



**Lloyds Metals and Energy Limited**

**39<sup>th</sup> Annual Report  
2015 - 16**

## LLOYDS METALS AND ENERGY LIMITED

# Lloyds Metals and Energy Limited

CIN: L40300MH1977PLC019594

### Corporate Information

#### CHAIRMAN

Mr. Mukesh R. Gupta

#### BOARD OF DIRECTORS

Mr. Babulal Agarwal	<i>Managing Director</i>
Mr. Rajesh R. Gupta	<i>Non-executive Director</i>
Mr. Shantanu Mohapatra	<i>Independent Director</i>
Mr. Devidas Kambale	<i>Independent Director</i>
Mr. Jagannath Dange	<i>Independent Director</i>
Mrs. Bhagyam Ramani	<i>Independent Director</i>
Dr. B. R. Singh	<i>Independent Director</i>

#### Chief Financial Officer

Mr. Riyaz Shaikh

#### Company Secretary

Mr. Nitesh Tanwar

#### Statutory Auditor

M/s Tadarwal & Tadarwal  
12, Maker Bhavan No. 03,  
1<sup>st</sup> Floor, 21, New Marine Lines,  
Mumbai- 400020,  
Maharashtra

#### Cost Auditor

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

#### Secretarial Auditor

M/s K.C. Nevatia & Associates  
J-2, Jolly Highrise Apartments,  
10<sup>th</sup> Floor, 241-A, Pali Mala  
Road, Bandra (West),  
Mumbai – 400050,  
Maharashtra

#### Internal Auditor

RSM Astute Consulting Pvt. Ltd.  
3<sup>rd</sup> 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, 16<sup>th</sup> 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](mailto:investor@lloyds.in)

#### REGISTRAR & SHARE TRANSFER AGENT

##### 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](mailto:investor@bigshareonline.com)

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## NOTICE

**NOTICE** is hereby given that the Thirty Ninth Annual General Meeting of the Members of the **Lloyds Metals and Energy Limited** will be held on **Friday, 10<sup>th</sup> June, 2016 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 financial statement of the Company for the financial year ended 31<sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors Report 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 appointment of M/s Todarwal & Todarwal, Chartered Accountants (Firm Registration No. 111009W) as Statutory Auditors for the financial year 2016-2017, including their remuneration.
4. To reappoint M/s Manisha & Associates, Cost Accountants (Firm Registration No. 000321) as Cost Auditors for the financial year 2016-2017 including their remuneration.

### SPECIAL BUSINESS:

5. **Sub-division of Equity Shares from the Face Value of ₹ 2/- per share to Face Value of ₹ 1/- per share**

To consider and, if thought fit, to pass the following resolution, as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 61(1)(d) and all 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 the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the concerned authorities or bodies, 37,50,00,000 Equity Shares of the Company having a face value of ₹ 2/- each in the Authorized Share Capital of the Company be sub-divided into 75,00,00,000 Equity Shares having a face value of ₹ 1/- each.

**RESOLVED FURTHER THAT** pursuant to the Sub-division of Equity Shares of the Company, the Authorized, Issued, Subscribed and Paid-up Equity Share Capital of nominal value of ₹ 2/- (Rupee Two Only) each, shall stand sub-divided into 2 (Two) Equity Shares of nominal value of ₹ 1/- (Rupee One Only) each.

**RESOLVED FURTHER THAT** upon the sub-division of the Equity Shares as aforesaid, the existing Share Certificate(s) in relation to the existing Equity Shares of the face value of ₹ 2/- each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and the Company may without requiring the surrender of the existing Share Certificate(s) directly issue and dispatch

the new Share Certificate(s) of the Company, in lieu of such existing issued Share Certificate(s) and in the case of the Equity Shares held in the dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company before sub-division.

**RESOLVED FURTHER THAT** any Director of the Company and/ or Company Secretary be and is hereby severally authorized to do all such acts, deeds, matters and steps as may be necessary for obtaining such approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection.”

6. **Alteration of the Capital Clause of Memorandum of Association of the Company.**

To consider and, if thought fit, to pass the following resolution, as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 13 and all 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), the existing Clause V of the Memorandum of Association be deleted and the same be substituted with the following new clause “Clause V”:

“V. The Authorised Share Capital of the Company is ₹ 1,00,00,00,000/- (Rupees One Hundred Crores Only) divided into 75,00,00,000 (Rupees Seventy Five Crores Only) Equity Shares of ₹ 1/- (Rupee One) each and 2,50,00,000 (Two Crores Fifty Lacs) Preference shares of ₹ 10/- (Rupees Ten) each with powers to increase or reduce the same, to divide the same in shares of several classes permissible under the Act and to attach thereto respectively such preferential, qualified and special rights, privileges and conditions as may be determined under the provisions of law in force for time being and to vary, modify, abrogate and deal with any such rights, privileges and conditions in the manner provided in law, time being in force.”

