

**LML**

# Annual Report

2012–2013



**LML LIMITED**

## **LML LIMITED**

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

**Dear Shareholders,**

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

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

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

Please note that the said documents will be uploaded on the website of the Company viz. **www.lmlworld.com** for your ready reference.

We, therefore, invite all our shareholders to contribute to the cause by registering their e.mail address with the DP or inform their e.mail address at **green.initiative@lml.co.in** duly quoting your DP ID & Client ID / Folio No. (s).

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

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

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

Yours faithfully,

**For LML Limited**

**K C Agarwal**

*Executive Director (Comm.) &  
Company Secretary*

**BOARD OF DIRECTORS**

DEEPAK KUMAR SINGHANIA, *Chairman & Managing Director*

PAWAN KUMAR, *Nominee Director , IFCI*

C P RAVINDRANATH MENON, *Nominee Director , EXIM Bank*

SHIROMANI SHARMA , *Independent Director*

SATINDER KUMAR AGGARWAL, *Independent Director*

Dr. VIVEK KUMAR AGNIHOTRI, *Independent Director*

LALIT KUMAR SINGHANIA, *Whole-time Director*

SANJEEV SHRIYA, *Whole-time Director*

ANURAG KUMAR SINGHANIA, *Whole-time Director*

RAM KUMAR 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

ALLAHABAD BANK

**REGISTERED OFFICE**

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

Kanpur- 208 022 (U.P.)

**WORKS AND CORPORATE OFFICE**

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

Kanpur – 208 022. (U.P.)

**ADMINISTRATIVE OFFICE**

714, Raheja Chambers, Nariman Point, Mumbai.

**REGIONAL OFFICE**

Ground Floor, Plot No. 82, Sector 44,

Gurgaon – 122 003. (Haryana)

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## NOTICE

Notice is hereby given that Thirty Seventh Annual General Meeting of the Members of LML Limited will be held on Tuesday, 24th September, 2013 at 11:00 AM at C-10, Panki Industrial Estate, Site-II & III, Kanpur- 208 022. (U.P.) to transact the following businesses:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 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. Anurag Kumar Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satinder Kumar Aggarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and, to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

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

## SPECIAL BUSINESS

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

"RESOLVED THAT, pursuant to the provisions of section 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactments thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Sanjeev Shriya as a Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f 18.07.2014, on the 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 travelling 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."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactments thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ram Kumar Srivastava as a Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f 08.09.2014, on the remuneration and terms & conditions as set out below:

- (a) **Basic Salary:** Rs. 50,200.00 per month

- (b) **Special Allowance:** Rs. 4,875.00 per month
- (c) **House Rent Allowance:** Rs. 25,100.00 per month
- (d) **Special Pay:** Rs. 80,000.00 per month
- (e) **Perquisites:** He shall be entitled to the following perquisites:-

- (i) Book Allowance: He shall be entitled for Rs. 2500.00 per month.
- (ii) Servant Salary: He shall be entitled for re-imbursement of Rs. 3000.00 per month.
- (iii) Entertainment Expenses: He shall be entitled for Rs. 3000.00 per month.
- (iv) Use of Company's Car, Telephone and Mobile: The Company will provide a car, telephone and Mobile phone. He will also be entitled for reimbursement of driver's salary, petrol and maintenance for running the car as per Company's Policy. The provision of car for use in Company's business will not be considered as perquisites.
- (v) Medical Allowance: He shall be entitled for Medical Allowance of Rs. 6275.00 per month.
- (vi) P.F. Contribution: The Company shall contribute 12% of his Basic salary in his Provident Fund Account.
- (vii) House Maintenance Allowance: He shall be entitled for House Maintenance Allowance of Rs. 15,000.00 annually.
- (viii) Uniform Allowance: He shall be entitled for Uniform Allowance of Rs. 20,000.00 annually.
- (ix) Soft Furnishing Allowance: He shall be entitled for Soft Furnishing allowance of Rs. 27,800.00 annually.
- (x) Ex-Gratia: He shall be entitled for Ex-Gratia of Rs. 40,000.00 annually.
- (xi) LTA: He shall be entitled for Leave Travel Assistance for maximum of two months' basic salary.

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

"RESOLVED FURTHER THAT the Board be and is hereby authorized to modify any part(s)/component(s)

of the remuneration, in any manner whatsoever, within the overall limit of Rs. 2.0 (Two) lacs per month."

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

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

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

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

"RESOLVED THAT Dr. Vivek Kumar Agnihotri, who was appointed as an Additional Director and holds such office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a member, proposing Dr. Vivek Kumar Agnihotri's candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

By Order of the Board Of Directors  
For LML Limited

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

Place : Gurgaon

Dated : 24.05.2013

#### NOTE(S):

1. ***A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself/herself and such proxy need not be a member of the Company. A blank form of proxy is enclosed, which if intended to be used and the proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for holding the aforesaid meeting.***

# LML LIMITED ANNUAL REPORT 2012-13

2. Information under Clause 49 of the Listing Agreement regarding appointment / re-appointment of Directors (Item No. 2, 3, 5, 6 & 7), and Explanatory Statement u/s 173(2) of the Companies Act, 1956 (for Item No. 5, 6 & 7) is appended herein below.
3. The Register of Members and the Share Transfer Books will remain closed from Tuesday, the 17<sup>TH</sup> September, 2013 to Tuesday, the 24<sup>TH</sup> September, 2013 (both days inclusive).
4. Company's shares are being compulsorily traded in Demat form w.e.f. 17<sup>th</sup> January, 2000. Members may send Dematerialization Request Form(s) (DRF) along with Share Certificate(s) through their Depository Participant(s) for demat of shares to LML Shares Registry, C-10, Panki Industrial Estate, Site-II, Kanpur – 208 022. (U.P.).
5. Members holding shares in physical form are requested to notify changes in their addresses, if any, to LML Shares Registry, quoting their folio number(s), while those holding in the electronic mode are requested to send the intimation for change of address(es) to their respective Depository participant(s).
6. Members, who are holding Shares (in physical form) in identical order of names in more than one Folio(s), are requested to write to LML Shares Registry, enclosing their share certificates for consolidation in one folio.
7. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance so as to enable the Company to keep information ready at the time of Annual General Meeting.
8. Only individual members, who wish to nominate a person under section 109A of the Companies Act, 1956, may furnish us required details in the prescribed Form 2B, which is available on demand.
9. Members / Proxies should bring the enclosed Attendance Slips duly filled in, for attending the meeting.
10. The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. The e.mail addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be your registered e.mail address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of Audited Financial Statements, Directors' Report, Auditors' Report etc. will also be displayed on the website [www.lmlworld.com](http://www.lmlworld.com) of the Company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are, therefore, requested to ensure to keep their e.mail addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their e.mail addresses by writing to the Company at Company's e.mail address at [green.initiative@lml.co.in](mailto:green.initiative@lml.co.in) quoting their folio number(s).

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

### Item No. 2

Mr. Anurag Kumar Singhania, aged 46 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 around 26 years in automobile industry. He has played a significant role in revamping the operations of the Company and in introducing innovative strategies. He is also controlling day to day affairs of the Company.

Mr. Anurag Kumar Singhania is not Director in any other Company. He is also member of Financial Restructuring Committee and Risk Management Committee (Alternative Chairman) 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) are, in any way concerned or interested in passing of the Resolution as set out in item no. 2.

### Item No. 3

Mr. Satinder Kumar Aggarwal, aged around 80 years, is a professionally qualified Chartered Accountant and Cost Accountant, who is a Director of the Company since 16<sup>th</sup> May, 1989. Shri Aggarwal has vast experience in the areas of Finance, Accounts and general Corporate Management.

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

He does not hold any Equity Shares of the Company.

None of the Directors of the Company except Mr. Satinder Kumar Aggarwal, is in any way, concerned or interested in passing of the said resolution as set out in item no. 3.

### Item No. 5

Mr. Sanjeev Shriya, aged 54 years, is a Chartered Accountant and has wide experience in two wheeler industry, Foreign

Trade and IT Industry. He is widely traveled and has been a Director of the Company since 09.10.1982 and as a Whole-time Director w.e.f. 18.07.1984.

Mr. Sanjeev Shriya was last appointed as Whole-time Director for a period of five years, which will expire on 17.07.2014. The Board of Directors at its meeting held on 24.05.2013, re-appointed him for a further period of five years w.e.f 18.07.2014. The remuneration payable to Mr. Sanjeev Shriya on the recommendation of Remuneration Committee will be as set out in the Resolution.

He is also Director in other Companies viz : Gold Rock Investments Ltd., Smart Chip Ltd., Syscom Corporation Ltd, Inlays India Pvt. Ltd. & Safran India Pvt. Ltd.

He is also member of Sub-Committee of Directors & Financial Restructuring Committee 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.

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. Sanjeev Shriya, Whole-time Director of the Company in terms of section 302 of the Companies Act, 1956.

#### **Item No. 6**

Mr. Ram Kumar Srivastava, M.A., LL.B., D.LL. aged 74 years, has vast experience of about 50 years in various areas of business Management.

He is widely traveled and has substantial experience in industry including Personnel, Industrial Relations, 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.

Mr. Ram Kumar Srivastava was last appointed as Whole-time Director for a period of five years, which will expire on 07.09.2016. The Central Government approved payment of his remuneration upto 07.09.2014. The Board of Directors at its meeting held on 24.05.2013, re-appointed him for a further period of five years w.e.f 08.09.2014. The remuneration payable to Mr. Ram Kumar Srivastava, on the recommendation of remuneration committee will be as set out in the Resolution.

He is also Independent Director of VCCL Limited.

He does not hold any Equity Shares of the company.

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

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

The proposed resolution as set out in item no. 6 and this explanatory statement may be treated as an abstract of the terms and conditions of re-appointment & remunerations of Mr. Ram Kumar Srivastava, Whole-time Director of the company in terms of section 302 of the Companies Act, 1956.

#### **Item No. 7**

Dr. Vivek Kumar Agnihotri, aged 68 years, is retired IAS Officer who is an Additional Director of the Company since 24<sup>th</sup> May, 2013. Dr. Agnihotri obtained his Masters Degrees in English Literature & Political Science and Ph.D. in Public Policy Analysis and Design.

Dr. Agnihotri has vast administrative experience with the State & Central Government and superannuated after serving as Secretary, to Government of India in the Ministry of Parliamentary Affairs. His last assignment (post-retirement) was Secretary General, Rajya Sabha, in the Parliament of India from 2007 to 2012.

Over his career spanning around 44 years, he has vast experience in areas of HRD (including teaching and training), e-Government, Quality in Government, Institution Building, Corporate and NGO sectors, Judicial Assignment (particularly, Administrative Law), Electoral Work, Parliamentary Procedures and Practices, and Editorial Assignment.

He has also several publications to his credit including books entitled Environment and Development.

He does not hold any Equity Shares of the Company.

None of the Directors of the Company except Dr. Vivek Kumar Agnihotri, is in any way, concerned or interested in passing of the said resolution as set out in item no. 7.

By Order of the Board Of Directors  
For LML Limited

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

Place: Gurgaon  
Dated: 24.05.2013

## CORPORATE GOVERNANCE

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

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in enhancing confidence of its various stakeholders thereby paving the way for its long term success. This section alongwith the section on 'Management Discussion & Analysis' and 'General Shareholders Information' constitute LML's compliance with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

### II. BOARD OF DIRECTORS

#### Composition of Board

The Board of Directors along with its Committees provides leadership and guidance to the Company's management

and directs, supervises and controls the performance of the Company. The Board of Directors of the Company consists of Executive and Non-Executive Directors. As on 31<sup>st</sup> March 2013, the Board of Directors comprised of 10 Directors, out of which 5 (50%) were non executive and Independent Directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement. Two Directors are nominees of Secured Lenders namely, IFCI Ltd. and EXIM Bank. The Chairman is an Executive & Promoter Director.

