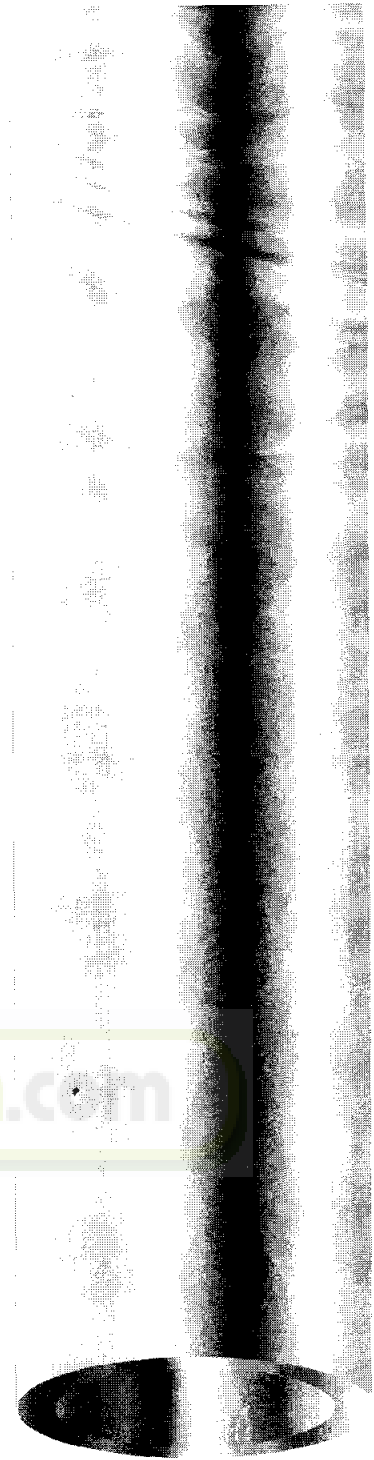


LLOYDS METALS & ENGINEERS LTD.



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BOARD OF DIRECTORS

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 & CO.,
(CHARTERED ACCOUNTANTS)

REGISTRAR & SHARE TRANSFER AGENTS

Lloyds Capital Services Limited,
"Lloyds House",
954, Appasaheb Marathe Marg,
Prabhadevi, Mumbai-400 025.

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

Lloyds Metals & Engineers Limited

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of Lloyds Metals & Engineers Limited will be held at Sarvesh Sabhagruh, Tai Pingie Chowk, Tilak Road, Dombivli (East)-421 201, Dist. Thane on Thursday, the 23rd September 1999 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March 1999 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in Place of Shri B.N. Rath, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Shantanu Mohapatra who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri R.N. Vyas who retires by rotation and being eligible offers himself for reappointment.
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 an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 as amended, Shri B.L. Agarwal be and is hereby reappointed as the Managing Director of the Company for a further period of five years effective from 1st January, 2000 on the following terms and remuneration and perquisites in accordance with the conditions specified in the revised Schedule of the said Act :-

Salary : Rs. 20,000 per month

Perquisites : Value of perquisites shall be restricted to an amount equal to the annual salary or Rs. 2,40,000/- p.a. whichever is less.

Perquisites are classified into three categories "A", "B" and "C" as follows:

Category A-

Housing I : The expenditure incurred by the Company on hiring furnished accomodation for the Managing Director will be subject to Sixty percent of salary, over and above ten percent payable by the Managing Director.

Housing II : In case the accomodation is owned by the Company, Ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accomodation is provided by the Company, the Managing Director shall be entitled to house rent allowance, subject to the ceiling laid down in Housing I above.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

Medical reimbursement : Expenses incurred for self and family, subject to ceiling of one months' salary a year or three months' salary over a period of three years.

Leave Travel Concession : For self and family, once in a year incurred as per the rules of the Company.

Club Fees : Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident : Premium payable by the Company.

Explanation : For the purpose of Category-A, "Family" means the spouse, the dependant children and dependant parents of the Managing Director.

Category B-

(i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.

(ii) Leave : One month's leave with full salary for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.

