipes undertaking of the company were transferred to and vested in the LLPL with effect from appointed date i.e. 1st November 2008.

b) The details of the Assets and Liabilities relating to the steel tube & pipes undertaking transferred and vested with LLPL with effect from appointed date i.e. 1st November 2008, are as follows:

Assets (Rs. In Lacs)**Fixed Assets :**

Land and Building	490.20	
Other Fixed Assets	1248.60	
		1738.80

Current Assets Loans and Advances :

Sundry Debtors	3316.42	
Cash and Bank Balances	0.01	
Other Current Assets	4788.37	
Loans and Advance	1479.97	
		9584.77

Total Assets

11323.57

Liabilities

(Rs. In Lacs)

Secured Loans	1272.00
Unsecured Loans	92.95
Current Liabilities	9063.62
	10428.57

Excess of Assets over Liabilities**895.00**

c) Pursuant to the Scheme of Arrangement, the Accumulated debit balance in the profit and loss A/c as on the appointed date of Rs.13157 lacs has been setoff / adjusted against the Share Premium A/c to the extent of Rs.11909 lacs and against the Capital Reserve A/c to the extent of Rs.1247 lacs. Accordingly Share Premium and Capital Reserve stand reduced.

d) The total consideration for transfer of and vesting of demerged undertaking in the Lloyds Line Pipes Ltd. was Rs.895 lacs, which is to be paid by issue of share of Lloyds Line Pipes Limited. The above shares are yet to be issued.

e) In view of the Scheme of Arrangement, the previous year's figures are not comparable.

3 Contingent Liability :

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

(Rs. in lacs)

	As at 31/03/09	As at 31/03/08
Contingent liabilities not provided for -		
a) Letter of Credit/Guarantees issued by Banks	377.35	126.31
b) Disputed claim of Excise Authorities	14.12	26.16
c) Claims against the Company not acknowledged as Debts	25.72	143.86

4 Amount held in Margin / Fixed deposit accounts with banks having lien for facilities given by Banks **Rs. 476.83 Lacs** (Previous year Rs. 3.71 Lacs)

5 a) The computation of net profit for the purpose of calculation of managerial remuneration u/s 349 of Companies Act, 1956 has not been enumerated since minimum remuneration has been paid to the Managing Director.

b) Managerial remuneration u/s 198 of the Companies Act, 1956 include :(included in Schedule L)

(Rs. in Lacs)

	Current Year	Previous Year
Salary	24.00	24.00
PF Contribution	1.44	1.44
Total	25.44	25.44

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

6 a) The Income tax assessment have been completed upto Assessment Year 2006-07

b) The company does not envisage any liability for Income Tax for the current year in absence of taxable income.

c) Disclosure as required by the Accounting Standard – 22 "Accounting for Taxes on Income" are given below.:

In the event of carry forward losses and unabsorbed depreciation no Deferred Tax Liability has been created for the financial year ending 31.03.2009. The deferred tax asset has not been recognized as there is no virtual certainty of sufficient future taxable income available against which this deferred tax asset can be realized.

7 Advance recoverable in cash or kind or for a value to be received includes loans and advances given to subsidiary Gadchiroli Metals & Minerals Ltd. of Rs.37.07 lacs.

Particular	(Rs. in Lacs)	
	Current Year	Previous Year
For Audit	1.25	1.00
For Tax Audit	0.35	0.35
For other services	0.57	0.15
Total	2.17	1.50

9 Disclosure as required by the Accounting Standard-15 "Employee Benefit" are given below:

- a) General Description of Plan : Defined Gratuity Benefit obligation (Unfunded)
- b) Method of Valuation of Gratuity: Projected Unit Credit Method.
- c) Reconciliation of opening and closing balance of defined benefit obligation

(i) Obligation as at the beginning of the year	: Rs.62.21 lacs
(ii) Current Services Cost	: Rs. 11.15lacs
(iii) Interest Cost	: Rs.4.98 lacs
(iv) Actuarial (Gain)/Loss	: Rs.3.07 lacs
(v) Benefits paid	: Rs.(2.64) lacs
(vi) Obligation as at the end of the year	: Rs.78.77 lacs

d) Expenses recognized during the year.

(i) Current Services Cost	: Rs. 11.15 lacs
(ii) Interest Cost	: Rs.4.98 lacs
(iii) Actuarial (Gain)/Loss	: Rs.3.07 lacs

Total Expenses recognized during the year: Rs.19.19 lacs

e) Actuarial Assumptions.

(i) Rate of Interest	: 8% per annum
(ii) Salary Growth	: 6.5% per annum
(iii) Withdrawal Rate	: 1%
(iv) Mortality Rate.	: LIC (1994-96) ultimate Mortality Rates.

(v) Retirement Age : 60 years

10 Disclosure as required by the Accounting Standard – 20 "Earning Per Share" are given below. (Rs.)

Particulars	2008-09	2007-08
NPBT	285,623,153	226,466,456
Prior Period Items	545,347	(1,205,827)
Tax Expenses	1,760,804	1,410,434
Numerator (A)	284,407,696	223,850,195
Denominator (B)	111,291,290	108,545,388
Basic & Diluted EPS (A/B)	2.56	2.06

11 Disclosure as required by the Accounting Standard – 18 "Related Party Disclosure" are given below.:

1. Parties where control exist : (Rs.in Lacs)

Particular	(Rs.in Lacs)	
	Current Year	Previous Year
A Name of related party and relationship where control exists		
i) Name of the Related Party	Gadchiroli Metals & Minerals Limited.	
ii) Relationship	Wholly owned Subsidiary Company	
A1 Transaction with related parties Nature of Transaction		
a) Equity	10.00	10.00
b) Loans & Advances Maximum Balance During the Year	37.07	37.05

	(Rs.in Lacs)	
	Current Year	Previous Year
B Name of related party and relationship where control exists		
i) Name of the Related Party	Lloyds Line Pipes Ltd.	
ii) Relationship	Wholly owned Subsidiary Company	
B1 Transaction with related parties Nature of Transaction		
a) Equity	5.00	Nil
b) Shares to be issued as per scheme of arrangement	895.00	Nil

2 Key Managerial Personnel

A Name of related party and relationship		
i) Name of the Related Party	Shri. B L Agarwal	
ii) Relationship	Key Managerial Personnel	
B Transaction with related parties Nature of Transaction		
a) Salary	24.00	24.00
b) PF Contribution	1.44	1.44

12 Debtors, Creditors and Loans & Advances are subject to confirmation by the parties. Difference (if any), shall be accounted on such reconciliation.

13 Disclosure as required by the Accounting Standard – 5 "Net Profit or Loss for the period, Prior Period items and changes in Accounting Policies" are given below.

Prior period expenses is **Rs. 2.26 Lacs** (Previous year Rs. 24.02 Lacs). Prior period income is **Rs. 7.71 Lacs** (Previous year Rs. 11.96 Lacs).

14 The Company has no information as to whether any of its suppliers constitute micro, small & medium enterprises as per Micro, Small & Medium Enterprises Development Act, 2006 and therefore, the amount due to such suppliers has not been identified.

15 As part of restructuring process of debt with some of the lenders, the total outstanding amount (Principal) as per books of **Rs. 7573.76 lacs** has been restructured and settled for **Rs. 1965.75 lacs**. Principal amount of **Rs. 5608.01 lacs** written back has been credited to Capital Reserve.

16 Disclosure as required by the Accounting Standard – 17 "Segment Reporting" are given below.

The Company is operating on only one broad segment – Iron & Steel and hence no separate Segmental results have been given.

17 Additional information pursuant to the provisions of paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

I. Licensed/Installed Capacity per annum

	CRCA M.T.	Pipes/Tubes M.T.	Sponge Iron M.T.
a. Licensed capacity	N.A.	N.A.	N.A.
b. Installed capacity (P.Y.)	24000 (24000)	90000 (90000)	240000 (240000)
c. Production (P.Y.)	Nil (Nil)	23000 (12567)	173000 (191799)

NOTE : Company is not required to obtain any License under Industrial Regulation Act. therefore the details of licensed capacity are not applicable.

II. Opening/Closing Stock, Purchases and Sales of Finished Goods

A) Steel Tubes & Pipes	2008-2009		2007-2008	
	Qty. (M.T.)	Rs. In lacs	Qty. (M.T.)	Rs. In lacs
a. Opening Stock	2964	1176.36	243	79.57
b. Production	23000		12567	
c. Sales	20657	13059.70	9846	5292.60
d. Closing Stock	5307	3337.02	2964	1176.36

B)	Sponge Iron	2008-2009		2007-2008	
		Qty. (M.T.)	Rs. In lacs	Qty. (M.T.)	Rs. In lacs
	a. Opening Stock	998	135.50	50	7.31
	b. Production	173000		191799	
	c. Sales				
	Lumps/Fines	173571	37282.68	190851	31263.43
	By-product		1485.75		867.60
	Scrap		136.22		44.11
	d. Closing Stock	427	70.41	998	135.50
C)	Trading Sales	2008-2009		2007-2008	
		Qty. (M.T.)	Rs. In lacs	Qty. (M.T.)	Rs. In lacs
	a. Opening Stock				
	b. Purchases	17606.94	6536.67	2073.44	451.34
	c. Sales	17606.94	6541.90	2073.44	731.06
	d. Closing Stock				

III. Consumption of Raw Materials

	2008-2009			2007-2008		
	Imported	Indigenous	Qty	Imported	Indigenous	Qty
	Rs.in lacs		(M.T.)	Rs.in lacs		(M.T.)
HR/CR Coil		10198.71	22866.61		4253.85	13978.44
%		100			100	
Iron Ore		17764.89	350732		16140.66	373003
%		100			100	
Coal		7797.76	35490		5775.30	362262
%		100			100	
Zinc		744.78	644.184		84.17	90.316
%		100			100	
Dolomite		86.08	12493		93.77	12098
%		100			100	

IV. Break up of stores and spares consumed

	2008-2009		2007-2008	
	Rs.in lacs	%	Rs in lacs	%
Imported				
Indigenous	920.71	100	739.41	100
Total	920.71	100	739.41	100

V. Expenditure incurred in foreign currency on account of

	Rs.in lacs	
	2008-09	2007-08
Commission	2.33	34.54
Legal & professional charges	Nil	1.76
Travelling	23.56	20.80
Other finance charges	69.05	0.24
Total	94.94	57.34

VI. F.O.B. Value of Exports

	Rs.in lacs	
	2008-09	2007-08
Steel Tubes & Pipes		
Direct	5009.10	42.40
Third Party	5083.85	448.84

18 Based on the audited Quarterly Accounts for the Quarter ended 30th June 2008, indicating that the Net Worth of the company has become positive as on 30th June 2008, the company made an application to Board for Industrial & Financial Reconstruction (BIFR) for the de-Registration of the Company. Accordingly Hon'ble BIFR vide it's order dt. 22.09.2008 deregistered the Company as Sick Company from the purview of the provisions of Section 3(1)(0) of Sick Industrial Companies (Special Provision) Act 1985.

19 Previous year figures have been regrouped and recast wherever necessary to conform to the classification of the current year.

