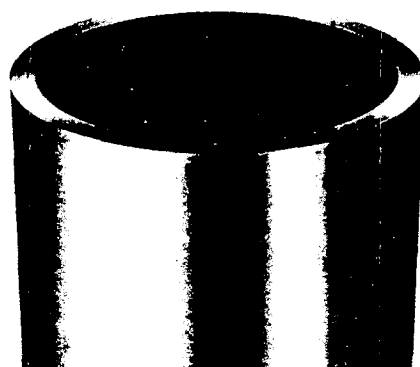


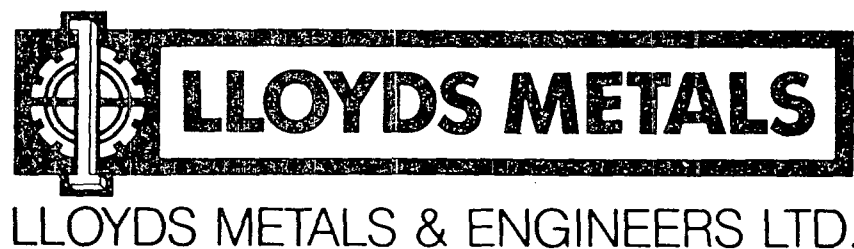


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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# ANNUAL REPORT





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# B

## BOARD OF DIRECTORS

**CHAIRMAN**

R. N. GUPTA

**VICE CHAIRMAN**

MUKESH R. GUPTA

**MANAGING DIRECTOR**

B. L. AGARWAL

**DIRECTOR**

RAJESH R. GUPTA

R. N. VYAS

G. C. GARG

S. GAJENDRAN

(IDBI NOMINEE)

B. N. RATH

S. R. RAMAKRISHNAN

S. VENKATRAMAN

SHANTANU MOHAPATRA

**BANKERS**

STATE BANK OF INDIA

INDUSIND BANK LTD.

CENTURION BANK LTD.

**LEGAL ADVISORS**

KANGA &amp; CO., ADVOCATES, SOLICITORS &amp; NOTARY

**AUDITORS**

LAKHANI &amp; CHADHA

**REGISTRAR & SHARE TRANSFER AGENTS**

Lloyds Capital Services Ltd., VTM Building, 3rd Floor,

Mehra Compound, Sakinaka, Andheri (East),

Mumbai 400 072. Tel No. : 851 4580-84

**REGISTERED OFFICE**

Plot No A-9 &amp; 10, MIDC Phase II, Dombivli (East),

Dist. Thane 421 201, Maharashtra

**WORKS****CRCA STRIPS DIVISION**

Plot No A-9 &amp; 10, MIDC Phase II, Dombivli (East),

Dist. Thane 421 201, Maharashtra

**PIPES & TUBES DIVISION**

Plot No M-1, Additional MIDC Area, Murbad,

Dist. Thane 421 401, Maharashtra

**SPONGE IRON DIVISION**

Plot No A 1/2 MIDC Area, Ghugus,

Dist. Chandrapur, 442 505, Maharashtra

# NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Lloyds Metals & Engineers Ltd., will be held at Sarvesh Sabhagruha, Tai Pingle Chowk, Tilak Road, Dombivli (East), Dist. Thane 421 201, on Thursday the 14th day of August, 1997 at 11.30 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 1997 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri R. N. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. N. Vyas who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G. C. Garg who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Shri Shantanu Mohapatra who was appointed as Additional Director of the Company by the Board of Directors, and who holds the office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received

a notice in writing pursuant to Section 257 of the Act, from a member of the Company proposing his appointment as a Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** Pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, of The Companies Act, 1956, and subject to approval of the Central Government the existing Article No. 112 (1) of Articles of Association of the Company be and is hereby altered as under:

*The existing Part Article 112 (1) be substituted by the following :-*

**"112 (1)** Until otherwise determined by a General Meeting of the Company and subject to the Provisions of Section 252 and 259 of the Act, the number of Directors (excluding Nominee/Special/Debuture and Alternate Directors), shall not be less than three nor more than fifteen."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to accept any amendment(s) to this resolution as may be directed/advised by the Central Government while giving approval to this change."

## Notes

1. Explanatory Statement relating to Special Business as set out in the Notice is annexed hereto, pursuant to Section 173 (2) of the Companies Act, 1956.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT MEETING IS ENTITLED TO APPOINT

A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF/ITSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. Proxy Form and Attendance slips 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 Friday, the 1st day of August, 1997 to Thursday, the 14th day of August, 1997 (both days inclusive).
5. Members are requested to intimate to the Registrar and Share Transfer Agent, M/s Lloyds

Capital Services Ltd., change of address, if any, in their registered addresses at an early date. Members are requested to mention their Folio No. in their correspondence.

