



# ANNUAL REPORT

2009 - 2011



**LML LIMITED**

## **LML LIMITED**

Registered Office : C-3, Panki Industrial Estate, Site-I, Kanpur-208022. (U.P.)

Dear Shareholders,

### **Sub : Green Initiative in Corporate Governance – LML Limited (“LML”)**

This is to inform you that the Ministry of Corporate Affairs (“MCA”), Government of India has taken a “Green Initiative” in the Corporate Governance by permitting paperless compliances by companies (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011) and clarified that a company will be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report etc. are sent in electronic form to its Members, subject to compliance with the conditions stated therein.

Accordingly, LML proposes to send henceforth all communications / documents including the Notice calling the Annual General Meeting, Annual Reports etc. in electronic mode to those Members who have registered their e.mail address(es) with their Depository Participant (“DP”) and made available to us by the Depository.

Please note that the said documents will be uploaded on the website of the Company viz. [www.lmlworld.com](http://www.lmlworld.com) for your ready reference.

We, therefore, invite all our shareholders to contribute to the cause by registering their e.mail address with the DP or inform their e.mail address at [green.initiative@lml.co.in](mailto:green.initiative@lml.co.in) duly quoting your DP ID & Client ID/ Folio Number(s).

Please note that as a Member of the Company, you are always entitled to request and receive, free of cost, a copy of the Annual Report of the Company and other documents in accordance with the provisions of the Companies Act, 1956.

We look forward to your continued and encouraging support to this unique initiative by the MCA.

Thanking you and assuring you of our best attention at all times,

Yours faithfully,

**For LML Limited**

**K C Agarwal**

*Executive Director (Comm.) &  
Company Secretary*



## **BOARD OF DIRECTORS**

DEEPAK SINGHANIA, *Chairman & Managing Director*  
S K BHANDARI, *Nominee Director, IFCI*  
C P RAVINDRANATH, *Nominee Director, EXIM Bank*  
K K SHANGLOO, *Special Director, BIFR*  
SHIROMANI SHARMA, *Independent Director*  
S K AGGARWAL, *Independent Director*  
LALIT KUMAR SINGHANIA, *Whole-time Director*  
SANJEEV SHRIYA, *Whole-time Director*  
A K SINGHANIA, *Whole-time Director*  
R K SRIVASTAVA, *Whole-time Director*

## **EXECUTIVE DIRECTOR (COMMERCIAL) & COMPANY SECRETARY**

K C AGARWAL

## **AUDITORS**

KHANDELWAL JAIN & CO., *Chartered Accountants, Mumbai*  
PARIKH & JAIN, *Chartered Accountants, Kanpur*

## **COST AUDITORS**

J K KABRA & Co., *Cost Accountants, New Delhi*

## **BANKERS**

HDFC BANK  
J & K BANK  
DEUTSCHE BANK  
HSBC BANK  
ALLAHABAD BANK

## **REGISTERED OFFICE**

C-3, Panki Industrial Estate, Site - I,  
Kanpur- 208 022 (U.P.)

## **WORKS AND CORPORATE OFFICE**

Site Nos. II & III, C-10, Panki Industrial Estate,  
Kanpur – 208 022 (U.P.)

## **ADMINISTRATIVE OFFICE**

714, Raheja Chambers, Nariman Point, Mumbai

## **REGIONAL OFFICE**

Ground Floor, Plot No. 82, Sector 44,  
Gurgaon - 122 003 (Haryana)

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## NOTICE

Notice is hereby given that Thirty Fifth Annual General Meeting of the Members of LML Limited will be held on Tuesday, the 20th September, 2011 at 11.00 AM at C-10, Panki Industrial Estate, Site-II & III, Kanpur- 208 022 (U.P.) to transact the following businesses:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the eighteen months ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr Satinder Kumar Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Lalit Kumar Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and, to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224 and all other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s Khandelwal Jain & Co., Chartered Accountants, (Firm Registration No. 105049W) of Mumbai and M/s. Parikh & Jain, Chartered Accountants, (Firm Registration No. 001105C) of Kanpur be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors and/or any Committee thereof."

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactments thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ram Kumar Srivastava as a Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f 08.09.2011, on the remuneration and terms & conditions as set out below :

- (a) Basic Salary : Rs. 50,200.00 per month
- (b) Special Allowance : Rs. 4,875.00 per month
- (c) House Rent Allowance : Rs. 25,100.00 per month
- (d) Special Pay : Rs. 80,000.00 per month
- (e) Perquisites : He shall be entitled to the following perquisites:-
  - (i) Book Allowance: He shall be entitled for Rs. 2500.00 per month.
  - (ii) Servant Salary : He shall be entitled for re-imbusement of Rs. 3000.00 per month.
  - (iii) Entertainment Expenses : He shall be entitled for Rs. 3000.00 per month.
  - (iv) Use of Company's Car, Telephone and Mobile : The Company will provide a car, telephone and Mobile phone. He will also be entitled for reimbursement of driver's salary, petrol and maintenance for running the

car as per Company's Policy. The provision of car for use in Company's business will not be considered as perquisites.

- (v) Medical Allowance : He shall be entitled for Medical Allowance of Rs. 6275.00 per month.
- (vi) P.F. Contribution : The Company shall contribute 12% of his Basic salary in his Provident Fund Account.
- (vii) House Maintenance Allowance : He shall be entitled for House Maintenance Allowance of Rs. 15,000.00 annually.
- (viii) Uniform Allowance : He shall be entitled for Uniform Allowance of Rs. 20,000.00 annually.
- (ix) Soft Furnishing Allowance : He shall be entitled for Soft Furnishing allowance of Rs. 27,800.00 annually.
- (x) Ex-Gratia : He shall be entitled for Ex-Gratia of Rs. 40,000.00 annually.
- (xi) LTA : He shall be entitled for Leave Travel Assistance for maximum of two months' basic salary.

"RESOLVED FURTHER THAT in addition to the aforesaid salary, he shall also be entitled to perquisites namely, Furniture and Furnishings, Water and Electricity, Security Guard(s), reimbursement of Hospitalization expenses for self and family, Club(s) membership, Gratuity, Encashment of Leave and any other perquisites as per policy and rules of the Company in force or as may be approved by the Board from time to time. The monetary value of such perquisites shall be determined as per Income Tax Rules wherever applicable, and, in the absence of any such rules, shall be valued at actual cost. The total value of remuneration including perquisites shall not exceed Rs. 2.0 (Two) lacs per month.

The aforesaid remuneration shall also be paid as minimum remuneration in the absence or inadequacy of profits in any financial year.

"RESOLVED FURTHER THAT the services of Mr Ram Kumar Srivastava, Whole-time Director of the Company may be terminated at any time at the discretion of the Company, with the prior approval of Board of Directors after giving him three months' notice or equivalent payment of salary in lieu thereof."

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

By Order of the Board of Directors  
For LML Limited

**K C AGARWAL**  
*Executive Director (Comml.) &  
Company Secretary*

Place : Gurgaon  
Dated : 27.05.2011

### NOTE(S) :

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/herself and such proxy need not be a member of the Company. A blank form of proxy is enclosed, which if intended to be used and the proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for holding the aforesaid meeting.*



2. Information under Clause 49 of the Listing Agreement regarding appointment /re-appointment of Directors (Item No. 2, 3 & 5) and Explanatory Statement u/s 173(2) of the companies Act, 1956 (for Item No. 5) is appended herein below.
3. The Register of Members and the Share Transfer Books will remain closed from 13th September, 2011 to 20th September, 2011 (both days inclusive).
4. Company's shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members may send Dematerialization Request Form(s) (DRF) along with Share Certificate(s) through their Depository Participant(s) for demat of shares to LML Shares Registry, C-10, Panki Industrial Estate, Site-II, Kanpur – 208 022. (U.P.).
5. Members holding shares in physical form are requested to notify changes in their addresses, if any, to LML Shares Registry, quoting their folio number(s), while those holding in the electronic mode are requested to send the intimation for change of address(es) to their respective Depository Participant(s).
6. Members, who are holding Shares (in physical form) in identical order of names in more than one Folio(s), are requested to write to LML Shares Registry, enclosing their share certificates for consolidation in one folio.
7. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance so as to enable the Company to keep information ready at the time of Annual General Meeting.
8. Only individual members, who wish to nominate a person under section 109A of the Companies Act, 1956, may furnish us required details in the prescribed Form 2B, which is available on demand.
9. Members / Proxies should bring the enclosed Attendance Slips duly filled in, for attending the meeting.
10. The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the e.mail addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered e.mail address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, Directors' Report, Auditors' Report etc. will also be displayed on the website [www.lmlworld.com](http://www.lmlworld.com) of the Company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are, therefore, requested to ensure to keep their e.mail addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their e.mail addresses by writing to the Company at Company's e.mail address at [green.initiative@lml.co.in](mailto:green.initiative@lml.co.in) quoting their folio number(s).

#### INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENTS REGARDING RE-APPOINTMENT OF DIRECTORS AND EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

##### Item No. 2

Mr. Satinder Kumar Aggarwal, age 78 years, is a professionally qualified Chartered Accountant and Cost Accountant, who is a Director of the Company since 16th May, 1989. Shri Aggarwal has vast experience in the areas of Finance, Accounts and general Corporate Management.

He is also Chairman of Audit Committee, Share Transfer and shareholders/ Investors Grievance Committee & Remuneration Committee and a member of Sub-Committee of Directors, and Financial Restructuring Committee of Directors of your Company.

He does not hold any Equity Shares of the Company.

None of the Directors of the Company except Mr. Satinder Kumar Aggarwal, is in any way, concerned or interested in passing of the said resolution.

##### Item No. 3

Mr. Lalit Kumar Singhania, age 67 years is a Post Graduate. He has substantial executive experience, and has been actively involved in day to day affairs of the Company as President w.e.f. 18.07.1984, as Deputy Managing Director w.e.f. 27.09.1988 and as Whole-time Director w.e.f. 28.03.1995.

He is also a member of Share Transfer & Shareholders/Investors' Grievance Committee and Sub-committee of Directors of your Company.

He holds 140 (One Hundred Forty) Equity Shares of the Company.

None of the Directors of the Company except Mr. Lalit Kumar Singhania (himself), Mr. Deepak Singhania (his brother) & Mr. Anurag Kumar Singhania (his son) is in any way, concerned or interested in passing of the said resolution.

##### Item No. 5

Mr. Ram Kumar Srivastava, M.A., LL.B., D.LL., age 72 years, has vast experience of about 48 years in various areas of business Management. He has widely travelled and has substantial exposure especially personnel, Industrial Relationship, Management & Human Resources Development. He is actively involved in day to day affairs of the company since 15.02.1984 and was appointed as Whole-time Director with effect from 08.09.2006.

He is also Independent Director of VCCL Limited.

He does not hold any Equity Shares of the Company.

None of the Directors of the Company except Mr. Ram Kumar Srivastava, is in any way, concerned or interested in passing of the said resolution.

The Board of Directors recommends the resolution, as set out for approval of the shareholders.

The proposed resolution as set out in item no. 5 and this explanatory statement may be treated as an abstract of the terms and conditions of re-appointment & remunerations of Mr. Ram Kumar Srivastava, Whole-time Director of the company in terms of section 302 of the Companies Act, 1956.

By Order of the Board of Directors  
For LML Limited

**K C AGARWAL**

*Executive Director (Comm.) &  
Company Secretary*

Place : Gurgaon  
Dated : 27.05.2011

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## CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in enhancing confidence of its various stakeholders thereby paving the way for its long term success. At LML, we are making continuous efforts to adopt the best practices in corporate governance and we believe that the practice we are putting into place for the Company shall go beyond adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. This section along with the section on 'Management Discussion & Analysis' and 'General Shareholders Information' constitute LML's compliance with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

### II. BOARD OF DIRECTORS

#### Composition of Board

The Board of Directors along with its Committees provides

leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board of Directors of the Company consists of Executive and Non-Executive Directors. As on 31st March, 2011, the Board of Directors comprised of 10 Directors, out of which 5 (50%) were non executive and independent directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement. Two Directors are nominees of Secured Lenders namely, IFCI and EXIM Bank and one Director is Special Director appointed by BIFR. The Chairman is an Executive & Promoter Director.

None of the Director on Company's Board is a member of more than 10 committees and or Chairman of more than 5 committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the companies in which he is director.

Composition of the Board of Directors of the Company and their other Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2011, number of meetings held during their tenure and attended by them etc. are given in Table-1.

**Table - 1 : Details about Company's Board of Directors**

Name of Directors	No. of Board Meeting held during h/s/her tenure and attended		Attendance as last AGM	No. of Directorship(s) and Committee Membership(s)/ Chairmanship(s) of other public companies		
	Held	Attended		Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
<b>Executive Directors</b>						
Mr Deepak Singhania (CMD)	7	7	Yes	-	-	-
Mr Lalit Kumar Singhania	7	5	Yes	-	-	-
Mr Sanjeev Shriya	7	3	No	3	-	-
Mr A K Singhania	7	1	No	-	-	-
Mr R K Srivastava	7	2	Yes	1	-	2
<b>Non-Executive and Independent Directors</b>						
Mr S K Aggarwal	7	7	Yes	-	-	-
Mr Shiromani Sharma	7	5	Yes	2	-	2
Mrs Sangeeta Sharma [Nominee-Exim Bank]	7	6	No	2	-	-
Mr K K Shangloo [Special Director-BIFR]	7	6	Yes	-	-	-
Mr S K Bhandari [Nominee-IFCI]	7	7	No	-	-	-

#### Board/Shareholders' Meetings

During the financial year under review, seven Board Meetings were held on 6th November, 2009, 30th December, 2009, 30th January, 2010, 15th May, 2010, 14th August, 2010, 9th November, 2010 and 31st January, 2011. The maximum time-gap between any two consecutive meetings did not exceed 4 months. The last Annual General Meeting (AGM) was held on 25th March, 2010.