SCHEDULE Q : BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	19594
State Code	11
Balance Sheet Date	31.03.2009

II. Capital Raised during the year (Rs. in Thousands)

Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

SOURCES OF FUNDS

Total Liabilities	3790208
Total Assets	3790208
Paid-up Capital	224305
Reserves & Surplus	776724
Secured Loans	439322
Unsecured Loans	95000

APPLICATION OF FUNDS

Net Fixed Assets	2470739
Investments	91000
Net Current Assets	(1199027)
Miscellaneous Exps.	
Accumulated Losses	172639

IV. Performance of Company (Rs. in Thousands)

Turnover	5850625
Total Expenditure	5607901
Profit/(Loss) Before Tax	285624
Profit/(Loss) After Tax	283863
Earning Per Share in Rs.	2.56
Dividend rate %	NIL

V. Generic Names of Three Principal Products/Service of Company.

(As per Monetary terms)

1. Item Code No. (ITC Code)	720310
Product Description	Sponge Iron
2. Item Code No. (ITC Code)	730590
Product Description	ERW Precision Tubes
3. Item Code No. (ITC Code)	721141
Product Description	Cold Rolled Steel Coils & Sheets

For and on behalf of the Board

Dated : 29th May, 2009 SHYAMAL PADHIAR B. L. AGARWAL MUKESH R. GUPTA
Place : Mumbai. Company Secretary Managing Director Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary Company	Lloyds Line Pipes Ltd.	Gadchiroli Metals & Minerals Ltd.
1 The Financial year of the Subsidiary ended on	March 31, 2009	March 31, 2009
2 Date from which they became Subsidiary Companies	04.09.2008	15.02.2005
3 a. Number of Shares in the Subsidiary Company held by Lloyds Metals & Engineers Limited.	50000 Equity Shares of Rs.10 each Fully paid-up	100000 Equity Shares of Rs.10 each Fully paid-up
b. Percentage of holding	100%	100%
4 The net aggregate of profits, less losses of the Subsidiary Company so far as they concern the members of Lloyds Metals & Engineers Ltd.		
a. Not Dealt within the accounts of Lloyds Metals & Engineers Limited amounted to :		
i) For the financial year ended 31st March, 2009	Rs.2.87 Lacs	
ii) for the previous financial years of the Subsidiary, since it became a Subsidiary of Lloyds Metals & Engineers Ltd.	N.A.	N.A.
b. Dealt within the accounts of Lloyds Metals & Engineers Limited amounted to :		
i) For the financial year ended 31st March, 2009	N.A.	N.A.
ii) for the previous financial years of the Subsidiary, since it became a Subsidiary of Lloyds Metals & Engineers Ltd.	N.A.	N.A.

For and on behalf of the Board

Dated : 29th May, 2009
Place : Mumbai.

SHYAMAL PADHIAR
Company Secretary

B. L. AGARWAL
Managing Director

MUKESH R. GUPTA
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

(Rs.in Lacs)

A. CASH FLOW FROM OPERATION ACTIVITIES:

Net Profit before tax and extraordinary items

Adjustments for:

Depreciation

Sundry Dr/Cr Balances written off

Interest Expense(Net)

Foreign Exchange variation

Misc. Receipts

Operating Profit before working capital changes

Adjustments for:

Trade and Other Receivables.

Inventories

Trade Payables

Cash generated from operations

TDS (Paid) / Refund Received

Taxes Paid - FBT

Cash Flow before extraordinary items

Extraordinary Items:

Prior Period Income

Misc. Receipts

Sundry Dr/Cr Balances written off

Foreign Exchange variation

Net cash from operating activities :-

B. CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets

Sale of Investment

Investment

Interest Received

Net cash used in investing activities :-

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from conversion of share warrant to Equity Shares

Reduction in Loans

Interest paid

Net cash from financing activities :-

Net increase in cash and cash equivalents :-

Cash and cash equivalents as at 01.04.2008

Cash and cash equivalents as at 31.03.2009

	31.03.2009	31.03.2008
Net Profit before tax and extraordinary items	2856.24	(597.47)
Adjustments for:		
Depreciation	1920.96	2123.89
Sundry Dr/Cr Balances written off	(7.92)	33.16
Interest Expense(Net)	560.80	2109.87
Foreign Exchange variation	(340.12)	
Misc. Receipts	(88.88)	
Operating Profit before working capital changes	2044.84	(167.21)
Adjustments for:	4901.08	3502.24
Trade and Other Receivables.	(4939.80)	897.65
Inventories	(3883.94)	(2394.17)
Trade Payables	14220.11	624.57
Cash generated from operations	10297.45	2630.29
TDS (Paid) / Refund Received	1.51	(5.51)
Taxes Paid - FBT	(17.61)	(14.10)
Cash Flow before extraordinary items	10281.35	2610.68
Extraordinary Items:		
Prior Period Income	-	(12.06)
Misc. Receipts	88.88	167.21
Sundry Dr/Cr Balances written off	7.92	-
Foreign Exchange variation	340.12	-
Net cash from operating activities :-	10718.27	2765.83
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(8266.88)	(554.33)
Sale of Investment	-	0.10
Investment	(5.00)	-
Interest Received	74.26	5.20
Net cash used in investing activities :-	(8197.62)	(549.03)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from conversion of share warrant to Equity Shares	-	920.00
Reduction in Loans	(1197.59)	(991.79)
Interest paid	(626.81)	(2115.08)
Net cash from financing activities :-	(1824.40)	(2186.87)
Net increase in cash and cash equivalents :-	696.25	29.93
Cash and cash equivalents as at 01.04.2008	87.26	57.33
Cash and cash equivalents as at 31.03.2009	783.51	87.26

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 and on behalf of

TODARWAL & TODARWAL
Chartered Accountants

SUNIL L. TODARWAL
Partner
M. No. - 32512

Dated : 29th May, 2009
Place : Mumbai.

SHYAMAL PADHIAR
Company Secretary

B. L. AGARWAL
Managing Director

MUKESH R. GUPTA
Chairman

For and on behalf of the Board

**ANNUAL REPORT OF SUBSIDIARY COMPANY
LLOYDS LINE PIPES LTD.**

DIRECTOR'S REPORT

The Directors present their 1st Annual Report on the business and operations of your Company and Audited Statement of Accounts for the period ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

	(Rs. In Lacs)
	For the period ended 31.03.2009
Sales (Net)	15771.14
Other Income	15.62
Total Income :	15786.76
Profit before Interest, Depreciation, & Tax	193.19
Less : Finance Charges	153.14
Depreciation	35.90
Profit / (Loss) before tax	4.15
Less : Provision for Tax (MAT)	0.33
Fringe Benefit Tax	0.95
Profit/(Loss) after Tax	2.87
Add / (Less) : Prior Period Income / Expenses	-
Net Profit/ (Loss) for the period	2.87
Balance Carried Forward	2.87

The company was incorporated on 4th September, 2008 as a Public Limited Company to carry on business relating to the manufacturing / trading of Steel Tubes and Pipes products. The company has been floated as a wholly owned subsidiary by M/s Lloyds Metals & Engineers Ltd. (LMEL)

DE-MERGER

Pursuant to provisions of Section 391-394 of the Companies Act, 1956 and with the approvals of the shareholders and creditors as also of the Hon'ble High Court of Judicature at Bombay vide it's order passed on 24th April, 2009, LMEL has transferred / demerged it's Steel Tubes and Pipes Undertaking at Murbad under Scheme of Arrangement into the company. The appointed date for the above transfer was fixed as 1st November, 2008. Accordingly, all the property, assets, rights, claims, title, interest, authorities, liabilities comprised in the Steel Tubes and Pipes Undertaking of LMEL at Murbad, as on Appointed Date has been transferred to the company on going concern basis. The effective date of the above transfer is 14th May, 2009 being the date of filing the Hon'ble High Court's Order with the Registrar of Companies, Mumbai. The company will issue shares to LMEL, demerged company as a consideration of the above transfer, in terms of the scheme.

OPERATIONS & OVERALL PERFORMANCE

The Steel Tubes and Pipes Unit of LMEL has been demerged into the company from 1st November, 2008. Hence, sales figures are enumerated for the period of five months of the year under review and are not comparable with previous year being the first financial year of the company. The total income of the company was **Rs.157.87 Crores** during the five months period and the exports were **Rs. 8.91 crores** during the aforementioned period. The Net Profit of the company for the period was **Rs.0.02 crores**.

DIVIDEND

This being the first year and with a view to conserve the resources of the company in long run, the Directors have not recommended any Dividend for the period ended 31st March, 2009.

ISSUE AND ALLOTMENT OF SHARES

During the period under review, the Company has issued and allotted 50,000 equity shares of Rs.10/- each being the minimum paid up capital of the company. The entire issued capital is held by it's holding company, M/s Lloyds Metals & Engineers Ltd.

ENVIRONMENT & SOCIAL OBLIGATION

The Company maintains the pollution free environment in and around its plant. The Company's plant comply with all norms set up for clean & better environment by Competent Authorities.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

DIRECTORS

Shri B.L.Agarwal, Shri Mukesh Gupta and Shri Rajesh Gupta being the first directors of the company holds office upto the ensuing Annual General Meeting of the company.

The company has received notices from a member under Section 257 of the Companies Act, 1956 signifying his intension to propose Shri B.L.Agarwal, Shri Mukesh Gupta and Shri Rajesh Gupta as candidate for the office of Director.

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:

- In the preparation of annual accounts for the period ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 period and of the profit or loss of the Company for the period under review.

- 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;
- Final accounts have been prepared on going concern basis.

AUDITORS

The Board of Directors has appointed First Auditors of the company and the members are requested to appoint them at the ensuing Annual General Meeting of the company.

Auditors' observations in Clause No. 9 (b) in the Annexure to Audit Report (CARO Report) are self explanatory and do not require further explanation.

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

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

PARTICULARS OF EMPLOYEES

The company has not employed any employee, whose details are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

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 period under review. Your Directors wish to express their immense appreciation for the devotion, commitment and contribution shown by the employees of the company while discharging their duties.

For and on behalf of the Board

Place : Murbad
Dated : 29th May, 2009

Mukesh R Gupta
Director

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

Energy Conservation Measures Taken:-

The power factor unity achieved by the plant prior to transfer is expected to continue for the current year 2009-2010.

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

- The Plant of the company has a separate wing for Project Development prior to transfer and uses in house technology for improvement in the quality of the product.
- During the year period under review, the following additional equipments has been installed in Data logger recording system at Mill 3 for accurate monitoring and to control the process.
 - Annealer Temperature Indicator
 - Anod Current Meter
 - H.T.K.V. Meter
 - Weldor Temperature Indicator.

The above equipments and apparatus may facilitate to meet the stringent consumer requirement in line with prescribed norms of Natural Gas / L.P.G. conveying pipe line systems.

- The following measures were taken to improve Tube Mill and Slitting line
 - Provision of De air- rating valve at hydro testing machine and switching of one of the hydro testing machine to automatic system.
 - Provision of additional leveler and guide role to control the strip during the process.
 - Capacity of cooling towers has been increased.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(Rs.in lakhs)
	2008-2009
(1) Earnings	
Exports of Steel Tubes / Pipes products	891.25
(2) Outgo:	
Brokerage & Commission	27.08
Legal & Professional Charges	1.97
Travelling	6.11
Others	6.34
	41.50

Form for Disclosure of Particulars with respect to Conservation of Energy

	UNIT	2008-2009
1 Electricity		
a) Purchased		
Units	Kwh	678504
Total Amount	Rs.	3347730
Rate/Unit	Rs/kwh	4.93
b) Own Generation		
i) Through Diesel Generator		
Units	Kwh	17900
Units per ltr. of Diesel Oil	Kwh/ltr	2.27
Cost/Unit	Rs/kwh	15.46
ii) Through Steam Turbine / Generator		NIL
2 Coal		NIL
3 Fuel Oil		
a) Furnace Oil		
Quantity	Ltr.	196376
Total Amount	Rs.	3384607
Average Rate	Rs/Ltr	17.24
b) LDO/ HSD		
Quantity	Ltr.	7900
Total Amount	Rs.	276679
Average Rate	Rs/Ltr.	35.02
Consumption per unit of Production		
1 PRODUCT Pipe /Tubes		
- Electricity	Kwh/MT	125.82
- Furnace Oil	Ltr/MT	35.48
- LDO / HSD	Ltr/MT	1.43

Note : Figures are enumerated for the period of 5 months of the year from 1st November, 2008.

