



BOARD OF DIRECTORS

DEEPAK SINGHANIA, *Chairman & Managing Director*

S K BHANDARI, *Nominee, IFCI*

SANGEETA SHARMA *Nominee, EXIM BANK*

K K SHANGLOO, *Special Director, BIFR*

SHIROMANI SHARMA

S K AGGARWAL

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

REGISTERED OFFICE

C-3, Panki Industrial Estate, Site - I,

Kanpur- 208 022

WORKS

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

Kanpur – 208 022

ADMINISTRATIVE OFFICE

714, Raheja Chambers, Nariman Point, Mumbai

REGIONAL OFFICE

Plot No. 7309, DLF Phase IV, Gurgaon - 122 002

CONTENTS

	Page No.(s)
Notice	2-5
Corporate Governance & Shareholder Information	6-11
Directors' Report	12-15
Auditors' Report	16-19
Balance Sheet	20
Profit and Loss Account	21
Schedules forming part of the Balance Sheet and Profit & Loss Account	22-38
Balance Sheet Abstract	39
Cash Flow Statement	40
Proxy Form and Attendance Slip	

LML LIMITED ANNUAL REPORT 2008-09

NOTICE

NOTICE is hereby given that Thirty fourth Annual General Meeting of the Members of LML Limited will be held on Thursday, the 25th March 2010 at 11.00 AM at C-10, Panki Industrial Estate, Site-II-III, Kanpur- 208 022 to transact the following business (es) :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 2009 and the Profit and Loss Account for the twelve months ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shiromani Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr R K Srivastava, 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 other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Parikh & Jain, Chartered Accountants, Kanpur be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this 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 Sections 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-enactment 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 Lalit Kumar Singhania as Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f. 28.03.2010 on the existing remuneration and terms and conditions as set out below :

- (a) Salary : Rs. 8500/- per month
- (b) Perquisites :

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Entertainment, the payment of Income-tax on all perquisites (other than those by way of mon-

etary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/ Encashment of leave and any other perquisites as per policy/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 tenure of the employment of Mr. Lalit Kumar Singhania as Whole time director of the Company is terminable by either side with a notice period of three months in writing without any severance fee."

"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."

6. 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 Sections 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-enactment 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 Deepak Singhania as Chairman & Managing Director of the Company not liable to retire by rotation for a period of five years w.e.f. 06.10.2010 on the existing remuneration and terms and conditions as set out below :

- (a) Salary : Rs. 7500/- per month
- (b) Perquisites :

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Educational support to dependent children including their travel, hostel fee and tuition fees etc. in India and abroad, Entertainment, the payment of Income-tax on all perquisites (other than those by way of monetary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/ Encashment of leave and any other perquisites as per policy/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 tenure of the employment of Mr. Deepak Singhania as Chairman & Managing Director of the company is terminable by either side with a notice period of three months in writing without any severance fee."

"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."

7. 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 Sections 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-enactment 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. Anurag Kumar Singhania as Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f. 28.06.2010 on the existing remuneration and terms and conditions as set out below :

(a) Salary : Rs. 5500/- per month

(b) Perquisites :

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Education support to dependent children including their travel, hostel fee and tuition fee etc. in India and abroad, Entertainment, the payment of Income-tax on all perquisites (other than those by way of monetary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/ Encashment of leave and any other perquisites as per policy/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 tenure of the employment of Mr. Anurag Kumar Singhania as Whole-time Director of the company is terminable by either side with a notice period of three months in writing without any severance fee."

"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."

8. 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. Sanjeev Shriya as a Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f 18.07.2009, on the existing remuneration and terms & conditions as set out below :

(a) Salary : Rs. 6000/- per month

(b) Perquisites :

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/ House Rent allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s) and maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant, if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Education support to dependent children including their travel, hostel fee and tuition fee etc.in India and abroad, entertainment, the payment of Income-tax on all perquisites (other than those by way of monetary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/Encashment of leave and any other perquisites as per policy/ 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 tenure of the employment of Mr. Sanjeev Shriya as Whole time director of the company is terminable by either side with a notice period of three months in writing without any severance fee."

"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

K C AGARWAL

*Executive Director (Comml.) &
Company Secretary*

Place : Gurgaon
Dated : 30.12.2009

NOTE(S) :

1. A member entitled to attend and vote at the meeting is en-

LML LIMITED ANNUAL REPORT 2008-09

- titled 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.
- Information under Clause 49 of the Listing Agreement regarding appointment /re-appointment of Directors (Item No.2, 3,5,6,7 & 8) and Explanatory Statement u/s 173(2) of the Companies Act, 1956 (Item No. 5,6,7 & 8) is appended herein below.
 - The Register of Members and the Share Transfer Books will remain closed from 18th March, 2010 to 25th March, 2010 (both days inclusive).
 - Company's shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members may send Dematerialisation 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.
 - Members holding shares in physical form are requested to notify changes in their address (es), 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).
 - 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.
 - 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.
 - 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.
 - Members / Proxies should bring the enclosed Attendance Slips duly filled in, for attending the meeting.

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. Shiromani Sharma, (aged 76 years) is a retired IAS Officer who is a Director of the Company since 28th January 2002, Mr. Sharma has wide experience in various positions held by him in the government as well as public and private sector companies.

He is also Director in other Companies viz: Star Paper Mills Company Limited, Ginni International Limited and Leap Start Trustee Co. Pvt. Ltd.

He is Chairman of Audit Committee of Ginni International Limited and Star Paper Mills Company Limited. He is also member of Audit Committee, Remuneration Committee, Share transfer and shareholder/ Investors, Grievances Committee and Financial restructuring Committee of your company.

He does not hold any Equity shares of the Company.

None of the Directors of the Company except Mr. Shiromani Sharma, is in any way, concerned or interested in the passing of the said resolution.

Item No. 3

Mr. R K Srivastava, M.A., LL.B., D.LL. (Aged 70 years) has vast experience of about 46 years in various areas of business Management. He has been serving the Company as very senior executive level since 15.02.1984.

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 Director in one other Company namely VCCL Limited.

He does not hold any Equity shares of the company.

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

Item No. 5

Mr Lalit Kumar Singhania, aged 65 years is a Post Graduate. He has substantial executive experience and has been actively involved 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 a Whole-time Director since 28.03.1995.

Mr Lalit Kumar Singhania was last appointed as Whole-time Director of the Company for a term of five years, which will expire on 27.03.2010. The Board of Directors at its meeting held on 30th December 2009, re-appointed him for a further period of five years w.e.f 28.03.2010. The remuneration payable to Mr. Lalit Kumar Singhania, on the recommendation of Remuneration Committee will be as set out in the Resolution

Mr Lalit Kumar Singhania is the member of Share Transfer & Shareholder/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 except Mr Lalit Kumar Singhania himself, Mr. Deepak Singhania (his brother) and Mr. Anurag Kumar Singhania (his Son) is, in any way concerned or interested in passing of the Resolution Sl. No 05.

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. Lalit Kumar Singhania, Whole-time director of the company in terms of section 302 of the Companies Act, 1956.

Item No. 6.

Mr Deepak Singhania, aged 57 years is a Graduate and has wide experience in two-wheeler, textile machines, and over-all general business administration and management. He has widely travelled and has substantial exposure in all facets of two wheeler industry including production, commercial, finance and marketing. He has been actively involved in day to day affairs of the Company since 18.07.1984 as Whole time Director, w.e.f. 06.10.1990 as Managing Director and w.e.f. 28.10.2005 as Chairman & Managing Director.

Mr. Deepak Singhania was last appointed as the Managing Director for a period of five years, which will expire on 5th October 2010. The Board of Directors of the Company in their meeting held on 30th December 2009 re-appointed Mr Deepak Singhania as Chairman & Managing Director of the Company for a further period of five years w.e.f. 6th October 2010.

The remuneration payable to Mr. Deepak Singhania, on the recommendation of Remuneration Committee will be as set out in the Resolution.

Mr Deepak Singhania is not a Director in any other Company. He is member of Audit Committee, Share Transfer & Shareholder/Investors' Grievance Committee, Financial Restructuring Committee of Directors and Sub-committee of Directors, of your Company.

He holds 34 (Thirty Four) Equity Shares of the Company.

None of the Directors except Mr. Deepak Singhania himself and Mr. Lalit Kumar Singhania (his brother) is, in any way concerned or interested in passing of the Resolution Sl. No 06.

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

The proposed resolution as set out in item no. 6 and this explanatory statement may be treated as an abstract of the terms and conditions of re-appointment & remunerations of Mr Deepak Singhania, Chairman & Managing Director of the Company in terms of Section 302 of the Companies Act, 1956.

Item No. 7

Mr. Anurag Kumar Singhania, aged 42 years is a Commerce Graduate. He has been serving the Company as Vice-President since 1987 and as a Whole-time Director w.e.f 28.06.2005. He has wide experience of 22 years in automobile industry. He has played a significant role in revamping the operations of the Company and in introducing innovative strategies.

Mr. Anurag Kumar Singhania was last appointed as Whole-time Director for a period of five years which will expire on 27.06.2010. The Board of Directors at its meeting held on 30th December 2009, re-appointed him for a further period of five years w.e.f. 28.06.2010. The remuneration payable to Mr. Anurag Kumar Singhania, on the recommendation of

remuneration committee will be as set out in the Resolution.

He is also Director in one other Company namely Suryodaya Investment & Trading Co. Ltd.

He is member of Financial Restructuring Committee of Directors of your Company.

He does not hold any Equity Shares of the Company.

None of the Directors except Mr. Anurag Kumar Singhania himself and Mr. Lalit Kumar Singhania (his father) is, in any way concerned or interested in passing of the Resolution Sl. No 07.

