LLOYDS METALS

Lloyds Metals and Energy Limited

41st Annual Report

2017 - 18

Lloyds Metals and Energy Limited

CIN: L40300MH1977PLC019594

Corporate Information

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNAL

Mr. Mukesh R. Gupta *(DIN:00028347)*	*Chairman*
Mr. Babulal Agarwal *(DIN:00029389)*	*Managing Director*
Mr. Rajesh R. Gupta *(DIN:00028379)*	*Non-Executive Director*
Mr. Shantanu Mohapatra *(DIN:00176836)*	*Independent Director*
Mr. Devidas Kambale *(DIN:00020656)*	*Independent Director*
Mr. Jagannath Dange *(DIN:01569430)*	*Independent Director*
Mrs. Bhagyam Ramani *(DIN:00107097)*	*Independent Director*
Dr. B. R. Singh *(DIN:02843001)*	*Independent Director*

Chief Financial Officer

Mr. Riyaz Shaikh

Company Secretary

Mr. Nitesh Tanwar

Statutory Auditor

M/s VSS & Associates
306, Dalamal Chambers,
Behind Aayakar Bhawan,
Maharashtra

Secretarial Auditor

M/s K.C. Nevatia & Associates
Suravi House, Ground Floor,
53-A, Pali Village, Off:16th Road,
Bandra (West), Mumbai – 400050,
Maharashtra

Cost Auditor

M/s Manisha & Associates
238, Shri Ram Shyam Towers,
2nd Floor, Near N.I.T. Sadar,
Nagpur– 440001, Maharashtra

Internal Auditor

RSM Astute Consulting Pvt. Ltd.
3rd Floor, A- Wing,Technopolis
Knowledge Park, Mahakali Caves
Road, Andheri (East),
Mumbai-400093, Maharashtra.

CORPORATE IDENTIFICATION NUMBER

L40300MH1977PLC019594

BANKERS

Bank of India
Union Bank of India
Punjab and Maharashtra Co-operative Bank Ltd.
Kotak Mahindra Bank Ltd.

REGISTERED OFFICE & WORKS

SPONGE IRON & POWER PLANT

Plot No. A 1-2, MIDC Area, Ghugus,
Dist. Chandrapur – 442 505,
Maharashtra

CORPORATE OFFICE

Trade World, 'C' Wing, 16th Floor,
Kamala City, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400 013.
Tel : 022 – 3041 8111 Fax : 022-3041 8260
E-Mail: investor@lloyds.in, Infolmel@lloyds.in

REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PRIVATE LIMITED
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai - 400059,
Phone : 022 - 6263 8200
Fax : 022 - 6263 8299
E-Mail : investor@bigshareonline.com

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41st Annual General Meeting

Date : 8th August, 2018 Time : 12.30 P.M.

Venue

Registered Office :
Plot No. A 1-2, MIDC Area, Ghugus,
Dist. Chandrapur – 442 505,
Maharashtra

NOTICE

NOTICE is hereby given that the **Forty-First (41st)** Annual General Meeting (**"AGM"**) of the Members of the **Lloyds Metals and Energy Limited (CIN: L40300MH1977PLC019594)** will be held on **08th August, 2018 at 12.30 p.m.** at the Registered Office of the Company at Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur- 442 505, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial year ended 31st March, 2018, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh R. Gupta (**DIN: 00028379**), who retires by rotation and being eligible, offers himself for re-appointment.
3. **To ratify the appointment of M/s VSS & Associates, Chartered Accountants, Mumbai (ICAI Firm Registration No. 105787W) as the Statutory Auditors of the Company.**

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

   "**RESOLVED THAT** pursuant to Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification/s or re-enactment/s thereof, for the time being in force) and pursuant to the resolution passed by the Members at the Fortieth (40th) Annual General Meeting held on 19th September 2017, the Company hereby ratifies the appointment of M/s. VSS & Associates, Chartered Accountants, Mumbai (ICAI Firm Registration No. 105787W), as the Statutory Auditors of the Company to hold office from the conclusion of this Forty-First (41st) Annual General Meeting till the conclusion of the Forty Second (42nd) Annual General Meeting of the Company to be held in the calendar year 2019, at such remuneration plus applicable tax ('GST') thereon and reimbursement of out of pocket and travelling expenses, if any, as approved and recommended by the Board of Directors based on the recommendation of the Audit Committee of the Company."