#### Board Procedure

As per Corporate Policy, statutory and material information is placed before the Board with a view to enable it to discharge efficiently its responsibilities in formulating the strategies and policies for the growth of the Company. The Agenda and other relevant papers are circulated prior to the scheduled dates of the meetings. The day-to-day affairs of the Company are managed by the Chairman & Managing Director and four Whole-time



Directors subject to the supervision and control of the Board of Directors. Opinions and advice of the Independent Directors are considered valuable guidance. For specific matters, the various Committees of the Directors deliberate in detail, analyze situations, information and firm up views & advise the Board on decision making & follow up actions as may be considered appropriate.

**Code of Conduct**

We at LML Limited have laid down a Code of Conduct for all Board Members and senior management of the Company. The Code of Conduct is available on the website of the Company i.e. www.lmlworld.com. The code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is attached to the Annual Report.

**III. COMMITTEES OF THE BOARD OF DIRECTORS**

**Audit Committee**

Composition of the Audit Committee meets the criteria as prescribed by law. The Committee comprises of four Directors, majority being Non-Executive & Independent and are 'financially literate' as required by Clause 49 of the Listing Agreement. Moreover, the Audit Committee has members who have accounting or related financial management expertise. It met seven times during the period 2009-11 on 6th November 2009, 30th December 2009, 30th January 2010, 15th May 2010, 14th August 2010, 9th November 2010 and 31st January 2011. The attendance of the Audit Committee Members was as under:-

Name	Category	No. of Meetings Attended
Mr S K Aggarwal	Chairman	7
Mr Shiromani Sharma	Member	5
Mr S K Bhandari	Member	7
Mr Deepak Singhania	Member	7

Mr. K C Aggarwal, Executive Director (Comml.) & Company Secretary acts as Secretary to the Audit committee. Head of the Internal Audit and Accounts Department, Statutory Auditors/Cost Auditors/Internal Auditors attended the meetings of Audit Committee.

The Audit Committee deals with the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, various audit reports, significant decisions affecting the financial statements, compliance with accounting standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. Board accepted all the recommendations of the Audit Committee.

**Share Transfer & Shareholders/ Investors' Grievance Committee**

The Share Transfer & Shareholders / Investors' Grievance Committee of the Company looks into the matters like transfer / transmission, issuance of duplicate shares, non-receipt of declared dividend etc. and investigate the investors' complaints and take necessary steps for redressal thereof.

Share Transfer & Shareholders/Investors' Grievance Committee, consisting of following Directors, met seven times on 6th November 2009, 30th December 2009, 30th January 2010, 15th May 2010, 14th August 2010, 9th November 2010 and 31st January 2011. The attendance of the Members of Share Transfer & Shareholders/Investors' Grievance Committee was as under :-

Name	Category	No. of Meetings Attended
Mr S K Aggarwal	Chairman	7
Mr Lalit Kumar Singhania	Member	5
Mr Shiromani Sharma	Member	5
Mr Deepak Singhania	Member	7

Mr K C Aggarwal, Executive Director (Commercial) & Company Secretary is also Compliance Officer of the Company.

**Financial Restructuring Committee of Directors**

The Company has constituted a Financial Restructuring Committee of Directors on 27.01.2005 to facilitate documentation and other work related to Financial Restructuring of the Company. The Financial Restructuring Committee of Directors comprises of following Directors :-

Name	Category
Mr S K Aggarwal	Member
Mr Shiromani Sharma	Member
Mr Deepak Singhania	Member
Mr Sanjeev Shriya	Member
Mr A K Singhania	Member

The Committee did not meet during the financial year 2009-11.

**Remuneration Committee**

Remuneration Committee of the Board of Directors recommends/ reviews the remuneration package of Managing Director & Whole-time Directors. The Remuneration Committee comprises of three Directors, all being Independent Director. It met once during the period 2009-11 i.e. on 30th December, 2009. The attendance of the Remuneration Committee Member was as under:—

Name	Category	No. of Meetings attended
Mr S K Aggarwal	Chairman	1
Mr Shiromani Sharma	Member	1
Mr S K Bhandari	Member	1

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- Sub-Committee of Directors**

The Company has a Sub-Committee of Directors of the Board for taking on record the un-audited financial results of the Company and to do all other acts, deeds and things in terms of clause 41 of the Listing Agreement in the situation, where Board Meeting is not held for the purpose. The Sub-Committee of Directors comprises of following Directors :-

Name	Category
Mr S K Aggarwal	Member
Mr Lalit Kumar Singhania	Member
Mr Sanjeev Shriya	Member
Mr Deepak Singhania	Member

Since the un-audited financial results were considered by the Board of Directors in their meetings, the sub-Committee did not meet during the financial year 2009-11.

### Directors' Remuneration

The details of remuneration paid/payable to the Directors during the year were as under :

Name	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr K K Shangloo	-	6,000	6,000
Mr. S K Bhandari		15,000	15,000
Ms Sangeeta Sharma	-	6,000	6,000
Mr S K Aggarwal	-	22,000	22,000
Mr Shiromani Sharma	-	16,000	16,000
Mr Lalit Kumar Singhania	4,87,894	-	4,87,894
Mr Sanjeev Shriya *	29,19,085	-	29,19,085
Mr Deepak Singhania	34,61,505	-	34,61,505
Mr. A.K. Singhania	16,00,064	-	16,00,064
Mr. R.K. Srivastava **	15,90,101	-	15,90,101

\* Includes Rs. 5,03,219 for the period 16.07.2009 to 30.09.2009.

\*\* A loan was given to Shri R K Srivastava as an executive of the Company, who was later appointed as a Whole-time Director of the Company w.e.f. 08.09.2006.

- Gross remuneration includes salary, perquisites & Income Tax on perquisites paid / payable by the Company.
- The Company has a policy of not advancing any loan to Directors. The Company does not have any stock option scheme.
- Managing Director & Whole-time Directors have been appointed for a period of five years. As per service rules of the Company, either party is entitled to terminate the appointment by giving not less than three months' notice in writing to the other party. There is no severance fee.

- Complaints by shareholders & their redressal during the year is as under :-**

Nature of Complaints	Received	Resolved
Non-receipt of Dividend & Annual Report	4	4
Delay in Transfer of Shares / Non-receipt of shares after Transfer	-	-
Change of Address	-	-
Debenture Interest/ Redemption	1	1
Others	2	2
Total	7	7

## IV. OTHER DISCLOSURES

- Details of last three Annual General Meeting(s)**

Year	Venue	Date	Time	Any Special Resolution
2009	At LML Limited, C-10, Panki Indl. Estate, Site II-III, Kanpur-208022	25.03.10	11.00 AM	No
2008	At LML Limited, C-10, Panki Indl. Estate, Site II-III, Kanpur-208022	21.03.09	11.00 AM	No
2007	At LML Limited, C-10, Panki Indl. Estate, Site II-III, Kanpur-208022	28.03.08	10.00 AM	No

Whether any special resolution was put through Postal Ballot last year, details of voting pattern	No
Person who conducted the Postal Ballot exercise	N.A.
Are votes proposed to be conducted through Postal Ballot this year	No
Procedure for Postal Ballot	N.A.

### Disclosures

- None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with related parties have been disclosed in Note No. 18 of Schedule 14 to the Notes on Accounts in the Annual Report.
- There is no non-compliance of any provision of law by the Company nor any penalty / stricture imposed on the Company by Stock Exchange(s), SEBI or any other authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of the Corporate Governance, except Risk assessment and minimization procedures which are being formulated.





#### Means of Communication

Half yearly report sent to each house hold of shareholder(s)	No. However, Company is publishing the results in National & Regional Newspapers.
Reporting of Quarterly Results	Quarterly Results are published in National & Regional Newspapers.
Any web-site, where displayed	Yes. w.e.f. April, 2011 1. Company's website <a href="http://www.lmlworld.com">www.lmlworld.com</a> 2. The results are also being sent to all the Stock Exchanges, where the shares of the Company are listed, for putting, on their own web-site.
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis Report is a part of Annual Report or not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

Information relating to Directors seeking re-appointment as required under clause 49(IV)(G) of the Listing Agreement is given in the notice of Annual General Meeting.

#### V. SHAREHOLDERS INFORMATION

##### • Annual General Meeting

Day & Date	Tuesday, the 20th September, 2011
Time	11.00 A.M.
Venue	LML Limited C-10, Panki Industrial Estate, Site II-III, Kanpur – 208 022 (U.P.)

##### • Financial Calendar (tentative)

Financial Reporting for the quarter ending June, 2011	Upto 14th August, 2011
Financial Reporting for the quarter/half year ending September, 2011	Upto 14th Nov., 2011
Financial Reporting for the quarter ending December, 2011	Upto 14th Feb, 2012
Financial Reporting for the year ending March, 2012	Upto 30th May, 2012
Annual General Meeting for the year 2011-12.	End of September, 2012

##### • Dates of Book Closure

From the 13th September, 2011 to the 20th September, 2011 (both days inclusive).

##### • Dividend Payment Date

Not Applicable since Dividend not recommended/declared.

##### • The name of the Stock Exchanges on which the Equity Shares of the Company are listed as on 31st March, 2011 :

Name of Stock Exchanges	Code
Bombay Stock Exchange Limited, Mumbai (BSE)	500255
National Stock Exchange of India Ltd., Mumbai (NSE)	LML
U. P. Stock Exchange Limited Kanpur (UPSE)	L 00004

##### • Market Price Data

Monthly High & Low prices of the Equity Shares of the Company for the period 1st October, 2009 to 31st March, 2011 were as under:

(Amount in Rs.)

Month	High		Low	
	NSE	BSE	NSE	BSE
October, 2009	11.30	12.50	8.90	8.90
November, 2009	10.30	10.50	8.20	8.31
December, 2009	13.10	13.05	8.95	8.90
January, 2010	12.60	12.60	9.90	9.91
February, 2010	11.15	11.15	9.45	9.45
March, 2010	10.45	10.49	7.70	8.90
April, 2010	10.60	11.75	9.15	9.11
May, 2010	9.70	9.69	8.30	8.32
June, 2010	11.50	11.53	8.50	8.50
July, 2010	14.40	14.28	10.30	10.32
August, 2010	12.85	12.85	10.45	10.50
September, 2010	12.60	12.55	10.80	11.05
October, 2010	13.50	13.49	11.20	9.50
November, 2010	16.50	16.45	11.25	11.10
December, 2010	13.60	13.00	10.55	10.80
January, 2011	12.50	12.38	9.95	9.98
February, 2011	10.50	11.50	8.55	8.50
March, 2011	11.45	11.43	8.60	8.75

## LML LIMITED ANNUAL REPORT 2009-11

- **Share Transfer System**

The physical Share transfer work is being done in-house. Share Transfers in physical form are registered, if documents are clear in all respect and duly transferred Share Certificates are returned to the registered holders within the maximum time limit i.e. 30 days. The Share Transfer and Shareholders/Investors' Grievance Committee meets frequently to approve transfer of Shares above 10000 Nos. under one transfer deed. Each of the Committee Member is severally authorised to approve transfers upto 10,000 shares under one transfer deed. Company Secretary and Senior Manager (Secretarial/shares) / Officers of the Company have been authorised to approve transfer up to 5000/100 shares respectively under one transfer deed.

- **Dematerialisation of shares and liquidity**

SEBI vide its Circular No. SMDRP/Policy/CIR-01/2000 dated 06th January, 2000 has notified that trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 17th January, 2000 and pursuant to SEBI circular No D&CC/FITTC/CIR-15/2002 dated 27/02/2002, and work related to share registry in terms of both physical and electronic should be maintained at a single point. Company has established Electronic Connectivity with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL), which are working successfully. All requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National

Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) within the stipulated time, up to 31st March, 2011, 83.94% equity shares of the Company has been dematerialized.

**Other details are as under :**

- Approximate time taken by Company for share transfer if the Documents are clear in all respects : 15 days
- Demat ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE862A01015
- Total no. of shares dematerialised upto 31.03.2011 : 68815752
- Total no. of shares rematerialised upto 31.03.2011 : 14874
- Total No. of shares transferred during 2009-11 (physical) [01-10-2009 to 31-03-2011] : 24399
- No. of shares pending for transfer as on 31.03.2011 : NIL
- No. of shares pending for dematerialisation /confirmation as on 31.03.2011 : NIL

- **Shareholding Pattern as on 31.03.2011**

Sl. No.	Category	No. of Shareholders	%	No. of Equity Shares	%
1.	Resident Individuals	202451	99.14	45925520	56.02
2.	Indian Companies	1156	0.57	8739823	10.66
3.	FIs/Mutual Funds/Banks	50	0.02	1325337	1.62
4.	Indian Promoters/ Directors & their relatives	31	0.02	21786671	26.57
5.	NRIs/OCBs/FIIs/FCs	315	0.15	3101208	3.78
6.	Clearing House(s) / Members	212	0.10	1105761	1.35
	<b>TOTAL</b>	<b>204215</b>	<b>100.00</b>	<b>81984320</b>	<b>100.00</b>

- **Distribution of Shareholding as on 31.03.2011**

Sl. No.	No. of shares held	No. of Shareholders	%	No. of Equity Shares	%
1.	1-499	181255	88.75	9914282	12.09
2.	500-999	10678	5.23	6117039	7.46
3.	1000-4999	10754	5.27	16953913	20.68
4.	5000-9999	897	0.44	5476898	6.68
5.	10000 & Above	631	0.31	43522188	53.09
	<b>TOTAL</b>	<b>204215</b>	<b>100.00</b>	<b>81984320</b>	<b>100.00</b>



- **Outstanding GDRs/ADRs/FCCBs/Warrants or any convertible instruments, conversion date and likely impact on Equity Shares.**

None.

- **Plant Locations**

Site Nos. II & III, C-10, Panki Industrial Estate, Kanpur-208 022.

- **Address of the Registrar & Share Transfer Agent for correspondence**

In-house share transfer is done by the "LML Shares Registry" registered with SEBI as Category II Share Transfer Agent vide Registration No. INR000001666 valid up to 15.11.2012.

**LML Shares Registry**

(A Division of LML Limited)

C-10, Panki Industrial Estate, Site-II,

Kanpur – 208 022 (U.P.)

Phone No. : (0512) 6660300

Fax No. : (0512) 6660301

E-mail : investor.grievances@lml.co.in

Website : www.lmlworld.com

**Declaration by the Chairman & Managing Director under Clause 49(1D):**

"Pursuant to clause 49(1D)(ii) of the Listing Agreement with Stock

Exchanges, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the respective provisions of Code of Conduct of the Company for the year ended 31st March, 2011."

