



40<sup>th</sup>  
Annual Report  
2009-2010

LLOYDS STEEL  
INDUSTRIES LIMITED

## BOARD OF DIRECTORS

**CHAIRMAN** MUKESH R. GUPTA

**MANAGING DIRECTOR** RAJESH R. GUPTA

### DIRECTORS

B.L. AGARWAL

B. RAVINDRANATH (IDBI NOMINEE)

R.PARTHASARATHY (IFCI NOMINEE)

S.K.GUPTA (ARCIL NOMINEE)

K.A. KRISHNA RAO

### BANKERS

STATE BANK OF INDIA

THE FEDERAL BANK LIMITED

PUNJAB AND SIND BANK

ABU DHABI COMMERCIAL BANK LIMITED

### AUDITORS

TODARWAL & TODARWAL

### REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai – 400 072.

Tel No. – 022 – 40430 200 / 299

Fax No. - 022 - 2847 5207

E-mail - bss@bigshareonline.com

### REGISTERED OFFICE :

Modern Centre,  
'B' Wing, 2nd Floor,  
Sane Guruji Marg, Mahalaxmi,  
Mumbai – 400 011.

### WORKS

#### Steel Plant :-

Lloyds Nagar,  
Bhugaon Link Road,  
Wardha, Maharashtra, India

#### Engg. Plant :-

Plot No. A-5/5 & A-6/3  
MIDC Industrial Area,  
Murbad. Dist Thane,  
Maharashtra, India.

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# NOTICE

**NOTICE** is hereby given that the 40<sup>th</sup> Annual General Meeting of the Members of M/s. Lloyds Steel Industries Limited will be held at Hall of Harmony, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai - 400 018, on **Thursday, 29<sup>th</sup> July, 2010** at 11.00 a.m. to transact the following business :-

## ORDINARY BUSINESS:

1. To consider, approve and adopt the Profit and Loss Account of the Company for the year ended on 31<sup>st</sup> March, 2010 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
2. To appoint Shri K.A.Krishnarao, Director who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors and fix their remuneration.

By order of the Board

Place: Mumbai  
Dated: 24<sup>th</sup> May, 2010

**S. N. Tiwari**  
**Company Secretary**

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. Proxy Form and Attendance Slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, 20<sup>th</sup> July, 2010 to Thursday, 29<sup>th</sup> July, 2010** (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 bring their copy of Annual Report for the purpose of attending the meeting.
6. Members are requested to kindly notify changes, if any, in their address to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Pvt. Ltd., (Unit : Lloyds Steel Industries Limited ) at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
7. Members are requested to quote their Folio No. and DP ID / Client ID, in case of shares are in physical / dematerialized form, as the case may be, in all their correspondence with the Company / Registrar and Share Transfer Agent.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 40<sup>TH</sup> ANNUAL GENERAL MEETING ( Pursuant to clause 49 of the Listing Agreement )

1. Name	Shri K.A.Krishnarao
2. Brief Resume	
Age	71 years
Qualification	M.A. (Economics)
Experience	43 years
Date of appointment on the Board of the company	28.10.2006
3. Nature of expertise in Specific functional Areas	Vast and varied experience in Steel Industry.
4. Name(s) of other Companies in which Directorship held	Nil
5. Name(s) of other companies in which he is Chairman / Member of the *Committee(s)	Nil
6. No. of shares held of Rs.10/- each	5000
7. Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act,1956 )	-

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

By order of the Board,

Place : Mumbai  
Date : 24<sup>th</sup> May, 2010

**S. N. Tiwari**  
**Company Secretary**

## DIRECTORS' REPORT

The Directors present their 40<sup>th</sup> Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

	Current Year 2009-2010	Previous Year 2008-09
<b>Sales :</b>	<b>305278.06</b>	284156.44
<b>Other Income</b>	<b>447.09</b>	642.25
<b>Total Income :</b>	<b>305725.15</b>	284798.69
Profit / (Loss) before Interest, Depreciation, Exceptional Item & Tax	<b>10621.41</b>	(8757.26)
Less: Finance Charges	<b>4897.03</b>	5099.65
Depreciation	<b>11668.20</b>	11579.27
Profit / (Loss) before exceptional items & taxes	<b>(5943.82)</b>	(25436.18)
Add: Exceptional items (Net)	<b>(1807.86)</b>	8966.14
Profit/(Loss) before tax	<b>(7751.68)</b>	(16470.04)
Tax Provision	-	42.09
<b>Profit/(Loss) after Tax</b>	<b>(7751.68)</b>	(16512.13)
Add: Prior Period Income / (Expenses)	<b>(56.41)</b>	26.68
<b>Net Profit/ (Loss)</b>	<b>(7808.09)</b>	(16485.45)
Profit / (Loss) b/f from previous year	<b>(142795.57)</b>	(126310.12)
Balance Carried Forward	<b>(150603.66)</b>	(142795.57)

### DIVIDEND

In view of the accumulated losses, the Directors have not recommended any Dividend for the year ended 31<sup>st</sup> March, 2010.

### OPERATIONS & OVERALL PERFORMANCE

The domestic steel industry has registered a consumption growth of about 8% during the year 2009-10 with consumption figures reaching to 56.3 million tonnes from 52.3 million tonnes in the previous year. This was partly due to various measures initiated by the government. With production of about 60 million tonnes of crude steel during the year 2009-2010, India emerged as the third largest steel producer in the world. The Industry is expected to achieve a substantial increase in crude steel production capacity by the year 2012. The steel prices started to show an increase from the second quarter of the year as the major steel companies raised their prices on back of steep rise in input costs. The increase in demand and increasing steel prices backed by robust demand from automobile and infrastructure sector helped the steel industry to record a good growth. The global steel industry is expected to recover in 2010 on the back of government stimulation packages, the continued stabilisation of financial systems and a return of consumer confidence.

The Company achieved a Turnover of **Rs. 3052.78** crores as against Rs. 2841.56 crores in the previous year, showing an increase of **7.4%**. The Company incurred a Loss, before exceptional items, of **59.43** crores during the year as compared with previous year loss of Rs. 254.36 crores after providing depreciation of **116.68** crores (Previous year Rs. 115.79 crores).

The company is in the process of modernising and modifying its steel plant at Wardha by installing some new equipment/s, modification of existing equipments and up-gradation of utility system and other auxiliary facilities. The above modernization and debottlenecking would enable the plant to make optimum use of its capacities at various stages of production.

### Debt Restructuring

Restructuring proposals of debts with the Financial Institutions and Banks are under various stages of discussion with the lenders. In spite of Company facing a very difficult situation, the Company has paid off **100.23** crores during the year towards past Debt liabilities in accordance with the restructuring terms.

### Steel Products

Sale of steel products during the year under review has been **1825.36 crores** as against the previous year figure of Rs. 2009.20 crores. Owing to poor demand from global customers the exports has almost dried up during the year at **2.13 Crores** as against Rs.158.93 Crores recorded during the previous year.

### Engineering Products

During the year under review the sales of engineering products were **379.14 crores** as compared to the previous year of Rs. 271.51 crores showing an increase of Rs. 107.63 crores. The Company during the year has supplied critical items for projects G.R.S.E. and equipments for Uttam Galva Steels Ltd., Uttam Galva Metallics Ltd. and Balkrishna Industries Ltd. The division has completed its project of supply and commissioning of Marine Loading Arms to Essar Construction Ltd.. The Division continues to support in supply of Spares and Services to all the major Oil, Gas, Port Trust and various Government bodies. The Company has been successful in obtaining further orders from Indian Oil Corporation Ltd, Brahmaputra Cracker & Polymer Ltd., National Aluminium Co. Ltd., Mangalore Chemicals & Fertilizers Ltd., & Indian Oil Corporation Ltd., Welspun Maxsteel Ltd. & Uttam Galva Metallics amongst others for their Projects.

### PREFERENTIAL ISSUE

During the year under review, in terms of restructuring of the debts with a financial institution, the company has allotted 1,30,00,000 Equity shares of Rs.10/- each at par on preferential basis to a financial institution against part conversion of its existing loan after obtaining approval of the members in the Extra Ordinary General Meeting held on 25<sup>th</sup> January, 2010. The Company has received listing approval from both BSE and NSE in respect of the aforesaid shares.

During the year, In order to raise resources for modernization/ debottlenecking and working capital requirements the Company has also allotted 16,85,00,000 Warrants of Rs. 10/- each convertible into Equity Shares of Rs. 10/- each on preferential basis to the promoters. The Warrants are convertible at the option of the holder at any time within a period of 18 months from the date of allotment