SPECIAL BUSINESS:

4. **Ratification of Remuneration of Cost Auditors of the Company.**

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

   "**RESOLVED THAT** pursuant to provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification/s or re-enactment/s thereof, for the time being in force), M/s. Manisha and Associates, Cost Accountants, Nagpur (Firm Registration No. 000321), whose appointment as the Cost Auditors of the Company for the financial year 2018-2019 has been duly approved by the Board of Directors based on the recommendations of the Audit Committee of the Company, be paid a sum ₹ 30,000/- (Thirty Thousand Only) plus applicable tax and reimbursement of actual out of pocket expenses, if any, as a remuneration for audit of cost records of the Company for the financial year 2018-2019, as recommended by the Board of Directors based on the recommendations of the Audit Committee of the Company, be and are hereby ratified.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary proper or expedient to give effect to this Resolution."

5. **To amend the "Lloyds Metals and Energy Limited Employee Stock Option Plan – 2017' of the Company.**

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

   "RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Rules made thereunder (including any amendment thereto or re-enactment thereof), SEBI (Share Based Employee Benefits) Regulations, 2014 and the Memorandum and Articles of Association of the Company, subject to any other applicable laws / regulatory requirements and Lloyds Metals and Energy Limited Employee Stock Option Plan – 2017 of the Company, as amended from time to time ("ESOP 2017 Scheme" / " the Scheme"), the consent of shareholders of the Company be and is hereby accorded to amend the clause 11 for the Lloyds Metals and Energy Limited Employee Stock Option Plan – 2017 pertaining to vesting periods provided as under:

   Clause 11 :

   "The options granted under Plan shall vest based upon the performance of the Employee, subject to completion of minimum 1 (One) year from the date of Grant and as may be decided by the Committee subject to maximum period of 5 (Five) years."

   RESOLVED FURTHER THAT the Board of Directors of the Company [hereinafter referred to as "the Board" which term shall be deemed to include Nomination & Remuneration Committee of the Board ("NRC") and/or any persons authorized by the Board or NRC in this regard) be and is hereby authorized to make modifications, changes, variations, alterations or amendment in ESOP 2017 Scheme, settle all questions, queries, difficulties or doubts that may arise in relation to the implementation of the Scheme and incur expenses in relation thereto, as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Act and Rules made thereunder, the Memorandum and Articles of Association of the Company, any other applicable laws and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard."

By Order of the Board of Directors
For **Lloyds Metals and Energy Limited**

Date: 16th April, 2018 — **Nitesh Tanwar**
Place: Mumbai — **Company Secretary**

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy/proxies need not be a member of the Company.**

2. **The instrument appointing proxy, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the commencement of the Meeting. Members / Proxies are requested to sign the attendance slip annexed to the proxy form and hand it over at the gate of the venue of the Meeting.**

3. A person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. The proxy form should be in writing and be signed by the appointer or his/her attorney duly authorized in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 01st August, 2018 to Wednesday, 08th August, 2018 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.

7. The information regarding the Director who is proposed to be re-appointed, as required to be provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued, is annexed hereto.*[Refer Note No. 19]*

8. An explanatory Statement setting out details relating to the special business to be transacted at the Annual General meeting pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.

10. Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or Arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.

11. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 17.

12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

13. In line with the Green Initiative of the Ministry of Corporate Affairs, hard copy of the Annual Report containing the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement etc. will be sent to those shareholders who have not registered their e-mail addresses. Shareholders who have registered their e-mail addresses will be sent the soft copies by e-mail. However, a shareholder continues to retain the right to request the Company for a hard copy of the Report.