**Deepak Singhania**  
*Chairman & Managing Director*

- **CEO and CFO Certification**

The Chairman and Managing Director and the Executive Director (Comml.) & Company Secretary of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The Chairman and Managing Director and the Executive Director (Comml.) & Company Secretary of the Company also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement with Stock Exchanges.

- **CERTIFICATION BY THE AUDITORS**

As required under clause 49 V of the Listing Agreement, the Statutory Auditors of the Company have verified the compliance of the Corporate Governance by the Company. Their report is annexed hereinafter.

### **Auditors' Certificate on Corporate Governance**

To,  
The Members of  
LML Limited

1. We have examined the compliance of conditions of Corporate Governance by LML Limited (the company), for the period ended on 31st March 2011 (18 Months), as stipulated in Clause 49 of the Listing Agreement of the said Company with various Stock Exchanges (hereinafter referred to as "the Agreement").
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and based on our view and to the best of our information and according to the explanations given to us and *subject to pending Risk Assessment and Minimization Procedure*, we certify that the conditions of Corporate Governance as stipulated in the Clause 49 of the Agreement have been complied with in all material aspects by the Company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the record maintained by the Company and noted by the Board of Directors/Share Transfer and Shareholders/Investors' Grievance Committee, there were no investor grievance remaining unattended/ pending for more than 30 days as at 31st March, 2011 against the Company except in cases which are constrained by dispute and legal impediments.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

**For KHANDELWAL JAIN & Co.**

*Chartered Accountants*  
(FRN 105049W)

**AKASH SHINGHAL**

*Partner*  
(M. No. 103490)

**For PARIKH & JAIN**

*Chartered Accountants*  
(FRN 001105C)

**A K JAIN**

*Partner*  
(M. No. 071253)

Place : Gurgaon  
Dated : 27.05.2011

# LML LIMITED ANNUAL REPORT 2009-11

## DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure in presenting the Thirty Fifth Annual Report together with audited Statement of Accounts for the eighteen months period ended 31st March, 2011.

This report also includes Management Discussion & Analysis (MD&A) as it has been considered appropriate to do so, in order to avoid duplication & overlap between Directors' Report and a separate MD&A.

### 1. Working Results

(Rs. in crores unless otherwise stated)

Particulars	Period ended	Year ended
	31.03.2011 (18 Months)	30.09.2009 (12 Months)
Gross Sales and Other Income	389.13	173.96
Profit before Interest, Depreciation, Exceptional Items & Taxation	0.45	4.55
Interest	44.08	25.35
Cash Loss	43.63	20.80
Depreciation & Amortisations	24.65	17.49
Loss before Taxation	68.28	38.29
Provision for Taxation :		
- Current Tax (FBT)	-	0.16
Exceptional Items	31.26	13.17
Net Loss	99.54	51.62
Production (Nos.)	99675	46300
Sales (Nos.)	98773	43798

Directors regret their inability, in view of the losses, to recommend any dividend for the period.

### 2. Operations

Members are aware of the difficulties and problems which the Company has been facing for the last few years. The restructuring of the Company could not get completed when the Company in 2005, in spite of best efforts, was unable to obtain, unexpectedly, fresh working capital facilities of Rs 80 crores which had an adverse and cascading effect on the Company and it could not take various actions including but not limited to introduction of new range of vehicles, reduction in costs, lowering of breakeven point etc. The resultant situation led to increase in losses, erosion of liquidity and since the Company's net worth became negative, it filed reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) where it is registered and declared as a sick industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

Pursuant to the restart of operations in April 2007 the Company is working proactively for its turnaround and has submitted its revival scheme to BIFR. The Company has taken several measures and actions including but not limited to those in areas of cost reduction, product development, brand building and exports. The Company has emerged as the largest exporter of scooters

in the country and also launched its scooters in select locations in the domestic market.

The Directors are pleased to state that the new 4-stroke scooter developed by the Company is getting good response in the export and domestic markets where it has been launched. The Company is taking steps for increasing its penetration in the markets and expects, barring unforeseen circumstances, to be able to launch its vehicles in other locations in a phased way. Work in respect of other new products including 4-stroke, gearless scooter, motorcycles, light 3-wheeler for cargo application, vehicles powered by alternate fuel like LPG/CNG and or technologies like fuel injection is progressing.

Export and Domestic sales performance of your Company was as follows :

Particulars	Period ended	Year ended
	31.03.2011 (18 Months) (Nos.)	30.09.2009 (12 Months) (Nos.)
Scooters - Export	57774	26554
- Domestic	40999	17244
	98773	43798

### 3. Exports

Exports were 57774 vehicles during the period, (annualized 38516 vehicles) under report as against 26554 units during the previous year (12 Months). Company's exports are made to many countries including USA, countries in the European Union, Africa, Latin America, Asia etc.

### 4. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 period and of the losses of the Company for that period;
- that they 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;
- that they have prepared the annual accounts on a going concern basis.

### 5. Corporate Governance

As required under Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed. A certificate from the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is attached to Annual Report. The Chairman & Managing Director and Executive Director (Comml.) & Company Secretary of the Company have given necessary Certificate to the Board in terms of Clause 49 (V) of the Listing Agreement with Stock Exchange(s) for the financial year ended 31st March, 2011.



## 6. Management Discussion And Analysis

### (a) Macro-economic Developments and overall review

During the immediate past three years, the Indian economy has been severely buffeted by, but has successfully withstood, two shocks in rapid succession (a) adverse situations in world economies (finance and trade) with the onset of the global financial crisis in 2007-09 whose ripple effects continued into 2009-10 and persisted into 2010-11 (with fiscal stresses in Europe); and (b) domestically, following a year of negative growth in agriculture and allied sectors in 2008-09, erratic monsoons which resulted in drought in 2009-10 and inclement weather conditions affecting the winter crop in 2010-11.

In spite of this, the Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007-09. Growth rate has been around 8.6% in 2010-11 and due to inflationary pressures is expected to be around 8% in the current fiscal year. The growth has been broad based with a resurging agriculture sector which is expected to grow around 5.4%. The manufacturing sector registered a growth rate of 9.1% in 2010-11. Within the manufacturing sector, the capital goods segment has been the main driver of the growth. The industrial output growth has been largely driven by few sectors such as automotive along with revival in cotton textiles, leather, food products, and metal products.

The medium to long run prospect of the economy, including the industrial sector, continues to be positive. Though

downside risks of global events, particularly movement in prices of commodities like crude oil (effected by socio-political situation in the Middle East) and inflationary pressures remain a matter of concern, the Indian economy is poised to further improve and consolidate in terms of key macroeconomic indicators.

### (b) Two wheeler Industry in India.

Financial Year 2010 was an excellent year for the auto industry as demand zoomed. Strong growth was seen across segments – commercial, two-wheelers, three-wheelers and passenger vehicles. This buoyancy continued in F.Y. 2011 too. This was led by healthy demand across both urban and rural areas, and the growth was witnessed across product segments.

The scooter segment grew by 52% and motorcycle and mopeds by 36.1% and 34.7% respectively. Although growth has been robust during the past two years, whether this can be sustained going forward remains a challenge. Due to inflationary pressures in the country, Reserve Bank of India (RBI) has had to raise interest rates several times in F.Y. 2011 and again in April, 2011. This will translate into higher interest costs and could dampen demand. Further rising input costs are also likely to affect the industry as operating margins will come under pressure. The performance of the Indian auto industry is dependent on the growth of the economy and as long as India's GDP growth story remains intact, auto companies are expected to do well.

#### Domestic

Industries Structure	2009-11 (Oct. 2009 - Mar. 2011)				2008-09 (Oct. 2008 - Sept. - 2009)		
	Sales in mn.	Annualised	Growth %	Category share %	Sales in mn.	Growth %	Category share %
Scooters	2.86	1.90	52.00	17.14	1.25	14.68	15.57
Motorcycles	12.84	8.56	36.10	76.93	6.29	2.61	78.33
Mopeds	0.99	0.66	34.70	5.93	0.49	13.95	6.10
<b>Total</b>	<b>16.69</b>	<b>11.12</b>	<b>38.50</b>	<b>100.00</b>	<b>8.03</b>	<b>4.97</b>	<b>100.00</b>

#### Export

Industries Structure	2009-11 (Oct. 2009 - Mar. 2011)				2008-09 (Oct. 2008 - Sept. - 2009)		
	Sales in mn.	Annualised	Growth %	Category share %	Sales in mn.	Growth %	Category share %
Scooters	0.54	0.36	1100	20.38	0.03	50.00	3.00
Motorcycles	2.09	1.39	43.3	78.87	0.97	7.78	97.00
Mopeds	0.02	0.01	100	0.75	-	-100.00	-
<b>Total</b>	<b>2.65</b>	<b>1.76</b>	<b>76</b>	<b>100.00</b>	<b>1.00</b>	<b>7.53</b>	<b>100.00</b>

Further, from the pattern which seems to be emerging in the market and also based on views of experts there seems to be a shift in consumer preference from motorcycles to scooters on account of various reasons including but not limited to safety and convenience and this could lead to redefining and realigning of the market.

### (c) Company Performance

Pursuant to the restart, the Company has been able to achieve a commendable performance seen in the light of severe difficulties and problems it has faced and is work-

ing on its revival plan for both domestic and export markets.

### (d) Opportunities and Threats

LML stands for the highest standards of technical expertise, product innovation and has one of the finest R & D capabilities, particularly relating to designing, rapid prototyping, CAD CAM, tooling and production. It is harnessing these strengths and its vast experience in the two-wheeler business to create a healthy and aggressive business strategy for its revival and turnaround. The Company is per-

## LML LIMITED ANNUAL REPORT 2009-11

- haps the first in the world to obtain Euro III certification for its 2-stroke vehicles and subsequent to restart it has also received the upgraded ISO 9001-2008 certification from DNV.
- (e) **Outlook**  
As stated elsewhere in this report the Company has been working for its revival including development of new products having state of the art technology like fuel injection, 4-stroke technology and use of alternate fuels like CNG/ LPG.
- (f) **Performance Review**  
Due to various reasons and problems the Company could not leverage its rich technological strengths during the year under review and the sales volume could only be increased from 43798 units in financial year 2008-09 (12 months) to 98773 units in 2009-11 (18 months) (annualized 65848 units).
- (g) **Financial Review :**  
Revenues : Gross Sales during the period amounted to Rs. 359.98 crores as compared to Rs. 161.62 crores in the previous year.  
**Operating losses** – The Company took various actions to reduce costs pursuant to the restart in April '07. The Company reported a net operating Profit of Rs 0.45 crores as compared to net operating profit of Rs. 4.55 crores in the previous year.  
**Interest** – Interest was Rs 44.08 crores as compared to Rs. 25.35 crores in the previous year.  
**Depreciation & Amortisation** – Depreciation and Amortisation for the year was at Rs. 24.65 crores as compared to Rs. 17.49 crores in the previous year.  
**Impairment** - As required under AS-28, Company has provided for Impairment of Assets for Rs. 4.35 crores.  
**Exceptional Item** - Company has written off loans & advances to the extent of Rs. 13.59 crores and also made provision for loans & advances, doubtful of recovery Rs. 13.32 crores.  
**Loss before tax** - The Company reported a loss before tax and exceptional items of Rs 68.28 crores as compared to Rs. 38.29 crores in the previous year.  
**Share Capital** – Company's Paid-up Equity Share Capital is Rs. 81,98,43,200/- as on 31.03.2011.
- (i) **Cautionary Statement**  
The MD&A, detailing the Company's objectives and expectations, may contain 'forward looking statements' within the meaning of applicable securities laws and regulations. The actual results may differ materially from those expressed or implied, depending upon changes in global and Indian demand-supply conditions as well as changes in government regulations, tax regimes, economic and market developments, movements.
7. **Directorate**  
Mr Satinder Kumar Aggarwal and Mr Lalit Kumar Singhania retire by rotation and, being eligible, offer themselves for re-appointment.  
Directors recommend their reappointment as Director of the Company.  
Mr. C P Ravindranath has been appointed as Nominee Director
- on the Board of the Company by EXIM Bank in place of Mrs. Sangeeta Sharma w.e.f. 21.04.2011.
8. **Personnel**  
The workmen of the Company had resorted to an illegal strike and with a view to preserve life and property the Company had to declare a lockout on 7th March 2006. Pursuant to signing of the Tripartite Agreement between the Company and the registered and recognized trade union – Lohia Machines (LML) Karmchari Sangh and Labour Department of Government of Uttar Pradesh, the strike by workmen was withdrawn and the lockout was subsequently lifted and operations restarted. The Company had 3034 employees as on 31.03.2011. None of the employee was in receipt of remuneration of Rs. 60.00 Lacs or more per annum throughout the year or Rs. 5.00 Lacs per month for the part of year.
9. **Audits & Auditors**  
M/s. Khandelwal Jain & Co. and M/s. Parikh & Jain, Statutory Auditors of the Company, are retiring at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.  
In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory and do not call for any further comments.  
Pursuant to Section 233 B of the Companies Act, 1956 and as per requirements of the Central Government, audit of Cost Accounts, relating to motor vehicles was carried out for the Financial Year 2008-09. Subject to approval of Central Government M/s. J K Kabra & Co., Cost Accountants, have been re-appointed for the F.Y. 2009-11.  
Company has to appoint Cost Auditor within 90 days from the date of commencement of each Financial Year. Subject to approval of Central Government, M/s J K Kabra & Co., Cost Accountants have been re-appointed for the F.Y. 2011-12.
10. **Conservation of Energy**  
Company continued to envisage and implement energy conservation measures in various manufacturing operations leading to savings of quantitative consumption of power, fuel and oil etc. Energy conservation during the year (18 months) under various heads resulted into an estimated saving of Rs. 1.76 lacs (previous period Rs. 1.31 lacs (12 months)).
11. **Pollution Control**  
Relevant and necessary effluent treatment plants and other measures for control of water, air and environmental pollution are in place and steps have been taken to further strengthen and consolidate pollution control measures. 'No Objection Certificates' from the U.P. Pollution Control Board are obtained from time to time.
12. **Technology Absorption**  
Requisite information in prescribed form is given in Annexure-A to this report.
13. **Foreign Exchange Earnings and Outgo**  
Your Company earned during the period (18 months) Foreign Exchange of Rs 187.72 crores (previous year - Rs. 95.98 crores (12 months)). Foreign Exchange outgo during the period (18 months) amounted to Rs. 15.48 crores (previous year - Rs. 6.39 crores (12 months)).



