



24TH ANNUAL REPORT
2000 - 2001

LLOYDS METALS & ENGINEERS LIMITED

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
 Modern Mill Compound,
 101, Keshavrao Khade Marg,
 Jacob Circle, Mumbai - 400 011.

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

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NOTICE

NOTICE is hereby given that the Twenty Fourth 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), Dist. Thane - 421 201 on Monday, the 24th September 2001 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, 2001 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Shantanu Mohapatra, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri B. N. Rath 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.

SPECIAL BUSINESS

5. Alteration of Articles of Association

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

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following new Articles be inserted immediately after the respective existing Articles in the Articles of Association of the Company:

a) Article 55 A - Nomination

Every holder(s) of shares in or debentures of the Company, holding either singly or jointly, may at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Companies Act, 1956 or such other regulations governing the matter from time to time.

Notwithstanding anything contained in Articles of Association for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or as the case may be on the death of the joint holders become entitled to all the right in such shares or debenture or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

"Where the nominee is a minor, it shall be lawful for the holder of the share or debenture to make the nomination to appoint any person to become entitled to shares in or debentures of the company in the manner prescribed under the Act, in the event of his/her death, during the minority."

b) Article 60A-Transfer & Transmission of shares by nominee

1. A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:
 - a. to register himself/herself as holder of the share or debenture, as the case may be; or
 - b. to effect such transfer of the share or debenture, as the deceased shareholder, as the case may be, could have made.

2. If the nominee elects to be registered as holder of shares or debentures himself / herself, as the case may be, he/she shall deliver or cause to deliver to the Company, a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be.

3. A Nominee shall be entitled to the share, dividend and other advantages to which he/she would be entitled as if he/she was the registered holder of share or debenture. Provided that he/she shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/ herself or to transfer the share or debenture and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

c) Article 96A-Postal Ballot

The Company may and in the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company. Where the Company requires to or decides to, as the case may be get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act or such other rules, regulations and modifications framed thereunder from time to time shall be complied with.

d) Article 96B-Voting Right of Depositories and Beneficial Owners

A Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares or debentures on behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Shares held by it and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its shares held by a Depository.

e) Article 114A-Appointment of Small Shareholders' Director

The Company may have a director elected by small shareholders in the manner as may be prescribed under the provisions of Section 252 of the Companies Act, 1956 or such other regulations governing the matter from time to time. The director so elected will be a Ex-officio Director.

f) Article 115A-Disqualification of Director

A person shall not be capable of being appointed as a Director of the Company, if any of the provisions of the disqualification prescribed under Section 274 of the Act applies to him.

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 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the terms of remuneration of Shri B. L. Agarwal, Managing Director (details as given below) be and is hereby amended w.e.f 01.04.2001 with liberty to the Board of Directors to alter and vary the terms and conditions of remuneration and /or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force, or any amendments and/ or modifications that may hereafter be made thereto by Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri B. L. Agarwal:

Details of remuneration:-

Basic Salary	1,00,000 per month
House Rent Allowance	60% of Basic
Medical Allowance,	} 40,000 per month
Leave Travel Allowance &	
Other Perquisites	

Leave :- One Month's leave with full salary for every 11 months.

In addition to this Shri B. L. Agarwal is also eligible for

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT where in any financial year during the rest of the tenure as Managing Director, the Company has no profits or its profits are inadequate; the Company do pay to Shri B. L. Agarwal, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of the part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Place : Mumbai
Date : 5th June, 2001

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 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, 2001 to September 24, 2001 (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 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.
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, CGO Complex, 2nd floor, CBD Belapur, Navi Mumbai.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

The Companies (Amendment) Act, 2000 inserted new Section 109A and 109B, providing nomination facility to the Share and Debenture holders in respect of Shares and/or Debentures of the Company held by them.

Moreover, the Companies (Amendment) Act, 2000 inserted new provisions providing postal ballot facility, appointment of small shareholders' director, additional ground for disqualification of directors etc.

The consequential changes are required to be incorporated in the Article of Association of the Company to ensure conformity with the provisions of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000. Hence, your approval is sought to the proposed resolution.

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

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

ITEM NO. 6

Shri B. L. Agarwal was appointed Managing Director w.e.f. 1st January 1995 for the period of 5 years. He was reappointed as Managing Director for a further period of 5 years w.e.f. 1st January 2000 on the terms and conditions as per Resolution passed by members at Annual General Meeting held on 23rd September 1999.

Following the enhancement in Minimum Remuneration w.e.f 02.03.2000 by amendment to the Schedule XIII of the Companies Act, 1956 with respect to Remuneration payable by Companies having no profit or inadequate profits, it has been considered appropriate to pay minimum remuneration to the Managing Director w.e.f. 01.04.2001 in line with the revised slabs permissible by amended Schedule XIII as set out in the resolution at item no.6 of the notice.

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.

By Order of the Board

Place : Mumbai
Date : 5th June, 2001

HEMANT K. BORADE
Asst. Company Secretary

Lloyds Metals & Engineers Ltd.