### MANAGEMENT DISCUSSION AND ANALYSIS

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

- a) **Industry structure and development :** The steel Industry in India has successfully come out of the adverse effects of the global economic slowdown and registered a positive growth during the previous year. The National Steel Policy has fixed a target of taking steel production up to 110 MT by 2019–20. Nonetheless, with the current rate of ongoing green-field and brown-field projects, the Ministry of Steel has projected India's steel capacity to touch 124.06 MT by 2011–12. The Engineering Products of the Company has been approved for its engineering skills/works/services by various premier consulting companies and Inspection Agencies such as Engineers India Ltd, MECON, LRIS, BVIS, amongst various other agencies. The Division has further been approved by Industrial Boiler Regulatory Authority (IBR). The Engineering segment is highly competitive in view of tough competition from foreign companies / agencies and giant public / private sector undertakings. The development of engineering industry depends on the development of core sectors and the infrastructure sector.
- b) **Opportunities and threats:** The Indian steel Industry witnessed an upward trend during the previous year. It has huge scopes in the future with massive scale of infrastructural development happening all across the country. This upward trend is expected to be continued on account of favourable conditions like competitive prices, increase in consumption of steel owing to upcoming infrastructure and Greenfield projects, highly skilled and low cost workforce etc. The major threats for the industry is higher cost of inputs and lower realizations which may put pressure on the profitability and operating margins of the international as well as domestic steel companies. In addition to this, major obstacles are current economic turmoil, technological change, inadequate availability of suitable quality of raw material, increasing prices of raw materials, high cost of energy / capital etc.
- c) **Segment-wise performance:** The Company is mainly in the business of manufacturing Steel and Capital Equipments and Turnkey Projects. The Company has no activity outside India except export of steel products manufactured in India. Segment wise performance is given at Note No. 25 of Schedule P i.e. Notes on Accounts.
- d) **Outlook:** The outlook for the industry looks reasonable, since India has good iron ore deposits, skilled manpower and growing demand for steel. The Indian steel industry has made a rapid progress on strong fundamentals over the recent few years. The industry is getting all essential ingredients required for dynamic growth. The government is backing the industry through favorable industrial reforms, while the private sector is supporting it with investments worth billions of Rupees. Even in the tough times of economic slowdown, the industry succeeded to sustain its positive growth momentum on the strong fundamentals of domestic demand from construction, automobile and infrastructure sectors. With an impressive track record, the country has become a reputed name in the world steel industry. Global steel giants from all over the world have shown interest in the industry because of its phenomenal performance. The Company continues to compete and participate in the tenders of various Public and Private Sector giants and is hopeful of bagging considerable fresh orders for engineering products.
- e) **Risk and concerns:** The domestic steel industry carrying inherent risk in respect of imbalance in supply / demand apart from price sensitivity and demand volatility. Slowdown in implementation of the Greenfield Steel projects by major steel producers due to non-availability of sufficient iron ore, coal and land, may increase the prevailing supply demand gap in coming years. Besides the above, the global market turmoil, which dented the growth curve of user industry, may affect the progress of the steel industry. The company has been taking continuous modernization programme to maintain efficient operation of its Steel and Engineering activities.
- f) **Internal control system:** The Company maintains periodical internal checks and conduct adequate internal audit, which provide safeguards and proper monitoring and vetting of transactions. ISO-9001:2000 certification has been obtained for execution of works at Murbad. Necessary quality control systems and procedures have been established. Periodical internal checks and audits are conducted by the Management and Internal Auditors. Upgradation wherever necessary are carried out at frequent intervals.
- 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' & 'Operations and Overall Performance' in the current year.
- h) **Human resources and industrial relations:** During the year under review the Employee/Industrial relations at all units and job sites remained cordial. Training programmes are conducted internally for staff and workmen. Training is imparted for updating of manufacturing techniques/processes. Personnel are sponsored for external programmes on need based.. Number of employees as on 31<sup>st</sup> March, 2010 was **1438**.
- i) **Cautionary Statement:** The Management Discussions and Analysis describe Company's projections, expectations or predictions and are forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors.

#### RESEARCH AND DEVELOPMENT

The Company undertakes on a continuous basis, various activities such as the development of new products and processes, cost reduction, improvement in quality and productivity and import substitution.

#### REFERENCE TO BIFR

The Company has filed a reference before the Hon'ble BIFR on 29<sup>th</sup> June 2001. The reference came to be registered as Case Number 278/2001 as per their communication No. 3(L-7) BC/2001 dated 11<sup>th</sup> July 2001. The Hon'ble BIFR vide its order dated 1<sup>st</sup> March, 2006, after hearing the matter has declared the Company as a sick industrial company in terms of section 3 (1) (o) of SICA and appointed ICICI Bank Ltd. as the Operating Agency to prepare a Draft Rehabilitation

Scheme (DRS). The Company has submitted a Draft Rehabilitation Scheme (DRS) to the ICICI Bank Ltd., OA with a copy of the same to the BIFR.

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

#### **INVESTOR SERVICES**

The Company and its Registrars M/s. Bigshare Services Private Limited who is looking after the physical as well as Demat work and also shareholders correspondence, endeavored their best to service the Investors satisfactorily. Your company has constituted a committee comprising of 3 Senior directors of the Company to redress the Investor grievances.

#### **DIRECTORS**

During the year, Shri K.A.Krishnarao, Director of your Company, retire by rotation and being eligible, offer himself for reappointment.

Mr. Satish Kumar Gupta was appointed as Nominee Director of ARCIL with effect from 24<sup>th</sup> May, 2010.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Final accounts have been prepared on going concern basis.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges with which the Company is listed are complied with.

A separate report on Corporate Governance and the Auditor's Certificate on its compliance are annexed hereto and forms part of this Annual Report.

#### **ENVIRONMENT & SOCIAL OBLIGATION**

The Company's plants comply with all norms set up for clean and better environment by the competent authorities. The Company undertakes regular checks / inspections including certification for the maintenance of the environment, health and safety. The Company values environmental protection and safety as the major considerations in its functioning. The Company has adequate effluent Treatment Plants to prevent pollution.

The Company is continuously endeavoring to improve the quality of life in the communities surrounding its industrial complex.

#### **PUBLIC DEPOSITS**

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

#### **AUDITORS & AUDITORS' REPORT**

The members are requested to appoint Auditors and fix their remuneration.

As regards qualification at Sr.No.4 (e) in the Auditors' Report, Directors wish to state that in view of the ongoing discussion for restructuring of the debt and interest liability, the Company has not provided for interest on some loans. Auditors' observations in Clause No. 9 (b), 10 & 11 in the Annexure Audit Report (CARO Report) are self explanatory and do not require further explanation.

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

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **ACKNOWLEDGEMENT:**

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

For and on behalf of the Board

Dated : 24<sup>th</sup> May, 2010  
Place : Mumbai

**Mukesh R Gupta**  
Chairman

## ANNEXURE - A

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

### (A) CONSERVATION OF ENERGY

#### Engineering Products

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

#### Steel Products

- 1) Incandescent Lamps (GSL lamps) of all panels have been replaced by LED lamps.
- 2) 3 heatless type air driers have been replaced by refrigerant type air driers.
- 3) 5 inefficient pumps have been replaced by higher efficiency pumps.
- 4) 500 Cu.Mtr. / day water saving by re-utilising filter backwash water.

### (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

#### Research & Development (R & D)

##### Steel Division

#### 1. Specified areas in which R & D carried out by the Company :

- a) Developed Lower thickness CORTEN Sheets and thicker plate boiler quality for special applications.
- b) Developed alloys steels for Defence and metro coach applications.

#### 2. Benefits derived as a result of R & D

- a) Production of value-added steels has improved the contribution.

#### 3. Future plan of action for R & D

- a) Developing new grades of steel such as API, CTJ55 for exports.

#### 4. Expenditure on R & D

Expenses on R & D Rs. 9.52 Lacs

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

- a) New fume extraction system has been installed for effective pollution control.
- b) Waste products such as slag, ash, etc. are getting converted into useful products such as bricks.

##### 2) Benefits.

- a) High quality steels can be manufactured to improve the contribution.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(Rs in Lacs)

	2009-2010	2008-2009
(a) <b>Earnings</b>		
Brokerage and Commission	22.30	58.57
Exports including Deemed and Third Party	424.39	18279.34
(b) <b>Outgo</b>		
Traveling /Books Periodicals	78.34	83.15
Imported Raw Materials, Stores & Spares, etc.	29322.71	38725.79
Brokerage & Commission	22.61	159.57
Repairs & Maintenance	9.47	14.86
Engineering & Design	270.95	13.43
Others	45.24	30.59

## FORM - A

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

A. Power & Fuel Consumption	UNIT	2009-2010	2008-09
<b>1 Electricity</b>			
a) Purchased			
Units	Kwh	494343936	461365051
Total Amount	Rs.	2,20,77,59,864	1,94,55,65,998
Rate/Unit	Rs/kwh	4.47	4.22
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	21196	3520
Units per ltr. of Diesel Oil	Kwh/ltr	1.66	1.68
Cost/Unit	Rs/kwh	21.37	21.86
ii) Through Steam Turbine / Generator		NIL	NIL
		NIL	NIL
<b>2 Coal</b>			
<b>3 Fuel Oil</b>			
a) Furnace Oil			
Quantity	Kl	26694	24093
Total Amount	Rs.	59,53,80,255	57,45,30,75
Average Rate	Rs/Kl	22304	123846
b) LDO			
Quantity	Kl	1111	972
Total Amount	Rs.	2,94,50,899	3,02,37,498
Average Rate	Rs/Kl	26515	31120
		NIL	NIL
<b>4 Others/Internal Generation</b>			
<b>B. Consumption per unit of production</b>			
<b>1 HR PRODUCTS</b>			
- Electricity	kwh/mt	901	935
- Furnace Oil	ltr/mt	53	53
- LDO	ltr/mt	1.02	1.15
<b>2 GP/GC PRODUCTS</b>			
- Electricity	kwh/mt	1217	1229
- Furnace Oil	ltr/mt	56	55
- LDO	ltr/mt	8.9	8
<b>3 CR PRODUCTS</b>			
- Electricity	kwh/mt	1149	1163
- Furnace Oil	ltr/mt	56	56
- LDO	ltr/mt	9	8

For and on behalf of the Board

Dated: 24<sup>th</sup> May, 2010

Place : Mumbai

**Mukesh R. Gupta**

Chairman

## ANNEXURE - B

INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF THE EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

Sr. No.	Name	Designation	Remuneration (Rs in lacs)	Qualification	Age (years)	Experience (years)	Date of joining	Previous Employment
1	Rajesh R. Gupta	Managing Director	25.44	B.Com.	45	24	01.01.1990	Business

#### Notes :

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

For and on behalf of the Board

Dated : 24<sup>th</sup> May, 2010

Place : Mumbai

**Mukesh R.Gupta**

Chairman

## CORPORATE GOVERNANCE

### Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **Lloyds Steel Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by **Lloyds Steel Industries Limited**, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

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

**Sunil Todarwal**  
Partner  
M.No. 32512

Dated : 24<sup>th</sup> May, 2010  
Place : Mumbai

### NOTE ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

#### 2. BOARD OF DIRECTORS

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

The Board of Directors of the Company is comprised of :

Promoter Directors	3
Non-executive – Nominee Directors	
Representing IDBI, & IFCI & ARCIL	3
Non-executive Independent Director	1

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

Director	Category of Directorship	No. of meetings held	No. of Meetings Attended	Last AGM Attended	No. of Directorship on Board of other public Companies	No. of Committees where he is a Chairman (C)/Member (M)
Mr. Mukesh R. Gupta	Promoter Non-Executive	6	6	Yes	2	1(C)/ 1(M)
Mr. Rajesh R. Gupta	Promoter Executive	6	6	Yes	3	1(C)/2(M)
Mr. B. L. Agarwal	Promoter Non-Executive	6	6	Yes	3	2(M)
Mr. B Ravindranath	Independent IDBI Nominee	6	3	No	2	NIL
Mr. R.Parthasarathy	Independent IFCI Nominee	6	6	No	1	2(M)
Mr. K.A. Krishna Rao	Independent Non-Executive	6	5	Yes	NIL	NIL
# Mr. S K Gupta	Independent ARCIL Nominee	-	-	-	2	NIL

#### # Appointed as ARCIL Nominee Director w.e.f 24<sup>th</sup> May, 2010

During the financial year 2009-2010, Six (6) Board Meetings were held on 29<sup>th</sup> May, 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, 30<sup>th</sup> November, 2009, 31<sup>st</sup> December, 2009 and 25<sup>th</sup> January, 2010 respectively.

#### CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the Directors and the Members of the Senior Management Personnel which is also affirmed by them for the financial year ended 31<sup>st</sup> March, 2010. 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](http://www.lloyds.in).

#### 3. AUDIT COMMITTEE:

##### a) Terms of Reference:

The role and terms of reference of the Audit Committee covers the areas mentioned in the Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292 A of the Companies Act, 1956, as amended from time to time, besides other matters as may be referred by the Board of Directors. These, inter alia, 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.



**b) Composition:**

Name	Designation
Mr. K. A. Krishna Rao	Chairman
Mr. B. L. Agarwal	Member
Mr. B. Ravindranath	Member
Mr. R.Parthasarathy	Member

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

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

During the financial year 2009-2010, Four (4) Meetings of Audit Committee were held on 29<sup>th</sup> May 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009 and 25<sup>th</sup> January, 2010 respectively.

The attendance of the members at the meetings is as under:-

Name of Director	No. of Meetings held	No. of Meetings Attended
Mr. K. A. Krishna Rao	4	4
Mr. B. L. Agarwal	4	4
Mr. B. Ravindranath	4	3
Mr. R.Parthasarathy	4	4

**4. REMUNERATION COMMITTEE:**

- Composition**

The present Remuneration Committee comprises of three Non Executive Independent Directors namely Mr. K A.Krishna Rao, Mr. B.Ravindranath and Mr. R Parthasarathy.

- No. of Meetings held and attendance thereof during the year**

During the financial year 2009-10, one (1) Remuneration Committee Meeting was held on 29<sup>th</sup> May,2009 and Mr. K.A.Krishna Rao, Mr. B.Ravindranath and Mr. R Parthasarathy attended the same.

- Remuneration Policy**

The remuneration of Director in all the cases is decided by the Board subject to necessary approval of shareholders, remuneration committee and other applicable approvals, if any.

Save and except Mr. Rajesh R. Gupta, Managing Director, no other director has drawn remuneration during the financial year 2009-10.

Mr. Rajesh R.Gupta was re-appointed as a Managing Director for a term of five years w.e.f. 1<sup>st</sup> January, 2010 and is responsible for day to day affairs of the Company. During the year Mr. Rajesh R.Gupta has been paid minimum remuneration of Rs.25.44 Lacs by way of Salary, Perquisites & Contribution to Provident Fund, in accordance with the provisions of Schedule XIII of the Companies Act, 1956

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

- Details of shares held by Non-Executive directors in their own name as on 31<sup>st</sup> March, 2010.**

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

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

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

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

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

The Company has incorporated a grievance redressal division for the purpose of registering complaints by investors and for its speedy disposal. The investors therefore are requested to send their grievance, if any, on [investor@lloyds.in](mailto:investor@lloyds.in).

The Company's Registrar and 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](http://www.bigshareonline.com)) to help the company to serve better.

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

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

Description	Received	Replied
Direct	181	181
Bombay Stock Exchange	0	0
SEBI Complaints	14	14
MCA	5	5
Investors' Association	0	0
TOTAL	200	200

**6. GENERAL BODY MEETING:**

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

Year	Location	Date	Time
2006-2007	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.	04.08.2007	11.00 a.m.
2007-2008	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.	19.07.2008	11.00 a.m.
2008-2009	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.	31.07.2009	11.00 a.m.

- b. During the financial year 2009-10, two Extra Ordinary General Meetings were held, location & Time of which were as under :

Year	Location	Date	Time
2009-2010	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	31.12.2009	10.30 a.m.
2009-2010	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	25.01.2010	10.30 a.m.

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

Date of AGM	Details of Special Resolution
04.08.2007	No Special Resolution passed
19.07.2008	No Special Resolution passed
31.07.2009	No Special Resolution passed
31.12.2009	Alteration of Articles of Association for increase in Authorised Capital
25.01.2010	Issue of Warrants/Equity shares on preferential basis

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

#### 7. DISCLOSURES :

- a) Disclosure on Materially Significant Related Party Transaction i.e. Transactions of the Company of material nature, with Its Promoters, the Directors or the Management, their subsidiaries or relatives etc that may have potential conflicts with the interest of the company at large :
- There were no such transactions during the year. The details of transactions with related parties are disclosed in the accounts.
- b) Details of Non-Compliance by the Company, Penalties, Strictures imposed on the Company by Stock exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years:
- There has been no instance of non-compliance by the company on any matter related to capital markets during the last 3 years, however as reported during the last year, the SEBI has cautioned the company vide it's letter dtd. May 14, 2008 for being diligent in connection with submission of shareholding pattern to the Stock Exchanges.
- c) Whistler Blower Policy and affirmation that No Personnel has been denied access to the Audit committee.
- No Personnel has been denied access to the Audit committee.
- d) Details of Compliance with Mandatory requirements and Adoption of the Non-mandatory requirements of this clause :

The Company has complied with all the Mandatory requirements. As regards the Non-mandatory requirements, they have been complied with to the extent possible.

#### 8. CEO / CFO CERTIFICATION

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

#### 9. MEANS OF COMMUNICATION:

The Quarterly and Annual Results are published in Navshakti and Free Press Journals and are displayed on Company's website [www.lloyds.in](http://www.lloyds.in).

#### 10. GENERAL SHAREHOLDER INFORMATION:

##### 1. Annual General Meeting

Date	<b>Thursday, 29th July, 2010</b>
Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.
Time	11.00 a.m.

##### 2. Financial Calendar (tentative)

Results for quarter ending 30.06.2010	Fourth Week of July 2010
Results for half year ending 30.09.2010	Fourth week of October 2010
Results for quarter ending 31.12.2010	Fourth week of January 2011
Results for year ending 31.03.2011	Fourth week of May 2011

##### 3. Book Closure Date

Tuesday, 20th July, 2010 to Thursday, 29th July, 2010 (both days inclusive)

##### 4. Dividend Payment

Not declared date

##### 5. Listing of Equity Shares on Stock Exchanges at

The Company has paid listing fees to the above stock exchanges for the financial year 2010-2011.

6. Stock Code	500254	- Bombay Stock Exchange
	LLOYDSTEEL	- National Stock Exchange of India
ISIN No.		: INE292A01015

## 7. Stock Market Data

**The monthly movement of equity Share Price on Bombay Stock Exchange**

Sensex	Share Price (In.Rs.)		BSE
	High	Low	Close
April 2009	6.14	4.08	11403.25
May 2009	9.08	4.90	14625.25
June 2009	12.10	7.20	14493.84
July 2009	8.12	5.90	15670.31
August 2009	8.99	6.90	15666.64
September 2009	10.56	8.35	17126.84
October 2009	10.20	7.30	15896.28
November 2009	9.50	7.25	16926.22
December 2009	12.30	8.60	17464.81
January 2010	13.55	11.25	16357.96
February 2010	12.40	10.45	16429.55
March 2010	15.49	12.05	17527.77

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

**Bigshare Services Private Limited**  
( Unit : Lloyds Steel Industries Ltd )  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai- 400 072.  
Tel. No. 022- 40430200 / 299  
Fax No. 022- 2847 5207

9 Share Transfer System

Share transfer requests are registered within an average period of 15 to 20 days from the date of receipt.

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

10 Distribution of shareholding as on 31<sup>st</sup> March, 2010

Promoters	17.44
Financial Institutions/Banks	17.84
MFs / UTI	0.43
FII	0.19
Others	64.10
-----	-----
<b>TOTAL</b>	<b>100.00</b>

No. of Shares Held	No. of Shareholders		No. of Shares Held	
	Total	% of Total	Total	% of Total
1 - 500	154116	83.84	32020509	14.22
501 - 1000	18516	10.07	14831227	6.59
1001 - 2000	6090	3.31	9451335	4.20
2001 - 3000	1649	0.90	4292898	1.91
3001 - 4000	755	0.41	2735446	1.22
4001 - 5000	848	0.46	4104144	1.82
5001 - 10000	977	0.53	7670141	3.41
10001 and Above	872	0.47	150000671	66.64
<b>Total</b>	<b>183823</b>	<b>100.00</b>	<b>*225106371</b>	<b>100.00</b>

Note : \* Excludes 446321 Forfeited shares of Rs.10/- each.

11 Dematerialisation of Shares

Over **87.13** % of the outstanding shares have been dematerialised upto 31<sup>st</sup> March, 2010.

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 actively traded on the Bombay Stock Exchange & National Stock Exchange of India Limited, Mumbai.

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

Company in its Committee meeting of Board allotted 16,85,00,000 warrants of Rs. 10/- each convertible into one Equity Share of Rs. 10/- each within 18 months of allotment at the option of the allottee

13 Plant Locations

**Steel Plant:-**

Lloyds Nagar, Bhugaon Link Road, Wardha-442001, Maharashtra, India.