**14. Stock Exchange Listing**

The Equity Shares of the Company are listed on the following Stock Exchanges :-

- (i) U.P. Stock Exchange Ltd., Kanpur.
- (ii) The Bombay Stock Exchange Limited, Mumbai.
- (iii) National Stock Exchange of India Ltd., Mumbai.

The Company confirms that it has paid the annual listing fee to the above Stock Exchanges.

**15. Depository System**

SEBI vide its Circular No. SMDRP/Policy/CIR-01/2000 dated 6th January, 2000 notified that trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 17th January, 2000. Requests received for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipu-

lated time. As on 31st March, 2011, 83.94% equity shares of the Company have been dematerialized.

**16. Acknowledgement**

Your Directors take this opportunity to appreciate deeply the valuable co-operation extended by the Central and State Government authorities and are extremely grateful to the Financial Institutions and Banks for their continued assistance, guidance and support. Your Directors are also grateful to all stake-holders, including Customers, Shareholders, Employees, Vendors, Dealers / Sub-dealers, and the general public for their support and confidence reposed in the Management.

For and on behalf of Board of Directors  
For LML Limited

**DEEPAK SINGHANIA**

*Chairman & Managing Director*

Place : Gurgaon  
Dated : 27.05.2011

**ANNEXURE-A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

**A. Research & Development (R & D)**

**1. Specific areas in which R & D carried out by the Company**

- 1.1 Design of 151cc, 4 Stroke engine
- 1.2 Design of high Power 125cc, 4Stroke engine
- 1.3 Design of 125cc, 4 Stroke Variomatic engine & vehicle.
- 1.4 Design of 50cc Variomatic engine.
- 1.5 Design of 4 stroke motorcycle

**2. Benefits derived as a result of the above R & D**

Successfully developed & producing a range of 4-stroke geared scooters in 125cc, 150cc & 151cc category. These scooters comply with the latest environmental norms of various countries.

**3. Future plan of action**

- 3.1 Development & industrialization of Variomatic 4-Stroke engines.
- 3.2 Industrialization of fuel injection vehicles
- 3.3 Industrialization of 4-stroke Motorcycles
- 3.4 Design of electric vehicles
- 3.5 Design of hybrid vehicles
- 3.6 Design and development of light 3-wheeler for cargo applications
- 3.7 Industrialization of vehicles using alternate fuels (LPG / CNG)

**4. Expenditure on R & D**

	Rs. in lakhs
(a) Capital	-
(b) Recurring	410.07
(c) Total	410.07
(d) Total R&D expenditure as a percentage of total turnover	1.14%

**B. Technology Absorption, Adaptation and Innovation**

**1. Efforts, in brief, made towards technology absorption, adaptation and Innovation**

- 1.1 Application of Rapid Prototyping technology for quick & cost effective validation of designs resulting in faster industrialization of new products.
- 1.2 Use of simulation technology for combustion optimization of new engines for superior performance in terms of fuel economy & emission.
- 1.3 Computer Simulation of Vehicle Structural Components, Linkage Analysis and Stress Analysis.
- 1.4 Testing of different vehicle components on test rigs and durability validation.

**2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution etc.**

Substantive improvement in the product reliability and repeatability.

**3. Technology imported**

Engineering data and process for engines and vehicles.

**4. If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action.**

Variomatic scooter configuration will be optimized.

For and on behalf of Board of Directors  
For LML Limited

**DEEPAK SINGHANIA**

*Chairman & Managing Director*

Place : Gurgaon  
Dated : 27.05.2011

# LML LIMITED ANNUAL REPORT 2009-11

## AUDITORS' REPORT

To  
The Members  
LML Limited

1. We have audited the attached Balance Sheet of M/s LML Limited (the Company) as at 31st March, 2011, the Profit and Loss account and Cash Flow Statement of the Company for the period ended on that date, both annexed thereto, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. *As mentioned in note no.4 of Schedule 14, the balances of some of the sundry debtors, creditors, lenders and loans and advances are subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the period.*
  - b. *As mentioned stated in note no. 5 of Schedule 14, the Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in the Companies (Accounting Standards) Rules, 2006. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan. Since the realizable value as on 31st March, 2011 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statements for the period.*
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account
- c. *As mentioned in note no. 9 of Schedule 14, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities have also exceeded its current assets by Rs. 24676.63 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and has already submitted the draft revival scheme, considering this the accounts have been prepared on a going concern basis. The Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.*
- d. *As mentioned in note no.11 of Schedule 14, interest is provided on outstanding amount due to Banks / Financial Institutions (Secured Lenders) at the rate specified for the period amounting to Rs. 2590.73 lakhs as per Multi-partite Agreement (MPA) executed by the Company with the Secured Lenders. MPA provides different rates of interest for different periods as per schedule given therein with Yield to maturity (YTM) rate of 6.5%. As compared to the YTM rate, there is an excess provision of interest of Rs. 239.20 lakhs for the period, whereby the loss for the period is higher by the said amount. Upto 31st March, 2011 there is cumulative short provision of Rs 125.34 lakhs on the basis of YTM and accumulated losses are lower by said amount.*
- e. *As mentioned in note no. 17 of Schedule 14, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the Company. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the period. The consequential effect of sub Para (a), (b), (c) and (e) above on assets and liabilities as at 31st March, 2011 and loss for the period ended 31st March, 2011 are not ascertainable. Had the effect of above as stated in sub-para (d) have been given, the loss for the period would have been lower by Rs 239.20 lakhs, assets and liabilities and debit balance in the profit & loss account would have been higher by Rs. 125.34 lakhs.*





and Cash Flow Statement dealt with by this report comply with the Accounting Standards (AS) referred to in sub section (3C) of Section 211 of the Companies Act, 1956 *except non compliance of AS 2 – Valuation of Inventories (Refer para 4(b) above).*

- e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Director is prima-facie disqualified as on above date from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) *Subject to our remarks in para 4 above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and significant accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For **KHANDELWAL JAIN & CO.**  
*Chartered Accountants*  
Firm Regn. No. 105049W

**AKASH SHINGHAL**  
*Partner*  
(M. No. 103490)

Place : Gurgaon  
Dated : 27th May, 2011

For **PARIKH & JAIN**  
*Chartered Accountants*  
Firm Regn. No. 001105C

**A K JAIN**  
*Partner*  
(M. No. 071253)

## LML LIMITED ANNUAL REPORT 2009-11

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date on the Accounts of LML Limited for the year ended 31st March, 2011).

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, *however these records are in process of updation.*
- (b) As per the information and explanations given to us, the Company has formulated a programme of physical verification to cover all major categories of fixed assets over a period of three years. Accordingly some categories of the fixed assets have been physically verified during the period and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the period, the Company has not disposed off substantial part of the fixed assets. However, at the period end the management has determined the impairment loss on certain fixed assets amounting to Rs. 435.37 lacs.
2. (a) The physical verification of inventories in Company's custody was conducted by the management, wherever practicable, during or at the end of the period, in our opinion, is fairly reasonable. *In case of materials lying with other parties are subject to confirmations.*
- (b) The procedure of physical verification of inventories followed by the management is, in our opinion, reasonable in relation to the size of the Company and the nature of its business. As explained to us, *Company is in process of restructuring/revival of its business under the aegis of BIFR which, inter alia, includes finalization of the product plan. The process of possible utilization of slow/non-moving items of inventory will be undertaken upon finalization of the product plan and restructuring/revival plan. The requisite accounting effect, if any, will be given upon such ascertainment / determination and approval of revival plan.*
- (c) The Company is maintaining proper records of inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
3. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, Clause 3 (b), (c) & (d) of the said order were not applicable.
- (b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 3 (f) and (g) of the said Order is not applicable.
4. In our opinion and according to information and explanations given to us, there are adequate internal control procedures which are fairly commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the period, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4 (v)(b) of the said Order is not applicable.
6. The Company has not accepted or renewed any deposit during the period from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion and in accordance with the information and explanations provided by the management, the Company has an internal audit system which is fairly commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company under section 209(1)(d) of the Companies Act, 1956 for the period under review and are of the opinion that prima facie the prescribed accounts and records have been made and maintained for the two-wheeler unit. We have, however not made a detail examination of the same.
9. (a) *According to the information and explanations given to us and the records examined by us, undisputed statutory dues including, income tax, sales tax, employees state insurance, provident fund, fringe benefit tax and other statutory dues applicable to it have not been regularly deposited with the appropriate authorities and there have been delays in a number of cases. According to information and explanations given to us, undisputed arrears of statutory dues outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable, are as under :-*

Sl. No.	Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)
1)	Provident Fund	Employer's Contribution	142.71
		Employees' Contribution	42.34
2)	Sales Tax		1072.73
3)	Employees' State Insurance		23.52
4)	Income Tax Act	Income Tax Deducted at Source	135.36
		Income Tax Collected at Source	1.43
5)	FBT	FBT including interest	269.81
6)	Professional Tax		0.59

(b) Details of statutory dues not deposited on account of dispute(s) are as under :

Sl. No	Name of the Statute	Nature of Dues	Amount (Rs.in Lakhs)	Period	Forum Where Pending
1	The Central Excise Act, 1944	Modvat credit, Duty on off-cuts or Inputs, Valuation, Classification & Cenval	414.00	1989-90 to 2006-07	Commissioner Appeal, Tribunal (Cestat), Supreme Court
2	Central Sales Tax Act, 1956, Local Sales Tax Act & Local Entry Tax Act	Non- submission of declaration forms, Entry tax, Penalty, Interest, Stock transfer and Other issues	12221.72	1989-90 to 2006-07	Appellate Authority, Tribunal, High Court
3	Customs Act, 1962	(i) Duty dispute	12.16	2001-02	Supreme Court
		(ii) Valuation & Concession	12.69	1986-87 & 1994-95	Assistant Commissioner
4	Income-Tax Act, 1961	Disallowances disputed in ITAT	3470.16	A.Y. 1997-98 to 2000-01	ITAT
		Disallowances disputed in High Court	218.24	A.Y. 1996-97	High Court

10. *The accumulated losses of the Company as at 31st March, 2011 are more than fifty percent of its net worth at the end of the financial period. The Company has incurred cash losses during the financial period and also in the immediately preceding financial year.*
11. *The Company has executed a Multi-Partite Agreement with Banks and Financial Institutions (Secured Lenders) on March 28, 2005. Based on our audit procedures and the information and explanations given to us, the Company is in default in respect to the payments to the Secured Lenders as given below.*

Nature of the Dues	Period of Default	Amount Involved(Rs.)
Principal	More than 18 months	454216391
Interest	More than 18 months	323352425
Principal	Dec-09	42921639
Interest	Dec-09	39643217
Principal	Mar-10	42921639
Interest	Mar-10	40267873
Principal	Jun-10	42921639
Interest	Jun-10	42237743
Principal	Sep-10	42921639
Interest	Sep-10	44303137
Principal	Dec-10	42921639
Interest	Dec-10	45969455
Principal	Mar-11	42921639
Interest	Mar-11	46651571

*The Company is also in Default in the payments of Interest to Foreign Currency Convertible Bonds holders :*

Period of Default	Amount Involved (Rs.)
More than 18 months	13969700

12. Based on our examination of records and information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi/mutual benefit fund/society.
14. In our opinion, and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
15. Based on our examination of records and information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our examination of the records and information and explanations given to us, no fresh term loan has been obtained by the Company during the period.
17. As per the information and explanations given to us and on an overall examination of the Balance Sheet of Company, we report that the Company has not used funds raised during the period on short-term basis for long term investment (application).
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by public issue during the period covered by our report.
21. Based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company was noticed or reported during the course of our audit.