For and on behalf of the Board

Place : Mumbai
Dated : 29th May, 2009

Mukesh R Gupta
Director

AUDITOR'S REPORT**TO THE MEMBERS OF LLOYDS LINE PIPES LIMITED**

- We have audited the attached Balance Sheet of Lloyds Line Pipes Limited as at March 31, 2009 and the related Profit and Loss Account and Cash Flow Statement for the period 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.
- 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.
- As required by the Companies (Auditors' Report) Order, 2003, as amended by Companies (Auditors' Report) (Amendment) Order 2004 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.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - 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;
 - 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;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;
 - In view of the foregoing paragraphs, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement together with the other 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:
 - In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009; and
 - In the case of the Profit and Loss Account, of the Loss for the period ended on that date.
 - In the case of the Cash Flow Statement of the Cash Flow of the Company for the period ended on that date.
 - 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, 2009 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

Sunil Todarwal
Partner
Membership No. - 32512

Place : Mumbai
Dated : 29th May, 2009

Dated : 29th May, 2009
Place : Mumbai

For **Todarwal & Todarwal**
Chartered Accountants

Sunil Todarwal
Partner
Membership No. - 32512

ANNEXURE

- The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
 - 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.
 - During the period, no substantial part of fixed assets has been disposed off by the Company.
- The physical verification of inventory has been conducted at reasonable intervals by the management.
 - 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.
 - The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 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), (e), (f) & (g) are not applicable to the company.
- 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.
- 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.
 - In our opinion, and according to the information & explanation given to us, the transactions made during the financial period with the parties covered under Section 301 of the act 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.
- 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 period.
- 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.
- We have broadly reviewed the books of accounts maintained by the company in respect of pipes division, where, pursuant to the rules made by the Central Government, the maintenance of Cost Records has 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.
- 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 period with the appropriate authorities in India.
 - According to the records of the Company, the disputed dues in respect of Excise Duty as at March 31, 2009 amounting to Rs. 16.54 lacs have not been deposited with appropriate authorities and no provision has been made for the same.
- The Company is incorporated during the period; accordingly the provisions of clause (x) of the Companies (Auditors report) Order 2003 are not applicable to the company.
- According to the information & explanation given to us, the company has not defaulted in repayment of dues to financial institution or bank.
- 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 period.
- In our opinion, considering the nature of activities carried on by the Company during the period, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it.
- 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.
- As informed to us, the Company has during the period, not given any guarantee for the loans taken by others from banks or financial institutions.
- As per information given to us, no fresh term loans have been taken by the Company during the period.
- 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 period.
- The company has not made any preferential allotment of shares during the period.
- In our opinion and according to information and explanation given to us, the company has not issued any fresh debenture during the period.
- In our opinion and according to information and explanation given to us, the Company has not raised any money by public issue during the period.
- 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 period, nor have we been informed of such case by the Management.

**BALANCE SHEET
AS AT 31ST MARCH, 2009**

		(Rs. In Lacs)
Schedule		As at 31.03.2009
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A	5.00
Reserves & Surplus De-merger	B	897.87
		902.87
Loan Funds		
Secured Loans	C	1,124.00
Unsecured Loans	D	92.95
		1,216.95
TOTAL		2,119.82
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	E	1,742.15
Less: Depreciation		35.90
Net Block		1,706.25
Current Assets, Loans and Advances		
Inventories		1,972.74
Sundry Debtors		6,358.80
Cash and Bank Balances		5.14
Loans and Advances		579.40
		8,916.08
Less : Current Liabilities and Provisions		
Liabilities & Provisions	G	8,502.98
Net Current Assets		413.10
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary & Deferred expenses	H	0.47
TOTAL		2,119.82

Notes forming part of Accounts P
Abstract and General Profile of the Company Q
Schedules referred to herein form an integral part of Balance Sheet

As per our Report of even date attached.

For and on behalf of

For and on behalf of the Board

TODARWAL & TODARWAL
Chartered Accountants

SUNIL L. TODARWAL
Partner
M. No. - 32512

B. L. AGARWAL
Director

MUKESH R. GUPTA
Director

Dated : 29th May, 2009
Place : Mumbai.

**PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST MARCH, 2009**

		(Rs. In Lacs)
Schedule		Current Period 31.03.2009
INCOME		
Gross Turnover		15,862.97
Less : Excise Duty		91.83
Net Turnover		15,771.14
Other Income	I	15.62
		15,786.76
EXPENDITURE		
Cost of Materials	J	14,443.65
Manufacturing & Asset Maintenance	K	67.20
Personnel Cost	L	181.10
Selling & Distribution Expenses	M	771.27
Administrative Expenses	N	130.35
TOTAL		15,593.57
Profit before Interest, Depreciation & Tax		193.19
Interest & Financial Charges (Net)	O	153.14
Profit / (Loss) before Depreciation & Tax		40.05
Depreciation		35.90
Profit / (Loss) before Tax		4.15
Provision for Taxes		
Current Tax (MAT)		0.33
Fringe Benefit Tax		0.95
Profit / (Loss) after Tax		2.87
Net Profit / (Loss) For The Period		2.87
Balance carried to Balance Sheet		2.87
Basic Earning Per Share (Rs.)		5.75

Notes forming part of Accounts P
Abstract and General Profile of the Company Q
Schedules referred to herein form an integral part of the Profit and Loss Account

As per our Report of even date attached.

For and on behalf of

For and on behalf of the Board

TODARWAL & TODARWAL
Chartered Accountants

SUNIL L. TODARWAL
Partner
M. No. - 32512

B. L. AGARWAL
Director

MUKESH R. GUPTA
Director

Dated : 29th May, 2009
Place : Mumbai.

SCHEDULES

Schedules "A" to "Q" Annexed to & forming part of Balance sheet as at 31st March, 2009 And Profit and Loss Account for the period ended 31st March, 2009

	(Rs. In Lacs)
	As at 31.03.2009
SCHEDULE A	
SHARE CAPITAL	
Authorised	
50,000 Equity Shares of Rs.10/- each (Previous year Nil)	5.00
	5.00
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs.10/- each (Previous year Nil)	5.00
TOTAL	5.00
SCHEDULE B	
RESERVES AND SURPLUS	
Capital Reserve	895.00
(Amount pending allotment as per Scheme of Arrangement (Ref. Note No.3 of Schedule P))	
Surplus in Profit & Loss Accounts	2.87
TOTAL	897.87

	(Rs. In Lacs)
	As at 31.03.2009
SCHEDULE C	
SECURED LOANS	
Long Term Loans	
From Financial Institutions :	1,124.00
TOTAL	1,124.00
NOTES TO SCHEDULE C	
Term loan is secured / to be secured by first mortgage and charge on all the company's immovable & movable properties, both present & future, subject to prior charge created / to be created in favour of bankers for working capital requirements.	
SCHEDULE D	
UNSECURED LOANS	
Sales Tax Deferral Loan (SICOM)	92.95
TOTAL	92.95

Notes :

- Loans repayable within one year Rs. 31.40 Lacs.
- Sales Tax Deferral Scheme :- Deferred Sales Tax
loan is interest free and repayable after 10 years from
the date of availment i.e starting from 01st April,2006.

SCHEDULE : E

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK
	AS AT 01.11.2008	ADDITIONS	AS AT 31.03.2009	FOR THE PERIOD	AS AT 31.03.2009	AS AT 31.03.2009
LEASEHOLD LAND	117.30	-	117.30	-	-	117.30
FACTORY BUILDING	234.67	-	234.67	3.24	3.24	231.42
STAFF RESIDENTIAL BUILDING	138.24	-	138.24	0.93	0.93	137.31
PLANT & MACHINERY	1,038.40	-	1,038.40	27.35	27.35	1,011.05
COMPUTERS	1.02	0.43	1.45	0.08	0.08	1.37
ELECTRICAL INSTALLATION	182.02	-	182.02	3.58	3.58	178.44
AIR CONDITIONERS	1.62	0.49	2.11	0.04	0.04	2.07
OFFICE EQUIPMENTS	5.83	1.64	7.48	0.15	0.15	7.33
FURNITURE & FIXTURES	19.70	0.80	20.50	0.54	0.54	19.96
TOTAL	1,738.80	3.35	1,742.15	35.90	35.90	1,706.25

Notes:-

- Gross block represents Fixed Assets of Demerged Undertaking (Steel Pipe & Tube Division) taken over at book value as per Scheme of Arrangement approved by the Hon'ble High Court Bombay (Ref Note No.3 of Schedule P)

SCHEDULE F

CURRENT ASSETS, LOANS AND ADVANCES

Inventories

Stores and Spares	99.01
Raw Materials	415.92
Finished Goods	1,244.07
Work In Process	179.50
Scrap	34.24
	1,972.74

Sundry Debtors

(Unsecured, considered good unless otherwise stated)

Exceeding six months	
Others	6,358.80
	6,358.80

Cash and Bank Balances

Cash on Hand	0.02
Balances with scheduled banks	
In Current Accounts	5.12
	5.14

Loans and Advances

(Unsecured and considered good)

a) Advances recoverable in cash or in kind or for value to be received	200.46
b) Deposits and balances with Government departments and others	378.94
	579.40
TOTAL	8,916.08

SCHEDULE G

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors	8,105.31
Other Liabilities	153.67
Advance from Customers	138.75

Provisions

Provision for Leave encashment & Gratuity	105.25
---	--------

TOTAL

8,502.98

SCHEDULE H

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses	0.47
TOTAL	0.47

SCHEDULES

SCHEDULE I

OTHER INCOME

Miscellaneous Receipts	15.62
TOTAL	15.62

SCHEDULE J

COST OF MATERIALS :

Consumption of :

Raw Materials	12,083.89
Production Consumables, Stores & Spares consumed	98.97
Petroleum Products (Fuel) (Increase)/Decrease in stocks of finished goods and work in process & scrap	36.12
Closing Stock	1,457.80
Less: Opening Stock	3,682.47
	2,224.57

TOTAL

14,443.65

SCHEDULE K

MANUFACTURING & ASSET MAINTENANCE

Power & Water Charges	36.26
Repairs and Maintenance	
Plant and Machinery	6.15
Buildings	7.13
Others	1.01
	14.29
Other Production Expenses	16.39
Insurance	0.26
TOTAL	67.20

SCHEDULE L

PERSONNEL COST

Salaries, Wages, bonus and allowances	163.30
Contribution to Provident and other funds	8.36
Workmen and staff welfare expenses	9.44
TOTAL	181.10

SCHEDULE M

SELLING & DISTRIBUTION EXPENSES

Brokerage & Commission on sales	11.86
Delivery charges and other exps	521.64
Export Expenses	231.36
Sundry Dr/ Cr Balance Write off / Write back (Net)	6.41
TOTAL	771.27

SCHEDULE N

ADMINISTRATIVE EXPENSES

Travel and Conveyance	11.50
Postage, Telephone & Telex	0.97
Legal and Professional Charges	8.18
Rates and Taxes	1.31
Auditor's Remuneration & Out of Pocket Expenses	0.15
Vehicle expenses	5.58
General Expenses	5.40
Exchange Fluctuation Loss	90.07
Miscellaneous Expenses	7.19
TOTAL	130.35

SCHEDULE O

INTEREST & FINANCIAL CHARGES

Finance Charges :	
Other financial charges	127.51
	127.51
Interest Charges	26.36
	153.87
Less : Interest Received (includes tax deducted at source)	0.73
TOTAL	153.14

SCHEDULE P : NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009.