**Engg. Plant:-**

Plot No. A-5/5 & A6/3, MIDC Industrial Area, Murbad, Dist. Thane, Maharashtra, India.

14 (i) Investor Correspondence

For transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

**Bigshare Services Private Limited**

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka Andheri (E), Mumbai- 400 072.  
Tel. No. 022-40430200 / 299  
Fax No. 022- 2847 5207

**E-mail : info@bigshareonline.com**

(ii) Any query on Annual Report

Secretarial Department  
Lloyds Steel Industries Limited  
Modern Centre, 'B' Wing,  
2<sup>nd</sup> Floor, Sane Guruji Marg,  
Mahalaxmi, Mumbai- 400 011.  
Tel. No. 022- 3041 8111  
Fax No. 022- 3041 8260  
E Mail : **investor@lloyds.in**

**DECLARATION**

" I, Rajesh R. Gupta, Managing Director of Lloyds Steel Industries Limited, do hereby declare and confirm that all the Board members and Senior Management Personnel have affirmed the compliance of the code of conduct for the year ended 31st March,2010 laid down by the Board and which is placed before the Board."

For & on behalf of the Board

Dated : 24<sup>th</sup> May, 2010  
Place : Mumbai

**Rajesh R Gupta**  
Managing Director

# AUDITORS' REPORT

## TO THE MEMBERS OF LLOYDS STEEL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Lloyds Steel Industries Limited as at March 31, 2010 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 (Auditor's Report) (Amendment) Order, 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 dealt with by this report are in agreement with the books of account;
  - (d) 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;
  - (e) *The company has not provided interest amounting to Rs. 4366.22 lacs for the current year (till date Rs. 19122.44 lacs). Had the same been considered the loss for the year would have been Rs. 12174.31 lacs (as against the reported figure of loss of Rs. 7808.09 lacs) and the accumulated loss for the year ending would have been Rs.169726.10 lacs (as against the reported loss of Rs. 150603.66 lacs)*
  - (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, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (g) In view of the foregoing paragraphs, in our opinion and to the best of our information and according to the explanations given to us, and *subject to point 4 (e), regarding non provision*

of interest above the Balance Sheet, Profit and Loss Account and Cash flow together with the Notes thereon and attached thereto, give in the prescribed manner, the information required by the Act and also give, a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

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

**Sunil Todarwal**  
Partner  
M. No. : 32512

Dated : 24<sup>th</sup> May, 2010  
Place: Mumbai

## ANNEXURE TO AUDITORS' REPORT

[Referred to in Paragraph 3 of the Auditor's Report of even date to the Members of Lloyds Steel Industries Limited on the Financial Statements for the year ended 31<sup>st</sup> March 2010]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As per the information and explanation given to us, fixed assets are physically verified by the management according to a phased programme designed to cover all the locations which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the management during the year physically verified the fixed assets at certain locations and no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanation given to us, the company has disposed off an insignificant part of the fixed assets during the year. Thus, paragraph 4(i) (c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. (a) Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information & explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) According to information and explanation given to us, the Company has neither granted nor taken any secured or unsecured loans to / from companies, firms, parties covered in the register maintained under Section 301 of the Act.

In view of the above, provisions of clause 4(iii) (b), (c), (d), (f) and (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. According to the information and explanation given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under. Hence the provisions of clause 4(vi) are not applicable to the company.
7. In our opinion and according to information and explanation given to us, the Company's present internal audit system is commensurate with its size and the nature of its business.
8. We have Broadly reviewed the books of accounts maintained by the company in respect of Steel division , where, pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 209(1) (d) of the Companies Act, 1956. We are of the view that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also Management representations, undisputed statutory dues in respect of Provident fund, Profession tax, Income Tax, Sales Tax, Value added tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, if any, applicable to it, has been regularly deposited with the appropriate authorities.
- (b) *According to the records of the Company, the disputed dues in respect of Excise Duty of Rs.447.84 lacs (Previous year Rs.408.90 Lacs) and Sales Tax of Rs. 28.65 lacs (Previous year Rs.28.65 lacs) as at March 31, 2010 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	43.38	Chief Commissioner of Appeals
		45.07	Assistant Commissioner
		113.07	Commissioner
		22.48	Deputy Commissioner
		38.94	Additional Commissioner
		150.89	High Court
		34.01	Supreme Court
<b>Total</b>		<b>447.84</b>	
2	State & Central Sales Tax Acts.	28.65	Gujarat Sales Tax Tribunal
<b>Total</b>		<b>28.65</b>	

- 10 The Company's accumulated losses at the end of the financial year are not less than fifty percent of it's net worth and it has not incurred cash losses in the financial year under audit, *however, in the immediately preceding financial year the Company had incurred cash losses.*
- 11 *According to the records of the Company, and as informed to us, the dues to Lenders are under various stages of restructuring process. Amount of default aggregating to Rs.7843.32 lacs till date including 4620.51 lacs during the year.*
- 12 According to information and explanation given to us, 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. Hence the provisions of clause 4(xiii) are not applicable to the company.
- 14 According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Hence clause 4(xiv) is not applicable to the company.
- 15 According to the information and explanations given to us, the Company has given guarantee for loans taken by others from a bank, the terms and conditions whereof in our opinion are not prejudicial to the interest of the company.
- 16 As per information given to us, no fresh term loans have been taken by the Company during the year. Hence the provisions of clause 4(xvi) are not applicable to the company.
- 17 On the basis of overall examination of the Balance Sheet of the Company and according to information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investments.
- 18 According to information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 during the year.
- 19 According to information and explanation given to us, the company has not issued any fresh debenture during the year. Hence the provisions of clause 4(xix) are not applicable to the company.
- 20 According to information and explanation given to us, the Company has not raised any money by public issue during the year. Hence the provisions of clause 4(xx) are not applicable to the company.
- 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 and on behalf of  
**TODARWAL & TODARWAL**  
Chartered Accountants

**Sunil Todarwal**  
Partner  
M. No. - 32512

Dated : 24<sup>th</sup> May, 2010  
Place : Mumbai

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

Rs. in Lacs

PARTICULARS	Schedule	AS AT 31.03.2010	AS AT 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	'A'	46043.70	44742.22
(b) Subscription for Share Warrants		4212.50	-
(c) Reserves & Surplus	'B'	71610.33	55874.85
		<b>121866.53</b>	100617.07
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	'C'	78934.38	116195.10
(b) Unsecured Loans	'D'	352.31	402.06
		<b>79286.69</b>	116597.16
<b>TOTAL</b>		<b>201153.22</b>	217214.23
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>	'E'		
Gross Block		226321.19	226091.50
Less: Depreciation		144707.00	133073.60
Net Block		<b>81614.19</b>	93017.90
Capital Work in Progress		<b>22500.99</b>	4804.74
		<b>104115.18</b>	97822.64
<b>2. INVESTMENTS</b>	'F'	<b>250.26</b>	250.26
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>	'G'		
(a) Inventories		20290.76	19277.03
(b) Sundry Debtors		20186.21	12464.23
(c) Cash & Bank Balances		3048.75	3638.97
(d) Loans & Advances		38945.95	48655.17
		<b>82471.67</b>	84035.40
<b>Less: Current Liabilities</b>	'H'	<b>136287.55</b>	107689.64
<b>NET CURRENT ASSETS</b>		<b>(53815.88)</b>	(23654.24)
<b>4. PROFIT &amp; LOSS ACCOUNT</b>		<b>150603.66</b>	142795.57
<b>TOTAL</b>		<b>201153.22</b>	217214.23
<b>Notes forming part of Accounts.</b>	'P'		

As per our Report of even date attached

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

**SUNIL L. TODARWAL**  
Partner  
M. No. - 32512

Date : 24<sup>th</sup> May, 2010  
Place : Mumbai

**S. N. TIWARI**  
Company Secretary

For and on behalf of the Board

**RAJESH R. GUPTA**  
Managing Director

**MUKESH R. GUPTA**  
Chairman

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.

Rs. in Lacs

PARTICULARS	Schedule	Current Year 31.03.2010	Previous Year 31.03.2009
<b>INCOME</b>			
(a) Gross Turnover (including job work)		305278.06	284156.44
Less : Excise Duty		15406.00	23605.06
Net Turnover		289872.06	260551.38
(b) Other Income	'I'	447.09	636.85
		290319.15	261188.22
<b>EXPENDITURE</b>			
(a) Cost of Materials	'J'	239973.61	231679.39
(b) Manufacturing & Asset Maintenance	'K'	25510.28	22762.91
(c) Personnel Cost	'L'	3976.55	4092.28
(d) Selling & Distribution Expenses	'M'	8499.23	7905.41
(e) Administrative & Other Expenses	'N'	1738.07	3505.50
		279697.74	269945.49
<b>PROFIT / LOSS (-) BEFORE INTEREST, DEPRECIATION, &amp; TAX</b>		10621.41	(8757.26)
Interest & Financial Charges ( Net )	'O'	4897.03	5099.65
<b>PROFIT / (LOSS) BEFORE DEPRECIATION, &amp; TAX</b>		5724.38	(13856.91)
Depreciation		11668.20	11579.27
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEM &amp; TAX</b>		(5943.82)	(25436.18)
Add: Exceptional Items (Net)		(1807.86)	8966.14
<b>PROFIT / (LOSS) BEFORE TAX</b>		(7751.68)	(16470.04)
Fringe Benefit Tax		-	42.09
<b>PROFIT / (LOSS) AFTER TAX</b>		(7751.68)	(16512.13)
Add : Prior Period Income / (Expenses) (Net)		(56.41)	26.68
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		(7808.09)	(16485.45)
Add : Profit / Loss (-) B/F from Previous Year.		(142795.57)	(126310.12)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		(150603.66)	(142795.57)
Basic & Diluted Earning Per Share (Rs.)		(3.65)	(8.33)
<b>Notes forming part of Accounts.</b>	'P'		

As per our Report of even date attached

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

**SUNIL L. TODARWAL**  
Partner  
M. No. - 32512

**S. N. TIWARI**  
Company Secretary

For and on behalf of the Board

**RAJESH R. GUPTA**  
Managing Director

**MUKESH R. GUPTA**  
Chairman

Date : 24<sup>th</sup> May, 2010  
Place : Mumbai

## SCHEDULES

SCHEDULES "A TO P" ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.

