



**42nd Annual Report  
2011- 2012**

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**LLOYDS STEEL  
INDUSTRIES LIMITED**

## BOARD OF DIRECTORS

Mukesh R. Gupta	<i>Chairman</i>
Rajesh R. Gupta	<i>Managing Director</i>
B.L. Agarwal	<i>Director</i>
K.A. Krishna Rao	<i>Director</i>
R. K. Bansal	<i>IDBI Nominee</i>
B. L. Khanna	<i>Special Director BIFR</i>
S. K. Gupta	<i>ARCIL Nominee</i>

## MANAGEMENT TEAM

Sunil Katial	<i>Executive Director - Works</i>
Ajay Jain	<i>Executive Director-Finance</i>
Ashok Tandon	<i>President</i>
Rajendra Sharda	<i>President - Corporate Accounts</i>
H. Padmanabhan	<i>President - Finance</i>
O. Ghosh Dastidar	<i>President</i>
P. R. Raviganeshan	<i>Chief Financial Officer - Eng Div</i>
R. K. Sharma	<i>Senior Vice President - HR &amp; ADMN</i>
C. K. Rao	<i>Senior Vice President - Steel</i>
R. P. Gupta	<i>Vice President - Commercial</i>
Manish Bawa	<i>Vice President - Marketing</i>

## BANKERS

State Bank of India  
Punjab and Sind Bank  
Abu Dhabi Commercial Bank Limited

## AUDITORS

### TODARWAL & TODARWAL

12, Maker Bhavan No. 3, 1st Floor,  
21, New Marine Lines,  
Mumbai-400 020

## 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  
Fax No. - 022 - 2847 5207  
E-mail - investor@bigshareonline.com

## REGISTERED OFFICE

Trade World,  
'C' Wing, 16<sup>th</sup> Floor, Kamala City,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013.

## 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 42nd 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 Wednesday, 23rd May, 2012 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 period ended on 31st March, 2012 and the Balance Sheet as on that date, together with the Directors' and Auditors' Report thereon.
2. To appoint Shri B L Agarwal, 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 : 21st April, 2012

**Neelu Dhingra**  
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.
3. 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.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **16th May, 2012 to 23rd May, 2012** (both days inclusive).
5. 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.
6. Members are requested to bring their copy of Annual Report for the purpose of attending the meeting.
7. 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.
8. 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.
9. The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances through electronic mode. Therefore we request you to provide your email id to our registrar M/s Bigshare Services Pvt. Ltd. Unit: Lloyds Steel Industries Ltd. on the address given in this notice to send various notices/ documents etc or e-mail us at investor@bigshareonline.com.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 42nd ANNUAL GENERAL MEETING (Pursuant to clause 49 of the Listing Agreement )

1.	Name	Shri B L Agarwal
2.	Brief Resume	
	Age	65 years
	Qualification	B. Com., LL.B.
	Experience	43 years
	Date of appointment on the Board of the company	01.08.1970
3.	Nature of expertise in specific functional Areas	Vast and varied experience in Steel Industry. Expertise in the field of project implementation, finance and other areas
4.	Name(s) of other Companies in which Directorship held	1. Lloyds Metals & Energy Ltd. 2. Vidarbha Power Ltd.
5.	Name(s) of other companies in which he is Chairman / Member of the *Committee(s)	1. Lloyds Metals & Energy Ltd.- Member Shareholders'/Investor Grievance Committee
6.	No. of shares held of Rs.10/- each	-
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 : 21st April, 2012

**Neelu Dhingra**  
Company Secretary

## DIRECTORS' REPORT

The Directors present their 42nd Annual Report on the business and operations of your Company and Audited Statement of Accounts for the period ended 31st March, 2012.

### FINANCIAL HIGHLIGHTS

(₹ in Lacs)

	Current Period 2011-2012 (9 months)	Previous Period 2010-2011 (15 months)
<b>Sales :</b>	<b>405303.18</b>	436536.29
<b>Other Income</b>	<b>4346.93</b>	4636.61
<b>Total Income :</b>	<b>409650.11</b>	441172.90
Profit / (Loss) before Interest, Depreciation, Exceptional Item & Tax	<b>15476.72</b>	11045.83
Less : Finance Charges	<b>10849.94</b>	9756.79
Depreciation	<b>10649.84</b>	15493.07
<b>Profit / (Loss) before exceptional items &amp; taxes</b>	<b>(6023.06)</b>	(14204.03)
Less :Exceptional items (Net)	<b>1322.40</b>	(236.89)
<b>Profit/(Loss) before tax</b>	<b>(7345.46)</b>	(13967.13)
Tax Provision	-	-
<b>Profit/(Loss) after Tax</b>	<b>(7345.46)</b>	(13967.13)
<b>Net Profit/ (Loss)</b>	<b>(7345.46)</b>	(13967.13)

\*Previous period figures have been regrouped as per Revised Schedule VI of the Companies Act, 1956 introduced by Ministry of Corporate Affairs vide notification dated February 28, 2011

### FINANCIAL YEAR

Owing to extension of last Financial Year (2010-2011) by three months and consequently the previous financial year containing 15 months, which ended on 30th June, 2011. In order to realign financial year ending in March 2012, your company is closing the current financial year of 9 months and therefore financial accounts are prepared for a period of 9 months i.e. from 1st July, 2011 to 31st March, 2012.

### DIVIDEND

The Directors have not recommended any Dividend for the period ended 31st March, 2012.

### STEEL INDUSTRY SCENARIO

The Indian Steel Industry has entered into a new development stage riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 4th largest producer of crude steel and the largest producer of sponge iron or DRI in the world. India's real consumption of steel recorded a growth of 4.4% during April-December 2011 over same period of last year. However, despite some positive influence, overall steel consumption growth in the country was subdued because of steep decline in growth in end use sectors and slow growth in EDP. Sourcing of Raw material has turned into a major bottleneck for the Steel Industry apart from rising input costs with sustained rise in inflation and consequent high interest cost. With Government passing the land

acquisition bill and mining bill, the country's steel industry is likely to regain stability.

### OPERATIONS & OVERALL PERFORMANCE

The Company achieved a Turnover of ₹ **4053.03 crores** in 9 months period as against ₹ **4365.36 crores** in the previous financial year (15 months). The Company achieved an operating Profit (PBDIT) of ₹154.77 crores in the current period as against ₹110.46 crores in the previous period. The Company incurred a loss of ₹ **73.45 crores** during the period (9 months) as against a loss of ₹ 139.67 crores in the previous financial year (15 months) after providing depreciation of ₹ **106.50 crores** (Previous period ₹154.93 crores).

### DEBT RESTRUCTURING

All the debts of the Company are crystallised and settled. Over the years, the company has paid a large amount towards past debt liabilities and remaining Debts are being paid in accordance with the restructured terms. The Company has paid off ₹ **94.72 crores** during the period under review towards past Debt liabilities.

### STEEL PRODUCTS

Sale of steel products during the period under review (9 months) has been ₹ **2239.69 crores** as against the previous period (15 months) figure of ₹ 2841.96 Crores. Export during the period of 9 months is ₹ **10.77 crores** as against ₹ 13.32 Crores recorded during the previous period of 15 months.

### ENGINEERING PRODUCTS

The Division during the period under review achieved sales of ₹ **286.24 crores** for the 9 months period as compared to the previous year sales of ₹ 400.77 crores for 15 months. The Company during the year has supplied critical items and items including tanks and furnace to SMS India Ltd., and other equipments for many clients. 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 reputed companies for their projects.

### PREFERENTIAL ISSUE

During the period under review, in terms of restructuring of the debts with financial institution, the company has allotted 2,89,18,450 Equity shares of ₹ 10/- each to ARCIL and 4,92,61,802 Equity shares of ₹ 10/- each to SBI on preferential basis against part conversion of their existing loan after obtaining approval of the members. The Company has also allotted 19,50,00,000 Equity shares of ₹ 10/- each on preferential basis to Promoters and investors after obtaining approval of the members.

The Company has received listing approval from one of the stock exchange in respect of the aforesaid shares. However, listing approval from the other stock exchange is pending at the end of the year.

The proceeds from the issue is fully utilized towards restructuring of debts and the working capital as per stated object in the resolution approving the said issue.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

- Industry structure and development :** . In 2011 the world crude steel production reached 1527 million tonnes (mt) and showed a growth of 6.8% over 2010. China

remained the largest crude steel producer in the world. Steel production in Asia was around 988 million tones registering a growth of 7.9 % over last year.

Indian Steel Industry has grown from a production of 2 million tones crude steel in 1951 to nearly 67 million tones in 2010. The world steel Association, a premiere global steel producer's association in its annual meet held in Paris during October 2011 has projected a growth of 7.9% for the Indian steel industry in 2012. The Indian steel industry plays an important role in the country's economic growth. Consumption of Steel is taken to be an indicator of economic development. Growth of the Indian Steel Industry looks positive but the performance was slow during April-December 2011. This was because of efforts of government to check the sustained rise in inflation. The frequent increase in lending rates, made with the object to contain inflation, have resulted in a high cost of capital. Indian steel industry faces the critical dilemma of increasing cost of funds, which tends to impact margins as well as capital expenditure plans.

