

Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay

**23rd
Annual Report
2009 - 2010**

Lloyds Finance

LLOYDS FINANCE LIMITED

Board of Directors

Basant B. Bhoruka	<i>Chairman</i>
P. C. Soni	<i>Director</i>
Pankaj R. Desai	<i>Managing Director</i>

Mrs. Rinku Gadani
Company Secretary

Statutory Auditors
Vijay H. Shah & Co.
Chartered Accountants
Mumbai.

Regd. Office :
2nd Floor, Viraj Impex House,
47, P. D' Mello Road,
Masjid (East),
Mumbai 400 009.

**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

Lloyds Finance

NOTICE

NOTICE is hereby given that, with the necessary approval of the Special Committee appointed by the Hon'ble High Court of Bombay vide order dated 12th March 2004, 23rd Annual General Meeting of the Members of LLOYDS FINANCE LIMITED will be held on Friday, the 20th day of August, 2010 at 10.30 a.m. at Sunflower I & II Room, 30th floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 to transact the following business.

ORDINARY BUSINESS:-

1. To receive and adopt the audited Profit and Loss Account of the Company for the year ended 31st March, 2010 and the Balance Sheet as at that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Basant Bhoruka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, the 13th day of August, 2010 to Friday, the 20th day of August, 2010** (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
3. Members are requested to please intimate the changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent at the following address:-

Bigshare Services Private Limited,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400 072.
Tel : 40430200 / 299
Fax : 2847 5207
Email: info@bigshareonline.com

4. Members are requested to quote the Folio Number and DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all their correspondence with the Company / Registrar and Share Transfer Agent.
5. Members who have multiple accounts in the identical names or joint accounts in the same order are requested to send all the Share Certificate(s) to the Registrar & Share Transfer Agents, M/s Bigshare Services Pvt. Ltd. for consolidation of all such shareholdings into one account to facilitate better services.
6. Members are requested to bring their copy of Annual Report at the time of attending the meeting.
7. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to forward the same in writing at least 7 days before the date of the meeting to Mr. Pankaj R. Desai, Managing Director at the Registered Office of the Company, so that the same may be attended appropriately to your satisfaction.

**By Order of the Board &
with permission of The Special Committee,**

For LLOYDS FINANCE LIMITED,

**Rinku Gadani
Company Secretary**

Regd. Office:-

Viraj Impex House, 2nd Floor,
47, P.D'Mello Road,
Mumbai - 400 009.

Date: 07th May, 2010

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DIRECTORS' REPORT

To the Members,

You all are aware that the Hon'ble High Court of Bombay has appointed a Special Committee to take charge of the management and affairs of the Company vide its Order dated 12th March, 2004. With the permission of the Special Committee, your Directors are presenting the 23rd Annual Report of the Company with the Audited Statement of Accounts for the financial year ended 31st March, 2010.

1. Financial Results

The Financial Results of the Company for the year under review are summarized for your consideration:-

	31/03/2010	(Rs. in Lacs) 31/03/2009
Gross Income	800.67	51.08
Expenditure	(343.20)	(380.06)
Write-offs	3244.57	7.42
Profit / (Loss) for the year before tax	(2787.10)	(336.40)
Provision for Fringe Benefit Tax	-	(1.69)
Profit / (Loss) for the year after tax	(2787.10)	(338.09)
Balance of (Loss) brought forward	(28953.40)	(28638.57)
Income Tax refund of earlier years	0.05	23.26
Balance of (Loss) carried forward	(31740.45)	(28953.40)

2. Dividend

In view of the losses the Directors have not recommended any Dividend for the year ended 31st March, 2010.

3. Management Discussion and Analysis

You are aware that the Company is under the management of the Special Committee appointed by the Hon'ble High Court of Bombay instead of Official Liquidator in Company Petition No. 1017/2002 vide Order dated 12th March 2004. In pursuance to Order dated 12/4/2004 passed by the Hon'ble High Court of Bombay, the Board of Directors are working under the superintendence of the Special Committee.

The major thrust of the Special Committee is to recover the dues from defaulters of the Company, reduction of expenses and the repayment to the fixed deposit holders, other secured and unsecured creditors.

The Special Committee pursuant to the direction of the Hon'ble High Court is concentrating on recoveries and in addition to pursuing the legal recourse, is calling the defaulters for settlement of their dues with a view to expedite the recovery.

The Company is currently not engaged in business of Non-Banking Finance Company (NBFC) w.e.f. 14th May, 1998 as per restrictions imposed by Reserve Bank of India and the thrust is on recovery of its dues and repayment of its liability in a phased manner.

The Company, under the direction of the Special Committee appointed by the Hon'ble High Court of Bombay, is complying with all the requirements of the Listing Agreement, The Companies Act, 1956 and Reserve Bank of India like submission of various forms and returns to Stock Exchanges, Registrar of Companies and Reserve Bank of India.

The Hon'ble High Court of Bombay reviewed the working of the Company under the management of the Special Committee and vide order dated 14th March, 2007 appraised that the Special Committee has acted in earnest and has made best possible efforts to effectuate the purpose of the constitution of the Special Committee and that a substantial amount of work has been done by the Special Committee towards realization of the outstandings, settlement of dues of the Secured Creditors, Debenture holders and Fixed deposit holders. The Special Committee comprises of Mr. Justice V. R. Datar (Retd. Judge of High Court of Bombay) as Chairman, Mr. S. C. Malhotra I.P.S.,

D.G.P. (Retd.) Maharashtra, Mr. P. K. Bansal, I.P.S., D.G.P. (Retd.), Gujarat as Members.

The Special Committee has addressed to all class of creditors i.e. Banks and Financial Institutions, Debenture Holders and Fixed deposit holders by formulating scheme for repayment based on the availability of funds from the debtors of the Company.

Adequacy of Internal Control:

Considering the size and nature of business, the Company has adequate Internal Control System covering both accounting and administrative control. In addition, the internal audit is carried out periodically. The management is ensuring an effective internal control system so that the financial statements and reports give a true and fair view.

Human Resources / Industrial Relation:

In spite of Company being under the management of Special Committee and facing financial difficulties, the morale of the employees remained high. The organization culture and the commitment of the Company to its people reflect in the motivation levels and the acknowledgement of its employees.

Future Outlook:

The Indian economy continues its growth performance despite sluggish growth in other world economies. It is expected that the recovery and growth of the Indian economy and industrial sector will help in expediting the recovery of dues from various defaulters of the Company. The outlook for the year 2010-11 appears to be positive with the settlement of debts with Banks and Financial Institutions, scheme for repayment to small depositors and the debenture holders and better recovery prospects in view of all efforts put forth by the Special Committee for recovery of dues from the defaulters.

4. Fixed Deposit

The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from public as on 31-3-2010, excluding security deposits and inter-corporate deposits, stood at **Rs.113.93 Crore** (Previous Year **Rs.118.90 Crore**). As you are aware, the Special Committee appointed by the Hon'ble High Court of Bombay is in charge of the management and affairs of the Company and entitled to frame a scheme for the payment of dues of secured and unsecured creditors including fixed deposit holders.

