



# **Lloyds Metals and Energy Limited**

**37<sup>th</sup> Annual Report  
2013 - 14**

## LLOYDS METALS AND ENERGY LIMITED

### BOARD OF DIRECTORS

**CHAIRMAN** MUKESH R. GUPTA

**MANAGING DIRECTOR** BABULAL AGARWAL

### DIRECTORS

RAJESH R. GUPTA

SONAM BODH (w.e.f. 23.10.2013)  
(IDBI NOMINEE)

SHANTANU MOHAPATRA

B.B. CHADHA

DEVIDAS KAMBALE (w.e.f. 12.11.2013)

JAGANNATH DANGE (w.e.f. 26.05.2014)

### REGISTERED OFFICE & WORKS

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

### CORPORATE OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENTS

#### BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai – 400 072.  
Phone : 022- 4043 0200  
Fax : 022 - 2847 5207  
E-mail : investor@bigshareonline.com

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## NOTICE

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of the **Lloyds Metals and Energy Limited** will be held at Plot No. A 1-2, MIDC Area, Ghugus, Dist. Chandrapur, 442 505, Maharashtra on **Wednesday, 30<sup>th</sup> July, 2014** at 12.30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2014 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Rajesh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify appointment of M/s Tadarwal & Tadarwal, Chartered Accountants as Statutory Auditors for the financial year 2014-15 including their remuneration.
4. To ratify appointment of M/s Manisha & Associates, Cost Accountants as Cost Auditors for the financial year 2014-15 including their remuneration.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** in accordance with the provisions of Section 161 and all other applicable provisions, if any, of the Companies Act, 2013, Shri Devidas Kambale, who was appointed as an Additional Director of the company with effect from 12<sup>th</sup> November, 2013 to hold office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company for a period of 5 years not liable to retire by rotation."

6. To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** in accordance with the provisions of Section 161 and all other applicable provisions, if any, of the Companies Act, 2013, Shri Jagannath P. Dange, who was appointed as an Additional Director of the company with effect from 26<sup>th</sup> May, 2014 to hold office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company for a period of 5 years not liable to retire by rotation."

7. To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Special Resolution** :

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals / consents as may be required, Consent of the members be and is hereby accorded to the reappointment of Shri Babulal Agarwal as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> January, 2015 upon remuneration, perquisites, and other allowances as set out below with the liberty to the Board of Directors to alter and

vary the terms and conditions of appointment including remuneration payable in such manner within the overall limits specified in schedule V to the said Act:-

- |                             |                        |
|-----------------------------|------------------------|
| a) Basic Salary             | : ₹ 1,00,000 per month |
| b) House Rent Allowance     | : 60% of Basic Salary  |
| c) Medical Allowance        | : }                    |
| d) Leave Travel Allowance & | : }                    |
| e) Other Perquisites        | : }                    |
|                             | : ₹ 40,000 per month   |
- f) Leave :- One Month's leave with full salary for every 11 months.

In addition to this he 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 as per Company rules

**RESOLVED FURTHER THAT** notwithstanding loss or inadequacy of profits by the company in any financial years during the period of three years from 1<sup>st</sup> January, 2015, Shri Babulal Agarwal, shall be paid aforesaid remuneration by way of Salary, perquisites and other allowances as minimum remuneration subject to and in accordance with the provisions of Schedule V of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors of the Company 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,**

**Date : 26.05.2014**

**Place : Mumbai**

**Shyamal Padhiar**

**Company Secretary**

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.**
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 **Wednesday, 23<sup>rd</sup> July, 2014 to Wednesday, 30<sup>th</sup> July, 2014** (both days inclusive).
4. 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.
5. Members are requested to notify any changes in their address to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
6. 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.