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

The proposed resolution as set out in item no. 7 and this explanatory statement may be treated as an abstract of the terms and conciliations of re-appointment & remunerations of Mr. Anurag Kumar Singhania, Whole-time director of the company in terms of section 302 of the Companies Act, 1956.

Item No. 8

Mr. Sanjeev Shriya, (aged 50 years) is a Chartered Accountant and has wide experience in two wheeler industry, Foreign Trade and IT Industry. He has widely travelled and actively involved in day to day affairs of the Company since 09.10.1982 as Director and w.e.f. 18.07.1984 as a Whole-time Director.

On expiry of tenure of Mr. Sanjeev Shriya on 17th July,2009, the Board of Directors of the Company at its meeting held on 31st July, 2009 has re-appointed him as Whole- time Director of the Company for a period of five years w.e.f 18th July 2009. The remuneration payable to Mr. Sanjeev Shriya, on the recommendation of remuneration committee is as set out in the Resolution.

He is also Director in other Companies viz : Gold Rock Investments Ltd.; Smart Chip Ltd.; Syscom Corporation Ltd.; etc.

He is member of Sub-Committee of Directors of your Company.

He holds 30 (Thirty) Equity Shares of the Company.

None of the Directors except Mr. Sanjeev Shriya himself is, in any way concerned or interested in passing of the Resolution Sl. No 08.

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

The proposed resolution as set out in item no. 8 and this explanatory statement may be treated as an abstract of the terms and conditions of re-appointment & remunerations of Mr. Sanjeev Shriya, Whole-time Director of the company in terms of section 302 of the Companies Act, 1956.

By Order of the Board of Directors

K C AGARWAL

*Executive Director (Comm.) &
Company Secretary*

Place : Gurgaon
Dated : 30.12.2009

LML LIMITED ANNUAL REPORT 2008-09

CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance is an integral part of the Company's Management and business philosophy. Good Corporate Governance, for the Company, does not mean only compliance with various related statutory and regulatory requirements. The Company strongly believes that the spirit of corporate governance goes beyond the statutory form. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. The Company's Board and the Management are aware that the standards of governance are rising and provide critical yardsticks by which the stakeholders judge Corporate and their management. 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.

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 30th September, 2009, the Board of director comprised of 10 directors, out of which 5 (50%) were non executive and independent directors. 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 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 30th September, 2009 are as under :-

Name	Status	No. of Directorship(s) and Committee Membership(s)/ Chairmanship(s) of other public companies		
		Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
Mr Deepak Singhania	Executive / Chairman & Managing Director	–	–	–
Mr Kulwant Singh*	Independent, Non- Executive (Nominee Director–SASF)	1	3	–
Mr S K Aggarwal	Independent, Non-Executive	–	–	–
Mr Shiromani Sharma	Independent, Non-Executive	2	–	2
Mr Lalit Kumar Singhania	Executive / Whole-time Director	–	–	–
Mr Sanjeev Shriya	Executive / Whole-time Director	3	–	–
Mr A K Singhania	Executive / Whole-time Director	2	–	–
Mr R K Srivastava	Executive / Whole-time Director	1	–	2
Mr Gautam Meour***	Independent, Non- Executive (Nominee Director - IFCI)	–	–	–
Ms Sangeeta Sharma	Independent, Non- Executive (Nominee Director - EXIM Bank)	2	–	–
Mr K K Shangloo**	Special Director – (BIFR)	–	–	–
Mr S K Bhandari***	Independent, Non- Executive (Nominee Director – IFCI)	1	–	–

* Nomination of Mr. Kulwant Singh was withdrawn by IDBI (SASF) from the Board w.e.f 11.02.2009.

** Mr K K Shangloo has been appointed as Special Director by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) w.e.f 17.12.2008.

*** Nomination of Mr. Gautam Meour was withdrawn by IFCI from the Board w.e.f. 31.07.2009 and in his place Mr. S K Bhandari has been nominated as a Director by IFCI w.e.f 31.07.2009.

Directors' Attendance at Board/Shareholders' Meeting(s)

During the year under review, four Board Meetings were held on 31st October 2008, 17th January 2009, 29th April 2009 and 31st July 2009. The last Annual General Meeting (AGM) was held on 21st March, 2009. The maximum time-gap between any two consecutive meetings did not exceed 4 months.

The attendance record of the Directors at the Board Meetings held during the financial year under review and at the last AGM is as under :



Name	No. of Board Meetings attended	Attended last AGM
Mr Kulwant Singh*	2	No
Mr Gautam Meour **	3	No
Ms Sangeeta Sharma	4	No
Mr S K Aggarwal	4	Yes
Mr Shiromani Sharma	4	Yes
Mr Lalit Kumar Singhania	3	Yes
Mr Sanjeev Shriya	4	Yes
Mr Deepak Singhania	4	Yes
Mr A K Singhania	1	Yes
Mr R K Srivastava	2	Yes
Mr K K Shangloo***	2	No
Mr S K Bhandari**	1	No

* Nomination of Mr. Kulwant Singh was withdrawn by SASF from the Board w.e.f. 11.02.2009

** Nomination of Mr. Gautam Meour was withdrawn by IFCI from the Board w.e.f. 31.07.2009 and in his place Mr. S K Bhandari has been nominated as a Director by IFCI on the same date.

*** Mr K K Shangloo has been appointed as Special Director by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) w.e.f. 17.12.2008.

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 ahead of 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 & Non-Executive 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.

III. COMMITTEES OF THE BOARD OF DIRECTORS

• Audit Committee

Composition of the Audit Committee meets all the criteria as prescribed by law. The Committee comprises of four Directors, majority being Non-Executive & Independent. It met four times during the year 2008-09 on 31st October 2008, 17th January 2009, 29th April 2009 and 31st July 2009. The attendance of the Audit Committee Members was as under :-

Name	Category	No. of Meetings Attended
Mr S K Aggarwal	Chairman	4
Mr Shiromani Sharma	Member	4
Mr Deepak Singhania	Member	4
Mr Gautam Meour*	Member	3
Mr S K Bhandari*	Member	1

* Nomination of Mr. Gautam Meour was withdrawn by IFCI from the Board w.e.f. 31.07.2009 and in his place Mr. S K Bhandari has been appointed as a Member of Audit Committee by the Board with immediate effect and he attended meeting of Audit as special invitee.

Mr. K C Aggarwal, Executive Director (Comm.) & Company Secretary acts as Secretary to the Audit committee. Heads of the Internal Audit and Accounts Departments, 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 three times on 31st October 2008, 17th January 2009 and 31st July 2009. 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	3
Mr Lalit Kumar Singhania	Member	2
Mr Shiromani Sharma	Member	3
Mr Deepak Singhania	Member	3

Mr K C Aggarwal, Executive Director (Commercial) & Company Secretary is the 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

LML LIMITED ANNUAL REPORT 2008-09

The Committee did not meet during the year.

• 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 Non-Executive & Independent. It met once during the year i.e. on 31st July, 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 Kulwant Singh*	Member	–
Mr S K Bhandari*	Member	1

* Nomination of Mr. Kulwant Singh was withdrawn by SASF from the Board w.e.f. 11.02.2009 and in his place Mr. S K Bhandari has been appointed as a Member of Remuneration Committee by the Board on 31.07.2009.

• 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 year.

Directors' Remuneration

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

Name	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr Kulwant Singh	–	2000	2000
Mr K K Shangloo	–	2000	2000
Mr Gautam Meour	–	6000	6000
Mr S K Bhandari	–	2000	2000
Ms Sangeeta Sharma	–	4000	4000
Mr S K Aggarwal	–	12000	12000
Mr Shiromani Sharma	–	12000	12000
Mr Lalit Kumar Singhania	411641	–	411641
Mr Sanjeev Shriya	1496153	–	1496153
Mr Deepak Singhania	2347986	–	2347986
Mr A.K. Singhania	705830	–	705830
Mr R.K. Srivastava *	1037898	–	1037898

* 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 are as under :-

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

IV. OTHER DISCLOSURES

• Details of last three Annual General Meeting(s)

Year	Venue	Date	Time	Any Special Resolution
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
2006	Regd. Office at C-3, Panki Indl. Estate, Kanpur-208022	28.02.07	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 the related parties have been disclosed in Note No. 23 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 four years.
- The Company has complied with all the mandatory requirements of the Corporate Governance, except Risk assessment and minimization procedures which is 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. The results are being sent to all the Stock Exchanges, where the shares of the Company are listed, for putting, in 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

Date	25th March, 2010
Time	11.00 A.M.
Venue	LML Limited C-10, Panki Industrial Estate, Site II-III, Kanpur – 208 022

• Financial Calendar (tentative)

Financial Reporting for the quarter ending December, 2009	End of January, 2010
Financial Reporting for the quarter/half year ending March, 2010	End of April, 2010
Financial Reporting for the quarter ending June, 2010	End of July, 2010
Financial Reporting for the year ending September 30, 2010	End of December, 2010
Annual General Meeting for the year 2009-10.	March, 2011

• Dates of Book Closure

From the 18th March, 2010 to the 25th March, 2010 (both days inclusive).

• Dividend Payment Date

In view of accumulated loss, your Directors have not recommended any dividend on Equity Shares for the year 2008-2009.

• The name of the Stock Exchanges on which the Equity Shares of the Company are listed as on 30th September, 2009 :

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

• Market Price Data

Monthly High & Low prices of the Equity Shares of the Company for the period 1st October, 2008 to 30th September, 2009 were as under:

(Rs.)

