

A N N U A L R E P O R T  
2005 - 2006



**LML LIMITED**

## BOARD OF DIRECTORS

DEEPAK SINGHANIA, *Chairman & Managing Director*

JAVED YUNUS, *IFCI Nominee*

KULWANT SINGH, *IDBI Nominee*

D G PRASAD, *EXIM BANK Nominee*

SHIROMANI SHARMA\*\*

R K ARORA, *Alternate Director\*\**

S K AGGARWAL

LALIT KUMAR SINGHANIA, *Whole-time Director*

SANJEEV SHRIYA, *Whole-time Director*

A K 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

ALLAHABAD BANK

INDIAN OVERSEAS BANK

## REGISTERED OFFICE

C-3, Panki Industrial Estate,

Kanpur- 208 022

## WORKS

- Site Nos. II & III, C-10, Panki Industrial Estate, Kanpur – 208 022
- Co-operative Industrial Estate, Kanpur
- 895, Udyog Vihar, Phase-I, Gurgaon (Haryana)

## ADMINISTRATIVE OFFICE

714, Raheja Chambers, Nariman Point, Mumbai

## REGIONAL OFFICE

Plot No 7309, DLF Phase IV, Gurgaon - 122 002

## CONTENTS

	Page No.(s)
Notice	2-3
Corporate Governance & Shareholders Information	4-9
Directors' Report	10-13
Auditors' Report	14-17
Balance Sheet	18
Profit and Loss Account	19
Schedules forming Part of the Balance Sheet & Profit and Loss Account	20-38
Balance Sheet Abstract	39
Cash Flow Statement	40
Proxy Form and Attendance Slip	

# LML LIMITED ANNUAL REPORT 2005-06

## NOTICE

NOTICE is hereby given that Thirty First Annual General Meeting of the Members of LML Limited will be held on Wednesday, the 28th February, 2007 at 10.00 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, 2006 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 Sanjeev Shrivastava, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr L K 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 Pankh & Jain, Chartered Accountants, Kanpur and M/s Khandelwal Jain & 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 Mr R K Srivastava, who was appointed as Additional Director w.e.f. 08.09.2006 by the Board of Directors u/s 260 of the Companies Act, 1956 and who ceases to hold office at the expiry of the ensuing Annual General Meeting and in respect of whom the company has received a Notice under section 257 of the Companies Act, 1956, along with requisite deposit, be and is hereby appointed as a Director of the Company, liable to retire by rotation."  
 "RESOLVED FURTHER THAT, pursuant to and in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the consent of the Company be and is hereby accorded for the appointment of Mr R K Srivastava as Whole-time Director of the Company for a period of five (5) years w.e.f. 08.09.2006 on such terms and conditions, as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."  
 "RESOLVED FURTHER THAT the above remuneration may also be paid as minimum remuneration to Mr R K Srivastava, Whole-time Director, in the absence or inadequacy of profits in any financial year."  
 "RESOLVED FURTHER THAT the services of Mr R K Srivastava, Whole-time Director of the Company may be terminated at any time

at the discretion of the Company, with the prior approval of Board of Directors after giving him three months' notice or equivalent payment of salary in lieu thereof."

"RESOLVED FURTHER THAT Mr K C Agarwal, Executive Director (Commercial) & Company Secretary and Mr Alok Mishra, Sr. Manager (Secretarial) be and are hereby severally authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

By Order of the Board of Directors

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

Place : New Delhi  
 Dated : 30.12.2006

### NOTE(S):

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 regarding re-appointment of Directors (Item No. 2, 3, & 5) 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 Thursday the 22nd Feb., 2007 to Wednesday, the 28th Feb., 2007 (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) 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.
5. 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).
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. 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 attendance slips duly filled in, for attending the meeting.



## 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, aged 47 is a Chartered Accountant and has wide experience in Two Wheeler Industry, Foreign Trade and IT Industry. He is widely traveled and actively involved in day to day affairs of the Company since 09.10.1982 as a director and w.e.f. 18.07.1984 as a Whole-time Director.

He is also Director in the other Companies viz : Essar Steel Ltd., Gold Rock Investments Ltd., Smart Chip Ltd., Smart Chip Syscom Ltd., and Syscom Corporation Ltd.,

He is member of Sub-Committee of Directors & Financial Reconstruction Committee of your Company.

### Item No. 3

Mr. Lalit Kumar Singhania, aged 62 years is a Post Graduate. He has substantial executive experience, and 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 & Shareholder'/Investors' Grievance Committee and Sub-committee of Directors of your Company.