The engineering industry in India manufactures a wide range of products, with heavy engineering goods accounting for bulk of the production. The development of Engineering Industry depends upon the development of core sectors and the infrastructure sector. The Engineering Segment is highly competitive in view of tough competition from foreign companies/agencies and giant public/private sector undertakings.

- b) **Opportunities and Threats:** The Indian Steel Industry is poised for greater growth which will catapult India to the league of the highest Steel consuming nations of the world. The New Industrial policy has opened up the Indian Iron and Steel Industry for private investment by exempting it from compulsory licensing. While most of the existing units are being modernized, a large number of new steel plants have also come up in different parts in the last few years.

#### Opportunities:

- Growing domestic Demand, Unexplored rural market and Rapid Urbanisation.
- Increasing consumption of steel in all sector and also in Eleventh Five year plan (2007-12) has allocated investment of USD 490 Billion for core Infra sector such as power, road, railways, ports & airports.
- Strong growth in steel heavy industry eg: the automotive industry & within the infrastructure, oil & gas.
- Rising cost of coal & crude oil resulted in use of gas. companies are investing in pipeline network for gas and Setting up refineries in pipeline network.
- Fourth largest Iron ore reserves after Russia, Brazil & Australia and also Third largest Pool of technical manpower next to USA & USSR.
- Increase investment by state government in water & sewage pipes.
- Pre-Engineered building (PEB) in industrial, construction, gained popularity.
- With the improvement in the economic recessions in the west, the potential for growing demand is high.
- Indian Steel producer looking for overseas acquisitions in steel as well as raw material and also Increasing interest of foreign steel producers in India.

#### Threats:

- China becoming net exporter
- Protection is in the west
- Dumping by competitors
- Global economic slow down
- Market Fluctuation
- Higher Duties & taxes on production
- Technological change/obsolesces
- Low import duty on steel
- Substitute : Steel being replaced by Alum in Auto Industry
- Increase in power tariff

- 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.21 of Notes to Accounts.

- d) **Outlook:** The outlook for the domestic steel industry looks positive. The country has acquired a central position on the global steel map with its giant steel mills, continuous modernization & up gradation of old plants, improving energy efficiency, and backward integration into global raw material sources. However the challenges before the Indian steel industry and the emerging economies are also serious and need immediate attention. Rising prices of key raw materials like iron ore and coking coal, inflationary pressure, seasonal fall in demand for automobile and white goods, stock market crash etc have also posed certain threats. In spite of this the future of steel industry indeed lies in India which is blessed with abundant mineral resources including iron ore and non-coking coal. With acquisition of coking coal mines by Indian companies in countries like South Africa and Australia, India is claiming her rightful place as the second largest steel producer in the league of nations.

The Company continues to compete and participate in the tenders of various Public and Private Sector giants and is hopeful of bagging fresh orders for engineering products. The Engineering products of the company has been approved for its engineering skills/works/services by various premier consulting companies such as MECON, LRIS and also approved by Industrial Boiler Regulatory Authority (IBR).

- e) **Risk and Concerns:** The domestic steel industry always runs on risk of normal industry cycle such as :

- Unremunerative Prices
- Endemic deficiencies (poor quality of coal)
- High cost of capital
- Low labour productivity
- High cost of Basic Input & Services
- Poor quality of Basic infrastructure like road, port, etc
- Lack of expenditure in R & D
- Delay in absorption in technology by existing units.
- Low quality of steel & steel Products
- Lack of facilities to produce various shapes & quality of finished steel on demand
- Limited access to good quality of iron ore normally earmarked for exports.
- High level of taxation
- Energy supply
- Inefficient transport system

Your Company is exposed to the normal Industry Risk Factors and manages these risks by prudent business and risk management practices. The company has been taking continuous modernization programmes to maintain efficient operation of its steel and engineering activities. The company has made efforts to mitigate risk by enhancing the steel quality, use of hot metal in Electric Arc Furnaces, reduce energy consumption and emissions and improving productivity.

- f) **Internal Control System and their Adequacy:** The Company maintains the system of internal controls designed to provide high degree of assurance regarding the effectiveness and efficiency of operations, reliability of financial controls and compliance with laws and regulations. The Company maintains periodical internal checks and conduct adequate internal audit, which provide safeguards and proper monitoring and vetting of transactions. ISO-9001:2008 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. There are clear demarcation of roles and responsibilities at various levels of operations.
- 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 period.
- h) **Human Resources and Industrial Relations:** During the period 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 31st March, 2012 was **1366**.
- i) **Statutory Compliance:** The Company has complied with the various provisions of the Companies Act, 1956, the SEBI Regulations and provisions of the Listing Agreements. Compliance Certificates are obtained from various units of the Company and the Board is informed of the same at every Board Meeting
- j) **Corporate Social Responsibility:** The company believes that Corporate Social Responsibility (CSR) is 'the continuing commitment for improving the quality of life of the society at large.' The company strives to contribute to the environment to its fullest to avoid irreversible changes in the ecosystem. We contribute to this global effort with activities such as planting of tree saplings and promoting environmental protection awareness amongst our plant employees. Company controls the pollutions by Recycling and Reusing the scrap. With safety, health and environment protection high on its corporate agenda company is committed to conducting business with a strong environment conscience, so as to ensure sustainable development, safe work places and enrichment of the quality of life.
- k) **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 AND DEREGISTRATION

The Company filed a reference before the Hon'ble BIFR on 29th June 2001. The reference came to be registered as Case Number 278/2001 as per their communication No. 3 (L-7) BC/2001 dated 11th July 2001.

The Hon'ble BIFR vide its order dated 1st March, 2006, after hearing the matter has declared the Company as a sick industrial company in terms of section 3 (1) (o) of SICA and appointed ICICI Bank Ltd. as the Operating Agency to prepare a Draft Rehabilitation Scheme (DRS).

The Company submitted a revised Draft Rehabilitation Scheme (DRS) on January 9, 2012 to the ICIC Bank Ltd., OA and the copy of the same was forwarded to the BIFR.

At the lenders meeting held on 17th February, 2012, the company informed the OA and others about the recent developments in the Company and also the factual position of the financials such as infusion of equity fund etc. In view of that it was directed to submit the DRS after including the audited financials of FY 2011-12 and to submit the audited financials latest by May 31, 2012.

Consequent upon improvement in overall operating performance on back of improving prices and demand in the products of the company, restructuring of the debts and infusion of funds by promoters and investors to the extent of ₹ 227 crores, the Net Worth of the company has turned positive during the period ended 31st March, 2012 as under :

Particulars	₹ In Crores)	
	As on 31.03.2012	As on 30.06.2011
Share Capital	902.12	628.94
Reserves and Surplus	(820.32)	(928.02)
Net Worth	<u>81.80</u>	<u>(299.09)</u>

Looking at the above improvement, it is pertinent to say that the company is moving steadily towards reviving and has become self-sufficient enough to sustain / survive on its own in the long run.

*Consequent upon restructuring of its debts during the last year and Net Worth turning positive during the period under review, the company would be approaching Hon'ble BIFR for de-registration of the company from purview of the Section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985.*

## 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 B L Agarwal, Director of your Company, retire by rotation and being eligible, offer himself for reappointment.

IDBI has appointed Mr. R K Bansal as its Nominee Director on the Board of the Company with effect from 28th February, 2012 in place of Mr. B Ravindranath. The Board record its sincere appreciation for the valuable guidance and meaningful contribution made by Mr. B Ravindranath as member of the Board, Audit and Remuneration Committee during the period of his association with the Company.

## 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 period ended 31st March, 2012, 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 AND 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. 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 health and quality of life in the communities surrounding its industrial complex.

## PUBLIC DEPOSITS

The company has not accepted any deposit from the public and hence has not contravened provisions of the Section 58A of the companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975 and the Reserve Bank of India, if any.

## AUDITORS & AUDITORS' REPORT

The Auditors' of the company, M/s Todarwal & Todarwal, shall hold the office upto the conclusion of the ensuing Annual General Meeting of the company and being eligible offers themselves for re-appointment. Pursuant to the provisions of Section 224(1B) of the companies Act, 1956, the auditors have furnished certificate of their eligibility for the re-appointment. The members are requested to appoint Auditors for the next financial year and fix their remuneration.

As regards Auditors' observations in Clause No. 9 (b), 10 & 11 in the Annexure Audit Report (CARO Report), they 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

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, names and other particulars of the employees are required to be set out in the annexure to this report. However, as per the provisions of Section 219(l)(b)(iv) of the Companies Act, 1956, the report and Annual Accounts of the Company sent to the shareholders do not contain the said annexure. Any shareholders desirous of obtaining the annexure may write to the company secretary at the registered office of the company.

## INSURANCE

The Company has taken adequate insurance cover for all its assets.

## COST AUDITOR

In pursuance of Section 233B of the Companies Act, 1956 read with circular no. 52/26/CAB – 2010 the company has appointed Manisha & Associates, Nagpur as the Cost Auditors to conduct the Cost Audit for the financial year 2011-2012. The approval of the Central Government for the appointment has been received. The company has reappointed them as Cost Auditors for the financial year 2012-2013.

## ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Dated : 21st April, 2012  
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

- In Hot Rolling mill, Mill Automation was Changed in Roughing Mill (RM) by Adopting Level 1 technology. This ensures close gauge control, accurate slab & semi movement & quicker discharge of semi for Finishing Mill.
- Indigenously Designed & Fabricated RM Guide System was successfully commissioned.
- In EBT, use of Hot Metal was hampered by stratification of Temperature Zones in bath. Bottom purging technology was adopted to overcome this technical barrier. Incidents of Door flame shooting were reduced by 90% as a benefit of this project.
- Dependence on Petroleum Products was reduced by switching over to coke oven gas.

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

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

- Development work was undertaken to achieve the properties of 450H in section of 2.5mm.
- Mechanical properties at cryogenic temperatures of ASTM572 GR.50 at (-)40 Degree Celsius for larger section of 50MM, were a challenging target. This was successfully achieved by designing the HRM parameters.

#### Expenditure on R & D

Expenses on R & D ₹ 21.84 Lacs.

- Metallurgical Microscope with Image Analyzing Software was inducted in QC Lab. This is being used extensively in research of micro alloying grades.
- Impact properties at cryogenic temperature were needed, additional facilities & chamber which have been provided.
- Boron Steels for 350mpa strength were developed successfully.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(₹ in Lacs)	
	2011-2012	2010-2011
(a) <b>Earnings</b>		
a. Brokerage and Commission	63.00	21.77
b. Exports including Deemed and Third Party	1645.01	2150.57
(b) <b>Outgo</b>		
Traveling /Books Periodicals	3.09	108.34
Imported Raw Materials, Stores & Spares, etc.	12801.14	20257.60
Brokerage & Commission	5.09	5.99
Repairs & Maintenance	44.07	108.92
Engineering & Design	45.90	107.03
Others	17.32	42.63

## FORM – A

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

A. Power & Fuel Consumption	UNIT	2011-2012	2010-2011
<b>1 Electricity</b>			
a) Purchased			
Units	Kwh	284637730	567839743.20
Total Amount	₹	1,48,68,43,062	2,01,82,04,018
Rate/Unit	₹/kwh	5.22	3.55
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	3288	416
Units per ltr. of Diesel Oil	Kwh/ltr	0.99	1.26
Cost/Unit	₹/kwh	43.11	31.61
ii) Through Steam Turbine / Generator		NIL	NIL
<b>2 Fuel Oil</b>			
a) Furnace Oil			
Quantity	Kl	19	25961
Total Amount	₹	6,29,076	66,10,60,317
Average Rate	₹/Kl	33799	25464
b) LDO			
Quantity	Kl	1819	2203
Total Amount	₹	6,65,09,193	7,03,58,235
Average Rate	₹/Kl	36559	31938
<b>3 Others/Internal Generation</b>		NIL	NIL
<b>B. Consumption per unit of production</b>	UNIT		
<b>1 HR PRODUCTS</b>			
- Electricity	kwh/mt	488	671
- Furnace Oil	ltr/mt	0.48	37
- LDO	ltr/mt	3	1.03
<b>2 GP/GC PRODUCTS</b>			
- Electricity	kwh/mt	740	914
- Furnace Oil	ltr/mt	0.53	39
- LDO	ltr/mt	7.4	7.8
<b>3 CR PRODUCTS</b>			
- Electricity	kwh/mt	684	850
- Furnace Oil	ltr/mt	0.54	39
- LDO	ltr/mt	8	8

For and on behalf of the Board

Dated : 21st April, 2012

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 period ended 31st March, 2012 (9 months), 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

ICAI Reg. No.: 111009W

**Sunil Todarwal**

Partner

M.No. 32512

Dated : 21st April, 2012

Place : Mumbai



## 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 comprised of :

Promoter Directors	3
Non-executive – Nominee Directors	
Representing IDBI, ARCIL & BIFR	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	4	4	Yes	1	1(C)/ 1(M)
Mr. Rajesh R. Gupta	Promoter Executive	4	4	Yes	2	1(M)
Mr. B. L. Agarwal	Promoter Non-Executive	4	4	Yes	2	1(M)
#Mr. B Ravindranath	Independent IDBI Nominee	4	4	No	3	NIL
Mr. K.A. Krishna Rao	Independent Non-Executive	4	3	Yes	NIL	NIL
Mr. S K Gupta	Independent ARCIL Nominee	4	4	No	2	NIL
Mr. B L Khanna	Independent BIFR Special Director	4	4	Yes	2	NIL
## Mr. R K Bansal	Independent IDBI Nominee	4	NIL	No	5	NIL

# Withdrawn as a nominee director w.e.f. 28th February, 2012

## Appointed as nominee Director w.e.f 28th February, 2012

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

During the financial period of 9 months of 2011-2012, Four (4) Board Meetings were held on 29th August, 2011, 9th November 2011, 1st February, 2012 and 14th February, 2012 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 period ended 31st March, 2012. 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:

The Audit Committee of the Board comprises of following directors:

Name	Designation
Mr. K. A. Krishna Rao	Chairman
Mr. B. L. Agarwal	Member
#Mr. B. Ravindranath	Member
Mr. S K Gupta	Member
Mr. B L Khanna	Member

# Withdrawn as a nominee director w.e.f. 28th February, 2012

Mrs. Neelu Dhingra is acting as secretary to the Committee.

#### c) No. of Meetings held and attendance thereof during the period

During the financial period of 9 months of 2011-2012, Three (3) Meetings of Audit Committee were held on 29th August, 2011, 9th November 2011 and 14th February, 2012 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	3	2
Mr. B. L. Agarwal	3	3
#Mr. B. Ravindranath	3	3
Mr. S K Gupta	3	3
##Mr. B L Khanna	3	3

# Withdrawn as a nominee director w.e.f. 28th February, 2012

## Appointed as member of Audit Committee w.e.f. 29th August, 2011

### 4. REMUNERATION COMMITTEE:

#### • Composition

During the period, one Remuneration Committee Meeting was held on 29.08.2011 which comprised of three Non Executive Independent Directors namely Mr. K A. Krishna Rao, Mr. B Ravindranath and Mr. S K Gupta. Due to change in nominee director by IDBI w.e.f. 28th February, 2012 Remuneration Committee was reconstituted and hence now it comprises of three Non Executive Independent Directors namely Mr. K A. Krishna Rao, Mr. R K Bansal and Mr. S K Gupta.

#### • 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 period of 9 months of 2011-12.

Mr. Rajesh R. Gupta was re-appointed as a Managing Director w.e.f. 1st January, 2010 for a period of two years as per Central Government approval. His tenure ended on 31st December, 2011. Therefore, he was reappointed as a Managing Director w.e.f. 1st January, 2012 as per shareholder's resolution passed in the Annual General Meeting held on 8th October, 2011. The Central Government has approved his term of appointment for a period of three years from 01.01.2012 to 31.12.2014.

Mr. Rajesh R Gupta, Managing Director is responsible for day to day affairs of the Company. During the period Mr. Rajesh R. Gupta has been paid minimum remuneration of ₹19.08 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 31st March, 2012.**

S.No.	Name of the Director	No. of Equity shares held (Face value ₹10/- each)
1.	Mr. Mukesh Gupta	10434
2.	Mr. B.L.Agarwal	NIL
3.	Mr. R K Bansal	NIL
4.	Mr. B L Khanna	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 Mrs. Neelu Dhingra, 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 period are as follows:-

Description	Received	Replied
Direct	142	142
Bombay Stock Exchange	1	1
SEBI Complaints	0	0
MCA	0	0
Investor's Association	0	0
<b>TOTAL</b>	<b>143</b>	<b>143</b>

6. **GENERAL BODY MEETING:**

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

Year	Location	Date	Time
2008-2009	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	31.07.2009	11.00 a.m
2009-2010	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	29.07.2010	11.00 a.m
2010-2011	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.	08.10.2011	11.00 a.m

b. During the period, one Extra Ordinary General Meeting ( EGM ) was held on 1st March, 2012.

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

Date of AGM	Details of Special Resolution
31.07.2009	No Special Resolution passed
29.07.2010	No Special Resolution passed
08.10.2011	Issue of Equity shares on Preferential Basis
01.03.2012	1. Alteration of Articles of Association for increase in Authorised Capital 2. Issue of 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.