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

Composition of the Board of Directors of the Company and their other Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31<sup>st</sup> March, 2013, number of meetings held during their tenure and attended by them etc. are given in Table-1.

**TABLE – 1 : Details about Company's Board of Directors**

Name of Director	No. of Board Meetings held during the year and attended		Attendance at last AGM	No. of Directorship(s) and Committee Membership(s) / Chairmanship(s) of other public limited companies		
	Held	Attended		Other Directorship(s)	Committee Membership(s)#	Committee Chairmanship(s)#
<b>Executive Directors</b>						
Mr. Deepak Kumar Singhanian (CMD)	5	5	Yes	–	–	–
Mr. Lalit Kumar Singhanian	5	2	Yes	–	–	–
Mr. Sanjeev Shriya	5	1	No	3	–	–
Mr. Anurag Kumar Singhanian	5	1	No	–	–	–
Mr. Ram Kumar Srivastava	5	1	Yes	1	–	1
<b>Non-Executive and Independent Directors</b>						
Mr. Satinder Kumar Aggarwal	5	5	Yes	–	–	–
Mr. Shiromani Sharma	5	5	Yes	2	–	2
Mr. Sridhar Srinivasan*	5	–	NA	4	1	–
Mr. C P Ravindranath Menon [Nominee – Exim Bank]	5	4	No	2	1	–
Mr. K K Shangloo [Special Director-BIFR]**	5	2	No	–	–	–
Mr. S K Bhandari [Nominee-IFCI]***	5	4	No	–	–	–
Mr. Pawan Kumar [Nominee-IFCI]***	5	1	NA	1	–	–

\* Mr. Sridhar Srinivasan who was appointed as an Additional Director w.e.f. 12.02.2013 & ceased to be a Director w.e.f. 29.04.2013.

\*\* Mr. K K Shangloo expired on 08.10.2012.

\*\*\* Nomination of Mr. S K Bhandari was withdrawn by IFCI from the Board w.e.f. 07.02.2013 and in his place Mr. Pawan Kumar has been nominated as Nominee Director by IFCI w.e.f. 07.02.2013.

# In accordance with Clause 49, Memberships/Chairmanships of only Audit Committees and Shareholders' / Investors' Grievance Committees in all public limited companies whether listed or not (excluding LML Limited) have been considered.

#### Board/Shareholders' Meetings

During the financial year under review, five Board Meetings were held on 12<sup>th</sup> May, 2012, 7<sup>th</sup> July, 2012, 14<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 & 12<sup>th</sup> February, 2013. The maximum time-gap between any two consecutive meetings did not exceed 4 months. The last Annual General Meeting (AGM) was held on 22<sup>nd</sup> September, 2012.

#### Board Procedure

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



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

#### Code of Conduct

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

### III. COMMITTEES OF THE BOARD OF DIRECTORS

#### Audit Committee

Composition of the Audit Committee meets the criteria as prescribed by law. The Committee comprises of four Directors, majority being Non-Executive & Independent and are 'financially literate' as required by Clause 49 of the Listing Agreement. Moreover, the Audit Committee has members who have accounting or related financial management expertise. It met five times during the financial year 2012-13 on 12<sup>th</sup> May, 2012, 7<sup>th</sup> July, 2012, 14<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 & 12<sup>th</sup> February, 2013. The attendance of the Audit Committee Members was as under:-

Name	Category	No of Meetings Attended
Mr. Satinder Kumar Aggarwal	Chairman	5
Mr. Shiromani Sharma	Member	5
Mr. S K Bhandari*	Member	4
Mr. Pawan Kumar*	Member	1*
Mr. Deepak Kumar Singhania	Member	5

\* Nomination of Mr. S K Bhandari was withdrawn by IFCI from the Board w.e.f. 07.02.2013 and in his place Mr. Pawan Kumar has been appointed as a Member of Audit Committee by the Board with immediate effect and he attended meeting of Audit Committee as Special Invitee.

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

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

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

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

Share Transfer & Shareholders/Investors' Grievance Committee, consisting of following Directors, met four times

on 12<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 & 12<sup>th</sup> February, 2013. The attendance of the Members of Share Transfer & Shareholders/Investors' Grievance Committee was as under :-

Name	Category	No of Meetings Attended
Mr. Satinder Kumar Aggarwal	Chairman	4
Mr. Lalit Kumar Singhania	Member	2
Mr. Shiromani Sharma	Member	4
Mr. Deepak Kumar Singhania	Member	4

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

#### Financial Restructuring Committee of Directors

The Company has constituted a Financial Restructuring Committee of Directors on 27.01.2005 to facilitate the financial restructuring work (including of documentation) of the Company. The Financial Restructuring Committee of Directors comprises of following Directors:-

Name	Category
Mr. Satinder Kumar Aggarwal	Member
Mr. Shiromani Sharma	Member
Mr. Deepak Kumar Singhania	Member
Mr. Sanjeev Shriya	Member
Mr. Anurag Kumar Singhania	Member

The Committee did not meet during the financial year 2012-13.

#### Remuneration Committee

Remuneration Committee of the Board of Directors recommends/reviews the remuneration package of Managing Director & Whole-time Directors. The Remuneration Committee comprises of three Directors, all being Independent Director. It met once during the year i.e. on 7<sup>th</sup> July, 2012. The attendance of the Remuneration Committee Member was as under :-

Name	Category	No of Meetings Attended
Mr. Satinder Kumar Aggarwal	Chairman	1
Mr. Shiromani Sharma	Member	1
Mr. S K Bhandari*	Member	1
Mr. Pawan Kumar*	Member	—

\* Nomination of Mr. S K Bhandari was withdrawn by IFCI from the Board w.e.f. 07.02.2013 and in his place Mr. Pawan Kumar has been appointed as a Member of Remuneration Committee.

#### 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. Satinder Kumar Aggarwal	Member
Mr. Lalit Kumar Singhania	Member
Mr. Sanjeev Shriya	Member
Mr. Deepak Kumar Singhania	Member

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Since the un-audited financial results were considered by the Board of Directors in their meetings, the Sub-Committee did not meet during the financial year 2012-13.

## • Risk Management Committee

The Company has constituted a Risk Management Committee dated 10<sup>th</sup> November, 2011 for considering risk associated with operation of the Company and advising Board to take timely preventive action to minimize the risk in terms of the Clause 49 (IV) (C) of the Listing Agreement with the Stock Exchange. Risk Management Committee met four times on 2<sup>nd</sup> May, 2012, 2<sup>nd</sup> July, 2012, 6<sup>th</sup> October, 2012 & 29<sup>th</sup> January, 2013. The Committee comprises the following members and their attendance was as follows:-

Name	Category	No of Meetings Attended
Mr. Deepak Kumar Singhania	Chairman	4
Mr. Anurag Kumar Singhania	Member and Alternative Chairman	3
Mr. Ram Kumar Srivastava	Member	3
Mr. A K Sinha	Member	3
Mr. P P S Choudhary	Member	2
Mr. S K Mahajan	Member	2
Mr. Vipin Chaudhary	Member	3

Mr. K C Aggarwal, Executive Director (Comml.) & Company Secretary acts as Secretary to the Risk Management Committee.

## Directors' Remuneration

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

Name	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. K K Shangloo	-	2000	2000
Mr. S K Bhandari	-	9000	9000
Mr. Pawan Kumar	-	1000	1000
Mr. C P Ravindranath Menon	-	4000	4000
Mr. Satinder Kumar Aggarwal	-	15000	15000
Mr. Shiromani Sharma	-	15000	15000
Mr. Sridhar Srinivasan	-	-	-
Mr. Lalit Kumar Singhania	9,15,433	-	9,15,433
Mr. Sanjeev Shriya	15,40,761	-	15,40,761
Mr. Deepak Kumar Singhania	21,37,584	-	21,37,584
Mr. Anurag Kumar Singhania	9,48,129	-	9,48,129
Mr. Ram Kumar Srivastava *	18,00,000	-	18,00,000

### Note

\* A loan was given to Shri Ram Kumar 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. In case of Mr. Ram Kumar Srivastava, Whole-time Director, the income-tax on perquisites is not paid / payable by the Company.
- The Company has a policy of not advancing any loans to Directors. The Company does not have any stock option scheme.
- Chairman & Managing Director, and Whole-time Directors (WTD) have been appointed for a period of five years. The Central

Government has approved payment of their remuneration for three years; (payment of remuneration to Mr. Sanjeev Shriya had been approved earlier by the Central Government for five years). As per service rules of the Company, either party is entitled to terminate the appointment by giving not less than three months' notice in writing to the other party. There is no severance fee.

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

Nature of Complaints	Received	Resolved
Non-receipt of Dividend / Annual Report	-	-
Non-receipt of shares after Endorsement	-	-
Delay in Transfer of Shares / Non-receipt of shares after Transfer	-	-
Change of Address	-	-
Debenture Interest/ Redemption	-	-
Non-receipt of share certificate after rejection of DRNs in NSDL & CDSL system	1	1
Others	-	-
<b>TOTAL</b>	<b>1</b>	<b>1</b>

## IV. OTHER DISCLOSURES

- Details of last three Annual General Meeting(s)

Year	Venue	Date	Time	Any Special Resolution
2012	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P.)	22.09.2012	11:00 AM	No
2011	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P.)	20.09.2011	11:00 AM	No
2009	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P.)	25.03.2010	11:00 AM	No

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

## Disclosures

- None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with related parties have been disclosed in Note No. 39 of Balance Sheet and Profit & Loss Account in the Annual Report.
- There is no non-compliance of any provision of law by the Company nor any penalty / stricture imposed on the Company by Stock Exchange(s), SEBI or any other authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of the Corporate Governance.

## Means of Communication

Half yearly report sent to each house hold of share holder(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, 1. Company's website <b>www.lmlworld.com</b> 2. The results are also being sent to all the Stock Exchanges, where the shares of the Company are listed, for putting, on their own web-sites.
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis Report is a part of Annual Report or not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

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

## V. SHAREHOLDERS INFORMATION

### • Annual General Meeting

Day & Date	Tuesday, the 24 <sup>TH</sup> September, 2013
Time	11:00 AM
Venue	LML Limited C-10, Panki Industrial Estate, Site-II-III, Kanpur – 208 022. (U.P.)

### • Financial Calendar (tentative)

Financial Reporting for the quarter ending June, 2013	Up to 14 <sup>th</sup> August, 2013
Financial Reporting for the quarter/half year ending September, 2013.	Up to 14 <sup>th</sup> November, 2013
Financial Reporting for the quarter ending December, 2013	Up to 14 <sup>th</sup> February, 2014
Financial Reporting for the year ending March, 2014	Up to 30 <sup>th</sup> May, 2014
Annual General Meeting for the year 2013-14	End of September, 2014

### • Dates of Book Closure

From Tuesday, the 17<sup>TH</sup> September, 2013 to Tuesday, the 24<sup>TH</sup> September, 2013 (both days inclusive).

### • Dividend Payment Date

Not Applicable since Dividend not recommended/declared.

### • The name of the Stock Exchanges on which the Equity Shares of the Company are listed as on 31st March 2013:

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

### • Market Price Data:

Monthly High & Low prices of the Equity Shares of the Company for the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 were as under:-

(Amount in Rs.)

