



# 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)

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## 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 Singhania 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 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."

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 Singhania 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.*

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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, Ginini International Limited and Leap Start Trustee Co. Pvt. Ltd.

He is Chairman of Audit Committee of Ginini 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)
<b>Executive Directors</b>						
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
<b>Non-Executive and Independent Directors</b>						
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](http://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:

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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	-	-
<b>TOTAL</b>	<b>02</b>	<b>02</b>

## Means of Communication

Half yearly report sent to each house hold of share holder(s)	No. However, Company is publishing the results in National & Regional Newspapers.
Reporting of Quarterly Results	Quarterly Results are published in National & Regional Newspapers.
Any web-site, where displayed	Yes, 1. Company's website <b>www.lmlworld.com</b> 2. The results are also being sent to all the Stock Exchanges, where the shares of the Company are listed, for putting, on their own web-sites.
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Not Applicable
Whether Management Discussion & Analysis Report is a part of Annual Report or not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

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

## 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.