    Relevant documents referred to in the accompanying Notice and the Explanatory Statement, the Statutory Registers, the Audited Financial Statements, the Directors' Report and the Auditor's Report, will remain open for inspection at the Registered Office of the Company on all working days between 09:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays and public holidays upto the date of the AGM. The Audited Financial Statements, the Directors' Report and the Auditor's Report will be placed on the Company's website on www.lloyds.in.

    During the period shareholder's of the Company holding shares either in physical form or in Dematerialiased forms as on Benpos date (Record Date) i.e. 30th June, 2018 will receive Annual Report 2018.

14. Members desiring any information as regards to Accounts are requested to write 7 days in advance to the Company before the date of the meeting to enable the Management to keep full information ready.

15. Members are requested to notify any changes in their address to the Company's Registrar & Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Makwana Road, Marol, Andheri East, Mumbai – 400059.

16. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all correspondence with the Company / Registrar and Share Transfer Agent.

17. Information and other instructions relating to E-Voting are as under:

a. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting (**'Remote E-Voting'**).

b. The facility for voting through Ballot shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by Remote E-Voting shall be able to vote at the Meeting through **'Ballot'**.

c. The members who have cast their vote by Remote E-Voting may also attend the Meeting but shall not be entitled to cast their vote again. Please note that if a Member casts vote by both the modes, then votes cast through E-Voting shall prevail and voting at the Meeting will be treated invalid.

d. The Company has engaged the services of Central Depository Services Limited ("CDSL") as the Agency to provide E-Voting facility.

e. The Board of Directors of the Company has appointed K.C. Nevatia, Practicing Company Secretary (Membership No. FCS 3963 CP No. 2348), as the Scrutinizer, to scrutinize the voting and Remote E-Voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.

f. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. **01st August, 2018**.

g. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. **01st August, 2018** only shall be entitled to avail the facility of Remote E-Voting /Ballot.

h. The Scrutinizer, after scrutinizing the votes cast at the meeting **("Ballot")** and through Remote E-Voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.lloyds.in. The results shall simultaneously be communicated to the Stock Exchanges.

i. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. **08th August, 2018**.

j. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

The instructions for shareholders voting electronically are as under:

i) The voting period begins on 05th August, 2018 at 10.00 a.m. (IST) and ends on 07th August, 2018 at 5.00 p.m. (IST) During this period, Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 01st August, 2018 may cast their vote electronically. The E-Voting module shall be disabled by CDSL for voting thereafter.

ii) The shareholders should log on to the E-Voting website www.evotingindia.com during the voting period.

iii) Click on "Shareholders" tab.

iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID;

b. For NSDL: 8 Character DP ID followed by 8 digits Client ID;

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

v) Next enter the Image Verification as displayed and Click on Login.

vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vii) If you are first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).

viii) After entering these details appropriately, click on "**SUBMIT**" tab.

ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach **'Password Creation'** menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x) For Members holding shares in physical form, the details can be used only for E-Voting on the resolutions contained in this Notice.

xi) Click on the EVSN for "**LLOYDS METALS AND ENERGY LIMITED**" on which you choose to vote.

xii) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option **YES or NO** as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolutions details.

xiv) After selecting the resolution you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.

xv) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.

xvi) You can also take out print of the voting done by you by clicking on "**Click here to print**" option on the Voting page.

xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

In case you have any queries or issues regarding E-Voting, you may refer the Frequently Asked Questions ("FAQs") and E-voting manual available at www.evotingindia.com under help section or write an E-Mail to helpdesk.evoting@cdslindia.com.

18. The route map of the venue of the 41st Annual General Meeting is appended to this Notice.

19. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the following information is furnished in respect of Director seeking reappointment.

