



ANNUAL REPORT

2011-2012



LML LIMITED

LML LIMITED

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

Dear Shareholders,

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

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

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

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

S K BHANDARI, *Nominee Director, IFCI*

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

K K SHANGLOO, *Special Director, BIFR*

SHIROMANI SHARMA, *Independent Director*

S K AGGARWAL, *Independent Director*

LALIT KUMAR SINGHANIA, *Whole-time Director*

SANJEEV SHRIYA, *Whole-time Director*

ANURAG KUMAR SINGHANIA, *Whole-time Director*

R K SRIVASTAVA, *Whole-time Director*

EXECUTIVE DIRECTOR (COMMERCIAL) & COMPANY SECRETARY

K C AGARWAL

AUDITORS

KHANDELWAL JAIN & Co., *Chartered Accountants, Mumbai*

PARIKH & JAIN, *Chartered Accountants, Kanpur*

COST AUDITORS

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

BANKERS

HDFC BANK

J&K BANK

DEUTSCHE BANK

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)

CONTENTS

	Page No. (s)
Notice	2–5
Corporate Governance & Shareholder Information	6–10
Directors' Report	11–14
Auditors' Report	15–18
Balance Sheet	19
Profit and Loss Account	20
Notes Forming part of the Balance Sheet and Profit & Loss Account	21–37
Cash Flow Statement	38–39
Proxy Form and Attendance Slip	

LML LIMITED ANNUAL REPORT 2011-12

NOTICE

Notice is hereby given that Thirty Sixth Annual General Meeting of the Members of LML Limited will be held on Saturday, the 22nd September, 2012 at 11.00 AM at C-10, Panki Industrial Estate, Site-II & III, Kanpur- 208 022. (U.P.) to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 Sanjeev Shriya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shiromani Sharma, 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 Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr Lalit Kumar Singhanias as Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f. 28.03.2013 on the existing remuneration and terms and conditions as set out below :

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

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Entertainment, the payment of Income-tax on all perquisites (other than those by way of 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. Lalit Kumar Singhanias as Whole-time Director of the Company is terminable by either side with a notice period of three months in writing without any severance fee”.

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

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Deepak Kumar Singhanias as Chairman & Managing Director of the Company not liable to retire by rotation for a period of five years w.e.f. 06.10.2013 on the existing remuneration and terms and conditions as set out below :

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

(b) **Perquisites :**

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Entertainment, the payment of Income-tax on all perquisites (other than those by way of monetary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/ Encashment of leave and any other perquisites as per policy/rules of the Company in force or as may be approved by the Board from time to time. The monetary value of such perquisites shall be determined as per Income-tax rules, wherever applicable, and, in the absence of any such Rules, shall be valued at actual cost. The total value of remuneration including perquisites shall not exceed Rs. 2.0 (Two) Lacs per month.

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

"RESOLVED FURTHER THAT the tenure of the employment of Mr. Deepak Kumar Singhania as Chairman & Managing Director of the company is terminable by either side with a notice period of three months in writing without any severance fee".

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

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Anurag Kumar Singhania as Whole-time Director of the Company liable to retire by rotation for a period of five years w.e.f. 28.06.2013 on the existing remuneration and terms and conditions as set out below :

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

(b) **Perquisites:**

In addition to aforesaid salary, he shall also be entitled to certain perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s), and Maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including traveling of attendant if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Education support to dependent children including their travel, hostel fee and tuition fee etc. in India and abroad, Entertainment, the payment of Income-tax on all perquisites (other than those by way of monetary payment) by the Company and Company's contribution towards Provident Fund and Superannuation fund, Gratuity/ Encashment of leave and any other perquisites as per policy/rules of the Company in force or as may be approved by the Board from time to time. The monetary value of such perquisites shall be determined as per Income-tax rules, wherever applicable, and, in the absence of any such Rules, shall be valued at actual cost. The total value of remuneration including perquisites shall not exceed Rs. 2.0 (Two) Lacs per month. The aforesaid remuneration shall also be paid as minimum remuneration in the absence or inadequacy of profits in any financial year.

"RESOLVED FURTHER THAT the tenure of the employment of Mr. Anurag Kumar Singhania as Whole-time Director of the company is terminable by either side with a notice period of three months in writing without any severance fee".

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

By Order of the Board of Directors
For LML Limited

K C AGARWAL

Place : Gurgaon
Dated : 07.07.2012

*Executive Director (Comm.) &
Company Secretary*

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 2011-12

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 Saturday, the 15th September, 2012 to Saturday, the 22nd September, 2012 (both days inclusive).
4. Company's shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members may send Dematerialization Request Form(s) (DRF) along with Share Certificate(s) through their Depository Participant(s) for demat of shares to LML Shares Registry, C-10, Panki Industrial Estate, Site-II, Kanpur – 208 022. (U.P.).
5. Members holding shares in physical form are requested to notify changes in their addresses, if any, to LML Shares Registry, quoting their folio number(s), while those holding in the electronic mode are requested to send the intimation for change of address(es) to their respective Depository participant(s).
6. Members, who are holding Shares (in physical form) in identical order of names in more than one Folio(s), are requested to write to LML Shares Registry, enclosing their share certificates for consolidation in one folio.
7. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance so as to enable the Company to keep information ready at the time of Annual General Meeting.
8. Only individual members, who wish to nominate a person under section 109A of the Companies Act, 1956, may furnish us required details in the prescribed Form 2B, which is available on demand.
9. Members / Proxies should bring the enclosed Attendance Slips duly filled in, for attending the meeting.
10. The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. 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 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 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. Sanjeev Shriya, age 53 years, is a Chartered Accountant and has wide experience in business, Industry, Foreign Trade and IT Industry. He has widely traveled and actively involved in day to day affairs of the Company since 09.10.1982 as Director and w.e.f. 18.07.1984 as a Whole-time Director. He is also a Director in other Companies viz : Gold Rock Investments Ltd., Smart Chip Ltd., Syscom Corporation Ltd., Inlays India Private Limited, and Safran India Private Limited. He is also member of Sub-committee of Directors & Financial Restructuring Committee of Directors of your Company. He holds 30 (Thirty) Equity Shares of the Company. None of the Directors of the Company except Mr. Sanjeev Shriya himself is, in any way, concerned or interested in passing of the said resolution.

Item No. 3

Mr. Shiromani Sharma, age 79 years, is a retired IAS Officer who is a Director of the Company since 28th January 2002, Mr. Sharma has wide experience in various positions held by him in the Government as well as public and private sector Companies.

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

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

He does not hold any Equity Shares of the Company.

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

Item No. 5

Mr Lalit Kumar Singhania, age 68 years, is a Post Graduate. He has substantial executive experience and has been actively involved in day to day affairs of the Company as President w.e.f. 18.07.1984, as Deputy Managing Director w.e.f. 27.09.1988 and as a Whole-time Director since 28.03.1995.

Mr Lalit Kumar Singhania was last appointed as Whole-time Director of the Company for a term of five years, which

will expire on 27.03.2015. The Central Government approved payment of his remuneration for three years upto 27.03.2013. The Board of Directors at its meeting held on 07th July, 2012, re-appointed him for a further period of five years w.e.f 28.03.2013. The remuneration payable to Mr. Lalit Kumar Singhania, on the recommendation of Remuneration Committee will be as set out in the Resolution.

Mr Lalit Kumar Singhania is not Director in any other Company. He is the member of Share Transfer & Shareholder/Investor' Grievance Committee and Sub-committee of directors of your Company.

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

None of the directors except Mr Lalit Kumar Singhania himself, Mr. Deepak Kumar Singhania (his brother) and Mr. Anurag Kumar Singhania (his son) are, in any way concerned or interested in passing of the Resolution as set out in item no. 5. The Board of directors recommends the resolution, as set out for approval of the shareholders.

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

Item No. 6

Mr. Deepak Kumar Singhania, age 59 years, is a Graduate and has wide experience in two-wheeler, textile machines, and over-all general business administration and management. He has widely traveled and has substantial exposure in all facets of two wheeler industry including production, commercial, finance and marketing. He has been actively involved in day to day affairs of the Company since 18.07.1984 as Whole-time Director, w.e.f. 06.10.1990 as Managing Director and w.e.f. 28.10.2005 as Chairman & Managing Director.

Mr. Deepak Kumar Singhania was last appointed as the Chairman & Managing Director for a period of five years, which will expire on 5th October 2015. The Central Government approved payment of his remuneration for three years upto 05.10.2013. The Board of Directors at its meeting held on 07th July, 2012, re-appointed him as Chairman & Managing Director of the Company for a further period of five years w.e.f. 6th October 2013. The remuneration payable to Mr. Deepak Kumar Singhania, on the recommendation of Remuneration Committee will be as set out in the Resolution.

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

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

None of the Directors except Mr. Deepak Kumar Singhania himself and Mr. Lalit Kumar Singhania (his brother) are, in

any way concerned or interested in passing of the Resolution as set out in item no. 6.

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

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

Item No. 7

Mr. Anurag Kumar Singhania, age 45 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 25 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 was last appointed as Whole-time Director for a period of five years, which will expire on 27.06.2015. The Central Government approved payment of his remuneration for three years upto 27.06.2013. The Board of Directors at its meeting held on 07th July, 2012, re-appointed him for a further period of five years w.e.f 28.06.2013. The remuneration payable to Mr. Anurag Kumar Singhania, on the recommendation of remuneration committee will be as set out in the Resolution.