**RESOLVED FURTHER THAT** any Director of the Company and/ or Company Secretary be and is hereby severally authorized to do all such acts, deeds, matters and steps as may be necessary for obtaining such approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection.”

**By Order of the Board of Directors**

**Date : 14<sup>th</sup> April, 2016**  
**Place : Mumbai**

**Nitesh Tanwar**  
**Company Secretary**

# LLOYDS METALS AND ENERGY LIMITED

## 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 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 authorised 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 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.
7. 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.
8. 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.
9. 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.
10. 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. 18.
11. 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.
12. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 3<sup>rd</sup> June, 2016 to Friday, 10<sup>th</sup> June, 2016 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
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.
14. 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](http://www.lloyds.in)
15. 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.
16. Members are requested to notify any changes in their address to the Company's Registrar & Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
17. 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.
18. **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. 3<sup>rd</sup> June, 2016.
- 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. 3<sup>rd</sup> June, 2016 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](http://www.lloyds.in). The results shall simultaneously be communicated to the Stock Exchange.
- 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. 10<sup>th</sup> June, 2016.
- 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 7th June, 2016 at 9.00 a.m. and ends on 9th June, 2016 at 5.00 p.m. During this period, Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on

the cut-off date of 3rd June, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iv) Click on "Shareholders" tab.
- v) 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.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
DOB	<p>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.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>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 (v).</li> </ul>

# LLOYDS METALS AND ENERGY LIMITED

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 Resolution 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.

xviii) Note for Non-Individual Shareholders and Custodians :

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](http://www.evotingindia.com) under help section or write an E-Mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

19. The route map of the venue of the Annual General Meeting is appended to this Notice.

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

## 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

<b>Name of Director</b>	Rajesh Gupta
<b>DIN</b>	00028379
<b>Age</b>	51 years
<b>Date of first appointment on the Board</b>	21 <sup>st</sup> November, 1991
<b>A Brief Resume of the Director &amp; Nature of his Expertise in Specific Functional Areas;</b>	He is commerce graduate and a successful industrialist having vast knowledge and rich experience of over 25 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.
<b>Disclosure of Relationships Between Directors Inter-Se;</b>	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
<b>Names of Listed Entities in which the person also holds the Directorship and the Membership / Chairmanship of Committees of the Board</b>	<b>Directorship</b> 1. Lloyds Metals and Energy Limited 2. Shree Global Tradefin Limited  <b>\$ Membership of Committees-Nil</b>
<b>No. of Shares held in the Company</b>	345860 shares
<b>No. of Board meetings attended during last Financial Year</b>	4 (Four)
<b>Terms and conditions of appointment</b>	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**

**Date : 14<sup>th</sup> April, 2016**

**Place : Mumbai**

**Nitesh Tanwar**  
**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. 5**

The Equity Shares of the Company are listed on the Bombay Stock Exchange (BSE) and the shares are being traded on BSE. With a view to enhancing the investor base of the company by encouraging the participation of the small investors and also to increase the liquidity of the equity shares of the Company, the Board of Directors at its meeting held on 14<sup>th</sup> April, 2016 has approved to sub-divide the nominal value of the equity share capital of the Company from ₹ 2/- per share to ₹ 1/- per share, subject to approval of members in the ensuing Annual General Meeting.

At present, the Authorised Share Capital of the Company is ₹ 1,00,00,00,000/- (Rupees One Hundred Crores only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares of ₹ 2/- (Rupee Two) each and 2,50,00,000 (Two Crores Fifty Lakhs) Preference Shares of ₹ 10 (Rupees Ten) each. The issued, subscribed and paid up capital of the Company is divided into 11,12,91,290 (Eleven Crores Twelve Lakhs Ninty One Thousand Two hundred and Ninety only) Equity Shares of ₹ 2/- (Rupee Two) each amounting to ₹22,25,82,580/- (Twenty Two Crore Twenty Five Lakhs Eighty Two Thousand Five Hundred and Eighty Only).

Accordingly, each paid up equity share of nominal value ₹ 2/- (Rupee Two Only) each of the Company, existing on the Record Date as may be fixed by the Board of Directors, shall stand sub divided into 2 (Two) Equity Shares of Nominal Value of ₹ 1/- (Rupee One only) each.