# LLOYDS METALS AND ENERGY LIMITED

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING 37<sup>th</sup> ANNUAL GENERAL MEETING ( Pursuant to clause 49 of the Listing Agreement )

1. Name	Shri Rajesh Gupta	Shri Devidas Kambale	Shri Jagannath Dange	Shri Babulal.Agarwal
2. Brief Resume				
Age	49 years	63 years	63 years	68 years
Qualification	B.Com	M.Com., AIIB,MFM	M.Sc.,MBA, L.L.B.	B.Com., L.L.B.
Experience	28 years	38 years	38 years	48 years
Date of appointment on the Board of the Company	21.11.1991	12.11.2013	26.05.2014	Prior to 1987
3. Nature of expertise in Specific Functional Areas	Expertise in production, management and other areas in Steel, Power and Retail Trading industry.	Expertise in Project appraisal, monitoring, CDR , Rehabilitation and recovery areas in banking industry.	Having a rich and wider experience as IAS in various judicial and quasi-judicial matters in various positions held by him.	Vast and varied experience in Steel, Power and Retail Trading Industry and exposure in legal, management and administration areas.
4. Name(s) of other Companies in which Directorship Held	1.Vidarbha Power Ltd.	1.Sanghi Industries Ltd. 2. SKS Ispat and Power Ltd.	-	-
5. Name(s) of other companies in which he is Chairman / Member of the *Committee(s)	-	-	-	-
6. No. of shares held of ₹ 2/- each	345860	-	-	-
7. Relationship between Directors inter se (As per Section 2(76) and (77) of the Companies Act,2013 )	He is related to Mr.Mukesh Gupta, Chairman of the company.	-	-	-

\* Committees for the above purpose only Audit and Share transfer and Investors' Grievance Committees is considered.

**By Order of the Board,**

**Date : 26.05.2014**

**Place : Mumbai**

**Shyamal Padhiar**  
**Company Secretary**

### EXPLANATORY STATEMENT

( Pursuant to Section 102 of the Companies Act,2013 )

#### Item No. 5

The Board of Directors at their meeting held on 12<sup>th</sup> November,2013 appointed Shri Devidas Kambale as Non Executive additional Independent Director of the company who holds office upto the ensuing Annual General Meeting of the Company.

Shri Devidas K. Kambale aged about 63 years and resident of Mumbai is M.Com, CAIIB and MFM and has worked with IDBI as Manager and Chief General Manager. During his long period of service, he worked in all the Operational Departments like Project Appraisal, Corporate Finance and Rehabilitation and also headed Corporate Debt Restructuring Cell (CDR). He was involved in appraisal of various Green Projects including projects like Binani Cement Ltd. and Neelachal Ispat Ltd. He has also rich exposure in the areas like Project Monitoring & follow up, Recovery, CDR, Priority Sector Dept, and also represented IDBI on the Board of the various companies like Balrampur Chini, S. Kumars Nationwide, SJK Steel Co. Ltd (now taken over by Kalyani Group), Kumar Metallurgical, Sanghi Industries Ltd, Ashok Papers, Gayatri Sugars.

At present, he is acting as independent Director on the board of M/s Sanghi Industries Ltd. and SKS Ispat and Power Ltd. and advising a few corporate on restructuring, OTS matters.

The detailed profile and information about Shri Devidas

Kambale required to be given under Clause 49 of the Listing Agreement is annexed to this Notice.

Considering the overall experience and expertise of Shri Devidas Kambale, his appointment on Board as Non Executive Independent Director will be in the best interest of the Company. His term of appointment would be five years from the date of this annual general meeting and he shall not be liable to retire by rotation.

The Board recommends your approval for Resolution No. 5 in respect of his appointment.

None of the Directors, except Shri Devidas Kambale is in any way concerned or interested in the above resolution.

#### Item No. 6

The Board of Directors at their meeting held on 26<sup>th</sup> May,2014 appointed Shri Jagannath P.Dange as Non Executive additional Independent Director of the company who holds office upto the ensuing Annual General Meeting of the Company.

Shri Jagannath P.Dange aged about 63 years and resident of Mumbai is Commerce and Law Graduate, has done post graduation in Business Administration Development from Nagpur University, Pune University and bath university from U.K.