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. 7.

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

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

By Order of the Board of Directors
For LML Limited

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

Place : Gurgaon
Dated : 07.07.2012

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 31st March 2012, 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 and one Director is Special Director appointed by Hon'ble BIFR. The Chairman is an Executive & Promoter Director.

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

Composition of the Board of Directors of the Company and their other Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2012, 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 his tenure and attended		Attendance at last AGM	No. of Directorship(s) and Committee Membership(s) / Chairmanship(s) of other public companies		
	Held	Attended		Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
Executive Directors						
Mr Deepak Kumar Singhania (CMD)	4	4	Yes	–	–	–
Mr Lalit Kumar Singhania	4	2	No	–	–	–
Mr Sanjeev Shriya	4	–	No	3	–	–
Mr Anurag Kumar Singhania	4	1	No	–	–	–
Mr R K Srivastava	4	1	Yes	1	–	2
Non-Executive and Independent Directors						
Mr S K Aggarwal	4	4	No	–	–	–
Mr Shiromani Sharma	4	4	Yes	2	–	2
Mr C P Ravindranath Menon [Nominee – Exim Bank]	4	3	Yes	2	2	–
Mr K K Shangloo [Special Director-BIFR]	4	4	Yes	–	–	–
Mr S K Bhandari [Nominee-IFCI]	4	4	No	–	–	–

Board/Shareholders' Meetings

During the financial year under review, four Board Meetings were held on 27th May, 2011, 11th August, 2011, 10th November, 2011 & 11th February, 2012. The maximum time-gap between any two consecutive meetings did not exceed 4 months. The last Annual General Meeting (AGM) was held on 20th September, 2011.

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.lml-world.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 four times during the financial year 2011-12 on 27th May, 2011, 11th August, 2011, 10th November, 2011 & 11th February, 2012. The attendance of the Audit Committee Members was as under:-

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

Mr. K C Aggarwal, Executive Director (Comml.) & Company Secretary acts as Secretary to the Audit committee. Head of the Internal Audit and Accounts Department, Statutory Auditors/ Cost Auditors/Internal Auditors attended the meetings of Audit Committee. In the last AGM held on 20th September, 2011, Mr Shiromani Sharma duly authorized by the shareholders of the Company had acted as Chairman 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 27th May, 2011, 11th August, 2011, 10th November, 2011 & 11th February, 2012. The attendance of the Members of Share Transfer & Shareholders/Investors' Grievance Committee was as under:-

Name	Category	No of Meetings Attended
Mr. S K Aggarwal	Chairman	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 documentation and other work related to Financial Restructuring of the Company. The Financial Restructuring Committee of Directors comprises of following Directors:-

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

The Committee did not meet during the financial year 2011-12.

- **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 27th May, 2011. The attendance of the Remuneration Committee Member was as under:-

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

- **Sub-Committee of Directors**

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

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

Since the un-audited financial results were considered by the Board of Directors in their meetings, the Sub-Committee did not meet during the financial year 2011-12.

- **Risk Management Committee**

The Company has constituted a Risk Management Committee dated 10th 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 two times on 12th November, 2011 & 6th February, 2012. The Committee comprises the following members and their attendance was as follows :-

Name	Category	No of Meetings Attended
Mr. Deepak Kumar Singhania	Chairman	1
Mr. Anurag Kumar Singhania	Member and Alternative Chairman	2
Mr. R K Srivastava	Member	2
Mr. A K Sinha	Member	2
Mr. PPS Choudhary	Member	-
Mr. SK Mahajan	Member	2
Mr. Vipin Chaudhary	Member	2

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:

LML LIMITED ANNUAL REPORT 2011-12

Name	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. K K Shangloo	-	4000	4000
Mr. S K Bhandari	-	9000	9000
Mr. C P Ravindranath	-	3000	3000
Mr. S K Aggarwal	-	13000	13000
Mr. Shiromani Sharma	-	13000	13000
Mr. Lalit Kumar Singhania	416200	-	416200
Mr. Sanjeev Shriya	1664887	-	1664887
Mr. Deepak Kumar Singhania	2222580	-	2222580
Mr. Anurag Kumar Singhania	1183268	-	1183268
Mr. R.K. Srivastava*	1244993	-	1244993

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

- Gross remuneration includes salary, perquisites & Income Tax on perquisites paid / payable by the Company.
- The Company has a policy of not advancing any 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	Solved
Non-receipt of Dividend / Annual Report	01	01
Non-receipt of shares after Endorsement	01	01
Delay in Transfer of Shares / Non-receipt of shares after Transfer	-	-
Change of Address	-	-
Debenture Interest/ Redemption	-	-
Others	-	-
TOTAL	02	02

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 www.lmlworld.com 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.

IV. OTHER DISCLOSURES

• Details of last three Annual General Meeting(s)

Year	Venue	Date	Time	Any Special Resolution
2011	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P)	20.09.11	11.00 AM	No
2009	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P)	25.03.10	11.00 AM	No
2008	At LML Limited C-10, Panki Indl. Estate, Site II-III, Kanpur-208 022 (U.P)	21.03.09	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. 40 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.

V. SHAREHOLDERS INFORMATION

• Annual General Meeting

Date	22nd September, 2012
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, 2012	Up to 14th August, 2012
Financial Reporting for the quarter/half year ending September, 2012.	Up to 14th November, 2012
Financial Reporting for the quarter ending December, 2012	Up to 14th February, 2013
Financial Reporting for the year ending March, 2013	Up to 30th May, 2013
Annual General Meeting for the year 2012-13	End of September, 2013

• Dates of Book Closure

From 15th September, 2012 to 22nd September, 2012 (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 2012:

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 1st April, 2011 to 31st March, 2012 were as under:-

(Amount in Rs.)

Month	High		Low	
	NSE	BSE	NSE	BSE
April, 2011	11.30	12.00	9.95	9.92
May, 2011	10.20	11.00	9.00	9.00
June, 2011	10.40	10.38	7.35	8.50
July, 2011	12.90	12.85	9.00	9.00
August, 2011	12.25	12.30	8.55	8.49
September, 2011	10.25	10.30	8.65	8.00
October, 2011	10.70	10.74	8.25	8.30
November, 2011	11.65	11.70	8.20	8.20
December, 2011	9.45	10.80	7.05	7.02
January, 2012	9.40	9.50	7.05	6.50
February, 2012	9.45	9.90	7.80	7.92
March, 2012	8.50	9.20	7.10	7.12

• Share Transfer System

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

• 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. 17th January, 2000 and pursuant to SEBI circular No D&CC/FITTC/CIR-15/2002 dated 27/02/2002, and work related to share registry in terms of both physical and electronic should be maintained at a single point. Company has established Electronic Connectivity with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL), which are working successfully. All requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) within the stipulated time, up to 31st March, 2012, 95.73% equity shares of the Company has been dematerialized.

Other details are as under:

- Approximate time taken by Company for share transfer if the Documents are clear in all respects : 15 days
- Demat ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE862A01015
- Total No. of shares dematerialized up to 31.03.2012 : 78480341
- Total No. of shares rematerialized up to 31.03.2012 : 15075
- Total No. of shares transferred during 2011-12 (physical) [01.04.2011 to 31.03.2012] : 15776
- No. of shares pending for transfer as on 31.03.2012 : NIL
- No. of shares pending for dematerialization / Confirmation as on 31.03.2012 : NIL

LML LIMITED ANNUAL REPORT 2011-12

Shareholding Pattern as on 31.03.2012

Sl. No.	Category	No. of Shareholders	%	No. of Equity Shares	%
1.	Resident Individuals	201775	99.16	48287560	58.90
2.	Indian Companies	1107	0.54	8552411	10.43
3.	FIs/Mutual Funds/Banks	45	0.02	1311945	1.60
4.	Indian Promoters/ Directors & their relatives	24	0.01	21786671	26.57
5.	NRIs/OCBs/FIIs/FCs	317	0.16	538668	0.66
6.	Clearing House(s) / Members	214	0.11	1507065	1.84
	TOTAL	203482	100.00	81984320	100.00

Distribution of Shareholding as on 31.03.2012

Sl. No.	No. of shares held	No. of shareholders	%	No. of Equity Shares	%
1.	1-499	180384	88.65	9712254	11.85
2.	500-999	10493	5.16	6017756	7.34
3.	1000-4999	10934	5.37	17440981	21.27
4.	5000-9999	966	0.47	5914824	7.21
5.	10000 & Above	705	0.35	42898505	52.33
	TOTAL	203482	100.00	81984320	100.00

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 valid up to 15.11.2012.

LML Shares Registry

(A Division of LML Limited)

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

Kanpur – 208 022 (U.P.)

Phone Nos. : (0512) 6660300

Fax No. : (0512) 6660301

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

Website : www.lmlworld.com

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

"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 31st March, 2012."