1) SIGNIFICANT ACCOUNTING POLICIES

A) System of Accounting:

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

B) Fixed Assets:

- All fixed assets are valued at cost net of Cervat unless if any assets are revalued and for which proper disclosure is made in the accounts.
- In the case of on-going projects, all pre-operative expenses for the project-incurred upto the date of commercial production are capitalised and apportioned to the cost of respective assets.

C) Depreciation :

Depreciation on all the assets has been provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956. Lease hold land will be amortised on the expiry of Lease Agreement.

D) Inventories :

The general practice adopted by the company for valuation of inventory is as under :

Raw materials	: At lower of cost or net realisable value.
Store & spares	: At cost (weighted average cost)
Work in process	: At cost
Finished goods	: At cost or net realisable value, whichever is Lower (Also refer Accounting Policy G)
Traded goods	: At cost

*Material and other supplies held for use in the production of the inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

E) Investments :

Investments are valued at cost of acquisition, which includes charges such as Brokerage, Fees and Duties.

F) Expenditure during construction period:

Expenditure incurred on projects under implementation are being treated as pre-operative expenses pending allocation to the assets which are being apportioned on commencement of commercial production.

G) Excise Duty :

The Excise duty payable on finished goods dispatches is accounted on the clearance thereof from the factory premises. Excise duty is provided on the finished goods lying at the factory premises and not yet dispatched as per the Accounting Standard 2 "Valuation of Inventories"

H) Customs Duty :

Customs Duty payable on imported raw materials, components and stores and spares is recognised to the extent assessed by the customs department.

I) Foreign Currency Transaction :

Foreign currency transactions during the accounting period are translated at the rates prevalent on the transaction date. Exchange differences arising from foreign currency fluctuations are dealt with on the date of payment/receipt. The exchange difference is credited / charged to Profit & Loss Account in case of revenue items and capital items.

J) Provision for Gratuity :

Provision for Gratuity is made on estimated basis based on the provisions of the Payment of Gratuity Act, 1972.

K) Leave Salary :

Provision is made for value of unutilised leave due to employees at the end of the period.

L) Customs Duty Benefit :

Customs duty entitlement eligible under pass book scheme / DEPB is accounted on accrual basis. Accordingly, import duty benefits against exports effected during the period are accounted on estimate basis as incentive till the end of the period in respect of duty free imports of raw material yet to be made.

M) Amortization of Expenses :

- Equity Issue Expenses :
Expenditure incurred in equity issue is being treated as Deferred Revenue Expenditure to be amortised over a period of ten years.
- Preliminary Expenses :
Preliminary expenses are amortised over a period of ten years.
- Debenture Issue Expenses :
Debenture issue expenditure is amortised over the period of the Debentures.

N) Impairment of Assets :

The company determines whether a provision should be made for impairment loss on fixed assets (including Intangible Assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

O) **Revenue Recognition :**

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 & net of sales return & trade discounts. Export benefits accrue on the date of export, which are utilized for custom duty free import of material / transferred for consideration.

- 2) The Company was incorporated on 04th September 2008. Therefore previous year's Figures not applicable.
- 3) a) Pursuant to the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 between the company and Lloyds Metals & Engineers Ltd., and their respective Shareholders and Creditors, which was sanctioned by the Hon'ble High Court of Bombay vide its order passed on 24th April 2009, the assets and liabilities of Steel Tubes & Pipes undertaking of Lloyds Metals & Engineers Ltd. were transferred to and vested in the Company with effect from appointed date i.e. 1st November 2008.
- b) The details of the Assets and Liabilities relating to the Steel Tube & Pipes undertaking transferred and vested with the company with effect from appointed date i.e. 1st November 2008, are as follows:

Assets		(Rs. In Lacs)
Fixed Assets :		
Land and Building	490.20	
Other Fixed Assets	1248.60	1738.80
Current Assets Loans and Advances :		
Sundry Debtors	3316.42	
Cash and Bank Balances	0.01	
Other Current Assets	4788.37	
Loans and Advance	1479.97	
	9584.77	
Total Assets		11323.57
Liabilities		
Secured Loans	1272.00	
Unsecured Loans	92.95	
Current Liabilities	9063.62	
	10428.57	
Excess of Assets over Liabilities		895.00

- c) The total consideration for transfer of and vesting of demerged undertaking in the company was Rs.895 lacs, which is to be paid by issue of shares of the company. The above share are yet to be issued.
- 4) **Contingent Liability :**
Unprovided Contingent Liabilities are disclosed in the accounts by way of notes giving the nature and quantum of such liabilities. (Rs. in lacs)

	As at 31/03/09
Contingent liabilities not provided for --	
a) Disputed claim of Excise Authorities	16.54
b) Claims against the Company not acknowledged as Debts	116.77

5) **Auditors' remuneration** (Rs. in Lacs)

Particular	For the Period
For Audit	0.12
For Tax Audit	0.03
For other services	
Total	0.15

6) Disclosure as required by the Accounting Standard-15 "Employee Benefit" are given below:

- a) General Description of Plan : Defined Gratuity Benefit obligation (Unfunded)
- b) Method of Valuation of Gratuity: Projected Unit Credit Method.
- c) Reconciliation of opening and closing balance of defined benefit obligation
- | | |
|--|------------------|
| (i) Obligation as at the beginning of the year | : Rs.42.90 lacs |
| (ii) Current Services Cost | : Rs.6.62 lacs |
| (iii) Interest Cost | : Rs.3.43 lacs |
| (iv) Actuarial (Gain)/Loss | : Rs.7.90 lacs |
| (v) Benefits paid | : Rs.(9.43) lacs |
| (vi) Obligation as at the end of the year | : Rs.51.42 lacs |
- d) Expenses recognized during the year.
- | | |
|---|-----------------|
| (i) Current Services Cost | : Rs. 6.62 lacs |
| (ii) Interest Cost | : Rs.3.43 lacs |
| (iii) Actuarial (Gain)/Loss | : Rs.7.90 lacs |
| Total Expenses recognized during the year | : Rs.17.95 lacs |
- e) Actuarial Assumptions.
- | | |
|-----------------------|---|
| (i) Rate of Interest | : 8% per annum |
| (ii) Salary Growth | : 6.5% per annum |
| (iii) Withdrawal Rate | : 1% |
| (iv) Mortality Rate | : LIC (1994-96) ultimate Mortality Rates. |
| (v) Retirement Age | : 60 years |

7) Disclosure as required by the Accounting Standard – 20 "Earning Per Share" are given below.

Particulars	2008-09
NPBT	415,513
Tax Expenses	(128,221)
Numerator (A)	287,292
Denominator (B)	50000
Basic & Diluted EPS (A/B)	5.75

- 8) Debtors, Creditors and Loans & Advances are subject to confirmation by the parties. Difference (if any), shall be accounted on such reconciliation.
- 9) The Company has no information as to whether any of its suppliers constitute micro, small & medium enterprises as per Micro, Small & Medium Enterprises Development Act, 2006 and therefore, the amount due to such suppliers has not been identified.
- 10) Additional information pursuant to the provisions of paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

I. **Licensed/Installed Capacity per annum**

	Pipes/TubsM.T.
a. Licensed capacity	N.A.
b. Installed capacity	90000
c. Production (Nov'08-Mar'09)	5535

NOTE :

Company is not required to obtain any License under Industrial Regulation Act. therefore the details of licensed capacity is not applicable.

II **Opening/Closing Stock, Purchases and Sales of Finished Goods**

A) Steel Tubes & Pipes	Period Ended 31/03/09	
	Qty. (M.T.)	Rs. in lacs
a) Opening Stock	5307	3337.02
b) Production	5535	
c) Sales	7764	4346.47
d) Closing Stock	3078	1244.07

B) Trading Sales	Period Ended 31/03/09 (HRJ CR)	
	Qty.(M.T.)	Rs.In lacs
a) Opening Stock		
b) Purchases	22642.60	11395.10
c) Sales	22642.60	11516.50
d) Closing Stock		

III **Consumption of Raw Materials**

	Period Ended 31/03/09		
	Imported	Indigenous	Qty.
	Rs. in lacs		(M.T.)
HR/CR Coil		563.71	5584.34
%		100	
Zinc		125.08	222.924
%		100	

IV **Break up of stores and spares consumed**

	Period Ended 31/03/09	
	Rs. In lacs	%
Imported		
Indigenous	98.97	100
Total	98.97	100

V **Expenditure incurred in foreign currency on account of**

Rs. In lacs

	Period Ended 31/03/09
Commission	27.08
Legal & Professional Charges	1.97
Traveling	6.11
Other finance charges	6.34
Total	41.50

VI **F.O.B. Value of Exports**

Rs. In lacs

	Period Ended 31/03/09
Steel Tubes & Pipes	
Direct Export	54.42
Third Party Export	836.83

**SCHEDULE Q : BALANCE SHEET ABSTRACT
AND COMPANY'S GENERAL BUSINESS
PROFILE**

**CASH FLOW STATEMENT FOR THE
PERIOD ENDED 31ST MARCH 2009**

(Rs.in Lacs)

I. Registration Details	
Registration No.	186460
State Code	11
Balance Sheet Date	31.03.2009

II. Capital Raised during the year (Amount Rs. in Thousands)	
Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds
(Amount Rs. in Thousands)**

SOURCES OF FUNDS

Total Liabilities	1062280
Total Assets	1062280
Paid-up Capital	500
Reserves & Surplus	89787
Secured Loans	112400
Unsecured Loans	9295

APPLICATION OF FUNDS

Net Fixed Assets	170625
Investments	NIL
Net Current Assets	41310
Miscellaneous Exps.	47
Accumulated Losses	NIL

IV. Performance of Company (Amount Rs. in Thousands)

Turnover	1586297
Total Expenditure	1587444
Profit/(Loss) Before Tax	415
Profit/(Loss) After Tax,	287
Earning Per Share in Rs.	25.75
Dividend rate %	NIL

**V. Generic Names of Three Principal Products/Service of Company.
(As per Monetary terms)**

1. Item Code No. (ITC Code)	730590
Product Description	ERW Precision Tubes

For and on behalf of the Board

Dated : 29th May, 2009
Place : Mumbai.