6. Members desiring any information as regard to the Annual Accounts are requested to write to the Company so as to reach at least 7 days before the date of the Meeting to enable the Management to keep the required information ready.

By order of the Board

Place: MUMBAI

**H. K. BORADE**

Dated : 27th June, 1997 Asst. Company Secretary

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

### Item No 6

The Board of Directors appointed Mr Shantanu Mohapatra as Additional Director of the Company at its meeting held on 17.09.1996. Pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act") Mr Shantanu Mohapatra holds office of Director up to the date of ensuing Annual General Meeting of the Company. Notice has been received from a Member of the Company in pursuance of Section 257 of the Act, alongwith a deposit of Rs 500/- (Rupees Five Hundred Only) proposing Mr Shantanu Mohapatra as the candidate for the Office of Director of the Company.

Mr. Shantanu Mohapatra is B.Tech (Applied Geology & Geophysics) from I.I.T., Kharagpur and was former Director Mining & Geology, Govt. of Orissa and has special achievements in the field of mining and geological activities to his credit. The Directors are of the opinion that his rich experience in the mining field will help the Company in setting up the mining activities of the Company and therefore his appointment will be in the interest of the Company and hence recommend the appointment.

None of the Directors of the company is in any way concerned or interested in the above Resolution except Mr. Shantanu Mohapatra to the extent of his appointment.

### Item No 7

As per the existing Article 112 (1) of Articles of Association of the Company, the Company can appoint maximum twelve Directors on the Board. The Board of Directors envisages that due to multifold increase in the activities that are being undertaken by the Company, it may be necessary to broaden the strength of Directors of the Company with appointment of persons possessing specialised knowledge in such field.

The Directors feel that it would be in the interest of the Company to appoint suitable persons as and when necessary and hence recommends to increase the maximum number of Directors to fifteen from the present twelve.

None of the Directors of the company is in any way concerned or interested in the resolution.

A copy of Memorandum and Articles of Association together with proposed alteration is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the company, upto the date of the Annual General Meeting.

By order of the Board

Place: MUMBAI

**H. K. BORADE**

Dated : 27th June, 1997 Asst. Company Secretary

# DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report of the Company together with the audited statement of accounts for the financial year ended 31st March, 1997.

## FINANCIAL RESULTS

	Current Year 1996-97 (Rs. in lacs)	Previous Year 1995-96 (Rs. in lacs)
<b>Sales:-</b>		
CRCA Division	5,697.14	9,111.06
Pipe Division	19,402.54	10,622.32
Sponge Iron Division	8,490.37	3,944.88
	33,590.05	23,678.26
<b>Other Income</b>	476.08	199.71
<b>Total Income</b>	34,066.13	23,877.97
Profit before Interest & Depreciation	3,672.10	3,993.73
<b>Less: Interest</b>	1,783.06	951.15
Gross Profit	1,889.04	2,842.83
<b>Less: Depreciation</b>	1,595.05	542.19
Profit before Tax	293.99	2,300.64
<b>Less: Provision for Taxation</b>	49.00	—
Profit after tax	244.99	2,300.64
<b>Add: Excess provision of Depreciation for earlier year written back.</b>	82.44	—
Balance b/f from previous year	175.93	192.79
Profit available for appropriation	503.36	2,493.43
<b>Appropriations:</b>		
Debenture Redemption Reserve	80.37	—
General Reserve	—	2,000.00
Proposed Dividend	—	317.50
Balance Carried Forward	422.99	175.93
	503.36	2,493.43

## DIVIDEND

In view of the sluggish market conditions prevalent in the Steel Industry currently and with a view to conserve resources for ongoing projects, the Directors have not recommended any dividend for the year ended 31st March, 1997 as against 20% for the previous year.

## OPERATION AND OVERALL PERFORMANCE

During the year under report the total income of the Company rose to **Rs.34,066.13** lacs against **Rs.23,877.97** lacs in the previous year. The increase of **43%** in the total income is attributed to increased contribution from the Sponge Iron Division for the full year and also due to improved operations of the pipe division.

The Gross Profit and the Net Profit of the Company stood at **Rs.1,889.04** lacs and **Rs.244.99** lacs respectively against Rs.2,842.83 lacs & Rs.2,300.64 lacs in previous year. The profit margins were under pressure due to escalation in input prices of Power, Coal, Transportation Cost and other inputs, which could not be passed on to customers due to slack market conditions. A slowdown in the industrial activities in general, also further compounded the grim situation.

