

BOARD OF DIRECTORS

CHAIRMAN MUKESH R GUPTA

MANAGING DIRECTOR B. L. AGARWAL

DIRECTORS

RAJESH R GUPTA

R. N. VYAS

G VENKATRAMAN (IDBI NOMINEE)

B. N. RATH

SHANTANU MOHAPATRA

BANKERS

STATE BANK OF INDIA

INDUSIND BANK LIMITED

CENTURION BANK LIMITED

LEGAL ADVISORS

KANGA & CO.

ADVOCATES, SOLICITORS & NOTARY

AUDITORS

LAKHANI & COMPANY

(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

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 Twenty Third Annual General Meeting of the Members of the Lloyds Metals & Engineers Limited will be held at Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201, Dist. Thane on Saturday, the 23rd September 2000 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, 2000 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 reappointment.
3. To appoint a Director in place of Shri Rajesh R Gupta who retires by rotation and being eligible offers himself for reappointment.
4. 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.

By Order of the Board

Place: Mumbai
Date : 29th June, 2000

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. Proxy Form and attendance slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 10, 2000 to September 23, 2000 (both days inclusive).
4. 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 No. in their correspondence.
5. 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.
6. 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, CGO Complex, 2nd floor, CBD Belapur, Navi Mumbai.

By Order of the Board

Place: Mumbai
Date : 29th June, 2000

HEMANT K BORADE
Asst. Company Secretary

Lloyds Metals & Engineers Limited

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Third Annual Report of the Company together with the Audited Statement of Accounts for the financial Year ended 31st March 2000.

FINANCIAL RESULTS

(Rs. in Lacs)

	CURRENT YEAR 1999-2000	PREVIOUS YEAR 1998-1999
Sales	12375.95	16918.78
Other Income	470.08	460.93
Total Income	12846.03	17379.71
Profit Before Interest & Depreciation	569.05	1118.28
Less: Interest & finance charges	3540.46	3627.39
Gross Profit/(Loss)	(2971.41)	(2509.11)
Add: Depreciation	1595.33	1290.41
Loss Before Tax	4566.74	3799.52
Add: Provision for wealth Tax	0.00	0.08
Loss after Tax	4566.74	3799.60
Less:		
Excess provision of Depreciation for earlier year written back	13.85	0.00
Dividend on forfeited shares written back	0.00	6.34
Add:		
Prior period expenses (Net)	21.40	347.25
Short Provision for Taxation of earlier year	7.12	1.10
Net Loss	4581.41	4141.61
Add:-		
Loss Balance b/f from previous year	323.65	125.55
Set off against General Reserve	3943.51	3943.51
Balance Carried Forward	4905.06	323.65

DIVIDEND

In view of the Loss, the Directors have not recommended any dividend for the year ended 31st March 2000.

OPERATIONS AND OVERALL PERFORMANCE

The total income of the Company during the year under review was Rs. 12375.95 against Rs. 16918.78 lacs in the previous year. Due to sluggish business conditions in the user industries and shrinking margins, the operations of the Company were adversely affected. Constraints of working capital further eroded the operating capacity of the Company.

CRCA DIVISION

The CRCA Division has been given on conducting basis to an outside party for a period of three years, in order to offset the fixed costs.

PIPE DIVISION

The turnover of Pipe Division at Murbad was Rs. 5373.68 Lacs as compared to Rs. 5853.35 Lacs in the previous year. The flow of orders for the division was erratic and slow due to continued depression in the construction sector.

SPONGE IRON DIVISION

The turnover of the Sponge Iron Division was Rs. 7002.27 lacs against Rs.6075.35 Lacs in the previous year. This division caters to the raw material requirement of the Group Company. There is marginal increase in the turnover.

FUTURE OUTLOOK- SCHEME OF ARRANGEMENT

The domestic steel and related industries have been hurt by severe recessionary trends in the past few years. Depressed market conditions coupled by tight monetary conditions in the economy, slow movement of business, lack of demand, a general downturn in the user industries lead to increase in the losses. The Company registered a net loss of Rs. 41.42 crores in 1998-99 and a further loss of Rs. 45.81 crores in the year 1999-2000.

With a view to comprehensively restructure the business of your Company and to tap the synergies available with Lloyds Steel Industries Limited, your Company along with major creditors and institutional lenders embarked upon an objective analysis of Company's business structure in order to revive future prospects. As a part of the revival of the economic condition of the Company, the Scheme of Arrangement in respect of the de-merger of the C.R. Sheets Division into Encon Technologies Limited and amalgamation of rest of the Company thereafter with Ineco Steels Limited is proposed to be effected in accordance with Sections 391 to 394 of the Companies Act, 1956 and the same has been approved by the Members at their meeting held on June 1st, 2000.

The de-merger of the C.R. Sheets Division into Encon Technologies Limited would result in the core Sponge Iron and Pipes business remaining with the Company. The amalgamation of the Company and Lloyds Steel Industries Limited with Ineco Steels Limited thereafter shall result in the core steel businesses being amalgamated into Ineco Steels Limited, which shall then have a steady focus on steel business.

On the other hand, the C.R. Sheets Division, along with the Engineering Division of Lloyds Steel Industries Limited would result in a strategic focus on non-core steel business being concentrated in Encon Technologies Limited.

The de-merger the C.R. Sheets Division followed by amalgamation of the Company shall make available to the businesses of the Company a more focussed servicing of its loans and greater and improved access to funds, both in the form of equity and debt.

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 Mr. G. C. Garg and Mr. S. R. Ramakrishnan have resigned from the directorship.

Mr. G. Venkatraman has been appointed as Nominee Director on the Board of the Company by Industrial Development Bank of India (IDBI) in place of Mr. S. Gajendran with effect from 08/02/2000.