The Special Committee after the approval of the Hon'ble High Court of Bombay, in addition to the payment of deposits upto Rs.5000/- has commenced payment of the deposits of principal amount between Rs.5001/- to Rs.10000/- from the month of August, 2006. The scheme of the other category of slab of depositors shall be framed by the Special Committee on the basis of availability of funds generated out of recovery from the debtors of the Company.

The Special Committee pursuant to direction of the Hon'ble High Court of Bombay is also making payment on compassionate ground for hardship cases to Senior Citizens, Widows, for critical medical exigencies, etc. on the basis of availability of funds.

5. Banks & Financial Institutions borrowings

The Directors wish to inform that under guidance of Special Committee, One Time Settlements have been reached with 21 out of 22 Banks and Financial Institutions for an amount of Rs.260.72 Crores (outstanding in the books of the Company). One institutional creditor i.e. Gujarat State Financial Corporation (GSFC) has outstanding term loan amounting to Rs.670.98 lacs, for which efforts are being made by the Special Committee to arrive at One Time Settlement in tandem with settlement with other Banks and Financial Institutions.

6. Debentures

As regards the liability of Non-Convertible Debentures outstanding in the books of the Company, the Hon'ble Securities Appellate Tribunal (SAT) vide Order dated 17/3/2006 had taken note of the scheme formulated for repayment to the NCD holders by the Special Committee and directed SEBI to be associated in the Scheme. The

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scheme was formulated and placed before the Hon'ble High Court of Bombay by the Special Committee for approval and the same was acknowledged by SAT vide its order dated 5.5.2006 wherein SEBI expressed their no objection.

The Hon'ble High Court vide Order dated 3rd May, 2007 had directed the Scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly, the scheme was forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide letter dated 25th May, 2007. SEBI filed its objection with Hon'ble High Court of Bombay with regard to their clarification of No Objection and also corrigendum to draft of scheme. The Hon'ble SAT vide its order dated 10th December, 2007 clarified with regard to 'No Objection'. Further as per order dated 17th December, 2007 of Hon'ble High Court of Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debenture holders. This corrigendum was issued as per application of SEBI and as directed by Hon'ble High Court of Bombay. During the course of hearing on 16/12/2008 before Hon'ble High Court of Bombay, ICICI Bank Ltd, the Debenture Trustee and REPCO Bank Ltd, major Debenture Holder raised certain objections. In view of the objections, the Special Committee thought it proper and advised Board of Directors to propound Scheme of Compromise with Non-Convertible Debenture Holders u/s 391 of the Companies Act, 1956.

The Special Committee in its meeting held on 22/5/2009 approved the Scheme of compromise and the Board of Directors also approved the same in its meeting held on 26/5/2009. Further, the Debenture Liability also includes 17% Redeemable Non-Convertible Debentures issued to Repco Bank Ltd. on private placement basis.

After obtaining approval of The Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd (NSE), as required under Clause 24(f) of the Listing Agreement, Company Applications were filed in Hon'ble High Court of Bombay. As per directions contained in orders dated 14.08.2009, meetings of Public Issue Non Convertible Debenture Holders were convened and held on 22.09.09, 23.09.09, 24.09.09 and 25.09.09. The Debenture holders of Class 'A', 'B' & 'C', present at the meetings, unanimously approved the Scheme of Compromise. M/s. Repco Bank Ltd., constituting the Class 'D' debenture holder, rejected the same. The Chairman of meeting Justice R. G. Sindhakar (Retd.) filed report with Hon'ble High Court of Bombay in that regard.

The meeting of Privately Placed Debenture Holder was held on 25.09.09. M/s. Repco Bank Ltd., the sole debenture holder in respect of 17% Private Placed Debentures, rejected the Scheme of Compromise. The Company Petition No. 927 of 2009 filed with Hon'ble High Court of Bombay was withdrawn by the Company on 4.2.2010.

M/s. Repco Bank Ltd., the sole debenture holder in Class 'D' and in 17% Privately Placed Debentures, was classified as institutional debenture holder. The Special Committee thought it fit and proper to offer 10% amount in Scheme of Compromise in line with settlement with other Banks and Financial Institutions.

The Company Petition No.926 of 2009 for Scheme of Compromise with Public Issue Debenture Holders has been filed in Hon'ble High Court of Bombay for further directions in the matter. The Hon'ble High Court of Bombay vide its order dated 04.02.2010 admitted petition with regard to Class 'A', 'B' & 'C' debenture holders. In view of rejection of Scheme of Compromise by Repco Bank Ltd., it has been decided to pray to Hon'ble High Court of Bombay to approve the Scheme of Compromise for debenture holders falling in Class 'A', 'B' & 'C' who are more than 7800 in numbers and have accepted the Scheme unanimously. These debenture holders will get payment as per the terms of Scheme of Compromise, if approved by Hon'ble High Court of Bombay. The Regional Director, Western Region, Ministry of Corporate Affairs has also filed its affidavit dated 13.04.2010 stating that Scheme of Compromise is not prejudicial to the interests of debenture holders and public. Further directions of Hon'ble High Court of Bombay are awaited in the matter.

7. Statutory Information

There were no employees during the year ended 31st March, 2010 in respect of whom the particulars are required to be disclosed with reference to Section 217(2A) of the Companies Act, 1956.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the rules. The Company, not being a manufacturing company is advised that Form A and B are not applicable to it. The Company had no Foreign Exchange earnings and outgoings during the year under review.

8. Directors

The Government of India, Ministry of Corporate Affairs vide letter dated 05/06/2007 approved the re-appointment of Mr.Pankaj R. Desai as Managing Director for a period of five years w.e.f. 1/11/2006.

Shri Basant Bhorkhha, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

9. Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the Directors 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 the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

10. Auditors' Observations

The observations of the Auditors are in the nature of general disclosures, which read together with the accounting policies and the relevant notes to the accounts, are self-explanatory.

11. Auditors

The members are requested to appoint Auditors and fix their remuneration.

12. Corporate Governance

Pursuant to the revised Clause 49 of the Listing Agreement, your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges with which the Company is listed are complied with.

A separate report on Corporate Governance and the Auditor's Certificate on its compliance are annexed hereto and forms part of this Annual Report.

13. Acknowledgement

The Board wishes to express its deep appreciation to the Banks and Financial Institutions and various other agencies for their co-operation and to all staff members for the efficient and loyal services rendered by them.

For and on behalf of the Board

Place : Mumbai
Date : 07th May, 2010

Basant Bhorkhha
Chairman

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CORPORATE GOVERNANCE

(a) Company Philosophy

The Company believes that good corporate governance practice should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company. The Company's philosophy on corporate governance envisages the attainment of high level of transparency in the functioning of the Company and conduct of its business internally and externally with emphasis on various compliances.

