

A N N U A L R E P O R T  
2002 - 2003



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new on the horizon

**LML LIMITED**

AN ISO 9001 COMPANY



# DET NORSKE VERITAS

## MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 00384-2003-AQ-MDR-RvA

*This is to certify that  
the Quality Management System  
of*

**LML LIMITED**

*at*

H.O. & Works : C-10, Panki Industrial Estate, Kanpur - 208 022, INDIA  
R.O. Sites : LML Limited, LML - Calcutta, LML - New Delhi, LML - Mumbai, LML - Bangalore  
LML - Chandigarh, LML - Jaipur, LML-Ahmedabad, LML-Patna, LML-Bhopal, LML-Hyderabad, INDIA

*has been found to conform to the Quality Management System Standard:*

**ISO 9001:2000**

*This Certificate is valid for the following product or service ranges:*

**MANUFACTURING, MARKETING AND AFTER SALES SERVICING OF VARIOUS  
TWO WHEELER AUTOMOBILE MODELS FOR USE IN PERSONAL TRANSPORT**

*Original Certification date:*

2000-12-15

*Place and date:*

Chennai, 2003-12-24

*This Certificate is valid until:*

2006-11-14



*for the Accredited Unit:*

DNV CERTIFICATION B.V.,  
THE NETHERLANDS

*NRKK*

*Compliance to the Standard in respect to the indicated scope  
is verified by the DNV approved registered Team Leader:*

**Sanjay Prakash**  
*Lead Auditor*

**Krishnakumar N.R.**  
*Management Representative*

Lack of fulfilment of conditions as set out in the Appendix may render this Certificate invalid.

**BOARD OF DIRECTORS**

M R B PUNJA, *Chairman*  
 K A NAJMI, *IFCI Nominee*  
 KULWANT SINGH, *IDBI Nominee*  
 D G PRASAD, *EXIM BANK Nominee*  
 SHIROMANI SHARMA  
 S K AGGARWAL  
 LALIT KUMAR SINGHANIA, *Whole-time Director*  
 SANJEEV SHRIYA, *Whole-time Director*  
 DEEPAK SINGHANIA, *Managing Director*

**EXECUTIVE DIRECTOR (COMMERCIAL)  
& COMPANY SECRETARY**

K C AGARWAL

**AUDITORS**

BANSI S. MEHTA & CO., *Chartered Accountants, Mumbai*  
 PARIKH & JAIN, *Chartered Accountants, Kanpur*

**COST AUDITORS**

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

**BANKERS**

STATE BANK OF INDIA  
 BANK OF INDIA  
 BANK OF BARODA

**REGISTERED OFFICE**

C-3, Panki Industrial Estate, Kanpur-208 022.

**WORKS**

- Site Nos. II & III  
Panki Industrial Estate, Kanpur - 208 022
- Co-operative Industrial Estate, Kanpur - 208 022
- 895, Udyog Vihar, Phase I, Gurgaon (Haryana)

**ADMINISTRATIVE OFFICE**

MUMBAI : 714, Raheja Chambers, Nariman Point,

**REGIONAL OFFICE**

NEW DELHI : B-17, Greater Kailash Part-I,

**SALES OFFICES**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>● <b>Ahmedabad</b><br/>61, Geekini House, Parkland Apts.,<br/>Law Garden, Ellis Bridge</li> <li>● <b>Bangalore</b><br/>56, Mission Road</li> <li>● <b>Bhopal</b><br/>Plot No. 165-166A,<br/>Opp Vijai Sthamb</li> <li>● <b>Bhubaneswar</b><br/>Flat No. A-1, Ratna Tower, Bomikhal</li> <li>● <b>Chandigarh</b><br/>S.C.O. 84-85, Sector 17-C</li> <li>● <b>Chennai</b><br/>110, Nelson Manikam Road,<br/>Aminjikarai</li> <li>● <b>Cochin</b><br/>OS-15, 11th Floor, GCDA Complex,<br/>Marine Drive, Ernakulam</li> </ul> | <ul style="list-style-type: none"> <li>● <b>Guwahati</b><br/>Nilomani Phukan Path,<br/>Christian Basti</li> <li>● <b>Hyderabad</b><br/>24, Nagarjuna Hills<br/>Co-op. Hsg Soc., Punjagutta</li> <li>● <b>Jaipur</b><br/>B-192, University Marg, Bapu Nagar</li> <li>● <b>Kolkata</b><br/>5A, 41, Hazra Road<br/>Star Arcade Zone-I, M P Nagar</li> <li>● <b>Mumbai</b><br/>103A, Kalpita Enclave,<br/>Swamy Nityanand Marg,<br/>Andheri (East),</li> <li>● <b>Patna</b><br/>81, Surya Apartment,<br/>1st Floor, Fraser Road</li> </ul> |
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**LML LIMITED****NOTICE**