Details of Director seeking re-appointment

Disclosure required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 in respect of Directors seeking re-appointment:

Name of Director	Rajesh R. Gupta
DIN	00028379
Age	53 years
Date of first appointment on the Board	21st November, 1991
A Brief Resume of the Director & Nature of his Expertise in Specific Functional Areas;	He is commerce graduate and a successful industrialist having vast knowledge and rich experience of over 27 years in Production, Management, Consultancy and other areas in Steel, Power and Trading Industry. Under his Leadership, the Company and Uttam Value Steels Ltd. (Formerly Lloyds Steel Industries Ltd.) implemented several projects in Steel Sector, including power plant. He is Founder Board Member of Lloyds Group.
Disclosure of Relationships Between Directors Inter-Se;	Mr. Babulal Agarwal is maternal uncle of Mr. Rajesh R. Gupta and Mr. Mukesh R. Gupta. Mr. Rajesh R. Gupta and Mr. Mukesh R. Gupta are brothers
Names of Listed Entities in which the person also holds the Directorship and the Membership / Chairmanship of Committees of the Board	**Directorship** 1. Lloyds Metals and Energy Ltd. 2. Shree Global Tradefin Ltd. **Membership of Committees$- Nil**
No. of Shares held in the Company	56,91,720 shares
No. of Board meetings attended during last Financial Year	4 (Four)
Terms and conditions of appointment	Non-Executive Director (Non-Independent), liable to retire by rotation.

$ Includes only Audit Committee and Shareholders' / Investors' Grievance Committee.

By Order of the Board of Directors
For **Lloyds Metals and Energy Limited**

Date: 16th April, 2018 **Nitesh Tanwar**
Place: Mumbai **Company Secretary**

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4

The Board on recommendations of the Audit Committee in their meeting held on 16th April, 2018 has approved the Re-appointment of M/s. Manisha and Associates, Cost Accountants as Cost Auditor to conduct the Cost Audit of the Company for the Financial year 2018-19 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Cost Auditor.

In accordance with the provisions of section 148 of the Act read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the Shareholders of the Company.

Accordingly, consent of the member is sought for passing the Ordinary Resolutions as set out at item No. 4 of the Notice for re-appointment and ratification of remuneration payable to the cost auditors for the financial year ending 31st March, 2019.

None of the Directors/ Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as set out at item No. 4 of the Notice except to the extent of their Shareholding in the Company, If any.

The Board recommends the Ordinary Resolution set out at the item no. 4 of the Notice for member's approval of the Company.

Item No. 5

The Company vide Special Resolution dated 19th September, 2017 has already introduced The Lloyds Metals and Energy Limited Employee Stock Option Plan – 2017 to grant option to eligible employees of the Company. The scheme was ratified by shareholders through Postal Ballot on 08th March, 2018.

The Nomination and Remuneration Committee recommended that with the Company's proposed expansion in the upcoming years and the sustainable performance the Company is highly dependent on the hard work, dedication and commitment of its employees therefore it is required to amend **clause 11** for extension of vesting period from 3 years to 5 years.

The Company has not granted any Options till date hence the proposed amendment is not detrimental to the interest of the employees.

The existing and proposed amended clause 11 of the scheme has provided provision for vesting period which is as follows:

Old Clause 11	New proposed Clause 11
"The options granted under Plan shall vest based upon the performance of the Employee, subject to completion of minimum 1 (One) year from the date of Grant and as may be decided by the Committee subject to maximum period of 3 (Three) years."	"The options granted under Plan shall vest based upon the performance of the Employee, subject to completion of minimum 1 (One) year from the date of Grant and as may be decided by the Committee subject to maximum period of 5 (Five) years."

On recommendation of Nomination and Remuneration Committee and further approval of the Board of Directors in their meeting held on 16th April, 2018 subject to further approval of Shareholders in the ensuing Annual General Meeting held in 2018, the maximum period of vesting required be extended and amended up to 5 years and the specific Vesting schedule and Vesting conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant of Options.

The Company shall comply with the disclosures, the accounting policies / standards and other requirements as may be prescribed under the Act, Rules, and other applicable laws from time to time. NRC shall have all the powers to take necessary decisions / actions for effective implementation of ESOP 2017 Scheme, as amended from time to time.

In terms of Rule 12 of the Rules, the Company may by special resolution, vary the terms of Employees Stock Options Scheme not yet exercised by the employees provided such variation is not prejudicial to the interest of the option holders.