The Company is under the management of the Special Committee appointed by the Hon'ble High Court of Bombay vide Order dated 12th March, 2004 instead of Official Liquidator in Company Petition No. 1017/2002, Company Application No. 231/2004. The Special Committee is headed by Justice Shri V.R.Datar (Retd. Judge of High Court, Bombay), as Chairman of the Committee, Shri S.C.Malhotra- I.P.S. (Retd. DGP of Maharashtra), as member of the Committee and Shri P.K.Bansal – I.P.S (Retd. DGP of Gujarat), as member of the Committee. Further, by order dated 12th April, 2004 of the Hon'ble High Court of Bombay, the Board of Directors and Company Secretary are directed to work under the superintendence of Special Committee functioning under the aegis of the High Court of Bombay. Therefore, decisions of all nature, day to day functioning are taken under the approval and superintendence of the Special Committee.

The objective of the Company is to focus on generating funds from debtors and pay to the secured and unsecured creditors of the Company as per the settlement reached with them and/or as per the scheme to be framed from time to time under directions of the Hon'ble High Court of Bombay and on the basis of availability of funds.

Your Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

The Special Committee has addressed to all class of creditors i.e. Banks and Financial Institutions, Debenture Holders and Fixed deposit holders by formulating scheme for repayment based on the availability of funds from the debtors of the Company.

(b) The Board of Directors

The Board of Directors comprises of a Managing Director and 2 (two) Non-Executive Independent Directors.

The Special Committee gave the direction that though the Special Committee has been appointed by the Hon'ble High Court of Bombay instead of appointing the Official Liquidator, the Board must exist. The Board shall function with the same Directors & Managing Director. The Board is, therefore, functioning as per the direction given by the Special Committee and the meeting of the Board, Audit Committee, Investor Grievance Committee etc. is being conducted with the direction and approval of the Special Committee.

During the year five Board meetings were held on 29th May, 2009, 30th June, 2009, 30th July, 2009, 29th October, 2009 and 29th January, 2010 respectively.

Ms. Rinku R. Gadani, the Company Secretary acts as the Secretary to the Board Meetings.

Directors attendance at the Board Meeting & last Annual General Meeting are as follows.

Name of the Director	Category	Attendance at Board Meeting	Whether Attended Last AGM held on 28.08.09	Details of Committee positions held in other Public Co.'s
Mr. Basant Bhoruka	Chairman, Non-Executive Independent Director	3	Yes	Nil
Mr. P.C. Soni	Non-Executive Independent Director	5	Yes	Nil
Mr. Pankaj Desai	Managing Director	5	Yes	Nil

None of the Directors of the Company are members of more than Ten Committees of Board nor the Chairman of more than Five Committees across all Companies in which they are Directors.

The details of other Committee Chairmanship and Membership held by the Directors of the Company as at 31st March, 2010 are given below:

Name of the Director	Chairman of Committee*	Member of Committee*
Mr. Basant Bhoruka	2	-
Mr. P.C. Soni	-	2
Mr. Pankaj Desai	-	2

*Only two Committees, namely, Audit Committee and Shareholder/Investor Grievance Committee have been considered as per Clause 49 of the Listing Agreement.

(c) Audit Committee

The Audit Committee constituted by the Company consists of three Directors with two Non-Executive Independent Directors:

Mr. Basant Bhoruka - Chairman, Non-Executive Independent Director
Mr. P.C.Soni - Non-Executive Independent Director
Mr. Pankaj R Desai - Managing Director

During the year four Audit Committee meetings were held on 30th June, 2009, 30th July, 2009, 29th October, 2009 and 29th January, 2010 respectively.

The terms of reference of the Audit Committee include, overseeing of the Company's financial reporting process, recommending the appointment and removal of the external auditors, fixation of the audit fees with management, the annual financial statements, the adequacy of internal control systems, internal audit function, reviewing the company's financial and risk management policies, review of the expenses vis-a-vis budget, repayment of F.D. as per the direction of the Special Committee and the Hon'ble High Court, Bombay, report on compliances with statutory requirements, reviewing compliances as regards the Company's Whistle Blower Policy etc. The Audit Committee reviews the adequacy of internal control systems etc. as mentioned in the scope and powers of the Audit Committee in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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The minutes of the Audit Committee are circulated to the Board, discussed and taken note of at the Board Meeting. Ms.Rinku R Gadani, the Company Secretary acts as the Secretary to the Audit Committee.

Attendance of the members at the meeting of the Audit Committee held during the year 2009-10.

Name of the Director	Category	Attendance at Audit Committee meeting
Mr. Basant Bhorka	Chairman, Non-Executive Independent Director	3
Mr. P.C. Soni.	Non-Executive Independent Director	4
Mr. Pankaj Desai	Managing Director	4

(d) Share/ Investor Grievance Committee

During the year, four Share / Investor Grievance Committee meetings were held on 30th June, 2009, 30th July, 2009, 29th October, 2009 and 29th January, 2010 respectively.

The Committee is constituted by Mr.B Bhorka, Mr.P.C. Soni and Mr.Pankaj Desai.

The Committee monitors transfers, transmissions, splitting and consolidation of shares, complaints/queries from shareholders/ investors etc. and redressal of complaints / queries.

The Board has designated Ms.Rinku R Gadani, Company Secretary as Compliance Officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year are as follows:

Description	Received	Replied
Direct	32	32
Bombay Stock Exchange	01	01
SEBI Complaints	10	10
DCA	38	38

(e) Details of Remuneration of Directors

The remuneration of the Managing Director of the Company is approved by the Special Committee appointed by the Hon'ble High Court of Bombay and Board of Directors within the limits of the Act and approved by the Shareholders in the general meeting held on 18/8/2006. The Government of India, Ministry of Corporate Affairs vide letter dated 05/06/2007 approved the re-appointment of Mr. Pankaj R Desai as Managing Director for a period of five years w.e.f. 1/11/2006.

The Non-executive Directors are paid sitting fees of Rs.500/- for each meeting of the Board and Committee attended by them.

The details of remuneration paid to Mr. Pankaj R Desai, Managing Director with approval of the Special Committee for the year ended 31st March, 2010 is given below:

1	Gross salary including taxable perquisites	Rs. 4,77,600/-
2	Company's contribution to PF	Rs. 47,520/-
	Total	Rs. 5,25,120/-

The Details of payment of Sitting Fees to Directors during the year are given below:

Name	Sitting Fees for attending Board Meeting & Committee Meeting *
Mr. Basant Bhorka	Rs.4,500/-
Mr. P.C. Soni	Rs.6,500/-
Mr. Pankaj Desai	NIL

*At present the Non-Executive Directors are being paid only sitting fees for attending the Board/Committee Meetings.

(f) General Body Meeting

(i) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue of the Meeting
2008 – 2009	28-08-09	10:30 A.M.	Jasmine Hall, 1st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005
2007 – 2008	14-08-08	10:30 A.M.	Jasmine Hall, 1st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005.
2006 - 2007	14-08-07	10:30 A.M.	MVIRDC, 31st Floor, World Trade Centre, Centre 1, Seminar Room I & II, Cuffe Parade, Mumbai – 400 005.

Year ended 31-03-2009 – No Special Resolution was passed

Year ended 31-03-2008 – No Special Resolution was passed

Year ended 31-03-2007 – No Special Resolution was passed

(ii) Postal Ballot

During last year no special resolution was put through postal ballot and neither during the current year any special resolution is proposed to be conducted through postal ballot.