Month	High		Low	
	NSE	BSE	NSE	BSE
October, 2008	9.70	9.50	5.15	5.05
November, 2008	8.10	7.85	5.50	5.55
December, 2008	9.15	8.94	5.50	5.45
January, 2009	8.45	8.40	5.85	5.90
February, 2009	6.70	6.55	5.55	5.56
March, 2009	6.40	6.39	5.25	5.21
April, 2009	10.55	10.42	5.75	5.61
May, 2009	12.10	11.50	7.70	7.75
June, 2009	12.90	12.95	8.45	8.50
July, 2009	10.15	10.14	7.50	7.65
August, 2009	11.80	11.70	9.40	9.35
September, 2009	12.10	12.50	9.70	10.00

LML LIMITED ANNUAL REPORT 2008-09

- **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 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**

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 17th January, 2000. Pursuant to SEBI circular No D&CC/FITTC/CIR-15/2002 dated 27/02/2002, all 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 dematerialisation 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. Upto 30th September, 2009, 83.80% equity shares of the Company has been dematerialised.

Other details are as under :

- Approximate time taken 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 30.09.2009 : 67067309
- Total no. of shares rematerialised upto 30.09.2009 : 14874
- Total No. of shares transferred during 2008-09 (physical) [01-10-08 to 30-09-09] : 17447
- No. of shares pending for transfer as on 30.09.2009 : NIL
- No. of shares pending for dematerialisation /confirmation as on 30.09.2009 : 2004
- No. of Equity shares allotted in electronic mode to the shareholder on 31-07-2009 on account of conversions of FCCBs Series B due in the year 2010 but the same was credited on 1st October 2009. : 1631657

- **Shareholding Pattern as on 30.09.2009**

Sl. No.	Category	No. of Shareholders	%	No. of Equity Shares	%
1.	Resident Individuals	207423	99.07	44188232	53.90
2.	Indian Companies	1288	0.62	7722160	9.42
3.	FIs/Mutual Funds/Banks	54	0.02	1463910	1.79
4.	Indian Promoters/ Directors & their relatives	24	0.01	21786671	26.57
5.	NRIs/OCBs/FIIs/FCs	329	0.16	4879464	5.95
6.	Clearing House(s) / Members	249	0.12	1943883	2.37
	TOTAL	209367	100.00	81984320	100.00

- **Distribution of Shareholding as on 30.09.2009**

Sl. No.	No. of shares held	No. of Shareholders	%	No. of Equity Shares	%
1.	1-499	185933	88.80	10522556	12.83
2.	500-999	11296	5.40	6473068	7.90
3.	1000-4999	10827	5.17	16951412	20.68
4.	5000-9999	756	0.36	4684081	5.71
5.	10000 & ABOVE	555	0.27	43353203	52.88
	TOTAL	209367	100.00	81984320	100.00



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

During the year under review outstanding 1,000 FCCBs (Series B - due 2010) of US \$ 1000 each, converted into 16,31,657/- Equity Shares of Rs. 10/- each at a premium of Rs.16.66, consequently Company' Paid-up Equity Share Capital increase up to Rs.819843200 and as on 30-09-2009 no FCCB is outstanding.

- **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 15.11.2009. Company has applied for its renewal.

LML Shares Registry

(A Division of LML Limited)

C-10, Panki Industrial Estate, Site-II,
Kanpur – 208 022

Phone No. : (0512) 6660300

Fax No. : (0512) 6660301

E-mail : lmlknp@lml-india.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 30th September 2009."

Deepak Singhania
Chairman & Managing Director

- **CERTIFICATION BY THE AUDITORS**

As required u/c 49 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 year ended on 30th September 2009, 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. 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 30th September 2009 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
AKASH SHINGHAL
Partner
(M. No. 103490)

For PARIKH & JAIN
Chartered Accountants
ANURAG JAIN
Partner
(M. No. 076362)

Place : Gurgaon
Dated : 30.12.2009

LML LIMITED ANNUAL REPORT 2008-09

DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure in presenting the Thirty-fourth Annual Report together with audited Statement of Accounts for the twelve months ended 30th September, 2009.

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

Particulars	(Rs. in crores)	
	Year ended 30.09.2009	Year ended 30.09.2008
Gross Sales and Other Income	173.96	119.10
Loss/(Profit) before Interest, Depreciation, Exceptional Items & Taxation	(4.55)	14.15
Interest	25.35	22.61
Cash Loss	20.80	36.76
Depreciation & Amortisations	17.49	20.40
Loss before Taxation	38.29	57.16
Provision for Taxation		
- Current Tax (FBT)	0.16	0.35
Exceptional Items	13.17	-
Net Loss	51.62	57.51
Production (Nos.)	46300	34328
Sales (Nos.)	43798	34711

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

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 revival and turnaround. 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 was successfully launched in select location of the domestic market. The product received good response. The Company is taking steps for increasing its penetration in the markets and expects, barring unforeseen circumstances, to be able to launch scooters in other locations in a phased way. Work in respect of other new products including light 3-wheeler for cargo application, vehicles powered by alternate fuel like LPG/CNG and or technologies like fuel injection, 4-stroke gearless scooter, is progressing.

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

Particulars	Year ended	
	30.09.2009 (Nos.)	30.09.2008 (Nos.)
Scooters - Export	26554	18136
- Domestic	17244	16575
	<u>43798</u>	<u>34711</u>

3. Exports

Exports were 26554 vehicles during the year under report as against 18136 units during the previous year. 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 Financial year and of the profits/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 this Report. The Chairman & Managing Director and Executive Director (Comml.) & Company Secretary of the Company have given necessary Cer-



tificate to the Board in terms of Clause 49(V) of the Listing Agreement with Stock Exchange(s) for the financial year ended 30th September, 2009.

6. Management Discussion And Analysis

(a) Macro-economic Developments and overall review

The global economy is showing tentative signs of recovery signaling, albeit hesitantly, the winding down of the global recession. The recovery is widely perceived to remain slow and gradual, with receding but significant downside risks.

In India average economic growth of 8.8% recorded during the five year period 2003-08.

However, Information available on various lead indicators of economic activity during the last quartet (July 09 to Sept 2009) suggest that because of deficient monsoon, kharif output may be adversely affected.

The industrial sector has started exhibiting recovery with 10.4 per cent growth in August 2009 and 5.8 percent growth during April-August 2009, as against 1.7 per cent and 4.8 per cent during the corresponding period of previous years respectively.

The recovery in industrial growth has been broad based with acceleration in growth of all the three sectors viz; mining, electricity and manufacturing.

The industrial Sector, particularly manufacturing, bore the burn of external shock. Manufacturing value added, which was already showing down since the beginning of 2007-08, registered 7.4 percent positive growth in July 2009 and 10.2 percent in August.

While there has been an improvement in Indian Industry, Particularly the manufacturing sector, the adverse impact of the fall in kharif production due to rain fall deficiency will act as a drag on the overall growth of the economy. In the current financial year, the major policy challenges for the government will come from the rather sharp rise in inflation and deteriorating public finances. The balance of payments situation may also require policy attention despite a narrowing of the current account deficit and a considerable capita account surplus because of the appreciation of the rupee.

(b) Two wheeler Industry in India.

Two-wheeler sales also came under intense pressure in the last financial year due to the sudden slowdown in lending to this segment by big private finance companies. This, coupled with weak consumer sentiment, has seen the segment report a meager very low growth during 2008-09. While mopeds and scooters grew by 13.95 percent and 14.68 percent respectively, motorcycle sales were particularly badly hit, growing just 2.61 percent.

The export of Scooters grew 50 percent and motorcycle exports grew 7.78 percent.

The industry seems to be poised for some fundamental changes in growth and shift(s) in the segments.

Domestic

Industries Structure	2008-09 (Oct.-Sept.)			2007-08 (Oct.-Sept.)		
	Sales in mn.	Growth %	Category share %	Sales in mn.	Growth %	Category share %
Scooters	1.25	14.68	15.57	1.09	5.83	14.25
Motorcycles	6.29	2.61	78.33	6.13	-0.33	80.13
Mopeds	0.49	13.95	6.10	0.43	7.5	5.62
Total	8.03	4.97	100.00	7.65	0.92	100.00

Export

Industries Structure	2008-09 (Oct.-Sept.)			2007-08 (Oct.-Sept.)		
	Sales in mn.	Growth %	Category share %	Sales in mn.	Growth %	Category share %
Scooters	0.03	50.00	3.00	0.02	-33.33	2.15
Motorcycles	0.97	7.78	97.00	0.90	40.63	96.77
Mopeds	-	-100.00	-	0.01	-66.67	1.08
Total	1	7.53	100.00	0.93	32.86	100.00

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. Lack of consumer finance and high interest rates have adversely impacted the industry which did receive some relief in the form of excise duty reduction from the Government.

(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 working on its revival.

(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 perhaps 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, fuel injection, 4-stroke technology and 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 34711 in financial year 2007-08 to 43798 in 2008-09.

LML LIMITED ANNUAL REPORT 2008-09

(g) Financial Review :

Revenues : Gross Sales during the year amounted to Rs. 161.62 crores compared with Rs. 112.60 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 4.55 crores as compared to loss of Rs. 14.15 crores in the previous year.

Interest – Interest was Rs 25.35 crores as compared to Rs. 22.61 crores in the previous year.

Depreciation & Amortisation – Depreciation & Amortisation for the year was at Rs. 17.49 crores as compared to Rs. 20.40 crores in the previous year

Loss before tax- The Company reported a loss before tax and exceptional items of Rs 38.29 crores as compared to Rs. 57.16 crores in the previous year.