NOTICE is hereby given that Twenty-ninth Annual General Meeting of the Members of LML Limited will be held on Tuesday, the 9th March, 2004 at 11.00 A.M. at its Registered Office at C-3, Panki Industrial Estate, Kanpur - 208 022 to transact the following business (es) :-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2003 and the Profit and Loss Account for the eighteen months period ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr M R B Punja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Lalit Kumar Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s. Parikh & Jain, Chartered Accountants, Kanpur and M/s. Bansi S. Mehta & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors and/or any Committee thereof."

**SPECIAL BUSINESS**

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

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required (if any), the consent of the Company be and is hereby accorded to the re-appointment of Mr Sanjeev Shriya as Whole-time Director of the Company for a period of five years w.e.f. 18th July, 2004 on such remuneration and terms and conditions, as set out in the Explanatory Statement appended to the Notice convening this General Meeting."

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

By Order of the Board of Directors

**K C AGARWAL**

*Executive Director (Comm.) &  
Company Secretary*

Place : New Delhi

Date : 22nd January, 2004

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself/herself. A blank form of proxy is enclosed which, if intended to be used, should be returned to the Registered Office of the Company not less than forty-eight hours before the scheduled time of the Meeting. A proxy so appointed need not be a member.



2. Information under Clause 49 of the Listing Agreement(s) regarding re-appointment of Directors (Item No. 2 & 3) and Explanatory Statement u/s 173(2) of the Companies Act, 1956 (Item No. 5) is appended hereinbelow.
3. The Register of Members and the Share Transfer Books will remain closed from Monday, the 1st March, 2004 to Tuesday, the 9th March, 2004 (both days inclusive).
4. Company's Shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members may send Dematerialisation Request Form(s) (DRF) alongwith Share Certificate(s)/Option Letter(s) through their Depository Participant(s) for demat of Shares to **LML Shares Registry**, C-10, Panki Industrial Estate, Site-II, Kanpur - 208 022.
5. Pursuant to SEBI circular No. D&CC/FITTC/CIR-15/2002 dated 27.12.2002, regarding whole Share Registry work at a single point, Company has established the Electronic Connectivities with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL), which are working successfully. The physical share transfer work is already being done in-house.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, the dividend(s) which remain un-paid or un-claimed for a period of seven years has to be transferred to "Investor Education and Protection Fund" of the Central Government. Members who have not encashed the Dividend Warrant(s) so far, for the financial year(s) ended 30th September, 1997 and 31st March, 1999 (for which dividend was declared), are requested to send the un-encashed dividend warrant(s) to **LML Shares Registry** for necessary action.
7. Members holding Shares in physical form are requested to notify changes in their address(es), if any, to **LML Shares Registry**, quoting their folio number(s), while those holding in the electronic mode are requested to send the intimation for change of address(es) to their respective Depository participant(s).
8. 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.
9. Company has established a Trust for easy marketability of its Odd Lot Shares. Members may dispose off their ODD LOT SHARES held in physical form through the Trust. Kindly send your **ODD LOT SHARES** alongwith duly signed Transfer Deed(s) as Transferor(s) at the following address for sale in the market :  
**LML Limited - Odd Lot Shares Trust**  
 C-10, Panki Industrial Estate, Site - II, Kanpur - 208 022  
 Tel : 0512-2691381-85  
 Fax : 0512-2691393, 2691985 & 2691191
10. 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.
11. 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.
12. Members / Proxies should bring the attendance slip duly filled in, for attending the meeting.



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

**Item No. 2**

Mr MRB Punja, aged 78 years is Ex-Chairman of IDBI. He has been a Director of the Company since 15th November, 1988 and Chairman since 16th May, 1989. He has vast professional experience in finance & general corporate management and also as a business entrepreneur.

Mr Punja is a Director of Adeep Auto Pvt. Ltd., Adeep Roloforms Ltd., Adeep Locks Ltd., Agrim Automach Pvt. Ltd., Aleef India Pvt. Ltd., Andhra Petrochemicals Ltd., Apollo Tyres Ltd., Chowgule Steamships Ltd., Deepak Nitrite Ltd., Delite Engineering Pvt. Ltd., Hindoostan Spinning & Weaving Mills Ltd., Seshasayee Paper & Boards Ltd., Suprajit Engineering Ltd., Suprajit Chemicals Pvt. Ltd. and Sushruta Medical Aid & Research Hospital Ltd.