(g) Disclosure

(i) Disclosure on materially significant related party transaction i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large.

There are no such transactions during the year.

(ii) Details of non-compliance by the Company, penalties strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Vide order dated 8/11/20004 SEBI imposed a penalty of Rs.3,00,000/- for adjudication proceedings conducted in the year 2003 under section 15 (C) of the SEBI Act, 1992 for non-redressal of investors complaints pertaining to Non-Convertible

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Debentures (NCDs). As per the directions of the Special Committee appointed by the Hon'ble High Court of Bombay and in-charge of management and affairs of the Company, the Company had filed an appeal against the said Order before Securities Appellate Tribunal (SAT). The Hon'ble SAT vide its order dated 06.07.2009 allowed the appeal filed by the company and the impugned order levying monetary penalty was set aside.

(iii) Disclosure of Directors seeking appointment / re-appointment

The details pertaining to Directors seeking re-appointment are furnished hereunder:

Name of the Director	Shri Basant Badriprasad Bhoruka
Date of Birth	09th September, 1960.
Date of Appointment on the Board	31st October, 2001.
Qualification	B.Com
Experience	Having over two decades of vast and varied experience in Industry.
Name of Companies in which outside Directorship held	Nil
Membership of the Committees on the Board	1. Member of the Audit Committee 2. Member of the Shareholder & Investor Grievance Committee
No. of shares held in the Company	NIL

(iv) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(v) Pursuant to the orders of Hon'ble High Court of Bombay, the Special Committee is appointed to manage affairs of the Company and Directors are required to function under superintendence of the Special Committee.

Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee:

No personnel has been denied access to the audit committee and Special Committee.

Details of Companies with mandatory requirements and adoption of the non -mandatory requirements of this clause :

The Company has complied with all the mandatory requirements. As regards the non - mandatory requirements, they are complied with to the maximum extent.

(h) **CEO CERTIFICATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director of the Company has certified to the Board in compliance with the Clause 49 (V) regarding CEO certification.

(i) **Means of Communication**

- The Board of Directors of the Company with the permission of the Special Committee approves and takes on record the quarterly and half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within 45 (forty five) days of the close of the respective period and yearly audited financial results within 60 (sixty) days from close of the financial year.
- The quarterly and half-yearly unaudited financial results were published in Free Press Journal & Navashakti newspapers.
- The Company has created an e-mail address, pursuant to Clause 47(F) of the Listing Agreement, for accepting investor's grievance on lfinvestors@yahoo.co.in
- The Company's financial results and official news releases are displayed on the Company's website www.lloydsfinance.in

(j) **Code of Conduct**

Lloyds Finance Limited has well defined policy framework which lays down procedure to be adhered to by all Board Members and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. The Annual Report contains the declaration to this effect that the Code of Conduct has been complied by the Board Members and Senior Management. The Code of Conduct is also posted on the website of the Company www.lloydsfinance.in.

(k) **General Shareholder Information**

- Annual General Meeting Date : 20th August, 2010
Venue : Sunflower I & II Room, 30th Floor, Centre 1, MVRDC, World Trade Centre, Cuffe Parade, Mumbai - 400 005.
- Results for quarter ending 30.06.2010 : On or before 15th August, 2010.
Results for quarter ending 30.09.2010 : On or before 15th November, 2010
Results for quarter ending 31.12.2010 : On or before 15th February, 2011
Audited Results for financial year 2010-11 : On or before 30th May, 2011
- Book Closure Date : 13th August, 2010 to 20th August, 2010 (both days inclusive)
- Dividend Payment Date : Not declared
- Listing of Equity Shares on Stock Exchanges and payment of Listing Fee :
Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

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National Stock Exchange of India Limited (NSE),
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051.

Annual listing fee for the year **2010-11**

(as applicable) has been paid by the Company to BSE and NSE.

- (VI) Stock Code :
a) Trading Script/Symbol at :
Bombay Stock Exchange : 507870
National Stock Exchange : Lloydfin
b) Demat ISIN Number in :
NSDL & CDSL : INE174A01015

- (VII) Stock Market Data :-

National Stock Exchange :

	NSE	
	High(in Rs.)	Low(in Rs.)
April 2009	1.55	1.05
May 2009	2.35	1.25
June 2009	3.20	1.80
July 2009	2.20	1.60
Aug. 2009	2.40	1.75
Sept.2009	2.45	1.90
Oct. 2009	2.15	1.75
Nov. 2009	2.00	1.65
Dec. 2009	2.50	1.65
Jan. 2010	3.60	2.15
Feb. 2010	2.15	1.80
Mar. 2010	2.10	1.75

- (VIII) Registrar and Transfer Agents
(share transfer and communication
regarding share certificate, dividends
and change of address)
- Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400072.
Tel : 40430200 / 299
Fax : 2847 5207
E-mail: info@bigshareonline.com

- (IX) Share Transfer System

Share transfer requests are registered within an average period of 15 to 20 days from the date of receipt. The Board has delegated the authority for approving transfer etc. of the Company's Securities to the Shareholders/Investor Grievance Committee. A summary of transfer etc. of Securities of the Company so approved by the said Committee is placed at the quarterly Board meetings.

The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Clause 47 (C) of the Listing Agreement with the Stock Exchange and files a copy of the certificate with the Stock Exchange.

- (X) Distribution of Shareholding as at 31st March, 2010:

NO. OF SHARES HELD		NO. OF SHAREHOLDERS		NO. OF SHARES HELD	
FROM	TO	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
1	500	56541	87.76	10348481	27.66
501	1000	3767	5.85	3229059	8.63
1001	2000	1864	2.89	2970208	7.94
2001	3000	696	1.08	1821068	4.87
3001	4000	271	0.42	994305	2.66
4001	5000	409	0.63	1978497	5.29
5001	10000	508	0.79	3846533	10.28
10001 AND ABOVE		374	0.58	12223869	32.67
TOTAL		64430	100.00	37412020	100.00

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Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay

(XI) Categories of Shareholders as on 31st March, 2010

CATEGORY	NO.OF SHARES	% OF SHARE CAPITAL
Promoters	—	—
Banks / Financial Institutions	213700	0.57
MFs & UTI	35150	0.09
FII	—	—
Others	37163170	99.34
TOTAL	37412020	100.00

(XII) Dematerialization of Shares

Over 75.78% of the outstanding shares have been dematerialized upto 31st March, 2010. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India.

(XIII) Outstanding Warrants and convertible Bonds, conversion date and likely impact on the Equity : Not Applicable

(XIV) (a) **Investor Correspondence**

For transfer / dematerialization of shares, payment of dividend on shares, and any other query relating to the Shares of the Company :

Bigshare Services Pvt. Ltd.,

E-2/3, Ansa Industrial Estate,

Saki-Vihar Road, Saki Naka,

Andheri (East), Mumbai – 400 072.

Phone: 40430200 / 299

E-mail: info@bigshareonline.com

(b) **Any query on debentures, scheme/redemption of debenture etc. or on Annual Report**

Secretarial Department :

Viraj Impex House, 2nd Floor,

47, P.D'Mello Road,

Masjid (East), Mumbai - 400 009.