Sd/-

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

- We have examined the compliance of conditions of Corporate Governance by LML Limited (the company), for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with various Stock Exchanges (hereinafter referred to as "the Agreement").
- 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.
- 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.
- 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

Place: Gurgaon
Date: 07.07.2012

(M. No. 103490)

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

A. K. Jain
Partner

(M. No. 071253)

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Thirty-Sixth Annual Report together with audited Statement of Accounts for the twelve months ended 31st March, 2012.

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

1. Working Results

(Rs. in crores unless otherwise stated)

Particulars	Year Ended 31.03.2012 (12 Months)	Period Ended 31.03.2011 (18 Months)
Gross Sales and Other Income	326.40	389.13
Profit before Interest, Depreciation, Exceptional Items & Taxation	3.09	0.45
Interest	34.06	44.08
Cash Loss	30.97	43.63
Depreciation & Amortisations	14.23	24.65
Loss before Taxation	45.20	68.28
Provision for Taxation :		
- Current Tax	-	-
Exceptional Items	-	31.26
Net Loss	45.20	99.54
Production (Nos.)	76635	99675
Sales (Nos.)	75583	98773

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

2. Operations

Company has been passing through difficult time and facing problems for last few years, which has adversely affected its operations. The workmen of the Company had resorted to an illegal strike and with a view to protect life and property the Company had to declare a lockout on 7th March, 2006. Since the Company's net worth became negative, it filed reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) where it is registered and declared as a sick industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Company restarted its operations in April, 2007 and has taken several steps for its turn around, and has submitted its revival scheme to Hon'ble BIFR.

Company has emerged as one of the largest exporter of scooters in the country, and also launched its vehicles in select locations in the domestic market. Company is getting good response in the export and domestic markets, for its new 4-stroke geared scooters developed by the Company and is taking steps to launch its vehicles in other locations in a phased manner.

Company is working on other new products including 4-stroke gearless scooters, motorcycles, and light three wheeler for cargo application.

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

Particulars	Year Ended 31.03.2012 (12 Months) (Nos.)	Period ended 31.03.2011 (18 Months) (Nos.)	Annualised for year ended 31.03.2011
Scooters - Export	44435	57774	38516
- Domestic	31148	40999	27332
Total :	75583	98773	65848

3. Exports

Exports were 44435 vehicles during the year as against 38516 units (annualized) during the previous period. 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 (Comm.) & 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, 2012.

6. Management Discussion And Analysis

(a) Macro-economic Developments and overall review

The economic turbulence in Europe, along with other events has resulted in global economic slowdown during 2011-12. When this happens so quickly after a recession – the last one being in 2008-09 – it was not easy to deal with. The entire world, especially Europe, is treading with caution and working on devising solution to the problems on hand. India's rapid growth over the last two decades and its growing economic integration with the world, cannot be insulated from such global situations.

Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. The Indian economy is estimated to grow by 6.9% in 2011-12,

LML LIMITED ANNUAL REPORT 2011-12

after having grown at around 8.4% in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-09) primarily due to deceleration in industrial growth, more specifically in private investment. Rising cost of credit and weak domestic business sentiment, added to this decline. The growth is estimated to be 2.5% in agriculture, 3.9% in industry and 9.4% in services.

The headline inflation remained high for most part of the year. Monetary policy remained tight during the year to control inflation. It was only in December, 2011 that it somewhat started moderating. Considering the current scenario, India's GDP growth in 2012-13 is targeted to be around 6.5%.

(b) Two wheeler Industry in India.

Financial Year 2012 was a difficult year for the Indian auto industry. As interest rates remained high and fuel prices rose, demand took a hit. High commodity prices also fuelled input costs with the result that the operating margins came under pressure. As per Society of Indian Automobile Manufacturers (SIAM), the overall sales growth rate recorded for April – March, 2012 was still reasonably healthy at 14% year on year; mopeds, motorcycles and scooters grew by 11%, 12% and 25% respectively during the fiscal.

Exports registered a healthy growth rate of 27% during the fiscal outperforming the domestic market.

Domestic

Industry Structure	2009-10 (April 09-March 10)	2010-11 (April 2010 – March 2011)			2011-12 (April 2011 – March 2012)		
	Sale in Mn.	Sale in Mn.	Growth % Over 2009-10	Category Share % of 10-11	Sale in Mn.	Growth % Over 2010-11	Category Share % of 11-12
Scooters	1.460	2.058	41	17	2.563	25	19
Motorcycles	7.340	9.014	23	77	10.096	12	75
Mopeds	0.570	0.697	22	6	0.777	11	6
Total	9.370	11.769	26	100	13.436	14	100

Export

Industry Structure	2009-10 (April 09-March 10)	2010-11 (April 2010 – March 2011)			2011-12 (April 2011 – March 2012)		
	Sale in Mn.	Sale in Mn.	Growth % Over 2009-10	Category Share % of 10-11	Sale in Mn.	Growth % Over 2010-11	Category Share % of 11-12
Scooters	0.030	0.051	70	3	0.091	78	5
Motorcycles	1.100	1.475	34	96	1.847	25	95
Mopeds	0.010	0.006	-40	0	0.009	50	0
Total	1.140	1.532	34	100	1.947	27	100

(c) Company Performance

In spite of severe difficulties and problems, Company recorded good performance. It is working on its revival plan based both on domestic and export markets and 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 prototyping, CAD CAM, tooling and industrialization. It is harnessing these strengths and its vast experience in the two-wheeler business coupled with an 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 could only be increased from 65848 units (annualized) in financial year 2009-11 (18 Months – Total 98773 units) to 75583 units in 2011-12 (12 months).

(g) Financial Review :

Revenues – Gross Sales and Other Income during the year increased to Rs. 326.40 crores as compared to Rs. 259.42 crores (annualized) in the previous period (18 Months – Total Rs. 389.13 crores).

Operating losses – The Company took various actions to reduce costs pursuant to the restart in April '07. The Company reported a net operating Profit of Rs 3.09 crores as compared to net operating profit of Rs. 0.45 crore in the previous period (annualized Rs. 0.3 crore).

Interest – Interest was Rs 34.06 crores as compared to Rs. 44.08 crores in the previous period (annualized Rs. 29.39 crores).

Depreciation & Amortisation – Depreciation and Amortisation for the year was at Rs. 14.23 crores as compared to Rs. 24.65 crores in the previous period (annualized Rs. 16.43 crores).

Loss before tax – The Company reported a loss before tax and exceptional items of Rs 45.20 crores as compared to Rs. 68.28 crores in the previous period (annualized Rs. 45.52 crores).

Share Capital – Company's Paid-up Equity Share Capital is Rs. 81,98,43,200 as on 31.03.2012.

(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. Sanjeev Shriya and Mr. Shiromani Sharma retire by rotation and, being eligible, offer themselves for re-appointment.

Directors recommend their reappointment as Director of the Company.

Board of Directors also reappointed Mr. Lalit Kumar Singhania & Mr. Anurag Kumar Singhania as Whole-time Director and Mr. Deepak Kumar Singhania as Chairman & Managing Director of the Company as per details given in AGM Notice.

8. Personnel

The Company had 3010 employees as on 31.03.2012. 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, 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 2009-11. Subject to approval of Central Government M/s. J K Kabra & Co., Cost Accountants, have been re-appointed for the F.Y. 2011-12.

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. 2012-13.

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 (12 month) under various heads resulted into an estimated saving of Rs. 1.38 lacs (previous period Rs. 1.76 lacs (18 month)).

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 (12 months) Foreign Exchange of Rs. 162.36 crores (previous period – Rs. 187.72 crores (18 month)). (annualized Rs. 125.14 crores) Foreign Exchange outgo during the year (12 months) amounted to Rs. 16.78 crores (previous period - Rs. 15.48 crores (18 months) (annualized Rs.10.32 crores) .

14. Stock Exchange Listing

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

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

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

15. Depository System

SEBI vide its Circular No. SMDRP/Policy/CIR-01/2000 dated 6th January, 2000 notified that trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 17th January, 2000. Requests received for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. As on 31st March, 2012, 95.73% equity shares of the Company have been dematerialized.

16. Acknowledgement

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

For and on behalf of Board of Directors
LML Limited

Place : Gurgaon
Dated : 07.07.2012

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 200cc, 4 Stroke engine
- 1.2 Design of 125cc, 4 Stroke Variomatic engine & vehicle.
- 1.3 Design of 50cc Variomatic engine.
- 1.4 Design of 4 stroke motorcycle

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

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

3. Future plan of action

- 3.1 Industrialization of 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	328.40
(c) Total	328.40
(d) Total R&D expenditure as a percentage of total turnover	1.05%

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 : 07.07.2012

Deepak Kumar Singhania
Chairman & Managing Director

AUDITORS' REPORT

To
The Members
LML Limited

1. We have audited the attached Balance Sheet of M/s LML Limited (the Company) as at 31st March, 2012, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. *As mentioned in note 26 of financial statements, the balances of some of the sundry debtors, creditors, lenders and loans and advances are subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the year.*
 - b. *As mentioned in note 27 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, 2012 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statements for the year.*
 - c. *As mentioned in note 31 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. 45074.51 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and has already submitted the draft revival scheme, and 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. 33 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. 2077.25 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. 90.04 lakhs for the year, whereby the loss for the year is higher by the said amount. Upto 31st March, 2012 there is cumulative short provision of Rs 35.30 lakhs on the basis of YTM and accumulated losses are lower by said amount.*
 - e. *As mentioned in note no. 39 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 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, 2012 and loss for the year ended 31st March, 2012 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 90.04 lakhs, liabilities and debit balance in the statement of profit & loss would have been higher by Rs. 35.30 lakhs.*

LML LIMITED ANNUAL REPORT 2011-12

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards (AS) referred to in sub section (3C) of Section 211 of the Companies Act, 1956 *except non compliance of AS 2 – Valuation of Inventories (Refer para 4(b) above)*.
- e) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Director is prima-facie disqualified as on above date from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) *Subject to our remarks in para 4 above*, in our opinion and to the best of our information and according

to the explanations given to us, the said accounts read together with the notes and significant accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Akash Shinghal
Partner
(M. No. 103490)

Place: Gurgaon
Date: 07th July, 2012

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

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

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date on the Accounts of LML Limited for the year ended 31st March, 2012).