Accordingly, the resolution set out at Item No. 5 is being placed for the approval of members pursuant to the provisions of Section 62(1) (b) of the Act read with the Rules and all other applicable provisions of law for the time being in force.

A copy of the amended ESOP Scheme 2017 incorporating the proposed amendments will be available for inspection on all working days (Monday to Friday) between 9.30 a.m. to 1:00 p.m. at the registered office of the Company.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned, financially or otherwise in the resolution No. 5 except to the extent of their entitlements, if any, under the ESOP Scheme.

The Board of Directors recommends the passing of the resolution at item no. 5 above as special resolutions by the members of the Company.

By Order of the Board of Directors
For **Lloyds Metals and Energy Limited**

Date: 16th April, 2018 **Nitesh Tanwar**
Place: Mumbai **Company Secretary**

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Company's Forty-First (41st) Annual Report and the Company's Audited Financial Statement for the financial year ended 31st March, 2018.

1. FINANCIAL PERFORMANCE

The Company's financial performance, for the year ended 31st March, 2018 is summarized below:

(₹ in Lakhs)

Particulars	Current Year 2017-18	Previous Year 2016-17
Income from Operations	**42,327.11**	**40,099.27**
Other Income	**2,468.34**	**1,392.12**
Total Income :	**44,795.45**	**41,491.39**
Profit before Interest, Depreciation & Tax	**4,112.80**	**2,879.05**
Less : Finance Cost	**1,041.38**	**1,016.39**
Depreciation	**1,368.01**	**1,297.34**
Exceptional Items	**00.00**	**00.00**
Profit/(Loss) before tax	**1,703.41**	**557.20**
Less : Tax Provision	**-**	**-**
Net Profit/ (Loss) after Tax	**1,703.41**	**557.20**

2. APPLICABILITY OF INDIAN ACCOUNTING STANDARDS

Your Company had adopted IND AS with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 (''the Act'') and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Your Company has published Ind AS Financials for the year ended March 31, 2018 along with comparable as on March 31, 2017.

3. OPERATIONS AND OVERALL PERFORMANCE

Sponge iron Industries Scenario

India was the world's third-largest steel producer in 2017. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernization and up-gradation of older plants and higher energy efficiency levels. Indian steel industries are classified into three categories such as major producers, main producers and secondary producers.

India's crude steel output grew 5.87 per cent year-on-year to 101.227 million tonnes (MT) in CY 2017. Crude steel production reached 93.183 MT during April-February 2017-18. India's finished steel exports rose 102.1 per cent to 8.24 MT, while imports fell by 36.6 per cent to 7.42 MT in 2016-17. Exports and Imports of iron and steel stood at 14.6 MT and 13.1 MT during April-February 2017-18, respectively. Total consumption of finished steel stood at 81.943 MT during April-February 2017-18. Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US$ 10.56 billion in the period April 2000–December 2017.

Government of India's focus on infrastructure and restarting road projects is aiding the boost in demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel.

The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.

Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of ₹ 200 crore (US$ 30 million).

India is expected to overtake Japan to become the world's second largest steel producer soon, and aims to achieve 300 million tonnes of annual steel production by 2025-30.

India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is expected to boost India's steel production. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Power Industries Scenario

Power is one of the most critical components of infrastructure crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-

conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India ranks third among 40 countries in EY's Renewable Energy Country Attractiveness Index, on back of strong focus by the government on promoting renewable energy and implementation of projects in a time bound manner. India has moved up 73 spots to rank 26th in the World Bank's list of electricity accessibility in 2017.

In September 2017, the Government of India launched the Saubhagya scheme to provide electricity connections to over 40 million families in rural and urban areas by December 2018 at a cost of US$ 2.5 billion. Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

Total installed capacity of power stations in India stood at 3,34,146.91 Megawatt (MW) as on February, 2018. The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in the financial year 2017-18, which is 50 BU's higher than the target for 2016-17. The annual growth rate in renewable energy generation has been estimated to be 27 per cent and 18 per cent for conventional energy.