He is Chairman of (i) Audit Committee(s) of LML Ltd., Deepak Nitrite Ltd. and Suprajit Engineering Ltd., (ii) Share Transfer & Shareholders/Investors' Grievance Committee of LML Ltd., (iii) Remuneration Committee of Seshasayee Paper & Boards Ltd. He is also member of (i) Audit Committee(s) of Hindoostan Spinning & Weaving Mills Ltd. and Seshasayee Paper & Boards Ltd. (ii) Share Transfer Committee of Suprajit Engineering Ltd.

**Item No. 3**

Mr Lalit Kumar Singhania, aged 59 years is a Post Graduate. He has substantial executive experience, including as a CEO. He has been actively involved in day to day affairs of the Company since 27th September, 1988 in various capacities, including as its President, Deputy Managing Director & w.e.f. 28.03.1995 as Whole-time Director.

He is member of Share Transfer & Shareholders'/Investors' Grievance Committee and Sub-committee of Directors of your Company.

**Item No. 5**

Mr Sanjeev Shriya, aged 45 years, is a Chartered Accountant and has wide experience in Two Wheeler Industry, Foreign Trade and IT Industry. He has widely travelled and is actively involved in day to day affairs of the Company since 09.10.1982 as a Director and w.e.f. 18.07.1987 as a Whole-time Director.

Mr Sanjeev Shriya was last appointed as Whole-time Director of the Company for a term of five years, which will expire on 17.07.2004. The Board has in its meeting held on 22.01.2004, re-appointed him for a further period of five years w.e.f. 18.07.2004. The remuneration payable to Mr Sanjeev Shriya, on the recommendation of Remuneration Committee, would be as follows :

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

(b) **Perquisites** :

In addition to aforesaid salary, he shall also be entitled to perquisites, namely, House/House Rent Allowance, Furniture & Furnishings, Gas, Fuel, Water & Electricity, Telephone(s), Servant(s), Security Guard(s) and maintenance of such facilities, Company's Car(s) with Driver(s) for official as well as personal use, Personal Accident Insurance, Reimbursement of Medical Expenses incurred in India and/or abroad for self and family including travelling of attendant, if required on medical advice, Medical Insurance Premium, Club(s) Membership, Leave Travel Allowance for self and family, Educational 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 aforesaid remuneration shall also be paid as minimum remuneration in the absence or inadequacy of profits in any financial year.

Mr Sanjeev Shriya is also Director in other Companies viz. Essar Steels Ltd., Gold Rock Investments Ltd., Gold Rock World Trade Ltd., Sugata Investments Ltd., Saryu Investments & Trading Ltd., Gold Rock Card Co. Ltd., Smart Chip Ltd., Syscom Technologies Ltd., Tridhar Finance & Trading Ltd., Blue Point Leasings Ltd., Hutchison Essar Telecom Ltd. and Karthik Financial Services Ltd.

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

None of the Directors, except Mr Sanjeev Shriya himself, is concerned or interested in the passing of the resolution at Sl. No. 5.

Board commends passing of the resolution at Sl. No. 5.

This may be treated as an abstract of terms of the Contract between the Company and Mr Sanjeev Shriya, pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

**K C AGARWAL**

*Executive Director (Comm.) &  
Company Secretary*

Place : New Delhi

Date : 22nd January, 2004

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## CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY

The philosophy of Corporate Governance is aimed at safeguarding and adding value to the interest of the various stakeholders of a Company including shareholders, lenders, employees and public at large. Emphasis is laid on striking a balance between individual interests & corporate goals- while operating within accepted norms of propriety, equity, fair play & sense of justice. At LML, we are committed to Good Corporate Governance to ensure that all functions of the Company are discharged in a professionally sound, accountable and competent manner. Given below is the requisite information relating to corporate functioning of your Company at apex level for the purposes of due transparency on this aspect.