### Item No. 5

The Board of Directors of the Company has pursuant to section 260 & 269 and other applicable provisions of the Companies Act, 1956 and subject to other approvals as may be required, appointed Mr. R K Srivastava, as a additional Director as well as Whole-time Director w.e.f. 08.09.2006, for a period of five years. As the office of Mr R K Srivastava as additional Director is expiring at the expiry of this Annual General Meeting and the Company has received a notice U/s 257 of the Companies Act, 1956 alongwith a requisite deposit of Rs. 500 (Five hundred only) from a member, proposing the candidature of Mr R K Srivastava for appointment of Director, hence Mr R K Srivastava is proposed to be appointed as a Director, as well as whole-time Director w.e.f. 08.09.2006.

Mr R K Srivastava, M.A., L.L.B., D.L.L., aged 67 years, has a vast experience of, about 43 years in various areas of Business Management.

He has widely traveled and has substantial exposure especially personnel, industrial relationship, management & Human Resources Development. He is actively involved in day to day affairs of the Company since 15.02.1984 at various senior executive level and w.e.f. 08.09.2006 as Whole-time Director. He is also Director in VCCL Ltd.

The remuneration of Mr R K Srivastava [as Executive Director (P&A)] is proposed to be continued (as a Whole-time Director) and the same is as follows :-

The remuneration payable to Mr R K Srivastava would be as follows :

- (a) **Basic Salary** : Rs. 50200 per month
- (b) **Special Allowance** : Rs. 4875 per month
- (c) **House Rent Allowance** : Rs. 25100 per month
- (d) **Perquisites** : He shall be entitled to the following perquisites:-
  - (i) **Book Allowance** : He shall be entitled for Rs.2500 per month.

- (ii) **Servant Salary** : He shall be entitled for re-imbursment of Rs.3000 per month.
- (iii) **Entertainment Expenses** : He shall be entitled for Rs.3000 per month.
- (iv) **Use of Company's Car, Telephone and Mobile** : The Company will provide a car, telephone and Mobile phone. He will also be entitled for reimbursement of driver's salary, petrol and maintenance for running the car as per Company's Policy. The provision of car for use in Company's business and at residence will not be considered as perquisites. Use of car for private purpose shall be billed by the Company separately.
- (v) **Medical Allowance** : He shall be entitled for Medical Allowance of Rs. 6275 per month.
- (vi) **P.F. Contribution** : The Company shall contribute 12% of his Basic salary in his Provident Fund Account
- (vii) **House Maintenance Allowance** : He shall be entitled for House Maintenance Allowance of Rs. 15000 annually.
- (viii) **Uniform Allowance** : He shall be entitled for Uniform Allowance of Rs. 20000 annually.
- (ix) **Soft Furnishing Allowance** : He shall be entitled for Soft Furnishing allowance of Rs. 27800 annually.
- (x) **Ex-Gratia** : He shall be entitled for Ex-Gratia of Rs. 40000 annually.
- (xi) **LTA** : He shall be entitled for Leave Travel Assistance for maximum of two months' basic salary.

In addition to the aforesaid salary, he shall also be entitled to perquisites namely, Furniture and Furnishings, Water and Electricity, Security Guard(s), reimbursement of Hospitalization expenses for self and family, Club(s) membership, Gratuity, Encashment of Leave and any other perquisites as per policy and rules of the Company in force or as may be approved by the Board from time to time. The monetary value of such perquisites shall be determined as per Income Tax Rules wherever applicable, and, in the absence of any such rules, shall be valued at actual cost.

The aforesaid remuneration shall also be paid as minimum remuneration in the absence or inadequacy of profits in any financial year subject to the provisions of Schedule XIII to the Companies Act, 1956. The Board commends the passing of resolution at Sl. No. 5.

None of the Directors, except Mr R K Srivastava himself is concerned or interested in the said resolution.