Month	High		Low	
	NSE	BSE	NSE	BSE
April, 2012	8.40	8.45	7.40	7.35
May, 2012	8.20	8.10	6.90	6.92
June, 2012	7.90	8.15	6.80	6.80
July, 2012	8.05	8.10	6.00	6.50
August, 2012	8.00	7.95	6.20	6.06
September, 2012	7.05	7.00	6.00	6.01
October, 2012	7.80	7.55	6.50	6.15
November, 2012	7.00	7.00	6.00	6.08
December, 2012	7.50	8.00	6.40	6.30
January, 2013	9.75	9.68	6.70	6.75
February, 2013	7.25	7.26	6.25	6.24
March, 2013	7.00	7.00	4.65	4.67

### • 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. 15 days. The Share Transfer and Shareholders/Investors' Grievance Committee meets frequently to approve transfer of Shares above 10000 Nos. under one transfer deed. Each of the Committee Member is severally authorised to approve transfers upto 10,000 shares under one transfer deed. Company Secretary and Senior Manager (Secretarial/Shares) / Officers of the Company have been authorised to approve transfer up to 5000/100 shares respectively under one transfer deed.

### • Dematerialization of shares and liquidity

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

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(NSDL), which are working successfully. All requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) within the stipulated time, and up to 31<sup>st</sup> March, 2013, 95.77% equity shares of the Company has been dematerialized.

## Other details are as under:

- Approximate time taken by Company for share transfer if the Documents are clear in all respects : 10 days
- Demat ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE862A01015
- Shareholding Pattern as on 31.03.2013**

Sl. No.	Category	No. of Shareholders	%	No. of Equity Shares	%
1.	Resident Individuals	198749	99.22	48784711	59.51
2.	Indian Companies	1038	0.52	8448410	10.30
3.	FIs/Mutual Funds/Banks	44	0.02	1244585	1.52
4.	Indian Promoters/ Directors & their relatives	24	0.01	21786671	26.57
5.	NRIs/OCBs/FIIs/FCs	295	0.15	548834	0.67
6.	Clearing House(s) / Members	156	0.08	1171109	1.43
	<b>TOTAL</b>	<b>200306</b>	<b>100.00</b>	<b>81984320</b>	<b>100.00</b>

- Distribution of Shareholding as on 31.03.2013**

Sl. No.	No. of shares held	No. of shareholders	%	No. of Equity Shares	%
1.	1-499	177899	88.81	9377241	11.44
2.	500-999	9992	4.99	5741063	7.00
3.	1000-4999	10721	5.35	17271252	21.07
4.	5000-9999	966	0.48	5930415	7.23
5.	10000 & Above	728	0.36	43664349	53.26
	<b>TOTAL</b>	<b>200306</b>	<b>100.00</b>	<b>81984320</b>	<b>100.00</b>

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

None

- Plant Locations**

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

- 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. INR 000001666. Now SEBI has granted permanent Registration Certificate.

## LML Shares Registry

(A Division of LML Limited)

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

Phone No. : (0512) 6660300

Fax No. : (0512) 6660301

E-mail : [investor.grievances@lml.co.in](mailto:investor.grievances@lml.co.in)

Website : [www.lmlworld.com](http://www.lmlworld.com)

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

- Total No. of shares dematerialized up to 31.03.2013 : 78517625
- Total No. of shares rematerialized up to 31.03.2013 : 15076
- Total No. of shares transferred during 2012-13 (physical) : 8745  
[From 01.04.2012 to 31.03.2013]
- No. of shares pending for transfer as on 31.03.2013 : NIL
- No. of shares pending for dematerialization / Confirmation as on 31.03.2013 : NIL

"Pursuant to clause 49(1)(D)(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 31<sup>st</sup> March, 2013."

**Deepak Kumar Singhania**  
Chairman & Managing Director

- CEO and CFO Certification**

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

- CERTIFICATION BY THE AUDITORS**

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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
LML Limited

1. We have examined the compliance of conditions of Corporate Governance by LML Limited (the company), for the year ended on 31<sup>st</sup> March 2013, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and based on the representations made by the Directors and the management, 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. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

**For KHANDELWAL JAIN & CO**  
*Chartered Accountants*  
(FRN 105049W)

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

**For PARIKH & JAIN**  
*Chartered Accountants*  
(FRN 001105C)

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

Place: Gurgaon  
Date : 24-05-2013

## DIRECTORS' REPORT

To,  
The Members  
Your Directors have pleasure in presenting the Thirty-Seventh Annual Report together with audited Statement of Accounts for the twelve months ended 31st March, 2013.

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

### 1. WORKING RESULTS

(Rs. in crores unless otherwise stated)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Gross Sales and Other Income	255.90	326.40
Profit before Interest, Depreciation & Taxation	(16.18)	3.09
Interest	36.26	34.06
Cash Loss	52.44	30.97
Depreciation	13.01	14.23
Loss before Taxation	65.45	45.20
Provision for Taxation: - Current Tax	-	-
Net Loss	65.45	45.20
Production (Nos.)	51241	76635
Sales (Nos.)	54668	75583

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

### 2. Operations

Company has been passing through difficult times for last few years, which has adversely affected its operations. The situation was further aggravated due to the illegal strike of the workmen of the Company and with a view to protect life and property the Company had to declare a lockout on 7th March, 2006 which pursuant to the withdrawal of the strike was withdrawn on 13.4.2007 and the operations resumed in a small way. Due to losses the net worth of the Company got fully eroded, it is registered as a sick industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Company is working on the development and industrialization of various new products and technologies including but not limited to new generation 4 stroke geared scooters, 4-stroke gearless scooters (CVT), 4-stroke motorcycles and light 3-wheeler for cargo application. Production and export of 4-stroke gearless (CVT) scooters commenced during the year. Company is preparing for soft launch of its 4-stroke motorcycle "Freedom" during the current year.

Company has also emerged as one of the largest exporter of scooters in its category in the country, and also launched its vehicles in select locations in the domestic market. Company has commenced work for the revamping of its dealer network for launch its products in other locations in a phased manner.

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

Particulars	Year Ended 31.03.2013 (Nos.)	Year Ended 31.03.2012 (Nos.)
Scooters - Export	33721	44435
- Domestic	20947	31148
Total :	54668	75583

### 3. Exports

Exports were 33721 vehicles during the year as against 44435 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 period and of the losses of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

### 5. Corporate Governance

As required under Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed. A certificate from the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is attached to Annual Report. The Chairman & Managing Director and Executive Director (Comml.) & Company Secretary of the Company have given necessary Certificate to the Board in terms of Clause 49 (V) of the Listing Agreement with Stock Exchange(s) for the financial year ended 31st March, 2013.

### 6. Management Discussion and Analysis

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

The economic crisis continues, with different degrees of intensity in various countries including those in the European Union, requiring governments and international agencies to support and provide measures to mitigate the problems. The overall global situation has not shown significant improvement and recessionary trends, high unemployment and industrial slow down continue to adversely affect the global economy.

The Indian economy also slowed down with economic growth reducing to around 5% in the calendar year 2012.

During the fiscal year 2012-13, managing the inflationary pressures has been and continues to be a major challenge for the Government and RBI. High fiscal deficits and current account deficits are amongst the factors affecting the economy. The prediction by the World Bank about fall in global commodity prices (including oil but excluding metals)

in 2013 and 2014 may provide some impetus to growth. The Government expects the Indian economy to grow at around 6% in 2013-14.

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

Financial Year 2013 has been a very difficult year for the Indian auto industry. The situation in financial year 2012 was only marginally better. After witnessing two years of robust growth (FY 2010 and FY 2011), economic slowdown began to take its toll on the sector thereafter.

Various factors including but not limited to high inflationary pressures, interest rates, fuel price, all lead to an adverse impact on the auto industry. As per Society of Indian Automobile Manufacturers (SIAM), the overall sales growth rate recorded for April – March, 2013 was only 3% year on year; compared to 14% during 2011-12. The scooter segment grew by 14% against the growth of 25% during FY 2011-12. There was virtually no growth in the motorcycle segment during FY 2012-2013 compared to 12% growth in 2011-12.

**Domestic**

Industry Structure	2010-11 (April 10- March 11)	2011-12 (April 2011 – March 2012)			2012-13 (April 2012– March 2013)		
	Sale in Mn.	Sale in Mn.	Growth % Over 2010-11	Category Share % of 11-12	Sale in Mn.	Growth % Over 2011-12	Category Share % of 12-13
Scooters	2.058	2.563	25	19	2.923	14	21
Motorcycles	9.014	10.096	12	75	10.085	0	73
Mopeds	0.697	0.777	11	6	0.788	2	6
<b>Total</b>	<b>11.769</b>	<b>13.436</b>	<b>14</b>	<b>100</b>	<b>13.796</b>	<b>3</b>	<b>100</b>

**Export**

Industry Structure	2010-11 (April 10- March 11)	2011-12 (April 2011 - March 2012)			2012-13 (April 2012 - March 2013)		
	Sale in Mn.	Sale in Mn.	Growth % Over 2010-11	Category Share % of 11-12	Sale in Mn.	Growth % Over 2011-12	Category Share % of 12-13
Scooters	0.051	0.091	78	5	0.091	0	5
Motorcycles	1.475	1.847	25	95	1.866	1	95
Mopeds	0.006	0.009	50	0	0.003	-	0
<b>Total</b>	<b>1.532</b>	<b>1.947</b>	<b>27</b>	<b>100</b>	<b>1.960</b>	<b>1</b>	<b>100</b>

**(c) Company Performance**

Company's performance during the year was adversely affected inter alia due to global recessionary conditions and slow down of growth in the Indian economy. The Company is working on its revival plan based both on domestic and export markets and a range of new products.

**(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 proto-typing, CAD CAM, tooling and industrialization. It is harnessing these strengths and its vast experience in the two-wheeler business coupled with a 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 including 4-stroke and fuel injection.

**(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 was 54668 units in financial year 2012-13 as compared to 75583 units in financial year 2011-12.

**(g) Financial Review :**

**Revenues:** Gross Sales and Other Income during the year was Rs. 255.90 crores in financial year 2012-13 as compared to Rs. 326.40 crores in the previous financial year 2011-12.

**Operating Profit/Loss** – The Company reported a net Operating Loss of Rs 16.18 crores as compared to net operating profit of Rs. 3.09 crore in the previous year 2011-12.

**Interest** – Interest was Rs 36.26 crores as compared to Rs. 34.06 crores in the previous financial year 2011-12.

**Depreciation** – Depreciation for the year was at Rs. 13.01 crores as compared to Rs. 14.23 crores in the previous year 2011-12.

**Loss before tax** - The Company reported a loss before tax of Rs 65.45 crores as compared to Rs. 45.20 crores in the previous year 2011-12.

**Share Capital** – Company's Paid-up Equity Share Capital is Rs. 81,98,43,200 as on 31.03.2013.

**(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 inter-alia may differ materially from those expressed or implied, depending upon changes in global and Indian demand-supply conditions as well as changes in government regulations, tax regimes, economic and market developments, movements.

## 7. Directorate

Mr. Anurag Kumar Singhania and Mr. Satinder Kumar Aggarwal retire by rotation and, being eligible, offer themselves for re-appointment.

Directors recommend their re-appointment as Directors of the Company.