He commenced his career as IAS officer in 1973 in Maharashtra Cadre. He has served for more then 38 years in different positions including districts, Govt. of Maharashtra and Govt.

of India and gained hands-on experience for the management of Govt. organizations, Public Sector undertakings and NGOs. During his tenure, he worked in various positions from Sub-divisional Magistrate to Chief Secretary of the Govt. of Maharashtra which has enabled him to acquire appropriate skills in co-ordinating with Governments and multiple agencies at the Districts, States and Central Govt. level. He has also handled various judicial and quasi-judicial matters in various positions held by him. He along with other subjects handled the work of various depts. concerned with infrastructure and social sector including poverty alleviation and employment generation programmes for the entire state and for the entire country.

The detailed profile and information about Shri Jagannath P. Dange required to be given under Clause 49 of the Listing Agreement is annexed to this Notice.

Considering the overall experience and expertise of Shri Jagannath P. Dange, his appointment on Board as Non Executive Independent Director will be in the best interest of the Company.

The Board recommends your approval for Resolution No. 6 in respect of his appointment.

None of the Directors, except Shri Jagannath P. Dange is in any way concerned or interested in the above resolution.

#### Item No. 7

The members of the company at their 32<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> July, 2009 had re-appointed Shri Babulal Agarwal as Managing Director for five years with effect from 1<sup>st</sup> January, 2010. The present tenure of Shri Babulal Agarwal expires on 31<sup>st</sup> December, 2014, hence it is proposed to reappoint him for further period of three years on such terms and conditions including remuneration in accordance with the Section 196, 197, 198 and other applicable provisions including Schedule V of the Companies Act, 2013 subject to approval of the members and any other authorities as may be required.

Accordingly, the Board of Directors at their meeting held on 26<sup>th</sup> May, 2014 reappointed Shri Babulal Agarwal as Managing Director for further period of three years with effect from 1<sup>st</sup> January, 2015. The Remuneration Committee also at its meeting held on 26<sup>th</sup> May, 2014 approved the remuneration payable to him on his reappointment.

The Board recommends your approval for Resolution No. 7 in respect of his re-appointment.

None of the Directors, except Shri Babulal Agarwal is in any way concerned or interested in the above resolution.

#### STATEMENT AS REQUIRED TO BE GIVEN TO THE SHAREHOLDERS IN TERMS OF SCHEDULE V OF THE COMPANIES ACT, 2013 ( In respect of Item No. 7 )

##### I. GENERAL INFORMATION

- Nature of Industry** - Manufacturing of Sponge Iron & Power
- Date or expected date of commencement** - The company has commenced of commercial Production it's production activities since 1977.
- In case of new Companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus** - N.A..
- Financial performance based on given indicators :**

₹ In Lakhs

Particulars	2011-12	2012-13	2013-14
Total Income	102399.33	77546.51	58442.27
Profit Before Tax	373.23	191.55	(4244.57)
Profit after tax	373.23	191.55	(4244.57)

- Foreign Investments or collaborations, if any** - NIL

## II. INFORMATION ABOUT THE APPOINTEE

	Shri Babulal Agarwal
<b>1. Background Details</b>	B.Com. and L.L.B., having more than 45 years of experience in steel and power industry, has implemented several projects of company. He was appointed as director prior to 1987 and designated as managing Director since 1995.
<b>2. Past Remuneration</b>	Salary – ₹ 1,00,000/- per month, HRA@ 60 % of basic salary and Other allowances – ₹ 40,000/- per month
<b>3. Recognition or Awards</b>	-
<b>4. Job Profile and it's Suitability</b>	At present, Managing Director of the company. He was appointed as director prior to 1987 and designated as managing Director since 1995. He is responsible for day to day affairs of the company.
<b>5. Remuneration proposed</b>	Same as mentioned at Point 2
<b>6. Comparative remuneration profile with respect to industry, size of the company, profile and position of person</b>	The remuneration proposed is reasonable as compared to size of the company, profile and position of the person as well as with respect to the industry.
<b>7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial person, if any.</b>	He is a promoter director. He has no other pecuniary relationship with company except remuneration and not related with managerial personnel.

