

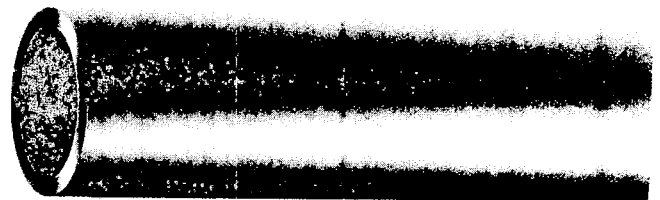
LIST ANNUAL REPORT 1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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LLOYDS METALS & ENGINEERS LTD.



**Murbad Pipe Plant
and
Dombivli CR Steel Plant
ISO 9002
Certified**

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BOARD OF DIRECTORS



CHAIRMAN

R. N. GUPTA

VICE CHAIRMAN

MUKESH R. GUPTA

MANAGING DIRECTOR

B. L. AGARWAL

DIRECTORS

RAJESH R. GUPTA
R. N. VYAS
G. C. GARG
S. GAJENDRAN (IDBI NOMINEE)
B. N. RATH
S. R. RAMAKRISHNAN
SHANTANU MOHAPATRA

BANKERS

STATE BANK OF INDIA
INDUSIND BANK LIMITED
CENTURION BANK LIMITED

LEGAL ADVISORS

KANGA & CO., ADVOCATES, SOLICITORS & NOTARY

AUDITORS

LAKHANI & 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 & 10, MIDC Phase II, Dombivli (East),
Dist. Thane 421 201, Maharashtra

WORKS

CRCA STRIPS DIVISION
Plot No. A-9 & 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 is hereby given that the Twentyfirst Annual General Meeting of the Members of the Lloyds Metals & Engineers Ltd., will be held at Sarvesh Sabhagruh, Tai Pingle Chowk, Tilak Road, Dombivli (East)- 421 201, Dist- Thane on 23rd September, 1998 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit & Loss Account of Company for the year ended 31st March, 1998 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Mukesh R. Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajesh R. Gupta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S. R. Ramakrishnan 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, the following resolution as a Special Resolution:-
"RESOLVED that the Articles of Association of the Company be altered in the following manner:
 - a) The existing Article 2(1) of the Articles of Association be substituted by the following article, namely:
"Member" means a member as defined under Section 41 of the Act.
 - b) The Existing Article 2(1) of the Articles of Association be altered by inserting the following clauses:
"Beneficial Owner" shall mean the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
"Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof.
"Depository" shall mean a Depository as defined under Clause (e) of Subsection (1) of Section 2 of the Depositories Act, 1996.
 - c) The existing Article 11 of the Articles of Association be substituted by the following article, namely:
ARTICLE 11
The Company shall keep a Register and Index of Members in accordance with Section 150, 151 and 152A of the Act and the details of the members holding shares both in material and dematerialised form in any media as permitted by law including electronic media. The Company shall also be entitled to keep in any state or country outside India a Branch Register of Members resident in that state or country.
 - d) The existing Article 12 of the Articles of Association be renumbered as Article 12(a) and the following Article 12(b) be inserted immediately there after.
ARTICLE 12(b)
Nothing contained in Sub-clause (a) above shall apply to shares held in the Depository form.
 - e) The existing Article 13(c) be renumbered as Article 13(d) and the following Article 13(c) be inserted immediately before Article 13(d).
ARTICLE 13(c)
The Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.
 - f) The existing Article 20 be amended by inserting the following Article 20(k) immediately after the existing Article 20(j).
ARTICLE 20(k)
Nothing contained in clause (a) to (i) of Article 20 shall apply to the shares held in the Depository form.
 - g) The existing Article 22 of the Articles of Association be renumbered as Article 22(a) and the following Article 22(b) be inserted immediately there after.
ARTICLE 22(b)
Nothing contained in Section 187(C) of the Companies Act, 1956 shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.
 - h) The following Article 53 (a) be inserted immediately after the existing Article 53.
ARTICLE 53(a)
Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
 - i) The existing Article 73 of the Articles of Association be substituted by the following article, namely:

**ARTICLE 73**

The Company shall, if at any time issues debentures, keep a Register and Index of debenture-holders in accordance with Section 152 and 152A of the Act and the details of the members holding debentures both in material and dematerialised form in any media as permitted by law including electronic media. The Company shall also be entitled to keep in any state or country outside India a Branch Register of Debenture- holders resident in that state or country.