Rs. in Lacs

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
50,00,00,000 Equity Shares of Rs.10/- each (Previous Year 25,00,00,000 Equity Shares of Rs.10/- each)	50000.00	25000.00
25,00,00,000. Preference Shares of Rs.10/- each (Previous Year 25,00,00,000 Preference Shares of Rs.10/- each)	25000.00	25000.00
<b>TOTAL</b>	<b>75000.00</b>	<b>50000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
<b>Equity Shares :</b>		
22,51,06,371 Equity Shares of Rs.10/-each fully paid up (P.Y.21,21,06,371 Equity Shares of Rs.10/-each fully paid up)	22510.64	21210.64
<b>Less:</b> Calls - in - Arears	113.41	114.89
<b>Add :</b> 446321 Forfeited Shares (Amount originally received)	18.93	18.93
	<b>22416.16</b>	<b>21114.68</b>
<b>Preference Shares:</b>		
23,62,75,420 Redeemable Preference Shares of Rs. 10/- each fully paid up (PY 23,62,75,420 Redeemable Preference Shares of Rs. 10/- each)	23627.54	23627.54
<b>TOTAL</b>	<b>46043.70</b>	<b>44742.22</b>
Note: 1. The Redeemable Preference Shares will be redeemed with a premium of 11.50% in 6 (Six) Annual Instalments commencing from financial year 2016.		
2. During the year, the Company has issued 1,30,00,000 Equity Shares of Rs.10/- each to a Financial Institution.		
<b>SCHEDULE B : RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	16542.42	3259.08
Add: Transfer during the Year	15732.23	13283.34
	<b>32274.65</b>	<b>16542.42</b>
<b>Debenture Redemption Reserve</b>		
Balance as per last Balance Sheet	1902.00	1902.00
<b>Share Premium Account</b>		
Balance as per last Balance Sheet	37728.50	37728.50
<b>Less :</b> Calls - in - Arrears	294.82	298.07
	<b>37433.68</b>	<b>37430.43</b>
<b>TOTAL</b>	<b>71610.33</b>	<b>55874.85</b>
<b>SCHEDULE C : SECURED LOANS</b>		
<b>1. Long Term Loans</b>		
<b>(a) From Banks :</b>		
Rupee Loan	12411.99	15971.34
<b>(b) From Financial Institutions</b>		
Rupee Loan	60110.67	65279.60
<b>(c) Interest Accrued and Due</b>	<b>1750.38</b>	<b>2635.60</b>
	<b>74273.04</b>	<b>83886.55</b>



## SCHEDULES

Rs. in Lacs

	AS AT 31.03.2010	AS AT 31.03.2009
<b>2. (a) Debentures (Non Convertible)</b>		
(i) 150000 14% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1989	-	18.40
(ii) 200000 14% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1990	-	40.00
(iii) 500000 18.5% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1993	-	200.00
(iv) 2500000 18.5% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1995	-	1200.00
(v) 700000 19 % Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1998	-	700.00
(vi) 5000000 17% Privately Placed Secured Redeemable Non-Convertible Debentures of Rs.100/-each issued in the year 1999	<b>547.08</b>	1342.68
	<b>547.08</b>	3501.08
<b>Add: Interest Accrued and Due</b>	-	1880.53
	<b>547.08</b>	5381.61
<b>3. Working Capital from Banks</b>		
Cash Credit / Working Capital Demand Loan.	<b>4114.26</b>	26926.95
<b>TOTAL</b>	<b>78934.38</b>	116195.10

### NOTES TO SCHEDULE C:

1. a. Long Term Loans referred to in 1(a) and 1(b) above, are secured by way of hypothecation of all the movables except book debts, including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and/or to be created in favour of the Company's Bankers for Working Capital facilities.
- b. (i) Long Term Loans referred to in 1(a) and 1(b) above, to the extent of **Rs. 48866.43 lacs**, are also secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colony for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- (ii) Long Term Loans referred to in 1(a) and 1(b) above, to the extent of **Rs. 2837.01 lacs**, are also secured by way of first mortgage and charge on Company's immovable properties situated at Wardha, both present and future (excluding Staff Quarters at Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- c. Long Term Loans referred to in 1(a) and 1(b) above, to the extent of **Rs 16500.00 lacs**, are to be secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
- d. The Term Loans of **Rs. 353.97 lacs** from SBI Home Finance Limited are secured by exclusive mortgage of the housing colony situated at Wardha.
- e. Long Term Loan referred to in 1(b) above, to the extent of **Rs.3965.25 lacs**, cash credit facilities assigned by banks, is secured against hypothecation of Raw Materials, Work-in-process, Finished Goods, Stores & Spares, Book Debts

**NOTES TO SCHEDULE C:**

- etc., and by way of Second Charge on company's immovable properties, and also guaranteed by some of the directors of the Company.
2. a. Non-Convertible Debentures/ Bonds referred to in 2 above are secured / to be secured by way of first mortgage and charge on Company's immovable properties, both present and future (excluding Staff Quarters at Wardha), ranking pari passu with other First Charge holders, subject to prior charge on specific equipments hypothecated to Banks for deferred credits and SBI Home Finance Limited for housing colonies for the employees at Wardha and specified movables both present and future, hypothecated to Banks for Working Capital.
  - b. The Debentures referred in 2(vi) above are redeemable in 24 ballooning instalments from 31st July 2008 to 30th June 2010.
  3. Cash Credit from Bank is secured against hypothecation of Raw Materials, Work-in-process, Finished Goods, Stores & Spares, Book Debts etc., and by way of Second Charge on Company's immovable properties, and also guaranteed by some of the Directors of the Company.
  4. The loan mentioned in 1 above includes non interest bearing loans of **Rs. 32599.40** lacs as per the loan restructuring terms.

Rs. in Lacs

**SCHEDULE D : UNSECURED LOANS**

**From Financial Institutions**

- (i) Capital Subsidy Loan (SICOM)
- (ii) Sales Tax Deferral Loan (SICOM)

**TOTAL**

AS AT 31.03.2010	AS AT 31.03.2009
19.04	19.04
333.27	383.02
<b>352.31</b>	<b>402.06</b>

Note :

Amount repayable within one year Rs. 53.02 Lacs (Previous year Rs. 49.74 lacs)

**SCHEDULE E : FIXED ASSETS**

Rs. in Lacs

Sr. No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01.04.2009	Additions during the year	Discarded /Sold during the year	As at 31.03.2010	Provided upto 01.04.2009	Provided during the year	Written back during the year	Total upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land	435.86	23.25	-	459.11	-	-	-	-	459.11	435.86
2	Building	4688.53	169.83	-	4858.36	1280.12	90.56	-	1370.68	3487.68	3408.41
3	Plant & Machinery	218220.99	13.33	22.20	218212.12	129756.43	11441.82	21.08	141177.17	77034.95	88464.56
4	Computers	802.97	29.10	-	832.07	671.52	33.57	-	705.09	126.98	131.45
5	Electrical Installations	86.57	7.06	-	93.63	78.56	0.53	-	79.09	14.54	8.01
6	Office Equipment	261.64	2.89	-	264.53	166.93	13.37	-	180.30	84.23	94.71
7	Furniture & Fixtures	515.43	8.93	-	524.36	432.73	31.67	-	464.40	59.96	82.70
8	Motor Vehicles	115.63	23.73	26.23	113.13	33.89	10.89	13.71	31.07	82.06	81.74
9	Railway Siding	963.88	-	-	963.88	653.41	45.79	-	699.20	264.68	310.47
	Total	226091.50	278.12	48.43	226321.19	133073.60	11668.20	34.79	144707.00	81614.19	93017.90
	Capital Work-in-Progress	4804.74	17930.62	234.37	22500.99	-	-	-	-	22500.99	4804.74
	Total	230896.24	18208.74	282.80	248822.18	133073.60	11668.20	34.79	144707.00	104115.18	97822.64
	Previous Year	225821.06	8539.01	3463.84	230896.24	121619.82	11579.27	125.49	133073.60	97822.64	

Note : Gross Block, accumulated depreciation and net block of plant & machinery includes asset given on operating lease.

## SCHEDULES

Rs. in Lacs

	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE F : INVESTMENTS (At Cost)</b>		
<b>Shares (Unquoted)-</b>		
1,00,00,000 Equity Shares of Rs.2.50/-each of Aristo Realty Developers Ltd (Previous Year 10000000 Equity Shares of Rs. 2.50/- each)	250.00	250.00
2600 Equity Shares of Rs.10/-each of Indrajit Infrastructure Pvt.Ltd (Previous Year 2600 Equity Shares of Rs.10/- Each)	0.26	0.26
<b>TOTAL</b>	<b>250.26</b>	<b>250.26</b>
<b>SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>(a) INVENTORIES</b>		
Stores and Spare Parts	6912.34	6853.06
Fuel & Gases	94.06	89.06
<b>Stock-in-Trade :</b>		
Raw Materials	5734.06	4258.54
Finished Goods	3269.74	2002.18
Work in Process/Semi Finished	3814.25	5952.31
Scrap Materials	466.31	121.88
	<b>20290.76</b>	<b>19277.03</b>
<b>(b) SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Exceeding six months	978.32	1292.97
Others	19207.89	11171.26
	<b>20186.21</b>	<b>12464.23</b>
<b>(c) CASH &amp; BANK BALANCES</b>		
Cash balance on hand	8.85	11.11
Bank Balance :		
With Scheduled Banks-		
1. In Current accounts	881.63	1661.39
2. Margin Account	1526.15	1530.28
3. Cheques on hand / Remittance in Transit	632.12	436.19
	<b>3048.75</b>	<b>3638.97</b>
<b>(d) LOANS &amp; ADVANCES</b>		
(Unsecured and Considered good)		
Advances recoverable in cash or in kind or for value to be received	34253.42	44833.48
Deposits with Govt.Dept.and others	4453.40	3790.89
Advance Income Tax and Income Tax deducted at source	239.13	30.80
	<b>38945.95</b>	<b>48655.17</b>
<b>TOTAL</b>	<b>82471.67</b>	<b>84035.40</b>
<b>SCHEDULE H : CURRENT LIABILITIES</b>		
Sundry Creditors	76889.21	69172.49
Acceptances	14827.63	-
Advances against orders received	39146.46	36088.47
Current Account Overdrawn	1397.63	197.09
Interest accrued but not due	502.08	126.53
Other Liabilities	2110.62	830.28
<b>Provisions</b>		
Provision for Leave Encashment & Gratuity	1413.92	1274.78
<b>TOTAL</b>	<b>136287.55</b>	<b>107689.64</b>