The total estimated potential of tidal energy in India is about 8,000 megawatt (MW), of which 7,000 MW is in the Gulf of Kambhat, 1,200 MW is in the Gulf of Kutch and 100 MW in the Gangetic Delta. The number of small hydro power projects set up in India stood at 1,085 with total installed capacity of 4,399.355 megawatt (MW) as of November 30, 2017.

REVIEW OF OPERATIONS

The Total Income of the Company was ₹ 447.95 crores during the year as against ₹ 414.91 crores in the previous year, showed increased or decreased of 7.96%. The Company has reported net profit of ₹ 17.03 crores during the year under review as against profit of ₹ 5.57 crores in the previous year.

SETTING-UP MINERAL BASED STEEL PLANT

The Company during the period under review has in the process of setting-up mineral based steel plant proposed to be setup at Konsari Village, Chamroshi Tehsil, Gadchiroli District for manufacturing of Sponge Iron, Electric Power Generation with Waste Heat Recovery Boiler, Crushing and Screening of Iron Ore, Pelletisation of Iron Ore and Beneficiation of Iron Ore. In this regard the company signed as memorandum of undertaking on 15.02.2018 with Government of Maharashtra during the Magnetic Maharashtra Convergence – 2018. By this Memorandum of Undertaking the Company has agreed to make an investment of ₹ 700 Crores provided that the Government of Maharashtra will facilitate the Company to obtain necessary permission / registrations / approvals / clearances / fiscal incentives etc. from the concerned department of the state, as per the existing policies / rules and regulations of the Government of Maharashtra and the expected date of commencement of initial production would be 30th June, 2020.

IRON ORE MINING ACTIVITIES

In respect of Iron ore mining activities, the Company has resumed the iron ore mining operations and mining activities are carried out regularly at the Surjagarh area of Gadchiroli district that was stopped for the rainy season, as rains often hamper mobility in the remote district. Due to Naxalites' threat mining takes place under police protection at Surjagarh. Around 200 strong force is deployed in the area to ensure safe transport of iron ore from the mines. The Company has received all the necessary approval from the concerned authority and 20 years mining lease is now in principal extended upto 50 years and we are awaiting for the formal signing lease agreement.

As per the mining report, the mining reserve is around 90 Million MT and Minable reserve is around 68 Million MT. Government of Maharashtra has supported us in every possible manner because this is the first mining in the Gadchiroli district and road is being developed from mine to main road.

The Company is at present undertaking only surface mining and the entire mined Iron Ore is used for captive consumption. It also has plans to start a Sponge Iron plant in the Gadchiroli district. Iron ore which is the raw material will be sourced from the Surjagarh mine.

However, in order to start the plant, the company needs to have an assured supply from the mine first. At present only Float ore mining is done and shortly open Cast Mining will commence as per the mining plan. To get sizeable quantity advanced machinery will have to be deployed for excavation.

SPONGE IRON DIVISION

The production of Sponge Iron Division during the year under review was 1,71,320 MT against 1,83,007 MT in the previous year showing decrease of 6.82%. The total income of the division was ₹347.37 Crores (including trading) as against ₹342.12 Crores during the previous year, showing increase of 7.21% as a result increase in trading of Steel and realization of high price of sponge iron.

POWER DIVISION

The production of the division was 24.59 MWH during the year under review as compared to 23.54 MWH for the previous year. The total income of the division was ₹63.83 Crores during the year under review as against ₹63.46 Crores during the previous year showing an increase of 0.59%.

ENVIRONMENT & SOCIAL OBLIGATION

The Company maintains the pollution free environment in and around its plant. The Company's plant complies with all norms set up for clean & better environment by Competent Authorities.