This may be treated as an abstract of terms of the Contract between the Company and Mr R K Srivastava, 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  
Dated : 30.12.2006

# LML LIMITED ANNUAL REPORT 2005-06

## CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company. The Company's Board and the Management are aware that the standards of governance are rising and provide critical yardsticks by which the stakeholders judge Corporate and their management. 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, 2006, 50% 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 Executive & Promoter Director. Composition of the Board of Directors of the Company and their other Directorship(s) / Committee Membership(s)/ Chairmanship(s) as on 30th September, 2006 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	-	-	-
Mr Deepak Singhania*	Executive / Chairman & Managing Director	1	-	-
Mr Kulwant Singh	Independent, Non- Executive (Nominee Director- IDBI)	1	2	-
Mr Javed Yunus	Independent, Non- Executive (Nominee Director-IFCI)	1	1	-
Mr D G Prasad	Independent, Non- Executive (Nominee Director - EXIM Bank)	2	1	-
Mr S K Aggarwal	Independent, Non-Executive	1	-	-
Mr Shiromani Sharma##	Independent , Non-Executive	3	-	2
Mr Lalit Kumar Singhania	Executive / Whole-time Director	-	-	-
Mr Sanjeev Shriya	Executive / Whole-time Director	5	-	-
Mr Anurag Kumar Singhania	Executive / Whole-time Director	6	-	-
Mr Ram Kumar Srivastava **	Executive / Whole-time Director	1	1	-

# Mr MRB Punja has resigned w.e.f. 28.10.2005.

\* Mr Deepak Singhania was Managing Director till 27th October, 2005 and was appointed as Chairman & Managing Director w.e.f. 28.10.2005.

\*\* Mr R K Srivastava has been appointed as Whole-time Director of the Company w.e.f. 08.09.2006.

## Mr R K Arora has been appointed as Alternate Director to Mr. Shiromani Sharma w.e.f. 30.12.06.

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

Nine Board Meetings were held during the period 2005-06. These meetings were held on 28th June 2005, 23rd July 2005, 31st August 2005, 28th October 2005, 27th January 2006, 6th May 2006, 30th May 2006, 31st July 2006 and 08th September 2006. The attendance record of all the Directors at the Board Meeting(s) and the last AGM between 01.04.2005 to 30.09.2006 was as under:

Name	No. of Board Meetings attended	Attended last AGM#
Mr M R B Punja #	2	No
Mr Kulwant Singh	9	Yes
Mr Javed Yunus	8	No
Mr D G Prasad	8	No

Mr S K Aggarwal	7	No
Mr Shiromani Sharma	6	Yes
Mr Lalit Kumar Singhania	9	Yes
Mr Sanjeev Shriya	7	Yes
Mr Deepak Singhania	8	Yes
Mr Anurag Singhania	8	No
Mr R K Srivastava*	1	No

# Resigned from Board w.e.f. 28.10.2005

\* Appointed as Additional Director on 08.09.2006

#### 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 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 & 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. COMMITTEES 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, majority being Non-Executive & Independent. It met Eight times during the period 2005-06 on 28th June, 2005, 23rd July, 2005, 31st August, 2005, 28th October, 2005, 27th January, 2006, 28th May, 2006, 31st July, 2006 and 08th September, 2006. The attendance of the Audit Committee Members was as under:-

Name	Category	No of Meetings Attended
Mr M R B Punja*	Chairman	2
Mr S K Aggarwal#	Chairman	6
Mr Javed Yunes	Member	7
Mr Shiromani Sharma##	Member	6
Mr. Deepak Singhania@	Member	4

\* Ceased to be Chairman & Member w.e.f. 28.10.2005

# Appointed as Chairman w.e.f. 28.10.2005

@ Appointed as Member w.e.f. 28.10.2005

## Mr R K Arora has been appointed as Alternate Member to Mr. Shiromani Sharma w.e.f. 30.12.2006.

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

The Audit Committee deals with the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, various audit reports, significant decisions affecting the financial statements, compliance with accounting standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. Board 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. It met two times during the period 2005-06 on 28th June, 2005 and 08th September, 2006. The attendance of the Remuneration Committee Members were as under :-

Name	Category	No of Meetings Attended
Mr M R B Punja*	Chairman	2
Mr S K Aggarwal	Chairman	2
Mr Kulwant Singh	Member	2
Mr Shiromani Sharma ##	Member	1

\* Ceased to be Chairman & Member w.e.f. 28.10.2005.

## Mr R K Arora has been appointed as Alternate Member to Mr. Shiromani Sharma w.e.f. 30.12.2006.

#### Directors' Remuneration

The details of remuneration paid to the Directors during the period from 01.04.2005 to 30.09.2006 were as under:

Name	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr M R B Punja	-	6000	6000
Mr Kulwant Singh	-	11000	11000
Mr Javed Yunus	-	15000	15000
Mr D G Prasad	-	8000	8000
Mr S K Aggarwal	-	27000	27000
Mr Shiromani Sharma	-	27000	27000
Mr Lalit Kumar Singhania	2256726	-	2256726
Mr Sanjeev Shriya	2818262	-	2818262
Mr Deepak Singhania	2947881	-	2947881
Mr A K Singhania	2319955	-	2319955
Mr R K Srivastava *	75765	-	75765

\* Remuneration paid during 08.09.2006 to 30.09.2006 is subject to the approval of members in Annual General Meeting.