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants  
Firm Regn. No. 105049W

For **PARIKH & JAIN**  
Chartered Accountants  
Firm Regn. No. 001105C

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)

**A K JAIN**  
Partner  
(M. No. 071253)

Place : Gurgaon  
Dated : 27th May, 2011

## LML LIMITED ANNUAL REPORT 2009-11

### BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule	As at 31.03.2011 Rs.in lakhs	As at 30.09.2009 Rs.in lakhs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital .....	1	20040.95	20040.95
Reserves and Surplus .....	2	15107.68	15107.68
		<u>35148.63</u>	<u>35148.63</u>
<b>Loan Funds</b>			
Secured Loans .....	3	16392.40	13797.66
Unsecured Loans .....	3	1311.72	1201.57
		<u>17704.12</u>	<u>14999.23</u>
		<u>52852.75</u>	<u>50147.86</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets .....	4		
Gross Block .....		51788.79	51544.07
Less : Depreciation, Amortisation & Impairment .....		41222.62	38435.23
Net Block .....		10566.17	13108.84
Capital Work-in-Progress .....		285.03	504.14
		<u>10851.20</u>	<u>13612.98</u>
Investments .....	5	0.94	0.94
Current Assets, Loans and Advances .....	6	14358.79	16268.77
Less : Current Liabilities and Provisions .....	7		
Current Liabilities .....		37582.83	35577.51
Provisions .....		1452.57	880.87
		<u>39035.40</u>	<u>36458.38</u>
Net Current Assets .....		(24676.61)	(20189.61)
Profit and Loss Account .....		67645.98	57692.31
Less : Reserve and Surplus per Contra .....		968.76	968.76
		<u>66677.22</u>	<u>56723.55</u>
		<u>52852.75</u>	<u>50147.86</u>
Notes on Accounts .....	14		

Schedules 1 to 7 and 14 form an integral part of the Balance Sheet

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**  
FRN - 105049W  
Chartered Accountants

For **PARIKH & JAIN**  
FRN - 001105C  
Chartered Accountants

**DEEPAK SINGHANIA**  
Chairman & Managing Director

**L K SINGHANIA**  
Whole-time Director

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)

**A K JAIN**  
Partner  
(M. No. 071253)

**K C AGARWAL**  
Executive Director (Commercial)  
& Company Secretary

**MAHESH KANODIA**  
Vice President (Accounts)

Place : Gurgaon  
Date : 27.05.2011

**R K CHADHA**  
Divisional Manager  
(Accounts)



**PROFIT AND LOSS ACCOUNT FOR 18 MONTHS PERIOD ENDED 31st MARCH, 2011**

Particulars	Schedule	Period ended 31.03.2011 Rs. in lakhs	Year ended 30.09.2009 Rs. in lakhs
<b>INCOME</b>			
Gross Sales .....		<b>35998.38</b>	16161.81
Less : Excise Duty .....		<b>1492.54</b>	548.78
Net Sales .....		<b>34505.84</b>	15613.03
Other Income .....	8	<b>2914.13</b>	1233.93
		<b>37419.97</b>	16846.96
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses .....	9	<b>27882.33</b>	12154.53
Payments to and Provisions for Employees .....	10	<b>4083.59</b>	1865.00
Administrative, Selling and Other Expenses .....	11	<b>5373.71</b>	2339.36
Finance and other Charges .....	12	<b>4439.19</b>	2562.74
Depreciation & Amortisation .....		<b>2464.89</b>	1748.92
Provision for Impairment of Fixed Assets (Refer Note 14 of Schedule 14) .....		<b>435.37</b>	-
Prior Period Adjustments (Net) .....	13	<b>3.88</b>	6.20
		<b>44682.96</b>	20676.75
Profit / (Loss) before Exceptional Items & Taxation .....		<b>(7262.99)</b>	(3829.79)
Exceptional Item .....		-	1316.55
Bad & Doubtful Debts / Loans & Advances written off ....	<b>2234.50</b>		-
Less : Provision for Bad & Doubtful Debts/Loans & Advances	<b>875.97</b>		-
		<b>1358.53</b>	-
Provision for Doubtful Debts / Loans and Advances .....		<b>1332.15</b>	-
Profit / (Loss) before Taxation .....		<b>(9953.67)</b>	(5146.34)
Provision for Taxation			
- Current Tax (FBT) .....		-	15.98
Net Loss .....		<b>(9953.67)</b>	(5162.32)
Loss as per last Balance Sheet .....		<b>(57692.31)</b>	(52529.99)
Balance carried to Balance Sheet .....		<b>(67645.98)</b>	(57692.31)
Weighted average Number of Equity Shares .....		<b>81984320</b>	80629821
Basic & Diluted Earning Per Share (Rs.) .....		<b>(12.14)</b>	(6.40)
Notes on Accounts .....	14		

Schedules 8 to 14 form an integral part of the Profit & Loss Account

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**  
FRN - 105049W  
Chartered Accountants

For **PARIKH & JAIN**  
FRN - 001105C  
Chartered Accountants

**DEEPAK SINGHANIA**  
Chairman & Managing Director

**L K SINGHANIA**  
Whole-time Director

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)

**A K JAIN**  
Partner  
(M. No. 071253)

**K C AGARWAL**  
Executive Director (Commercial)  
& Company Secretary

**MAHESH KANODIA**  
Vice President (Accounts)

Place : Gurgaon  
Date : 27.05.2011

**R K CHADHA**  
Divisional Manager  
(Accounts)

# LML LIMITED ANNUAL REPORT 2009-11

## Schedules Annexed to the Accounts

### (1) SHARE CAPITAL

Particulars	No. of Shares	As at 31.03.2011 Rs. in lakhs	No. of Shares	As at 30.09.2009 Rs. in lakhs
<b>Authorised</b>				
Equity Shares of Rs. 10 each .....	100000000	10000.00	100000000	10000.00
Cumulative/Non Cumulative Redeemable Preference Shares of Rs. 100 each .....	15000000	15000.00	15000000	15000.00
		<u>25000.00</u>		<u>25000.00</u>
<b>Issued, Subscribed and Paid-up</b>				
Equity Shares of Rs.10 each .....	81984320	8198.43	81984320	8198.43
0.001% Non cumulative Redeemable Preference Shares of Rs.100 each (Refer Note viii as given below) .....	11842519	11842.52	11842519	11842.52
		<u>20040.95</u>		<u>20040.95</u>

- Notes : (i) 460000 Equity Shares were allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.  
(ii) 5314116 Equity Shares were allotted as fully paid-up on conversion of Debentures (Series I, II & III).  
(iii) 3162000 Equity Shares were allotted as fully paid-up to Financial Institutions pursuant to the convertibility clause in the relevant Rupee Loan Agreement.  
(iv) 785423 Equity Shares were allotted to Banks & Financial Institutions on 29th March, 2005 as per terms & conditions of the Negotiated Settlement.  
(v) 11842519 Preference Shares were allotted to Banks & Financial Institutions on 29th March, 2005 as per terms & conditions of the Negotiated Settlement.  
(vi) 819723 Equity Shares were allotted to specified lenders on 16th November, 2005 as per terms & conditions of the Negotiated Settlement.  
(vii) 32223538 Equity Shares were allotted on conversion of FCCB series A & B during the period from 24.08.2005 to 31.07.2009.  
(viii) The Non cumulative Redeemable Preference Shares are redeemable in three annual instalments due on 29th March, 2015, 29th March, 2016 and 29th March, 2017.

### (2) RESERVES AND SURPLUS

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
Capital Reserve .....	3406.90	3406.90
Capital Redemption Reserve .....	2.50	2.50
Share Premium Account		
As per last Account .....	11698.28	11426.44
Addition during the year .....	–	271.84
	<u>11698.28</u>	<u>11698.28</u>
Investment Allowance Utilised		
Reserve Account .....	685.48	685.48
General Reserve .....	283.28	283.28
	<u>16076.44</u>	<u>16076.44</u>
Less : Debit balance in Profit and Loss Account per Contra	968.76	968.76
	<u>15107.68</u>	<u>15107.68</u>

## Schedules Annexed to the Accounts

### (3) LOANS

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
<b>Secured Loans</b>		
(i) Term Loans (Refer Note 11 of Schedule14)		
(a) From Banks		
State Bank of India (SBI) .....	2391.76	2391.76
Bank of India (BOI) .....	1934.46	1934.46
Corporation Bank (CB) .....	873.28	873.28
Bank of Baroda (BOB) .....	131.18	131.18
ICICI Bank Limited (ICICI) .....	304.24	304.24
Interest accrued & due on above .....	3110.07	1726.98
	<u>8744.99</u>	<u>7361.90</u>
(b) From Financial Institutions		
IFCI Limited (IFCI) .....	1881.01	1881.01
Stressed Assets Stabilization Fund (SASF) .....	1852.98	1852.98
Export-Import Bank of India (EXIM) .....	1137.92	1137.92
Industrial Investment Bank of India Limited (IIBI)	43.73	43.73
Interest accrued & due on above .....	2714.18	1506.54
	<u>7629.82</u>	<u>6422.18</u>
(ii) Hire Purchase credits .....	17.59	13.58
	<u>16392.40</u>	<u>13797.66</u>
<b>Unsecured Loans</b>		
Short Term Loans from others .....	84.38	84.38
Other Loans & Advances		
Security Deposits .....	1227.34	1117.19
	<u>1311.72</u>	<u>1201.57</u>
	<u>17704.12</u>	<u>14999.23</u>

#### Notes :

- A. (i) Term Loans from Banks and Financial Institutions included in Serial Number (i) above, except Industrial Investment Bank of India and Bank of Baroda, represent the settled amounts outstanding as on 31.03.2011 under the Negotiated Settlement reached with these Lenders. These are secured by (i) a First mortgage and charge on the immovable properties consisting of Land, Buildings, Fixed Plant and Machinery, Furniture and Fixtures of the Company existing as on 31.03.2005 (save and except Land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur) and (ii) first charge by way of hypothecation of all movable assets of the Company (save and except Stocks of Raw Materials, Components, Stores & Spares, Work-in-process, Finished Goods, Book Debts etc), including movable machinery, tools, accessories, etc., existing as on 31.03.2005, subject however, to the prior charges created in favour of (a) banks/others over certain specified equipment purchased by the Company on Hire Purchase basis, (b) SASF over the specified equipment acquired out of its erstwhile EFS Loan, (c) Exim Bank over the specified equipment acquired by the

## LML LIMITED ANNUAL REPORT 2009-11

Company out of its erstwhile Rupee Loan under PEFP, (d) IIBI over the specified equipment acquired out of its erstwhile Rupee Loan under ACS. The aforesaid first mortgage and charges rank pari-passu, inter-se, in all respects amongst the aforesaid Financial Institution/Banks. These Loans are further secured by Personal Guarantee (s) of three Directors of the Company. Equitable Mortgage on some of the properties is yet to be created.

- (ii) Term Loans against erstwhile Rupee Loan from IDBI under EFS, erstwhile Rupee Loan from Exim Bank under PEFP and erstwhile Rupee Loan from IIBI under ACS, included in Serial Number (i) represent the settled amounts outstanding as on 31.03.2011 under the Negotiated Settlement reached with these Lenders. These Loans are secured by (i) an exclusive first charge by way of hypothecation of specified equipments acquired out of the said erstwhile loans and (ii) Personal Guarantee(s) of three Directors of the Company.
- B. Amounts outstanding against erstwhile working capital facilities from SBI, BOI and BOB included in Serial Number (i) above represent the settled amounts outstanding as on 31.03.2011 under the Negotiated Settlement reached with these Banks. These Loans are secured by (i) a first charge on the land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur by way of Equitable Mortgage, ranking pari passu, inter-se, in all respects amongst these Banks and (ii) Personal Guarantee(s) of three Directors of the Company. These are further secured by a Second Charge on the immovable properties consisting of Land, Buildings, Fixed Plant and Machinery, Furniture and Fixtures of the Company existing as on 31.03.2005 (save and except Land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur). Second charge on some of the properties is yet to be created.
- C. Fixed Assets purchased under Hire Purchase arrangement are secured by hypothecation of respective assets.
- D. Instalments of Term Loans repayable within one year are Rs. 8834.36 lakhs (as at 30.09.2009 - Rs. 6259.04 lakhs).



## Schedules Annexed to the Accounts

### (4) FIXED ASSETS (Rs. in lakhs)

PARTICULARS	GROSS BLOCK		DEPRECIATION			IMPAIRMENT As At 31.03.2011	NET BLOCK		
	As at 01.10.2009	Additions during the period	Deduc- tions/ Adjust- ments	As at 31.03.2011	Up to 30.09.2009		For the period	Deduc- tions/ Adjust- ments	As At 31.03.2011
<b>OWNED ASSETS :</b>									
Land	621.40	-	-	621.40	-	-	-	621.40	621.40
Buildings	8475.01	-	-	8475.01	418.42	-	4484.81	3990.20	4408.62
Lease hold Improvement	76.42	16.51	4.36	88.57	76.42	4.36	72.06	16.51	-
Plant & Machinery	34634.53	184.99	0.40	34819.12	27469.26	1683.10	29152.17	5365.04	7165.27
Electric Installations	2707.66	0.47	-	2708.13	2288.85	155.29	2444.14	242.11	418.81
Furniture and Fixtures	862.04	7.92	-	869.96	751.35	65.46	816.81	53.00	110.69
Office Equipments	528.36	26.94	0.45	554.85	270.37	37.50	307.86	243.87	257.99
Vehicles	562.49	13.10	-	575.59	535.49	12.75	548.24	27.35	27.00
Technical Know - How	2999.16	-	-	2999.16	2911.03	88.13	2999.16	-	88.13
<b>Owned Assets-Sub Total (A)</b>	<b>51467.07</b>	<b>249.93</b>	<b>5.21</b>	<b>51711.79</b>	<b>38369.16</b>	<b>2460.65</b>	<b>40825.25</b>	<b>327.06</b>	<b>10559.48</b>
<b>LEASED ASSETS:</b>									
Vehicles	77.00	-	-	77.00	66.07	4.24	70.31	-	6.69
Leased Assets-Sub Total (B)	77.00	0.00	0.00	77.00	66.07	4.24	70.31	0.00	6.69
	51544.07	249.93	5.21	51788.79	38435.23	2464.89	40895.56	327.06	10566.17
	(51340.35)	(205.28)	(1.56)	(51544.07)	(36687.02)	(1748.92)	(38435.23)	(0.71)	(14653.33)
<b>Add : Capital Work In Progress including Advances Rs. 23.34 lakhs (Unsecured/considered good)</b>				<b>393.34</b>				<b>108.31</b>	<b>285.03</b>
<b>(As at 30.09.2009 Rs. 130.41 lakhs)</b>								<b>435.37</b>	<b>13612.98</b>
								<b>(13612.98)</b>	<b>(16492.51)</b>

**Notes :** (i) Land leasehold except Rs. 2.72 lakhs (Rs.2.72 lakhs) which is acquired on free hold basis.

(ii) Buildings include cost of Shares of Rs.0.04 lakh (Rs.0.04 lakh) in Co-operative Housing Society.

(iii) Capital Work in Progress includes Pre-operative Expenditure pending for allocation Rs. Nil lakhs (Rs. 32.57 lakhs)

(iv) Figures in brackets pertain to as at 30.09.2008.