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, *however these records are in process of updation.*
- (b) As per the information and explanations given to us, the Company has formulated a programme of physical verification to cover all major categories of fixed assets over a period of three years. Accordingly some categories of the fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year, the Company has not disposed off substantial part of the fixed assets.
2. (a) The physical verification of inventories 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.
3. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, Clause 3 (b), (c) & (d) of the said order were not applicable.
- (b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 3 (f) and (g) of the said Order is not applicable.
4. In our opinion and according to information and explanations given to us, there are adequate internal control procedures which are fairly commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4 (v)(b) of the said Order is not applicable.
6. The Company has not accepted or renewed any deposit during the year from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion and in accordance with the information and explanations provided by the management, the Company has an internal audit system which is fairly commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company under section 209(1)(d) of the Companies Act, 1956 for the year under review and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however not made a detail examination of the same.
9. (a) *According to the information and explanations given to us and the records examined by us, undisputed statutory dues including, income tax, sales tax, employees state insurance, provident fund, fringe benefit tax and other statutory dues applicable to it have not been regularly deposited with the appropriate authorities and there have been delays in a number of cases. According to information and explanations given to us, undisputed arrears of statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable, are as under: -*

S.No.	Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)
1)	Provident Fund	Employers Contribution	142.71
		Employee Contribution	42.34
2)	Sales Tax		1072.73
3)	Employee State Insurance		23.52
4)	Income Tax Act	Income Tax Deducted at Source	130.20
		Income Tax Collected at Source	1.23
5)	FBT	FBT including interest	291.23
6)	Professional Tax		0.57

LML LIMITED ANNUAL REPORT 2011-12

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

S. No.	Name of The Statute	Nature of Dues	Amount (Rs.in Lakhs)	Period	Forum Where Pending
1	The Central Excise Act 1944	Modvat credit, duty on off cuts or inputs, valuation, classification & 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 2006-07	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	3415.15	A.Y. 1997-98 to 2000-01	ITAT
		Disallowances Disputed in High Court	218.24	A.Y. 1996-97	High Court

10. The accumulated losses of the Company as at 31st March, 2012 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.

11. The Company has executed a Multi-Partite Agreement with Banks and Financial Institutions (Secured Lenders) on March 28, 2005. Based on our audit procedures and the information and explanations given to us, the Company is in default in respect to the payments to the Secured Lenders as given below.

Nature of the Dues	Period of Default	Amount Involved (Rs)
Principal	More than 12 months	711,746,225
Interest	More than 12 months	582,425,421
Principal	Jun-11	42,921,639
Interest	Jun-11	48,891,314
Principal	Sep-11	42,921,639
Interest	Sep-11	51,239,458
Principal	Dec-11	42,921,639
Interest	Dec-11	53,124,317
Principal	Mar-12	42,921,639
Interest	Mar-12	54,469,991

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	16,587,091

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

13. As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi/mutual benefit fund/society.

14. In our opinion, and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the

provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

15. Based on our examination of records and information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. Based on our examination of the records and information and explanations given to us, no fresh term loan has been obtained by the Company during the year.

17. As per the information and explanations given to us and on an overall examination of the Balance Sheet of Company, we report that the Company, during the year has used funds by way of increase in current liabilities for long term investment (applications) to the extent of Rs. 297.19 lakhs (Refer Note 32 of the financial statement).

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issue during the year covered by our report.

21. Based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company was noticed or reported during the course of our audit.

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

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

Akash Shinghal
Partner
(M. No. 103490)

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

Place: Gurgaon
Date: 07th July, 2012

BALANCE SHEET AS AT 31st MARCH, 2012

(Rs. in Lakhs)

Particulars	Note No.	Figures as at 31st March, 2012	Figures as at 31st March, 2011
I EQUITY AND LIABILITY			
(1) Shareholder's Funds			
(a) Share Capital	1	20,040.95	20,040.95
(b) Reserve & Surplus	2	(56,089.81)	(51,569.54)
(2) Non-Current Liabilities			
(a) Long Term Borrowings	3	—	1,718.61
(b) Long Term Provision	4	1,264.03	1,089.20
(3) Current Liabilities			
(a) Short Term Borrowings	5	225.67	220.21
(b) Trade Payables	6	17,861.43	16,967.14
(c) Other Current Liabilities	7	42,115.73	36,380.99
(d) Short Term Provision	8	391.93	363.37
		<u>25,809.93</u>	<u>25,210.93</u>
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		9,367.58	10,566.17
(ii) Intangible Assets		—	—
(iii) Capital-Work-In-Progress		813.14	261.68
(b) Non-Current Investments	10	0.94	0.94
(c) Long Term Loans & Advances	11	108.02	97.10
(2) Current Assets			
(a) Inventories	12	10,779.44	9,923.92
(b) Trade Receivables	13	79.05	260.44
(c) Cash & Bank Balances	14	2,100.33	1,813.66
(d) Short-term Loans & Advances	15	2,561.43	2,287.02
		<u>25,809.93</u>	<u>25,210.93</u>
Notes on Financial Statements	1-50		

As per our report of even date attached

For KHANDELWAL JAIN & CO,
Chartered accountants

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

For PARIKH & JAIN
Chartered Accountants

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

For and on behalf of the Board

DEEPAK KUMAR SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company secretary

A K SINGHANIA
Whole-time Director

MAHESH KANODIA
Vice President (Accounts)

R K CHADHA
Divisional Manager
(Accounts)

Place: Gurgaon
Date : 07.07.2012

LML LIMITED ANNUAL REPORT 2011-12

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	(Rs. in Lakhs)	
		Figures for the year ended on 31st March, 2012 (12 Months)	Figures for the period ended on 31st March, 2011 (18 Months)
I Revenue From Operation	16	31,041.21	36,256.46
II Other Income	17	190.76	1,163.51
III Total Revenue		<u>31,231.97</u>	<u>37,419.97</u>
IV EXPENDITURE			
Cost of Materials Consumed	18	21,824.88	25,143.06
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	19	(520.20)	(634.01)
Employee Benefits Expenses	20	2,964.87	4,083.59
Finance Costs	21	3,456.88	4,443.74
Depreciation and Amortization Expenses	9	1,422.82	2,464.89
Provision for Impairment of Fixed Assets (Refer Note 36)	9	-	435.37
Manufacturing Expenses	22	2,551.47	3,373.28
Administrative, Selling and Other Expenses	22	4,051.52	5,373.04
Total Expenses		<u>35,752.24</u>	<u>44,682.96</u>
V Profit before Exceptional items, Extraordinary items and Tax (III- IV)		(4,520.27)	(7,262.99)
VI Exceptional Items	23	-	2,690.68
VII Profit before Extraordinary items and Tax (V- VI)		(4,520.27)	(9,953.67)
VIII Extraordinary Items		-	-
IX Profit before Tax (VII- VIII)		(4,520.27)	(9,953.67)
X Less: Tax Expense:			
Current Tax		-	-
Deffered Tax		-	-
XI Profit (Loss) for the period from Continuing Operation (after tax)(IX- X)		<u>(4,520.27)</u>	<u>(9,953.67)</u>
XII Profit (Loss) from Discontinuing Operation		-	-
XIII Tax Expense of Discontinuing Operations		-	-
XIV Profit (Loss) from Discontinuing Operation (after tax) (XII- XIII)		-	-
XV Profit (Loss) for the Period (XI+ XIV)		(4,520.27)	(9,953.67)
XVI Earning per share (Face value of Rs. 10/- each)			
Basic (Rs.)		(5.51)	(12.14)
Diluted (Rs.)		(5.51)	(12.14)
Notes on Financial Statements	1-50		

As per our report of even date attached

For KHANDELWAL JAIN & CO,
Chartered accountants

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

For PARIKH & JAIN
Chartered Accountants

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

For and on behalf of the Board

DEEPAK KUMAR SINGHANIA
Chairman & Managing Director

K C AGARWAL
Executive Director (Commercial)
& Company secretary

A K SINGHANIA
Whole-time Director

MAHESH KANODIA
Vice President (Accounts)

R K CHADHA
Divisional Manager
(Accounts)