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Fourth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2001.

FINANCIAL RESULTS

(Rs. in Lacs)

	CURRENT YEAR 2000-2001	PREVIOUS YEAR 1999-2000
SALES	11475.40	12630.38
Other Income	195.18	215.65
TOTAL INCOME	11670.58	12846.03
Profit Before Interest & Depreciation	844.09	569.05
Less: Interest & Finance charges	6482.75	3540.46
Gross Profit/(Loss)	(5638.65)	(2971.41)
Add: Depreciation	1593.19	1595.33
Loss Before Tax	7231.85	4566.74
Add: Provision for Wealth Tax	0.00	0.00
Loss after Tax	7231.85	4566.74
Less:		
Excess provision of Depreciation for earlier year written back	0.04	13.85
Add:		
Prior period expenses (Net)	130.01	21.40
Short Provision for Taxation of earlier year	0.00	7.12
Net Loss	7361.82	4581.41
Add:-		
Loss Balance b/f from previous year	8848.57	4267.16
Less:-		
Set off against General Reserve	3943.51	3943.51
Balance Carried Forward	12266.88	4905.06

DIVIDEND

In view of the Loss, the Directors have not recommended any dividend for the year ended 31st March, 2001.

OPERATIONS AND OVERALL PERFORMANCE

The Total Income of the Company during the year under review was **Rs. 11670.58** lacs against Rs. 12846.03 Lacs in the previous year. The continuing working capital constraint & slowdown in user industry has hit the operations of the Company very badly. The rising input cost without corresponding increase in realisation has put further squeeze on margins. Despite all these adversities the Profit before Tax and Depreciation has shown improvement from Rs. 563.09 lacs to **Rs.844.09 lacs** during the current year.

PIPE DIVISION

The total income of Pipe Division at Murbad was **Rs. 4335.25 Lacs** as compared to Rs. 5373.68 Lacs in the previous year. The uneven flow of orders and continued depression in the construction sector resulted in less turnover. However Export Turnover has increased by 28.19% as compared to last year. Total Export during the year was **Rs. 1451.74 Lacs** as compared to Rs. 1132.50 lacs during the previous year.

SPONGE IRON DIVISION

The total income of the Sponge Iron Division was **Rs. 7288.18 Lacs** against Rs.7002.27 Lacs in the previous year. This division caters the raw material requirement of the Group Company. There is marginal increase in the turnover.

During the financial year the total Sponge Iron production recorded 1,10,668 MT.

During the year Hospet ore was used in larger proportion successfully. The total Hospet ore used was 45,961 MT accounting to 26% of the total feed.

ENVIRONMENT & SOCIAL OBLIGATION

As regard environment control Ghugus division has taken several steps to maintain the pollution free environment. Massive tree plantation has been done inside the factory area as well as in nearby villages. A social function was held with local MLA when avenue plantation was carried out on Ghugus- Chandrapur road and near Ghugus bus stand area. Altogether 1,04,000 plants are survived in the factory premises. The division has forwarded its nomination for the best plantation award "Vana Shree", of the Social Forestry Department, Govt. of Maharashtra.

Bloyds Metals & Engineers Ltd.

FUTURE OUTLOOK

The sluggishness of the American Economy has caused current economic slowdown worldwide and consequently exports to that country has been hurt. The Companies having resilience and ability to manage change effectively would sustain and survive out of the current recession. India cannot afford to ignore the emerging changes in world economy with global trend sweeping around the world. Domestic Steel Industry is in deep trouble today and struggling to find its keel.

SCHEME OF ARRANGEMENT

As you are aware, to restructure and revive the economic conditions 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 Insko Steels Limited was 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 and the Unsecured Creditors of the Company. The approval from some Secured Creditors is pending.

INDUSTRIAL RELATIONS

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

DIRECTORS

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

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:

1. that in the preparation of annual accounts for the financial year ended 31st March 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That 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. That 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.

DEMATERIALISATION OF SHARES

The Company has already 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. Till date 7.13% of the total shares have been dematerialised.

FIXED DEPOSITS

In spite of the severe liquidity crunch, the Company has repaid the entire fixed deposits due & matured during the year. As on March 31, 2001 there were unclaimed deposits amounting to Rs. 1.03 Lacs.

AUDITORS & AUDITORS' REPORT

The members are requested to appoint Statutory Auditors.

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 certain overdue repayments.

PARTICULARS OF EMPLOYEES

None of the employee is drawing a salary of Rs. 12,00,000/- per annum or Rs. 1,00,000/- 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.

COMPLIANCE OF CORPORATE GOVERNANCE

As per the Circular dated 09th March 2000 issued by SEBI, Company is required to implement the Corporate Governance within financial year 2001-2002. The Company has started implementation of the Corporate Governance as stipulated under Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by employees of the company.

For and on behalf of Board of Directors

PLACE : Mumbai
DATE : 5th June, 2001

MUKESH R. GUPTA
Chairman

Bloyds Metals & Engineers Ltd.