Share Capital – During the year under review outstanding 1,000 FCCBs (Series B - due 2010) of US \$ 1000 each, were converted into 16,31,657/- Equity Shares of Rs. 10/- each at a premium of Rs.16.66, consequently Company's Paid-up Equity Share Capital increased to Rs. 819843200 as on 30-09-2009.

(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

- a) Mr. R. K Srivastava and Mr. Shiromani Sharma retire by rotation and, being eligible, offer themselves for re-appointment. Directors recommend their reappointment as Director of the company.
- b) During the financial year nomination of Mr. Gautam Meour was withdrawn from the Board w.e.f. 31/07/2009 and in his place Mr. S.K Bhandari has been nominated as a Director by IFCI on the same date.
- c) During the financial year nomination of Mr. Kulwant Singh was withdrawn by IDBI (SASF) from the Board w.e.f. 11/02/2009.

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 3008 employees as on 30.09.2009 out of which one employee was in receipt of remuneration of Rs. 24.00 lacs or more per annum for throughout the year and two were in receipt for

the part of year. In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, the name and other particulars of the employee is set out in the annexure to the Director's report. In terms of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company, excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. A copy of the said Annexure is also available for inspection at the Registered Office of the Company during working hours.

9. Audits & Auditors

M/s. Khandelwal Jain & Co. and M/s. Parikh & Jain, 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, an audit of Cost Accounts, relating to motor vehicles was carried out for the previous year. Subject to approval of Central Government M/s. J K Kabra & Co., Cost Accountants, have been re-appointed to audit the Cost Accounts relating to the F.Y. 2009-10.

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 under various heads resulted into an estimated saving of Rs. 1.31 lacs (previous period Rs. 0.46 lacs)

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 Foreign Exchange of Rs 95.98 crores (previous period Rs. 55.24 crores). Foreign Exchange outgo amounted to Rs. 6.39 crores (previous period Rs. 2.59 crores).

14. Stock Exchange Listing

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

- (i) The U.P. Stock Exchange Association 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

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 17th January, 2000. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. Upto 30th September, 2009, 83.80% equity shares of the Company have been dematerialized.

able 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.

16. Acknowledgement

Your Directors take this opportunity to appreciate deeply the valu-

Place : Gurgaon
Dated : 30.12.2009

For and on behalf of Board of Directors
DEEPAK SINGHANIA
Chairman & Managing Director

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 4 Stroke engines and vehicles.
- 1.2 Design of a 200 cc, 4 Stroke engine and vehicles.

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

- 2.1 Successfully developed & producing 4-Stroke geared Scooters.

3. Future plan of action

- 3.1 Design of Variometric 4-Stroke engines and vehicles.
- 3.2 Industrialization of fuel injection vehicles
- 3.3 Design and development of light 3-wheeler for cargo applications
- 3.4 Industrialization of vehicles using alternate fuels (LPG / CNG)

4. Expenditure on R & D

	Rs. in lakhs
(a) Capital	-
(b) Recurring	211.66
(c) Total	211.66
(d) Total R&D expenditure as a percentage of total turnover	1.31%

B. Technology Absorption, Adaptation and Innovation

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

- 1.1 Application of metal casting machine for prototyping of Aluminum part and absorbing of technology for combustion optimization of new engines for superior performance.
- 1.2 Computer Simulation of Vehicle Structural Components, Linkage Analysis and Stress Analysis.
- 1.3 Testing of different vehicle components on test rigs and durability validation.
- 1.4 Development and manufacture of Prototypes using Rapid Prototyping technology.
- 1.5 Combustion optimization of engines for better fuel efficiency and power.

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

Place : Gurgaon
Dated : 30.12.2009

DEEPAK SINGHANIA
Chairman & Managing Director

LML LIMITED ANNUAL REPORT 2008-09

AUDITORS' REPORT

To
The Members
LML Limited

1. We have audited the attached Balance Sheet of M/s LML Limited (the Company) as at 30th September 2009, the Profit and Loss account and Cash Flow Statement of the Company for the year 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 stated in note no. 10 of Schedule 14, Esslon Synthetics Limited (ESL) is being wound up and an appeal is pending in Hon'ble Delhi High Court against confirmation of Order of injunction in respect of 2728706 shares of the Company held by the guarantor, Saraswati Trading Co. Ltd.. Hence we are unable to express any opinion as to the loss, if any, that might arise in respect of the sum of Rs.945 lakhs.
 - b. As stated in note no. 11 of Schedule 14, the Company has filed a suit in Hon'ble Delhi High Court for recovery of a sum of Rs. 12 lakhs from Mr. Sitaram Singhania. The case has been transferred to the District Court and the matter is pending. Hence, we are unable to express any opinion as to the loss, if any, that might arise in respect of the sum of Rs. 12 lakhs.
 - c. As stated in note no. 12 of Schedule 14, the Company is pursuing for the recovery of its dues from VCCL Limited, whose net worth is negative and manufacturing operations continued to remain suspended. Pending finalization of any concrete action for recovery of Company's dues from VCCL Ltd. we are unable to express any opinion as to the recoverability of the amount and the extent of loss that might arise in respect of debts and advances aggregating to Rs. 1516.52 lakhs.
 - d. As stated in note no.4 of Schedule 14, regarding balances of some of the sundry debtors, creditors, lenders and loans and advances being 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 year.
 - e. As 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 and non-ascertainment of slow/non-moving/obsolete items of inventories which are not in compliance with the Accounting Standard 2 – Valuation of Inventories issued by the Institute of Chartered Accountants of India. As explained to us, the Company will ascertain possible utilization/realization of inventories upon finalization and approval of revival plan under the aegis of BIFR and since the realizable value as on 30th September, 2009 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statements for the year.
 - f. As stated in note no.18 and 19 of Schedule 14, accounts have been prepared on a going concern basis as Company is in the process of restructuring/revival of its business under the aegis of BIFR. The Company has become a Sick Industrial Company due to erosion of its net worth. Further, the Company's Current Liabilities have also exceeded its Current Assets by Rs. 20053.97 lakhs as at Balance Sheet date. These factors arise doubts about the ability of the Company to continue as a going concern. 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.
 - g. As stated in note no 17 of Schedule 14, the Accounting Standard - 28 Impairment of Assets issued by The Institute of Chartered Accountants of India, which has become applicable to the Company from 1st April 2005. The process of determining the impairment loss, if any, on its assets including capital work in progress will be undertaken upon finalization and approval of its restructuring / revival plan under the aegis of BIFR. As the impairment loss, if any, in terms of AS-28 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statements for the year.

- h. As stated in note no.14 of Schedule 14, interest is provided on outstanding amount due to Banks / Financial Institutions (Secured Lenders) at the rate specified for the year amounting to Rs.1113.95 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. 193.93 lakhs for the year, whereby the loss for the year is higher by the said amount. Upto 30th September 2009 there is cumulative short provision of Rs 253.15 lakhs on the basis of YTM and accumulated losses are lower by said amount.
- i. As stated in note no. 22 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 year.

The consequential effect of sub Para (a), (b), (c), (d), (e), (f), (g) and (i) above on assets and liabilities as at 30th September 2009 and loss for the year ended 30th September 2009, are not ascertainable. Had the effect of above as stated in sub-para (h) have been given, the loss for the year would have been lower by Rs 193.93 lakhs, assets and liabilities and debit balance in the profit & loss account would have been higher by Rs. 253.15 lakhs.

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 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 and AS 28 - Impairment of Assets (Refer para 4(e) and 4(g) above).
- e) On the basis of written representations received from the Directors, as on 30th September, 2009 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 30th September, 2009,
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Dated : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

LML LIMITED ANNUAL REPORT 2008-09

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 30th September, 2009).

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 year 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 year, the Company has not disposed off substantial part of the fixed assets.
2. (a) The physical verification of inventories except work in process, in Company's custody was conducted by the management, wherever practicable, during or at the end of the year, 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 ascertainment of slow / non moving / obsolete items of inventory and possible utilization / realization thereof will be undertaken upon finalization of the product plan and restructuring 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 year, 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 year 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 year 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 30th September, 2009 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	176.68
		Employees' Contribution	71.63
2)	Sales Tax		1156.95
3)	Employees' State Insurance		23.76
4)	Income Tax Act	Income Tax Deducted at Source	122.42
		Income Tax Collected at Source	1.23
5)	FBT	FBT including interest	217.95
7)	Professional Tax		0.34
	TOTAL		1770.96

(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	Central Excise Act, 1944	Modvat credit, Duty on off-cuts or Inputs, Valuation, Classification & Cenvat	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 form, Entry tax, Penalty, Interest, Stock transfer and Other issues	12395.94	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	3445.59	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 30th September 2009 are more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year 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 a year	282529835
Interest	More than a year	184952730
Principal	Dec-08	42921639
Interest	Dec-08	31869187
Principal	Mar-09	42921639
Interest	Mar-09	32005636
Principal	Jun-09	42921639
Interest	Jun-09	36354740
Principal	Sep-09	42921639
Interest	Sep-09	38170131

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 a year	13060278
Mar-09	504033

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 ap-

ply 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 year.
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 year 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 year 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

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Dated : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