Place: Gurgaon
Date : 07.07.2012

NOTES FORMING PART OF THE ACCOUNTS

NOTE 1 - SHARE CAPITAL

Particulars	No. of Shares	Figures as at 31st March, 2012 Rs. in Lakhs	Figures as at 31st March, 2011 Rs. in Lakhs
AUTHORISED			
Equity Shares of Rs. 10 each	100,000,000	10,000.00	10,000.00
Cumulative / Non Cumulative Redeemable Preference Share of Rs. 100 each	15,000,000	15,000.00	15,000.00
ISSUED, SUBSCRIBED & PAID UP			
Equity Shares of Rs. 10 each	81,984,320	8,198.43	8,198.43
0.001% Non cumulative Redeemable Preference Shares of Rs.100 each (Refer Note v as given below)	11,842,519	11,842.52	11,842.52
TOTAL		20,040.95	20,040.95

Of the above:

Notes:

- (i) 460000 Equity Shares were allotted as fully paid-up Bonus Shares on 3rd October, 1979 by capitalisation of General reserve.
- (ii) 5314116 Equity Shares were allotted as fully paid-up on conversion of Debentures (Series I, II & III).
- (iii) 3162000 Equity Shares were allotted as fully paid-up to Financial Institutions pursuant to the convertibility clause in the relevant Rupee Loan Agreement.
- (iv) 785423 Equity Shares were allotted to Banks & Financial Institutions on 29th March, 2005 as per terms & conditions of the Negotiated Settlement.
- (v) 11842519 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) 819723 Equity Shares were allotted to specified lenders on 16th November, 2005 as per terms & conditions of the Negotiated Settlement.
- (vii) 32223538 Equity Shares were allotted on conversion of FCCB series A & B during the period from 24.08.2005 to 31.07.2009.
- (viii) Shareholders holding more than 5 percent shares.

Name of Shareholders	% of share holding	Figures as at 31st March, 2012	Figures as at 31st March, 2011
Equity Shares			
Mahalaxmi Holdings Ltd.	5.48	4,493,030	4,493,030
Preference Shares			
SBI	23.09	2,734,940	2,734,940
BOI	17.06	2,020,380	2,020,380
SASF (Trustee - IDBI)	17.89	2,118,850	2,118,850
IFCI	18.16	2,150,912	2,150,912
EXIM BANK	10.99	1,301,200	1,301,200
CORPORATION BANK	8.43	998,586	998,586

LML LIMITED ANNUAL REPORT 2011-12

(ix) The reconciliation of the number of shares outstanding as at 31st March, 2012 is set out below:

Particulars	Figures as at 31st March, 2012	Figures as at 31st March, 2011
Equity Shares		
Number of shares at the beginning	81,984,320	81,984,320
Add: Shares issued during the year	—	—
Number of shares at the end	<u>81,984,320</u>	<u>81,984,320</u>
Preference Shares		
Number of shares at the beginning	11,842,519	11,842,519
Add: Shares issued during the year	—	—
Number of shares at the end	<u>11,842,519</u>	<u>11,842,519</u>

NOTE 2 - RESERVES & SURPLUS

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs	Figures as at 31st March, 2011 Rs. in Lakhs
Capital Reserve:		
As per last Balance Sheet	3,406.90	3,406.90
Capital Redemption Reserve		
As per last Balance Sheet	2.50	2.50
Security Premium Reserve		
As per last Balance Sheet	11,698.28	11,698.28
Investment Allowance Utilized General Account		
Opening balance	685.48	685.48
Add: Addition During the year	—	—
	<u>685.48</u>	<u>685.48</u>
Less: Transferred to General Reserve	<u>685.48</u>	—
Closing Balance	—	685.48
General Reserve		
Opening balance	283.28	283.28
Add: Transferred from Investment Allowance Utilized General Account	685.48	—
	<u>968.76</u>	<u>283.28</u>
Less: Utilised during the year	—	—
Closing Balance	<u>968.76</u>	<u>283.28</u>
Profit & Loss Account:		
Opening balance	(67,645.98)	(57,692.31)
Add: Transfer from Profit & Loss Account	(4,520.27)	(9,953.67)
	<u>(72,166.25)</u>	<u>(67,645.98)</u>
Less: Transfer to General Reserve	—	—
Closing Balance	<u>(72,166.25)</u>	<u>(67,645.98)</u>
TOTAL	<u>(56,089.81)</u>	<u>(51,569.54)</u>

NOTE 3 - LONG TERM BORROWING

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs	Figures as at 31st March, 2011 Rs. in Lakhs
Secured		
(i) Term Loans (Refer Note 33)		
(a) From Banks		
State Bank of India (SBI)	-	389.00
Bank of India (BOI)	-	315.41
Corporation Bank (CB)	-	142.03
Bank of Baroda (BOB)	-	21.34
ICICI Bank Limited (ICICI)	-	49.59
	-	917.37
(b) From Financial Institutions		
IFCI Limited (IFCI)	-	305.94
Stressed Assets Stabilization Fund (SASF)	-	301.38
Export-Import Bank of India (EXIM)	-	185.07
Industrial Investment Bank of India Limited (IIBI)	-	7.11
	-	799.50
(ii) Hire Purchase credits	-	1.74
	-	1,718.61
Unsecured Loans		
Other Loans & Advances	-	-
	-	-
TOTAL	-	1,718.61

1. Instalments of Term Loans repayable within one year is Rs.1716.87 and overdue is Rs. 8833.69 lakhs (as at 31.03.2011 - repayable with in one year Rs.1716.87 and overdue is Rs. 7116.82 lakhs).

2. **Term Loans repayable schedule as under:**

Bank / Institution Name	2011-12	2012-13
(a) From Banks		
State Bank of India (SBI)	389.00	389.00
Bank of India (BOI)	315.41	315.41
Corporation Bank (CB)	142.03	142.03
Bank of Baroda (BOB)	21.34	21.34
ICICI Bank Limited (ICICI)	49.59	49.59
(b) From Financial Institutions		
IFCI Limited (IFCI)	305.94	305.94
Stressed Assets Stabilization Fund (SASF)	301.38	301.38
Export-Import Bank of India (EXIM)	185.07	185.07
Industrial Investment Bank of India Limited (IIBI)	7.11	7.11
Total	1,716.87	1,716.87

3. 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)

LML LIMITED ANNUAL REPORT 2011-12

NOTE 4 - LONG TERM PROVISION

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs	Figures as at 31st March, 2011 Rs. in Lakhs
Provision for Leave Encashment	187.01	186.97
Provision for Gratuity	1,077.02	902.23
TOTAL	1,264.03	1,089.20

NOTE 5 - SHORT TERM BORROWINGS

Unsecured		
Short Term Loans from others	84.37	84.38
Interest accrued but not due on above	141.30	135.83
TOTAL	225.67	220.21

NOTE 6 - TRADE PAYABLE

Trade Payable	17,861.43	16,967.14
TOTAL	17,861.43	16,967.14

NOTE 7 - OTHER CURRENT LIABILITIES

Secured

Current maturities for Long term Debt		
Term Loan from Banks and Financial Institutions		
(a) From Banks		
State Bank of India (SBI)	2,391.76	2,002.76
Bank of India (BOI)	1,934.46	1,619.05
Corporation Bank (CB)	873.28	731.25
Bank of Baroda (BOB)	131.18	109.84
ICICI Bank Limited (ICICI)	304.24	254.65
(b) From Financial Institutions		
IFCI Limited (IFCI)	1,881.01	1,575.07
Stressed Assets Stabilization Fund (SASF)	1,852.98	1,551.60
Export-Import Bank of India (EXIM)	1,137.92	952.85
Industrial Investment Bank of India Limited (IIBI)	43.73	36.62
Other loans and advances (Hire purchase)	1.90	15.85
Interest accrued and due on Borrowing	7,901.50	5,824.25

Unsecured

Advance against Orders	2,648.94	2,648.98
Interest accrued but not due on Advance against Orders	5,368.86	5,183.02
Interest accrued and due		
on FCCB	165.87	139.70
on Trade Payable	3,948.09	3,366.60
Other Liabilities		
Security Deposits	1,271.14	1,235.51
Expenses	2,917.44	2,304.32
Statutory Dues	3,495.13	3,283.23
Book Overdraft from Banks	13.33	4.70
Employees dues	3,832.97	3,541.14
TOTAL	42,115.73	36,380.99

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 31.03.2012 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.
- (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 31.03.2012 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 31.03.2012 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.