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	: 23rd May, 2012
	Venue	: Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.
	Time	: 11.00 a.m.
2	Financial Year	1st July, 2011 to 31st March, 2012
	Financial Calendar	(tentative)
	Results for quarter ending	Fourth Week of July 2012
	30.06.2012	
	Results for half year ending	Fourth Week of October 2012
	30.09.2012	
	Results for quarter ending	Fourth week of January 2013
	31.12.2012	
	Results for year ending	Fourth week of May 2013
	31.03.2013	

3. Book Closure Date 16th May, 2012 to 23rd May, 2012 (both days inclusive)
4. Dividend Payment date Not declared
5. Listing of Equity Shares on Stock Exchanges at Bombay Stock Exchange, Mumbai National Stock Exchange, Mumbai
- The Company has paid listing fees of Bombay Stock Exchange for the year 2012-13. Listing fees of National Stock Exchange for the year 2012-2013 will be paid before stipulated date of 30th April, 2012.
6. Stock Code 500254 – Bombay Stock Exchange LLOYDSTEEL - National Stock Exchange of India ISIN No.: INE292A01015

7. Stock Market Data

Month	Bombay Stock Exchange			National Stock Exchange	
	High (₹)	Low (₹)	Sensex (close)	High (₹)	Low (₹)
July, 2011	19.60	16.05	18197.20	19.60	16.05
August, 2011	16.60	13.35	16676.75	16.60	13.15
September, 2011	16.44	12.75	16453.76	16.50	12.80
October, 2011	13.20	11.40	17705.01	13.20	11.35
November, 2011	13.25	08.15	16123.46	13.10	08.15
December, 2011	09.65	06.75	15454.92	09.60	06.50
January, 2012	13.20	06.95	17193.55	13.25	06.95
February, 2012	14.33	10.30	17752.68	14.35	10.20
March, 2012	13.10	08.69	17121.62	11.50	08.45

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. (a) Distribution of shareholding as on 31st March, 2012

No of Shares Held		No. of Shareholders		No. of Shares Held	
From	To	Total	% Of Total	Total	% Of Total
1	500	142227	84.03	28765618	4.33
501	1000	16286	9.62	13085167	1.97
1001	2000	5416	3.20	8415889	1.27
2001	3000	1638	0.97	4283475	0.64
3001	4000	710	0.42	2584515	0.39
4001	5000	869	0.51	4208011	0.63
5001	10000	1019	0.60	7892572	1.19
10001 AND ABOVE		1089	0.64	595283246	89.58
<b>TOTAL</b>		<b>169254</b>	<b>100.00</b>	<b>664518493</b>	<b>100.00</b>

(b) CATEGORIES OF SHAREHOLDERS AS ON 31.03.2012

Category	No. of Shares	% of Share Capital
Promoters	240169259	36.14
Banks / Financial Institutions	103825482	15.62
MFs & UTI	573153	0.09
FII / NRI / OCB's	14500538	2.18
Others	305450061	45.97
<b>TOTAL</b>	<b>*664518493</b>	<b>100.00</b>

Note : \* Excludes 2714451 Forfeited shares of Rs 10/- each.

11. Dematerialisation of Shares Over \*60.15 % of the outstanding shares have been dematerialised upto 31st March, 2012. \* 244261802 Equity shares i.e. 36.76 % of total Equity shares issued on 17.03.2012 are in physical form as listing approval from Stock Exchanges has not been received. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 08.05.2000 as per per notification issued by the Securities and Exchange Board of India. 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 NIL
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 Fax No. 022- 2847 5207 **E- mail : investor@bigshareonline.com**
- (ii) Any query on Annual Report Secretarial Department Lloyds Steel Industries Limited Trade World, 'C' Wing, 16th Floor, Kamala Mills, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. 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 period ended 31st March, 2012 laid down by the Board and which is placed before the Board."

For & on behalf of the Board

Dated : 21st April, 2012  
Place : Mumbai

**Rajesh R Gupta**  
Managing Director

# AUDITORS' REPORT

## TO THE MEMBERS OF LLOYDS STEEL INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Lloyds Steel Industries Limited, which comprise the Balance sheet as at March 31, 2012 and the Statement of Profit and Loss and Cash Flow statement for the period ended then, and a summary of Significant Accounting Policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by Companies (Auditors' Report) (Amendment) 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.

### Opinion

- (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) 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,

2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

- (f) In view of the foregoing paragraphs, in our opinion and to the best of our information and according to the explanations given to us, 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, 2012;
  - ii) In the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
  - iii) In the case of the Cash Flow Statement, of the Cash Flow of the Company for the period ended on that date.

For and on behalf of  
**TODARWAL & TODARWAL**  
Chartered Accountants  
ICAI Reg No : 111009W

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

Dated : 21st April 2012  
Place : Mumbai

### ANNEXURE TO AUDITORS' REPORT

**[Referred to in above the Auditor's Report of even date to the Members of Lloyds Steel Industries Limited on the Financial Statements for the period ended 31st March 2012]**

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 period 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 period. 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 period. 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), (e), (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 period 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 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 ₹ 447.84 lacs (Previous year ₹ 447.84 lacs) and Sales Tax of ₹ 28.65 lacs (Previous year ₹ 28.65 lacs) as at March 31st, 2012 have not been deposited with appropriate authorities and no provision has been made for the same.*
  - 10 The Company's accumulated losses at the end of the current period are more than fifty percent of its net worth. The Company has not incurred cash losses during the period and also not incurred cash losses in the immediately preceding financial period.
  - 11 *According to the information and records produced before us, the amount of default in the dues to lenders aggregated to ₹ 7334.87 lacs as loans were under various stages of restructuring process. The restructuring of entire Loans has been completed during the period.*
  - 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 period.
  - 13 In our opinion, considering the nature of activities carried on by the Company during the period, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it. 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 period. 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 during the period, made preferential allotment of shares to the party covered in the register maintained under section 301. In our opinion, the price at which the shares have been issued is not prejudicial to the interest of the company.
  - 19 According to information and explanation given to us, the company has not issued any fresh debenture during the period. 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 period. 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 period, nor have we been informed of such case by the Management.

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
		135.55	Commissioner
		38.94	Additional Commissioner
		150.89	High Court
		34.02	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>	

Dated : 21st April 2012  
Place : Mumbai

For and on behalf of  
**TODARWAL & TODARWAL**  
Chartered Accountants  
ICAI Reg No : 111009W

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

# BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Lacs)

PARTICULARS	Note No	As at 31st March, 2012	As at 30th June, 2011
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>SHARE HOLDER'S FUND</b>			
(a) Share capital	1	90,211.73	62,893.71
(b) Reserves and surplus	2	(82,032.20)	(92,802.22)
		8,179.53	(29,908.51)
<b>NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	38,426.87	74,272.85
(b) Long-term provisions	4	2,253.37	1,921.23
		40,680.24	76,194.08
<b>CURRENT LIABILITIES</b>			
(a) Trade payables	5	129,438.58	124,518.23
(b) Other current liabilities	6	60,046.90	58,615.18
		189,485.48	183,133.41
<b>TOTAL</b>		238,345.25	229,418.98
<b>II ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	7	107,485.67	114,824.46
(ii) Capital work-in-progress	7	113.51	3,089.62
		107,599.18	117,914.08
(b) Non-current investments	8	250.26	250.26
(c) Long-term loans and advances	9	1,646.62	1,943.81
		109,496.06	120,108.14
<b>CURRENT ASSETS</b>			
(a) Inventories	10	37,683.67	27,678.01
(b) Trade receivables	11	11,923.07	20,225.63
(c) Cash and cash equivalents	12	4,972.12	4,893.02
(d) Short-term loans and advances	13	74,270.33	56,514.18
		128,849.19	109,310.84
<b>TOTAL</b>		238,345.25	229,418.98
<b>Summary of Significant Accounting Policies</b>	20		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For and on behalf of

For and on behalf of the Board

**TODARWAL & TODARWAL**

Chartered Accountants

ICAI Reg. No. : 111009W

**SUNIL L. TODARWAL**

Partner

M.No. 32512

**NEELU DHINGRA**

Company Secretary

**RAJESH R. GUPTA**

Managing Director

**MUKESH R. GUPTA**

Chairman

Date : 21<sup>st</sup> April, 2012

Place : Mumbai

# PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2012

(₹ in Lacs)

PARTICULARS	Note No	Current Period Jul '11 - Mar '12 (9 Months)	Previous Period Apr '10 - Jun '11 (15 Months)
<b>INCOME</b>			
I. Revenue from Operations (gross)	14	405,303.18	436,536.29
Less: Excise Duty		20,486.81	28,462.53
Revenue from Operations (net)		384,816.37	408,073.76
II. Other income	15	4,346.93	4,636.61
III. Total Revenue (I + II)		389,163.30	412,710.37
<b>IV. EXPENSES</b>			
(a) Cost of materials consumed		157,382.82	211,565.24
(b) Purchases of Stock in Trade		171,838.56	120,690.99
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	(10,097.42)	(7,239.03)
(d) Employee benefits expense	17	5,086.54	6,780.78
(e) Finance costs	18	10,849.94	9,756.79
(f) Depreciation and amortization expense		10,649.84	15,493.07
(g) Other expenses	19	49,476.08	69,866.55
Total expenses		395,186.36	426,914.39
V. Profit/(Loss) before exceptional and extraordinary items and Tax (III-IV)		(6,023.06)	(14,204.03)
VI. Exceptional Items ( Net )		1,322.40	(236.89)
VII. Profit/(Loss) before extraordinary items and Tax (V-VI)		(7,345.46)	(13,967.13)
VIII. Tax expense:			
Current tax		-	-
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		(7,345.46)	(13,967.13)
<b>Earnings per equity share:</b>			
Basic & Diluted Earning per Share (₹)		(1.75)	(4.46)
<b>Summary of Significant Accounting Policies</b>	20		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For and on behalf of