Mr. Sridhar Srinivasan appointed as an Additional Director by the Board of Directors of the Company ceased to be a Director w.e.f. 29.4.2013. The Board of Directors on 24th May, 2013 appointed Dr. Vivek Kumar Agnihotri as an Additional Director (Independent) and has also re-appointed Mr. Sanjeev Shriya & Mr. Ram Kumar Srivastava as Whole-time Director of the Company as per details given in AGM Notice.

## 8. Personnel

The Company had 2971 employees as on 31.03.2013. None of the employee was in receipt of remuneration of Rs. 60.00 lacs or more per annum throughout the year or Rs. 5.00 lacs per month for the part of the year.

## 9. Audits & Auditors

M/s. Khandelwal Jain & Co. and M/s. Parikh & Jain, Statutory Auditors of the Company, are retiring at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory and do not call for any further comments.

Pursuant to Section 233 B of the Companies Act, 1956 and as per requirements of the Central Government, audit of Cost Accounts, relating to motor vehicles was carried out for the Financial Year 2011-12. Subject to approval of Central Government M/s. J K Kabra & Co., Cost Accountants, have been re-appointed for the F.Y. 2012-13.

Company has to appoint Cost Auditor within 90 days from the date of commencement of each Financial Year. Subject to approval of Central Government, M/s J K Kabra & Co., Cost Accountants have been re-appointed for the F.Y. 2013-14.

## 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. 2.18 lacs (previous year 2011-12 Rs. 1.38 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 during the year Foreign Exchange of Rs. 142.51 crores (previous year – Rs. 162.36 crores).

Foreign Exchange outgo during the year amounted to Rs. 16.97 crores (previous year - Rs. 16.78 crores).

## 14. Stock Exchange Listing

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

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

The preference shares of the Company are listed on the U.P. Stock Exchange Limited, Kanpur.

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

## 15. Depository System

SEBI vide its Circular No. SMDRP/Policy/CIR-01/2000 dated 6th January, 2000 notified that trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 17th January, 2000. Requests received for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. As on 31st March, 2013, 95.77% equity shares of the Company have been dematerialized.

## 16. Acknowledgement

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

For and on behalf of Board of Directors  
LML Limited

Place : Gurgaon  
Dated : 24-05-2013

**Deepak Kumar Singhania**  
Chairman & Managing Director



# 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 150cc, 4 Stroke Variomatic Engine.
- 1.2 Design of 50cc, 4 Stroke Variomatic engine & vehicle.
- 1.3 Design of 150cc Motorcycle engine and vehicle.
- 1.4 Optimization/Redesign of 110/125cc, 4 stroke motorcycle.

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

Successfully developed & producing a range of 4-stroke geared scooters in 125cc,150cc, 151cc & 200cc category and 125cc (CVT) scooter. These scooters comply with the latest environmental norms of various countries.

### 3. Future plan of action

- 3.1 Industrialization of 50cc & 150cc Variomatic 4-Stroke vehicles.
- 3.2 Industrialization of fuel injection vehicles.
- 3.3 Industrialization of 4-stroke Motorcycles.
- 3.4 Design of electric vehicles.
- 3.5 Design of hybrid vehicles.
- 3.6 Design and development of light 3-wheeler for cargo application.
- 3.7 Design of vehicles using alternate fuels (LPG / CNG).

### 4. Expenditure on R & D

	Rs. in lakhs
(a) Capital	—
(b) Recurring	416.34
(c) Total	416.34
(d) Total R&D expenditure as a percentage of total turnover	1.70%

## B. Technology Absorption, Adaptation and Innovation

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

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

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

Substantive improvement in the product reliability and repeatability.

### 3. Technology imported

Engineering data and process for engines and vehicles.

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

Absorbed.

For and on behalf of Board of Directors

LML Limited

Place : Gurgaon

Dated : 24-05-2013

**Deepak Kumar Singhania**

*Chairman & Managing Director*

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
LML Limited

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of LML Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 4. Basis of Qualified Opinion

- a) As mentioned in note 25 of financial statements, the balances of some of the trade receivables, trade payables, lenders and loans and advances are subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the year.
- b) As mentioned in note 26 of financial statements, the Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in the Companies( Accounting Standards) Rules, 2006. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon finalization of the product plan and the restructuring/revival plan. Since the realizable value as on 31st March, 2013 has not been determined, we

are unable to express any opinion as to the effect thereof if any, on the financial statements for the year.

- c) As mentioned in note 30 of financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities have also exceeded its current assets by Rs. 50772.53 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and has submitted the draft revival scheme and as directed by BIFR, the Company is in process of submitting updated revival scheme, considering this the accounts have been prepared on a going concern basis. The Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.
- d) As mentioned in note no. 32 of financial statements, interest is provided on outstanding amount due to Banks / Financial Institutions (Secured Lenders) at the rate specified for the year amounting to Rs. 2383.18 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. 35.30 lakhs for the year which is equivalent to cumulative short provision in earlier years, whereby the loss for the year is higher by the said amount.
- e) As mentioned in note no. 38 of financial statements, 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 if any, on the financial statements for the year.

The consequential effect of sub Para (a), (b), (c) and (e) above on assets and liabilities as at 31st March, 2013 and loss for the year ended 31st March, 2013 are not ascertainable. Had the effect of above as stated in sub- para (d) have been given, the loss for the year would have been lower by Rs 35.30 lakhs.

### 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis of Qualified Opinion paragraph as mentioned above and read together with the other notes, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 6. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- B. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. *except for the matter described in the Basis for Qualified Opinion paragraph 4(b)*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm Regn. No. 105049W

**Akash Shinghal**  
**(Partner)**  
**M. No. 103490**

Place: Gurgaon  
Date: 24th May, 2013

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

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

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 6(a) of the Auditors' Report of even date to the Members of **LML Limited** on the accounts for the year ended 31st March, 2013;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets, *however these records are in the 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 any substantial part of the fixed assets, which affects the going concern status of the company.
- II. (a) The physical verification of inventories 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, they are subject to confirmations.*
- (b) The procedure of physical verification of inventories followed by the management is, in our opinion, reasonable in relation to the size of the Company and the nature of its business. As explained to us, *Company is in process of restructuring/revival of its business under the aegis of BIFR which, inter alia, includes finalization of the product plan. The process of possible utilization of slow/non-moving items of inventory will be undertaken inter-alia upon finalization of the product plan and restructuring/revival plan. The requisite accounting effect, if any, will be given upon such ascertainment / determination and approval of revival plan.*
- (c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Order are 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 4 (iii) (e), (f) and (g) of the said Order is not applicable.
- IV. In our opinion and according to information and explanations given to us, there is an adequate internal control system 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 and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- V. 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.
- VI. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- VII. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- IX. (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 and other statutory dues applicable to it have not been regularly deposited with the appropriate authorities and there have been delays in a number of cases. According to information and explanations given to us, undisputed arrears of statutory dues outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable, are as under: -*

S.N	Name of the Statute	Nature of Dues	Rs. In Lakhs
1)	Provident Fund	Employers Contribution	142.71
		Employee Contribution	42.34
2)	Sales Tax	Sales Tax Dues	1072.73
3)	Employee State Insurance	Employer and Employees Contribution	23.47
4)	Income Tax Act	Income Tax Deducted at Source	153.20
		Income Tax Collected at Source	1.23
		Fringe Benefit Tax	312.59
5)	Professional Tax	Professional Tax	0.58

- (b) According to the records of the Company, the details of Statutory Dues, which have not been deposited on account of disputes and the forum where the dispute is pending, are as under:

S. No.	Name of The Statute	Nature of Due	Amount (Rs. in Lakhs)	Period	Forum Where Pending
1	The 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 forms, entry tax, penalty, interest, stock transfer and other issues	12812.14	1989-90 to 2007-08	Appellate Authority, Tribunal, High Court
3	Customs Act 1962	(i) Duty	12.16	2001-02	Reassessment of amount, pending with Customs – Mumbai
		(ii) Valuation & Concession	12.69	1986-87 & 1994-95	Assistant Commissioner
4	Income-Tax Act, 1961	Disallowances Disputed in ITAT	3949.98	A.Y. 1997-98 to 2006-07	ITAT
		Disallowances Disputed in High Court	375.24	A.Y. 1995-96 & 1996-97	High Court

- X. *The accumulated losses of the Company as at 31st March, 2013 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 period.*
- XI. *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 12 months	863,650,441
Interest	More than 12 months	790,150,501
Principal	Jun-12	42,921,639
Interest	Jun-12	56,280,448
Principal	Sep-12	42,921,639
Interest	Sep-12	58,937,015
Principal	Dec-12	42,921,639
Interest	Dec-12	61,058,587
Principal	Mar-13	42,923,215
Interest	Mar-13	62,041,402

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

Period of Default	Amount Involved(Rs)
More than 12 months	16,864,879

- XII. Based on our examination of the records and information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi/mutual benefit fund/society.

- XIV. 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.
- XV. 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.
- XVI. 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.
- XVII. 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, during the year has used funds by way of increase in current liabilities for long term assets (applications) to the extent of Rs. 259.09 lakhs (Refer Note 31 of the financial statement).*
- XVIII. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- XIX. The Company has not issued any secured debentures during the year.
- XX. The Company has not raised any money by public issue during the year ended March 31, 2013.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Akash Shinghal**  
(Partner)  
M. No. 103490

Place: Gurgaon  
Date: 24th May, 2013

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

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

# LML LIMITED ANNUAL REPORT 2012-13

## BALANCE SHEET AS AT 31st MARCH, 2013

(Rs. In Lakhs)

Particulars	Note No.	Figures as at 31st March, 2013	Figures as at 31st March, 2012
<b>I EQUITY AND LIABILITY</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	20,040.95	20,040.95
(b) Reserves & Surplus	2	(62,635.21)	(56,089.81)
<b>(2) Non- Current Liabilities</b>			
(a) Long Term Borrowings	3	—	—
(b) Long Term Provision	4	1,040.72	1,069.57
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	109.37	84.37
(b) Trade Payables	6	15,180.82	14,979.51
(c) Other Current Liabilities	7	49,671.55	45,333.41
(d) Short Term Provision	8	538.15	391.93
		<b>23,946.35</b>	<b>25,809.93</b>
<b>II ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		8,823.14	9,367.58
(ii) Intangible Assets		—	—
(iii) Capital-Work-In-Process		297.55	813.14
(b) Non- Current Investments	10	0.94	0.94
(c) Long Term Loans & Advances	11	97.36	108.02
<b>(2) Current Assets</b>			
(a) Inventories	12	9,881.41	10,779.44
(b) Trade Receivables	13	123.05	79.05
(c) Cash & Bank Balances	14	1,742.20	2,100.33
(d) Short-term Loans & Advances	15	2,980.70	2,561.43
		<b>23,946.35</b>	<b>25,809.93</b>
Notes on Financial Statements	1-49		