### II. BOARD OF DIRECTORS

#### Composition of Board

The Board of Directors of the Company consists of Executive and Non-Executive Directors. As on 30th September, 2003 more than 66% of the Board Members consisted of Non-Executive & Independent Directors. Three Directors were nominees of Financial Institutions namely, IDBI, IFCI & EXIM Bank. Chairman is a Non-Executive & Independent Director. The Chairman of the Company does not have a separate office. However, all necessary support is provided to him by the Company in performance of his duties. Composition of the Board of Directors of the Company and their other Directorship(s) / Committee Membership(s)/Chairmanship(s) as on 30th September, 2003 was as under :-

Name	Status	No. of Directorship(s) and Committee Membership(s)/Chairmanship(s) of other public Companies		
		Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
Mr M R B Punja	Independent, Non-Executive Chairman	11	3	3
Mr Kulwant Singh	Independent, Non-Executive (Nominee Director IDBI)	1	3	—
Mr K A Najmi *	Independent, Non-Executive (Nominee Director- IFCI)	2	—	—
Mr D G Prasad **	Independent, Non-Executive (Nominee Director - EXIM Bank)	1	—	—
Mr S K Aggarwal	Independent Non-Executive	—	—	—
Mr Shiromani Sharma	Independent, Non-Executive	3	—	2
Mr Lalit Kumar Singhania	Executive/ Whole-time Director	—	—	—
Mr Sanjeev Shriya	Executive/ Whole-time Director	12	—	—
Mr Deepak Singhania	Executive/ Managing Director	—	—	—



- \* Mr K A Najmi aged 55 years, was appointed as Nominee Director of IFCI Ltd. w.e.f. 30.04.2002. He is a Non-Executive and Independent Director. He holds Directorships of two other Companies viz. SVC Superchem Ltd. and HARDICON. He is neither Chairman nor a member of any Committee of other Companies.
- \*\* Mr D G Prasad, aged 55 years, was appointed as Nominee Director of Exim Bank of India on 31.10.2002 w.e.f. 08.10.2002. He is a Non-Executive and Independent Director. He holds Directorship in one more Company i.e. Trans Gel Industries Ltd. He is neither Chairman nor a member of any Committee of that other Company.

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

Eight Board Meetings were held during the period 2002-03. These meetings were held on 30th April, 2002, 29th July, 2002, 31st October, 2002, 28th January, 2003, 17th April, 2003, 26th July, 2003, 9th August, 2003 & 24th September, 2003. The attendance record of all the Directors at the Board Meeting(s) and the last AGM between 01.04.2002 to 30.09.2003 was as under :

Name	No. of Board Meeting(s) attended	Attended last AGM#
Mr M R B Punja	7	No
Mr Kulwant Singh	8	Yes
Mr K A Najmi	8	No
Mr D G Prasad *	6	N.A.
Mr S K Aggarwal	8	Yes
Mr Shiromani Sharma	7	No
Mr Lalit Kumar Singhania	7	Yes
Mr Sanjeev Shriya	7	Yes
Mr Deepak Singhania	8	Yes

\* Appointed as Nominee Director on 31.10.2002 w.e.f. 8.10.2002.

# The last AGM was held on 14th September, 2002

#### Board Procedure

As per Corporate Policy, statutory and material information is placed before the Board with a view to enable it to discharge efficiently its responsibilities in formulating the strategies and policies for the growth of the Company. The Agenda and other relevant papers are circulated ahead of the scheduled dates of the meetings. The day-to-day affairs of the Company are managed by the Managing Director and two Whole-time Directors subject to the supervision and control of the Board of Directors. Opinions and advice of the Independent & Non-Executive Directors are considered valuable guidance. For specific matters, the various Committees of the Directors deliberate in detail, analyse situations, firm up views & advise the Board on decision making & follow up actions as may be considered appropriate.

#### III. COMMITTEE(S) OF THE BOARD OF DIRECTORS

##### • Audit Committee

Composition of the Audit Committee meets all the criteria under the law. The Committee comprises of four Directors, all being Non-Executive & Independent. It met six times during the period 2002-03, on

30th April, 2002, 29th July, 2002, 31st October, 2002, 28th January, 2003, 17th April, 2003 and 26th July, 2003. The attendance of the Audit Committee Members was as under :-

Name	Category	No. of Meeting(s) Attended
Mr M R B Punja	Chairman	6
Mr S K Aggarwal	Member	6
Mr K A Najmi	Member	5
Mr Shiromani Sharma	Member	5

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

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

#### • Remuneration Committee

Remuneration Committee of the Board of Directors recommends/reviews the remuneration package of Managing Director & Whole-time Directors. The Remuneration Committee comprises of three Directors, all being Non-Executive & Independent, and met once on 30.04.2002 during the period.

Name	Category	No. of Meeting(s) Attended
Mr M R B Punja	Chairman*	1
Mr S K Aggarwal	Chairman**	N.A.
Mr Kulwant Singh	Member	1
Mr Shiromani Sharma	Member	1

\* Ceased to be Member-Chairman w.e.f. 26.07.2003

\*\* Appointed as Member-Chairman w.e.f. 26.07.2003