## III. OTHER INFORMATION

- Reasons of loss or inadequate profits
  - High Input Costs
  - Lower realizations
  - Adverse market conditions
  - Inadequate working capital
- Steps taken or proposed to be taken for improvement.
  - Reduction in cost of production
  - Obtaining working capital facilities
- Expected increase in productivity and profits in measurable terms.

The Company is expecting to improve the productivity and to earn the profits in the nearest future.

## IV. DISCLOSURE

The disclosure on remuneration package payable to the managerial person is given under the head "Corporate Governance" in this report.

By Order of the Board,

Date : 26<sup>th</sup> May, 2014  
Place : Mumbai

Shyamal Padhiar  
Company Secretary

# LLOYDS METALS AND ENERGY LIMITED

## DIRECTORS' REPORT

The Directors present their 37<sup>th</sup> Annual Report on the business and operations of your Company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL HIGHLIGHTS

(₹ in Lacs)

	Current Year 2013-14	Previous Year 2012-13
<b>Sales ( Net )</b>	<b>56,774.61</b>	75,920.22
<b>Other Income</b>	<b>1.667.66</b>	1,626.29
<b>Total Income :</b>	<b>58,442.27</b>	77,546.51
Profit before Interest, Depreciation & Tax	<b>(855.96)</b>	3,693.33
Less : Finance Cost	<b>715.86</b>	849.93
Depreciation	<b>2,672.75</b>	2,651.85
<b>Profit/(Loss) before tax</b>	<b>(4,244.57)</b>	191.55
Less : Tax Provision	-	-
<b>Net Profit/ (Loss) after Tax</b>	<b>(4,244.57)</b>	191.55

### DIVIDEND

In view of the losses incurred by the company, your Directors have not recommended any dividend for the year ended 31<sup>st</sup> March, 2014.

### OPERATIONS & OVERALL PERFORMANCE

Global Steel demand grew at a moderate pace of 3.3 % in spite of subdued economy worldwide on the back of improvement of output in the European market which has partly set off the downturn in China, a world's largest steel maker, which moved from an investment to service-driven economy. The Indian Steel Industry witnessed muted growth during the year under review due to various reasons like issue in the global economy, high interest rates, slow pace of public infrastructure projects, slow investment- demand cycle and the reduced steel consumption. Persistent weakness in demand from key end-user industries kept the domestic steel consumption growth at a meager of 0.7 % during the financial year under review. The India became a net exporter of total finished steel during the year due to major factors such as the sustained fall of the rupee, slowdown in domestic demand and the gradual recovery of the global markets. India remained to be the world's largest producer of Direct Reduced Iron (DRI) or sponge iron with a host of coal based units, located in the mineral – rich states of the country.

Steel Prices, Globally and domestically witnessed a sustained downside mainly due to overcapacity, cheaper imports, economic conditions and shift towards other substitutes which significantly impacted the steel prices. Steel makers margins have consistently contracted since FY'11 due to

overcapacity and demand –supply gap. Margins of steel producers would continue to be under pressure, given the high cost of production on the back of higher input costs and their limited ability to pass on hikes in costs. The credit profile of steel makers to remain weak next fiscal due to their large debt for working capital and capex coupled with modest EBITDA (earnings before interest, taxes, depreciation, and amortization) margins. Global steel prices will continue to trend downward which will in turn, exert tremendous pressure on global contract prices of raw materials such as iron ore and coal. On the domestic front too, the steel prices are expected to come under pressure and decline by around 3-4 %. The recovery in the world steel pricing momentum would be driven by a reviving economy, stabilization in the Euro-zone and a rebound in the construction industry in developed countries.