B. L. AGARWAL **MUKESH R. GUPTA**
Director Director

A. CASH FLOW FROM OPERATION ACTIVITIES:

Net Profit before tax and extraordinary items

Adjustments for:

Depreciation

Foreign Exchange variation

Misc. Receipt

Operating Profit before working capital changes

Adjustments for:

Trade and Other Receivables

Inventories

Trade Payables

Cash generated from operations

Taxes Paid - FBT

Cash Flow before extraordinary items

Extraordinary Items:

Misc. Receipts

Foreign Exchange variation

Preliminary expenses Paid

Net cash from operating activities :

B. CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets

Net cash used in investing activities :

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from issue of shares

Repayment of Loans

Net cash from financing activities :

Net increase in cash and cash equivalents :

Cash and cash equivalents as at 01.11.2008

Cash and cash equivalents as at 31.03.2009

2008 - 2009	
	4.15
35.90	
90.07	
(15.62)	110.35
	114.50
	(2141.82)
	2815.64
	(560.97)
	227.35
	(0.95)
	226.40
	15.62
	(90.07)
	(0.47)
	151.48
	(3.35)
	(3.35)
	5.00
	(148.00)
	(143.00)
	5.13
	0.01
	5.14

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.
- Cash and cash equivalents represent cash and bank balances only.
- Previous year's figures have not been disclosed as it is first year of operation.
- Figures in brackets represent outflows.

As per our Report of even date attached.

For and on behalf

For and on behalf of the Board

TODARWAL & TODARWAL

Chartered Accountants

SUNIL L. TODARWAL

Partner,

M. No. - 32512

Dated : 29th May, 2009

Place : Mumbai.

B. L. AGARWAL : MUKESH R. GUPTA

Director

Director

ANNUAL REPORT OF SUBSIDIARY COMPANY GADCHIROLI METALS & MINERALS LTD.

DIRECTORS' REPORT

To

The Members,

Your Directors present the Fifth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended on 31st March 2009.

OPERATIONS

Since the Company has not yet commenced any activities, the Profit and Loss Account for the year ended has not been prepared.

As at the end of the year the Company has incurred **Rs.45.92** Lacs for the preliminary expenses, which will be amortised over a period of five years after commencement of business.

DIVIDEND

By reason of non-commencement of any activities during the year, your Directors have not recommended any dividend for the year.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
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.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

AUDITORS

The members are requested to appoint Auditors for the Current year and fix their remuneration.

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

Since the Company has not yet started activities, there is no material information in accordance with the provision of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988. The expenditure on account of Foreign Currency is NIL.

PARTICULARS OF EMPLOYEES

The Company does not have any employees, whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975.

COMPLIANCE CERTIFICATE

As required by the provisions of Section 383A of the Companies Act, 1956, Compliance Certificate issued by the Practising Company Secretary is set out in the Annexure 'A' forming part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors and Shareholders of the Company.

For and on behalf of the Board

Ravi Agarwal
Chairman

Dated: 29th May, 2009
Place: Mumbai

ANNEXURE 'A'

To,

The Members
GADCHIROLI METALS & MINERALS LIMITED,
Nagpur

We have examined the registers, records, books and papers of Gadchiroli Metals & Minerals Limited, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time as prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited Company, this para is not applicable to it.
4. The Board of Directors duly met 4 (four) times respectively on 16.05.2008, 22.08.2008, 20.11.2008 & 16.02.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed by the Company during the financial year under review.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 05.07.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors or persons, or firms or companies referred to under section 295 of the Act.
9. As informed to us, there were no instances necessitating the compliance of the provisions of section 297 of the Act by the Company in respect of contracts specified in that section.
10. As informed to us, the Company has not entered into any contract during the financial year requiring entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain any approval from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) neither allotted any securities nor received the same for transfer/ transmission or any other purpose during the financial year.
 - (ii), (iii) & (iv) not declared any dividend including interim dividend during the financial year. There is no amount of unpaid/unclaimed dividend in respect of earlier years and therefore the particulars required under sub - paras (ii), (iii) & (iv) are not applicable.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year under review.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. There were no instances requiring to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.
21. The Company has neither Preference Share Capital nor it has issued any debentures and therefore the question of redemption of the same does not arise.
22. There were no instances necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A and 58AA of the Act read with Companies (Acceptance of Deposit) rules 1975 during the financial year under review.
24. The Company has not borrowed any amount during the year under review except advance received from the holding company.
25. The Company has not made any investments in securities of nor advanced loans or given guarantees or provided securities to other bodies corporate during the financial year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under review.
31. As per the information and according to the explanations furnished to us by the Company, there were no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act during the financial year under review.
32. The Company has not received any money as security from its employees during the financial year.
33. As per information and explanations furnished to us, The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 is not applicable to the Company.

For K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES

K.C. NEVATIA
PROPRIETOR
C.P.NO. 2348

Place : Mumbai
Date : 29th May, 2009

ANNEXURE 'A'

Registers as maintained by the Company

- | | |
|---|-------------|
| 1. Register of Members | u/s 150(1) |
| 2. Minutes of Board Meetings | u/s 193(1) |
| 3. Register of Directors | u/s 303 (1) |
| 4. Register of Director's Share holding | u/s 307 (1) |
| 5. Books of Accounts | u/s 209 |

ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies during the financial year ending 31st March, 2009

Sr. No.	Form No./ Return	Filed U/S	For	Date of filing	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1	Form No.23AC & 23ACA	220	Balance Sheet (Year ended 31/03/2008)	09.07.2008	Yes	---
2	Form No.66	383A	Compliance Certificate (Year ended 31/03/2008)	09.07.2008	Yes	---
3	Form No.20B	159	Annual Return as on 05.07.2008	24.07.2008	Yes	---

For K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES

K.C. NEVATIA
PROPRIETOR
C.P.NO. 2348

Place : Mumbai
Date : 29th May, 2009

AUDITORS' REPORT

To,

The Members of

GADCHIROLI METALS & MINERALS LIMITED

1. We have audited the attached balance sheet of **GADCHIROLI METALS & MINERALS LIMITED** as at 31st March, 2009. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.
2. We 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 the Company has not yet started its activities no Annexure is enclosed as required by the Companies' (Auditor's Report) Order, 2003 in terms of sub-section (4A) of section 227 of the Companies Act, 1956.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The balance sheet dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

in the case of the balance sheet, of the state of affairs of the company as at 31st March 2009.

For **PATEL, SHAH & JOSHI**
Chartered Accountants

Jayant I. Mehta
Partner
Membership No. - 42630

Dated : 29th May, 2009
Place : Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. In Lacs)

Schedule	AS AT 31.03.2009	AS AT 31.03.2008
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
SHARE CAPITAL		
a) Paid up Capital	10.00	10.00
Advance received from holding Co. Lloyds Metals & Engineers Limited	37.07	37.05
	47.07	47.05
APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS & ADVANCES		
Cash & Bank Balances	(-)	1.26
Capital Advance	1.26	1.26
Less :CURRENT LIABILITIES & PROVISIONS		
a) Provision for Audit Fees	0.11	0.06
NET CURRENT ASSETS	1.15	1.21
MISCELLANEOUS EXPENDITURE	45.92	45.84
	47.07	47.05
Accounting policies and Notes forming part of these accounts	5	

As per our attached Report of even date. For and on behalf of the Board

For PATEL, SHAH & JOSHI
Chartered Accountants

JAYANT I. MEHTA
Partner
M. No. - 42630

R. VENKATARAMAN
Director

RAVI AGARWAL
Director

Dated : 29th May, 2009
Place : Mumbai.

Schedules forming part of the balance sheet and profit and loss account
for the year to 31st March, 2009

(Rs. In Lacs)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED :		
100,000 Equity Shares of Rs.10/- each	10.00	10.00
	10.00	10.00
ISSUED, SUBSCRIBED & FULLY PAID UP		
100,000 Equity Shares of Rs.10/- each Wholly owned subsidiary of Lloyds Metals & Engineers Limited	10.00	10.00
	10.00	10.00
SCHEDULE - 2		
UNSECURED LOANS		
Advance Received from Holding Co. Lloyds Metals & Engineers Limited	37.07	37.05
	37.07	37.05
SCHEDULE - 3		
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Cash and Bank balances	-	-
Cash	-	-
Balances with Scheduled Banks	-	-
Current Account	-	-
B. LOANS AND ADVANCES		
Capital advances	1.26	1.26
	1.26	1.26
TOTAL	1.26	1.26
SCHEDULE - 4		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	45.92	45.84
	45.92	45.84

SCHEDULE - 5 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

PART - A

SIGNIFICANT ACCOUNTING POLICIES

- Basis of Preparation of Accounts:** The financial statements have been prepared on the basis of going concern under the historical cost convention and accrual basis, to comply in all material aspects with applicable accounting principle in India, the Accounting Standards issued by the Institute of Chartered Accountant of India and the relevant provisions of the Companies Act, 1956.
- Deferred Revenue Expenditure :** Preliminary expenses will be amortised over a period of five years after commencement of business.

PART - B

NOTES FORMING PART OF THE ACCOUNTS:

1. Related Party Disclosure:

Sr.No	Party	Relationship
I.	Lloyds Metals & Engineers Ltd	Holding company.
II.	a. Mr. Ravi Agarwal, b. Mr. R. Venkataraman	Key Managerial personnel

2. Transaction with the related parties.

Sr. No.	Transaction	(Rs. in Lacs)	
		Year ended 31.03.2009	Year ended 31.03.2008
	Holding Company		
I	Share Capital	10.00	10.00
II	Advance Received	37.07	37.05

Related parties are identified by the management of the company.

As per our attached Report of even date. For and on behalf of the Board

For PATEL, SHAH & JOSHI
Chartered Accountants

JAYANT I. MEHTA
Partner
M. No. - 42630

R. VENKATARAMAN
Director

RAVI AGARWAL
Director

Dated : 29th May, 2009
Place : Mumbai.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

(Rs. In Lacs)

	Year Ended 31.03.2009	Year Ended 31.03.2008
A. Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax & Extraordinary Items		
Adjustments For :		
Other Non-cash Charges		
Increase/Decrease In Provision	0.057	(0.120)
Operating Profit Before Working Capital Changes	0.057	(0.120)
B. Cash Flow From Investing Activities :		
Deferred Revenue Expenditure	(0.083)	(3.137)
	(0.026)	(3.257)
C. Cash Flow From Financing Activities :		
Advance Received From Lloyds Metals & Engineers Ltd	0.021	2.050
	0.021	2.050
Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)	(0.006)	(1.207)
Cash And Cash Equivalents (Opening Balance)	(0.003)	(1.210)
Cash And Cash Equivalents (Closing Balance)	(0.003)	0.003

As per our attached Report of even date. For and on behalf of the Board

For PATEL, SHAH & JOSHI
Chartered Accountants

JAYANT I. MEHTA
Partner
M. No. - 42630

R. VENKATARAMAN
Director

RAVI AGARWAL
Director

Dated : 29th May, 2009
Place : Mumbai.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	146956	State Code	11
Balance Sheet Date	31.03.2009		

II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue	NIL	Bonus Issue	NIL
Rights Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

SOURCES OF FUNDS

Total Liabilities	4707	Total Assets	4707
Paid-up Capital	1000	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL

APPLICATION OF FUNDS

Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	115	Miscellaneous Exps.	4592
Accumulated Losses	NIL		

IV. Performance of Company (Amount Rs in Thousands)

Turnover	NIL	Total Expenditure	NIL
Profit/(Loss) Before Tax	NIL	Profit/(Loss) After Tax	NIL
Earning Per Share in Rs.	NIL	Dividend rate %	NIL

V. Generic Names of Three Principal Products/Service of Company.

(As per Monetary terms)

1. Item Code No. (ITC Code)	N.A.
Product Description	N.A.

For and on behalf of the Board

Dated : 29th May, 2009
Place : Mumbai

R. VENKATARAMAN
Director

RAVI AGARWAL
Director

**CONSOLIDATED STATEMENTS
AUDITORS' REPORT**

TO THE MEMBERS OF LLOYDS METALS & ENGINEERS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Lloyds Metals & Engineers Limited as at March 31, 2009 and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement 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. Further to our comments in the Annexure referred to in paragraph 2 above, we report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, issued by the institute of chartered Accountants of India and on the basis of the separated audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
4. In our opinion and to the best of our information and according to the explanations given to us, and subject to para a) above, the above Consolidated Balance Sheet and consolidated Profit and Loss account and Consolidated Cash Flow Statement together with the other Notes thereon, 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 Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2009; and
 - ii) in the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) In the case of the Consolidated Cash Flow Statement of the Cash Flow of the Company for the year ended on that date.