Category C-

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites.

Minimum remuneration : Notwithstanding anything to the contrary herein contained where, in any financial year, during the currency of the tenure of the Managing Director, if the Company has no profits or its profits are inadequate, the Company will pay as minimum remuneration by way of salary and perquisites as specified above.

Reimbursement of Expenses : Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 293(1) (a) of the Companies Act 1956, and subject to the approval of the Financial Institutions, Banks and subject to such other consents, sanctions, approvals or permissions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to Sell, Lease or otherwise dispose of either partial or whole of the "Dombivli" unit comprising the CRCA Plant and other related assets and Housing Property, situated at Dombivli, Dist. Thane in the State of Maharashtra together with the use of all the licenses, permits, consents and other approvals whatsoever, and all the rights and benefits attached thereto and the related liabilities, at such times through one or more contracts, on such consideration and other terms and conditions as the Board may in its absolute discretion deem to be in the interest of the Company.

RESOLVED FURTHER THAT the Board be and are hereby authorised to do and perform all such acts, deeds, matters and things as may be in their discretion deem necessary, and to sign and execute all such applications, agreements, deeds, other documents and writings as they may be considered necessary, fit and proper for the purpose of giving effect to this Resolution and the Board be and is hereby also authorised to make and accept such modifications, in the foregoing as it may, in the best interest of the Company and the Shareholders, deem appropriate."

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT, in pursuance of the Directives/ Guidelines issued by the Securities and Exchange Board of India and the Stock Exchanges(s) from time to time, the consent of the Company be and is hereby accorded to the voluntary de-listing of the equity shares of

the Company from The Delhi Stock Exchange Association Limited and The Stock Exchange- Ahmedabad.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental for the aforesaid purpose."

By Order of the Board

Place : Mumbai
Date : 20th May, 1999

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 A 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 special business is annexed hereto.
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 September 10, 1999 to September 23, 1999 (both days inclusive).
5. Members are requested to intimate to the Registrar and Share Transfer Agent M/s Lloyds Capital Services Limited, change of address, if any, in their registered address at an early date. Members are requested to mention their folio number 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, 1995 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Shri B.L. Agarwal was appointed Managing Director w.e.f. 1st January, 1995 for the period of 5 years. Now the term of the said contract is going to expire on December 31, 1999. The approval of the shareholders is sought for his reappointment as Managing Director and payment of remuneration and perquisites to him as set out in Resolution No. 6. The Board of Directors is of the opinion that the continuation of the services of Shri B.L. Agarwal as Managing Director is in the interest of the Company.

Shri B.L. Agarwal is also the Joint Managing Director of M/s. Lloyds Realty Limited (LRL). He does not draw any remuneration from LRL.

The Board of Directors commends passing of Resolution.

None of the Director except Shri B.L. Agarwal is concerned or interested in the said Resolution.

This along with Resolution No. 6 may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 7

The recession in the user industry segments, availability of cheap imported Cold Rolled material from CIS countries and uneconomical scale of operation forced the Management to temporarily close down the CRCA Plant situated at Dombivli, Dist. Thane in the State of Maharashtra. The Management is in process of studying various alternative options including to lease, sell or otherwise disposing of unit alongwith plant & machinery, rights, privileges and Housing property situated at Dombivli on the terms and condition as may be deemed fit. Section 293(1)(a) of the Act, provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence this is an enabling resolution. The Directors commend the resolution for acceptance.

None of the Directors of your Company is interested, either directly or indirectly in this resolution.

Item No. 8

The equity shares of the Company are listed on The Stock Exchange- Mumbai, The Delhi Stock Exchange Association Limited and The Stock Exchange- Ahmedabad.

It is proposed to de-list the shares form The Delhi Stock Exchange Association Limited and The Stock Exchange- Ahmedabad since most of the trading in equity shares takes place on The Stock Exchange - Mumbai and the low trading volumes on the other Stock Exchanges do not justify the continuance of listing on these Stock Exchanges. Hence the Directors deem it appropriate to de-list the equity shares of the Company from the aforesaid Stock Exchanges at Delhi and Ahmedabad.