By order of the Board

Place : Mumbai
Date : 25th June, 1998

HEMANT K. BORADE
Asst. Company Secretary

NOTES

1. **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.**
2. The Relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item No. 6 above is annexed hereto.
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 September 10th, 1998 to September 23rd, 1998 (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 address at an early date. Members are requested to mention their Folio No. in their correspondence.
6. Member 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.
7. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto financial year ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mill Compound, 2nd floor, Dattaram Lad Path, Kalachowkie, Mumbai- 400 033. The unclaimed dividends for the financial year ended 31st March, 1995 will be transferred to General Revenue Account of the Central Government during the current year and the Company has already sent individual reminders to the members at their last recorded address, for encashing the dividend warrants for the same.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 6**

With the enactment of Depositories Act, 1996 some of the provisions of the Companies Act, 1956 and the Securities and Contract (Regulation) Act, 1956 concerning the issue, holding and transfer of shares have been amended so as to facilitate the Depository System. To enable the Company, to avail Depository facility for trading in its shares, the Articles of Association of the Company has to be amended as proposed in the Resolution to be in the line with the necessary provisions of the Depositories Act, 1996.

As per the provisions of the Companies Act, 1956 amendments to the Articles of Association require the approval by a Special Resolution of the shareholder in the General Meeting.

Given the foregoing, the resolution set out in the notice is recommended for the approval of the Shareholders.

The Amended Articles of Association referred in the resolution are open for inspection at the Registered Office of the Company from 11.00 a.m. to 1.00 p.m. on all working days of the Company till the date of Annual General Meeting.

None of the Director of the Company is concerned or interested in the said resolution.

By order of the Board

Place : Mumbai
Date : 25th June, 1998

HEMANT K. BORADE
Asst. Company Secretary



Your Directors are pleased to present the Twenty First Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 1998.

FINANCIAL RESULTS

(Rs. in lacs)

	CURRENT YEAR 1997-1998	PREVIOUS YEAR 1996-1997
Sales:-		
CRCA Division	12,291.58	5,697.14
Pipe Division	13,508.30	19,402.32
Sponge Iron Division	7,284.73	8,490.37
	33,084.61	33,590.05
Other Income	473.75	476.08
Total Income	33,558.36	34,066.13
Profit Before Interest & Depreciation	2,438.54	3,672.10
Less:- Interest	2,230.02	1,783.06
	208.25	1,889.04
Less : Depreciation	1,367.05	1,595.05
Profit/(Loss) Before Tax	(1,158.80)	293.99
Less:- Provision for Tax	0.39	49.00
Profit/(Loss) after Tax	(1,159.19)	244.99
Add:-		
Excess provision of Depreciation for earlier year written back	626.53	82.44
Less:		
Prior period expenses	15.88	—
Add:-		
Balance b/f from previous year	422.99	175.93
Profit/(Loss) available for appropriation	(125.55)	503.36
Appropriations:-		
Debenture Redemption Reserve	—	80.37
Balance carried forward	(125.55)	422.99
	(125.55)	422.99

DIVIDEND

In view of the Loss, the Directors have not recommended any dividend for the year ended 31st March 1998.

OPERATIONS AND OVERALL PERFORMANCE

During the year under report the total income of the Company marginally declined to Rs. 33,558.36 lacs against Rs. 34,066.13 lacs in the previous year.

The overall fall in the margin is mainly due to a slowdown in the industrial activities in general and the depressed market conditions which did not permit any increase in sales price to offset the rising input costs. Resultantly the company had to curtail production at CRCA and Pipe Division.

CRCA DIVISION

The Cold Rolling industry suffered very badly on two accounts namely steep fall in the demand triggered by recession in the automobile industry and extremely low priced availability of cold rolled imported material coupled with 5% reduction in the import duty on cold rolled material. The industry experienced sharp fall in the price realisation and significant drop in the capacity utilisation. During the year CRCA division traded very cautiously in the light of payment recovery situation and, in trying to be competitive had to suffer a fall in price realisation. The division has taken various measures to improve the sales target, like easing credit terms to the regular customers, develop new market etc. and with the new Government policy your Directors hope that in the current year the division's conditions will improve.

PIPE DIVISION

The Pipe Division at Murbad achieved a turnover of Rs. 13,508.30 lacs as compared to Rs. 19,402.32 lacs in the previous year, showing a sharp fall of 30.37% mainly due to a tight financial market which lead to restricted flow of money and the increased



input costs which could not be passed on to the customers. As expected in the last year, export growth could not take place as desired, leading to reduction in the sales volume and the margin.

SPONGE IRON DIVISION

The Sponge Iron Division located at Ghugus in Chandrapur District which meets the raw material requirements of our Group Company has achieved a turnover of Rs. 7,284.73 lacs as compared to Rs. 8,490.37 lacs in the previous year, showing a decline of 14.20%. The Company has already taken up the work of Second Phase to enhance the production capacity along with the Captive Power Plant of 12 MW.

FUTURE OUTLOOK

With the hike in Custom Duty and other changes announced in the Budget for the Steel Industry, your Directors hope that the Market will show improvement thereby allowing your Company to take advantage.

Higher landed cost of imported material as compared to indigenous material will improve the demand for local product. Also the Company has taken various measures for improving the quality of the finished goods and rendering better services to the customers.

INDUSTRIAL RELATIONS

The Industrial Relations with Labour remained very cordial throughout the year.

DIRECTORS

During the year Shri S. Venkatraman, Director has resigned from the Directorship of the Company. Your Directors place on record their appreciation for his valuable services rendered during the period of his association with the Company.