**TODARWAL & TODARWAL**

Chartered Accountants

ICAI Reg. No. : 111009W

For and on behalf of the Board

**SUNIL L. TODARWAL**

Partner

M.No. 32512

**NEELU DHINGRA**

Company Secretary

**RAJESH R. GUPTA**

Managing Director

**MUKESH R. GUPTA**

Chairman

Date : 21<sup>st</sup> April, 2012

Place : Mumbai

# CASH FLOW STATEMENT

FOR THE 9 MONTHS PERIOD ENDED 31ST MARCH 2012

(₹ in Lacs)

	Nine Months Period Ended 31.03.2012	Fifteen Months Period Ended 30.06.2011
<b>A. CASH FLOW FROM OPERATION ACTIVITIES :</b>		
Net Profit before tax and extraordinary items	(7,345.46)	(13,967.13)
Adjustments for:		
Depreciation	10,649.84	15,493.07
Loss / (Profit) on Sale of Fixed Assets (Net)	0.22	34.62
Interest Income	(996.25)	(1,227.63)
Interest Expense	10,849.94	9,756.79
Exceptional items	1,322.40	(236.89)
	21,826.15	23,819.96
<b>Operating Profit before working capital changes</b>	<b>14,480.69</b>	<b>9,852.83</b>
Adjustments for:		
Trade Receivables	8,302.57	(39.42)
Long-term loan and advances	297.19	101.38
Short-term loan and advances	(17,756.15)	(19,614.36)
Inventories	(10,005.67)	(7,387.24)
Trade Payables Short Term	8,614.63	38,707.51
Long-term provision	332.13	507.31
Other Liabilities	(7,033.64)	10,711.02
<b>Cash generated from operations</b>	<b>(2,768.25)</b>	<b>32,839.02</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(335.18)	(29,338.57)
Sale of Fixed Assets	0.46	11.98
Interest Received	996.25	1,227.63
<b>Net cash used in investing activities</b>	<b>661.53</b>	<b>(28,098.96)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital	22,718.14	12,637.50
Reduction in Loans	(9,682.38)	(5,776.50)
Interest Paid	(10,849.94)	(9,756.79)
<b>Net cash from financing activities</b>	<b>2,185.82</b>	<b>(2,895.79)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>79.10</b>	<b>1,844.28</b>
Cash and cash equivalents as at 01.07.2011	4,893.02	3,048.74
Cash and cash equivalents as at 31.03.2012	4,972.12	4,893.02
<b>Components of cash and cash equivalents</b>		
Cash on hand (Including cheques on hand)	597.13	463.36
Balance with Schedule Banks in : Current Account	1,800.98	2,296.82
In Margin Account (Including FDR)	2,574.01	2,132.84
<b>Total cash and cash equivalents (as per Note 12)</b>	<b>4,972.12</b>	<b>4,893.02</b>

**Notes:**

- Cash Flow statement has been prepared following the indirect method except in case of dividend paid/received and taxes paid which have been considered on the basis of actual movements of cash.
- Previous Period figures have been regrouped/reclassified wherever applicable.
- Figures in brackets represent outflows.

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

For and on behalf of the Board

**TODARWAL & TODARWAL**

Chartered Accountants  
ICAI Reg. No. : 111009W

**SUNIL L. TODARWAL**

Partner  
M.No. 32512

**NEELU DHINGRA**

Company Secretary

**RAJESH R. GUPTA**

Managing Director

**MUKESH R. GUPTA**

Chairman

Date : 21<sup>st</sup> April, 2012

Place : Mumbai



## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

### Note 1

#### Share Capital

##### AUTHORISED

##### Equity Shares :

1,50,00,00,000 Equity Shares of ₹ 10/- each  
(Previous Period 50,00,00,000 Equity Shares of ₹ 10/- each)

##### Preference Shares :

50,00,00,000 Preference Shares of ₹ 10/- each  
(Previous Period 25,00,00,000 Preference Shares of ₹ 10/- each)

##### ISSUED, SUBSCRIBED & FULLY PAID UP

##### Equity Shares :

66,45,18,493 Equity Shares of ₹ 10/- each fully paid up  
(P.P. 39,13,38,241 Equity Shares of ₹ 10/- each fully paid up)

27,14,451 Equity Shares Forfeited (Amount originally paid up)  
(Previous Period 27,14,451 shares)

##### Preference Shares :

23,62,75,420 Redeemable Preference Shares of ₹ 10/- each fully paid up  
(P.P. 23,62,75,420 Redeemable Preference Shares of ₹ 10/- each)

##### TOTAL

Notes :

#### 1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

At the beginning of the period

Issued during the period

##### Outstanding at the end of the period

##### Preference Shares

At the beginning of the period

Issued during the period

##### Outstanding at the end of the period

#### 2 Terms/rights attached to equity shares

The company has only one class of shares having a par value at ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

#### 3 Details of Shareholders holding more than 5 % shares in the company

##### Equity shares of ₹ 10/- each fully paid up

Shree Global Tradefin Ltd.

Trump Investments Ltd.

Asset Reconstruction Co. India. Ltd.

Ultimate Logistics Solutions Pvt. Ltd.

Siddharth Holding Pvt. Ltd.

State Bank of India

#### 4 The Redeemable Preference Shares will be redeemed with a premium of 11.50 % in 6 (Six) Annual instalments commencing from financial year 2016.

As at 31st March, 2012	As at 30th June, 2011
150,000.00	50,000.00
50,000.00	25,000.00
200,000.00	75,000.00
66,451.85	39,133.83
132.34	132.34
66,584.19	39,266.17
23,627.54	23,627.54
90,211.73	62,893.71

31 March 2012		30 June 2011	
In Nos.	Amount (In ₹)	In Nos.	Amount (In ₹)
391338241	3,913,382,410	391338241	3,913,382,410
273180252	2,731,802,520		
664518493	6,645,184,930	391338241	3,913,382,410
31 March 2012		30 June 2011	
In Nos.	Amount (In ₹)	In Nos.	Amount (In ₹)
236275420	2,362,754,200	236275420	2,362,754,200
—	—	—	—
236275420	2,362,754,200	236275420	2,362,754,200

31 March 2012		30 June 2011	
In Nos.	% holding in the class	In Nos.	% holding in the class
183763299	27.65%	151763299	38.78%
37404966	5.63%	37404966	9.56%
48918450	7.36%	20000000	5.11%
81500000	12.26%		
81500000	12.26%		
50261802	7.56%		

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31st March, 2012	As at 30th June, 2011
<b>Note 2</b>		
<b>Reserves &amp; Surplus</b>		
<b>Capital Reserves</b>		
Balance as per the last financial statements	32,432.90	32,274.65
Add : Addition during the period	11,977.01	158.25
	<b>44,409.91</b>	32,432.90
<b>Share Premium</b>		
Balance as per the last financial statements	37,433.68	37,433.68
Add : Received during the period	6,138.47	-
	<b>43,572.15</b>	37,433.68
<b>Debenture Redemption Reserve</b>		
Balance as per the last financial statements	-	1,902.00
Less : Transferred to Profit & Loss Account	-	1,902.00
	<b>-</b>	-
<b>Surplus/(Deficit) in the statement of profit &amp; loss</b>		
Balance as per the last financial statements	(162,668.80)	(150,604.63)
Profit/(Loss) for the period	(7,345.46)	(13,967.13)
Add : Transfer from Debenture Redemption Reserve	-	1,902.00
	<b>(170,014.26)</b>	(162,668.80)
<b>TOTAL</b>	<b>(82,032.20)</b>	(92,802.22)
<b>Note 3</b>		
<b>Long Term Borrowings</b>		
<b>SECURED</b>		
<b>i) Term Loans</b>		
Indian Rupees Loan from Bank	8,156.00	12,361.99
Indian Rupee Loan from Financial Institutions	22,385.16	55,367.56
<b>ii) Working Capital Finance</b>		
From Banks	2,384.07	2,902.61
<b>Total (A)</b>	<b>32,925.23</b>	70,632.16
<b>UNSECURED</b>		
<b>Other Loans and Advances</b>		
Sales Tax Loan from Government of Maharashtra	180.75	219.77
Sales Tax Deferral	5,320.89	3,420.92
<b>Total (B)</b>	<b>5,501.64</b>	3,640.69
<b>TOTAL (A+B)</b>	<b>38,426.87</b>	74,272.85