## SCHEDULES

Rs.in Lacs

	Current Year 31.03.2010	Previous Year 31.03.2009
<b>SCHEDULE I : OTHER INCOME</b>		
Rent Receipts	311.49	170.14
Profit on Sale of Fixed Assets	12.80	-
Miscellaneous Receipts	122.80	466.71
<b>TOTAL</b>	<b>447.09</b>	<b>636.85</b>
<b>SCHEDULE J : COST OF MATERIALS</b>		
<b>Consumption of :</b>		
Raw Materials	208585.13	196008.44
Production Consumables, Stores & Spares	21914.16	24777.90
Petroleum Products (Fuel)	8948.25	9082.08
<b>(Increase)/ Decrease in Stocks</b>		
<b>Opening Stock :</b>		
Finished Goods	2002.18	3789.34
Work in Process/Semi Finished Goods	5952.31	5872.79
Scrap	121.88	225.21
<b>Less:</b>	<b>8076.37</b>	<b>9887.34</b>
<b>Closing Stock :</b>		
Finished Goods	3269.74	2002.18
Work in Process/Semi finished Goods	3814.25	5952.31
Scrap	466.31	121.88
	<b>7550.30</b>	<b>8076.37</b>
<b>( Increase ) / Decrease in Stocks</b>	<b>526.07</b>	<b>1810.97</b>
<b>TOTAL</b>	<b>239973.61</b>	<b>231679.39</b>
<b>SCHEDULE K : MANUFACTURING &amp; ASSET MAINTENANCE</b>		
Electricity & Water Charges	22164.99	19501.28
<b>Repairs &amp; Maintenance -</b>		
Plant & Machinery	697.00	541.33
Buildings	9.31	16.63
Others	27.61	32.57
Engineering & Processing Charges	1452.84	529.53
Insurance (Net)	225.90	228.71
Freight, Transport, Clearing	-	443.76
Misc. Expenses for Production	932.63	1469.10
<b>TOTAL</b>	<b>25510.28</b>	<b>22762.91</b>
<b>SCHEDULE L : PERSONNEL COST</b>		
Salaries, Wages & Bonus	3650.74	3770.79
Employer's Contribution to Provident Fund and Other Funds	255.71	242.64
Staff Welfare/Workmen Expenses	70.10	78.85
<b>TOTAL</b>	<b>3976.55</b>	<b>4092.28</b>
<b>SCHEDULE M : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Commission & Brokerage	1404.71	1593.46
Freight Outwards	7044.32	6255.00
Other Selling Expenses	50.20	56.95
<b>TOTAL</b>	<b>8499.23</b>	<b>7905.41</b>

## SCHEDULES

Rs.in Lacs

### SCHEDULE N : ADMINISTRATIVE & OTHER EXPENSES

Travelling & Conveyance Expenses	327.86	360.12
Postage, Telephone & Telex	82.90	85.12
Printing & Stationery	36.66	34.93
Professional Fees	349.74	226.52
Rent	21.80	14.91
Rates & Taxes	43.57	68.51
Sitting Fees to Directors	0.44	0.30
Vehicle Hire & Maintenance Charges	67.64	59.26
Sundry Expenses	466.07	369.08
Sundry Balance Write Back / Write off (Net)	191.96	(5.40)
Loss on Sale / Discarded of Fixed Assets	-	13.11
Exchange Fluctuation Loss	145.46	2275.01
Auditor's Remuneration & Out of Pocket Expenses	3.97	4.03

#### TOTAL

1738.07

3505.50

### SCHEDULE O : INTEREST & FINANCIAL CHARGES

#### Finance Charges :

Lease Rent	13.23	5.03
Bills Discounting Charges	1632.20	2440.98
Bank Charges & Commission	229.26	394.85
Others	173.81	136.87

13.23

5.03

1632.20

2440.98

229.26

394.85

173.81

136.87

2048.50

2977.73

#### Interest :

On Term Loans	1811.77	1622.14
On Working Capital	-	121.08
On Others	1983.60	1565.74

1811.77

1622.14

-

121.08

1983.60

1565.74

3795.37

3308.96

#### Less : Interest Received (includes tax deducted at source)

946.84

1187.04

#### TOTAL

4897.03

5099.65

### SCHEDULE P : NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010, AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

#### (f) 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. The Company accrues individual items of Income/ Expenses above Rs.5000/- per item.

##### (b) Fixed Assets:-

- Fixed Assets are valued at cost, net of CENVAT, unless revalued, for which proper disclosure is made.
- All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure/Income arising out of trial run is part of pre-operative expenses included in Capital Work-in-Progress

##### (c) Depreciation :-

Depreciation on all the assets has been provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956.

##### (d) 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.

#### (e) Inventories :

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

Raw Materials	: *At lower of cost and net realizable value.
Stores and spares	: At cost
Work-in-process/semi-finished goods	: At cost.
Engineering Plant Finished Goods	: At contract price.
Steel Plant Finished Goods	: At lower of cost and market value.
Finished Goods at the end of trial run	: At net realizable value.
Scrap material	: At net realizable value.
Tools and equipments	: At lower of cost and disposable value.

\*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.

#### (f) 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"

#### (g) Customs Duty :

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

(h) **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.

(i) **Lease Rentals :**

Lease rentals are expensed with reference to lease terms.

(j) **Research and Development :**

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

(k) **Provision of Gratuity :**

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

(l) **Leave Salary :**

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

(m) **Investments :**

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

(n) **Amortization of Expenses :**

i) **Equity Issue Expenses:**

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

ii) **Debenture Issue Expenses:**

Debenture Issue expenditure is amortized over the period of 10 years Debentures.

iii) **Deferred Revenue Expenses:**

Deferred Revenue expenses are amortized over a period of 5 years.

(o) **Foreign Currency Transactions:**

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.

(p) **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.

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

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

(r) **Contingent Liability :**

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

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

(Rs. In Lacs)

	As at 31.03.2010	As at 31.03.2009
<b>Contingent Liabilities not provided for :</b>		
(a) In respect of guarantees issued by Banks :	1201.43	1088.33
This includes an expired bank guarantee of Rs.8.15 lacs which has been invoked, the encashment of which has been stayed by a Court of Law.		
(b) Corporate Guarantee issued by the Company	66.95	75.75
(c) i) Claims against the Company not acknowledged as debt.	870.18	70.18
ii) Show cause notices under hearing in respect of excise duty which is disputed by the Company	447.84	408.90
iii) Sales Tax	28.65	28.65
<b>TOTAL</b>	<b>2615.05</b>	<b>1671.81</b>

(3) **Cash and Bank Balances :-**

a) **Details of Balance with Non-Schedule Bank:**

(Rs. In Lacs)

	Current Year	Previous Year
Balance with Non- Scheduled Bank		
In Current accounts		
Wardha Nagrik Sahakari Adikoshha Ltd.	0.29	0.29
Maximum balance with Non-Scheduled Bank during the year		
In Current accounts		
Wardha Nagrik Sahakari Adikoshha Ltd.	0.29	6.11

b) Amount held in Margin / Fixed Deposit accounts with banks having lien for Guarantees provided of **Rs.1526.14 Lacs** (Previous Year Rs. 1530.28 Lacs)

(4) (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:

(Rs. In Lacs)

	Current Year	Previous Year
Salary	19.20	19.20
PF Contribution	1.44	1.44
Perquisites	4.80	4.80
<b>Total</b>	<b>25.44</b>	<b>25.44</b>

(5) 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 are **Rs 56.41 Lacs** (Previous year Rs 17.72 Lacs). Prior period incomes are Nil (Previous year Rs.44.40 Lacs).

(6) Auditors remuneration

(Rs. In Lacs)

Particulars	2009-10	2008-09
a) As Auditor For		
(i) Fees	3.00	3.00
(ii) Expenses Reimbursed & Others	0.47	0.53
b) As Advisor In		
(i) Taxation Matters	0.50	0.50
<b>Total</b>	<b>3.97</b>	<b>4.03</b>

(7) 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.887.09 Lacs
ii. Current Services Cost	Rs.78.51 Lacs
iii. Interest Cost	Rs.70.97 Lacs
iv. Actuarial (Gain)/Loss	Rs.(127.62) Lacs
v. Benefits paid	Rs.(40.52) Lacs
vi. Obligation as at the end of the year	Rs.868.43 Lacs

d) Expenses recognized during the year.

i. Current Services Cost	Rs.78.51 Lacs
ii. Interest Cost	Rs.70.97 Lacs
iii. Actuarial (Gain)/Loss	Rs.(127.62) Lacs
iv. Expenses recognized during the year	Rs.21.86 Lacs

e) Actuarial Assumptions.

i. Rate of Interest	: 8.25% per annum
ii. Salary Growth	: 6.50% per annum
iii. Withdrawal Rate	: 1%
iv. Mortality Rate	: LIC (1994-96) ultimate Mortality Rates.
v. Retirement Age	: 60 years

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

Particulars	2009-10	2008-09
NPBT	(775,168,335)	(1,647,003,610)
Prior Period Items	(5,640,827)	2,667,841
Tax Expenses	Nil	(4,209,225)
Numerator (A)	(780,809,162)	(1,648,544,994)
Denominator (B)	214,029,659	197,805,001
<b>Basic &amp; Diluted EPS (A/B)</b>	<b>(3.65)</b>	<b>(8.33)</b>