A robust and thriving Power sector is central to India's sustained economic growth. India's power sector has evolved substantially over the last few decades and is now witnessing unprecedented interest and investments across the value chain. With the global economic growth and industrialization, power consumption is escalating rapidly, creating demand for more power and compelling industry players to manage their power portfolio efficiently. In 2013-14 as a whole, total power generation in India grew by six per cent to 966.4 billion units. The power transmission sector in India has not been able to keep pace with the rising power demand and generation capacity in the country. In spite of flurry of reforms declared by the Government during the year under review, the Indian Power Sector registered a monthly average power deficit of 4.5 % as compared to 8.7 % for the preceding year despite having 225 GW of installed generation capacity mainly due to reluctance of State Electricity Boards to buy power due to their financial weakness which has led many power producers to operate at sub-optimal capacities. The Indian Power Sector faced a challenging year under review as it juggled with increasing power demand, the poor paying capability of power distribution companies, inadequate domestic coal/gas availability, an inefficient power tariff mechanism and rising financing costs.

The Total Income of the Company was ₹ **584.42** crores during the year as against ₹775.46 crores in the previous year, showed substantial decrease of **25 %**. The Company has reported Net Loss of ₹**42.45** crores during the year under review as against profit of ₹ 1.91 crores in the previous year.

### SPONGE IRON DIVISION

The production of Sponge Iron Division during the year under review was **165631 MT** against 153371 MT in the previous year showing an increase of **8 %**. The total income of the division was ₹ **528.87 Crores** ( including trading ) as against ₹ 686.63 Crores during the previous year, showing decrease of **23 %**. due to reduction of trading business and realization of lower prices of Sponge Iron.

### POWER DIVISION

During the financial year 2010-11, in order to utilize the waste heat and convert into productive energy, the Company has commissioned it's 30 MW co-generation Waste Heat Recovery



Based (WHRB) Power Plant, at Ghugus, Maharashtra. The production of the division was **17.05 MWH** during the year under review as compared to 23.96 MWH for the previous year. The total income of the division was ₹ **38.88 Crores** during the year under review as against ₹ 72.57 Crores during the previous year showing a decrease of **46 %**.

By virtue of issuance of Commercial Circular No. 154 & 156 dated 23.01.2012 by Maharashtra State Electricity Distribution Company Limited and other laws and circulars of authority, the scope of distribution/supply/utilization of electricity through Open Access has been expanded. Due to this, the prospectus of the industry is expected to improve in the nearest future. The company is exploring all the possibilities, strictly adhering to and complying with the parameters and conditions laid down in the said circulars & other laws to utilize the power generated by its power generation unit.

In respect of Iron ore mining activities, the company has received all statutory permissions and necessary sanctions from the concerned authorities to commence mining operations. However, due to insurrection by Naxals near Surjagarh Iron Ore Mine in which one of the official of the Company was killed, the Mining Operations of the Company at Surjagarh Iron Ore Mine at Surjagarh Village, Gadchiroli District, Maharashtra has been temporarily discontinued w.e.f. July, 2013 and the same facts has been informed to the concerned Govt. Authority. The company is taking adequate steps to commence mining operations.

#### ENVIRONMENT & SOCIAL OBLIGATION

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

#### UNFCCC REGISTRATION

The Waste Heat based power plant of the Company has been accorded final registration with UNFCCC as a 'Clean Development Mechanism' (CDM) project activity. The waste heat based power plant generates power using waste heat from flue gases coming out of 4 numbers 100 TPD and 1 number 500 TPD Sponge Iron Kilns. The project involves 5 numbers waste heat recovery boilers.

The reduction in CO<sub>2</sub> emission from project facility arises from the displacement of an equivalent amount of electricity to the extent of electricity generated from project activity which would have been otherwise generated and supplied by grid.

The project shall be eligible for 109660 Carbon Emission Reductions (CER) Certificates every year for 10 years duration from 2013-2023.

As per the records of UNFCCC, this is the first large scale project from Sponge Iron industry to be accorded the registration by UNFCCC as per the new methodology ACM 0012 introduced by UNFCCC.

#### MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the Company is manufacturing / marketing of Iron and Steel and generation / distribution of Power. The Management discussions and analysis is given hereunder :-

**a) Industry structure and development:** The Steel Industry faced sluggish consumption growth mainly on account of execution delay of planned infrastructure and construction projects due to economic slow down and environment clearances. Better GDP growth in FY'15 on the back of a revival in industry growth would lead to better steel demand growth next fiscal. The domestic steel industry expects no major hike in prices next fiscal due to overcapacity which will continue to limit prices amid the demand increase. Imports are not a major threat and will prevail at this year's level. Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the industry has set itself the target of providing access to all households over the next few years. Over the past few years, there had been a splendid growth in the power generation and capacity and with proper enactment of several policies; the trend is likely to continue in the coming years as well.

**b) Opportunities and threats:** Infrastructure, automobiles and consumer durables are the main drivers for growth of steel industry. While near-term demand is expected to remain muted, long-term prospects are forecast to be steady. The domestic steel demand is expected to pick up from next fiscal with an expected pick up in demand in key end-user sectors such as construction, infrastructure and automobiles. The profitability of the Indian steel industry will come under pressure due to deterioration in the demand-supply equation on the back of macroeconomic challenges being faced by the country. The main issues confronting the industry are non-availability of raw materials, high price volatility, growing raw materials prices, cheap imports, environmental issues and lack of demand.

The National Tariff Policy (2006) has ensured adequate return on investment to companies engaged in power generation, transmission and distribution and assured electricity to end-users at affordable and competitive rates. In order to attract foreign investments in the power sector, FDI up to 100 per cent is permitted under the automatic route for projects of electricity generation (except atomic energy), transmission, distribution and power trading. Coal shortages, scams, hike in prices of imported coal, lack of land availability, shortage in supply of equipments for new capacities and policy logjam have together paralyzed the prospects of power sector in India in the recent past. The key problems hindering the growth of the power sector are land, fuel, environment, slow regulatory processes, inadequate equipments and forest clearances.

**c) Segment-wise performance:** The Company is operating two segments, Iron and Steel and Power Generation. Segment Wise results are given at Note No.

## LLOYDS METALS AND ENERGY LIMITED

15 under 'Notes to the Accounts' forming part of balance sheet. The Company has no activity outside India.

- d) **Outlook:** The longer term outlook for Global Steel Industry would continue to depend on few key issues such as overcapacity, raw materials pricing volatility and potential for economic growth. India's Steel Demand is expected to go up by 3-5 per cent in the next financial year on higher economic growth although margin pressure would continue due to high production costs and limited scope to pass them on to customers. India has the world's fifth-largest electricity generation capacity and demand is expected to surge in the coming years owing to growth in the economy. The long-term average demand growth rate is expected to remain in the higher single digit growth levels given the lower per capita power consumption in India as compared to the global average.
- e) **Risk and concerns:** Steel Industry always runs risk of Industry cycle. The Company is continuously monitoring the supply management practices, Technological obsolescence, input prices, price sensitivity and demand volatility are an inherent business risks. The Company undertakes continuous development, training and modernization programme to keep its business efficient. The risks faced by the Power sector are irregular tariff structures, fuel availability, project execution, land acquisition, financial assistance and environment clearance etc. The Company is taking proper actions against the possible industry risks which may affect the business activities of the Company.
- 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:** In order to attain the corporate objectives, strict internal control systems are required to be implemented across the organization. The same is ensured by the senior management through a mix of periodic reviews, implementation of Standard Operating Procedures, defining delegation of powers and constant up gradation of IT systems.
- The efficacy of Internal Control systems is ensured as a combined result of the following activities :
- Operational performance is reviewed each month by Senior Management.
  - Performance of each function is closely monitored by the Senior Management through various Weekly / Monthly review meetings. Reviews of all independent functions are regularly undertaken. Simultaneously, cross functional activities are also subject to periodic review.
  - Various policies are introduced from time to time, to ensure effective functioning of various independent departments, such as, Marketing, Finance, HR, etc.

- h) **Discussion on financial performance with respect to operating performance :** The operating performance of the Company has been discussed in Directors Report under the head 'Financial Highlights' & 'Operations and Overall Performance' in the current year.
- i) **Human resources and industrial relations :** During the year under review the Employee/ Industrial relations remained harmonious. Steps were taken continuously by the Company for training its employees in various disciplines. Number of employees as on 31<sup>st</sup> March 2014 was **411**.
- j) **Cautionary Statement :** The Management Discussions and Analysis describe Company's projections, expectations or predictions and are forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors.