As per our report of even date attached

For and on behalf of the Board

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

**For PARIKH & JAIN**  
Chartered accountants

**DEEPAK KUMAR SINGHANIA**  
Chairman & Managing Director

**RAM KUMAR SRIVASTAVA**  
Whole-time Director

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)  
FRN- 105049W

**A K JAIN**  
Partner  
(M. No. 071253)  
FRN- 001105C

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

**MAHESH KANODIA**  
Vice President (Accounts)

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

Place: Gurgaon  
Date : 24.05.2013

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(Rs. In Lakhs)			
Particulars	Note No.	Figures for the year ended on 31st March, 2013	Figures for the year ended on 31st March, 2012
<b>I Revenue From Operation</b>	16	<b>24,345.11</b>	31,041.21
<b>II Other Income</b>	17	<b>86.73</b>	190.76
<b>III Total Revenue</b>		<b>24,431.84</b>	<b>31,231.97</b>
<b>IV EXPENDITURE</b>			
Cost of Materials Consumed	18	<b>15,495.56</b>	21,824.88
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	19	<b>1,127.01</b>	(520.20)
Employee Benefits Expenses	20	<b>3,225.41</b>	2,964.87
Finance Costs	21	<b>3,657.64</b>	3,456.88
Depreciation	9	<b>1,300.93</b>	1,422.82
Manufacturing Expenses	22	<b>2,547.40</b>	2,551.47
Administrative, Selling and Other Expenses	22	<b>3,623.29</b>	4,051.52
<b>Total Expenses</b>		<b>30,977.24</b>	<b>35,752.24</b>
<b>V Profit before Tax (III- IV)</b>		<b>(6,545.40)</b>	<b>(4,520.27)</b>
<b>VI Less: Tax Expense:</b>			
Current Tax		<b>—</b>	—
<b>VII Profit (Loss) for the year (V-VI)</b>		<b>(6,545.40)</b>	<b>(4,520.27)</b>
<b>VIII Earning per share (Face value of Rs.10/- each)</b>			
Basic (Rs.)		<b>(7.98)</b>	<b>(5.51)</b>
Diluted (Rs.)		<b>(7.98)</b>	<b>(5.51)</b>
Notes on Financial Statements	1-49		

As per our report of even date attached

For and on behalf of the Board

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

**For PARIKH & JAIN**  
Chartered accountants

**DEEPAK KUMAR SINGHANIA**  
Chairman & Managing Director

**RAM KUMAR SRIVASTAVA**  
Whole-time Director

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)  
FRN- 105049W

**A K JAIN**  
Partner  
(M. No. 071253)  
FRN- 001105C

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

**MAHESH KANODIA**  
Vice President (Accounts)

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

Place: Gurgaon  
Date : 24.05.2013

# LML LIMITED ANNUAL REPORT 2012-13

## NOTES FORMING PART OF THE ACCOUNTS

NOTE "1" -SHARE CAPITAL	No. of Shares	Figures as at 31st March, 2013 Rs. In Lakhs	Figures as at 31st March, 2012 Rs. In Lakhs
<b>AUTHORISED</b>			
Equity Shares of Rs. 10 each	100,000,000	<b>10,000.00</b>	10,000.00
Cumulative / Non Cumulative Redeemable Preference Shares of Rs. 100 each	15,000,000	<b>15,000.00</b>	15,000.00
<b>ISSUED,SUBSCRIBED &amp; PAID UP</b>			
Equity Shares of Rs. 10 each	81,984,320	<b>8,198.43</b>	8,198.43
0.001% Non cumulative Redeemable Preference Shares of Rs.100 each (Refer Note v as given below)	11,842,519	<b>11,842.52</b>	11,842.52
<b>TOTAL</b>		<b>20,040.95</b>	20,040.95

Of the above:

Notes:

- (i) 460,000 Equity Shares were allotted as fully paid-up Bonus Shares on 3rd October, 1979 by capitalisation of General Reserve.
- (ii) 5,314,116 Equity Shares were allotted as fully paid-up on conversion of Debentures (Series I, II & III).
- (iii) 3,162,000 Equity Shares were allotted as fully paid-up to Financial Institutions pursuant to the convertibility clause in the relevant Rupee Loan Agreement.
- (iv) 785,423 Equity Shares were allotted to Banks & Financial Institutions on 29th March, 2005 as per terms & conditions of the Negotiated Settlement.
- (v) 11,842,519 Non cumulative Redeemable Preference Shares were allotted to Banks & Financial Institutions on 29th March, 2005 as per terms & conditions of the Negotiated Settlement and redeemable in three annual instalments due on 29th March, 2015, 29th March, 2016 and 29th March, 2017.
- (vi) 819,723 Equity Shares were allotted to specified lenders on 16th November, 2005 as per terms & conditions of the Negotiated Settlement.
- (vii) 32,223,538 Equity Shares were allotted on conversion of FCCB series A & B during the period from 24.08.2005 to 31.07.2009
- (viii) Shareholders holding more than 5 percent shares

NAME OF SHAREHOLDERS	% of share holding	Figures as at 31st March, 2013	Figures as at 31st March, 2012
Equity Shares			
- Mahalaxmi Holdings Ltd.	5.48	<b>4,493,030</b>	4,493,030
Preference Shares			
- SBI	23.09	<b>2,734,940</b>	2,734,940
- BOI	17.06	<b>2,020,380</b>	2,020,380
- SASF (Trustee - IDBI)	17.89	<b>2,118,850</b>	2,118,850
- IFCI	18.16	<b>2,150,912</b>	2,150,912
- EXIM BANK	10.99	<b>1,301,200</b>	1,301,200
- CORPORATION BANK	8.43	<b>998,586</b>	998,586



(ix) The reconciliation of the number of shares outstanding as at 31st March, 2013 is set out below:

Particulars	Figures as at 31st March, 2013	Figures as at 31st March, 2012
<b>Equity Shares</b>		
Number of shares at the beginning	81,984,320	81,984,320
Add: Shares issued during the year	—	—
Number of shares at the end	81,984,320	81,984,320
<b>Preference Shares</b>		
Number of shares at the beginning	11,842,519	11,842,519
Add: Shares issued during the year	—	—
Number of shares at the end	11,842,519	11,842,519
<b>NOTE "2" -RESERVES &amp; SURPLUS</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Capital Reserve:</b>		
As per last Balance Sheet	3,406.90	3,406.90
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	2.50	2.50
<b>Security Premium Reserve</b>		
As per last Balance Sheet	11,698.28	11,698.28
<b>Investment Allowance Utilized General Account</b>		
Opening balance	—	685.48
Add: Addition During the year	—	—
	—	685.48
Less: Transferred to General Reserve	—	685.48
Closing Balance	—	—
<b>General Reserve</b>		
Opening balance	968.76	283.28
Add: Transferred from Investment Allowance Utilized General Account	—	685.48
	968.76	968.76
Less: Utilised during the year	—	—
Closing Balance	968.76	968.76
<b>Profit &amp; Loss Account:</b>		
Opening balance	(72,166.25)	(67,645.98)
Add: Transfer from Profit & Loss Account	(6,545.40)	(4,520.27)
	(78,711.65)	(72,166.25)
Less: Transfer to General Reserve	—	—
Closing Balance	(78,711.65)	(72,166.25)
<b>TOTAL</b>	<b>(62,635.21)</b>	<b>(56,089.81)</b>

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<b>NOTE "3" - LONG TERM BORROWINGS</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Secured</b>		
(i) Term Loans (Refer Note 32)		
(a) From Banks	-	-
(b) From Financial Institutions	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>

Note: Long Term Borrowings having current maturity has been group under Other Current Liabilities (Note No.7)

<b>NOTE "4" - LONG TERM PROVISION</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
Provision for Leave Encashment	202.43	187.01
Provision for Gratuity	838.29	882.56
<b>TOTAL</b>	<u>1,040.72</u>	<u>1,069.57</u>

<b>NOTE "5" - SHORT TERM BORROWINGS</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Unsecured</b>		
Short Term Loans from others	109.37	84.37
<b>TOTAL</b>	<u>109.37</u>	<u>84.37</u>

<b>NOTE "6" - TRADE PAYABLE</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
Trade Payable (Refer Note 38)	15,180.82	14,979.51
<b>TOTAL</b>	<u>15,180.82</u>	<u>14,979.51</u>

<b>NOTE "7" - OTHER CURRENT LIABILITIES</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Secured</b>		
Current maturities for Long term Debt		
Term Loan from Banks and Financial Institutions		
(a) From Banks		
State Bank of India (SBI)	2,335.09	2,391.76
Bank of India (BOI)	1,888.62	1,934.46
Corporation Bank (CB)	852.59	873.28
Bank of Baroda (BOB)	128.07	131.18
ICICI Bank Limited (ICICI)	304.24	304.24

<b>NOTE "7" - OTHER CURRENT LIABILITIES (Continued..)</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
(b) From Financial Institutions		
IFCI Limited (IFCI)	<b>1,881.01</b>	1,881.01
Stressed Assets Stabilization Fund (SASF)	<b>1,809.08</b>	1,852.98
Export-Import Bank of India (EXIM)	<b>1,110.96</b>	1,137.92
Industrial Investment Bank of India Limited (IIBI)	<b>43.73</b>	43.73
Other loans and advances (Hire purchase)	<b>—</b>	1.90
Interest accrued and due on Borrowing	<b>10,284.68</b>	7,901.50
<b>Unsecured</b>		
Advance against Orders	<b>2,648.84</b>	2,648.94
Interest accrued but not due:		
on Advance against Orders	<b>5,554.03</b>	5,368.86
on Short Term Loans	<b>146.74</b>	141.30
Advance from Distributors & Dealers	<b>3,542.11</b>	2,881.92
Interest accrued and due:		
on FCCB	<b>168.65</b>	165.87
on Trade Payable & Others	<b>4,526.94</b>	3,948.09
Other Liabilities:		
Security Deposits	<b>1,343.70</b>	1,271.14
Expenses	<b>2,911.88</b>	2,917.44
Statutory Dues	<b>3,801.37</b>	3,495.13
Book Overdraft from Banks	<b>36.36</b>	13.33
Employees dues	<b>4,352.86</b>	4,027.43
<b>TOTAL</b>	<b>49,671.55</b>	45,333.41

#### 1. Long Term Debts Secured by:

- (a) Term Loans from Banks and Financial Institutions included above, except Industrial Investment Bank of India and Bank of Baroda, represent the settled amounts outstanding as on 31.03.2013 under the Negotiated Settlement reached with these Lenders. These are secured by (i) a First mortgage and charge on the immovable properties consisting of Land, Buildings, Fixed Plant and Machinery, Furniture and Fixtures of the Company existing as on 31.03.2005 (save and except Land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur) and (ii) first charge by way of hypothecation of all movable assets of the Company (save and except Stocks of Raw Materials, Components, Stores & Spares, Work-in-process, Finished Goods, Book Debts etc), including movable machinery, tools, accessories, etc., existing as on 31.03.2005, subject however, to the prior charges created in favour of (a) banks/others over certain specified equipment purchased by the Company on Hire Purchase basis, (b) SASF over the specified equipment acquired out of its erstwhile EFS Loan, (c) Exim Bank over the specified equipment acquired by the 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.