Tel. : 23484592 / 23483997 Fax : 23482669

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March, 2010.

For Lloyds Finance Limited

Place : Mumbai

Date : 07th May, 2010

Pankaj Desai
Managing Director

**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

Lloyds Finance

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Lloyds Finance Limited

We have examined the compliance of the conditions of Corporate Governance by Lloyds Finance Limited, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For VIJAY H. SHAH & Co.

Chartered Accountants

VIJAY H. SHAH

Proprietor

M.No.47391

Place : Mumbai

Date : 07th May, 2010

**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

23rd Annual Report 2009-2010

AUDITORS REPORT

To the Members of

LLOYDS FINANCE LIMITED

We have audited the attached Balance Sheet of LLOYDS FINANCE LIMITED as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government in terms of Section 227(4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law, have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in Section 211(3C) of the Companies Act, 1956.
 - (e) As per the information & explanation given to us, none of the Directors of the Company are disqualified from being appointed as Directors under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the matter so required and give a true and fair view in conformity of the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2010.
 - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **VIJAY H. SHAH & Co.**
Chartered Accountants

Place: Mumbai
Date : 07th May, 2010

VIJAY H. SHAH
Proprietor

**Annexure referred to in paragraph 1 of the Auditors Report to the Members of
LLOYDS FINANCE LIMITED on the Accounts for the year ended 31st March, 2010.**

1. The nature of Company's activities during the year have been such that clauses (iii), (iv), (v), (vii), (viii), (xiii), (xvi), (xviii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
3. The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposit from the public as on 31st March, 2010 excluding security deposits and inter corporate deposit stood at Rs.113.93 Crores. The Special Committee appointed by the Hon'ble High Court at Bombay is in charge of the management and affairs of the Company and entitled to frame a scheme for the payment of dues of secured and unsecured creditors including fixed deposit holders. The Special Committee after the approval of the Hon'ble High Court of Bombay, in addition to the payment of deposits up to Rs.5000/-, has commenced payment of the deposits of principal amount between Rs.5001/- to Rs.10000/- from the month of August, 2006
4. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and any other statutory dues with the appropriate authorities. The Company has disputed Sales Tax liabilities amounting to Rs. 69.95 lacs for which appeals are pending.
5. The accumulated losses of the Company exceeded its net worth at the end of the financial year. The Company has incurred losses during the current year and also during immediately preceding financial year.
6. Company's loan fund at the year-end is Rs.14955.31 lacs as compared to Rs.17789.45 lacs in the previous year. The reduction was due to settlement and repayment etc.
7. In our opinion, adequate documents and records are maintained by the Company for loans and advances granted on the basis of security by way of pledge of shares and debentures and similar other securities.
8. As informed to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
9. In our opinion and according to information and explanation given to us, the Company has not issued any fresh debentures during the year.
10. During the year the Company has not raised money by the public issue.
11. According to the information and explanations given to us by the Management and checks carried out by us, any fraud on or by the Company has not been noticed or reported during the year under report.

For **VIJAY H. SHAH & Co.**
Chartered Accountants

Place: Mumbai
Date : 07th May, 2010

VIJAY H. SHAH
Proprietor

23rd Annual Report 2009-2010**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay****LLOYDS FINANCE LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2010**

(Rs. in Lacs)

	SCHEDULE	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
A. SHARE CAPITAL	1	3,741.20	3,741.20
B. RESERVES AND SURPLUS	2	23,113.71	20,827.62
		26,854.91	24,568.82
2. LOAN FUNDS			
A. SECURED	3	3,199.98	5,535.39
B. UNSECURED	4	11,755.33	12,254.06
		14,955.31	17,789.45
TOTAL		41,810.22	42,358.27
APPLICATION OF FUNDS			
1. FIXED ASSETS			
GROSS BLOCK	5	66.29	66.29
LESS : DEPRECIATION		6.17	6.17
NET BLOCK		60.12	60.12
2. INVESTMENTS : UNQUOTED	6	491.91	491.91
3. CURRENT ASSETS, LOANS & ADVANCES	7	10,132.95	13,492.96
LESS : CURRENT LIABILITIES & PROVISIONS	8	615.21	640.12
NET CURRENT ASSETS		9,517.74	12,852.84
4. PROFIT & LOSS A/C		31,740.45	28,953.40
TOTAL		41,810.22	42,358.27
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants**Vijay H. Shah**
ProprietorPlace : Mumbai
Date : 07th May, 2010

For and on behalf of the Board

Basant B. Bhoruka
Chairman**Pankaj R. Desai**
Managing Director**Rinku Gadani**
Company Secretary

Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay

Lloyds Finance

LLOYDS FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lacs)

	SCHEDULE	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME			
INTEREST		61.20	51.02
OTHER INCOME		739.47	0.06
TOTAL INCOME		800.67	51.08
EXPENDITURE			
ADMINISTRATIVE & GENERAL EXPENSES	9	343.20	380.06
DEBTS/ADV./INVEST./ASSETS WRITTEN OFF & OTHER EXPS.		3,244.57	7.42
TOTAL EXPENSES		3,587.77	387.48
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		(2,787.10)	(336.40)
ADD : PROVISION FOR FRINGE BENEFIT TAX		-	(1.69)
PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(2,787.10)	(338.09)
LESS : IT REFUND OF EARLIER YEARS		0.05	23.26
NET (LOSS) FOR THE YEAR		(2,787.05)	(314.83)
ADD : BALANCE BROUGHT FORWARD		(28,953.40)	(28,638.57)
LOSS CARRIED TO BALANCE SHEET		(31,740.45)	(28,953.40)
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 07th May, 2010

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

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Under the Management of Special Committee
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LLOYDS FINANCE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 1 : SHARE CAPITAL		
A. Authorised		
60000000 Equity Shares of Rs. 10/- each	6,000.00	6,000.00
1500000 Preference Shares of Rs. 100/- each	1,500.00	1,500.00
	7,500.00	7,500.00
B. Issued, Subscribed and Paid up		
37412020 Equity Shares of Rs. 10/- each fully paid up	3,741.20	3,741.20
(Out of above) -		
I. 3818240 Shares were allotted as fully paid Bonus Shares by capitalisation of General Reserves.		
II. 7493240 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium		
TOTAL	3,741.20	3,741.20
SCHEDULE 2 : RESERVES AND SURPLUS		
Share Premium	7,418.27	7,418.27
Debenture Redemption Reserve	1,899.99	1,899.99
Special Reserve u/s 45 IC of the RBI Act, 1934	625.00	625.00
Investment Allowance (Utilised) Reserve	13.21	13.21
Capital Reserve	28.65	28.65
(includes Rs. 5.84 lacs realised from forfeiture of shares)		
Remission of Liabilities	13,128.59	10,842.50
TOTAL	23,113.71	20,827.62
SCHEDULE 3 : SECURED LOANS		
A. Debentures		
I) 250000, 18.50% Redeemable NCDs of Rs.1000/- each	—	2,023.87
II) 2084933, 15.00% Redeemable NCDs of Rs.120/- each	2,416.72	2,416.72
III) 4, 17.00% Redeemable NCDs of Rs.1 crore each after repayment	112.28	112.28
B. Term Loan From Institutions	670.98	982.52
TOTAL	3,199.98	5,535.39
SCHEDULE 4 : UNSECURED LOANS		
A. Fixed Deposits	11,393.20	11,890.32
B. Security Deposits	362.13	363.74
TOTAL	11,755.33	12,254.06