4. MANAGEMENT DISCUSSION AND ANALYSIS

The management of Lloyds Metals and Energy Limited presents its analysis report covering performance and outlook of the Company. The core business of the Company is manufacturing of sponge Iron and generation / distribution of Power. The management accepts responsibility for integrity and objectivity of the financial statements.

a) **Industry structure and development:** Industry structure and development: Sponge iron is an intermediate product; a source of metallic's for the secondary steel making through EAF or EOF/IF route. Other sources of metallics are either steel scrap and hot metal produced in the blast furnace. Steel scrap becomes a direct substitute of sponge iron; since both of them are tradable commodities, unlike hot metal.

Further, sponge iron industry is also classified into two categories (i) gas based and (ii) coal based using coal as reductant. Lloyds Metals and Energy Limited is a coal based sponge iron producer.

b) **Opportunities and threats:** Opportunities abound in growing economies and opening of economy in India has created opportunities for India enterprise to move beyond national boundaries as well to create productive assets. Presently, the Company is consolidating its gains out of creating additional production capabilities.

Competition in Steel industry is escalating and technological changes will spur or drag the forward march of individual units in steel industry. Supply side could also be an issue in next few years because of increase in production capacity by steel industry in India and expression of interest by foreign companies to set up new steel making units. However, coming years are also going to witness substantial additions particularly in the Asian regions. The Company's thrust on improving productivity and reducing cost of production will, in such a scenario, help in forging ahead in globally competitive environment.

c) **Segment-wise performance:** The Company is operating two segments, Iron and Steel and Power Generation. Segment Wise results are given at Note No. 33 of significant accounting policies & notes to financial statements. The Company has no activity outside India.

d) **Outlook:** The basic aim of the Company is to be able to produce Sponge Iron and Steel Products as per market requirements and be able to manage market trends to its advantage. "Opportunities abound in growing economies and opening of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets".

The Company is currently engaged in steel and steel related products activity and is looking for new avenues of business in various areas like infrastructure and trading. Since Infrastructure has linkages to other industries like cement, brick and steel through backward and forward linkages. The outlook for the industry looks reasonable, since India has good iron ore deposits, skilled manpower and growing demand for steel. The improved demand is expected to continue in the current fiscal as well on the back of ongoing government funded infrastructure projects. In spite of a downturn in the Global Steel demand, Indian steel demand could survive showing a upward trend, setting a road ahead for the growth of the domestic steel industry in the long run. The upward trend is expected to be continued on account of fiscal measures taken by the Government such as infusion of funds for development of infrastructure sector, introduction of stimulus packages for revival of industry besides factors like increase in consumption and production of steel, upcoming infrastructure and Greenfield projects, stabilization of prices etc. The National Steel Policy has a target for taking Indian Steel production upto 110 MT by 2019-20.

e) **Risk and concerns:** Global economic uncertainties have affected India's economy, Key risks synonymous to industry include the global recessionary trend, economic slowdown, increase in financial charges, non-availability (or undue increase in cost) of raw materials, such as , iron ore, coal and labour etc., coupled with market fluctuations. The Company does not apprehend any inherent risk in the long run, with the exception of certain primary concerns that have afflicted the progress of our industry in general, like:

- Shortage of Labour
- Rising manpower and material costs,
- Approvals and procedural difficulties.
- Lack of adequate sources of finance.

Apart from this Industry is highly labour intensive and is subject to stringent labour laws. Your Company has identified the major thrust areas to concentrate on, which it believes to be critical to achievement of organizational goals. Company annually re-views the 'List of Risk Area' to identify potential business threats and suitable corrective actions are initiated. Confirmations of compliance with appropriate statutory requirements are obtained from the respective units/divisions. Corporate Governance Policy clearly laying down roles, duties and responsibilities of various entities in relation to risk management is in place.

f) **Mitigation of Risks:** The Company in order to mitigate the risks, threats and concerns, is taking necessary short term and long term steps like exploring Open Access Market for sale of power, expanding customer base, forward integration and energy management etc. The Company has already taken effective steps for raw material security in the long term.

g) **Internal control system and Audit:** The Company believes in systematic working and placing of proper checks. Proper systems are in place and regular reviews are held at higher levels to check efficacy and relevance of these systems. These reviews