- Details of Term Loan are as follows
  - Phoenix ARC Pvt Ltd carries NIL interest. The loan is repayable in 36 monthly installments of ₹ 72.00 lacs each, from 1st October 2009.
  - ARCIL loan carries interest @ 11.00% p.a. The loan is repayable in 3 annual installments of ₹ 5333.33 lacs each along with interest , from 15th March 2013
  - IDBI loan carries interest @ 11.00% p.a. The loan is repayable in 56 monthly installments of ₹ 116.02 lacs each along with interest, from 1st September 2011
  - Punjab & Sind Bank loan carries interest @ 7.00% p.a. The loan is repayable in quarterly installments of ₹ 117.75 lacs each along with interest.
  - SBI loan carries interest @ 14.75% p.a. The loan is repayable in 3 quarterly installments of ₹ 1000.00 lacs each along with interest , from 1st June 2012
- Deferred Sales Tax loan from Government of Maharashtra carries Nil Interest.
- The details of Security of the loans are as follows:-
  - Long Term Loans referred under secured loan, 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.
  - Long Term Loans referred under secured loan above, to the extent of ₹ 35582.47 lacs, are also secured by way of first mortgage and charge on Company's immovable properties, both present and future ranking pari passu with other First Charge holders, subject to prior charge of SBI for housing colony for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
  - Long Term Loans referred secured loan above, to the extent of ₹ 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 , ranking pari passu with other First Charge holders, subject to prior charge of SBI for housing colony for the employees at Wardha and specified movables, both present and future, hypothecated to Banks for Working Capital.
  - The Term Loans of ₹ 353.97 lacs from SBI are secured by exclusive mortgage of the housing colony situated at Wardha.
  - Long Term Loan referred to in above, to the extent of ₹ 1924.67 lacs, cash credit facilities assigned by banks, 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.
  - 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.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31st March, 2012	As at 30th June, 2011
<b>Note 4</b>		
<b>Long Term Provisions</b>		
Provision for Employee Benefits		
<b>Leave Encashment &amp; Gratuity</b>		
Gratuity & Leave Encashment	2253.37	1921.23
<b>TOTAL</b>	<b>2253.37</b>	<b>1921.23</b>
<b>Note 5</b>		
<b>Trade Payables</b>		
Acceptances	4,246.92	8,611.94
<b>Sundry Creditors</b>		
Total outstanding dues of creditors other than Micro and Small Enterprises	125,191.66	115,906.29
<b>TOTAL</b>	<b>129,438.58</b>	<b>124,518.23</b>
<b>Note 6</b>		
<b>Other Current Liabilities</b>		
Current maturities of Long Term borrowings	10,628.96	952.19
Advance from Customers	45,207.36	53,502.28
Interest Accrued but not due on Loans	356.79	148.77
Interest Accrued and due on borrowings	99.52	1,310.93
Overdrawn from the Banks	688.20	346.25
<b>Other Payables :</b>		
Duties & Taxes	1,074.20	1,973.81
Expenses Payable	1,781.85	274.97
Others	210.02	105.98
<b>TOTAL</b>	<b>60,046.90</b>	<b>58,615.18</b>

**Note 7**  
**FIXED ASSETS**  
**Tangible Assets**

(₹ in Lacs)

Sr. No.	Particulars	GROSSBLOCK				DEPRECIATION				NETBLOCK	
		As at 01.07.2011	Additions	Discarded/Sold /Transfer	As at 31.03.12	As at 01.07.2011	For the Period	Written back Period	As at 31.03.2012	As at 31.03.2012	As at 30.06.2011
1	Land	498.82	109.32	-	608.14	-	-	-	608.14	498.82	
2	Building	6232.16	57.48	-	6289.64	1497.60	91.68	1589.28	4700.36	4734.56	
3	Plant & Machinery	264464.25	3080.21	-	267544.46	156368.09	10434.27	166802.36	100742.10	108096.16	
4	Computers	883.50	21.26	0.57	904.19	750.43	30.25	780.35	123.84	133.07	
5	Electrical Installations	127.57	-	-	127.57	80.69	2.19	82.88	44.69	46.88	
6	Office Equipment	282.25	5.96	-	288.21	185.97	10.47	196.44	91.77	96.28	
7	Furniture & Fixtures	611.52	9.40	-	620.92	451.64	6.74	458.38	162.54	159.88	
8	Motor Vehicles	188.56	23.89	-	212.45	32.98	14.53	47.51	164.94	155.58	
9	Railway Siding	1673.10	3.77	-	1676.87	769.87	59.71	829.58	847.29	903.23	
	Total	274961.73	3311.29	0.57	278272.45	160137.27	10649.84	170786.78	107485.67	114824.46	
	Capital Work-in-Progress	3089.62	108.86	3084.97*	113.51	-	-	0.00	113.51	3089.62	
	Total	278051.35	3420.15	3085.54	278385.96	160137.27	10649.84	170786.78	107599.18	117914.08	
	Previous Period	248822.18	52111.05	22881.88	278051.35	144707.00	15493.07	160137.27	117914.08		

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

\* Transfer to Fixed Assets.

**Note 8**  
**NON-CURRENT INVESTMENTS**

**Long Term - At Cost**

**Equity Shares - Unquoted**

**Investment in associates**

**Indrajit Power Pvt. Ltd.**

2600 Equity Shares of ₹ 10/- each

**Investment in others**

**Aristo Reality Developers Ltd.**

1,00,00,000 Equity Shares of ₹ 2.50/- each

**Indrajit Properties Pvt. Ltd.**

2600 Equity Shares of ₹ 10/- each

(Received upon demerger of M/s. Indrajit Power Pvt. Ltd.)

**TOTAL**

No. of Shares	Face value per Share (₹)	As at 31st March, 2012	As at 30th June, 2011
2,600 (2,600)	10.00	0.26	0.26
10,000,000 (10,000,000)	2.50	250.00	250.00
2,600 (-)	10.00	-	-
		<b>250.26</b>	<b>250.26</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31st March, 2012	As at 30th June 2011
<b>Note 9</b>		
<b>Long Term Loans and Advances</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
Secutiry deposits	1646.62	1943.81
<b>TOTAL</b>	<b>1646.62</b>	<b>1943.81</b>
<b>Note 10</b>		
<b>Inventories</b>		
Raw Materials	3,143.10	3,380.98
Work-in Process	8,555.78	7,225.53
Finished Goods	6,942.83	6,075.57
Traded Goods	11,675.87	3,640.18
Stores, Spare Parts	7,080.97	6,892.15
Saleable Scrap	222.57	358.34
Fuel & Gases	62.55	105.24
<b>TOTAL</b>	<b>37,683.67</b>	<b>27,678.01</b>
<b>Note 11</b>		
<b>Trade Receivables</b>		
<b>(Unsecured unless otherwise stated)</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	946.93	1,509.36
	946.93	1,509.36
Other Debts		
Considered Good	10,976.14	18,716.27
	10,976.14	18,716.27
<b>TOTAL</b>	<b>11,923.07</b>	<b>20,225.63</b>
<b>Note 12</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks in :		
In Current Accounts	1,800.98	2,296.82
In Margin Account (Including FDR)	2,574.01	2,132.84
Cash on hand	47.51	43.99
Cheques, drafts on Hand	549.62	419.37
<b>TOTAL</b>	<b>4,972.12</b>	<b>4,893.02</b>
<b>Note 13</b>		
<b>Short Term Loans and Advances</b>		
<b>(Unsecured and Considered Good)</b>		
Amount recoverable in cash or kind or for value to be received	64,336.84	49,935.92
Loan and advance to related parties	8,793.76	3,864.98
Premises and Other deposits	1,105.34	2,691.03
Advance Tax and Tax deducted at source (net)	34.41	22.25
<b>TOTAL</b>	<b>74,270.33</b>	<b>56,514.18</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

### Note 14

#### Revenue from Operations

##### Sale of Products

	Current Period Jul '11 - Mar '12 (9 Months)	Previous Period Apr '10 - Jun '11 (15 Months)
Finished Goods	214,362.41	303,102.01
Traded Goods	163,525.06	119,625.33
Less: Claims, Trade Discounts etc.	1,914.93	1,298.39

##### Export Turnover

Finished Goods	1,154.22	1,703.18
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##### Other Operating Revenues

Scrap & By products	10,258.87	7,386.47
Job Charges & Others	17,917.55	6,017.69

<b>Gross Revenue</b>	<b>405,303.18</b>	<b>436,536.29</b>
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<b>Less : Excise Duty</b>	<b>20,486.81</b>	<b>28,462.53</b>
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<b>Net Revenue</b>	<b>384,816.37</b>	<b>408,073.76</b>
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### Note 15

#### OTHER INCOME

Interest Income on ;		
Bank Deposits	156.53	-
From Customers and Others	839.72	1,227.63

	996.25	1,227.63
--	--------	----------

Net Gain / Loss on Foreign currency transaction	37.98	2.21
---	-------	------

Liabilities no longer required written back	102.86	0.07
---	--------	------

Lease Rent Received	1,154.57	1,186.00
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Profit on Fixed Assets sold/Discarded	0.22	3.48
---------------------------------------	------	------

Mega Subsidy (Refer note no.18 of Notes.20)	1,574.89	1,742.05
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Miscellaneous Receipts	480.16	475.17
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<b>TOTAL</b>	<b>4,346.93</b>	<b>4,636.61</b>
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### Note 16

#### Change in Inventories of finished goods, work in progress and stock in trade

##### OPENING STOCKS

Finished Goods [Including Saleable Scrap]	6,433.92	3,736.05
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Work - in - process	7,225.53	3,814.25
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Stock in Trade	3,640.18	2,510.30
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	17,299.63	10,060.60
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##### LESS: CLOSING STOCKS