- (9) a) The Income tax assessment have been completed upto Assessment Year 2007-08  
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 31.03.2010. 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
- (10) Disclosure as required by the Accounting Standard – 18 "Related Party Disclosure" are given below.:
- | a) Parties where control exists :-       |  |                                  |                                |
|--|--|----------------------------------|--------------------------------|
| A Name of related party and relationship |  |                                  |                                |
| i) Name of the Related Party             |  | Indrajit Infrastructure Pvt Ltd. |                                |
| ii) Relationship                         |  | Substantial Interest             |                                |
| B Transaction with related parties       |  | Current Year<br>(Rs. in Lacs)    | Previous Year<br>(Rs. in Lacs) |
| Nature of Transaction                    |  |                                  |                                |
| Sales & Services                         |  | 630.19                           | 3060.38                        |
| Purchase                                 |  | 4424.11                          | 25.99                          |
| b) Key Managerial Personnel              |  |                                  |                                |
| A Name of related party and relationship |  |                                  |                                |
| i) Name of the Related Party             |  | Rajesh R Gupta                   |                                |
| ii) Relationship                         |  | Key Managerial Personnel         |                                |
| B Transaction with related parties       |  | Current Year<br>(Rs. in Lacs)    | Previous Year<br>(Rs. in Lacs) |
| Nature of Transaction                    |  |                                  |                                |
| a) Salary                                |  | 19.20                            | 19.20                          |
| b) PF Contribution                       |  | 1.44                             | 1.44                           |
| c) Perquisites                           |  | 4.80                             | 4.80                           |
- (11) Sales include:
- a) Engineering Plant sales to Steel Plant at cost price amounting to **Rs. 621.48 Lacs** (Previous Year Rs.264.60 Lacs),out of which **Rs. 333.84 Lacs** (Previous Year Nil) are Capitalized.
- b) Steel Plant sales to Engineering Plant at selling price amounting to **Rs.6174.53 Lacs** (Previous Year Rs.3338.15 Lacs).
- c) Steel Plant sales includes **Rs.362.13 Lacs** (Previous Year Rs. 456.71 Lacs) of Repairs & Maintenance Expenses and **Rs. 492.23 Lacs** (Previous Year Nil) of CWIP.
- (12) Assets aggregating **Rs.2853.49 Lacs** at cost (Previous year Rs.2852.32 Lacs) have been acquired on lease finance. The obligation for future lease rentals amounts to **Rs 2037.61 Lacs** (Previous year Rs.2037.61 lacs).
- (13) Balances of Debtors, Loans & Advances, Creditors and Bank dues are subject to Confirmation by the parties. Differences, (if any), shall be accounted on such reconciliation.
- (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) During the year, the Company has issued 16,85,00,000 Warrants of Rs.10/- each on preferential basis to Promoters to be converted, at the option of the allottee, into equivalent equity shares at par within 18 Months from the date of allotment.
- (16) Loans from financial institution includes debentures in view of likely restructuring.
- (17) Disclosure as required by Accounting Standard-11 "Effect Of Changes in Foreign Exchange Rates" Debited to Profit and Loss Account is **Rs. 145.46 Lacs** (net) (Previous Year Rs. 2275.01 Lacs (net))
- (18) There are **446321** forfeited Equity Shares pending reissue at the year end (Previous Year 446321 shares).
- (19) As part of restructuring process of debt with some of the lenders, the total outstanding amount (Principal Plus Interest) as per books of **Rs.31258.22 Lacs** has been restructured and settled for **Rs.5270.30 Lacs**. Principal amount of **Rs.15732.23 Lacs** written back has been credited to Capital Reserve and the balance amount of **Rs.10255.69 Lacs** has been credited to profit & loss account. Exceptional item is net of an amount **Rs.12063.55 Lacs** on account of debit balances written off during the period.
- (20) The Company has filed a reference before the Hon'ble BIFR on 29<sup>th</sup> June 2001. The reference came to be registered as Case Number 278/2001 as per their communication No.3(L-7)BC/2001 dated 11<sup>th</sup> July 2001. The Hon'ble BIFR after hearing the matter on 1<sup>st</sup> March 2006 has declared the Company as sick industrial company in terms of Section 3(1) (o) of SICA and appointed ICICI Bank Limited as the Operating Agency (OA) to prepare a Draft Rehabilitation Scheme (DRS). The Company has submitted DRS to the OA with copy of the same to the BIFR. As per direction of Hon'ble BIFR, OA convened a joint meeting of three secured creditors not supporting CDR, on 1<sup>st</sup> August 2008. whereat it was decided that the company would approach all the 3 secured creditors separately for mutually agreeable OTS package. Accordingly, the company has approached all the 3 secured creditors and was successful in approving the OTS with two creditors (Federal Bank & Phoenix ARC P.Ltd., assignee of Central Bank of India Loan) In case of remaining creditor (SBI), the company has requested to revise the present repayment terms which is under consideration. The developments in this regard are being informed to Operating Agency.
- (21) (a) Deposited with Government Deposit Includes Custom duty Rs 72.16 Lacs deposited for clearance of import consignment under Project import is recoverable from the Custom Department.  
(b) The anti dumping duty of Rs 27.48 Lacs deposited under protest with the Custom department,
- (22) Additional information pursuant to the provisions of Paragraph 3 and 4C of Part II Schedule VI of the Companies Act, 1956.

(A) PRODUCTION

		Unit	Licenced Capacity	Installed Capacity	Actual Production
1	a) Fabrication of Chemical, Pharmaceutical & Other Machinery and Structural	M.T.	N.A. (N.A.)	13855 (13855)	See Notes Below
	b) Steel Structural	M.T.	N.A. (N.A.)	7000 (7000)	See Notes Below
2	Ship sets of Steering Gears & Stabilizers each	Nos.	N.A. (N.A.)	8 (8)	- (-)
3	Steel Pipes and Tubes	M.T.	N.A. (N.A.)	10000 (10000)	See Notes Below
4	Silos	M.T.	N.A. (N.A.)	10000 (10000)	- (-)
5	Marine Loading Arms/Truck And Rail Loading Arms	Nos.	N.A. (N.A.)	200 (200)	See Notes Below
6	Power Plants	Nos.	N.A. (N.A.)	5 (5)	- (-)
7	Hot Rolled Coils/Plates/Sheets	M.T.	N.A. (N.A.)	600000 (600000)	487880 (447814)
8	Cold Rolled Coils/Sheets	M.T.	N.A. (N.A.)	350000 (350000)	133491 (90836)
9	GP Coils/Sheets & GC Sheets	M.T.	N.A. (N.A.)	*125000 (125000)	129973 (91197)

**NOTES:**

1. N.A. - Not Applicable in terms of Government of India's Notification No. S.O. 477(E), dated 25th July, 1991.
2. Considering the nature of business of fabrication of Chemical, Pharmaceutical and Other Machinery and Structural, Steel Pipes and Tubes, Marine Loading Arms production details are not available in M.T.
3. Previous year Production of GP Coil/ Sheet & GC Sheets includes production from conversion work (conversion from HR product to GP product) at job work site.
4. Figure in the brackets pertains to previous year.
5. \*Installed capacity of GP Products for the current and previous year is taken on the basis of IEM filed on 27/2/2007.
6. Saleable Production including production from conversion work but excluding captive consumption is as under :

1. Hot Rolled Coils & Plates (MT)
2. Cold Rolled Coils (MT)
3. Galvanised Plain Coils (MT)

Current Year	Previous Year
338112	344071
3011	1752
129393	91243

**(B) FINISHED GOODS :**

		Sales		Opening Stock		Closing Stock	
		Qty.	Value (Rs.in Lacs)	Qty.	Value (Rs.in Lacs)	Qty.	Value (Rs.in Lacs)
1	Fabrication of Chemicals Pharmaceutical, Machinery, Structurals, Marine Loading Arms & Engineering Services	NA (NA)	37914.22 (27151.32)	- (-)	- (-)	- (-)	- (-)
2	HR Coils/Plates/Sheets (MTS)	337822.15 (346249)	113514.97 (151147.33)	5376 (7554)	1651.11 (2835.97)	5666 (1651.11)	2054.04 (1651.11)
3	CR Coils/Sheets (MTS)	3011.40 (1752.00)	1047.38 (632.98)	- (-)	- (-)	- (-)	- (-)
4	GP Coils/Sheets & GC Sheets (MTS)	127423.70 (92359)	48074.38 (43870.49)	1002 (2118)	351.07 (953.37)	2971 (1002)	1215.70 (351.07)
5	Scrap & Others	- (-)	*19898.67 (5271.32)	- (-)	- (-)	- (-)	- (-)
	Net Sales		*220449.62 *(228073.44)				

Note : Figure in the brackets pertain to previous year.

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

\*\* The above sales includes job charges received.

