

**REPORT ON CORPORATE GOVERNANCE**

NAME OF THE COMPANY: LML Limited (Scrip Code BSE: 500255, NSE: LML, UPSE: L00004)

QUARTER ENDED : 31<sup>st</sup> December, 2013

| Particulars   | Clause of Listing Agreement | Compliance Status (Yes/ No) | Remarks   |
|---|-----------------------------|-----------------------------|---|
| <b>I Board of Directors</b>   | 49 I                        |                             |   |
| (A) Composition of Board  | 49(IA)                      | Y                           |   |
| (B) Non-executive Directors' Compensation & disclosures                 | 49 (IB)                     | Y                           |   |
| (C) Other provisions as to Board and Committees                         | 49 (IC)                     | Y                           |   |
| (D) Code of Conduct   | (49 (ID)                    | Y                           |   |
| <b>II. Audit Committee</b>  | 49 (II)                     |                             |   |
| (A) Qualified & Independent Audit Committee                             | 49 (IIA)                    | Y                           |   |
| (B) Meeting of Audit Committee  | 49 (IIB)                    | Y                           |   |
| (C) Powers of Audit Committee   | 49(IIC)                     | Y                           |   |
| (D) Role of Audit Committee   | 49 II(D)                    | Y                           |   |
| (E) Review of Information by Audit Committee                            | 49 (IIE)                    | Y                           |   |
| <b>III. Subsidiary Companies</b>  | 49 (III)                    | N.A.                        | There is no Subsidiary Company of LML Limited as on 31 <sup>st</sup> December, 2013.  |
| <b>IV. Disclosures</b>  | 49 (IV)                     |                             |   |
| (A) Basis of related party transactions                                 | 49 (IV A)                   | Y                           |   |
| (B) Disclosure of Accounting Treatment                                  | 49 (IV B)                   | Y                           | All Accounting Standards are followed, except AS 2 – 'Valuation of Inventories'. The Company is in process of restructuring / revival of its business under the aegis of BIFR and has submitted the Draft Revival Scheme which, inter alia, includes the proposed product plan. The ascertainment of possible utilization of slow moving / non-moving items of Inventory will be undertaken upon finalization of the product plan and approval of the revival scheme. |
| (C) Board Disclosures - Risk Management                                 | 49 (IV C)                   | Y                           |   |
| (D) Proceeds from public issues, rights issues, preferential issues etc | 49 (IV D)                   | N.A.                        | No proceeds recd. In this quarter under reporting.  |
| E) Remuneration of Directors  | 49 (IV E)                   | N.A.                        | Will be complied with at the time of AGM/Annual Report.   |
| (F) Management  | 49 (IV F)                   | N.A.                        | Will be complied with at the time of AGM/Annual Report.   |
| (G) Shareholders  | 49 (IV G)                   | N.A.                        | Will be complied with at the time of AGM/Annual Report.   |
| <b>V. CEO/CFO Certification</b>   | 49 (V)                      | Y                           |   |
| <b>VI. Report on Corporate Governance</b>                               | 49 (VI)                     | N.A.                        | Will be complied with at the time of AGM/Annual Report.   |
| <b>VII. Compliance</b>  | 49 (VII)                    | N.A.                        | Will be complied with at the time of AGM/Annual Report.   |