The Directives/ Guidelines issued by the Securities and Exchange Board of India and the Stock Exchange(s) require the prior approval of the holders of the securities which are sought to be de-listed by a Special Resolution passed at a General Meeting after giving the notice thereof in the prescribed manner. Accordingly, the Resolution at Item No. 8 of the Notice seeks to obtain the approval of the Members, for such de-listing.

The Resolution is commended for the approval of the Members. No Director is concerned or interested in the resolution.

By Order of the Board

Place : Mumbai
Date : 20th May, 1999

HEMANT K. BORADE
Asst. Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Second Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in lacs)

	CURRENT YEAR 1998-99	PREVIOUS YEAR 1997-98
SALES		
CRCA Division	1289.66	12291.58
Pipe Division	9553.77	13508.30
Sponge Iron Division	6075.35	7284.73
	16918.78	33084.61
OTHER INCOME	460.93	473.75
TOTAL INCOME	17379.71	33558.36
Profit Before Interest & Depreciation	1118.28	3575.28
Less: Interest & finance charges	3627.39	3367.04
	(2509.11)	208.24
Less: Depreciation	1290.41	1367.05
Loss Before Tax	3799.52	1158.81
Add: Provision for wealth Tax	0.08	0.39
Loss after Tax	3799.60	1159.20
Less:		
Excess provision of Depreciation for earlier year written back	-	626.54
Dividend of earlier years on forfeited shares written back	6.34	-
Add:		
Prior period expenses (Net)	347.25	15.88
Short Provision for Taxation of earlier years	1.10	-
Net Loss	4141.61	548.54
Profit/(Loss) Balance b/f from previous year	(125.55)	422.99
Set off against General Reserve	3943.51	-
Balance Carried Forward	323.65	(125.55)
	4141.61	548.54

DIVIDEND

In view of the Loss, the Directors have not recommended any dividend for the year ended 31st March, 1999.

OPERATIONS AND OVERALL PERFORMANCE

During the year under report the total income of the Company has shown a drastic reduction to Rs. 16918.78 lacs against Rs. 33084.61 lacs in the previous year due to recession in the user industries over last two years. There has been a steep fall in margins due to recessionary conditions coupled with intense competition forcing extensive price cuts.

CRCA DIVISION

The Cold Rolling industry suffered very badly on account of recession in the user industry segments and availability of cheap imported cold rolled material available from CIS countries. There was steep increase in the volume of CR imports during the year. All these adverse circumstances resulted in continuous fall in the average sales realisation and low order booking level. Owing to poor order position, the capacity utilisation of the Plant has been at a very low level. All the efforts to bring down the cost of production were

nullified by lower capacity utilisation, higher power cost and high rate of octroi levy on input material. All the aforesaid factors forced the Management to temporarily close down the CRCA Plant. The Directors will consider the re-opening / restarting of the plant after watching the situation for some more time.

PIPE DIVISION

The Pipe Division at Murbad achieved a turnover of Rs. 9553.77 lacs as compared to Rs. 13508.30 lacs in the previous year, showing the sharp fall of 29.25% mainly due to lower order level mainly on account of depressed market conditions. During the year, the construction activities were at a drastically reduced level thus reducing demand for steel pipes and tubes. However, demand for steel pipes for water supply segments remained at a good level.

SPONGE IRON DIVISION

The Sponge Iron Division which meets the raw material requirement of the Group Company has achieved a turnover of Rs. 6075.35 lacs as compared to previous year of Rs. 7284.73 lacs.

The work on sponge iron second phase to enhance production capacity alongwith captive power plant of 12 MW is progressing slow due to change in plant technology. The Company's revised proposal is under consideration with Financial Institutions.

FUTURE OUTLOOK

There may not be a significant improvement in the demand stagnation due to slow down in the economy but direct and indirect threat from dumping from import sources is expected to be at a lesser level owing to certain steps taken by the Government. However, the domestic competition will continue to be intense.