### SUBSIDIARY & CONSOLIDATED FINANCIAL STATEMENTS

M/s. Gadchiroli Metals and Minerals Limited, ceased to be wholly owned subsidiary of the Company due to dilution of shareholding during the year under review. Hence, the Company is not required to consolidate its Financial Statements for the year ended 31<sup>st</sup> March, 2014.

### INVESTOR SERVICES

The Company and its Registrars M/s. Bigshare Services Private Limited who is looking after the physical as well as Demat work and also shareholders correspondence in terms of SEBI direction, for having a common Registrar and Share Transfer Agent, endeavored their best to service the Investors satisfactorily.

### PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year.

### DIRECTORS

Shri Rajesh Gupta, Director of your Company, retires by rotation and being eligible, offers himself for reappointment. The tenure of Shri Babulal Agarwal as a Managing Director expires on 31<sup>st</sup> December, 2014 and it is proposed to re-appoint him for a further period of three years with effect from 1<sup>st</sup> January, 2015.

During the year under review, Shri J.S.Charlu, Independent Director ceased to be director w.e.f.19.08.2013 due to sudden and sad demise. The Board of Directors hereby pays homage to Late Shri J.S.Charlu with a prayer to the almighty for his soul to rest in peace and records its deep appreciation for the valuable guidance and services rendered by him as a member of Board / Committee to the Company."



Mrs. V.M.Bharathy, IDBI Nominee Director was withdrawn as Nominee and Shri Sonam Bodh was appointed in her place w.e.f. 23.10.2013. The Board hereby places on record its sincere appreciation for the valuable guidance and meaningful contribution made by Mrs. V.M. Bharathy as member of the Board / Committees during the period of her association with the Company

Shri Devidas Kambale and Shri Jagannath Dange were appointed as additional Non Executive Independent Directors of the company w.e.f. 12.11.2013 and 26.05.2014 respectively subject to approval of the members at the ensuing annual general meeting for a term of five years effective from that general meeting.

### 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 that:

1. In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. 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. 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.

### CORPORATE GOVERNANCE

Pursuant to the revised Clause 49 of the Listing Agreement your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchange with which the Company is listed are complied with.

A separate report on Corporate Governance and the Auditor's Certificate on its compliance are annexed hereto and forms part of this Annual Report.

### STATUTORY AUDITORS & AUDITORS' REPORT

The members are requested to ratify appointment of Auditors for the next financial year 2014-2015.

As regards Auditors' observation in Point No. 10 of annexure to the Auditors' Report in respect of cash losses, it is factually correct that the company has incurred cash losses during the year due to adverse market conditions.

### COST AUDITORS

In terms of provisions of Section 233B (2) of the Companies Act, 1956 and in accordance with notification issued by the Ministry Of Corporate Affairs, F.No.52 /26/ CAB – 2010 dated 02.05.2011, M/s Manisha & Associates, Nagpur, Cost Accountants was appointed as Cost Auditor of the Company for the financial year 2013-14 and offered themselves for re-appointment for the financial year 2014-15 subject to Central Government approval. The Company has filed Cost Audit Report for the financial year ended 31.03.2013 with the Central Government within the time limit prescribed under the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information in accordance with Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in **Annexure 'A'** forming part of this report.

### PARTICULARS OF EMPLOYEES

The Company does not have any employees, whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended by MCA vide its Circular No. 23/2011 dated 03.05.2011.

### ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation and gratitude for the assistance and generous support extended by all Government authorities, Financial Institutions, Banks, Customers, Vendors and Members during the year under review. Your Directors wish to express their immense appreciation for the devotion, commitment and contribution shown by the employees of the company while discharging their duties.

**For and on behalf of the Board**

**Dated: 26.05.2014**  
**Place: Mumbai**

**Mukesh R Gupta**  
**Chairman**