LML LIMITED ANNUAL REPORT 2008-09

BALANCE SHEET AS AT 30th SEPTEMBER, 2009

Particulars	Schedule	As at	
		30.09.2009 Rs.in lakhs	30.09.2008 Rs.in lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	20040.95	19877.79
Reserves and Surplus	2	15107.68	14835.84
		<u>35148.63</u>	<u>34713.63</u>
Loan Funds			
Secured Loans	3	13797.66	12414.37
Unsecured Loans	3	1337.21	1785.21
		<u>15134.87</u>	<u>14199.58</u>
		<u>50283.50</u>	<u>48913.21</u>
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		51544.07	51340.35
Less : Depreciation & Amortisation		38435.23	36687.02
Net Block		13108.84	14653.33
Capital Work-in-Progress		504.14	1839.18
		<u>13612.98</u>	<u>16492.51</u>
Investments	5	0.94	0.94
Current Assets, Loans and Advances	6	16268.77	15651.50
Less : Current Liabilities and Provisions	7	36322.74	34792.97
Net Current Assets		(20053.97)	(19141.47)
Profit and Loss Account		57692.31	52529.99
Less : Reserves and Surplus per Contra		968.76	968.76
		<u>56723.55</u>	<u>51561.23</u>
		<u>50283.50</u>	<u>48913.21</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.**
Chartered Accountants

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Date : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

DEEPAK SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company Secretary

MAHESH KANODIA
Vice President (Accounts)

L K SINGHANIA
Whole-time Director

SANJEEV SHRIYA
Whole-time Director

R K CHADHA
Divisional Manager
(Accounts)



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2009

Particulars	Schedule	Year ended 30.09.2009 Rs. in lakhs	Year ended 30.09.2008 Rs. in lakhs
INCOME			
Gross Sales		16161.81	11260.37
Less : Excise Duty		548.78	609.49
Net Sales		15613.03	10650.88
Other Income	8	1233.93	649.47
		16846.96	11300.35
EXPENDITURE			
Manufacturing and Other Expenses	9	12154.53	8687.74
Payments to and Provisions for Employees	10	1865.00	1720.53
Administrative, Selling and Other Expenses	11	2339.36	2288.52
Finance and other Charges	12	2562.74	2280.56
Depreciation & Amortisation		1748.92	2040.21
Prior Period Adjustments (Net)	13	6.20	(1.62)
		20676.75	17015.94
Profit/(Loss) before Exceptional Items & Taxation		(3829.79)	(5715.59)
Exceptional Items (Refer Note 6 of Schedule 14)		1316.55	-
Profit / (Loss) before Taxation		(5146.34)	(5715.59)
Provision for Taxation			
– Current Tax (FBT)		15.98	35.36
Net Loss		(5162.32)	(5750.95)
Loss as per last Balance Sheet		(52529.99)	(46804.54)
Less : Charge on account of transitional liability for employees benefit under AS 15 (Revised)		-	(25.50)
		(52529.99)	(46779.04)
Balance carried to Balance Sheet		(57692.31)	(52529.99)
Weighted average Number of Equity Shares		80629821	80352663
Basic & Diluted Earning Per Share (Rs.)		(6.40)	(7.16)
Notes on Accounts	14		

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

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Date : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

DEEPAK SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company Secretary

MAHESH KANODIA
Vice President (Accounts)

L K SINGHANIA
Whole-time Director

SANJEEV SHRIYA
Whole-time Director

R K CHADHA
Divisional Manager
(Accounts)

LML LIMITED ANNUAL REPORT 2008-09

Schedules Annexed to the Accounts

(1) SHARE CAPITAL

Particulars	No. of Shares	As at	No. of Shares	As at
		30.09.2009		30.09.2008
		Rs. in lakhs		Rs. in lakhs
Authorised				
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>
Issued, Subscribed and Paid-up				
Equity Shares of Rs.10 each	81984320	8198.43	80352663	8035.27
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>19877.79</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

	As at	As at
	30.09.2009	30.09.2008
	Rs. in lakhs	Rs. in lakhs
Capital Reserve	3406.90	3406.90
Capital Redemption Reserve	2.50	2.50
Share Premium Account		
As per last Account	11426.44	11426.44
Addition during the year	271.84	—
	<u>11698.28</u>	11426.44
Investment Allowance Utilised		
Reserve Account	685.48	685.48
General Reserve	283.28	283.28
	<u>16076.44</u>	15804.60
Less : Debit balance in Profit and Loss Account per Contra	968.76	968.76
	<u>15107.68</u>	<u>14835.84</u>



Schedules Annexed to the Accounts

(3) LOANS

Particulars	As at 30.09.2009 Rs. in lakhs	As at 30.09.2008 Rs. in lakhs
Secured Loans		
(i) Term Loans (Refer Note 14 of Schedule 14)		
(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	1726.98	987.81
	<u>7361.90</u>	<u>6622.73</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	1506.54	861.72
	<u>6422.18</u>	<u>5777.36</u>
(ii) Hire Purchase credits	13.58	14.28
	<u>13797.66</u>	<u>12414.37</u>
Unsecured Loans		
Foreign Currency Convertible Bonds (Refer Note 13 of Schedule 14)	-	473.20
Interest accrued & due on above	135.64	135.24
	<u>135.64</u>	<u>608.44</u>
Short Term Loans from others	84.38	84.38
Other Loans & Advances		
Security Deposits	1117.19	1092.39
	<u>1337.21</u>	<u>1785.21</u>
	<u>15134.87</u>	<u>14199.58</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 30.09.2009 in terms of the Multipartite Agreement dated 28.03.2005 executed between all the Financial Institutions, Banks and the Company (MPA). 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,

LML LIMITED ANNUAL REPORT 2008-09

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 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 under the MPA and outstanding as on 30.09.2009. 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 under the MPA and outstanding as on 30.9.2009. 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 (including overdue instalments) repayable within one year are Rs. 6259.04 lakhs (as at 30.09.2008 - Rs. 4542.20 lakhs).

Schedules Annexed to the Accounts

(4) FIXED ASSETS (Rs. in lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.10.2008	Additions during the year	Deductions/ Adjustments	As at 30.09.2009	Upto 30.09.2008	For the year	Deductions/ Adjustments	Upto 30.09.2009	As At 30.09.2009	As at 30.09.2008
OWNED ASSETS :										
Land	621.40	-	-	621.40	-	-	-	-	621.40	621.40
Buildings	8475.01	-	-	8475.01	3787.44	278.95	-	4066.39	4408.62	4687.57
Lease hold Improvement	76.42	-	-	76.42	76.42	-	-	76.42	-	-
Plant & Machinery	34451.26	184.83	1.56	34634.53	26305.31	1164.66	0.71	27469.26	7165.27	8145.95
Electric Installations	2706.85	0.81	-	2707.66	2185.37	103.48	-	2288.85	418.81	521.48
Furniture and Fixtures	857.54	4.50	-	862.04	706.71	44.64	-	751.35	110.69	150.83
Office Equipments	514.35	14.01	-	528.36	245.91	24.46	-	270.37	257.99	268.44
Vehicles	561.36	1.13	-	562.49	526.35	9.14	-	535.49	27.00	35.01
Technical Know-How	2999.16	-	-	2999.16	2791.25	119.78	-	2911.03	88.13	207.91
Owned Assets-Sub Total (A)	51263.35	205.28	1.56	51467.07	36624.76	1745.11	0.71	38369.16	13097.91	14638.59
LEASED ASSETS :										
Vehicles	77.00	-	-	77.00	62.26	3.81	-	66.07	10.93	14.74
Leased Assets-Sub Total (B)	77.00	-	-	77.00	62.26	3.81	-	66.07	10.93	14.74
	51340.35	205.28	1.56	51544.07	36687.02	1748.92	0.71	38435.23	13108.84	14653.33
	(51343.81)	(14.77)	(18.23)	(51340.35)	(34661.89)	(2040.21)	(15.08)	(36687.02)	(14653.33)	(16681.92)
Add : Capital Work In Progress including Advances Rs.130.41 lakhs (Unsecured,considered good) (As at 30.09.2008 Rs.136.82 lakhs)									504.14	1839.18
									(1839.18)	(1847.98)
									13612.98	16492.51
									(16492.51)	(18529.90)

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. 32.57 lakhs (Rs. 53.39 lakhs)

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



LML LIMITED ANNUAL REPORT 2008-09

Schedules Annexed to the Accounts

(5) INVESTMENTS

Particulars	As at 30.09.2009 Rs. in lakhs	As at 30.09.2008 Rs. in lakhs
LONG TERM (except otherwise stated)		
Equity Shares (Fully paid-up)		
QUOTED		
Trade		
1536000 Shares of Rs.10 each in VCCL Limited	153.60	153.60
Others		
100 Shares of Rs.10 each in Bajaj Auto Limited	0.01	0.01
* 100 Shares of Rs.10 each in Bajaj Finserv Limited	0.00	0.00
(Previous year Nil.)		
* 100 Shares of Rs.10 each in Bajaj Holding & Investment Limited	0.00	0.00
(Previous year Nil.)		
100 Shares of Rs.10 each in Reliance Industries Limited	0.03	0.03
100 Shares of Rs. 5 each in Reliance Communications Limited	0.00	0.00
109 Shares of Rs.10 each in Reliance Capital Limited	0.00	0.00
164 Shares of Rs.10 each in Reliance Energy Limited	0.00	0.00
2188 Shares of Rs. 5 each in Reliance Natural Resources Limited	0.00	0.00
100 Shares of Rs.10 each in Scooters India Limited	0.02	0.02
1000 Shares of Re.1 each in TVS Motor Company Limited	0.04	0.04
100 Shares of Rs. 2 each in Hero Honda Motors Limited	0.00	0.00
100 Shares of Rs. 5 each in Infosys Technologies Limited	0.04	0.04
50 Shares of Rs.10 each in Force Motors Limited	0.12	0.12
120 Shares of Rs.10 each in Asian Paints (India) Limited	0.17	0.17
100 Shares of Rs.10 each in Eicher Motors Limited	0.02	0.02
50 Shares of Rs.10 each in Escorts Limited	0.05	0.05
100 Shares of Rs.10 each in Ginni Filaments Limited	0.01	0.01
100 Shares of Rs.10 each in J.K. Synthetics Limited	0.01	0.01
10 Shares of Rs.10 each in J.K. Cement Limited	0.00	0.00
100 Shares of Rs.10 each in Kalyani Forge Limited	0.02	0.02
31 Shares of Rs.10 each in ISMT Limited	0.01	0.01
50 Shares of Rs.10 each in Maharashtra Scooters Limited	0.11	0.11
100 Shares of Rs.10 each in Pal Peugeot Limited	0.01	0.01
100 Shares of Rs.10 each in Patheja Forgings & Auto Parts Mfrs. Limited	0.02	0.02
2000 Shares of Re. 1 each in Sona Koyo Steering System Limited	0.06	0.06
100 Shares of Rs.10 each in Supreme Industries Limited	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
100 Shares of Rs.10 each in Polyplex Corporation Limited	0.02	0.02
50 Shares of Rs.10 each in Modi Rubber Limited	0.03	0.03
	1.22	1.22



Schedules Annexed to the Accounts

(5) INVESTMENTS (Contd...)