Shri Mukesh R. Gupta, Shri Rajesh R. Gupta and Shri S. R. Ramakrishnan, Directors of the Company, will retire by rotation and being eligible, offer themselves for reappointment.

FIXED DEPOSITS

As on March 31, 1998 there were seven unclaimed deposits amounting to Rs. 80,000/- which have been paid in the month of April 98.

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.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Asst. Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 Report of Board of Directors) Rules, 1988 are set out in Annexure "A" forming part of this report.

PROJECTIONS V/S PERFORMANCE PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

Information pursuant to Clause 43 of the Listing Agreement with Stock Exchange showing comparison of the projection made in the Prospectus/Letter of Offer in respect of Company's Public-Cum-Right Issue of Equity Shares made in February, 1995 with actual performance is as under:-

PARTICULARS	(Rs. in lacs)	
	PROJECTED	ACTUALS
Total Income	24,315.00	33,558.36
Net Profit/(Loss) after tax	3,049.00	(1,159.19)

The Profit Margin declined sharply, reasons for which have been explained under the paragraph of operations and Overall Performance.

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
DATE : 25th June, 1998

R. N. GUPTA
Chairman



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

(A) CONSERVATION OF ENERGY

Energy Conservation measures taken

CRCA Division

- 1) Installed additional capacitor Banks of 225 KVAR which resulted in improved power factor
- 2) Preventive maintenance and close monitoring of Pipe Lines of fuel and oil was carried out to prevent leakages and active reduction in oil consumption.
- 3) Conservation audit was carried out by "Petroleum Conservation Research Association" Mumbai. Modifications as suggested by the Auditors were implemented.
Periodical review of various programmes introduced to reduce/save electricity wastage in equipment and utilities were carried out.

Pipe Division

- 1) Factory shed lighting has been reduced to 50%.
- 2) Manual Switching off system introduced for all machines and electrical connection & Idle running machines are switched off immediately when not in operation.
- 3) 50 KVA capacitor bank installed to improve the power factor and thereby reduced the maximum demand.
- 4) Grid resistance for oscillator valve has been changed with air- cooled instead of water cooled thereby reducing the breakdown time and power consumption.
- 5) Appropriate action has been taken to remove 2 KVA transformer, which was functioning underload and thus there is reduction in power consumption.

Sponge Iron Division

- 1) Further capacitor has been installed to improve the power factor.
- 2) Tube fittings have been removed & alternate street lights have been switched off.
- 3) Wherever possible circuits are operated during night hours to get maximum benefit of night allowance as well as reduction in power consumption.
- 4) Out of 2 compressor maximum hours operated only on Single compressor.
- 5) Training programmes are imparted to save energy.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development

1. CRCA Division

Division has not carried out any major Research and Development during the year.

Inhouse changes, by modifying certain parameters of Input and improving production design and minimising production waste without affecting the quality of product were carried out thereby increasing yield per metric ton of input.

2. Pipe Division

Mill No. 1. : Thyristor welding machine was replaced with high rating thyristor for better quantitative as well as qualitative output with same consumption of energy.

Mill No. 3. : 2 Nos of water cooled capacitor added in the tank circuit to get better output on high dimensional pipes as well as the improvement in the quality of welding. Five roll welding systems introduced to improve the quality of welding in pipes.

R&D Team is also working to reduce the roll change time.

3. Sponge Iron Division

The Sponge Iron Division has successfully tried use of WCL Coal which was not tried in the Sponge Iron Unit due to high volatile and gradation character. This helped to achieve savings in freight charges.

Technology Absorption, Adoption and Innovation

1. CRCA Division

The Division has introduced Acid spray system/scale breaker arrangement in the pickling process which is under trial runs. It will result in improved/increased production and quality.

The furnace lining was changed from refractory bricks to fibre glass work to get better heat transfer with minimum heat loss.

2. Pipe Division

API registration was awarded to us for introduction of the technology in parlance with American Petroleum Institute's standard.

3. Sponge Iron Division

The Sponge Iron Division has successfully used HOSPET Iron Ore. The landed cost of which is lower, resulting in saving in raw material cost.



C) FOREIGN EXCHANGE EARNING & OUTGO

(Rs. In Lacs)

	1997-98	1996-97
1. Foreign Exchange Earning (on FOB basis)		
Export of CRCA Strips	9.83	14.42
Export of Steel Tubes/Pipes	1,689.07	2,148.58
	1,698.90	2,163.00
2. Foreign Exchange Outgo		
Interest	87.95	—
Import of Raw Material, Stores and Spares. (on CIF basis)	630.86	137.42
Import of Capital items (on CIF basis)	12.46	5.25
Commission	2.31	10.59
Legal & Professional Charges	18.24	2.21
	751.82	155.47

For and on behalf of Board of Directors

PLACE : Mumbai
DATE : 25th June, 1998

R. N. GUPTA
Chairman