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- (b) Term Loans against erstwhile Rupee Loan from IDBI under EFS, erstwhile Rupee Loan from Exim Bank under PEFP and erstwhile Rupee Loan from IIBI under ACS, included in Serial Number (i) represent the settled amounts outstanding as on 31.03.2013 under the Negotiated Settlement reached with these Lenders. These Loans are secured by (i) an exclusive first charge by way of hypothecation of specified equipments acquired out of the said erstwhile loans and (ii) Personal Guarantee(s) of three Directors of the Company.
- (c) Amounts outstanding against erstwhile working capital facilities from SBI, BOI and BOB included in Serial Number (i) above represent the settled amounts outstanding as on 31.03.2013 under the Negotiated Settlement reached with these Banks. These Loans are secured by (i) a first charge on the land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur by way of Equitable Mortgage, ranking pari passu, inter-se, in all respects amongst these Banks and (ii) Personal Guarantee(s) of three Directors of the Company. These are further secured by a Second Charge on the immovable properties consisting of Land, Buildings, Fixed Plant and Machinery, Furniture and Fixtures of the Company existing as on 31.03.2005 (save and except Land and property situated at Plot No. C-3 & 4, Site – I, Panki Industrial Estate, Kanpur ). Certain charges in respect of 1(a) and 1(c) are yet to be modified / created.
- (d) Fixed Assets purchased under Hire Purchase arrangement are secured by hypothecation of respective assets.
- (e) Rate of interest - for the period from April 2009 to March 2013 on balonning basis @ 10.5%, so as to gives yield of 6.5% per annum (YTM)

## 2. The Company is in default in respect to the repayments of Principal and Interest as under:

Period of Default	Amounts (in Lakhs)		
	Principal	Interest	Total
From the year 2006-2007	52.83	341.95	394.78
From the year 2007-2008	1,716.21	917.24	2,633.45
From the year 2008-2009	1,716.87	1,229.08	2,945.95
From the year 2009-2010	1,716.87	1,544.36	3,261.23
From the year 2010-2011	1,716.87	1,791.92	3,508.79
From the year 2011-2012	1,716.87	2,076.95	3,793.82
From the year 2012-2013	1,716.87	2,383.18	4,100.05
<b>Total</b>	<b>10,353.39</b>	<b>10,284.68</b>	<b>20,638.07</b>

## 3. The Company is in default in the payment of interest to Foreign Currency Convertible Bonds holders:

Period of Default	Amounts (in Lakhs)
From the year 2006-2007	168.65

NOTE "8" - SHORT TERM PROVISIONS	Figures as at 31st March, 2013 Rs. In Lakhs	Figures as at 31st March, 2012 Rs. In Lakhs
Provision for Leave Encashment	101.69	88.71
Provision for Gratuity	258.46	125.22
Provision for Income Tax (FBT)	178.00	178.00
<b>TOTAL</b>	<b>538.15</b>	<b>391.93</b>

## (Rs. In Lakhs)

PARTICULARS		GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK		
	As at 01.04.2012	Additions during the year	Deductions/ Adjustments	As at 31.03.2013	Upto 31.03.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As At 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS:										
Land - Freehold	2.72	-	-	2.72	-	-	-	-	2.72	2.72
- Leasehold	618.68	-	-	618.68	-	-	-	-	618.68	618.68
Buildings	8,475.01	-	-	8,475.01	4,763.76	278.95	-	5,042.71	3,432.30	3,711.25
Lease hold Improvement	94.67	-	-	94.67	72.53	5.65	-	78.18	16.49	22.14
Plant & Machinery	34,988.55	732.89	-	35,721.44	30,431.85	887.02	-	31,318.87	4,402.57	4,556.70
Electric Installations	2,712.15	0.87	-	2,713.02	2,569.60	85.00	-	2,654.60	58.42	142.55
Furniture and Fixtures	875.27	3.71	-	878.98	842.20	8.59	-	850.79	28.19	33.07
Office Equipments	590.05	19.02	-	609.07	338.23	28.30	-	366.53	242.54	251.82
Vehicles	656.76	-	-	656.76	628.11	7.42	-	635.53	21.23	28.65
Total	49,013.86	756.49	-	49,770.35	39,646.28	1,300.93	-	40,947.21	8,823.14	9,367.58
INTANGIBLE ASSETS:										
Technical Know - How	2,999.16	-	-	2,999.16	2,999.16	-	-	2,999.16	-	-
Total	2,999.16	-	-	2,999.16	2,999.16	-	-	2,999.16	-	-
Grand Total	52,013.02	756.49	-	52,769.51	42,645.44	1,300.93	-	43,946.37	8,823.14	9,367.58
	(51,788.79)	(224.23)	-	(52,013.02)	(41,222.62)	(1,422.82)	-	(42,645.44)	(9,367.58)	(10,566.17)
Add: Capital Work In Progress (CWIP)	-	-	-	-	-	-	-	-	297.55	813.14
Total Fixed Assets Including CWIP					42,645.44				9,120.69	10,180.72
									(10,180.72)	(10,827.85)

**Notes:** (i) Buildings include Rs.0.04 lakh (Rs.0.04 lakh) being the cost of shares in Co-operative Housing Society.

(ii) Figures in brackets pertain to as at 31.03.2012

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## NOTE “10” NON CURRENT INVESTMENTS

Particulars	Figures as at 31.03.2013 Rs.in lakhs	Figures as at 31.03.2012 Rs.in lakhs
<b>LONG TERM (except otherwise stated)</b>		
<b>Equity Shares (Fully paid-up)</b>		
<b>QUOTED</b>		
Trade		
Investment in Associates:		
1536000 Shares of Rs.10 each in VCCL Limited	153.60	153.60
Others		
200 Shares of Rs.10 each in Bajaj Auto Limited	0.01	0.01
* 110 Shares of Rs.10 each in Bajaj Finserv Limited	0.07	0.00
(Previous year 100 Shares of Rs.10 each)		
* 100 Shares of Rs.10 each in Bajaj Holding & Investment Limited	0.00	0.00
200 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 Infrastructure Limited	0.00	0.00
* 547 Shares of Rs.10 each in Reliance Power Limited	0.00	0.00
100 Shares of Rs.10 each in Scooters India Limited	0.02	0.02
2000 Shares of Rs.1 each in TVS Motor Company Limited	0.04	0.04
100 Shares of Rs.2 each in Hero Motocorp 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
50 Shares of Rs. 1 each in Jaykay Enterprises 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.5 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 Rs.1 each in Sona Koyo Steering System Limited	0.06	0.06
500 Shares of Rs. 2 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 Company Limited	0.13	0.13
100 Shares of Rs.10 each in BS Appliances Limited	0.02	0.02
200 Shares of Rs.10 each in Polyplex Corporation Limited	0.02	0.02
50 Shares of Rs.10 each in Modi Rubber Limited	0.03	0.03
	<b>1.29</b>	<b>1.22</b>
<b>UNQUOTED</b>		
Trade		
800000 Shares of Rs.1 each in Trident Auto Components Private Limited	80.00	80.00
	<b>234.89</b>	<b>234.82</b>
Less: Provision for diminution in value of Investments	<b>233.95</b>	<b>233.88</b>
	<b>0.94</b>	<b>0.94</b>

\* Allotment of shares on account of demerger

### Notes:

- (i) Aggregate amount of Quoted Investments:
  - Cost Rs. 154.89 lakhs (As at 31.03.2012 Rs. 154.82 lakhs)
  - Market value Rs. 24.40 lakhs (As at 31.03.2012 Rs. 22.71 lakhs)
- (ii) Aggregate amount of Unquoted Investments:
  - Cost Rs. 80.00 lakhs (As at 31.03.2012 Rs. 80.00 lakhs)

<b>NOTE "11" - LONG TERM LOANS AND ADVANCES</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Unsecured, considered good</b>		
Capital Advances	23.61	34.27
Security Deposits	73.75	73.75
<b>TOTAL</b>	<b>97.36</b>	<b>108.02</b>
<b>NOTE "12" -INVENTORIES (Refer Note 26)</b>		
Raw Materials and Components	5,581.07	5,115.37
Material in Transit ( Raw Materials and Components)	108.27	85.38
Stores & Spares	1,381.26	1,420.93
Loose Tools	766.59	792.84
Work in Progress	1,091.82	1,032.02
Finished Goods	952.40	2,332.90
<b>TOTAL</b>	<b>9,881.41</b>	<b>10,779.44</b>
<b>NOTE "13" -TRADE RECEIVABLES</b>		
<b>Unsecured, considered good (Refer Note 25)</b>		
(Debts outstanding for a period exceeding six month)		
Considered good	33.37	31.60
Considered Doubtful	380.14	380.14
	413.51	411.74
Less: Provision for Doubtful Debts	380.14	380.14
	33.37	31.60
Others	89.68	47.45
<b>TOTAL</b>	<b>123.05</b>	<b>79.05</b>
<b>NOTE "14" -CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks		
in Current Accounts	1,469.95	554.33
Fixed Deposit Accounts *		
Bank Deposit with more than 12 months maturity	1.01	1.01
Others	165.72	1,435.39
Interest accrued on above	17.26	22.02
Balance with non scheduled banks in foreign currency		
with HSBC Bank plc	5.95	5.83
DD/Cheques in hand	—	5.05
Cash in Hand	82.31	76.70
<b>TOTAL</b>	<b>1,742.20</b>	<b>2,100.33</b>

\* Fixed deposit with Banks to the extent held as margin money is of Rs. 38.78 lakhs (Previous year Rs.25.37 lakhs)

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<b>NOTE "15" - SHORT TERM LOANS AND ADVANCES</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Unsecured, considered good (Refer Note 25)</b>		
Loans	<b>308.68</b>	262.96
Other Loans and Advances		
Advances Recoverable in cash or in kind or for value to be received		
Related Party (VCCL Limited)	<b>233.80</b>	218.27
Others	<b>2,301.72</b>	1,965.65
Balance with Customs and Excise Authorities	<b>48.07</b>	28.07
Security Deposits	<b>88.43</b>	86.48
	<b>2,980.70</b>	2,561.43
<b>Unsecured, considered Doubtful</b>		
Other Loans and Advances		
Advances Recoverable in cash or in kind or value to be received		
Related Party (VCCL Limited)	<b>940.01</b>	940.01
Others	<b>12.00</b>	12.00
Deposits - Companies	<b>116.33</b>	116.33
	<b>1,068.34</b>	1,068.34
Less: Provision for Doubtful advance and deposits	<b>1,068.34</b>	1,068.34
	<b>-</b>	-
<b>TOTAL</b>	<b>2,980.70</b>	2,561.43
Note: Loans and Advances includes:		
	<b>Due Maximum</b>	<b>Rs. In lakhs</b>
Due from Officer	<b>30.65 30.65</b>	30.65 30.77
Due from one Director*	<b>15.88 16.32</b>	16.32 16.32
* Loan was given to Shri Ram Kumar Srivastava before being appointed as a Director of the Company		
<b>NOTE "16" -REVENUE FROM OPERATIONS</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
Sales of Product	24,454.85	30,631.18
Scrap sales	358.16	484.84
Less: Excise Duty	(1,158.19)	(1,408.41)
Other Operating Income (Export Benefit)	690.29	1,333.60
<b>TOTAL</b>	<b>24,345.11</b>	31,041.21
<b>NOTE "17" -OTHER INCOME</b>		
Interest Income Gross		
(TDS Rs. 4.22 Lakh, previous year Rs 2.02 lakhs)	<b>47.85</b>	67.92
Dividend on Shares	<b>0.39</b>	0.43
Credit Balances / Provisions no longer required written back	<b>4.50</b>	5.00
Miscellaneous	<b>33.99</b>	117.41
<b>TOTAL</b>	<b>86.73</b>	190.76



<b>NOTE "18" - COST OF GOODS CONSUMED</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
Opening Stock	5,115.37	4,937.56
Add : Purchases during the year	15,961.26	22,002.69
Less: Closing Stock	5,581.07	5,115.37
<b>Total cost of goods consumed</b>	<b>15,495.56</b>	<b>21,824.88</b>

**NOTE "19" - CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS AND STOCK IN TRADE**

Closing Stock:		
Work in Progress	1,091.82	1,032.02
Finished Goods	952.40	2,332.90
	2,044.22	3,364.92
(Increase) / Decrease in Excise Duty on uncleared Finished Goods	193.69	(149.09)
	2,237.91	3,215.83
Less: Opening Stock		
Work in Progress	1,032.02	1,094.65
Finished Goods	2,332.90	1,600.98
	3,364.92	2,695.63
<b>CHANGE IN STOCK</b>	<b>(1,127.01)</b>	<b>520.20</b>