LLOYDS FINANCE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 5 :

FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	AS AT 01.04.2009	ADDI- TIONS	DEDUC- TIONS	AS AT 31.03.2010	UPTO 31.03.2009	01.04.2009 TO 31.03.2010	DEDUC- TIONS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
LAND & BUILDING	66.29	-	-	66.29	6.17	-	-	6.17	60.12	60.12
TOTAL	66.29	-	-	66.29	6.17	-	-	6.17	60.12	60.12
Previous Year	101.71	-	35.42	66.29	6.17	-	-	6.17	60.12	-

SCHEDULE 6 :

INVESTMENTS

(Rs. in Lacs)

	Rate Per Unit	Quantity	Value As at 31.03.2010	Quantity	Value As at 31.03.2009
Investment in Govt. Securities 11.50% GOI Bond 2010			1.66		1.66
			1.66		1.66
Others Europa Enterprises Ltd. Shamrao Vithal Co-op.Bank	Rs.10/- Rs.50/-	4900000 500	490.00 0.25	4900000 500	490.00 0.25
			490.25		490.25
TOTAL	B A+B		491.91		491.91

SCHEDULE 7 :

CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
A. CURRENT ASSETS		
1. Cash and Bank Balances		
a. Cash on hand	0.89	0.53
b. Balances with Scheduled Banks - In Deposit Accounts	1,028.69	801.69
In Current Accounts	63.48	153.48
2. Receivables (Unsecured, considered good) More than 6 months	8,936.27	12,367.03
3. Stock in Trade	0.40	0.40
	10,029.73	13,323.13
B. LOANS AND ADVANCES (considered good)		
Staff Loans	-	0.26
Sundry Deposits	9.28	9.39
Advance payments of Tax	-	3.24
Other Advances	93.94	156.94
	103.22	169.83
TOTAL	10,132.95	13,492.96
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	175.54	199.60
Statutory Liabilities	4.67	6.25
Other Liabilities	435.00	434.27
TOTAL	615.21	640.12

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**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

LLOYDS FINANCE LIMITED

SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE 9 :		
ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries & Allowances	74.12	69.99
Contribution to Employees Provident Fund etc.	3.62	3.80
Communication Expenses	4.97	12.10
Committee Fees	9.95	9.83
Printing & Stationery	2.49	9.89
Directors' Sitting Fees	0.11	0.13
Rent, Rates and Taxes	18.87	17.80
Stock Exchange Listing Fee	5.23	2.77
ROC Filing Fees	0.02	0.08
Legal and Professional Charges	174.43	188.35
Conveyance & Travelling Expenses	21.77	20.63
Advertisement Expenses	3.95	1.27
Corporate Expenses for Debentures	-	25.00
Bank Charges	0.03	0.23
Office Expenses	11.66	9.59
Electricity Expenses	1.48	1.26
Registrar & Share Transfer Expenses	1.22	1.24
Miscellaneous Expenses	7.89	3.72
Penalty Charges	-	0.07
Internal Audit Fees	0.79	0.81
Auditors Remuneration - Audit Fees	0.60	1.50
TOTAL	343.20	380.06

**SCHEDULE 10 : ADDITIONAL SCHEDULE TO THE BALANCE SHEET OF A
NON-BANKING FINANCIAL COMPANY**

(as required in terms of Paragraph 9BB of
Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

Particulars

Liabilities side :

(Rs. in lacs)

	Amount outstanding	Amount overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	2529.00	2529.00
: Unsecured (other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits -	-	-
(c) Term Loans	670.98	670.98
(d) Inter-Corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	11393.20	11393.20
(g) Cash Credit	-	-
(h) External Commercial Borrowing	-	-
Note: Amount of Secured Debentures, Term Loans, Public Deposits and Cash Credit are exclusive of overdue interest.		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured Debentures	-	-
(b) In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other Public Deposits (exclusive of overdue interest)	11393.20	11393.20
Assets side :		
(3) Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	3424.31	-
(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Leased assets including lease rentals under sundry debtors :		
(a) Financial Lease	2743.34	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	2768.62	-
(b) Repossessed Assets	-	-
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

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Appointed by Hon'ble High Court at Bombay

SCHEDULE 10 (cont'd)

(Rs. in lacs)

(5) Break-up of Investments :

Current Investments :

1. Quoted :

(i) Shares	:	(a) Equity	0.40
		(b) Preference	-
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			-

2. Unquoted :

(i) Shares	:	(a) Equity	-
		(b) Preference	-
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			-
(v) Others (please specify)			-

Long Term Investments

1. Quoted :

(i) Shares	:	(a) Equity	-
		(b) Preference	-
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			1.66
(v) PSE Securities			-

2. Unquoted :

(i) Shares	:	(a) Equity	490.25
		(b) Preference	-
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			-
(v) PSE Securities			-

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	8936.27	8936.27
Total	-	8936.27	8936.27

Lloyds Finance

(Rs. in lacs)

(8) Other information

(* The entire amount shown under receivable are more than one year old and hence are Non-Performing Assets)

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Under the Management of Special Committee Appointed by Hon'ble High Court at Bombay

SCHEDULE 11 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting Convention :

The Company has stopped its fund based and non-fund based activities w.e.f. 14th May, 1998 as per restriction imposed by Reserve Bank of India vide its letter No. DNBS (MRO).No.4551/02.04. Lloyds/97-98. The accounts for the year have been prepared on the assumption of a going concern basis in view of the ongoing efforts being made by the Company for recovery and repayment of dues.

2. Expenses :

All the expenses are provided on accrual basis.

3. Revenue :

As mentioned above, the Company has stopped its Fund and Non-fund based activities. Accordingly there is no operating income. The other income shown in accounts like interest, penalty, dividend etc. are accounted for on cash basis.

4. Retirement Benefits :

The Gratuity is accounted for on accrual basis.