Finished Goods [Including Saleable Scrap]	7,165.40	6,433.92
--	----------	----------

Work - in - process	8,555.78	7,225.53
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Stock in Trade	11,675.87	3,640.18
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	27,397.05	17,299.63
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<b>Net Change in Inventory</b>	<b>(10,097.42)</b>	<b>(7,239.03)</b>
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## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

### Note 17

#### Employee benefits expense

Salaries, Wages and Allowances	4208.47	6291.46
Employer's Contribution to Provident Fund and other Fund	304.82	453.23
Gratuity & Leave Encashment Expenses	466.45	691.42
Staff Welfare/ Workmen Expenses	88.80	121.67
Managerial Remuneration	18.00	30.00
Transfer to Project	-	(807.00)
<b>TOTAL</b>	<b>5086.54</b>	<b>6780.78</b>

### Note 18

#### Finance costs

##### Interest Expenses :

Fixed Loans	2,692.19	1,900.50
Others	2,732.12	3,780.48

##### Finance Charges :

Bills Discounting Charges	4,663.45	3,501.43
Bank Charges & Commission	576.49	319.32
Others	185.69	255.06
<b>TOTAL</b>	<b>10,849.94</b>	<b>9,756.79</b>

### Note 19

#### Other Expenses

Consumables of Stores & Spares	15,800.20	29,191.44
Power & Fuel	14,982.35	20,365.39
Rent	147.87	127.56
Repairs & Maintenance :		
- Plant & Machinery	719.32	1,157.75
- Buildings	8.62	5.67
- Others	31.84	38.91
Insurance	759.78	1,202.33
Rates & Taxes	187.03	329.46
Other Exp. for Production	58.24	49.69
Fuel & Gases	1,064.63	1,404.55
Engineering & Processing Charges	8,015.96	13,731.74
Other Selling Expenses	273.90	644.92
Freight & Forwarding	120.19	175.29
Commission & Broakerage	5,803.36	8,995.42
Auditors' Remuneration :	1,012.46	1,811.08
- Audit Fee	3.38	3.75
- Tax Audit Fee	0.75	0.63
- In Other Manner - For certifications	0.25	0.31
- Travelling & Out of Pocket Expenses	0.16	0.26
	4.54	4.95
Items pertaining to Previous Period		
- At Debit	56.25	(11.59)
- Less: At Credit	32.75	-
	23.50	(11.59)
Professional & Legal Fees	220.13	237.49
Travelling & Conveyance Expenses	294.51	394.55
Misc. Expenses	707.05	835.93
Sitting Fees to Directors	0.38	0.43
Loss on Fixed Assets sold/Discarded (Net)	-	38.10
Transfer to Project	-	(9,662.18)
<b>TOTAL</b>	<b>49,476.08</b>	<b>69,866.55</b>

## NOTE 20: NOTES FOR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2012.

### NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2012 AND PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED ON THAT DATE.

#### (1) Significant Accounting Policies :

##### (a) System of Accounting:-

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The Company accrues individual items of Income/ Expenses above ₹ 5000/- per item.

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

1. Fixed Assets are valued at cost, net of CENVAT, unless revalued, for which proper disclosure is made.
2. 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 lower of cost and market value.
Finished Goods/ Traded 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 :

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factory as on the balance sheet date.

##### (g) Customs Duty :

Customs Duty payable on imported raw materials, components and stores and spares is recognized 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 period/year are translated at the period/ 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 carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets " is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use.

##### (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 :

Unprovoked 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 :** (₹ in Lacs)

	As at 31.03.2012 (9 Months Period)	As at 30.06.2011 (15 Months Period)
(a) In respect of guarantees issued by Banks : This includes expired Bank guarantees of ₹392.54 Lacs.(₹ 111.11 Lacs)	1730.64	1576.80
(b) Corporate Guarantee issued by the Company	62.18	55.96
(c) i) Claims against the Company not acknowledged as debt.	866.19	846.86
ii) Show cause notices under hearing in respect of excise duty which is disputed by the Company	447.84	447.84
iii) Sales Tax	28.65	28.65
<b>TOTAL</b>	<b>3135.50</b>	<b>2956.11</b>

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

a) Details of Balance with Non-Scheduled Bank: Balance with Non-Scheduled Bank In Current accounts Wardha Nagrik Sahakari Adikoshha Ltd.	Nil	0.29
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b) Amount held in Margin / Fixed Deposit accounts with banks is also having lien for Guarantees provided of ₹ **2574.00 Lacs** (Previous period ₹2132.84 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:

	(₹ in Lacs)	
	2011-12 (9 Months Period)	2010-11 (15 Months Period)
Salary	14.40	24.00
PF Contribution	1.08	1.80
Perquisites	3.60	6.00
<b>Total</b>	<b>19.08</b>	<b>31.80</b>

(c) Directors' remuneration aggregating to ₹ 1.5 lac ( Nil) for the period paid to the Managing Director, is in excess of the approval received from the Ministry of Corporate Affairs during the period. The above excess remuneration is liable to be recovered from the Managing director. However, no accounting adjustment has been made in the accounts for the amount recoverable from the Managing Director, as the company has made a representation to the Ministry of Corporate Affairs for reconsideration of its approval, which is pending as on date.

(5) 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

	(₹ in Lacs)	
	As at 31st March 2012	As at 30th June 2011
i. Obligation as at the beginning of the Period	1346.93	868.43
ii. Current Services Cost	134.42	148.29
iii. Interest Cost	110.83	99.35
iv. Actuarial (Gain)/Loss	97.03	342.37
v. Benefits paid	(122.66)	(111.51)
vi. Obligation as at the end of the Period	1566.55	1346.93

d) Expenses recognized during the Period. (₹ in Lacs)

	As at 31st March 2012	As at 30th June 2011
i. Current Services Cost	134.42	148.29
ii. Interest Cost	110.83	99.35
iii. Actuarial (Gain)/Loss	97.03	342.37
iv. Expenses recognized during the Period	342.28	590.02

e) Actuarial Assumptions.

- i. Rate of Interest : 8.25% per annum
- ii. Salary Growth : 7.25% per annum
- iii. Withdrawal Rate : 1%
- iv. Mortality Rate : LIC (1994-96) ultimate Mortality Rates.

v. Retirement Age : 60 years

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

Particulars	2010-11 (9 Months Period)	2011-12 (15 Months Period)
<b>NPBT</b>	<b>73,45,46,589</b>	<b>(139,67,13,329)</b>
Tax Expenses	Nil	Nil
Numerator (A)	73,45,46,589	(139,67,13,329)
Denominator (B) (Weighted)	42,06,47,047	313370039
<b>Basic &amp; Diluted EPS (A/B)</b>	<b>(1.75)</b>	<b>(4.46)</b>

(7) Disclosure as required by the Accounting Standard – 22 "Accounting for Taxes on Income" is given below:

There is carried forward unabsorbed depreciation and business losses as at the Balance Sheet date. As a matter of prudence, the Company has not recognized net deferred tax assets (DTA) in terms of Accounting Standard-22

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

a) Parties where control exists :-	(₹ in Lacs)	
	2011-12 (9 Months Period)	2010-11 (15 Months Period)
A Name of related party and relationship	Indrajit Power Pvt Ltd. Significant Influence	
ii) Relationship	Significant Influence	
A Transaction with related parties		
1 Nature of Transaction		
Sales & Services	3431.78	4538.16
Purchase	14188.99	6069.62
B Name of related party and relationship	Shree Global Tradefins Ltd Significant Influence	
i) Name of the Related Party	Significant Influence	
ii) Relationship	Significant Influence	
B Transaction with related parties		
1 Nature of Transaction		
Sales & Services	26366.01	Nil
Purchase	12293.38	2187.12
b) Key Managerial Personnel :-		
A Name of related party and relationship	Rajesh R Gupta Key Managerial Personnel	
i) Name of the Related Party	Key Managerial Personnel	
ii) Relationship	Key Managerial Personnel	
B Transaction with related parties		
Nature of Transaction		
a) Salary	14.40	24.00
b) PF Contribution	1.08	1.80
c) Perquisites	3.60	6.00

(9) Sales include :

- a) Engineering Division sales to Steel Division is at cost and net of Excise Duty amounting to ₹ 496.24 Lacs (Previous period ₹ 6869.46 Lacs) out of which ₹ 86.68 Lacs (Previous period ₹ 6409.78 Lacs) are capitalized.
- b) Steel Division sales to Engineering Division is at selling price amounting to ₹ 15633.81 Lacs (Previous period ₹ 9301.22 Lacs).
- c) Trading Sales to Steel Division is at selling price amounting to ' Nil (Previous period ₹ 3577.48 Lacs)
- d) Steel Division sales includes at cost, Repairs & Maintenance Expenses of ₹ 406.56 Lacs (Previous period ₹ 231.83 Lacs) and CWIP of ₹ 55.52 Lacs (Previous period ₹ 116.74 Lacs).