Particulars	As at 30.09.2009 Rs. in lakhs	As at 30.09.2008 Rs. in lakhs
UNQUOTED		
Trade		
800000 Shares of Rs.10 each in Trident Auto Components Private Limited	80.00	80.00
	234.82	234.82
Less : Provision for diminution in value of Investments	233.88	233.88
	0.94	0.94

*Allotment of shares on account of demerger

Notes :

- (i) Aggregate amount of Quoted Investments :
- Cost Rs. 154.82 lakhs (As at 30.09.2008 Rs. 154.82 lakhs)
 - Market value Rs. 18.06 lakhs (As at 30.09.2008 Rs. 13.21 lakhs)
- (ii) Aggregate amount of Unquoted Investments :
- Cost Rs. 80.00 lakhs (As at 30.09.2008 Rs. 80.00 lakhs)

(6) CURRENT ASSETS, LOANS AND ADVANCES

Current Assets

Inventories

(Refer Note 5 of Schedule 14)

Raw Materials and Components	4850.91	4523.46
Stores and Spare Parts	1504.29	1519.22
Loose Tools	797.43	817.95
Material in Transit	122.19	1515.23
Work in Process	807.29	885.98
Finished Goods	1187.60	546.75
	9269.71	9808.59

Sundry Debtors – Unsecured

(Refer Note 4 of Schedule 14)

Over Six Months – Considered Good	459.32	455.57
– Considered Doubtful	235.45	235.45
– Less : Provision	235.45	235.45
	-	-
Other debts–considered good	83.08	179.71
	542.40	635.28

LML LIMITED ANNUAL REPORT 2008-09

Schedules Annexed to the Accounts

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

Particulars	As at	
	30.09.2009 Rs. in lakhs	30.09.2008 Rs. in lakhs
Cash and Bank Balances		
Cash in hand	83.96	77.45
Cheques/Drafts in hand	—	145.47
Balances with scheduled banks in Indian Rupees		
In Current Account	1347.04	595.94
In Margin Account	37.86	26.15
In Fixed Deposits	360.97	294.45
Interest accrued on above	7.50	6.74
	<u>1753.37</u>	<u>923.28</u>
Balances with non scheduled banks in foreign currency		
With HSBC Bank plc	5.51	5.32
	<u>5.51</u>	<u>5.32</u>
	<u>1842.84</u>	<u>1151.52</u>
	<u>11654.95</u>	<u>11595.39</u>
Loans and Advances – Unsecured		
(Refer Note 4 of Schedule 14)		
Loans – Considered Good	1147.68	1134.87
(Refer Note 10 of Schedule 14)		
– Considered Doubtful	19.45	19.45
– Less : Provision	19.45	19.45
	<u>—</u>	<u>—</u>
	<u>1147.68</u>	<u>1134.87</u>
Deposit with Companies etc.		
– Considered Good	—	—
– Considered Doubtful	116.33	116.33
– Less : Provision	116.33	116.33
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Advances recoverable in cash or in kind or for value to be received		
– Considered Good	3439.28	2903.21
– Considered Doubtful	621.07	621.07
– Less : Provision	621.07	621.07
	<u>—</u>	<u>—</u>
	<u>3439.28</u>	<u>2903.21</u>
With Customs and Excise Authorities	26.86	18.03
	<u>4613.82</u>	<u>4056.11</u>
	<u>16268.77</u>	<u>15651.50</u>

Note : Loans and Advances includes :

	Rs. in lakhs		Rs. in lakhs	
	Due	Maximum	Due	Maximum
Due from Officer	25.39	25.44	25.44	30.91
Due from one Director*	15.63	15.63	16.10	16.10

* 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.



Schedules Annexed to the Accounts

(7) CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 30.09.2009 Rs. in lakhs	As at 30.09.2008 Rs. in lakhs
Current Liabilities :		
Sundry Creditors (Refer Note 22 of Schedule 14) ...	23229.42	21877.95
Suppliers Deferred Credit	4530.57	4530.57
Advance against Orders	2649.03	2649.12
Interest accrued but not due on above	4905.19	4719.76
Interest accrued but not due on loans	127.66	122.23
	<u>35441.87</u>	<u>33899.63</u>
Provisions :		
For Income Tax (FBT)	178.00	162.01
For Gratuity and leave encashment	702.87	731.33
	<u>36322.74</u>	<u>34792.97</u>

Note : Sundry Creditors includes Rs. 14.49 lakhs (As at 30.09.2008 Rs. 207.52 lakhs) resulting from book overdraft.

(8) OTHER INCOME

Particulars	Year ended 30.09.2009 Rs. in lakhs	Year ended 30.09.2008 Rs. in lakhs
Technical Support Service (Export)	-	34.76
Miscellaneous receipts	376.85	54.10
Export benefit	805.03	500.73
Credit Balances/ Provision no longer required written back	20.01	-
Income from investments		
Others – Long Term		
Dividend on Shares	0.17	0.14
Interest from Others	29.91	52.09
(Gross value including TDS Rs.5.81 lakhs (Previous year Rs. 5.63 lakh)		
Profit on Sale of Fixed Assets	1.96	7.65
	<u>1233.93</u>	<u>649.47</u>

LML LIMITED ANNUAL REPORT 2008-09

Schedules Annexed to the Accounts

(9) MANUFACTURING AND OTHER EXPENSES

Particulars	Year ended 30.09.2009 Rs.in lakhs	Year ended 30.09.2008 Rs.in lakhs
Manufacturing Expenses		
Raw materials and Components Consumed	11044.70	7324.73
Stores, Spare Parts and Dies Consumed	652.70	445.79
Power and Fuel	705.53	470.60
Development Expenses	104.79	38.27
Increase/(Decrease) in Excise Duty on uncleared Finished Goods	40.07	(12.97)
Lease Rent – Plant and Machinery	14.13	51.48
	<u>12561.92</u>	<u>8317.90</u>
(Increase)/Decrease in Stocks		
Closing Stocks		
– Work in Process	807.29	885.98
– Finished Goods	1187.60	546.75
	<u>1994.89</u>	<u>1432.73</u>
Less : Opening Stock		
– Work in Process	885.98	1059.05
– Finished Goods	546.75	597.07
	<u>1432.73</u>	<u>1656.12</u>
	<u>(562.16)</u>	<u>223.39</u>
	<u>11999.76</u>	<u>8541.29</u>
Repairs and Maintenance		
– Machinery	25.36	13.94
– Buildings	66.94	92.84
– Others	62.47	39.67
	<u>154.77</u>	<u>146.45</u>
	<u>12154.53</u>	<u>8687.74</u>
(10) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	1698.04	1587.35
Contribution to Provident Fund and Other Funds	110.62	90.34
Welfare Expenses	56.34	42.84
	<u>1865.00</u>	<u>1720.53</u>



Schedules Annexed to the Accounts

(11) ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Particulars	Year ended 30.09.2009 Rs.in lakhs	Year ended 30.09.2008 Rs.in lakhs
Rent	113.74	137.41
Rates and Taxes	89.08	40.54
Insurance	29.74	32.10
Travelling, Conveyance, Car & Recruitment Expenses	340.24	321.84
Postage, Telex and Telephones	85.96	67.13
Printing and Stationery	24.53	17.61
Directors' Sitting Fee	0.40	0.35
Charity and Donation	0.23	1.07
Statutory Audit Fee	8.00	8.00
Professional and Legal Charges	258.23	241.01
Miscellaneous Expenses	210.42	137.51
Advertisement, Publicity & Sales Promotion	528.77	69.22
Freight, Cartage and Clearing charges	576.87	576.72
Rebate and Discount	0.62	61.25
Warranty and Service Charges	40.87	22.32
Commission – Other Agents	–	0.61
Provision for Doubtful Debts	–	20.39
Provision for Doubtful Loans and Advances	–	314.49
Difference in Exchange	31.66	218.95
	<u>2339.36</u>	<u>2288.52</u>

(12) FINANCE AND OTHER CHARGES

Interest on Fixed Loans	1384.00	1113.95
on Bonds	5.56	9.48
on Others	1145.86	1137.22
Bank and Other Charges	27.32	19.91
	<u>2562.74</u>	<u>2280.56</u>

(13) PRIOR PERIOD ADJUSTMENTS

Depreciation	–	(1.62)
Selling Expenses	6.20	–
	<u>6.20</u>	<u>(1.62)</u>

LML LIMITED ANNUAL REPORT 2008-09

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 recognises 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 and amortisation. 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 capitalised, 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 recognised 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 recognised 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.