For **TODARWAL & TODARWAL**
Chartered Accountants

SUNIL L. TODARWAL
Partner
Membership No.-32512

Dated: 29th May, 2009
Place : Mumbai

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2009**

(Rs. in Lacs)

Schedule	As at 31.03.2009	As at 31.03.2008	
SOURCES OF FUNDS			
Share Capital	A	2,243.05	2,243.05
Reserves & Surplus	B	7,767.24	15,335.06
		10,010.29	17,578.11
Loan Funds			
Secured Loans	C	5,517.22	12,439.43
Unsecured Loans	D	1,042.95	1,074.34
		6,560.17	13,513.77
TOTAL		16,570.46	31,091.88
APPLICATION OF FUNDS			
Fixed Assets			
E			
Gross Block		34,746.17	39,309.48
Less: Depreciation		15,663.55	19,584.52
Net Block		19,082.62	19,724.96
Capital work in progress		7,332.28	360.57
		26,414.90	20,105.53
Current Assets, Loans and Advances			
F			
Inventories		5,034.70	3,966.39
Sundry Debtors		7,984.83	1,150.03
Cash and Bank Balances		788.65	87.25
Loans and Advances		5,629.12	5,379.38
		19,437.30	10,583.05
Less: Current Liabilities and Provisions			
G			
Liabilities & Provision		31,051.66	17,384.86
Net Current Assets		(11,614.36)	(6,801.81)
Miscellaneous Expenditure			
H			
(to the extent not written off or adjusted)			
Preliminary & Deferred expenses		46.39	45.84
Profit & Loss Account		1,723.53	17,742.32
TOTAL		16,570.46	31,091.88

Notes forming part of Accounts

P

Schedules referred to herein form an integral part of Balance Sheet

As per our Report of even date attached.

For and on behalf of
TODARWAL & TODARWAL
Chartered Accountants

For and on behalf of the Board

SUNIL L. TODARWAL
Partner
M. No. - 32512

SHYAMAL PADHIAR
Company Secretary

B. L. AGARWAL
Managing Director

MUKESH R. GUPTA
Chairman

Dated : 29th May, 2009
Place : Mumbai.

**CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

(Rs. in Lacs)

Schedule	Current Year 31.03.2009	Previous Year 31.03.2008	
INCOME			
Gross Turnover	74,369.22	38,199.80	
Less : Excise Duty	6,250.85	5,230.46	
Net Turnover	68,118.37	32,969.34	
Other Income	I	444.62	175.30
		68,562.99	33,144.64
EXPENDITURE			
Cost of Materials	J	56,505.33	25,894.31
Manufacturing & Asset Maintenance	K	1,962.77	1,763.33
Personnel	L	1,143.48	855.92
Selling & Distribution Expenses	M	2,705.10	525.35
Administrative Expenses	N	715.13	461.35
Total		63,031.81	29,500.26
Profit before Interest, Depreciation, & Tax		5,531.18	3,644.38
Interest & Financial Charges (Net)	O	713.94	2,117.97
Profit / (Loss) before Depreciation, & Tax		4,817.24	1,526.41
Depreciation		1,960.86	2,127.90
Less : Transferred from Revaluation Reserve		4.00	4.00
		1,956.86	2,123.90
Profit / (Loss) before Exceptional Item & Tax		2,860.38	(597.49)
Exceptional Items (Net)			2,862.13
Profit / (Loss) before Tax		2,860.38	2,264.64
Provision for Taxes (MAT)		0.33	-
Fringe Benefit Tax		18.56	14.10
Profit / (Loss) after Tax		2,841.49	2,250.54
Add : Prior period Income / (Expenses)		5.45	(12.06)
Net Profit / (Loss) For The Period		2,846.94	2,238.48
Add : Profit / (Loss) brought forward from earlier year		(17,742.32)	(20,046.17)
		(14,895.38)	(17,807.69)
Add : Transferred from Capital Reserve		1,247.04	-
Add : Transferred from Share Premium Account		11,909.81	-
Add / Less : Transferred from Debenture Redemption Reserve		15.00	65.37
Balance carried to Balance Sheet		(1,723.53)	(17,742.32)
Basic Earning Per Share (Rs.)		2.56	2.06

Notes forming part of Accounts

P

Schedules referred to herein form an integral part of the Profit and Loss Account

As per our Report of even date attached.

For and on behalf of
TODARWAL & TODARWAL
Chartered Accountants

For and on behalf of the Board

SUNIL L. TODARWAL
Partner
M. No. - 32512

SHYAMAL PADHIAR
Company Secretary

B. L. AGARWAL
Managing Director

MUKESH R. GUPTA
Chairman

Dated : 29th May, 2009
Place : Mumbai.

SCHEDULES

Consolidated Schedules "A" to "P" Annexed to & forming part of Balance sheet as at 31st March, 2009 And Profit and Loss Account for the year ended 31st March, 2009.

(Rs. in Lacs)

SCHEDULE A SHARE CAPITAL

Authorised
37,50,00,000 Equity Shares of Rs.2/- each
(Previous year 37,50,00,000 Equity Shares of Rs.2/- each)
2,50,00,000 Preference Shares of Rs.10/- each

Issued, Subscribed and Paid-up

11,12,91,290 Equity Shares of Rs.2/- each
(Previous year 11,12,91,290 Equity Shares of Rs.2/- each)

Add: 3,97,875 Forfeited shares of Rs. 10/- each
(Amount originally received)

TOTAL

	As at 31.03.2009	As at 31.03.2008
	7,500.00	7,500.00
	2,500.00	2,500.00
	10,000.00	10,000.00
	2,225.83	2,225.83
	17.22	17.22
	2,243.05	2,243.05

Notes:

- Out of the above shares 5005900 Equity Shares (Previous Year 5005900 Equity Shares) have been issued as fully paid Bonus Shares by way of capitalisation of General Reserve.
- The Company has forfeited 397875 Equity Shares of Rs.10/- each which are yet to be reissued.

SCHEDULE B RESERVES AND SURPLUS

Capital Reserve

As per Last Balance Sheet

Add: Addition during the year

Less: Profit & Loss Account Adjusted as per Scheme of Arrangement
(Pl. refer Note No.2 of Schedule P)

	3,395.23	2,260.00
	5,606.00	1,135.23
	1,247.02	
	7,756.21	3,395.23

Share Premium

As per last Balance Sheet

Add: Addition during the year

Less: Profit & Loss Account Adjusted as per Scheme of Arrangement
(Pl. refer Note No.2 of Schedule P)

	11,909.80	11,089.80
		820.00
	11,909.80	
		11,909.80

Revaluation Reserve

Balance as per last Balance Sheet

Less: Transferred to Profit & Loss Account

	15.03	19.03
	4.00	4.00
	11.03	15.03

Debenture Redemption Reserve

Balance as per last Balance Sheet

Less: Transferred to Profit & Loss Account

	15.00	80.37
	15.00	65.37
		15.00
	7,767.24	15,335.06

TOTAL

SCHEDULE : E

CONSOLIDATED FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSSBLOCK			DEPRECIATION			NETBLOCK			
	AS AT 01.04.2008	ADDITIONS	ADJUSTMENT	AS AT 31.03.2009	AS AT 01.04.2008	FOR THE YEAR	ADJUSTMENT	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
FREE HOLD LAND	40.83			40.83					40.83	40.83
LEASEHOLD LAND	301.48			301.48					301.48	301.48
FACTORY BUILDING	2,197.85	118.96	548.43	1,768.38	1,039.48	63.50	548.43	554.55	1,213.83	1,158.37
STAFF RESIDENTIAL BUILDING	968.39		46.05	922.34	180.37	15.47	46.05	149.79	772.55	788.02
PLANT & MACHINERY	34,939.22	1,185.26	4,971.28	31,153.20	17,897.43	1,833.29	4,971.28	14,759.44	16,393.76	17,041.79
COMPUTERS	119.07	4.45	36.27	87.25	63.49	14.21	36.27	41.43	45.42	55.58
ELECTRICAL INSTALLATION	475.45		223.24	252.21	276.32	15.67	223.24	66.75	183.46	198.13
AIR CONDITIONERS	18.05	1.19	2.40	16.84	9.35	0.83	2.40	7.78	9.06	8.70
OFFICE EQUIPMENTS	20.10	1.64	8.58	13.16	11.23	0.82	8.58	3.47	9.69	8.87
FURNITURE & FIXTURES	101.77	7.01	45.57	63.21	70.20	5.41	45.57	30.04	33.17	31.57
MOTOR VEHICLES	118.08			118.08	30.08	11.22		41.30	76.78	88.00
WEIGHING MACHINE	9.19			9.19	6.56	0.44		7.00	2.19	2.63
TOTAL	39,309.48	1,318.51	5,881.82	34,746.17	19,584.51	1,960.86	5,881.82	15,663.55	19,082.62	19,724.97
Capital Work in Progress	380.56	8,115.27	1,163.55	7,332.28					7,332.28	380.56
TOTAL	39,690.04	9,433.78	7,045.37	42,078.45	19,584.51	1,960.86	5,881.82	15,663.55	26,414.90	20,105.53
PREVIOUS YEAR	39,933.33	814.37	1,077.66	39,690.04	17,493.57	2,127.90	36.96	19,584.51	20,105.53	

NOTE: 1) Gross block includes assets aggregating to Rs. 2175.82 lacs given on conducting basis.

2) Adjustment represents Fixed Assets of Demerged Undertaking (Steel Pipe & Tube Division) transferred at book value as per Scheme of Arrangement approved by the Hon'ble High Court Bombay (Ref Note No.2 of Schedule P)

(Rs. in Lacs)

SCHEDULE F CURRENT ASSETS, LOANS AND ADVANCES

Inventories

Stores and spares

Raw Materials

Raw Materials in transit/at port

Finished goods

Work In Process

Scrap

	As at 31.03.2009	As at 31.03.2008
	853.43	525.04
	1,381.92	1,278.47
	858.78	242.76
	1,307.89	1,311.88
	186.09	138.36
	446.59	469.90
	5,034.70	3,966.39

SCHEDULE C

SECURED LOANS

1. Long Term Loans

(a) From Financial Institutions:

Rupee Loan

(b) From Banks:

Rupee Loan

2. Debentures:

(i) 200 20.50% Privately Placed Secured Redeemable
Non Convertible Debentures of Rs. 1,00,000/- each.