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	250.00	341.95	591.95
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
Total	8,833.69	7,901.50	16,735.19

3. The Company also in default in the payments of interest to Foreign Currency Convertible Bonds holders:

Period of Default	Amounts (in Lakhs)
From the year 2006-2007	165.87

NOTE 8 - SHORT TERM PROVISIONS

Particulars	Figures as at	Figures as at
	31st March, 2012	31st March, 2011
	Rs. in Lakhs	Rs. in Lakhs
Provision for Leave Encashment	88.71	64.75
Provision for Gratuity	125.22	120.62
Provision for Income Tax (FBT)	178.00	178.00
TOTAL	391.93	363.37

NOTE 9 - FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION & AMORTISATION			IMPAIRMENT		NET BLOCK	
	As at 01.04.2011	Additions during the year	Deductions/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As At 31.03.2012	As at 31.03.2011
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	4,484.81	278.95	-	4,763.76	3,711.25	3,990.20
Lease hold Improvement	88.57	6.10	-	94.67	72.06	0.47	-	72.53	22.14	16.51
Plant & Machinery	34,819.12	169.43	-	34,988.55	29,454.08	977.77	-	30,431.85	4,556.70	5,365.04
Electric Installations	2,708.13	4.02	-	2,712.15	2,466.02	103.58	-	2,569.60	142.55	242.11
Furniture and Fixtures	869.96	5.31	-	875.27	816.96	25.24	-	842.20	33.07	53.00
Office Equipments	554.85	35.20	-	590.05	310.98	27.25	-	338.23	251.82	243.87
Vehicles	652.59	4.17	-	656.76	618.55	9.56	-	628.11	28.65	34.04
Total	48,789.63	224.23	-	49,013.86	38,223.46	1,422.82	-	39,646.28	9,367.58	10,566.17
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	51,788.79	224.23	-	52,013.02	41,222.62	1,422.82	-	42,645.44	9,367.58	10,566.17
	(51,544.07)	(249.93)	(5.21)	(51,788.79)	(38,435.23)	(2,464.89)	(4.56)	(40,895.56)	(327.06)	(13,108.84)
Add: Capital Work In Progress (CWIP)	369.99			-	108.31			(108.31)	813.14	261.68
Total Fixed Assets Including CWIP					41,330.93			(435.37)	10,180.72	10,827.85
								(10,827.85)	(10,827.85)	(13,612.98)

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 31.03.2011

NOTE 10 - NON-CURRENT INVESTMENTS

Particulars	Figures as at 31.03.2012 Rs. in Lakhs	Figures as at 31.03.2011 Rs. in Lakhs
LONG TERM (except otherwise stated)		
Equity Shares (Fully paid-up)		
QUOTED		
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
*100 Shares of Rs.10 each in Bajaj Finserv Limited	0.00	0.00
*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 Honda 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.10 each in J.K. Synthetics Limited	0.01	0.01
*10 Shares of Rs.10 each in J.K. Cement Limited	0.00	0.00
100 Shares of Rs.10 each in Kalyani Forge Limited	0.02	0.02
31 Shares of Rs.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.10 each in Supreme Industries Limited	0.09	0.09
50 Shares of Rs.10 each in Whirlpool India Limited	0.02	0.02
100 Shares of Rs.5 each in Ester Industries Limited	0.01	0.01
100 Shares of Rs.10 each in IFCI Limited	0.04	0.04
100 Shares of Rs.10 each in BST Limited	0.01	0.01
50 Shares of Rs.10 each in Kinetic Engineering Limited	0.10	0.10
100 Shares of Rs.10 each in Kinetic Motor 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
	<u>1.22</u>	<u>1.22</u>
UNQUOTED		
Trade		
800000 Shares of Rs.1 each in Trident Auto Components Private Limited	80.00	80.00
	<u>234.82</u>	<u>234.82</u>
Less: Provision for diminution in value of Investments	<u>233.88</u>	<u>233.88</u>
	<u>0.94</u>	<u>0.94</u>

* Allotment of shares on account of demerger

Notes:

- (i) Aggregate amount of Quoted Investments:
– Cost Rs. 154.82 lakhs (As at 31.03.2011 Rs. 154.82 lakhs)
– Market value Rs. 22.71 lakhs (As at 31.03.2011 Rs. 21.95 lakhs)
- (ii) Aggregate amount of Unquoted Investments:
– Cost Rs. 80.00 lakhs (As at 31.03.2011 Rs. 80.00 lakhs)

LML LIMITED ANNUAL REPORT 2011-12

NOTE 11 - LONG TERM LOANS AND ADVANCES

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs	Figures as at 31st March, 2011 Rs. in Lakhs
Unsecured, considered good		
Capital Advances	34.27	23.35
Security Deposits	73.75	73.75
TOTAL	108.02	97.10

NOTE 12 - INVENTORY (Refer note no 27)

Raw Materials and Components	5,115.37	4,937.56
Material in Transit (Raw Materials and Components)	85.38	24.54
Stores & Spares	1,420.93	1,459.82
Loose Tools	792.84	806.37
Work in Progress	1,032.02	1,094.65
Finished Goods	2,332.90	1,600.98
TOTAL	10,779.44	9,923.92

NOTE 13 - TRADE RECEIVABLES

Unsecured, considered good (Refer Note 26)

(Debts outstanding For a period Exceeding six month)

Considered good	31.60	19.47
Considered Doubtful	380.14	380.14
	411.74	399.61
Less: Provision for Doubtful Debts	380.14	380.14
	31.60	19.47
Others	47.45	240.97
TOTAL	79.05	260.44

NOTE 14 - CASH & BANK BALANCES

Balance with Scheduled Banks		
in Current Accounts	554.33	1,669.80
Fixed Deposit Accounts *		
Bank Deposit with more than 12 months maturity	1.01	-
Others	1,435.39	51.99
Interest accrued on above	22.02	9.47
Balances with non scheduled banks in foreign currency		
with HSBC Bank plc	5.83	5.02
DD/Cheques in hand	5.05	-
Cash in Hand	76.70	77.38
TOTAL	2,100.33	1,813.66

*Fixed deposit with Banks to the extent held as margin money is of Rs. 25.37 Lakhs (Previous period Rs.28.76 lakhs)

NOTE 15 - SHORT TERM LOANS AND ADVANCES

Particulars	Figures as at 31st March, 2012		Figures as at 31st March, 2011	
	Rs. in Lakhs		Rs. in Lakhs	
Unsecured, considered good (Refer Note 26)				
Loans	262.96		438.47	
Other Loans and Advances				
Advances Recoverable in cash or in kind or for value to be received				
Related Party (VCCL Limited)	218.27		204.93	
Others	1,965.65		1,544.56	
Balance with Customs and Excise Authorities	28.07		23.27	
Security Deposits	86.48		75.79	
	<u>2,561.43</u>		<u>2,287.02</u>	
Unsecured, considered Doubtful				
Loans				
Other Loans and Advances				
Advances Recoverable in cash or in kind or value to be received				
Related Party (VCCL Limited)	940.01		940.01	
Others	12.00		12.00	
Deposits - Companies	116.33		116.33	
	<u>1,068.34</u>		<u>1,068.34</u>	
Less: Provision for Doubtful advance and deposits	<u>1,068.34</u>		<u>1,068.34</u>	
	-		-	
TOTAL	<u>2,561.43</u>		<u>2,287.02</u>	
Note:Loans and Advances includes:			Rs.in Lakhs	
	Due Maximum		Due Maximum	
Due from Officer	30.65	30.77	30.77	30.77
Due from one Director*	16.32	16.32	16.32	16.90

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

Particulars	Figures as at 31st March, 2012		Figures as at 31st March, 2011	
	Rs. in Lakhs (12 Months)		Rs. in Lakhs (18 Months)	
NOTE 16 - REVENUE FROM OPERATIONS				
Sales of Product	30,631.18		35,513.34	
Sales of Services	-		-	
Scrap sales	484.84		485.04	
Less: Excise Duty	(1,408.41)		(1,492.54)	
Other Operating Income (Export Benefit)	1,333.60		1,750.62	
TOTAL	<u>31,041.21</u>		<u>36,256.46</u>	
NOTE 17 - OTHER INCOME				
Interest Income Gross				
(TDS Rs. 2.02 Lakh, previous period Rs 2.75 lakhs)	67.92		24.99	
Dividend on Shares	0.43		0.47	
Credit Balances / Provisions no longer required written back	5.00		13.02	
Foreign Exchange Fluctuation Gain	-		-	
Profit on Disposal of Fixed Asset	-		0.80	
Miscellaneous	117.41		1,124.23	
TOTAL	<u>190.76</u>		<u>1,163.51</u>	

LML LIMITED ANNUAL REPORT 2011-12

NOTE 18 - COST OF GOODS CONSUMED

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs (12 Months)	Figures as at 31st March, 2011 Rs. in Lakhs (18 Months)
Opening Stock	4,937.56	4,850.91
Add : Purchases during the year	22,002.69	25,229.71
Less: Closing Stock	5,115.37	4,937.56
Total cost of goods consumed	21,824.88	25,143.06

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

Closing Stock:		
Work in Progress	1,032.02	1,094.65
Finished Goods	2,332.90	1,600.98
	<u>3,364.92</u>	<u>2,695.63</u>
Increase / (Decrease) in Excise Duty on uncleared Finished Goods	(149.09)	(66.73)
	<u>3,215.83</u>	<u>2,628.90</u>
Less: Opening Stock		
Work in Progress	1,094.65	807.29
Finished Goods	1,600.98	1,187.60
	<u>2,695.63</u>	<u>1,994.89</u>
CHANGE IN STOCK	520.20	634.01

NOTE 20 - EMPLOYEE BENEFIT EXPENSES

Salaries and Wages	2,516.08	3,175.06
Contribution to provident & other funds	177.02	213.24
Provision for Retirement Benefits	28.40	63.35
Gratuity Expenses	174.75	510.21
Welfare expenses	68.62	121.73
TOTAL	2,964.87	4,083.59