- 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.
- Managing Director & Whole-time Directors have been appointed for a period of five years. As per the 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.
- One of the Non-Executive Director of the Company, Mr. MRB Punja, (since resigned w.e.f. 28.10.2005) along with his family members, is associated with two companies, which supply auto-components to several two-wheeler manufacturing companies including LML. The value of supplies by the said two companies to LML was Rs. 0.29 lakhs during 1.4.2005 to 28.10.2005.
- Share Transfer & Shareholders/ Investors' Grievance Committee**  
The Share Transfer & Shareholders' / Investors' Grievance Committee of the Company looks into the matters like transfer /

## LML LIMITED ANNUAL REPORT 2005-06

transmission, issuance of duplicate shares, non-receipt of declared dividend etc. and investigate the investors' complaints and take necessary steps for redressal thereof.

Share Transfer & Shareholders/Investors' Grievance Committee, consisting of following Directors, met eight times i.e. on 19th May, 2005, 28th June, 2005, 23rd July, 2005, 31st August, 2005, 28th October, 2005, 27th January, 2006, 6th May, 2006, 31st July 2006 and 08th September, 2006. The attendance of the Members of Share Transfer & Shareholders/Investors' Grievance Committee was as under :-

Name	Category	No of Meetings Attended
Mr M R B Punja @	Chairman	2
Mr S K Aggarwal #	Chairman	8
Mr Lalit Kumar Singhania	Member	7
Mr Shiromani Sharma ##	Member	6
Mr Deepak Singhania*	Member	4

@ Ceased to be Chairman & Member w.e.f. 28.10.2005

# Appointed as Chairman w.e.f. 28.10.2005

\* Appointed as Member w.e.f. 28.10.2005

## Mr R K Arora has been appointed as Alternate Member to Mr. Shiromani Sharma w.e.f. 30.12.2006.

Mr K C Agarwal, Executive Director (Commercial) & Company Secretary is the 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 all the documentation and other work related to Financial Restructuring of the Company. The Financial Restructuring Committee of Directors comprises of Five Directors namely Mr S K Aggarwal, Mr Shiromani Sharma, Mr Sanjeev Shriya, Mr Deepak Singhania and Mr A K Singhania. The Committee met Fourteen times upto 30th September, 2006 i.e. on 24th August, 2005, 16th November, 2005, 6th February, 2006, 9th February, 2006, 28th April, 2006, 2nd June, 2006, 6th June, 2006, 14th June 2006, 11th July, 2006, 13th July, 2006, 14th July, 2006, 2nd August, 2006, 12th August 2006 and 17th August, 2006. The attendance of the Members of Financial Restructuring Committee of Directors was as under:-

Name	Category	No of Meetings Attended
Mr S K Aggarwal	Member	4
Mr Shiromani Sharma ##	Member	8
Mr Deepak Singhania	Member	13
Mr Sanjeev Shriya	Member	6
Mr A K Singhania *	Member	10

\* Appointed as member w.e.f. 27.01.2006.

## Mr R K Arora has been appointed as Alternate Member to Mr. Shiromani Sharma w.e.f. 30.12.06.

### Complaints by shareholders & their redressal during 01.04.2005 to 30.09.2006, is as under :-

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	2	2
Delay in Transfer of Shares / Non-receipt of shares after Transfer	17	17
Non-receipt of Dividend Warrants	3	3
Change of Address	-	-
Debenture Interest/ Redemption	10	10
Others	7	7
TOTAL	39	39

### Sub-Committee of Directors

The Company has a Sub-Committee of Directors of the Board for taking on records 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 a 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 Singhania	Member

The Committee didn't meet during the period, as the Board of Directors meetings were held for taking the unaudited financial results on record.

## IV. OTHER DISCLOSURES

### Details of last three Annual General Meeting(s)

Year	Venue	Date	Time	Any Special Resolution
2005	Regd. Office at C-3, Panki Indl. Estate, Kanpur-208022	3rd September, 2005	11.00 AM	No
2004	Regd. Office at C-3, Panki Indl. Estate, Kanpur-208022	9th March, 2004	11.00 AM	No
2002	Regd. Office at C-3, Panki Indl. Estate, Kanpur-208022	14th September, 2002	11.00 AM	Yes, Special Resolution for delisting of shares from Delhi Stock Exchange.