The Record Date for the aforesaid Sub Division of the equity shares will be fixed after the approval of the shareholders is obtained, pursuant to this Annual General Meeting.

The Board recommends the Special Resolution under Item No. 5 of the notice for approval of the Members.

None of the Directors/ Key- Managerial Personnel of the Company or their relatives are concerned or interested in the resolutions except to the extent of their shareholding in the Company, if any.

**Item No. 6**

At present, the Authorised Share Capital of the Company is ₹ 1,00,00,00,000/- (Rupees One Hundred Crores only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares of ₹ 2/- (Rupee Two) each and 2,50,00,000 (Two Crores Fifty Lakhs) Preference Shares of ₹ 10 (Rupees Ten) each. The issued, subscribed and paid up capital of the Company is divided into 11,12,91,290 (Eleven Crores Twelve Lakhs Ninty One Thousand Two hundred and Ninety only) Equity Shares of ₹ 2/- (Rupee Two) each amounting to ₹22,25,82,580/- (Twenty Two Crore Twenty Five Lakhs Eighty Two Thousand Five Hundred and Eighty Only).

The proposed sub division of equity shares of the Company from ₹2/- (Rupee Two only) per Equity share to ₹ 1/-(Rupees One only) per equity share, requires alteration of the Memorandum of Association of the Company. Accordingly, Clause V of the Memorandum of Association is proposed to be altered in the manner set out in Resolution at Item No.6.

The Board recommends the Special Resolution under Item No. 6 of the notice for approval of the Members.

A copy of the Memorandum of Association of the Company along with the proposed amendments is available for inspection by the members at the registered Office of the Company on all working days during the office hours of the Company till the conclusion of the Annual General Meeting.

None of the Directors/ Key- Managerial Personnel of the Company or their relatives are concerned or interested in the resolutions except to the extent of their shareholding in the Company, if any.

**By Order of the Board of Directors**

**Date : 14<sup>th</sup> April, 2016**  
**Place : Mumbai**

**Nitesh Tanwar**  
**Company Secretary**

# LLOYDS METALS AND ENERGY LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Company's Thirty Ninth Annual Report and the Company's audited financial statement for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL RESULTS

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2016 is summarised below:

(₹ in Lacs)

Particulars	Current Year 2015-16	Previous Year 2014-15
<b>Sales ( Net )</b>	<b>37,686.98</b>	63,891.58
<b>Other Income</b>	<b>1,411.21</b>	2,242.46
<b>Total Income :</b>	<b>39,098.19</b>	66,134.04
Profit before Interest, Depreciation & Tax	<b>2,729.77</b>	(395.02)
Less : Finance Cost	<b>969.98</b>	619.63
Depreciation	<b>1,064.74</b>	1,067.19
Exceptional Items	<b>622.93</b>	-
Profit/(Loss) before tax	<b>72.12</b>	(2,081.84)
Less : Tax Provision	-	-
Net Profit/ (Loss) after Tax	<b>72.12</b>	(2,081.84)

### OPERATIONS AND OVERALL PERFORMANCE

#### Global Steel Industries Scenario

The outlook for the global economy is mostly positive with growth picking up in the US, India and Southeast Asia, while several emerging markets are experiencing a deceleration in growth. However, the structural shift in the transitioning Chinese economy could cap this momentum. Countries and businesses are becoming increasingly interdependent through trade, investment and financial systems across the world. The risks and opportunities in the steel business are getting larger in scale and impact, with their sources becoming more diverse and global.

While the Chinese steel sector turns introspective over the next decade to deal with its excess capacity, pollution, low market concentration and lack of profitability, this is the window of opportunity to build competitive advantage now before supersized, more efficient Chinese steelmakers emerge in the global market. Steel companies that embrace globalization (in their strategy, supply chains, knowledge and information, processes, talent and financial flows) while balancing with customization (of their products, marketing, and stakeholder relationships) will emerge as sector leaders in the long term.

India has emerged as the third-largest steel producer in the world after China and Japan, beating the US to the fourth position producing about 89.6 million tons (MT) of steel a year even the world steel output went down 2.8% to 1.6 billion tones.

Despite the strong adverse impact of global economic meltdown, Indian steel demand in India is expected to grow by 5.4 per cent to 83.8 million tons (MT) this year on the back of low oil prices, reform momentum that remains better than in many countries. The construction industry is expected to rise further due to government's stimulus plan. The automotive sector is doing well. Hence, it is expected that domestic steel demand is going to recover soon and for the long term as well.