**NOTE "20" - EMPLOYEE BENEFIT EXPENSES**

Salaries and Wages	2,732.07	2,516.08
Contribution to provident & other funds	181.46	177.02
Provision for Retirement Benefits	35.66	28.40
Gratuity Expenses	200.45	174.75
Welfare expenses	75.77	68.62
<b>TOTAL</b>	<b>3,225.41</b>	<b>2,964.87</b>

**NOTE "21" - FINANCE COST**

Interest on Fixed Loans	2,383.18	2,077.25
on Others	1,243.00	1,328.69
Bank and Other Charges	28.68	24.77
Net Gain /Loss on foreign currency translation and transaction	2.78	26.17
<b>TOTAL</b>	<b>3,657.64</b>	<b>3,456.88</b>

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<b>NOTE "22" EXPENSES</b>	<b>Figures as at 31st March, 2013 Rs. In Lakhs</b>	<b>Figures as at 31st March, 2012 Rs. In Lakhs</b>
<b>Manufacturing Expenses</b>		
Store, Spare Parts and Dies Consumed	1,010.17	1,215.35
Power and Fuel	1,176.04	1,023.58
Development Expenses	135.53	59.17
<b>Repairs and Maintenance</b>		
- Machinery	59.05	65.22
- Buildings	65.45	102.35
- Others	101.16	85.80
	<b>2,547.40</b>	<b>2,551.47</b>
<b>Administrative, Selling and Other Expenses</b>		
Payment to Auditors		
As Auditors	9.00	9.00
Other Services	7.80	7.80
Rent	164.22	150.69
Freight, Cartage and Clearing charges	1,053.14	1,067.99
Postage, Telex and Telephones	101.92	101.19
Printing and Stationery	33.76	43.91
Insurance Expenses	64.11	60.74
Rates & Taxes	86.64	38.46
Rebate and Discount	13.15	10.96
Sales Incentive-other agents	141.01	17.12
Warranty and Service Charges	275.85	170.15
Advertisement, Publicity & Sales Promotion	289.24	464.43
Travelling, Conveyance, Car & Recruitment Expenses	739.01	779.96
Directors Sitting Fees	0.46	0.42
Difference in Exchange	85.32	126.38
Charity and Donation	0.06	0.26
Legal & Professional Expenses	283.08	744.45
Prior Period Expenses-Salaries & Wages	—	5.00
Bad & Doubtful Advances written off	—	0.68
Miscellaneous Expenses	275.52	251.93
<b>TOTAL</b>	<b>3,623.29</b>	<b>4,051.52</b>

## Other Notes on Accounts

### 23. Significant Accounting Policies

#### (i) System of Accounting

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

#### (ii) Fixed Assets

Fixed Assets (tangible and intangible) are stated at cost of acquisition or construction less accumulated depreciation, amortization and impairment loss, if any. Cost is inclusive of duties, taxes, erection/commissioning expenses, incidental expenses and borrowing cost etc. and where applicable is net of Modvat / Cenvat benefit.

#### (iii) Borrowing costs

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

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

#### (iv) Foreign Currency Transactions

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

#### (v) Research and Development

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

#### (vi) Employee Benefits

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.

#### (vii) Investments

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

#### (viii) Sales

- (a) Revenue from domestic sales is recognised upon dispatch to customers.
- (b) Export sales are recognized upon dispatch from the customs port.

#### (ix) Export Benefits

The Company accounts for Export Benefit Entitlements under the Duty Draw Back and Special Incentive Schemes of the Government of India, in the year of Export Sales.

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

- (a) No amount is being written off on Leasehold land.
- (b) Depreciation on vehicles is being provided as calculated under Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (c) On other tangible assets, depreciation is being provided proportionately on Straight Line Method at the rates indicated below :
  - i) On capital expenditure incurred on leasehold improvements considering the period of lease; and
  - ii) On the remaining assets at the rates specified in Schedule XIV to the Companies Act, 1956.
- (d) Intangible Assets are amortized over the estimated useful life of such assets. Technical Know How is amortized by Straight Line Method at the rate of 20% per annum over its estimated useful life of five years.
- (e) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired.

#### (xi) Inventories

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

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

#### (xii) Leases

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

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

## (xiv) Taxation

Income tax expense/ savings comprise current tax and deferred tax charge or credit. Provision for current tax is made on the estimated taxable income at the tax rate applicable to the relevant assessment year. The deferred tax assets are recognised based on the principles of prudence. Deferred tax asset and deferred tax liabilities are calculated by applying the rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are reviewed at each Balance Sheet date.

## 24. Contingent Liabilities & Commitments (to the extent not provided for)

- Income-tax, Sales-tax, Customs and Excise Duty matters pending in appeals etc. Rs.17925.16 lakhs (Previous year Rs. 17174.46 lakhs) (net of Bank Guarantee of Rs 3.00 lakhs included in (b) below (Previous year Rs. 3.00 lakhs)
  - Outstanding guarantees furnished by Bankers Rs. 11.65 lakhs (Previous year Rs.11.65 lakhs).
  - Claims against the Company not acknowledged as debts Rs.13921.55 lakhs (Previous year Rs. 13671.08 lakhs).
  - Unexecuted capital commitments (net of advances) Rs. 6.71 lakhs (Previous year Rs. 9.12 lakhs)
25. Balances of some of the Trade Receivables, Trade Payable, 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.
26. The Company is in the process of restructuring/revival of its business under the aegis of BIFR which inter alia includes finalization of the product plan. The process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan. Pending such ascertainment/ determination the management has considered the inventories except finished goods at cost. Requisite accounting effect, if any, will be given upon such ascertainment/ determination and approval of revival plan.
27. 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).

28. Remuneration to Chairman & Managing Director and Whole-time Directors:

	(Rs. in lakhs)	
	2012-13	2011-12
Salary	12.75	8.44
Contribution to : Provident Fund Perquisites	0.88 59.79	0.48 58.40
Total	73.42	67.32

29. Expenditure on Research & Development Activities during the year amounted to Rs. 416.34 lakhs (previous year Rs. 328.40 lakhs) has been charged to P&L Account.
30. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its net worth and the Company -was declared a Sick Industrial Company by BIFR on 8<sup>th</sup> May, 2007. The Company which restarted its operations from April, 2007 is working on the development of various new products and technologies and production of new generation 4-stroke Automatic Gearless Scooter (CVT) has since commenced. The Company has already submitted its draft revival scheme to BIFR and as directed by BIFR, Company is in process of submitting updated revival scheme. In view of this, the accounts have been prepared on the basis of going concern.
31. To aid and support the revival of the Company, including continuity of operations and other related activities such as product development, the Company had to meet urgent capital expenditure (including capital work in progress and capital advances) by way of increase in current liabilities to the extent of Rs. 259.09 lakhs. (Previous year Rs.297.19 lakhs).
32. **Restructuring of Loans**
- The Company has executed with the Secured Lenders (SL) on 28<sup>th</sup> March, 2005 a Multipartite Agreement (MPA). The Company is in default towards payment of interest since December 2006. Applicable penal interest has been provided on the above over dues. The Draft Revival Scheme submitted to BIFR inter-alia takes into consideration the dues of the SL.
  - In terms of the MPA the outstanding amounts are repayable to the SL as per the repayment schedule over eight years along with 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 31<sup>st</sup> March, 2013 amounts to Rs.2383.18 lakhs as compared to YTM rate. There is excess provision of Rs.35.30 lakhs for the year, which is equivalent to cumulative short provisions in earlier years.

**33. 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 31<sup>st</sup> March, 2013 at the Balance Sheet date. In the context of - uncertainty of generation of profits in near future, Deferred Tax Assets has not been recognized.

**Amount (Rs. in Lakhs)**

	<b>2012-13</b>	<b>2011-12</b>
Employer's Contribution to Provident Fund	<b>55.13</b>	50.27
Employer's Contribution to Pension Scheme	<b>46.67</b>	46.04

**34. 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:

**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.

	<b>Gratuity</b>		<b>Leave Encashment</b>	
	<b>(Partly funded)</b>		<b>(Unfunded)</b>	
	<b>2012-2013</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2011-2012</b>
<b>(i) Changes in present value of obligations</b>				
Present value at the beginning of the year	<b>1513.17</b>	1441.32	<b>252.95</b>	251.73
Interest cost	<b>121.05</b>	122.51	<b>20.24</b>	21.40
Current service cost	<b>81.67</b>	75.67	<b>21.87</b>	19.59
Benefits paid	<b>(25.57)</b>	(63.09)	<b>(7.26)</b>	(5.42)
Actuarial (gain) / loss on obligations	<b>1.42</b>	(63.24)	<b>(7.87)</b>	(34.34)
Present value at the end of the year	<b>1691.74</b>	1513.17	<b>279.93</b>	252.96
<b>(ii) Changes in the fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year	<b>505.39</b>	526.50	—	—
Expected return on plan assets	<b>45.49</b>	47.38	—	—
Contributions	<b>58.04</b>	—	—	—
Benefit paid	<b>(25.57)</b>	(63.09)	—	—
Actuarial gain / (loss) on plan assets	<b>11.64</b>	(5.40)	—	—
Fair value of plan assets at the end of the year	<b>594.99</b>	505.39	—	—
<b>(iii) Actuarial gain / loss recognized</b>				
Actuarial gain / (loss) for the year – obligation	<b>(1.42)</b>	63.24	<b>7.87</b>	34.34
Actuarial (gain) / loss for the year – plan assets	<b>(11.64)</b>	5.40	—	—
Total (gain) / loss for the year	<b>(10.22)</b>	(57.84)	<b>(7.87)</b>	(34.34)
Actuarial (gain) / loss recognized in the year	<b>(10.22)</b>	(57.84)	<b>(7.87)</b>	(34.34)
Unrecognised actuarial (gains) / losses at the end of year	—	—	—	—
<b>(iv) Amounts to be recognised in the balance sheet and statements of profit and loss</b>				
Present value of obligation at the end of the year	<b>1691.74</b>	1513.17	<b>279.93</b>	252.96
Fair value of plan assets at the end of the year	<b>594.99</b>	505.39	—	—
Difference (Funded Status)	<b>(1096.75)</b>	(1007.78)	<b>279.93</b>	252.96
Unrecognised actuarial (gains) / losses	—	—	—	—
Net asset / (liability) recognised in the balance sheet	<b>(1096.75)</b>	(1007.78)	<b>279.93</b>	252.96
<b>(v) Expenses recognised in the statement of profit and Loss</b>				
Current service cost	<b>81.67</b>	75.67	<b>21.87</b>	19.59
Past service cost	—	—	—	—
Interest cost	<b>121.05</b>	122.51	<b>20.24</b>	21.40
Expected return of plan assets	<b>(45.49)</b>	(47.38)	—	—
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Net actuarial (gain) / loss recognised in the year	<b>(10.22)</b>	(57.85)	<b>(7.87)</b>	(34.34)
Expenses recognized in the profit & loss	<b>147.01</b>	92.95	<b>34.24</b>	6.65
<b>(vi) Actuarial Assumptions</b>				
Mortality Table	LIC (1994-1996) duly modified		LIC (1994-1996) duly modified	
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate	8.0%	8.5%	8.0%	8.5%
Rate of increase in compensation levels	5.5%	6.0%	5.5%	6.0%

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**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.