**(C) (a) COST OF RAW MATERIAL CONSUMED / SOLD (Rs. in Lacs)**

	Current Year		Previous Year	
	Qty.	Value	Qty.	Value
i. Melting Scrap (HMS)	137495.293	MT 22286.11	137298.703	MT 36734.07
ii. HBI/Sponge Iron	411823.103	MT 68588.81	372345.740	MT 75742.00
iii. Pig Iron	40164.00	MT 7584.94	41922.048	MT 10709.75
iv. Zinc & Alloys	2949.134	MT 2935.40	2372.625	MT 1935.52
v. Iron & Steel (including M.S. & S.S.)	116250.958	MT 22609.54	45290.308	MT 13829.54
vi. Pipes & Tubes	38357.745	MTR 240.19	45254.88	MTR 298.10
vii. Fabrication items				
viii. Trade Items –				
Steel		81999.14		56502.24
Others		2341.00		257.22

**(b) DETAILS OF TRADED GOODS (Rs. In Lacs)**

Particulars	Steel 2009-10		Others 2009-10		Steel 2008-09		Others 2008-09	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Opening Stock	-	-	-	-	-	-	-	-
Purchases	193000.908	83690.87	N.A	2341.00	118580.237	56502.24	N.A	257.22
Sales	189237.688	82131.24	N.A	2697.21	118580.237	55766.70	N.A	316.30
Closing Stock	3763.220	1691.73	-	-	-	-	-	-

(D) PRODUCTION CONSUMABLES, STORES & SPARE PARTS AND COMPONENTS CONSUMED	Value Rs. In Lacs	Percentage
	a) Imported	4513.50 (3090.68)
b) Indigenous	26348.91 (21687.22)	85.38 (87.53)

	Value Rs. In Lacs	Percentage
<b>(E) RAW MATERIAL CONSUMED</b>		
a) Imported	24660.98 (38065.67)	11.82 (19.42)
b) Indigenous	183924.15 (157942.77)	88.18 (80.58)
<b>(F) C.I.F. VALUE OF IMPORTS</b>		
b) Raw Material -	22442.45 (35587.34)	
c) Production Consumables, Stores & Spares	3914.11 (3138.45)	
d) Project	2966.15 (Nil)	
<b>(G) EXPORTS</b>		
a) Direct	213.39 (8470.86)	
b) Deemed	211.00 (2386.19)	
c) Third Party	Nil (7422.29)	
<b>(H) EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Travelling, Books & Periodicals	78.34 (83.15)	
b) Brokerage and Commission	22.61 (159.57)	
c) Engineering & Design	270.95 (13.43)	
d) Conference & Training Exps/Royalty	12.16 (30.59)	
e) Repairs & Maintenance	9.47 (14.86)	
f) Professional Fees	33.08 (Nil)	
<b>(I) EARNING IN FOREIGN CURRENCY</b>		
Brokerage & Commission	22.30 (58.57)	

(23) The Company has not made provision for interest on various loans of institutions and banks in view of the likely restructuring of the loans, amounting to Rs. 4366.22 Lacs.(Cumulative Rs. 19122.44 Lacs)

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



25) Disclosures as required by the Accounting Standard 17 on "Segment Reporting" are given below :

(Rs. in Lacs)

S. No.	Particulars	Year Ended 31.03.2010					Year Ended 31.03.2009				
		Steel Product	Engineering Product	Trading	Elimination	Consolidated	Steel Product	Engineering Product	Trading	Elimination	Consolidated
I)	<b>Segment Revenue :</b>										
	Sales :										
	External	156,873.76	41,373.85	84,828.45	-	283,076.06	176,571.30	24,294.33	56,083.01	-	256,948.63
	Inter - Segment	6,174.53	621.48	-	(6,796.01)	-	3,338.15	264.60	-	(3,602.75)	-
	<b>Total</b>	<b>163,048.29</b>	<b>41,995.33</b>	<b>84,828.45</b>	<b>(6,796.01)</b>	<b>283,076.06</b>	<b>179,909.44</b>	<b>24,558.93</b>	<b>56,083.01</b>	<b>(3,602.75)</b>	<b>256,948.63</b>
II)	<b>Segment Result :</b>										
	Operating Net Profit	(8,119.10)	7,730.24	488.30	-	99.44	(18,160.60)	(662.04)	(676.44)	-	(19,499.08)
	Common Expenses (Net)					(1,146.25)					(837.45)
	Interest					(4,897.02)					(5,099.65)
	Exceptional items					(1,807.86)					8,966.14
	<b>Profit before tax</b>					<b>(7,751.69)</b>					<b>(16,470.04)</b>
III)	<b>Segment Assets :</b>										
	Common Assets	149,722.72	32,056.39			181,779.11	132,205.28	44,674.20			176,879.48
	<b>Total</b>					<b>186,586.85</b>					<b>181,858.04</b>
IV)	<b>Segment Liabilities :</b>										
	Common Liabilities	74,992.12	34,408.34			109,400.46	58,089.94	40,940.94			99,030.88
	<b>Total</b>					<b>135,785.47</b>					<b>107,689.64</b>
V)	<b>Capital Expenditure during the year</b>										
	Segment	213.37	64.75			278.12	3,683.92	43.16			3,727.08
	Common					(-)					7.23
	<b>Total</b>					<b>278.12</b>					<b>3,734.31</b>
VI)	<b>Depreciation during the year</b>										
	Segment	11,603.17	65.03			11,668.20	11,513.14	56.30			11,569.44
	Common					-					9.83
	<b>Total</b>					<b>11,668.20</b>					<b>11,579.27</b>
VII)	<b>Non Cash Expenses other than Depreciation</b>										
	Segment	241.72	665.23			906.95	72.89	78.00			150.89
	Common					5.59					1.84
	<b>Total</b>					<b>912.54</b>					<b>152.73</b>

Notes :-

- 1) Business Segment : The business operations of the Company comprise Steel Product & Engineering Product. The business segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns and the internal financial reporting systems.
- 2) Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>			
Registration No.	14621	State Code	11
Balance Sheet Date	31.03.2010		
<b>II. Capital Raised during the year (Amount Rs. in Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	130000
<b>III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)</b>			
<b>SOURCES OF FUNDS</b>			
Total Liabilities	33744077	Total Assets	33744077
Paid-up Capital	4604370	Reserves & Surplus	7161033
Secured Loans	7893438	Unsecured Loans	35231
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	10411518	Investments	25026
Net Current Assets	(5381588)	Miscellaneous Exps.	0
Accumulated Losses	15060366		
<b>IV. Performance of Company (Rs in Thousands)</b>			
Turnover	30527806	Total Expenditure	31166897
Profit/(Loss) Before Tax	(775168)	Profit/(Loss) After Tax	(775168)
Earning Per Share in Rs.	(3.65)	Dividend rate %	NIL
<b>V. Generic Names of Three Principal Products/Service of Company. (As per Monetary terms)</b>			
1. Item Code No. (ITC Code)	72 - 08 - 31	Product Description	Hot Rolled Coils
2. Item Code No. (ITC Code)	72 - 10 - 49	Product Description	Hot Dipped Galvanised Coils/Sheets
3. Item Code No. (ITC Code)	—	Product Description	Turnkey Projects

For and on behalf of the Board

Date : 24<sup>th</sup> May, 2010  
Place : Mumbai

**S. N. TIWARI**  
Company Secretary

**RAJESH R. GUPTA**  
Managing Director

**MUKESH R. GUPTA**  
Chairman

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

(Rs. in Lacs)

	2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATION ACTIVITIES:</b>		
<b>Net Profit before tax and extraordinary items</b>	(7,808.09)	(16,485.45)
Adjustments for :		
Depreciation	11,668.20	11,579.27
Loss/(Profit) on Sale of Fixed Assets (Net)	(12.80)	13.11
Interest Expense (Net)	4,897.02	5,099.65
Provision for Expenses	478.79	271.57
Exceptional Items	1,807.86	(8,966.14)
Sundry Balance W/Off	466.07	(5.40)
	19,305.14	7,992.06
<b>Operating Profit before working capital changes</b>	11,497.05	(8,493.39)
Adjustments for :		
Trade and Other Receivables	1,521.18	(17,605.77)
Inventories	(1,013.74)	(487.72)
Trade Payables and Others	16,055.65	42,364.21
<b>Cash generated from operations</b>	28,060.14	15,777.33
TDS (Paid)/Refunded	-	(0.00)
Taxes Paid - FBT	-	(0.00)
<b>Cash Flow before extraordinary items</b>	28,060.14	15,777.33
<b>Net cash from operating activities :-</b>	28,060.14	15,777.33
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(17,974.37)	(5,220.89)
Sale of Fixed Assets	26.43	7.08
Interest Received	946.84	1,187.04
<b>Net cash used in investing activities :-</b>	(17,001.10)	11,750.56
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issue of Share Capital	4,217.23	0.20
Reduction in Loans	(10,022.63)	(4,614.00)
Interest Paid	(5,843.86)	(6,286.69)
<b>Net cash from financing activities :-</b>	(11,649.26)	(10,900.49)
<b>Net increase / (decrease) in cash and cash equivalents :-</b>	(590.22)	850.07
Cash and cash equivalents as at 01.04.2009	3,638.96	2,788.89
Cash and cash equivalents as at 31.03.2010	3,048.74	3,638.96

**Notes:**

1. 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.
2. Purchases of Fixed Assets includes movements of Capital Work-in-process between the beginning and end of the year.
3. Cash and cash equivalents represent cash and bank balances including current account overdrawn as at 31.03.2010
4. Previous year's figures have been regrouped/reclassified wherever applicable.
5. Figures in brackets represent outflows.

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

**S. N. TIWARI**  
Company Secretary

**RAJESH R. GUPTA**  
Managing Director

**MUKESH R. GUPTA**  
Chairman

Date : 24<sup>th</sup> May, 2010

Place : Mumbai

## LLOYDS STEEL INDUSTRIES LIMITED

Regd. Office : Modern Centre, "B" Wing, 2<sup>nd</sup> Floor, Sane Guruji Marg, Mahalaxmi, Mumbai-400 011.

DP ID *	
Client ID *	

### PROXY FORM

Folio No.	
No. of Shares	

I /We \_\_\_\_\_  
of \_\_\_\_\_  
being Member/s of LLOYDS STEEL INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/ our proxy to vote for me/us on my/our behalf at the  
40<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 29<sup>th</sup> July, 2010 at 11.00 a.m. at the Hall of  
Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment thereof.

Signed at this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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 STEEL INDUSTRIES LIMITED

Regd. Office : Modern Centre, "B" Wing, 2<sup>nd</sup> Floor, Sane Guruji Marg, Mahalaxmi, Mumbai-400 011.

### 40<sup>th</sup> 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 40<sup>th</sup> Annual General Meeting of the Company to be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Thursday, 29<sup>th</sup> July, 2010 at 11.00 a.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 Steel Industries Limited)**

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

Saki Naka, Andheri (East),

Mumbai - 400 072.

Phone : 022 - 4043 0200 / 299

Fax : 2847 5207