NOTE 21 - FINANCE COST

Interest on Fixed Loans	2,077.25	2,590.73
on Others	1,328.69	1,817.15
Bank and Other Charges	24.77	31.31
Net Gain /Loss on foreign currency translation and transaction	26.17	4.55
TOTAL	3,456.88	4,443.74

NOTE 22 - EXPENSES

Particulars	Figures as at 31st March, 2012 Rs. in Lakhs (12 Months)	Figures as at 31st March, 2011 Rs. in Lakhs (18 Months)
Manufacturing Expenses		
Store, Spare Parts and Dies Consumed	1,215.35	1,587.12
Power and Fuel	1,023.58	1,351.76
Development Expenses	59.17	55.36
Lease Rent-Plant and Machinery	-	62.57
Repairs and Maintenance		
Machinery	65.22	74.94
Buildings	102.35	133.29
Others	85.80	108.24
	<u>2,551.47</u>	<u>3,373.28</u>
Administrative, Selling and Other Expenses		
Payment to Auditors		
As Auditors	9.00	13.50
Other Services	7.80	10.30
Rent	150.69	220.30
Freight, Cartage and Clearing charges	1,067.99	1,505.55
Postage, Telex and Telephones	101.19	142.62
Printing and Stationery	43.91	57.46
Insurance Expenses	60.74	63.26
Rates & Taxes	38.46	116.67
Rebate and Discount	10.96	9.69
Sales Incentive-other agents	17.12	-
Warranty and Service Charges	170.15	159.57
Advertisement, Publicity & Sales Promotion	464.43	671.54
Travelling, Conveyance, Car & Recruitment Expenses	779.96	1,032.99
Directors Sitting Fees	0.42	0.60
Difference in Exchange	126.38	(5.89)
Charity and Donation	0.26	0.33
Legal & Professional Expenses	744.45	970.62
Prior Period Expenses-Postage, Telex and Telephone	-	3.88
Prior Period Expenses-Salaries & Wages	5.00	-
Bad & Doubtful Advances written off	0.68	-
Miscellaneous Expenses	251.93	400.05
TOTAL	<u><u>4,051.52</u></u>	<u><u>5,373.04</u></u>

NOTE 23 - EXCEPTIONAL ITEMS

Bad & Doubtful Debts / Loans & Advances written off	-	2,234.50
Less: Provision for Bad & Doubtful Debts/Loans & Advances	-	(875.97)
	-	1,358.53
Provision for Doubtful Debts / Loans and Advances	-	1,332.15
TOTAL	-	<u>2,690.68</u>

Other Notes on Accounts

24. Significant Accounting Policies

(i) System of Accounting

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

(ii) Fixed Assets

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

(iii) Borrowing costs

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

(iv) Foreign Currency Transactions

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

(v) Research and Development

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

(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 Entitlement Pass Book Scheme of the Government of India, in the year of Export Sales.

(x) Depreciations, Amortization and Impairment

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

(xi) Inventories

Inventories are valued at lower of cost and net realizable value. Cost of finished goods, work in process and factory made components include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods lying in the factory premises are valued inclusive of Excise Duty. Cost for raw materials and components, stores and spare parts, loose tools is determined on FIFO basis. Cost of materials is arrived at after adjustment of, where applicable, Cenvat benefit availed or to be availed.

(xii) Leases

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

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

(xiv) Taxation

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

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

- (a) Income-tax, Sales-tax, Customs and Excise Duty matters pending in appeals etc. Rs. 17174.46 lakhs (Previous period Rs. 16840.23 lakhs) (net of Bank Guarantee of Rs 3.00 lakhs included in (b) below (Previous period Rs. 3.00 lakhs)
 - (b) Outstanding guarantees furnished by Bankers Rs. 11.65 lakhs (Previous period Rs.10.64 lakhs).
 - (c) Claims against the Company not acknowledged as debts Rs. 13671.08 lakhs (Previous period Rs. 12919.22 lakhs).
 - (d) Unexecuted capital commitments (net of advances) Rs.9.12 Lakhs (Previous period Rs. 51.35 lakhs)
26. Balances of some of the sundry debtors, creditors, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management however is of the view that there will be no material adjustment in this regard.
27. The Company is in the process of restructuring/revival of its business under the aegis of BIFR which inter alia includes finalization of the product plan. The process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan. Pending such ascertainment/ determination the management has considered the inventories except finished goods at cost of Rs. 8446.54 lakhs. Requisite accounting effect, if any, will be given upon such ascertainment/ determination and approval of revival plan
28. 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 period Rs. 9.74 lakhs).

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

	2011-12 (12 Months)	2009-11 (18 Months)
Salary	8.44	10.47
Contribution to :		
Provident Fund	0.48	0.73
Perquisites	58.40	89.39
Total	67.32	100.59

30. Expenditure on Research & Development Activities during the period amounted to Rs.328.40 lakhs (previous period Rs. 410.07 lakhs) has been charged to P&L Account.
31. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its net worth and the Company -was declared a Sick Industrial Company by BIFR on 8th May, 2007. The Company which restarted its operations from April, 2007 is working on the development of various new products and technologies and production of new generation 4-stroke scooter has since commenced. The Company has already submitted its Draft Revival Scheme to BIFR. In view of this, the accounts have been prepared on the basis of going concern.
32. 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. 297.19 lakhs.
- 33. Restructuring of Loans**
- (a) The Company has executed with the Secured Lenders (SL) on 28th March, 2005 a Multipartite Agreement (MPA). The Company is in default towards payment of interest since December 2006 and principal amount since March 2007 to the SL. Applicable penal interest has been provided on the above over dues. The Draft Revival Scheme submitted to BIFR inter-alia takes into consideration the dues of the SL.
 - (b) In terms of the MPA the outstanding amounts are repayable to the SL as per the repayment schedule over eight years along with interest at increasing rate (on yield to maturity basis). Accordingly, the Company has provided interest at the rate specified for the financial year in the MPA and not at the Yield to Maturity (YTM) rate. The amount of interest so provided for the financial year ended 31st March, 2012 amounts to Rs 2077.25 lakhs. As compared to the YTM rate, there is a excess provision of Rs. 90.04 lakhs for the year (cumulative short provision Rs. 35.30 lakhs)

LML LIMITED ANNUAL REPORT 2011-12

34. Deferred Taxation:

In terms of Para 26 of AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reviewed the Deferred Tax Assets (DTA), recognized as on 31st March, 2012 at the Balance Sheet date. In the context of - uncertainty of generation of profits in near future, Deferred Tax Assets has not been recognized.

35. 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:

Amount (Rs. in Lakhs)

	2011-12	2009-11
Employer's Contribution to Provident Fund	50.27	63.91
Employer's Contribution to Pension Scheme	46.04	53.92

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.

Particulars	Gratuity (Partly funded)		Leave Encashment (Unfunded)	
	2011-12	2009-11	2011-12	2009-11
(i) Changes in present value of obligations				
Present value at the beginning of the year	1441.32	1057.97	251.73	187.75
Interest cost	122.51	130.22	21.40	24.59
Current service cost	75.67	127.31	19.59	28.36
Benefits paid	(63.09)	(99.49)	(5.42)	(74.06)
Actuarial (gain) / loss on obligations	(63.24)	225.31	(34.34)	85.09
Present value at the end of the year	1513.17	1441.32	252.96	251.73
(ii) Changes in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	526.50	542.84	—	—
Expected return on plan assets	47.38	74.45	—	—
Contributions	—	—	—	—
Benefit paid	(63.09)	(99.49)	—	—
Actuarial gain / (loss) on plan assets	(5.40)	8.70	—	—
Fair value of plan assets at the end of the year	505.39	526.50	—	—
(iii) Actuarial gain / loss recognized				
Actuarial (gain) / loss for the year – obligation	(63.24)	225.32	(34.34)	(85.09)
Actuarial (gain) / loss for the year – plan assets	5.40	(8.70)	—	—
Total (gain) / loss for the year	(57.84)	216.62	(34.34)	(85.09)
Actuarial (gain) / loss recognized in the year	(57.84)	216.62	(34.34)	(85.09)
Unrecognised actuarial (gains) / losses at the end of year	—	—	—	—
(iv) Amounts to be recognised in the balance sheet and statements of profit and loss				
Present value of obligation at the end of the year	1513.17	1441.32	252.96	251.73
Fair value of plan assets at the end of the year	505.39	526.50	—	—
Difference (Funded Status)	1007.78	(914.82)	252.96	(251.73)
Unrecognised actuarial (gains) / losses	—	—	—	—
Net asset / (liability) recognised in the balance sheet	1007.78	(914.82)	252.96	—
(v) Expenses recognised in the statement of profit and Loss				
Current service cost	75.67	106.10	19.59	28.36
Past service cost	—	21.21	—	—
Interest cost	122.51	130.22	21.40	24.59
Expected return of plan assets	(47.38)	(74.45)	—	—
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Net actuarial (gain) / loss recognised in the year	(57.85)	216.61	(34.34)	85.09
Expenses recognized in the profit & loss	92.95	399.69	6.65	138.04
(vi) Actuarial Assumptions				
Mortality Table	LIC (1994-1996) duly modified		LIC (1994-1996) duly modified	
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate	8.5%	8%	8.5%	8%
Rate of increase in compensation levels	6.0%	5.5%	6.0%	5.5%

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

36. The Company has carried out impairment test on its Fixed Assets as on 31.03.2012 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.