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## Schedules Annexed to the Accounts

### (5) INVESTMENTS

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
<b>LONG TERM</b> (except otherwise stated)		
<b>Equity Shares (Fully paid-up)</b>		
<b>QUOTED</b>		
Trade		
1536000 Shares of Rs.10 each in VCCL Limited .....	<b>153.60</b>	153.60
Others		
200 Shares of Rs.10 each in Bajaj Auto Limited .....	<b>0.01</b>	0.01
(Previous year 100 Shares of Rs.10 each)		
* 100 Shares of Rs.10 each in Bajaj Finserv Limited .....	<b>0.00</b>	0.00
* 100 Shares of Rs.10 each in Bajaj Holding & Investment Limited .....	<b>0.00</b>	0.00
200 Shares of Rs.10 each in Reliance Industries Limited .....	<b>0.03</b>	0.03
(Previous year 100 Shares of Rs.10 each)		
* 100 Shares of Rs. 5 each in Reliance Communications Limited .....	<b>0.00</b>	0.00
* 109 Shares of Rs.10 each in Reliance Capital Limited .....	<b>0.00</b>	0.00
* 164 Shares of Rs.10 each in Reliance Infrastructure Limited .....	<b>0.00</b>	0.00
* 547 Shares of Rs. 10 each in Reliance Power Ltd. (Previous year .....	<b>0.00</b>	0.00
2188 Shares of Rs. 5 each in Reliance Natural Resources Ltd.)		
100 Shares of Rs.10 each in Scooters India Limited .....	<b>0.02</b>	0.02
2000 Shares of Re.1 each in TVS Motor Company Limited .....	<b>0.04</b>	0.04
(Previous year 1000 Shares of Rs. 1 each)		
100 Shares of Rs. 2 each in Hero Honda Motors Limited .....	<b>0.00</b>	0.00
100 Shares of Rs. 5 each in Infosys Technologies Limited .....	<b>0.04</b>	0.04
50 Shares of Rs.10 each in Force Motors Limited .....	<b>0.12</b>	0.12
120 Shares of Rs.10 each in Asian Paints (India) Limited .....	<b>0.17</b>	0.17
100 Shares of Rs.10 each in Eicher Motors Limited .....	<b>0.02</b>	0.02
50 Shares of Rs.10 each in Escorts Limited .....	<b>0.05</b>	0.05
100 Shares of Rs.10 each in Ginni Filaments Limited .....	<b>0.01</b>	0.01
** 50 Shares of Re.1 each in J.K. Synthetics Limited .....	<b>0.01</b>	0.01
(Previous year 100 shares of Rs. 10 each.)		
* 10 Shares of Rs.10 each in J.K. Cement Limited .....	<b>0.00</b>	0.00
100 Shares of Rs.10 each in Kalyani Forge Limited .....	<b>0.02</b>	0.02
31 Shares of Rs.5 each in ISMT Limited .....	<b>0.01</b>	0.01
50 Shares of Rs.10 each in Maharashtra Scooters Limited .....	<b>0.11</b>	0.11
100 Shares of Rs.10 each in Pal Peugeot Limited .....	<b>0.01</b>	0.01
100 Shares of Rs.10 each in Patheja Forgings & Auto Parts Mfrs. Limited .....	<b>0.02</b>	0.02
2000 Shares of Re. 1 each in Sona Koyo Steering System Limited .....	<b>0.06</b>	0.06



## Schedules Annexed to the Accounts

### (5) INVESTMENTS (Contd...)

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
500 Shares of Rs.2 each in Supreme Industries Limited ..... (Previous year 100 shares of Rs. 10 each.)	0.09	0.09
50 Shares of Rs.10 each in Whirlpool India Limited .....	0.02	0.02
100 Shares of Rs. 5 each in Ester Industries Limited .....	0.01	0.01
100 Shares of Rs.10 each in IFCI Limited .....	0.04	0.04
100 Shares of Rs.10 each in BST Limited .....	0.01	0.01
50 Shares of Rs.10 each in Kinetic Engineering Limited .....	0.10	0.10
100 Shares of Rs.10 each in Kinetic Motor Limited .....	0.13	0.13
100 Shares of Rs.10 each in BS Appliances Limited .....	0.02	0.02
200 Shares of Rs.10 each in Polyplex Corporation Limited .....	0.02	0.02
(Previous year 100 shares of Rs. 10 each.)		
50 Shares of Rs.10 each in Modi Rubber Limited .....	0.03	0.03
	<b>1.22</b>	<b>1.22</b>
<b>UNQUOTED</b>		
Trade		
800000 Shares of Rs.10 each in Trident Auto Components Private Limited	<b>80.00</b>	80.00
	<b>234.82</b>	<b>234.82</b>
Less : Provision for diminution in value of Investments	<b>233.88</b>	<b>233.88</b>
	<b>0.94</b>	<b>0.94</b>

\*Allotment of shares on account of demerger

\*\* Reduction of Share Capital

#### Notes :

- (i) Aggregate amount of Quoted Investments :
  - Cost Rs. 154.82 lakhs (As at 30.09.2009 Rs. 154.82 lakhs)
  - Market value Rs.21.95 lakhs (As at 30.09.2009 Rs.18.06 lakhs)
- (ii) Aggregate amount of Unquoted Investments :
  - Cost Rs. 80.00 lakhs (As at 30.09.2009 Rs. 80.00 lakhs)

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## Schedules Annexed to the Accounts

### (6) CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
<b>Current Assets</b>		
<b>Inventories</b>		
(Refer Note 5 of Schedule 14)		
Raw Materials and Components .....	4937.56	4850.91
Stores and Spare Parts .....	1459.82	1504.29
Loose Tools .....	806.37	797.43
Material in Transit .....	24.54	122.19
Work in Process .....	1094.65	807.29
Finished Goods .....	1600.98	1187.60
	<u>9923.92</u>	<u>9269.71</u>
<b>Sundry Debtors – Unsecured</b>		
(Refer Note 4 of Schedule 14)		
Over Six Months – Considered Good .....	19.47	459.32
– Considered Doubtful .....	380.14	235.45
– Less : Provision .....	380.14	235.45
	–	–
Other debts–considered good	240.97	83.08
	<u>260.44</u>	<u>542.40</u>
<b>Cash and Bank Balances</b>		
Cash in hand .....	77.38	83.96
Balances with scheduled banks in Indian Rupees		
In Current Account .....	1669.80	1347.04
In Margin Account .....	28.76	37.86
In Fixed Deposits .....	23.23	360.97
Interest accrued on above .....	9.47	7.50
	<u>1731.26</u>	<u>1753.37</u>
Balances with non scheduled banks in foreign currency		
With HSBC Bank plc .....	5.02	5.51
	<u>5.02</u>	<u>5.51</u>
	<u>1813.66</u>	<u>1842.84</u>
	<u>11998.02</u>	<u>11654.95</u>



## Schedules Annexed to the Accounts

### (6) CURRENT ASSETS, LOANS AND ADVANCES (Contd...)

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
<b>Loans and Advances – Unsecured</b> (Refer Note 4 of Schedule 14)		
Loans – Considered Good .....	438.47	1147.68
(Refer Note 10 of Schedule 14)		
– Considered Doubtful .....	–	19.45
– Less : Provision .....	–	19.45
	–	–
	<u>438.47</u>	<u>1147.68</u>
Deposit with Companies etc.		
– Considered Good .....	–	–
– Considered Doubtful .....	116.33	116.33
– Less : Provision .....	116.33	116.33
	–	–
	–	–
Advances recoverable in cash or in kind or for value to be received		
– Considered Good .....	1899.03	3439.28
– Considered Doubtful .....	952.01	621.07
– Less : Provision .....	952.01	621.07
	–	–
	<u>1899.03</u>	<u>3439.28</u>
With Customs and Excise Authorities .....	23.27	26.86
	<u>2360.77</u>	<u>4613.82</u>
	<u>14358.79</u>	<u>16268.77</u>

**Note :** Loans and Advances includes :

	Rs. in lakhs		Rs. in lakhs	
	Due	Maximum	Due	Maximum
Due from Officer .....	30.77	30.77	25.39	25.44
Due from one Director* .....	16.32	16.90	15.63	15.63

\* The Loan was given earlier to Shri R. K. Srivastava as an Executive of the Company. Shri R. K. Srivastava had been appointed as a Director in the year 2005-06.

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## Schedules Annexed to the Accounts

### (7) CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 31.03.2011 Rs. in lakhs	As at 30.09.2009 Rs. in lakhs
<b>Current Liabilities :</b>		
Sundry Creditors (Refer Note 4 & 17 of Schedule 14)	24944.73	23229.42
Suppliers Deferred Credit .....	4530.57	4530.57
Advance against Orders .....	2648.98	2649.03
Interest accrued but not due on above .....	5183.02	4905.19
Interest accrued but not due on loans .....	135.83	127.66
Interest accrued and due on FCCB .....	139.70	135.64
	<u>37582.83</u>	<u>35577.51</u>
<b>Provisions :</b>		
For Income Tax (FBT) .....	178.00	178.00
For Gratuity and leave encashment .....	1274.57	702.87
	<u>39035.40</u>	<u>36458.38</u>

**Note :** Sundry Creditors includes Rs. 4.70 lakhs (As at 30.09.2009 Rs. 14.49 lakhs) resulting from book overdraft.

### (8) OTHER INCOME

Particulars	Period ended 31.03.2011 (18 Months) Rs. in lakhs	Year ended 30.09.2009 (12 Months) Rs. in lakhs
Miscellaneous receipts .....	1124.23	376.85
Export benefit .....	1750.62	805.03
Credit Balances/ Provision no longer required written back .....	13.02	20.01
Income from investments		
Others – Long Term		
Dividend on Shares .....	0.47	0.17
Interest from Others .....	24.99	29.91
(Gross value including TDS Rs. 2.75 lakhs (Previous year Rs. 5.81 lakhs)		
Profit on Sale of Fixed Assets .....	0.80	1.96
	<u>2914.13</u>	<u>1233.93</u>



## Schedules Annexed to the Accounts

### (9) MANUFACTURING AND OTHER EXPENSES

Particulars	Period ended 31.03.2011 (18 Months) Rs. in lakhs	Year ended 30.09.2009 (12 Months) Rs. in lakhs
<b>Manufacturing Expenses</b>		
Raw materials and Components Consumed .....	25143.06	11044.70
Stores, Spare Parts and Dies Consumed .....	1587.12	652.70
Power and Fuel .....	1351.76	705.53
Development Expenses .....	55.36	104.79
Increase/(Decrease) in Excise Duty on uncleared Finished Goods .....	66.73	40.07
Lease Rent – Plant and Machinery .....	62.57	14.13
	<u>28266.60</u>	<u>12561.92</u>
<b>(Increase)/Decrease in Stocks</b>		
<b>Closing Stocks</b>		
– Work in Process .....	1094.65	807.29
– Finished Goods .....	1600.98	1187.60
	<u>2695.63</u>	<u>1994.89</u>
<b>Less : Opening Stock</b>		
– Work in Process .....	807.29	885.98
– Finished Goods .....	1187.60	546.75
	<u>1994.89</u>	<u>1432.73</u>
	<u>(700.74)</u>	<u>(562.16)</u>
	<u>27565.86</u>	<u>11999.76</u>
<b>Repairs and Maintenance</b>		
– Machinery .....	74.94	25.36
– Buildings .....	133.29	66.94
– Others .....	108.24	62.47
	<u>316.47</u>	<u>154.77</u>
	<u>27882.33</u>	<u>12154.53</u>
<b>(10) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus .....	3748.62	1698.04
Contribution to Provident Fund and Other Funds ...	213.24	110.62
Welfare Expenses .....	121.73	56.34
	<u>4083.59</u>	<u>1865.00</u>

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## Schedules Annexed to the Accounts

### (11) ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Particulars	Period ended 31.03.2011 (18 Months) Rs. in lakhs	Year ended 30.09.2009 (12 Months) Rs. in lakhs
Rent .....	220.30	113.74
Rates and Taxes .....	116.67	89.08
Insurance .....	63.26	29.74
Travelling, Conveyance, Car & Recruitment Expenses	1032.99	340.24
Postage, Telex and Telephones .....	142.62	85.96
Printing and Stationery .....	57.46	24.53
Directors' Sitting Fee .....	0.65	0.40
Charity and Donation .....	0.33	0.23
Statutory Audit Fee .....	13.50	8.00
Professional and Legal Charges .....	619.88	258.23
Miscellaneous Expenses .....	761.04	210.42
Advertisement, Publicity & Sales Promotion .....	671.54	528.77
Freight, Cartage and Clearing charges .....	1505.55	576.87
Rebate and Discount .....	9.69	0.62
Warranty and Service Charges .....	159.57	40.87
Difference in Exchange .....	(1.34)	31.66
	<u>5373.71</u>	<u>2339.36</u>
<b>(12) FINANCE AND OTHER CHARGES</b>		
Interest on Fixed Loans .....	2590.73	1384.00
on Bonds .....	-	5.56
on Others .....	1817.15	1145.86
Bank and Other Charges .....	31.31	27.32
	<u>4439.19</u>	<u>2562.74</u>
<b>(13) PRIOR PERIOD ADJUSTMENTS</b>		
Postage, Telex and Telephone .....	3.88	-
Selling Expenses .....	-	6.20
	<u>3.88</u>	<u>6.20</u>



## Schedules Annexed to the Accounts

### (14) NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

##### (i) System of Accounting

- (a) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.
- (b) Financial statements are based on historical cost.

##### (ii) Fixed Assets

Fixed Assets (tangible and intangible) are stated at cost of acquisition or construction less accumulated depreciation, amortization and impairment loss, if any. Cost is inclusive of duties, taxes, erection/commissioning expenses, incidental expenses and borrowing cost etc. and where applicable is net of Modvat / Cenvat benefit. From 01.10.2003 expenditure on acquisition of Intangible Assets (including Technical Know How / Engineering Fees treated as Miscellaneous Expenditure to the extent not written off or adjusted upto 30.09.2003) are classified as Fixed Assets.

##### (iii) Borrowing costs

Borrowing costs, attributable to the acquisition / construction of qualifying fixed assets are capitalized, net of income earned on temporary investments of borrowings, by applying weighted average rate for the eligible period. Other borrowing costs are charged to Profit and Loss Account.

Borrowing costs comprise of interest and other cost incurred in connection with borrowing of funds.

##### (iv) Foreign Currency Transactions

Transactions in foreign currency are accounted at exchange rates prevalent on the date(s) of transactions. Exchange differences arising on adjustment for year end settlement rates are recognized in the Profit and Loss Account. In case of forward contract, the difference between the forward rate and exchange rate on the date of transaction is recognized as income or expense over the period of the contract.

##### (v) Research and Development

Research and Development expenditure of revenue nature are charged to the Profit and Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred and depreciated in accordance with para 1(x) below.

Revenue nature are charged to the Profit and Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred and depreciated in accordance with para 1(x) below.

##### (vi) Employee Benefits

###### a) Gratuity & Leave Encashment

The Company has provided for the liability for future payment of Gratuity and for leave encashment on the basis of actuarial valuation.