The global industry body has also forecasted that demand in the world's third largest producer will again grow at 5.4 per cent to 88.3 MT in 2017. Globally, WSA has forecasted steel demand to decrease by 0.8 per cent to 1,488 MT in 2016 following a contraction of 3 per cent in 2015. The global steel market is suffering from insufficient investment expenditure and continued weakness in the manufacturing sector. In 2017, the world steel demand is expected to return to growth of 0.4 per cent to reach 1,494 MT.

India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure and manufacturing output. India's steel demand will increase by 5.4 per cent in both 2016 and 2017 reaching 88.3 MT in 2017.

#### Power Industries Scenario

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 2015-16 as a whole, total power generation in India grew by 8.5% and it is expected to grow by 8.4% in 2016-17. The power transmission sector in India has not been able to keep pace with the rising power demand and generation capacity in the country. 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.

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 prospects 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.

The Total Income of the Company was ₹ 390.98 crores during the year as against ₹ 661.34 crores in the previous year, showed decrease of 40.88%. The Company has reported Net profit of ₹ 0.72 crores during the year under review as against loss of ₹ 20.82 crores in the previous year.

#### SPONGE IRON DIVISION

The production of Sponge Iron Division during the year under review was 1,73,745 MT against 1,43,384 MT in the previous year showing increase of 21.17%. The total income of the



division was ₹ 319.11 Crores (including trading) as against ₹ 599.58 Crores during the previous year, showing decrease of 53.22% as a result decreasing in trading of Steel and realization of lower price of sponge iron.

#### POWER DIVISION

The production of the division was 22.67 MWH during the year under review as compared to 17.10 MWH for the previous year. The total income of the division was ₹ 57.76 Crores during the year under review as against ₹ 39.34 Crores during the previous year showing an increase of 46.85%.

#### MINING ACTIVITIES

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. Further, the mining activities, at Surjagarh Iron Ore mines at Gadchiroli leased to us, which were suspended due to Force Majeure has been resumed. The company has taken adequate steps to commence mining operations as per mining plan.

#### CARBON CREDITS

The Company has received 71,302 CERs (Certified Emission Reductions) from UNFCCC (United Nations Framework Convention on Climate Change). This is issued against the power produced at the waste to energy plant during the period from 27<sup>th</sup> May, 2013 to 30<sup>th</sup> June, 2014 and the same facts has been informed to the concerned Govt. Authority.

#### 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.

#### 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 metalics for the secondary steel making through EAF or EOF/IF route. Other sources of metalics 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.

Domestic sponge iron capacity utilization is showing a downward trend for last year due to less demand. Lloyds Metals and Energy Limited operate five rotary kilns to produce sponge iron. The waste gas from sponge making kilns has significant energy in the form of heat. This en-

ergy is recovered in waste heat recovery boilers to generate steam, which then passes through the generator for producing power. Iron ore and coal are two important raw materials in production of sponge iron.

**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. 14 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 an 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.

# LLOYDS METALS AND ENERGY LIMITED

- 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 also prescribe changes wherever required. The internal auditors of the company conducts audit of various department and areas. Their reports are placed before the Audit Committee, which reviews these reports and comments/suggestions of the Internal Auditors. The Audit Committee also oversees financial systems/procedures and internal controls and is competent to call for any information/document from any department.
- 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 Performance**' & '**Operations and Overall Performance**' in the current year.
- i) **Human resources and industrial relations:** Human Resources Department ("HRD") works continuously for maintaining healthy working relationship with the workers and other staff members. The underlying principle is that workers and staff at all levels are equally instrumental in attaining the Company's goals. Training programmes are regularly conducted to update their skills and apprise

them of latest techniques. Senior management is easily accessible for counseling and redressal of grievances. The HR department continuously strives to maintain and promote harmony and co-ordination among workers, staff and members of the senior management. The total number of employees as on 31<sup>st</sup> March, 2016 was **390**.

- 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.

## DIVIDEND

With a view to conserve the resources in long run, your Directors have not recommended any dividend for the year ended 31<sup>st</sup> March, 2016.

## SUBSIDIARY & CONSOLIDATED FINANCIAL STATEMENTS

The Company is not required to consolidate its Financial Statements for the year ended 31<sup>st</sup> March, 2016 as Company do not have any subsidiary.

## INVESTOR SERVICES

The Company and its Registrar 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.

## RESERVES

The Company did not propose to transfer any amount to any reserves.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

## CHANGE IN THE NATURE OF BUSINESS

During the year under review, there are no changes in the nature of the business of the company.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

1. in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting stand-