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

	(Rs. / Lakhs)	
Particulars	2011-12 (12 Months)	2009-11 (18 Months)
(i) Net Loss as per Profit & Loss Account (Rs./Lakhs)	(4520.27)	(9953.67)
(ii) Weighted average Number of Equity Shares	81984320	81984320
(iii) Basic & Diluted Earning Per Share (Rs.)	(5.51)	(12.14)

38. 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:

	(Rs. / Lakhs)	
Particulars	2011-12 (12 Months)	2009-11 (18 Months)
i) Payable not later than one year	117.56	81.08
ii) Payable later than one year and not later than five years	164.89	222.93
iii) Payable later than five years	-	39.12
	<u>282.45</u>	<u>343.13</u>

The rental expenses in respect of operating leases Rs. 150.69 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	2011-12 (12 Months)	2009-11 (18 Months)
Minimum Lease Payments		
i) Payable not later than one year	1.92	15.67
ii) Payable later than one year and not later than five years	-	1.92
iii) Payable later than 5 years	-	-
Total minimum Lease payments	1.92	17.59
Less: Future Finance charges	0.03	0.46
Present value of Minimum Lease Payments	<u>1.89</u>	<u>17.13</u>
Present value of Minimum Lease Payments		
i) Payable not later than one year	1.89	15.39
ii) Payable later than one year and not later than 5 years	-	1.74
iii) Payable later than 5 years	-	-
	<u>1.89</u>	<u>17.13</u>

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

40. 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 R K 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

LML LIMITED ANNUAL REPORT 2011-12

Limited, Syscom Corporation Limited, Seattle On-time 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 Venture	Key Management Personnel
Job charges	–	–
Miscellaneous Income	(1.71)	(–)
Other receipts	0.18	–
Remuneration	(0.27)	(–)
Outstanding (Payable) as on 31.03.2012	2.04	–
Outstanding (Receivable) as on 31.03.2012	(–)	(–)
	–	67.32
	(–)	(100.59)
	8.04	–
	(8.04)	(–)
	218.27	–
	(204.93)	(–)

Note: Figures in bracket pertain to previous period

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 paid to Shri Deepak Kumar Singhania Rs. 22.23 lakhs (Previous period Rs. 34.61 lakhs), Shri Lalit Kumar Singhania Rs. 4.16 lakhs (Previous period Rs. 4.88 lakhs), Shri Sanjeev Shriya Rs. 16.65 lakhs (Previous period Rs. 29.19 lakhs), Shri Anurag kumar Singhania Rs. 11.83 lakhs (Previous period Rs. 16.00 lacs) and Shri R K Srivastava Rs. 12.45 lakhs (Previous period Rs. 15.90 lakhs).

41. 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.12381.30 lakhs (Previous period Rs. 13853.54 lakhs) and Export sales Rs.17326.31 lakhs (Previous period Rs. 20652.30 lakhs)

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

42. 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)

	2011-12 (12 Months)	2009-11 (18 Months)
a) Amount at the beginning of the year	23.15	1.52
b) Additional provision made during the year	104.83	82.63
c) Amount utilized during the year	117.70	61.00
d) Amount at the end of the year	10.28	23.15

43. Remuneration to Auditors

- (a) Statutory Audit Fee Rs. 9.00 lakhs (Previous period Rs. 13.50 lakhs)
- (b) Tax Audit Fee Rs. 0.80 lakh (Previous period Rs. 0.80 lakh).
- (c) Other Services – Certification and other Jobs Rs.7.00 lakhs (Previous period Rs. 9.50 lakhs).

44. Remuneration to Cost Auditors

Audit Fee Rs. 0.35 lakh (Previous period Rs. 0.52 lakh).

45. C.I.F.Value of Imports

	Year Ended 31.03.2012 (12 Months) Rs. in Lakhs	Period Ended 31.03.2011 (18 Months) Rs. in Lakhs
Raw Material and Components	864.82	1020.88
Stores, Spares Parts and Dies	17.26	44.55
Capital Goods	440.90	16.45
	<u>1322.98</u>	<u>1081.88</u>

	Year Ended 31.03.2012 (12 Months) Rs. in Lakhs		Period Ended 31.03.2011 (18 Months) Rs. in Lakhs	
46. Expenditure in Foreign Currency (as remitted)				
Professional and Consultation fees		125.18		306.48
Travelling Foreign		126.40		118.58
Others		103.54		41.24
		<u>355.12</u>		<u>466.30</u>
47. Remittance in Foreign Currency on Account of Dividend				
Amount remitted		—		—
48. Raw Materials/Stores,Spare Parts & Dies Consumed				
Raw Materials & Components				
Imported	1448.43	6.64	1340.52	5.33
Indigenous	20376.45	93.36	23802.54	94.67
	<u>21824.88</u>	<u>100.00</u>	<u>25143.06</u>	<u>100.00</u>
Stores, Spare Parts & Dies				
Imported	56.58	4.66	107.11	6.75
Indigenous	1158.77	95.34	1480.01	93.25
	<u>1215.35</u>	<u>100.00</u>	<u>1587.12</u>	<u>100.00</u>
49. Earning in Foreign Exchange				
F.O.B. Value of Exports		16235.56		18771.95

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

Notes 1 to 50 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

A K SINGHANIA
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 : 07.07.2012

MAHESH KANODIA
Vice President (Accounts)

R K CHADHA
Divisional Manager
(Accounts)

LML LIMITED ANNUAL REPORT 2011-12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Year ended 31.03.2012 (12 Months) Rs. in Lakhs	Period ended 31.03.2011 (18 Months) Rs. in Lakhs
A. CASH PROFIT FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(4,520.27)	(9,953.67)
Adjustments for:		
Depreciation , Amortisation & Impairment	1,422.82	2,900.26
Exceptional items	-	2,690.68
Interest/Dividend Income	(68.35)	(25.46)
Exchange Fluctuation in Respect of Financing Activities	-	-
Interest Charged (net)	3,405.94	4,407.88
Credit Balances/Provisions no Longer Required Written Back	(5.00)	(13.02)
Profit on Sale of Fixed Assets	-	(0.80)
Operating Profit/(Loss) before Working capital Changes	235.14	5.87
Adjustments for:		
Trade & Other receivables	(103.95)	(155.65)
Inventories	(855.52)	(654.22)
Trade Payables & Other Liabilities	1,880.00	943.33
Cash Generated from Operations	1,155.67	139.33
Net Cash From Operating Activities	1,155.67	139.33
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(775.69)	(139.13)
Sale of Fixed Assets	-	1.44
Interest Received	67.92	24.99
Dividend Received	0.43	0.47
Net cash used in Investing Activities	(707.34)	(112.23)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Other Borrowing	35.63	110.15
Repayment of Borrowings	(15.69)	4.01
Interest Paid	(181.60)	(170.44)
Net Cash from Financing Activities	(161.66)	(56.28)
Net (Decrease)/Increase in Cash & Cash Equivalents	286.67	(29.18)
Cash & Cash Equivalents at Start of the period	1,813.66	1,842.84
Cash & Cash Equivalents at Close of the period	2,100.33	1,813.66

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.
4. Cash and cash equivalents include :

Cash in hand	76.70	77.38
DD/Cheque in hand	5.05	-
Balances with scheduled Banks in Indian Rupees		
In Current Account	554.33	1669.80
In Fixed Deposits	1436.40	51.99
Interest accrued on above	22.02	9.47
	2094.50	1808.64
Balances with non scheduled banks in foreign currency With HSBC Bank plc	5.83	5.02
	2,100.33	1,813.66

As per our report of even date attached

For KHANDELWAL JAIN & CO,
Chartered accountants

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

For PARIKH & JAIN
Chartered Accountants

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

For and on behalf of the Board

DEEPAK KUMAR SINGHANIA
Chairman & Managing Director

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

A K SINGHANIA
Whole-time Director

MAHESH KANODIA
Vice President (Accounts)

R K CHADHA
*Divisional Manager
(Accounts)*

Place: Gurgaon
Date : 07.07.2012



LML LIMITED

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

PROXY FORM

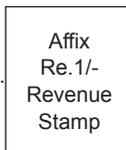
DP ID*	
Client ID*	

No. of Shares	
Master Folio No.	

I/We of
 being member(s) of LML
 LIMITED, hereby appoint
 of or failing him/her
 of
 as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Sixth Annual General Meeting of the
 Members of LML Limited to be held on Saturday, the 22nd September, 2012 at C-10, Panki Industrial Estate, Site-II & III,
 Kanpur 208 022 (U.P.) at 11.00 AM and any adjournment thereof.

AS WITNESS my/our hand(s) this day of, 2012.

Signature of the
 Member(s)



Signature of
 Proxy(ies)

*Applicable for Investors holding shares in electronic form.

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

LML LIMITED

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

ADMISSION SLIP

DP ID*	
Client ID*	

No. of Shares	
Master Folio No.	

I hereby record my presence at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Members of LML Limited
 held on Saturday, the 22nd September, 2012 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.

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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