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.

One Extra-Ordinary General Meeting was held on 15.03.2005.

#### Disclosures

- None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with the related parties have been disclosed in note No. 22 of Schedule 16 to the Notes of Accounts in the Annual Report.
- There is no non-compliance of any provision of law by the Company nor any penalty / stricture imposed on the Company by Stock Exchange(s), SEBI or any other authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of the Corporate Governance.

#### Means of Communication

Half yearly report sent to each house hold of share holder(s)	No. However, Company is publishing the results in National & Regional Newspapers and on EDIFAR web-site.
Quarterly Results are normally published in	Quarterly Results are published in National & Regional Newspapers and on EDIFAR web-site.
Any web-site, where displayed	Yes. The results are displayed on EDIFAR web-site i.e. sebielifar.nic.in and are being sent to all the Stock Exchanges, where the shares of the Company are listed, for putting, in their own web-site.
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis Report is a part of Annual Report or not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

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

#### V. SHAREHOLDERS INFORMATION

##### Annual General Meeting

Date	28th February 2007
Time	10.00 A. M.
Venue	LML Limited C-3, Panki Industrial Estate, Kanpur – 208 022

##### Financial Calendar (tentative)

Financial Reporting for the quarter ending December, 2006	End of January, 2007
Financial Reporting for the quarter/ half year ending March, 2007	End of April, 2007
Financial Reporting for the quarter ending June, 2007	End of July, 2007
Financial Reporting for the year ending September, 2007	End of December, 2007
Annual General Meeting for the year 2006-07.	February, 2008

##### Dates of Book Closure

From Thursday, the 22nd February, 2007 to Wednesday, the 28th February, 2007 (both days inclusive).

##### Dividend Payment Date

The Directors have not recommended any dividend on Equity Shares for the period 2005-2006.

##### The name of the Stock Exchanges in which the Equity Shares of the Company are listed:

Uttar Pradesh Stock Exchange Association Ltd, Bombay Stock Exchange Ltd and National Stock Exchange Ltd.

##### Stock Code

Name of Stock Exchange	Code
Bombay Stock Exchange Limited, Mumbai	500255
National Stock Exchange of India Ltd., Mumbai	LML
The Uttar Pradesh Stock Exchange Association Ltd., Kanpur	L 00004

##### Market Price Data :

Monthly High & Low prices of the Equity Shares of the Company for the period 1st April, 2005 to 30th September, 2006 are as under:



## LML LIMITED ANNUAL REPORT 2005-06

(Rs.)

Month	High		Low	
	NSE	BSE	NSE	BSE
April, 2005	45.00	45.00	36.85	37.05
May, 2005	44.00	43.85	36.45	36.30
June, 2005	50.50	43.70	38.80	38.10
July, 2005	52.40	52.60	38.65	38.50
August, 2005	58.90	59.00	43.50	44.00
September, 2005	58.30	58.50	43.90	43.50
October, 2005	49.80	49.90	36.00	36.00
November, 2005	44.60	44.70	36.50	36.00
December, 2005	41.80	41.90	37.35	37.50
January, 2006	62.90	62.95	38.25	38.20
February, 2006	52.95	53.00	43.25	43.30
March, 2006	46.70	46.60	33.30	33.30
April, 2006	42.70	42.70	33.10	30.00
May, 2006	47.00	47.15	30.10	30.10
June, 2006	31.60	35.00	18.15	17.00
July, 2006	20.75	20.70	15.50	15.30
August, 2006	20.40	20.40	14.90	14.85
September, 2006	18.95	18.95	10.00	10.00

#### 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 Certificate are returned to the registered holders within a maximum period of 30 days. In compliance to Circular Ref. No. SEBI/MRD/Cir-10/2004 dated February 10, 2004 the transfer-cum-demat Scheme being implemented by the Company has been discontinued and now transferred Shares are returned to all the registered holders in physical form. The Share Transfer and Shareholders'/Investors' Grievance Committee meets frequently to approve transfer of Share above 10000 nos. under on transfer deed. Each of the Committee Member is severally authorised to approve transfers upto 10000 shares under one transfer deed. Company Secretary, Senior Manager (Secretarial) & Officer of the Company have been authorised to approve transfer up to 5000, 1000 shares respectively under one transfer deed.