(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 recognised 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) Depreciation and Amortisation

- (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
 - ii) On the remaining assets at the rates specified in Schedule XIV to the Companies Act, 1956.
- (d) Intangible Assets are amortised over the estimated useful life of such assets. Technical Know How is amortised by Straight Line Method at the rate of 20% per annum over its estimated useful life of five years.

(xi) Inventories

Inventories are valued at lower of cost and net realisable 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 fac-



tory 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 recognised 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 recognised 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.16831.09 lakhs (Previous year Rs. 12934.46 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. 6853.22 lakhs (Previous year Rs. 4064.75 lakhs).
3. Unexecuted capital commitments (net of advances) Rs. 1160.58 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/re-

vival of its business under the aegis of BIFR which inter alia includes finalization of the product plan. The process of ascertaining slow/non moving/obsolete items of inventory and possible utilization/realization thereof 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. 8082.10 lakhs. Requisite accounting effect, if any, will be given upon such ascertainment/determination and approval of revival plan.

6. During the year, the Company has relinquished its title on imported goods lying in CWC bonded warehouse, to Government of India (Custom). Accordingly loss of Rs.1316.55 lakhs (Previous year Nil) has been charged to Profit and Loss Account, net of provision of Custom Duty & interest there on.
7. 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 availment/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. 6.49 lakhs (Previous Year Rs. 6.49 lakhs).
8. **Remuneration to Chairman & Managing Director and Whole-time Directors**

	2008-09	Rs. in lakhs 2007-08
Salary	6.98	6.97
Contribution to :		
Provident Fund	0.48	0.48
Perquisites	52.53	55.10
Total	<u>59.99</u>	<u>62.55</u>

9. Expenditure on Research & Development Activities during the year amounted to Rs.211.66 lakhs (previous year Rs. 154.72 lakhs) has been charged to P&L Account.
10. 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).

The Company has made an application in the Hon'ble Delhi High Court u/s 20 of the Arbitration Act, 1940 for appointment of Arbitrators, recovery of dues from ESL and also to adjudicate upon other related mat-

LML LIMITED ANNUAL REPORT 2008-09

ters. The Hon'ble Delhi High Court has disposed of the petition with the observation that same may be revived as and when permission of Company Court, Allahabad High Court which is dealing with liquidation of ESL is obtained to pursue the matter.

The winding up process of ESL pursuant to the order of the Hon'ble Allahabad High Court on the recommendation of BIFR is in progress.

In respect of the overdue unpaid sale consideration of Rs. 945 lakhs, the Company alongwith its Managing Director and one Whole-time Director has filed a suit in Hon'ble Delhi High Court invoking the guarantee given by STCO whereupon the Hon'ble High Court has confirmed the order of injunction which was passed earlier restraining STCO and its Director Late Shri I.P. Shroff from transferring, creating any charge, encumbering or exercising any voting rights in respect of 2728706 Equity Shares of the Company held by STCO other than in favour of Promoters. STCO has filed an appeal against the order before Hon'ble Delhi High Court which is pending adjudication.

Considering the aforementioned guarantee of STCO and the confirmation of order of injunction by Hon'ble Delhi High Court and pending outcome of the case, the sum of Rs. 945 lakhs (included in Loans & Advance in Schedule 6) is considered good. Adjustment of loss, if any, which may arise in respect of the said outstanding will be made on final judicial adjudication of the matter.

11. Loans and Advances include a sum of Rs. 12 lakhs (Previous year Rs. 12 lakhs) due from Mr. Sitaram Singhania, Promoter and erstwhile Managing Director of Esslon Synthetics Ltd. (ESL) on account of shares of ESL sold by the Company to him in the financial year ended 31st March, 1991. The Company has filed a suit in the Hon'ble Delhi High Court for recovery of the said sum from Mr. Sitaram Singhania together with interest thereon. The case has been transferred to the District Court and the matter is sub-judice.
12. The Company is promoter of VCCL Limited. The outstanding debts/advances (Net) due from VCCL Limited as on 30.09.2009 is Rs. 1516.52 lakhs (As at 30.09.2008 Rs. 1514.26 lakhs). As per the latest available audited accounts, the net worth of VCCL Limited is negative and the said Company's manufacturing operations continued to be suspended as in the past. The management is pursuing the matter of recovery of above dues from VCCL Limited, inter alia, by way of start up/use/ acquisition/disposal of its assets. Adjustment for loss, if any, which may arise in respect of the said outstanding will be made on its determination.
13. **FCCB Series B**
On 31.08.2005, Company had issued 6000 Foreign

Currency Convertible Bonds (FCCB) Series B of US\$ 1000 each redeemable at par on 30.08.2010. 5000 FCCBs had already been converted in earlier period and the balance 1000 FCCBs have been converted into 1631657 Equity Shares at the conversion price of Rs. 26.66 per share on 31.07.2009.

14. 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. The restructuring / revival plan would inter-alia take into consideration the overdues of the SL. However, applicable penal interest has been provided on the above overdues.
- (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 year ended 30th September, 2009 amounts to Rs 1384.00 lakhs. As compared to the YTM rate, there is a excess provision of Rs. 193.93 lakhs for the year (cumulative short provision Rs.253.15 lakhs)

15. 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 30th September, 2009 at the Balance Sheet date. In the context of - uncertainty of generation of profits in near future, Deferred Tax Assets has been not been recognized.

16. 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)	
	2008-09	2007-08
Employer's Contribution to Provident Fund	33.87	27.82
Employer's Contribution to Pension Scheme	25.83	22.89



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)	
	2008-09	2007-08	2008-09	2007-08
(i) Changes in present value of obligations				
Present value at the beginning of the year	1003.97	929.93	268.39	173.12
Interest cost	81.30	74.39	18.39	13.85
Current service cost	60.17	60.28	15.75	19.17
Benefits paid	-57.12	-52.87	-1.41	-
Actuarial (gain) / loss on obligations	-30.35	-7.76	-113.37	62.25
Present value at the end of the year	1057.97	1003.97	187.75	268.39
(ii) Changes in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	539.24	552.66	-	-
Expected return on plan assets	43.15	44.21	-	-
Contributions	-	-	-	-
Benefit paid	-57.11	-52.87	-	-
Actuarial gain / (loss) on plan assets	17.56	-4.77	-	-
Fair value of plan assets at the end of the year	542.84	539.23	-	-
(iii) Actuarial gain / loss recognised				
Actuarial (gain) / loss for the year – obligation	-30.35	-7.76	-113.37	-62.25
Actuarial (gain) / loss for the year – plan assets	-17.56	4.77	-	-
Total (gain) / loss for the year	-47.91	-2.99	-113.37	-62.25
Actuarial (gain) / loss recognized in the year	-47.91	-2.99	-113.37	-62.25
Unrecognised actuarial (gains) / losses at the end of year	-	-	-	-
(iv) Amounts to be recognised in the balance sheet and statements of profit and loss				
Present value of obligation at the end of the year	1057.97	1003.97	187.74	268.39
Fair value of plan assets at the end of the year	542.84	539.24	-	-
Difference (Funded Status)	-515.13	-464.73	-187.74	-268.39
Unrecognised actuarial (gains) / losses	-	-	-	-
Net asset / (liability) recognised in the balance sheet	-515.13	-464.73	-187.74	-268.39
v) Expenses recognised in the statement of profit and Loss				
Current service cost	60.17	60.28	15.75	19.17
Past service cost	-	-	-	-
Interest cost	81.30	74.39	18.39	13.85
Expected return of plan assets	-43.15	-44.21	-	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Net actuarial (gain) / loss recognised in the year	-47.91	-2.99	-113.37	62.25
Expenses recognized in the profit & loss	50.41	-87.47	-79.23	95.27
(vi) Actuarial Assumptions				
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%

LML LIMITED ANNUAL REPORT 2008-09

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.

17. Accounting Standard 28 (AS- 28), Impairment of Assets issued by The Institute of Chartered Accountants of India has become applicable to the Company from 1st April, 2005. The 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 determining the impairment of loss, if any, on its assets including capital work in progress will be undertaken upon finalization of the product plan and the restructuring / revival plan. Requisite accounting effect, if any, will be given upon such ascertainment / determination and approval of revival plan.
18. The Company has become 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. In view of the aforesaid, the Company has made reference to Board for Industrial and Financial Reconstruction (BIFR) under provision of Section 15(1) of the said Act and the Company has since been declared a Sick Industrial Company by BIFR. The Company is working on the development of various new products and technologies and production of new generation 4-stroke scooter has since commenced. The Company is working for formulation of a Draft Revival Scheme for consideration by BIFR.
19. The Company has restarted its operations from April, 2007 and is in the process of restructuring / revival of its business. The Company is also working for formulation of a Draft Revival Scheme for consideration by BIFR and in view of this Accounts have been prepared on the basis of going concern.
20. Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

Particulars	2008-09	2007-08
(i) Net Loss as per Profit & Loss Account (Rs./lakhs)	(5162.32)	(5750.95)
(ii) Weighted average Number of Equity Shares	80629821	80352663
(iii) Basic & Diluted Earning Per Share (Rs.)	(6.40)	(7.16)

21. Leases :

(a) Operating Leases :

The Company has taken various residential/commercial premises and Plant and Machinery under operating leases. These lease arrange-

ments are normally renewed on expiry. The future minimum lease payments in respect of the aforesaid leases are as follows :

	Rs./lakhs
i) Payable not later than one year	55.27
ii) Payable later than one year and not later than five years	41.30
iii) Payable later than five years	-
	<u>96.57</u>

The rental expenses in respect of operating leases Rs.110.27 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 :

	Rs./lakhs
Minimum Lease payments	
i) Payable not later than one year	13.58
ii) Payable later than one year and not later than Five years.	-
iii) Payable later than 5 years	-
Total minimum Lease payments	<u>13.58</u>
Less: Future Finance charges	-
Present value of Minimum Lease Payments	13.58

Present value of Minimum Lease Payments

i) Payable not later than one year	13.58
ii) Payable later than one year and not later than 5 years	-
iii) Payable later than 5 years	-
	<u>13.58</u>

22. 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.