35. The Company has carried out impairment test on its Fixed Assets as on 31.03.2013 and the Management is of the opinion that there is no asset for which impairment required to be made as per Accounting Standard-28 on Impairment of Assets issued by ICAI.

36. Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

Particulars	2012-13	2011-12
(i) Net Loss as per Profit & Loss Account (Rs./Lakhs)	<b>(6545.40)</b>	(4520.27)
(ii) Weighted average Number of Equity Shares	<b>81984320</b>	81984320
(iii) Basic & Diluted Earning Per Share (Rs.)	<b>(7.98)</b>	(5.51)

## 37. Leases:

### (a) Operating Leases:

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

Particulars	[Rs. / Lakhs]	
	2012-13 [12 Months]	2011-12 [12 Months]
i) Payable not later than one year	<b>90.46</b>	117.56
ii) Payable later than one year and not later than five years	<b>157.17</b>	164.89
iii) Payable later than five years	—	—
	<b>247.63</b>	<b>282.45</b>

The rental expenses in respect of operating leases Rs. 164.22 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]

Particulars	2012-13	2011-12
<b>Minimum Lease Payments</b>		
i) Payable not later than one year	—	1.92
ii) Payable later than one year and not later than five years	—	—
iii) Payable later than 5 years	—	—
Total minimum Lease payments	—	1.92
Less: Future Finance charges	—	0.03
Present value of Minimum Lease Payments	—	1.89

### Present value of Minimum Lease Payments

i) Payable not later than one year	—	1.89
ii) Payable later than one year and not later than 5 years	—	—
iii) Payable later than 5 years	—	—
	—	1.89

38. In the absence of information from Trade Payable regarding status under The Micro, Small and Medium Enterprises Development Act, 2006, liability of interest if any can not be reliably estimated, nor required disclosures can be made.

## 39. Related Party Disclosures:

- (i-a) Associates/ Joint Venture  
VCCL Limited, Trident Auto Components (P) Ltd.
- (i-b) Key Management Personnel  
Shri Deepak Kumar Singhania – Chairman & Managing Director, Shri Lalit Kumar Singhania – Whole-time Director, Shri Sanjeev Shriya – Whole-time Director, Shri Anurag Kumar Singhania – Whole-time Director, Shri Ram Kumar Srivastava – Whole-time 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, Saryu Investment & Trading P. Limited, Panki Roadlines Pvt. Limited, Sugata Investment 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 year in respect of dues from or to related parties.

- [iii] Summary of Transactions with related parties:

(Rs./ lakhs)

Particulars	Associates/ Joint Management Venture	Key Management Personnel
Miscellaneous Income	0.18 (0.18)	— (—)
Other receipts	3.08 (2.04)	— (—)
Remuneration	— (—)	73.42 (67.32)
Outstanding (Payable) as on 31.03.2013	8.04 (8.04)	— (—)
Outstanding (Receivable) as on 31.03.2013	233.80 (218.27)	— (—)

Note: Figures in bracket pertain to previous year

#### Details of related parties transactions:

Associates/Joint Ventures: All the transactions and outstanding balance are with VCCL Limited except Rs.8.04 lacs payable to Trident Auto Components Pvt. Ltd.

**Key Management Personnel:** Remuneration to Shri Deepak Kumar Singhania Rs. 21.38 lakhs (Previous year Rs. 22.23 lakhs), Shri Lalit Kumar Singhania Rs. 9.15 lakhs (Previous year Rs. 4.16 lakhs), Shri Sanjeev Shriya Rs. 15.41 lakhs (Previous year Rs. 16.65 lakhs), Shri Anurag Kumar Singhania Rs. 9.48 lakhs (Previous year Rs. 11.83 lacs) and Shri Ram Kumar Srivastava Rs. 18.00 lakhs (Previous year Rs. 12.45 lakhs).

#### 40. Business Segment :

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

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

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

1. Secondary segment reporting is on the basis of geographical location of the customers. The Company's revenue during the year by geographical markets are :  
Domestic Sales Rs. 8588.17 lakhs (Previous year Rs. 12381.30 lakhs) and Export sales Rs. 15066.65 lakhs (Previous year Rs. 17326.31 lakhs)
2. Geographical segment wise loss and capital employed are not given since the production unit and administrative expenses are common.

41. 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)

	2012-13	2011-12
a) Amount at the beginning of the year	36.02	23.15
b) Additional provision made during the year	220.70	117.70
c) Amount utilized during the year	189.57	104.83
d) Amount at the end of the year	67.15	36.02

#### 42. Remuneration to Auditors

- (a) Statutory Audit Fee Rs. 9.00 lakhs (Previous year Rs. 9.00 lakhs)
- (b) Tax Audit Fee Rs. 0.80 lakh (Previous year Rs. 0.80 lakh).
- (c) Other Services – Certification and other Jobs Rs.7.00 lakhs (Previous year Rs. 7.00 lakhs).

#### 43. Remuneration to Cost Auditors

Audit Fee Rs. 0.35 lakh (Previous year Rs. 0.35 lakh).

#### 44. C.I.F.Value of Imports

	Year Ended 31.03.2013 Rs.in lakhs	Year Ended 31.03.2012 Rs.in lakhs
Raw Material and Components	1271.83	864.82
Stores,Spares Parts and Dies	14.97	17.26
Capital Goods	33.51	440.90
	<b>1320.31</b>	<b>1322.98</b>
45. Expenditure in Foreign Currency (as remitted)		
Professional and Consultation fees	43.09	125.18
Travelling Foreign	107.34	126.40
Others	225.92	103.54
	<b>376.35</b>	<b>355.12</b>

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	Year Ended 31.03.2013 Rs.in lakhs		Year Ended 31.03.2012 Rs.in lakhs	
46. Remittance in Foreign Currency on Account of Dividend				
Amount remitted	—		—	
47. Raw Materials/Stores,Spare Parts & Dies Consumed				
Raw Materials & Components				
Imported	1402.79	9.05	1448.43	6.64
Indigenous	14092.77	90.95	20376.45	93.36
	15495.56	100.00	21824.88	100.00
Stores, Spare Parts & Dies				
Imported	61.38	6.08	56.58	4.66
Indigenous	948.79	93.92	1158.77	95.34
	1010.17	100.00	1215.35	100.00
48. Earning in Foreign Exchange				
F.O.B. Value of Exports	14251.17		16235.56	

49. Figures of the previous year have been regrouped and recasted wherever necessary to make them comparable.  
Notes 1 to 49 form an integral part of the Balance Sheet and Profit and Loss Account

As per our report of even date attached

For and on behalf of the Board

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

**For PARIKH & JAIN**  
Chartered accountants

**DEEPAK KUMAR SINGHANIA**  
Chairman & Managing Director

**RAM KUMAR SRIVASTAVA**  
Whole-time Director

**AKASH SHINGHAL**  
Partner  
(M. No. 103490)  
FRN- 105049W

**A K JAIN**  
Partner  
(M. No. 071253)  
FRN- 001105C

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

Place: Gurgaon  
Date : 24.05.2013

**MAHESH KANODIA**  
Vice President (Accounts)

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	Year ended 31.03.2013 Rs.in lakhs	Year ended 31.03.2012 Rs.in lakhs
<b>A CASH PROFIT FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(6,545.40)	(4,520.27)
Adjustments for:		
Depreciation , Amortisation & Impairment	1,300.93	1,422.82
Interest/Dividend Income	(48.24)	(68.35)
Interest Charged (net)	3,626.18	3,405.94
Credit Balances/Provisions no Longer Required Written Back	—	(5.00)
<b>Operating Profit/(Loss) before Working capital Changes</b>	<b>(1,666.53)</b>	<b>235.14</b>
Adjustments for:		
Trade & Other receivables	(452.60)	(103.95)
Inventories	898.02	(855.52)
Trade Payables & Other Liabilities	1,245.62	1,880.00
Cash Generated from Operations	24.51	1,155.67
<b>Net Cash From Operating Activities</b>	<b>24.51</b>	<b>1,155.67</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(240.90)	(775.69)
Interest Received	47.85	67.92
Dividend Received	0.39	0.43
<b>Net cash used in Investing Activities</b>	<b>(192.66)</b>	<b>(707.34)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Other Borrowing	97.57	35.63
Repayment of Borrowings	(199.08)	(15.69)
Interest Paid	(88.47)	(181.60)
<b>Net Cash from Financing Activities</b>	<b>(189.98)</b>	<b>(161.66)</b>
Net (Decrease)/Increase in Cash & Cash Equivalents	(358.13)	286.67
Cash & Cash Equivalents at Start of the period	2,100.33	1,813.66
Cash & Cash Equivalents at Close of the period	1,742.20	2,100.33

### Notes :-

- 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 The Institute of Chartered Accountants of India.
- 2 Figures in bracket indicate cash outflow.
- 3 Previous year figures have been re-grouped and recasted wherever necessary to conform to current year classification.

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## 4. Cash and cash equivalents include:

Cash in hand	82.31	76.70
DD/Cheque in hand	—	5.05
Balances with scheduled Banks in Indian Rupees		
In Current Account	1469.95	554.33
In Fixed Deposits	166.73	1436.40
Interest accrued on above	17.26	22.02
	<u>1736.25</u>	<u>2094.50</u>
Balance with non scheduled Bank in foreign currency With HSBC Bank plc	5.95	5.83
	<u>1,742.20</u>	<u>2,100.33</u>

As per our report of even date attached

For and on behalf of the Board

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

**For PARIKH & JAIN**  
*Chartered accountants*

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

**RAM KUMAR SRIVASTAVA**  
*Whole-time Director*

**AKASH SHINGHAL**  
*Partner*  
(M. No. 103490)  
FRN- 105049W

**A K JAIN**  
*Partner*  
(M. No. 071253)  
FRN- 001105C

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

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

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

Place: Gurgaon  
Date : 24.05.2013

**LML LIMITED**

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

**PROXY FORM**

DP Id*	
Client Id.*	

No. of Shares	
Master Folio No.	

I/We ..... of ..... being member(s) of LML LIMITED, hereby appoint ..... of ..... or failing him/her ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Seventh Annual General Meeting of the Members of LML Limited to be held on Tuesday, the 24th September, 2013 at C-10, Panki Industrial Estate, Site-II & III, Kanpur 208 022 (U.P.) at 11:00 A.M. and any adjournment thereof.

AS WITNESS my/our hand(s) this ..... day of ....., 2013.

Signature of the  
Member(s) .....

Affix  
Re.1/-  
Revenue  
Stamp

Signature of  
Proxy(ies).....

\* Applicable for Investors holding shares in electronic form.

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

**LML LIMITED**

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

**ATTENDANCE SLIP**

DP Id*	
Client Id.*	

No. of Shares	
Master Folio No.	

I hereby record my presence at the THIRTY SEVENTH ANNUAL GENERAL MEETING of the Members of LML Limited held on Tuesday, the 24th September, 2013 at C-10, Panki Industrial Estate, Site-II & III, Kanpur 208 022. (U.P.) at 11:00 A.M.

Full Name(s) of Member(s) .....

Full name of attending member/proxy .....

\* Applicable for Investors holding shares in electronic form.

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

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

**BOOK – POST**  
**PRINTED MATTER**

If undelivered please return to:



**LML SHARES REGISTRY**

(A Division of LML Limited)

C-10, PANKI INDUSTRIAL ESTATE, SITE-II,  
KANPUR - 208 022. (U.P.) INDIA.

Ph. No. 0512-6660300

E-Mail: [investor.grievances@lml.co.in](mailto:investor.grievances@lml.co.in)

Website: [www.lmlworld.com](http://www.lmlworld.com)