## CRCA DIVISION

The CRCA division at Dombivli achieved a turnover (including trading activities) of **Rs.5,697.14** lacs as compared to Rs.9,111.06 lacs of previous year. The Production during the year increased despite a major overhauling job undertaken in 20 Hi mill during July and August 96. However, due to tight financial conditions in the money market, recovery from customers were delayed beyond the normal credit period. During the year under review the division has made efforts to develop new market segments and this thrust is expected to yield quicker realisation of sales in future.

## PIPE DIVISION

The Pipe Division at Murbad achieved a turnover of **Rs.19,402.54** lacs (Previous year Rs.10,622.32 lacs) recording an increase in turnover of 83%. The division was able to earn Foreign exchange revenue by registering an export turnover to the extent of **Rs.2,148.58** lacs which constitutes 11% of the total turnover of the division. Efforts are on to penetrate U.S.A. and South African markets, in addition to other countries. During the year under review the third Tube mill which was installed during the last year for producing smaller section of pipe, attained 100% capacity utilisation. To strengthen the marketing network and to cater the potential market, the division has opened branches at Chennai, Hyderabad, Pune and Ahmedabad during the year under review.

The Directors are happy to inform that the Division's Murbad plant has been awarded prestigious ISO 9002 Certification by S.G.S. International Certification Services India during the year.

## SPONGE IRON DIVISION

The Sponge Iron Plant located at Ghugus in Chandrapur District which meets the raw material requirement of Group Company, Lloyds Steel, has reported its first full year of operation during the year under review. The Company has already taken up the work of the Second Phase to double the capacity of the Sponge Iron Plant and to install a Captive Power Plant of 12MW. The Division recorded a turnover of **Rs.8,490.37** lacs (Previous Year Rs.3,944.88 lacs), showing 115% jump in turnover.

## FACTORY VISIT BY SHAREHOLDERS

A factory visit of Pipe Plant at Murbad was arranged by the Company for shareholders in the month of July, 1996. The Shareholders were apprised of various stages of production process of the plant.



## **FUTURE OUTLOOK**

With globalisation and liberalisation picking up momentum in all the sectors of the economy, the competition is getting tougher in all spheres of industrial activities and service sector. Your Company is gearing itself to take on the challenge of competition in all the activities in which it is engaged. In the year under review the Company has taken steps for improving the quality of the finished goods and rendering better service to its customers. With possible improvement in the over all industrial scenario the Company is expected to register satisfactory growth during the current year.

## **INDUSTRIAL RELATIONS**

The Industrial Relations remained cordial during the year under review.

## **DIRECTORS**

With a view to broadbase the Board of Directors of the Company, Mr. Shantanu Mohapatra was appointed as Additional Director of the Company by the Board of Directors in its Meeting held on 17th September, 1996. As per the provisions of Section 260 of the Companies Act, 1956 the said Director will hold office only upto the date of ensuing Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company. Mr. Mohapatra possesses rich experience relating to Mining activities and the Directors are sure that your Company will be benefited from his experience.

Shri R. N. Gupta, Shri R. N. Vyas and Shri G. C. Garg, Directors of the Company, will retire by rotation and being eligible, offer themselves for reappointment.

## **FIXED DEPOSITS**

As on March 31, 1997 there was one unclaimed

deposit amounting to Rs 15,000/-, which has since been renewed.

## **AUDITORS**

M/s. Lakhani & Chadha, Chartered Accountants retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The members are requested to appoint Auditors for the current year and fix their remuneration.

The observations in the Auditors' Report read with notes under Schedule N, are self explanatory and require no further elaboration.

## **PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 are attached herewith in Annexure 'A' and forms part of this report.

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

Information in accordance with the provisions of 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 'B' forming part of this report.

## **STATEMENT ON PROFITABILITY PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT**

Information pursuant to clause 43 of the Listing Agreement with Stock Exchanges showing comparison of the projections made in the Prospectus/Letter of Offer both dated 20th January, 1995 in respect of Companies Public-cum-Right Issue of Equity Shares made during February, 1995

with Actual Performance is as under:-

Particulars	Rupees in lac	
	Projected	Actuals
Total Income	28,362.10	34,066.13
Net Profit (after tax)	2967.00	244.99

The profit margins declined sharply, reasons for which have been explained hereinabove under the paragraph of Operation and Overall Performance.

Also due to change in the method of Depreciation from Straight Line Method (SLM) to Written Down Value Method (WDV) relating to its Murbad Division there has been a higher provision of Rs 626.48 lacs including Rs 172.48 lacs for earlier years which has resulted in reduction in Net Profit by like amount.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation of the devoted services of the employees at all levels throughout the year. Your Directors also wish to place on record their appreciation of the assistance and continued co-operation extended by various Financial Institutions, Bankers, Government Authorities and Suppliers.

For and on behalf of  
Board of Directors

Place : MUMBAI  
Dated : 27th June, 1997

**R. N. GUPTA**  
Chairman

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