5. Investments :

Investments of the Company are valued as under -

(i) Unquoted	-	At cost
(ii) Government and Trustee Securities	-	At cost
(iii) Stock - in - Trade	-	At cost or Market Value whichever is lower, scripwise

II. NOTES TO THE ACCOUNTS:

1. Contingent Liabilities (Not provided for)

	(Rs.in Lacs)	
	31.03.2010	31.03.2009

Sales tax liabilities disputed by the Company, pending appeal

69.95 88.07

2. (i) The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from the public as on 31st March, 2010 excluding security deposits stood at Rs.113.93 crores.
- (ii) The liability of Public Fixed Deposit is subject to reconciliation, reconfirmation, verification, netting off due to loans against fixed deposit. Previously the records were decentralized at respective regions which were transferred, computerized and maintained at Ahmedabad Office. Some of the records were also damaged during the earthquake at Ahmedabad in the year 2001. Pursuant to the direction of the Special Committee, effective from 01.04.2006, all records are now being maintained at the Registered Office at Mumbai.
- (iii) The Company was registered with Reserve Bank of India (RBI) as Non-Banking Finance Company (NBFC). The application for re-registration as required by the Reserve Bank of India Amendment Act, 1997 has been rejected by its Order dated 13/01/2004 under section 45 IA of the RBI Act, 1934 notified on 14th January 2004. On an appeal filed by the Company, the Ministry of Finance being the Appellate Authority for NBFC registration, vide order dated 26.04.2004 directed RBI to maintain status quo for one year. However, on a Writ filed by RBI against

the order of Ministry of Finance, the Hon'ble Delhi High Court vide Order dated 8/9/2005 upheld the decision of RBI and as such the Company cannot transact the business of a Non-Banking Finance Company (NBFC) as defined in Clause (a) of section 45-I of the RBI Act, 1934. However, since the Special Committee appointed by the Hon'ble High Court at Bombay is in charge of the management and affairs of the Company, no further steps were considered necessary in the matter.

- (iv) Under the petition filed by Creditors of the Company, the Hon'ble High Court at Bombay vide its order dated 12th March, 2004 has appointed the Special Committee to manage the affairs of the Company under the aegis of the Hon'ble High Court at Bombay instead of the Official Liquidator. Further, vide order dated 12th April, 2004 of the Hon'ble High Court at Bombay the Managing Director and the Company Secretary have been directed to function under the superintendence of the Special Committee. The Special Committee has been empowered to frame the scheme for repayment to all secured and unsecured creditors along with fixed deposit holders on the basis of recovery of dues from Company's borrowers and the payments are being made accordingly on the basis of availability of funds.

3. Secured Creditors :-

The Hon'ble High Court of Bombay vide its Order dated 3/2/2005 directed the secured creditors to approach the Special Committee for the settlement of their dues. The Hon'ble High Court also directed regarding disbursement of funds to various creditors under the scheme empowered to be finalized by the Special Committee. The Special Committee, accordingly, has been authorized to utilize the funds recovered from the properties / debtors of the Company, whether charged as a security or not, towards the scheme formulated for fixed deposit holders and other secured & unsecured creditors in appropriate proportion. Accordingly, and on the basis of availability of funds, the Special Committee initiated steps to meet the secured creditors and settle the dues. Till 31/3/2010 the Special Committee has reached settlements with all the secured creditors i.e. Banks and Financial Institutions except 1 (one) Financial Institution i.e. Gujarat State Financial Corporation. The status of pending settlements are being submitted to the Hon'ble High Court of Bombay by the Special Committee and efforts are being made to arrive at One Time Settlement in tandem with settlement with other Banks & Financial Institutions.

The secured creditors include the debenture liability. The Hon'ble Securities Appellate Tribunal (SAT) vide its Order dated 5/5/2006 acknowledged the scheme of repayment to the debenture holders which has been approved by the Special Committee and also noted that the scheme is filed before the Hon'ble High Court for approval. The Securities Exchange Board of India (SEBI) has already given its "No Objection" to the scheme before the Hon'ble SAT. However, SEBI objected to the interpretation of the said 'No Objection' but SAT clarified the same in its order dated 10th December, 2007.

The Hon'ble High Court vide Order dated 3rd May, 2007 has directed the scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly the

Under the Management of Special Committee Appointed by Hon'ble High Court at Bombay

Lloyds Finance

scheme has been forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide letter dated 25th May, 2007. Further, as per order dated 17th December, 2007 of Hon'ble High Court of Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debenture Holders. During the course of hearing on 16th December, 2008 before the Hon'ble High Court of Bombay, ICICI Bank Ltd., Debenture Trustee and Repco Bank Ltd., major debenture holder raised certain objections. In view of the objections, the Special Committee thought it proper and advised Board of Directors to propound Scheme of Compromise with Non-Convertible Debenture Holders u/s 391 of the Companies Act, 1956.

The Special Committee in its meeting held on 22/05/2009 has approved the Scheme of Compromise and the Board of Directors have also approved the same in its meeting held on 26/05/2009. Further, the Debenture Liability also includes 17% Redeemable Non Convertible Debentures issued to REPCO Bank Ltd. on private placement basis.

After obtaining approval of The Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd (NSE) as required under Clause 24(f) of the Listing Agreement, Company Applications were filed in Hon'ble High Court of Bombay. As per directions contained in orders dated 14.8.2009, meetings of Public Issue Non Convertible Debenture Holders were convened and held on 22.09.09, 23.09.09, 24.09.09 and 25.09.09. The Debenture holders of Class 'A', 'B' & 'C', present at the meetings, unanimously approved the Scheme of Compromise. M/s. Repco Bank Ltd., constituting the Class 'D' debenture holder, rejected the same. The Chairman of meeting Justice R. G. Sindhakar (Retd.) filed report with Hon'ble High Court of Bombay in that regard.

The meeting of Privately Placed Debenture Holder was held on 25.09.09. M/s. Repco Bank Ltd., the debenture holder in respect of 17% Private Placed Debentures, rejected the Scheme of Compromise. The Company Petition No. 927 of 2009 filed with Hon'ble High Court of Bombay was withdrawn by the Company on 04.02.2010.

M/s. Repco Bank Ltd., the sole debenture holder in Class 'D' and in 17% Privately Placed Debentures, was classified as institutional debenture holder. The Special Committee thought it fit and proper to offer 10% amount in scheme of compromise in line with settlement with other Banks and Financial Institutions.

The Company Petition No.926 of 2009 for Scheme of Compromise with Public Issue Debenture Holders has been filed in Hon'ble High Court of Bombay for further directions in the matter. The Hon'ble High Court of Bombay vide its order dated 04.02.2010 admitted petition with regard to Class 'A', 'B' & 'C' debenture holders. In view of rejection of scheme of compromise by Repco Bank Ltd., it has been decided to pray to Hon'ble High Court of Bombay to approve the Scheme of Compromise for debenture holders falling in Class 'A', 'B' & 'C' who are more than 7800 in numbers and have accepted the Scheme unanimously. These debenture holders will get payment as per the terms of Scheme of Compromise, if approved by Hon'ble High Court of Bombay.

The Regional Director, Western Region, Ministry of Corporate Affairs has also filed its affidavit dated 13.04.2010 stating that Scheme of Compromise is not prejudicial to the interests of debenture holders and public. Further directions of Hon'ble High Court of Bombay are awaited in the matter.

In view of the above and in view of the affairs of the Company now seized before the Hon'ble High Court at Bombay, it will be prudent to mention that all the creditors i.e. secured & unsecured will be repaid only under the scheme to be formulated by the Special Committee and to be approved by the Hon'ble High Court at Bombay. No distinction regarding the security / charges are being made here because all the creditors will be paid on the basis of scheme to be formulated for each class of creditor and on the basis of availability of funds. The funds for such scheme are being made available from the realization of the assets of the Company which are primarily in the form of receivables / debtors.