TOTAL

	As at 31.03.2009	As at 31.03.2008
	5,445.51	5,446.15
	71.71	6,933.28
	5,517.22	12,379.43
		60.00
	5,517.22	12,439.43

NOTES TO SCHEDULE C

- (a) Term Loan from Financial Institutions, and Banks are secured / to be secured by first mortgage and charge on pari-passu basis, on all the Company's immovable & movable properties, both present & future, in such form as may be required, subject to prior charge on specified assets created in favour of the Banker (DBI (for Equipment Finance and Asset Credit Scheme) for secured borrowings and Working Capital requirements.
- (b) Security by way of hypothecation of all the movables except aforesaid specified assets has already been created in respect of the entire aforesaid Term Loans of Rs. 5517.22 Lacs
- Term Loan mentioned in 1(a) above includes Equipment Finance & Asset Credit Scheme facilities from IDBI of Rs. 830.40 Lacs as at 31.03.2009 secured by hypothecation of specific moveable assets financed under the said schemes
- The loan mentioned in 1 above includes non interest bearing loans of Rs. 1297.21 Lacs as per the loan restructuring terms.
- Term loan is secured / to be secured by first mortgage and charge on all the company's immovable & movable properties, both present & future, subject to prior charge created / to be created in favour of bankers for working capital requirements.

SCHEDULE D

UNSECURED LOANS

(a) Sales Tax Deferral Loan (SICOM)

(b) From Body Corporate

TOTAL

	92.95	124.34
	950.00	950.00
	1042.95	1,074.34

Notes:

- Loans repayable within one year Rs. 31.40 Lacs (Previous year Rs. 31.40 Lacs)
- Sales Tax Deferral Scheme :- Deferred Sales Tax loan is interest free and repayable after 10 years from the date of availment i.e. starting from 01st April, 2006.

SCHEDULES

Loans and Advances

- (Unsecured and considered good)
a) Advances recoverable in cash or in kind or for value to be received
b) Deposits and balances with Government departments and others
c) Advance tax / Tax deducted at source

	As at 31.03.2009	As at 31.03.2008
a)	877.80	957.76
b)	4,745.39	4,414.18
c)	5.93	7.44
TOTAL	5,629.12	5,379.38
	19,437.30	10,583.05

TOTAL

SCHEDULE G

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

- Sundry Creditors
Other Liabilities
Bank Overdrawn
Advance from Customers
Interest accrued & not Due
Provision

Sundry Creditors	24,578.57	10,732.99
Other Liabilities	1,265.73	1,439.19
Bank Overdrawn	75.87	142.21
Advance from Customers	4,854.05	4,882.85
Interest accrued & not Due	36.31	28.08
Provision	241.13	159.54
Provision for Leave encashment & Gratuity		
TOTAL	31,051.66	17,394.86

- Provision for Leave encashment & Gratuity

TOTAL

SCHEDULE H

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses

TOTAL

Preliminary Expenses	46.39	45.84
TOTAL	46.39	45.84

SCHEDULE I

OTHER INCOME

- Miscellaneous Receipts
Compensation Earned
Exchange Fluctuation

	Current Year 31.03.2009	Previous Year 31.03.2008
Miscellaneous Receipts	79.50	142.21
Compensation Earned	25.00	25.00
Exchange Fluctuation	340.12	8.09
TOTAL	444.62	175.30

TOTAL

SCHEDULE J

COST OF MATERIALS :

Consumption of :

- Raw Materials
Production Consumables, Stores & Spares & Fuel consumed
Fuel consumed
(Increase)/Decrease in stocks of finished goods and work in process & scrap
Closing Stock
Less: Opening Stock

Raw Materials	55,212.79	26,799.09
Production Consumables, Stores & Spares & Fuel consumed	1,019.68	739.40
Fuel consumed	293.31	76.07
(Increase)/Decrease in stocks of finished goods and work in process & scrap	1,940.57	1,920.12
Closing Stock	1,920.12	199.87
Less: Opening Stock	(20.45)	(1,720.25)
TOTAL	56,505.33	25,894.31

TOTAL

SCHEDULE K

MANUFACTURING & ASSET MAINTENANCE

- Power & Water Charges
Repairs and Maintenance
Plant and Machinery
Buildings
Others

Power & Water Charges	1,019.59	990.14
Repairs and Maintenance		
Plant and Machinery	35.53	45.96
Buildings	18.65	5.82
Others	34.44	17.71
	88.62	89.49
Other Production Expenses	845.57	677.96
Insurance (Net)	8.98	25.74
TOTAL	1,962.77	1,763.33

Other Production Expenses

Insurance (Net)

TOTAL

SCHEDULE L

PERSONNEL

- Salaries, Wages, bonus and allowances
Contribution to Provident and other funds
Workmen and staff welfare expenses

Salaries, Wages, bonus and allowances	1,030.65	782.06
Contribution to Provident and other funds	63.35	46.67
Workmen and staff welfare expenses	49.48	27.19
TOTAL	1,143.48	855.92

TOTAL

SCHEDULE M

SELLING & DISTRIBUTION EXPENSES

- Brokerage & Commission on sales
Delivery charges and others exps
Export Expenses
Sales Promotion
Sundry Dr/ Cr Balance Write off / Write back (Net)

Brokerage & Commission on sales	53.81	108.84
Delivery charges and others exps	1,432.70	352.09
Export Expenses	1,210.96	25.40
Sales Promotion	9.14	5.86
Sundry Dr/ Cr Balance Write off / Write back (Net)	(1.51)	33.16
TOTAL	2,705.10	525.35

TOTAL

SCHEDULE N

ADMINISTRATIVE EXPENSES

- Travel and Conveyance
Postage, Telephone & Telex
Legal and Professional Charges
Rent
Rates and Taxes
Auditor's Remuneration & Out of Pocket Expenses
Director's Sitting Fees

Travel and Conveyance	73.60	51.92
Postage, Telephone & Telex	12.52	13.77
Legal and Professional Charges	112.59	51.65
Rent	222.09	198.85
Rates and Taxes	12.52	15.65
Auditor's Remuneration & Out of Pocket Expenses	2.32	1.50
Director's Sitting Fees	0.40	0.28

TOTAL

(Rs. in Lacs)

Current Year 31.03.2009	Previous Year 31.03.2008	
Vehicle expenses	50.71	43.07
Fees & Subscriptions	16.25	1.82
General Expenses	14.66	16.24
Advertisement and publicity	8.66	1.43
Exchange Fluctuation	90.07	-
Miscellaneous Expenses	98.74	65.17
TOTAL	715.13	461.35
SCHEDULE O		
INTEREST & FINANCIAL CHARGES		
Finance Charges :		
Bank charges	113.36	229.34
Other financial charges	164.18	1,453.94
Interest on :	277.54	1,683.28
Term Loans	451.81	382.48
Others	59.58	57.41
	511.39	439.89
	788.93	2,123.17
	74.99	5.20
TOTAL	713.94	2,117.97

- Vehicle expenses
Fees & Subscriptions
General Expenses
Advertisement and publicity
Exchange Fluctuation
Miscellaneous Expenses

TOTAL

SCHEDULE O

INTEREST & FINANCIAL CHARGES

Finance Charges :

- Bank charges
Other financial charges

Interest on :

- Term Loans
Others

Less : Interest Received (includes tax deducted at source)

TOTAL

SCHEDULE P :

CONSOLIDATED NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

1 SIGNIFICANT ACCOUNTING POLICIES

A) System of Accounting :

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

B) Fixed Assets :

- i) All fixed assets are valued at cost net of Cerval unless if any assets are revalued and for which proper disclosure is made in the accounts.
ii) In the case of ongoing projects, all pre-operative expenses for the project incurred upto the date of commercial production are capitalised and apportioned to the cost of respective assets.

C) Depreciation :

Depreciation on all the assets has been provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956. Lease hold land will be amortised on the expiry of Lease Agreement.

D) Inventories :

The general practice adopted by the company for valuation of inventory is as under :

- Raw materials : *At lower of cost or net realisable value.
Store & spares : At cost (weighted average cost)
Work in process : At cost
Finished goods : At cost or net realisable value, which ever is lower (Also refer Accounting Policy G)
Traded goods : At cost

*Material and other supplies held for use in the production of the inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

E) Investments :

Investments are valued at cost of acquisition, which includes charges such as Brokerage, Fees and Duties.

F) Expenditure during construction period:

Expenditure incurred on projects under implementation are being treated as pre-operative expenses pending allocation to the assets which are being apportioned on commencement of commercial production.

G) Excise Duty :

The Excise duty payable on finished goods dispatches is accounted on the clearance thereof from the factory premises. Excise duty is provided on the finished goods lying at the factory premises and not yet dispatched as per the Accounting Standard 2 "Valuation of Inventories"

H) Customs Duty :

Customs Duty payable on imported raw materials, components and stores and spares is recognised to the extent assessed by the customs department.

I) Foreign Currency Transaction :

Foreign currency transactions during the accounting year are translated at the rates prevalent on the transaction date. Exchange differences arising from foreign currency fluctuations are dealt with on the date of payment/receipt. Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rate. The exchange difference is credited / charged to Profit & Loss Account in case of revenue items and capital items.

J) Provision for Gratuity :

Provision for Gratuity is made on the basis of actuarial valuation based on the provisions of the Payment of Gratuity Act, 1972.

K) Leave Salary :

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

L) Customs Duty Benefit :

Customs duty entitlement eligible under pass book scheme / DEPB is accounted on accrual basis. Accordingly, import duty benefits against exports effected during the year are accounted

on estimate basis as incentive till the end of the year in respect of duty free imports of raw material yet to be made.

M) Amortisation of Expenses :

- i) Equity Issue Expenses :
Expenditure incurred in equity issue is being treated as Deferred Revenue Expenditure to be amortised over a period of ten years.
- ii) Preliminary Expenses :
Preliminary expenses are amortised over a period of ten years.
- iii) Debenture Issue Expenses :
Debenture Issue expenditure is amortised over the period of the Debentures.

N) Impairment of Assets :

The company determines whether a provision should be made for impairment loss on fixed assets (including Intangible Assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

O) Revenue Recognition :

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 & net of sales return & trade discounts. Export benefits accrue on the date of export, which are utilized for custom duty free import of material / transferred for consideration.

2. a) Pursuant to the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 between the Lloyds Metals & Engineering Ltd. (LMEL) and Lloyds Line Pipes Limited (LLPL) and their respective Shareholders and Creditors, which was sanctioned by the Hon'ble High Court of Bombay vide its order passed on 24th April 2009, the assets & liabilities of Steel & Pipes undertaking of the LMEL were transferred to and vested in the LLPL with effect from appointed date i.e. 1st November 2008.
- b) The details of the Assets and Liabilities relating to the steel tube & pipes undertaking transferred and vested with LLPL with effect from appointed date i.e. 1st November 2008, are as follows:

Assets	(Rs. In Lacs)	
Fixed Assets :		
Land and Building	490.20	
Other Fixed Assets	1248.60	1738.80
Current Assets Loans and Advances :		
Sundry Debtors	3316.42	
Cash and Bank Balances	0.01	
Other Current Assets	4788.37	
Loans and Advance	1479.97	9584.77
Total Assets		11323.57
Liabilities		
Secured Loans	1272.00	
Unsecured Loans	92.95	
Current Liabilities	9063.62	
		10428.57
Excess of Assets over Liabilities		895.00

- c) Pursuant to the Scheme of Arrangement, the Accumulated debit balance in the profit and loss A/c as on the appointed date of Rs.13157 lacs has been setoff / adjusted against the Share Premium A/c to the extent of Rs.11909 lacs and against the Capital Reserve A/c to the extent of Rs.1247 lacs. Accordingly Share Premium and Capital Reserve stand reduced.
- d) The total consideration for transfer of and vesting of demerged undertaking in the Lloyds Line Pipes Ltd. was Rs.895 lacs, which is to be paid by issue of share of LLPL to LMEL. The above share are yet to be issued.