#### Shareholding Pattern as on 30.09.2006

Sl. No.	Category	No. of Shareholders	%	No. of Equity Shares	%
1.	Resident Individuals	201719	98.68	39086415	48.64
2.	Indian Companies	1846	0.90	12226954	15.22
3.	FIs/Mutual Funds/Banks	58	0.03	1687842	2.10
4.	Indian Promoters/ Directors & their relatives	36	0.02	21788726	27.12
5.	NRI/OCBs/FIs/FCs	338	0.17	3209498	3.99
6.	Clearing House(s) / Members	411	0.20	2353228	2.93
	<b>TOTAL</b>	<b>204408</b>	<b>100.00</b>	<b>80352663</b>	<b>100.00</b>

#### Dematerialisation of shares and liquidity

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 17th January, 2000. Pursuant to SEBI circular No D&CC/FITTC/CIR-15/2002 dated 27/02/2002, regarding whole Share Registry work at a single point, Company has established the Electronic Connectivities with Central Depository Services (India) Ltd. (CDSL) and National Security Depository Limited(NSDL), which are working successfully. All requests for dematerialisation 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. Upto 30th September, 2006, 77.00% equity shares of the Company have been dematerialised.

Other details are as under :

- Approximate time taken for share transfer if the Documents are clear in all respects : 7 days
- Demat ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE862A01015
- Total No. of shares dematerialised upto 30.09.2006 : 6,18,72,364
- Total No. of shares rematerialised upto 30.09.2006 : 11,878
- Total No. of shares transferred during 2005-06 (physical) : 1,68,805
- No. of shares pending for transfer as on 30.09.2006 : 502 (Transferred / dispatched on 03.10.06)
- No. of shares pending for dematerialisation / confirmation as on 30.09.2006 : NIL



• **Distribution of Shareholding as on 30.09.2006**

Sl. No.	No. of shares held	No. of Shareholders	%	No. of Equity Shares	%
1.	1-499	184861	90.44	10099957	12.57
2.	500-999	9492	4.64	5503474	6.85
3.	1000-4999	8711	4.26	14225313	17.70
4.	5000-9999	730	0.36	4536704	5.65
5.	10000 & ABOVE	614	0.30	45987215	57.23
	<b>TOTAL</b>	<b>204408</b>	<b>100.00</b>	<b>80352663</b>	<b>100.00</b>

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

- 1000 Nos. FCCBs Series B due 2010 (US\$ 1000 each)

• **Plant Locations**

**Motorcycle & Scooter Unit**

C-10, Panki Industrial Estate, Site-II, Kanpur-208 022.

**Industrial Electronics Units** : 1, 2 & 3, Co-operative Industrial Estate, Kanpur

**Labels & Graphics Unit**

895, Udyog Vihar, Phase I, Gurgaon, Haryana

• **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. INR000001666 valid up to 15.11.2006. We have already applied to SEBI for renewal of the same.

**LML Shares Registry**

(A Division of LML Limited)

C-10, Panki Industrial Estate, Site-II,  
Kanpur – 208 022

Phone No. : (0512) 2691381

Fax No. : (0512) 2691391

E-mail : lmlknp@lml-india.com

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

"Pursuant to clause 49(1D)(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 period ended 30th September 2006."

**Deepak Singhania**

*Chairman & Managing Director*

• **CERTIFICATION BY THE AUDITORS**

As required u/c 49 of the Listing Agreement, the Statutory Auditors of the Company have verified the compliance of the Corporate Governance by the Company. Their report is annexed hereinafter.

## Auditors' Certificate on Corporate Governance

To,  
The Members of  
LML Limited

1. We have examined the compliance of conditions of Corporate Governance by LML Limited (the Company) for the period ended 30th September 2006, as stipulated in clause 49 of the Listing Agreement(s) of the said Company with various Stock Exchanges (hereinafter referred to as "the agreement").
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on such examination, to the best of our information and according to the explanations given to us, we certify that the company has complied with all material conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and noted by the Board of Directors/Share Transfer and Shareholders'/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For PARIKH & JAIN**  
*Chartered Accountants*  
**S. L. JAIN**  
*Partner*  
Membership No. 7261

**For KHANDELWAL JAIN & Co.**  
*Chartered Accountants*  
**AKASH SHINGHAL**  
*Partner*  
Membership No. 103490

Place : New Delhi  
Dated : 30th December, 2006