4. The provision of interest liability on fixed deposit is not required under the present circumstances. Hence crystallizing the liability of interest on fixed deposit was discontinued and may be considered in future, depending on the availability of funds and circumstances.
5. The balances in various accounts included in Receivables, Loans and Advances have been shown as per values appearing in books of accounts and in view of the management, even though recovery proceedings are legally initiated, they are considered good for recovery unless they have been written off. Accordingly, the penal interest debited in earlier years has been reduced.

6. Additional information pursuant to the provision of paragraph 3, 4C & 4D of Part II of Schedule VI (of the Companies Act, 1956).

ITEMS	OPENING STOCK		PURCHASE		SALES/W.OFF		CLOSING STOCK	
	Qty. (nos.)	Value (in lacs)	Qty. (nos.)	Value (in lacs)	Qty. (nos.)	Value (in lacs)	Qty. (nos.)	Value (in lacs)
Traded Units								
Shares	402900 (402900)	0.40 (0.40)	- -	- -	- -	- -	402900 (402900)	0.40 (0.40)

23rd Annual Report 2009-2010

Under the Management of Special Committee Appointed by Hon'ble High Court at Bombay

(Rs.in lacs)

7. Managerial Remuneration

1. Salary
2. Contribution to Provident Fund

31.03.2010	31.03.2009
4.78	4.78
0.48	0.48

8. Earning Per Share :

Basic earning per share has been calculated by dividing loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. The Company has not issued any equity shares and accordingly, the basic earning per share and diluted earning per share are the same.

Weighted average number of shares
Outstanding during the year
(Loss) for the year (in Lacs)
(Loss) per share (Rs.)

31.03.2010	31.03.2009
37412020	37412020
(2787.05)	(314.83)
(7.45)	(0.84)

9. Related Party disclosure :

- a) Party where control exists
- b) Key Managerial Personnel

: Nil

: The Key Managerial Personnel are functioning under the superintendence of Special Committee, appointed by the Hon'ble High Court of Bombay vide its orders dated 12/3/2004 & 12/4/2004 in Company Petition No. 1017/2002 Company Application No 231/2004.

Mr. Pankaj R. Desai
(Managing Director)

10. Previous year figures have been re-arranged, re-casted, re-grouped and/or re-adjusted wherever necessary in accordance with the current year's figure.

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 07th May, 2010

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**

Lloyds Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Pursuant to Clause 32 of the listing agreement for the year ended 31st March, 2010)

(Rs. in lacs)

Particulars	2009-10	2008-09
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax and extraordinary items	(2,787.10)	(338.09)
Add : Income Tax refund of earlier years	0.05	23.26
Bad debts written off	3,244.57	7.42
Operating profit before working capital changes	457.52	(307.41)
(Increase)/Decrease in net stock on hire	-	-
(Increase)/Decrease in loans and advances	66.61	9.71
(Increase)/Decrease in other receivables	3,430.76	1,102.10
Increase/(Decrease) in current liabilities	(24.91)	41.97
Cash generated from operations	3,929.98	846.37
Written off against NPA's	(3,244.57)	(7.42)
Net Cash from Operating Activities (A)	685.41	838.95
CASH FLOW FROM INVESTING ACTIVITIES :		
(Placement) / Redemption of bank deposits	(227.00)	(365.49)
Sale of Fixed Assets	-	-
Sale of investments	-	7.50
Net Cash from Investing Activities (B)	(227.00)	(357.99)
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in bank borrowings	-	-
Increase/(Decrease) in long term borrowings	(311.54)	(35.70)
Increase/(Decrease) in fixed deposits	(497.12)	(320.83)
Increase/(Decrease) in security deposits	(1.61)	-
Increase/(Decrease) in other borrowings	(2,023.87)	(152.80)
Remission of Liabilities	2,286.09	57.86
Net Cash from Financing Activities (C)	(548.05)	(451.47)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(89.64)	29.49
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR	154.01	124.52
CASH & CASH EQUIVALENTS AT THE END OF YEAR	64.37	154.01

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 07th May, 2010

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

23rd Annual Report 2009-2010**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT, 1956
AS ON 31st MARCH, 2010.**

I. Registration Details	
Registration No.	37130
State Code	11
Balance Sheet Date	31.03.2010
II. Capital raised during the year (Amount in Rs. Thousands)	
Public Issue	NIL
Rights Issue	NIL
Private Placement	NIL
Bonus issue	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities	4181022
Total Assets	4181022
Sources of Funds -	
Paid-up Capital	374120
Reserves & Surplus	2311371
Secured Loans	319998
Unsecured Loans	1175533
Application of Funds -	
Net Fixed Assets	6012
Investments	49191
Net Current Assets	951774
Accumulated Losses	3174045
IV. Performance of Company (Amount in Rs. Thousands)	
Total Income	80067
Total Expenditure	358777
Profit / (Loss) before tax	(278710)
Profit / (Loss) after tax	(278705)
Earnings Per Share (Rs.)	(7.45)
Dividend (%)	NIL
V. Generic Names of Principal Products/Services of Company (as per monetary terms)	
Item Code No.	N. A.
Product Description	1. Corporate Finance 2. Lease & Hire Purchase 3. Consumer Finance

Place : Mumbai
Date : 07th May, 2010

For and on behalf of the Board

Basant B. Boruka
Chairman**Pankaj R. Desai**
Managing Director**Rinku Gadani**
Company Secretary

LLOYDS FINANCE LIMITED

Regd. Office : Viraj Impex House, 2nd Floor, 47, P. D' Mello Road, Mumbai - 400 009.

DP ID *	
Client ID *	

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Folio No.	
No. of Shares	

I, certify that I am a Registered Member / Proxy for the Registered Member of the Company. I hereby record my presence at the **23rd Annual General Meeting** of the Company to be held at Sunflower – I & II Room, 30th floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 on Friday, the 20th day of August, 2010 at 10:30 a.m.

Name of the attending Member in full _____
(in BLOCK LETTERS)

Name of the Proxy in full _____
(in BLOCK LETTERS)
(To be filled in if the Proxy attends instead of Member/s)

Member/s / Proxy/s Signature(s)

----- Tear Here ----- ✂ -----

LLOYDS FINANCE LIMITED

Regd. Office : Viraj Impex House, 2nd Floor, 47, P. D' Mello Road, Mumbai - 400 009.

DP ID *	
Client ID *	

PROXY FORM

Folio No.	
No. of Shares	

I / We _____ of _____ of _____
being a member / members of **LLOYDS FINANCE LIMITED** hereby appoint _____ of _____ or failing him _____ of _____ as my/our Proxy to attend and vote for me/us, on my/our behalf at the **23rd Annual General Meeting of Lloyds Finance Limited**, to be held at Sunflower – I & II Room, 30th floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 on Friday, the 20th day of August, 2010 at 10:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature _____

Affix
Re. 1/-
Revenue
Stamp

Note: The Proxies must reach the Company's Registered Office at Viraj Impex House, 2nd Floor, 47, P.D'Mello Road, Mumbai – 400 009 not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.

*Applicable for investors holding shares in electronic form.

BOOK - POST

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(Unit : Lloyds Finance Limited)

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Andheri (East), Mumbai-400 072.

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