23. 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.

(i-c) Companies controlled by Directors/ Relatives

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.

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

Particulars	Associates/ Joint Venture	Key Management Personnel
Job charges paid	5.95	–
Miscellaneous Income	0.18	–
Remuneration	–	59.99
Outstanding (Payable) as on 30.09.2009	(0.16)	–
Outstanding (Receivable) as on 30.09.2009	1516.52	–

24. Business Segment

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

25. 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)

	2008-09	2007-08
a) Amount at the beginning of the year	0.01	Nil
b) Additional provision made during the year	10.31	6.20
c) Amount utilized during the year	8.80	6.19
d) Amount at the end of the year	1.52	0.01

26. Remuneration to Auditors

- (a) Statutory Audit Fee Rs. 8.00 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. 9.00 lakhs (Previous Year Rs. 8.13 lakhs).

27. Remuneration to Cost Auditors

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

28. 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	690000 (690000)	2657 (3040)	454.15 (466.67)	46300 (34328)	43798 (34711)	14856.80 (10318.07)	5159 (2657)	1129.01 (454.15)
2.	Spares, Accessories and Miscellaneous					92.60 (130.40)			1305.01 (942.30)		58.59 (92.60)

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

* Value given in lakhs of Rupees

LML LIMITED ANNUAL REPORT 2008-09

B. Raw Materials and Components Consumed

	Qty.	Year Ended 30.09.2009 Rs.in lakhs	Qty.	Year Ended 30.09.2008 Rs.in lakhs	
1. Iron, Steel, non-ferrous metals and other materials	2759 MTs. 7520 Mtrs. }	1517.72	2006 MTs. 97 Mtrs. }	1201.19	
2. Paints and Thinners	162973 Ltrs. 114351 Kgs. }	307.35	67227 Ltrs. 132250 Kgs. }	219.50	
3. Components		9219.63		5904.04	
		<u>11044.70</u>		<u>7324.73</u>	
C. C.I.F.Value of Imports					
Raw Material and Components		551.54		208.03	
Stores, Spare Parts and Dies		39.26		18.55	
		<u>590.80</u>		<u>226.58</u>	
D. Expenditure in Foreign Currency (as remitted)					
Professional and Consultation fees		10.87		-	
Others		37.09		32.01	
		<u>47.96</u>		<u>32.01</u>	
E. Remittance in Foreign Currency on Account of Dividend					
Amount remitted		-		-	
F. Raw Materials/Stores, Spare Parts & Dies Consumed					
Raw Materials & Components					
Imported		527.18	4.77	292.00	3.99
Indigenous		10517.52	95.23	7032.73	96.01
		<u>11044.70</u>	<u>100.00</u>	<u>7324.73</u>	<u>100.00</u>
Stores, Spare Parts & Dies					
Imported		24.35	3.73	41.00	9.20
Indigenous		628.35	96.27	404.79	90.80
		<u>652.70</u>	<u>100.00</u>	<u>445.79</u>	<u>100.00</u>
G. Earning in Foreign Exchange					
F.O.B. Value of Exports		9598.13		5523.69	

29. Figures of the previous year have been regrouped and recasted wherever necessary to make them comparable.

30. 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.**
Chartered Accountants

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Date : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

DEEPAK SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company Secretary

MAHESH KANODIA
Vice President (Accounts)

L K SINGHANIA
Whole-time Director

SANJEEV SHRIYA
Whole-time Director

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	0
---	---

0	9
---	---

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

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	0	2	8	3
---	---	---	---	---

5	0
---	---

 Total Assets

5	0	2	8	3
---	---	---	---	---

5	0
---	---

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	3	7	9	7
---	---	---	---	---

6	6
---	---

 Unsecured Loans

1	3	3	7
---	---	---	---

2	1
---	---

Application of Funds

Net Fixed Assets

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

9	8
---	---

 Investments

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

 Net Current Assets

-	2	0	0	5	3
---	---	---	---	---	---

9	7
---	---

 Profit and Loss Account

5	6	7	2	3
---	---	---	---	---

5	5
---	---

IV) Performance of the Company

Turnover

1	6	1	6	1
---	---	---	---	---

8	1
---	---

 Total Expenditure

2	1	2	2	5
---	---	---	---	---

5	4
---	---

 Other Income

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

9	3
---	---

 Exceptional Item

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

5	5
---	---

 Loss before Taxation

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

3	4
---	---

 Loss after Taxation

-	5	1	6	2
---	---	---	---	---

3	2
---	---

 Basic & Diluted Earning per Share (Rs.)

-	6	4	0
---	---	---	---

 Dividend Rate %

-	-
---	---

V) Generic Names of two principal

Products of Company

- 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
---	---	---	---	---	---	---	---	---	---
- 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
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

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Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company Secretary

MAHESH KANODIA
Vice President (Accounts)

L K SINGHANIA
Whole-time Director

SANJEEV SHRIYA
Whole-time Director

R K CHADHA
Divisional Manager
(Accounts)

Place : Gurgaon
Date : 30.12.2009

LML LIMITED ANNUAL REPORT 2008-09

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2009

	Year ended 30.09.2009 Rs. in Lakhs	Year ended 30.09.2008 Rs. in Lakhs		Year ended 30.09.2009 Rs. in Lakhs	Year ended 30.09.2008 Rs. in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES			C CASH FLOW FROM FINANCING ACTIVITIES		
Profit/(Loss) before Tax	(5146.32)	(5715.59)	Proceeds from Other Borrowing	24.80	7.20
Adjustments for:			Repayment of Borrowings	(0.70)	(2.23)
Depreciation & Amortisation	1748.92	2040.21	Interest Paid	(61.20)	(21.27)
Exceptional items	1316.55		Divided Paid	-	
Interest/Dividend Income	(30.08)	(52.23)	Net Cash from Financing Activities	(37.10)	(16.30)
Exchange Fluctuation in Respect of Financing Activities	(38.20)	72.80	Net (Decrease)/Increase in Cash & Cash Equivalents	691.32	372.72
Interest Charged (net)	2535.42	2260.65	Cash & Cash Equivalents at Start of the Year	1151.52	778.80
Credit Balances/Provisions no Longer Required Written Back Provision for Doubtful Debts/ Advances/Deposit	(20.01)	-	Cash & Cash Equivalents at Close of the Year	1842.84	1151.52
	-	334.88	Notes :-		
(Profit)/Loss on Sale of Fixed Assets (net)	(1.96)	(7.65)	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 Char- tered Accountants of India.		
Operating Profit/(Loss) before Working capital Changes	364.32	(1066.93)	2. Figures in bracket indicate cash outflow.		
Adjustments for:			3. Previous year figures have been re-grouped and re- cast wherever necessary to conform to current year classification.		
Trade & Other receivables	(464.85)	(63.68)	4. Cash and cash equivalents include :		
Inventories	(559.08)	439.07	Cash in hand	83.96	77.45
Trade Payables & Other Liabilities	1087.45	1023.50	Cheques/Drafts in hand	-	145.47
Cash Generated from Operations	427.84	331.96	Balances with scheduled Banks in Indian Rupees		
Net Cash From Operating Activities	427.84	331.96	In Current Account	1347.04	595.94
B CASH FLOW FROM INVESTING ACTIVITIES			In Margin Account	37.86	26.15
Purchase of Fixed Assets	267.69	(5.97)	In Fixed Deposits	360.97	294.45
Sale of Fixed Assets	2.81	10.80	Interest accrued on above	7.50	6.74
Interest Received	29.91	52.09		1753.37	923.28
Dividend Received	0.17	0.14	Balances with non scheduled banks in foreign currency		
Net cash used in Investing Activities	300.58	57.06	With HSBC Bank plc	5.51	5.32
				1842.84	1151.52

As per our report of even date attached

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

AKASH SHINGHAL
Partner
(M. No. 103490)

Place : Gurgaon
Date : 30.12.2009

For **PARIKH & JAIN**
Chartered Accountants

ANURAG JAIN
Partner
(M. No. 076362)

DEEPAK SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company Secretary

MAHESH KANODIA
Vice President (Accounts)

L K SINGHANIA
Whole-time Director

SANJEEV SHRIYA
Whole-time Director

R K CHADHA
Divisional Manager
(Accounts)



LML LIMITED

Regd. Office : C-3, Panki Industrial Estate, Site-I, Kanpur – 208 022

PROXY FORM

DP Id*	
--------	--

No. of Shares	
---------------	--

Client Id.*	
-------------	--

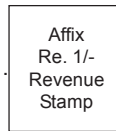
Master Folio No.	
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I/We..... of
.....being member(s) of LML
LIMITED, hereby appoint
ofor failing him/her
.....of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Fourth Annual General Meeting of the Members of LML Limited to be held on Thursday, the 25th March, 2010 at C-10, Panki Industrial Estate, Site II-III, Kanpur 208 022 at 11.00 A.M. and any adjournment thereof.

AS WITNESS my/our hand(s) this day of....., 2010.

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

ATTENDANCE SLIP

DP Id*	
--------	--

No. of Shares	
---------------	--

Client Id.*	
-------------	--

Master Folio No.	
------------------	--

I hereby record my presence at the THIRTY FOURTH ANNUAL GENERAL MEETING of the Members of LML Limited held on Thursday, the 25th March, 2010 at C-10, Panki Industrial Estate, Site II-III, Kanpur 208 022 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.