Your directors record their appreciation for the valuable guidance and services rendered by Mr. G.C. Garg, Mr. S.R. Ramakrishnan & Mr. S. Gajendran to the Company. Your Directors takes pleasure in welcoming Mr. G. Venkatraman on the Board and sure that your Company will be benefited immensely from his rich and varied experience.

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

DEMATERIALISATION OF SHARES

The Securities and Exchange Board of India (SEBI) has vide its press release dated February 08, 2000 extended the list of scrips for compulsory dematerialised trading by institutional investors and your Company is figuring in that list. The Company has entered into necessary agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) alongwith Depository Registrar to facilitate the trading in shares in dematerialised form. The equity shares of the Company become available for dematerialisation from June 2000.

FIXED DEPOSITS

The liability on account of fixed deposits at the beginning of the year was at Rs. 44.04 lacs. In spite of the grave economic scenario and liquidity crunch the Company has repaid the fixed deposits amounting to Rs. 27.06 lacs during the year. The deposits amounting to Rs. 14 lacs were in progressive process of repayment at the end of the year. As on March 31, 2000 there were seventeen unclaimed deposits amounting to Rs. 1.88 lacs.

AUDITORS & AUDITORS' REPORT

M/s Lakhani & Company 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.

As regards the observation in the Auditors' Report, Directors wish to state as under:-

Observation	Ref. No.	Comment
Non provision of Interest	Note No. 23	In view of the ongoing discussions for restructuring the interest liability, the Company has not provided for interest on overdue repayments.
Non maintenance of Liquidity Reserve to be maintained under Section 58A	Point No. 6 (xiii) of MAOCARO Report	As regards non maintenance of Liquidity Reserve, the same could not be created due to continuous losses suffered by the Company owing to the reasons explained in para on "Operations and Overall Performance" of the report.

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 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.

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: 29th June, 2000

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

Energy Conservation measures taken

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

Various energy conservation measures are under implementation as per the suggestion of Petroleum Conservation & Research Association (PCRA) and internal studies. After recent increase of power tariff and demand, extra capacitors have been provided to the high capacity motors to reduce maximum demand.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development, Technology Absorption, Adoption and Innovation

Pipe Division

The Division has successfully produced Large Square section in high tensile Steel Pipe.

The division has a separate wing for Project and Development and uses in house.

Sponge Iron Division

The plant is operating with low-grade long flame type Wardha valley coals successfully. A paper on operating achievements of LMEL Sponge Iron Plant incorporating developments carried out was presented at National Seminar on Sponge Iron Technology organised by Indian Institute of Metals, Raigarh Chapter at Jindal Steel & Power Limited, Raigarh on 28th and 29th January 2000.

C) FOREIGN EXCHANGE EARNING & OUTGO

	Rs. In Lacs 1999-2000	Rs. In Lacs 1998-1999
1. Foreign Exchange Earning [on FOB basis]		
Export of CRCA Strips	0.00	16.95
Export of Steel Tubes/Pipes	1132.50	1684.82
	1132.50	1701.77
2. Foreign Exchange Outgo		
Interest	149.56	124.77
Commission	6.89	8.10
Legal & Professional Charges	1.46	1.95
Bank Charges	0.86	3.36
Other finance charges	1.55	0.00
	160.32	138.18

For and on behalf of Board of Directors

Place: Mumbai

Date: 29th June, 2000

MUKESH R GUPTA

Chairman

FORM -A

Forms of disclosure of particulars with respect to conservation of energy

	UNIT	1999-2000	1998-1999
A) POWER & FUEL CONSUMPTION			
1. Electricity			
a) Purchased			
Units	Kwh	15443860	16803237
Total Amount	Rs.	60315613	62291929
Rate/Unit	Rs./Kwh	3.91	3.71
b)(I) Own Generation Through Diesel Generator			
Units	Kwh	24870	45304
Unit/Ltr of Fuel Oil	Kwh/Ltr	1.694	1.70
Cost/ Unit	Rs./Kwh	6.72	7.44
b)(II) Through Steam Turbine/ Generator			
Units	Kwh	NIL	NIL
Unit/Ltr. of Fuel Oil	Kwh/Ltr	NIL	NIL
Cost/Unit	Rs./Kwh	NIL	NIL
2. Coal			
Quantity	Tonne	215698	187548
Total Cost	Rs.	229411979	199563021
Average Rate	Rs./Tonne	1063.58	1064.07
3. Furnace Oil			
Quantity	Ltr.	380000	346000
Total Cost	Rs.	2763888	1847640
Average Rate	Rs./Ltr.	7.27	5.34
4. LDO/HSD			
Quantity	Ltr.	NIL	210705
Total Cost	Rs.	NIL	1658909
Average Rate	Rs./Ltr.	NIL	7.87
B) CONSUMPTION PER UNIT OF PRODUCTION			
i) Product	CRCA/ Strips		
Unit	Mt.		
Electricity	Kwh	NIL	325.86
Furnace Oil	Ltr	NIL	NIL
Coal	Tonne	NIL	NIL
LDO	Ltr.	NIL	35.85
ii) Product	Pipe/ Tubes		
Unit	Mt.		
Electricity	Kwh	100.96	83.69
Furnace Oil	Ltr	15.12	12.73
Coal	Tonne	NIL	NIL
LDO	Ltr.	NIL	NIL
iii) Product	Sponge Iron		
Unit	Mt.		
Electricity	Kwh	109.70	129.97
Furnace Oil	Ltr	NIL	NIL
Coal	Tonne	1.83	1.93
LDO	Ltr.	NIL	NIL

For and on behalf of Board of Directors

Place: Mumbai
Date: 29th June, 2000MUKESH R GUPTA
Chairman