INDUSTRIAL RELATIONS

The Industrial Relations with Labour remained very cordial throughout the year. During the year Management has entered into an MOU with Murbad Unit workers.

DIRECTORS

During the year Chairman and Group Founder Shri R. N. Gupta has passed away on 20th January, 1999. Your Directors do pay homage to their Late Chairman Shri R. N. Gupta with a prayer to the Almighty for his soul to rest in peace and your Directors record their deep appreciation for the valuable guidance and services rendered by the Late Chairman to the Company.

Mr. B. N. Rath, Mr. Shantanu Mohapatra and Mr. R. N. Vyas, Directors of the Company will retire by rotation and being eligible, offer themselves for reappointment.

FIXED DEPOSITS

As on March 31, 1999 there were six unclaimed deposits amounting to Rs. 59,000/-.

AUDITORS

The activities of Auditors of the Company M/s. Lakhani & Chadha, Chartered Accountants has been taken over by M/s. Lakhani & Co. during the year.

The Board of Directors of the Company appointed M/s Lakhani & Co., Chartered Accountants in vacancy caused till the conclusion of the ensuing Annual General Meeting. M/s Lakhani & Co. 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

None of the employee is drawing a salary of Rs. 6,00,000/- per annum or Rs. 50,000/- per month for part of the year.

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 Report of Board of Directors) Rules, 1988 are set out in Annexure "A" forming part of this report.

Y2K COMPLIANCE

Your Directors are well aware of the Y2K problem, and had made a necessary provision to deal with the problem. The entire project will be completed by the end of October 1999. The Total expenditure required to achieve Y2K compliance is estimated at Rs. 45 lakhs.

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 : 20th May, 1999

MUKESH R. GUPTA
Chairman

Lloyds Metals & Engineers Limited

ANNEXURE “A” TO THE DIRECTORS’ REPORT

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

The Electrical heaters used in heating water for hot water bath to coils, replaced by Aquatherm using LDO, this saves electricity substantially.

Additional power capacitor banks are installed to increase the power factor and reduce KVA demand.

Pipe Division

Installed Capacitor Banks at important points to improve the power factor and thereby reduced the maximum demand.

Planning for shutdown of plant is properly done well in advance informing the MSEB as well as our service department, which reduces the wasteful use of service equipment.

Sponge Iron Division

Energy conservation survey has been carried out by Petroleum Research Institution. Accordingly cooling towers fan metallic blades have been replaced with fiber blades to reduce power consumption of the fans.

Temperature controllers arranged for cooling water to reduce fan operating time.

Number of excessive capacity motors replaced with lower capacity motors.

Airconditioners have been replaced with Air Cooling System to reduce power consumption.

Office sitting arrangement has been reorganised and made compact to save lighting, AC's and fan operations.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development, Technology Absorption, Adaptation and Innovation

CRCA Division

During the year under review the division has not carried out any major Research & Development except in modifying certain parameters of production process without affecting the quality of product.

Pipe Division

The Division has successfully produced Large Square sections in high tensile Steel Pipe. The Division has a separate wing for Project and Development and uses in house technology for improvements in the quality of the product.

Sponge Iron Division

By optimising proper coal distribution from discharge end, Sponge Iron quality has improved and coal consumption reduced. The Division has been successful in completely absorbing the technology obtained indigenously.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

	Rs. In lacs 1998-99	Rs. In lacs 1997-98
1. Foreign Exchange Earning (on FOB basis)		
Export of CRCA Strips	16.95	9.83
Export of Steel Tubes/Pipes	1684.82	1689.07
	1701.77	1698.90
2. Foreign Exchange Outgo		
Interest	124.77	87.95
Import of Raw Material	661.08	630.86
Stores & Spares (on CIF basis)	0.95	—
Import of Capital Items (on CIF basis)	—	12.46
Commission	8.10	2.31
Legal & Professional Charges	1.95	18.24
Bank Charges	3.36	—
	800.21	751.82

For and on behalf of Board of Directors

Place : Mumbai

Date : 20th May, 1999

MUKESH R. GUPTA

Chairman

Lloyds Metals & Engineers Limited