- (10) 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.
- (11) 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.
- (12) Disclosure as required by Accounting Standard-11 "Effect Of Changes in Foreign Exchange Rates" Credited to Profit and Loss Account is ₹ 37.98 Lacs (net) (Previous period Debited ₹ 2.21 Lacs)
- (13) There are 27,14,451 forfeited Equity Shares pending reissue at the period end (Previous period 27,14,451 shares).
- (14) As part of restructuring process of debt with some of the lenders, the total outstanding amount (Principal Plus Interest) as per books of ₹ 39511.38 Lacs (Previous period ₹ 447.89 Lacs) has been restructured and settled for ₹ 32551.50 Lacs (Previous period ₹ 52.75 Lacs) Principal amount of ₹ 11977.01 Lacs (Previous period ₹ 158.25 Lacs) written back has been credited to Capital Reserve and the amount of ₹ 5017.13 Lacs (Previous period ₹ 236.89 Lacs credited) has been debited to profit & loss account as an Exceptional item.
- (15) During the period, certain lenders, in terms of loan / facility agreements entered into with the Company, have opted for conversion into equity shares of their outstanding dues to the extent of ₹ 10739 Lacs. Accordingly, the committee of Board of Directors at its meeting held on 2nd November, 2011 issued 28918450 Equity Shares of face value of ₹10/- each on preferential basis at a price of ₹17.29 per share to ARCIL & at its meeting held on 17th March, 2012 issued 4,92,61,802 Equity Shares of face value of ₹10/- each on preferential basis at a price of ₹11.65 per share to state Bank of India.  
Further in terms of the special resolution passed at the Extra Ordinary General meeting of the Company held on 1st March, 2012, the Company in its committee meeting of Board of Directors held on 17th March, 2012, has allotted 32000000 Equity Shares to Promoters' and 16,30,00,000 Equity Shares to Investors, Equity Shares of face value of ₹10 each at a price of ₹11.65 per share as per SEBI (ICDR) Regulations and Listing Agreement.
- (16) The Company has filed a reference before the Hon'ble BIFR on 29th June 2001. The reference came to be registered as Case Number 27/8/2001 as per their communication No.3(L-7)BC/2001 dated 11th July 2001. The Hon'ble BIFR after hearing the matter on 1st March 2006 has declared the Company as sick industrial company in terms of Section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and appointed ICICI Bank Limited as the Operating Agency (OA).  
The company submitted a revised (DRS) to OA and the copy of the same was forwarded to Hon'ble BIFR. As per the direction of Hon'ble BIFR at its hearing on 23.09.2010, OA convened a joint meeting of all concerned on 21.10.2010 whereat except one lender other creditors agreed to the DRS. It was also decided that the lenders should provide their comments to OA on future course of action.  
The company submitted a revised Draft Rehabilitation Scheme (DRS) on January 9th 2012 to the ICICI Bank Ltd., OA and the copy of which was sent to the BIFR.
- (17) (a) Deposited with Government Department Includes Custom duty ₹11.55 Lacs (Previous period ₹ 72.16 Lacs) deposited for clearance of import consignment under Project import is recoverable from the Custom Department.  
(b) Special Additional Duty of ₹ Nil (Previous period ₹111.66 Lacs) Refund from Custom Department.  
(c) The anti dumping duty of ₹ 21.31 Lacs (Previous period ₹23.82 Lacs) deposited under protest with the Custom department.
- (18) The company has claimed the Mega benefit based on increased capacity @ 40% on H.R. Products, 50% on Galvanized Products and 7% on C.R. Products in accordance with Section 93 and 93A of MVAT Act, 2005. However the Director of Industries has permitted the Mega subsidy based on ratio of new investment to old investment.
- (19) Exceptional items includes advances written back ₹ 3694.73 lacs and interest expenses payable to financial institutions ₹5017.13 lacs upon settlement.

	Value ₹ In Lacs	Percentage
<b>(20) PRODUCTION CONSUMABLES, STORES &amp; SPARE PARTS AND COMPONENTS CONSUMED</b>		
a) Imported	<b>3434.47</b>	<b>14.43</b>
	(8525.15)	(19.86)
b) Indigenous	<b>20365.00</b>	<b>85.57</b>
	(34398.03)	(80.14)
<b>(21) RAW MATERIAL CONSUMED</b>		
a) Imported	<b>9266.15</b>	<b>2.80</b>
	(13254.62)	(4.11)
b) Indigenous	<b>321067.31</b>	<b>97.20</b>
	(308789.55)	(95.89)
<b>(22) C.I.F. VALUE OF IMPORTS</b>		
a) Raw Material	<b>9351.02</b>	
	(12568.11)	
b) Production Consumables, Stores & Spares	<b>3450.12</b>	
	(7689.49)	
<b>(23) EXPORTS</b>		
(a) Direct	<b>(1077.02)</b>	
	(1331.72)	
(b) Deemed	<b>567.99</b>	
	(818.85)	
<b>(24) EARNING IN FOREIGN CURRENCY</b>		
Brokerage & Commission	<b>63.00</b>	
	(21.77)	
<b>(25) EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Travelling, Books & Periodicals	<b>3.09</b>	
	(108.34)	
b) Brokerage and Commission	<b>5.09</b>	
	(5.99)	
c) Engineering & Design	<b>45.90</b>	
	(107.03)	
d) Conference & Training Exp./Royalty	<b>14.36</b>	
	(15.16)	
e) Repairs & Maintenance	<b>44.07</b>	
	(108.92)	
f) Professional Fess	<b>2.96</b>	
	(27.17)	

- (26) The Company has closed its current financial year 2011-12 as on 31st March '12. Accordingly the financial accounts are prepared for a period of 9 Months i.e. from July '11 to 31st March 12 . Hence the figures for current accounting period are not comparable with those of previous accounting year.
- (27) Previous period's figures including those in brackets have been rearranged / regrouped as per the revised Schedule VI of the Companies Act, 1956.
- (28) Previous period's figures have been regrouped and recast wherever necessary.
- (29) Disclosures as required by the Accounting Standard 17 on "Segment Reporting " are given below :

(₹ in Lacs)

Sr. No.	Particulars	Period Ended 31.03.2012					Period Ended 30.06.2011				
		Steel Product	Engineering Product	Trading	Elimination	Consolidated	Steel Product	Engineering Product	Trading	Elimination	Consolidated
I)	<b>Segment Revenue :</b>										
	<b>Sales :</b>										
	External	181,935.93	24,766.98	163,525.06	-	370,227.97	242,600.64	29,612.02	116,047.85	-	388,260.52
	Inter - Segment	14,143.24	445.16	0.00	(14,588.40)	-	9,370.19	6,865.57	3,577.48	(19,813.24)	-
	<b>Total</b>	<b>196,079.17</b>	<b>25,212.14</b>	<b>163,525.06</b>	<b>(14,588.40)</b>	<b>370,227.97</b>	<b>251,970.83</b>	<b>36,477.59</b>	<b>119,625.33</b>	<b>(19,813.24)</b>	<b>388,260.52</b>
II)	<b>Segment Result :</b>										
	Operating Net Profit	2,738.68	3,274.59	(277.80)	-	5,735.47	(11,488.84)	7,180.64	30.33	-	(4,277.86)
	Common Expenses (Net)					(908.60)					(1,408.59)
	Interest					(10,849.94)					(8,529.16)
	Exceptional items					(1,322.40)					236.89
	<b>Profit before tax</b>					<b>(7,345.46)</b>					<b>(13,978.72)</b>
III)	<b>Segment Assets :</b>	163,541.64	43,299.91			206,841.55	178,398.27	43,727.54			222,125.81
	Common Assets					31,253.44					7,042.91
	<b>Total</b>					<b>238,094.99</b>					<b>229,168.72</b>
IV)	<b>Segment Liabilities :</b>	114,861.12	31,560.77			146,421.90	106,344.96	42,467.86			148,812.81
	Common Liabilities					45,316.95					37,399.63
	<b>Total</b>					<b>191,738.85</b>					<b>186,212.44</b>
V)	<b>Capital Expenditure during the period</b>										
	Segment	3,133.32	177.98			3,311.29	48,281.47	359.07			48,640.53
	Common					-					-
	<b>Total</b>					<b>3,311.29</b>					<b>48,640.53</b>
VI)	<b>Depreciation during the period</b>										
	Segment	10,576.99	72.85			10,649.84	15,397.97	95.11			15,493.07
	Common					-					-
	<b>Total</b>					<b>10,649.84</b>					<b>15,493.07</b>
VII)	<b>Non Cash Expenses other than Depreciation</b>										
	Segment	1,578.14	127.87			1,706.00	369.36	101.53			470.89
	Common					75.85					55.75
	<b>Total</b>					<b>1,781.85</b>					<b>526.64</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.

## LLOYDS STEEL INDUSTRIES LIMITED

Regd. Office : Trade World, "C" Wing, 16th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel.No. 3041 8111.

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 42<sup>nd</sup> Annual General Meeting of the Company to be held on Wednesday, 23<sup>rd</sup> May, 2012 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 .....2012

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



Tear Here



## LLOYDS STEEL INDUSTRIES LIMITED

Regd. Office : Trade World, "C" Wing, 16th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel.No. 3041 8111.

### 42<sup>nd</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 42<sup>nd</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 Wednesday, 23<sup>rd</sup> May, 2012 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