3) Contingent Liability :

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

	(Rs. in lacs)	
	As at 31/03/09	As at 31/03/08
Contingent liabilities not provided for –		
a) Letter of Credit/Guarantees issued by Banks	377.95	126.31
b) Disputed claim of Excise Authorities	30.66	26.16
c) Claims against the Company not acknowledged as Debts	142.49	143.86

- 4) Amount held in Margin / Fixed deposit accounts with banks having lien for facilities given by Banks **Rs. 476.83 Lacs** (Previous year Rs. 3.71 Lacs)

- 5) a) The computation of net profit for the purpose of calculation of managerial remuneration u/s 349 of Companies Act, 1956 has not been enumerated since minimum remuneration has been paid to the Managing Director.

- b) Managerial remuneration u/s 198 of the Companies Act, 1956 include: (included in Schedule L)

	(Rs. in Lacs)	
	Current Year	Previous Year
Salary	24.00	24.00
PF Contribution	1.44	1.44
Total	25.44	25.44

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

- 6) a) The Income tax assessment have been completed upto Assessment Year 2006-07
- b) The company does not envisage any liability for Income Tax for the current year in absence of taxable income.
- c) Disclosure as required by the Accounting Standard – 22 "Accounting for Taxes on Income" are given below:

In the event of carry forward losses and unabsorbed depreciation no Deferred Tax Liability has been created for the financial year ending 31.03.2009. The deferred tax asset has not been recognized as there is no virtual certainty of sufficient future taxable income available against which this deferred tax asset can be realized.

7) Auditors' remuneration

Particular	(Rs. in Lacs)	
	Current Year	Previous Year
For Audit	1.37	1.00
For Tax Audit	0.38	0.35
For other services	0.57	0.15
Total	2.32	1.50

- 8) Disclosure as required by the Accounting Standard-15 "Employee Benefit" are given below:

- a) General Description of Plan : Defined Gratuity Benefit obligation (Unfunded)
- b) Method of Valuation of Gratuity: Projected Unit Credit Method.
- c) Reconciliation of opening and closing balance of defined benefit obligation
 - (i) Obligation as at the beginning of the year : Rs.105.11 lacs
 - (ii) Current Services Cost : Rs.17.77 lacs
 - (iii) Interest Cost : Rs.8.41 lacs
 - (iv) Actuarial (Gain)/Loss : Rs.10.97 lacs
 - (v) Benefits paid : Rs.12.07 lacs
 - (vi) Obligation as at the end of the year : Rs.130.19 lacs
- d) Expenses recognized during the year.
 - (i) Current Services Cost : Rs.17.72 lacs
 - (ii) Interest Cost : Rs.8.41 lacs
 - (iii) Actuarial (Gain)/Loss : Rs.10.97 lacs
 - Total Expenses recognized during the year : Rs.37.14 lacs
- e) Actuarial Assumptions.
 - (i) Rate of Interest : 8% per annum
 - (ii) Salary Growth : 6.5% per annum
 - (iii) Withdrawal Rate : 1%
 - (iv) Mortality Rate : LIC (1994-96) ultimate Mortality Rates.
 - (v) Retirement Age : 60 years

- 9) Disclosure as required by the Accounting Standard – 20 "Earning Per Share" are given below. (Rs.)

Particulars	2008-09	2007-08
NPBT	286,038,306	226,466,456
Prior Period Items	545,347	(1,205,827)
Tax Expenses	1,889,025	1,410,434
Numerator (A)	284,694,628	223,850,195
Denominator (B)	111,291,290	108,545,388
Basic & Diluted EPS (A/B)	2.56	(2.06)

- 10) Disclosure as required by the Accounting Standard – 18 "Related Party Disclosure" are given below:

A	Name of related party and relationship	
i)	Name of the Related Party	Shri. B L Agarwal
ii)	Relationship	Key Managerial Personnel
B	Transaction with related parties Nature of Transaction (Rs. in lacs)	
a)	Salary	24.00
b)	PF Contribution	1.44

- 11) Debtors, Creditors and Loans & Advances are subject to confirmation by the parties. Difference (if any), shall be accounted on such reconciliation.

- 12) Disclosure as required by the Accounting Standard – 5 "Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies" are given below.

Prior period expenses is **Rs. 2.26 Lacs** (Previous year Rs.24.02 Lacs). Prior period income is **Rs.7.71 Lacs** (Previous year Rs.11.95 Lacs).

- 13) The Company has no information as to whether any of its suppliers constitute micro, small & medium enterprises as per Micro, Small & Medium Enterprises Development Act, 2006 and therefore, the amount due to such suppliers has not been identified.

- 14) As part of restructuring process of debt with some of the lenders, the total outstanding amount (Principal) as per books of **Rs.7573.76 lacs** has been restructured and settled for **Rs.1965.75 lacs**. Principal amount of **Rs. 5608.01 lacs** written back has been credited to Capital Reserve.

- 15) Disclosure as required by the Accounting Standard – 17 "Segment Reporting" are given below. The Company is operating on only one broad segment – Iron & Steel and hence no separate Segmental results have been given.

- 16) Additional information pursuant to the provisions of paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

i. Licensed/Installed Capacity per annum

	CRCA M.T.	Pipes/Tubes M.T.	Sponge Iron M.T.
a. Licensed capacity	N.A.	N.A.	N.A.
b. Installed capacity (P.Y.)	24000 (24000)	90000 (90000)	240000 (240000)
c. Production (P.Y.)	Nil (Nil)	28535 (12567)	173000 (191799)

NOTE: Company is not required to obtain any License under Industrial Regulation Act, therefore the details of licensed capacity are not applicable.

ii. Opening/Closing Stock, Purchases and Sales of Finished Goods

A) Steel Tubes & Pipes	2008-2009		2007-2008	
	Qty. (M.T.)	Rs. In lacs	Qty. (M.T.)	Rs. In lacs
a. Opening Stock	2964	1176.36	243	79.57
b. Production	28535		12567	
c. Sales	28421	17406.17	9846	5292.60
d. Closing Stock	3078	1244.07	2964	1176.36

B) Sponge Iron	2008-2009		2007-2008	
	Qty. (M.T.)	Rs. In lacs	Qty. (M.T.)	Rs. In lacs
a. Opening Stock	998	135.50	50	7.31
b. Production	173000		191799	
c. Sales				
Lumps/Fines	173571	37282.68	190851	31263.43
By-product		1485.75		867.60
Scrap		136.22		44.11
d. Closing Stock	427	70.41	998	135.50
C) Trading Sales	(HR/CR & Iron Ore)		(HR/CR)	
a. Opening Stock				
b. Purchases	40249.54	17931.77	2073.44	451.34
c. Sales	40249.54	18058.40	2073.44	731.06
d. Closing Stock				

III. Consumption of Raw Materials

	2008-2009			2007-2008		
	Imported	Indigenous	Qty.²	Imported	Indigenous	Qty.
	Rs. in lacs		(M.T.)	Rs. in lacs		(M.T.)
HR/CR Coil	10762.43	28450.95		4253.85	13978.44	
%	100			100		
Iron Ore	17764.89	350732		16140.66	373003	
%	100			100		
Coal	7797.76	359490		5775.30	362282	
%	100			100		
Zinc	869.87	867.108		84.17	90.316	
%	100			100		
Dolomite	86.07	12493		93.77	12098	
%	100			100		

IV. Break up of stores and spares consumed

	2008-2009		2007-2008	
	Rs. in lacs	%	Rs. in lacs	%
Imported				
Indigenous	1019.68	100	739.41	100
Total	1019.68	100	739.41	100

V. Expenditure incurred in foreign currency on account of

	2008-09		2007-08	
	Rs. in lacs	%	Rs. in lacs	%
Commission	29.41		34.54	
Legal & professional charges	1.97		1.76	
Travelling	29.67		20.80	
Other finance charges	75.39		0.24	
Total	136.44		57.34	

VI. F.O.B. Value of Exports

	2008-09		2007-08	
	Rs. in lacs	%	Rs. in lacs	%
Steel Tubes & Pipes				
Direct	5063.52		42.40	
Third Party	5520.68		448.84	

- 17 Based on the audited Quarterly Accounts for the Quarter ended 30th June 2008, indicating that the Net Worth of the company has become positive as on 30th June 2008, the company made an application to Board for Industrial & Financial Reconstruction (BIFR) for the de-Registration of the Company. Accordingly Hon'ble BIFR vide its order dt. 22.09.2008 deregistered the Company as Sick Company from the purview of the provisions of Section 3(1)(d) of Sick Industrial Companies (Special Provision) Act 1985.
- 18 Previous year figures have been regrouped and recast wherever necessary to conform to the classification of the current year.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

(Rs. in Lacs)

A. CASH FLOW FROM OPERATION ACTIVITIES:

Net Profit before tax and extraordinary items

Adjustments for:

Depreciation

Sundry Dr/Cr Balances written off

Interest Expense(Net)

Foreign Exchange variation

Misc. Receipts

Operating Profit before working capital changes

Adjustments for:

Trade and Other Receivables

Inventories

Trade Payables

Cash generated from operations

TDS Paid / Refund Received

Taxes Paid - FBT

Cash Flow before extraordinary items

Extraordinary items:

Prior Period Income

Preliminary Expenses

Sundry Dr/Cr Balances written off

Misc. Receipts

Foreign Exchange variation

Net cash from operating activities :-

B. CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets

Sale of Investment

Interest Received

Net cash used in investing activities :-

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from issue of shares

Reduction in Loans

Interest

Net cash from financing activities :-

Net increase in cash and cash equivalents :-

Cash and cash equivalents as at 01.04.2008

Cash and cash equivalents as at 31.03.2009

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 and on behalf of

TODARWAL & TODARWAL

Chartered Accountants

SUNIL L. TODARWAL

Partner

M. No. - 32512

Dated : 29th May, 2009

Place : Mumbai.

SHYAMAL PADHIAR

Company Secretary

For and on behalf of the Board

B. L. AGARWAL

Managing Director

MUKESH R. GUPTA

Chairman

LLOYDS METALS & ENGINEERS LIMITED

Regd. Office : Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra.

DP ID *	
Client ID *	

PROXY FORM

Folio No.	
No. of Shares	

I/We _____
of _____
being Member/s of Lloyds Metals & Engineers Limited, hereby appoint _____ of
_____ or failing him _____
of _____ as my/ our proxy to vote for me/us on my/our behalf at the
32nd Annual General Meeting of the Company to be held on Tuesday, 28th July, 2009 at 2.00 p.m. at Plot No.
A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra and at any adjournment thereof.

Signed at _____ this day of _____ 2009

Affix
Revenue
Stamp

Note : This 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 -----

LLOYDS METALS & ENGINEERS LIMITED

Regd. Office : Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra.

32nd 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 32nd Annual General Meeting of the Company to be held at Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra on Tuesday, 28th July, 2009 at 2.00 p.m.

Full Name of Member (in BLOCK LETTERS) _____

Name of the Proxy (in BLOCK LETTERS) _____

(To be filled in if the Proxy attends instead of 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 Metals & Engineers Limited)

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

Saki Naka, Andheri (East),

Mumbai - 400 072.

Phone : 022-4043 0200 / 299

Fax : 2847 5207