###### (b) Leave travel concession and medical reimbursement to employees are accounted as and when incurred and claimed.

##### (vii) Investments

Long Term Investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current Investments are stated at lower of cost and fair value.

##### (viii) Sales

###### (a) Revenue from domestic sales is recognised upon dispatch to customers.

###### (b) Export sales are recognized upon dispatch from the customs port.

##### (ix) Export Benefits

The Company accounts for Export Benefit Entitlements under the Duty Entitlement Pass Book Scheme of the Government of India, in the year of Export Sales.

##### (x) Depreciations, Amortization and Impairment

###### (a) No amount is being written off on Leasehold land.

###### (b) Depreciation on vehicles is being provided as calculated under Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.

###### (c) On other tangible assets, depreciation is being provided proportionately on Straight Line Method at the rates indicated below :

- i) On capital expenditure incurred on leasehold improvements considering the period of lease; and

## LML LIMITED ANNUAL REPORT 2009-11

- ii) On the remaining assets at the rates specified in Schedule XIV to the Companies Act, 1956.
- (d) Intangible Assets are amortized over the estimated useful life of such assets. Technical Know How is amortized by Straight Line Method at the rate of 20% per annum over its estimated useful life of five years.
- (e) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired.

### (xi) Inventories

Inventories are valued at lower of cost and net realizable value. Cost of finished goods, work in process and factory made components include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods lying in the factory premises are valued inclusive of Excise Duty.

Cost for raw materials and components, stores and spare parts, loose tools is determined on FIFO basis. Cost of materials is arrived at after adjustment of, where applicable, Cenvat benefit availed or to be availed.

### (xii) Leases

Assets acquired under finance leases are recognized as fixed assets at the lower of the fair value at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to periods comprised in the lease term at a constant periodic rate of interest on the remaining balance of the liabilities.

(xiii) Product warranty costs are recognized based on Technical evaluation and past experience.

### (xiv) Taxation

Income tax expense/ savings comprise current tax and deferred tax charge or credit. Provision for current tax is made on the estimated taxable income at the tax rate applicable to the relevant assessment year. The deferred tax assets are recognised based on the principles of prudence.

Deferred tax asset and deferred tax liabilities are calculated by applying the rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are reviewed at each Balance Sheet date.

## 2. Contingent Liabilities

- (a) Income-tax, Sales-tax, Customs and Excise Duty matters pending in appeals etc. Rs. 16840.23 lakhs (Previous year Rs. 16831.09 lakhs) (net of Bank Guarantee of Rs 3.00 lakhs included in (b) below (Previous year Rs. 3.00 lakhs)
  - (b) Outstanding guarantees furnished by Bankers Rs. 10.64. lakhs (Previous year Rs.10.64 lakhs).
  - (c) Claims against the Company not acknowledged as debts Rs. 12919.22 lakhs (Previous year Rs. 6853.22 lakhs).
3. Unexecuted capital commitments (net of advances) Rs. 51.35 lakhs (Previous year Rs. 1160.58 lakhs).
  4. Balances of some of the sundry debtors, creditors, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management however is of the view that there will be no material adjustment in this regard.
  5. The Company is in the process of restructuring/revival of its business under the aegis of BIFR which inter alia includes finalization of the product plan. The process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan. Pending such ascertainment/ determination the management has considered the inventories except finished goods at cost of Rs. 8322.94 lakhs. Requisite accounting effect, if any, will be given upon such ascertainment/ determination and approval of revival plan.
  6. Interest in respect of Long Term Loans/Debentures/Deferred Credits (for acquisition of Fixed Assets) availed / issued during the financial years 1982-83 to 1984-85 had been capitalised for the full period of Long Term Loans/Debentures/Deferred Credits in the year of avallment/issue as per practice prevailing then. No such capitalisation has since been made. In view of such capitalisation, the charge to Profit and Loss Account on account of depreciation is higher by Rs. 9.74 lakhs (Previous Year Rs. 6.49 lakhs).



**7. Remuneration to Chairman & Managing Director and Whole-time Directors**

	Rs. in lakhs	
	2009-11	2008-09
Salary	10.47	6.98
Contribution to :		
Provident Fund	0.73	0.48
Perquisites	89.39	52.53
Total	100.59	59.99

8. Expenditure on Research & Development Activities during the period amounted to Rs. 410.07 lakhs (previous year Rs. 211.66 lakhs) has been charged to P&L Account.

9. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its net worth and the Company - was declared a Sick Industrial Company by BIFR on 8th May, 2007. The Company which restarted its operations from April, 2007 is working on the development of various new products and technologies and production of new generation 4-stroke scooter has since commenced. During the year the Company has also submitted its Draft Revival Scheme to BIFR. In view of this, the accounts have been prepared on the basis of going concern.

10. A. In respect of Rs. 945 lakhs recoverable by the Company from Esslon Synthetics Limited (ESL) against the sale consideration for transfer of undertakings, other debts and amounts, no payment has been received. The said sum of Rs. 945 lakhs was to be received by the Company on or before 31.03.1992 which was guaranteed by Saraswati Trading Company Limited (STCO).

Considering the settlement reached with STCO and the decree of the Hon'ble High Court of Delhi dated 23.02.2011, Rs 746.44 lakhs (previous year - Nil) has been written off.

B. The outstanding dues / advances (Net) due from VCCL Ltd. (promoted by the Company) is Rs. 1525.08 lakhs. Based on the available assets with VCCL and considering the possible recovery therefrom, Rs. 1320.15 lakhs (previous year - Nil) has been provided for.

C. Miscellaneous loans and advances (doubtful of recovery) amounting to Rs. 612.09 lakhs (previous year - Nil) written off.

D. Provision for amount of Rs. 12.00 lakhs (previous

year - Nil) due from Shri Sita Ram Singhania (in litigation for around 15 years).

**11. Restructuring of Loans**

(a) The Company has executed with the Secured Lenders (SL) on 28th March, 2005 a Multipartite Agreement (MPA). The Company is in default towards payment of interest since December 2006 and principal amount since March 2007 to the SL. Applicable penal interest has been provided on the above overdue. The Draft Revival Scheme submitted to BIFR inter-alia takes into consideration the dues of the SL.

(b) In terms of the MPA the outstanding amounts are repayable to the SL as per the repayment schedule over eight years alongwith interest at increasing rate (on yield to maturity basis). Accordingly, the Company has provided interest at the rate specified for the financial period in the MPA and not at the Yield to Maturity (YTM) rate. The amount of interest so provided for the financial period ended 31st March, 2011 amounts to Rs 2590.73 lakhs. As compared to the YTM rate, there is an excess provision of Rs. 239.20 lakhs for the year (cumulative short provision Rs. 125.34 lakhs)

**12. Deferred Taxation**

In terms of para 26 of AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reviewed the Deferred Tax Assets (DTA), recognized as on 31st March, 2011 at the Balance Sheet date. In the context of - uncertainty of generation of profits in near future, Deferred Tax Assets has not been recognized.

13. Disclosure in pursuance of Accounting Standard 15 (Revised) "Employees Benefit" issued by the ICAI During the year, Company has recognized the following amounts in the financial statements:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, maintained under the Employees Provident Fund Scheme by the Central Government, is charged to Profit and Loss Account as under :

	(Rs./lakhs)	
	2009-11	2008-09
Employer's Contribution to Provident Fund	63.91	33.87
Employer's Contribution to Pension Scheme	53.92	25.83

## LML LIMITED ANNUAL REPORT 2009-11

### Defined Benefit Plan

The employees gratuity fund is partly managed by Life Insurance Corporation is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as

giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

	Gratuity (Partly funded)		Leave Encashment (Unfunded)	
	2009-11	2008-09	2009-11	2008-09
<b>(i) Changes in present value of obligations</b>				
Present value at the beginning of the year	1057.97	1003.97	187.75	268.39
Interest cost	130.22	81.30	24.59	18.39
Current service cost	127.31	60.17	28.36	15.75
Benefits paid	-99.49	-57.12	-74.06	-1.41
Actuarial (gain) / loss on obligations	225.31	-30.35	85.09	-113.37
Present value at the end of the year	1441.32	1057.97	251.73	187.75
<b>(ii) Changes in the fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year	542.84	539.24	-	-
Expected return on plan assets	74.45	43.15	-	-
Contributions	-	-	-	-
Benefit paid	-99.49	-57.11	-	-
Actuarial gain / (loss) on plan assets	8.70	17.56	-	-
Fair value of plan assets at the end of the year	526.50	542.84	-	-
<b>(iii) Actuarial gain / loss recognised</b>				
Actuarial (gain) / loss for the period – obligation	225.31	-30.35	-85.09	-113.37
Actuarial (gain) / loss for the period – plan assets	-8.70	-17.56	-	-
Total (gain) / loss for the period	216.61	-47.91	-85.09	-113.37
Actuarial (gain) / loss recognized in the period	216.61	-47.91	-85.09	-113.37
Unrecognised actuarial (gains) / losses at the end of period	-	-	-	-
<b>(iv) Amounts to be recognised in the balance sheet and statements of profit and loss</b>				
Present value of obligation at the end of the period	1441.32	1057.97	251.73	187.75
Fair value of plan assets at the end of the period	526.50	542.84	-	-
Difference (Funded Status)	-914.82	-515.13	-251.73	-187.75
Unrecognised actuarial (gains) / losses	-	-	-	-
Net asset / (liability) recognised in the balance sheet	-914.82	-515.13	-	-187.75
<b>(v) Expenses recognised in the statement of Profit and Loss</b>				
Current service cost	106.10	60.17	28.36	15.75
Past service cost	21.21	-	-	-
Interest cost	130.22	81.30	24.59	18.39
Expected return of plan assets	-74.45	-43.15	-	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Net actuarial (gain) / loss recognised in the period	216.61	-47.91	85.09	-113.37
Expenses recognized in the profit & loss	399.69	50.41	138.04	-79.23
<b>(vi) Actuarial Assumptions</b>				
Mortality Table	LIC (1994-1996) duly modified		LIC (1994-1996) duly modified	
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate	8%	8%	8%	8%
Rate of increase in compensation levels	5.5%	5.5%	5.5%	5.5%



**Note :** The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

14. The Company had made an assessment as at 31st March 2011 for any indication of impairment in the carrying amount of the Company's fixed assets and Capital Work in Progress. The impairment loss of Rs. 435.37 lakhs has been debited to profit and loss account.
15. Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

Particulars	2009-11 (18 Months)	2008-09 (12 Months)
(i) Net Loss as per Profit & Loss Account (Rs./lakhs)	<b>(9953.67)</b>	(5162.32)
(ii) Weighted average Number of Equity Shares	<b>81984320</b>	80629821
(iii) Basic & Diluted Earning Per Share (Rs.)	<b>(12.14)</b>	(6.40)

16. **Leases :**

(a) **Operating Leases :**

The Company has taken various residential/commercial premises and Plant and Machinery under operating leases. These lease arrangements are normally renewed on expiry. The future minimum lease payments in respect of the aforesaid leases are as follows :

Particulars	2009-11 (18 Months)	2008-09 (12 Months)
i) Payable not later than one year	<b>81.08</b>	<b>55.27</b>
ii) Payable later than one year and not later than five years	<b>222.93</b>	<b>41.30</b>
iii) Payable later than five years	<b>39.12</b>	—
	<b>343.13</b>	<b>96.57</b>

The rental expenses in respect of operating leases Rs.142.91 lakhs

(b) **Finance Leases :**

The minimum lease payment in respect of assets taken on lease on or after 01.04.2001 and the present value thereof in respect of assets acquired under finance leases are as follows :

Particulars	Rs./lakhs	
	2009-11 (18 Months)	2008-09 (12 Months)
<b>Minimum Lease Payments</b>		
i) Payable not later than one year	<b>15.67</b>	13.58
ii) Payable later than one year and not later than five years	<b>1.92</b>	—
iii) Payable later than 5 years	—	—
Total minimum Lease payments	<b>17.59</b>	13.58
Less : Future Finance charges	<b>0.46</b>	—
Present value of Minimum Lease Payments	<b>17.13</b>	13.58
<b>Present value of Minimum Lease Payments</b>		
i) Payable not later than one year	<b>15.39</b>	13.58
ii) Payable later than one year and not later than 5 years	<b>1.74</b>	—
iii) Payable later than 5 years	—	—
	<b>17.13</b>	13.58

17. In the absence of information from Sundry Creditors regarding status under The Micro, Small and Medium Enterprises Development Act, 2006, the liability of interest cannot be reliably estimated, nor required disclosures can be made.

18. **Related Party Disclosures**

(i-a) **Associates/ Joint Venture**

VCCL Limited, Trident Auto Components (P) Ltd.

(i-b) **Key Management Personnel**

Shri Deepak Singhania – Chairman & Managing Director, Shri. L K Singhania – Wholetime Director, Shri Sanjeev Shriya – Wholetime Director, Shri Anurag Singhania – Wholetime Director, Shri R K Srivastava – Wholetime Director.

## LML LIMITED ANNUAL REPORT 2009-11

### (i-c) Companies controlled by Directors/ Relatives 19. Business Segment

Smart Chips Limited, Suryodaya Investment & Trading. Co. Limited, Mahalaxmi Holdings Limited, Payal Investments & Trading Limited, Mimosa Finance & Trading Limited, Bina Fininvest P. Limited, Ginideep Finance & Investments P. Limited, Gold Rock Investments Limited, Gold Rock Metals Limited, Gold Rock World Trade Limited, Blue Point Leasing Limited, Gold Rock Agro-Trading Limited, Tridhar Finance & Trading Limited, Picanova Investments P. Limited, Inlac Granston Limited, Shree Dhan Sharda Mercantile P Limited, B.S. Infotech P. Limited, Ind Hi-Tech Enterprises Pvt. Limited, R.S. Softech (I) Limited, Saryu Investment & Trading P. Limited, Panki Roadlines Pvt. Limited, Sugata Investment Limited, Inlac Trading & Agencies P. Limited, Gold Rock Agrotech Limited, Syscom Corporation Limited, Seattle Ontime P. Limited

(ii) There is no provision for doubtful debts or amounts written off or written back during the period in respect of dues from or to related parties, except amounting to Rs. 1320.15 lakhs from VCCL Limited has been provided.

(iii) Summary of Transactions with related parties :  
(Rs./ lakhs)

Particulars	Associates/ Joint Venture	Key Management Personnel
Job charges paid	1.71 (5.95)	– (–)
Miscellaneous Income	0.18 (0.18)	– (–)
Remuneration	– (–)	100.59 (59.99)
Outstanding (Payable) as on 31.03.2011	8.04 (-)(0.16)	– (–)
Outstanding (Receivable) as on 31.03.2011	204.93 (1516.52)	– (–)

#### (a) Primary (Business) Segment

The operations of the Company relate to only one segment viz. Motorized Two-Wheelers.

#### (b) Secondary (Geographical) Segment

1. Secondary segment reporting is on the basis of geographical location of the customers. The Company's revenue during the period by geographical markets are :

Domestic Sales Rs. 13853.54 lakhs (Previous Year Rs. 5457.15 lakhs)

and Export sales Rs. 20652.30 lakhs (Previous Year Rs. 10155.88 lakhs)

2. Geographical segmentwise loss and capital employed are not given since the production unit and administrative expenses are common.

20. As required by Accounting Standard – 29 “ Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India, the disclosure with respect to provisions of warranty expenses are as follows:

(Rs. / lakhs)

	2009-11	2008-09
a) Amount at the beginning of the year	1.52	0.01
b) Additional provision made during the year	82.63	10.31
c) Amount utilized during the year	61.00	8.80
d) Amount at the end of the year	23.15	1.52

#### 21. Remuneration to Auditors

(a) Statutory Audit Fee Rs. 13.50 lakhs (Previous Year Rs. 8.0 lakhs)

(b) Tax Audit Fee Rs. 0.80 lakh (Previous Year Rs. 0.80 lakh).

(c) Other Services – Certification and other Jobs Rs. 9.50 lakhs (Previous Year Rs. 9.00 lakhs).

#### 22. Remuneration to Cost Auditors

Audit Fee Rs. 0.48 lakh (Previous Year Rs. 0.32 lakh).



23. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

**A. CAPACITY, PRODUCTION, TURNOVER AND STOCKS**

(Rs. in lakhs)

Sl.	Class of Goods Manufactured	Unit	Licenced Capacity Per annum	Installed Capacity Per annum @	Opening Stock		Production Qty.	Turnover		Closing Stock	
					Qty.	Value*		Qty.	Value*	Qty.	Value*
1.	Two Wheeler	No.	Not Applicable	540000 (690000)	5159 (2657)	1129.01 (454.15)	99675 (46300 )	98773 (43798)	33649.16 (14856.80)	6061 (5159)	1542.39 (1129.01)
2.	Spares, Accessories and Miscellaneous					58.59 (92.60)			2349.22 (1305.01)		58.59 (58.59)

@ As certified by the Management and not verified by the Auditors being a technical matter.

\* Value given in lakhs of Rupees

**B. Raw Materials and Components Consumed**

	Period Ended 31.03.2011 (18 Months)		Qty.	Rs. in lakhs	Qty.	Year Ended 30.09.2009 (12 Months)	Rs. in lakhs
	Qty.	Rs. in lakhs					
1. Iron, Steel, non-ferrous metals and other materials	6213 MTs. 934 Mtrs. }	4099.45			2759 MTs. 7520 Mtrs. }	1517.72	
2. Paints and Thinners	323957 Ltrs. 300696 Kgs. }	642.21			162973 Ltrs. 114351 Kgs. }	307.35	
3. Components		20401.40				9219.63	
		<u>25143.06</u>				<u>11044.70</u>	
<b>C. C.I.F. Value of Imports</b>							
Raw Material and Components		1020.88				551.54	
Stores, Spare Parts and Dies		44.55				39.26	
Capital Goods		16.45				—	
		<u>1081.88</u>				<u>590.80</u>	
<b>D. Expenditure in Foreign Currency (as remitted)</b>							
Professional and Consultation fees		306.48				10.87	
Travelling Foreign		118.58				20.24	
Others		41.24				16.85	
		<u>466.30</u>				<u>47.96</u>	
<b>E. Remittance in Foreign Currency on Account of Dividend</b>							
Amount remitted		—				—	

## LML LIMITED ANNUAL REPORT 2009-11

	Period Ended 31.03.2011 (18 Months)		Year Ended 30.09.2009 (12 Months)	
	Rs. in lakhs	%	Rs. in lakhs	%
<b>F. Raw Materials/Stores, Spare Parts &amp; Dies Consumed</b>				
<b>Raw Materials &amp; Components :</b>				
Imported	1340.52	5.33	527.18	4.77
Indigenous	23802.54	94.67	10517.52	95.23
	<u>25143.06</u>	<u>100.00</u>	<u>11044.70</u>	<u>100.00</u>
<b>Stores, Spare Parts &amp; Dies :</b>				
Imported	107.11	6.75	24.35	3.73
Indigenous	1480.01	93.25	628.35	96.27
	<u>1587.12</u>	<u>100.00</u>	<u>652.70</u>	<u>100.00</u>
<b>G. Earning in Foreign Exchange</b>				
F.O.B. Value of Exports	18771.95		9598.13	

24. Figures of this period and previous year are eighteen months and twelve months respectively and hence they are not comparable. Figures for the previous year have been regrouped and recasted wherever necessary to make them comparable.

25. Figures in brackets pertain to previous year.

Schedules 1 to 14 form an integral part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**  
FRN - 105049W  
Chartered Accountants

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)

Place : Gurgaon  
Date : 27.05.2011

For **PARIKH & JAIN**  
FRN - 001105C  
Chartered Accountants

**A K JAIN**  
Partner  
(M. No. 071253)

**DEEPAK SINGHANIA**  
Chairman & Managing Director

**K C AGARWAL**  
Executive Director (Commercial)  
& Company Secretary

**L K SINGHANIA**  
Whole-time Director

**MAHESH KANODIA**  
Vice President (Accounts)

**R K CHADHA**  
Divisional Manager  
(Accounts)





**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I) Registration Details**

Registration No. 

3	6	1	2
---	---	---	---

 State Code 

2	0
---	---

  
 Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

**II) Capital Raised during the year**

Public Issue 

N	I	L
---	---	---

 Right Issue 

N	I	L
---	---	---

  
 Bonus Issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

**III) Position of Mobilisation and Deployment of Funds**

Total Liabilities 

5	2	8	5	2
---	---	---	---	---

7	5
---	---

 Total Assets 

5	2	8	5	2
---	---	---	---	---

7	5
---	---

**Sources of Funds**

Paid-up Capital 

2	0	0	4	0
---	---	---	---	---

9	5
---	---

 Reserve and Surplus 

1	5	1	0	7
---	---	---	---	---

6	8
---	---

  
 Secured Loans 

1	6	3	9	2
---	---	---	---	---

4	0
---	---

 Unsecured Loans 

1	3	1	1
---	---	---	---

7	2
---	---

**Application of Funds**

Net Fixed Assets 

1	0	8	5	1
---	---	---	---	---

2	0
---	---

 Investments 

0	9	4
---	---	---

  
 Net Current Assets 

-	2	4	6	7	6
---	---	---	---	---	---

6	1
---	---

 Profit and Loss Account 

6	6	6	7	7
---	---	---	---	---

2	2
---	---

**IV) Performance of the Company**

Turnover 

3	5	9	9	8
---	---	---	---	---

3	8
---	---

 Total Expenditure 

4	6	1	7	5
---	---	---	---	---

5	0
---	---

  
 Other Income 

2	9	1	4
---	---	---	---

1	3
---	---

 Exceptional Item 

2	6	9	0
---	---	---	---

6	8
---	---

  
 Loss before Taxation 

9	9	5	3
---	---	---	---

6	7
---	---

 Loss after Taxation 

9	9	5	3
---	---	---	---

6	7
---	---

  
 Basic & Diluted Earning per Share (Rs.) 

-	1	2
---	---	---

1	4
---	---

 Dividend Rate % 

-	-
---	---

**V) Generic Names of two principal**

**Products of Company**

1. Item Code No.(ITC Code) 

8	7	1	1	2	0	-	0	2
---	---	---	---	---	---	---	---	---

  
 Product Description 

T	w	o	W	h	e	e	l	e	r
---	---	---	---	---	---	---	---	---	---
2. Item Code No.(ITC Code) 

8	7	1	4	1	0	-	0	0
---	---	---	---	---	---	---	---	---

  
 Product Description 

S	p	a	r	e	s	f	o	r	T	w	o	W	h	e	e	l	e	r
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

**DEEPAK SINGHANIA**  
*Chairman & Managing Director*

**L K SINGHANIA**  
*Whole-time Director*

**K C AGARWAL**  
*Executive Director (Commercial)  
 & Company Secretary*

**MAHESH KANODIA**  
*Vice President (Accounts)*

**R K CHADHA**  
*Divisional Manager  
 (Accounts)*

Place : Gurgaon  
 Date : 27.05.2011

# LML LIMITED ANNUAL REPORT 2009-11

## CASH FLOW STATEMENT FOR 18 MONTHS PERIOD ENDED 31ST MARCH, 2011

	Period ended 31.03.2011 (18 Months) Rs. in Lakhs	Year ended 30.09.2009 (12 Months) Rs. in Lakhs		Period ended 31.03.2011 (18 Months) Rs. in Lakhs	Year ended 30.09.2009 (12 Months) Rs. in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Profit/(Loss) before Tax	(9953.67)	(5146.32)	Proceeds from Other Borrowing	110.15	24.80
Adjustments for:			Repayment of Borrowings	4.01	(0.70)
Depreciation, Amortisation & Impairment	2900.26	1748.92	Interest Paid	(170.44)	(61.20)
Exceptional items	2690.68	1316.55	Net Cash from Financing Activities	(56.28)	(37.10)
Interest/Dividend Income	(25.46)	(30.08)	Net (Decrease)/Increase in Cash & Cash Equivalents	(29.18)	691.32
Exchange Fluctuation in Respect of Financing Activities	–	(38.20)	Cash & Cash Equivalents at Start of the Year	1842.84	1151.52
Interest Charged (net)	4407.88	2535.42	Cash & Cash Equivalents at Close of the period	1813.66	1842.84
Credit Balances/Provisions no Longer Required Written Back	(13.02)	(20.01)			
Profit on Sale of Fixed Assets (net)	(0.80)	(1.96)	<b>Notes :-</b>		
Operating Profit/(Loss) before Working capital Changes	5.87	364.32	1. The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on cash flow statement issued by Institute of Chartered Accountants of India.		
Adjustments for:			2. Figures in bracket indicate cash outflow.		
Trade & Other receivables	(155.65)	(464.85)	3. Previous year figures have been re-grouped and re-cast wherever necessary to conform to current year classification.		
Inventories	(654.22)	(559.08)	4. Cash and cash equivalents include :		
Trade Payables & Other Liabilities	943.33	1087.45	Cash in hand	77.38	83.96
Cash Generated from Operations	139.33	427.84	Balances with scheduled Banks in Indian Rupees		
Net Cash From Operating Activities	139.33	427.84	In Current Account	1669.80	1347.04
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			In Margin Account	28.76	37.86
Purchase of Fixed Assets	(139.13)	267.69	In Fixed Deposits	23.23	360.97
Sale of Fixed Assets	1.44	2.81	Interest accrued on above	9.47	7.50
Interest Received	24.99	29.91		1731.26	1753.37
Dividend Received	0.47	0.17	Balances with non scheduled banks in foreign currency		
Net cash used in Investing Activities	(112.23)	300.58	With HSBC Bank plc	5.02	5.51
				1813.66	1842.84

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**  
FRN - 105049W  
Chartered Accountants

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)

Place : Gurgaon  
Date : 27.05.2011

For **PARIKH & JAIN**  
FRN - 001105C  
Chartered Accountants

**A K JAIN**  
Partner  
(M. No. 071253)

**DEEPAK SINGHANIA**  
Chairman & Managing Director

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Executive Director (Commercial)  
& Company Secretary

**L K SINGHANIA**  
Whole-time Director

**MAHESH KANODIA**  
Vice President (Accounts)

**R K CHADHA**  
Divisional Manager  
(Accounts)



**LML LIMITED**

**Regd. Office : C-3, Panki Industrial Estate, Site-I, Kanpur – 208 022 (U.P.)**

**PROXY FORM**

DP Id*	
Client Id.*	

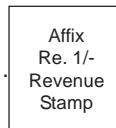
No. of Shares	
Master Folio No.	

I/We..... of .....  
 .....being member(s) of LML  
 LIMITED, hereby appoint .....  
 of .....or failing him/her .....  
 .....of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Members of LML Limited to be held on Tuesday, the 20th September, 2011 at C-10, Panki Industrial Estate, Site II-III, Kanpur 208 022 (U.P.) at 11.00 A.M. and any adjournment thereof.

AS WITNESS my/our hand(s) this ..... day of....., 2011.

Signature of the  
 Members (s).....



Signature of  
 Proxy(ies).....

\* Applicable for Investors holding shares in electronic form.

**Note :** The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**LML LIMITED**

**Regd. Office : C-3, Panki Industrial Estate, Site-I, Kanpur – 208 022 (U.P.)**

**ATTENDANCE SLIP**

DP Id*	
Client Id.*	

No. of Shares	
Master Folio No.	

I hereby record my presence at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Members of LML Limited held on Tuesday, the 20th September, 2011 at C-10, Panki Industrial Estate, Site II-III, Kanpur 208 022 (U.P.) at 11.00 A.M.

Full Name(s) of Member(s) .....  
 Full name of attending member/proxy .....

\* Applicable for Investors holding shares in electronic form.

Signature of Member/Proxy  
 (To be done at the Entry Point)

**Note :** Please fill in block letters, except signature. Please bring your copy of the Annual Report in the Meeting for convenience.

solarknnp@gmail.com

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post at Kanpur HO .

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**LML SHARES REGISTRY**

(A Division of LML Limited)

C-10, PANKI INDUSTRIAL ESTATE, SITE-II,

KANPUR - 208 022 (U. P.)

PH. : 0512-6660300