

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

**22nd
Annual Report
2008 - 2009**

Lloyds Finance

LLOYDS FINANCE LIMITED

Board of Directors

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

Mrs. Rinku Gadani
Company Secretary

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

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

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

Lloyds Finance

NOTICE

NOTICE is hereby given that, with the necessary approval of the Special Committee appointed by the Hon'ble High Court of Bombay vide order dated 12th March 2004, 22nd Annual General Meeting of the Members of LLOYDS FINANCE LIMITED will be held on Friday, the 28th day of August, 2009 at 10.30 a.m. at Jasmine Hall, 1st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 to transact the following business.

ORDINARY BUSINESS:-

1. To receive and adopt the audited Profit and Loss Account of the Company for the year ended 31st March 2009 and the Balance Sheet as at that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri. P.C.Soni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 20th day of August, 2009 to Friday, the 28th day of August, 2009 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
3. Please intimate the changes, if any, in your registered address, to the Company's Registrar & Share Transfer Agent at the following address:-

Bigshare Services Private Limited,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400 072.
Tel : 2847 0652-53 & 40430200 / 299
Fax : 2847 5207
Email: info@bigshareonline.com
4. Members are requested to quote the Folio Number and DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all their correspondence with the Company / Registrar and Share Transfer Agent.

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

**By Order of the Board &
with permission of The Special Committee,
For LLOYDS FINANCE LIMITED,**

**Rinku Gadani
Company Secretary**

Regd. Office:-

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

Date: 30th June, 2009

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DIRECTORS' REPORT

To the Members,

You all are aware that the Hon'ble High Court of Bombay has appointed a Special Committee to take charge of the management and affairs of the Company vide its Order dated 12th March, 2004. With the permission of the Special Committee your Directors are presenting the 22nd Annual Report of the Company with the audited statement of accounts for the financial year ended 31st March, 2009.

1. Financial Results

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

	31/03/2009	(Rs. in Lacs) 31/03/2008
Gross Income	51.08	145.31
Expenditure	(380.06)	(326.12)
Profit / (Loss) for the year	(328.98)	(180.81)
Write-offs	7.42	4091.96
Profit / (Loss) for the year before tax	(336.40)	(4272.77)
Provision for Fringe Benefit Tax	(1.69)	(2.71)
Profit / (Loss) for the year after tax	(338.09)	(4275.48)
Balance of (Loss) brought forward	(28638.57)	(24495.57)
Income Tax refund of earlier years	23.26	132.48
Balance of (Loss) carried forward	(28953.40)	(28638.57)

2. Dividend

In view of the losses the Directors have not recommended any Dividend for the year ended 31st March, 2009.

3. Management Analysis and Discussion Report

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

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

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

The Special Committee is also settling the liability of secured and unsecured creditors by One Time Settlement of their dues and by framing the scheme for their repayment.

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

The Company, under the direction of the Special Committee appointed by the Hon'ble High Court of Bombay, is complying with all the requirements of the Listing Agreement, The Companies Act, 1956 and Reserve Bank of India like submission of various forms and returns to Stock Exchanges, Registrar of Companies and Reserve Bank of India. As regards the complaints of debenture holders for non-repayment of their dues, the same are placed before

the Special Committee appointed by the Hon'ble High Court for their consideration. We are hopeful of adequate resolution of the said complaints and approval of the scheme formulated by the Special Committee appointed by the Hon'ble High Court of Bombay.

The Hon'ble High Court of Bombay reviewed the working of the Company under the management of the Special Committee for the last 3 years and vide order dated 14th March, 2007 appraised that the Special Committee has acted in earnest and has made best possible efforts to effectuate the purpose of the constitution of the Special Committee and that a substantial amount of work has been done by the Special Committee towards realization of the outstandings, settlement of dues of the Secured Creditors, Debenture holders and Fixed deposit holders. The Special Committee comprises of Mr. Justice V.R. Datar (Retd. Judge of High Court of Bombay) as Chairman, Mr. S.C. Malhotra I.P.S., D.G.P. (Retd.) Maharashtra, Mr. P.K. Bansal, I.P.S., D.G.P. (Retd.), Gujarat as Members.

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

Adequacy of Internal Control:

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

Human Resources / Industrial Relation:

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

Future Outlook:

The Indian economy continues its growth performance despite general slow down in other world economies. It is expected that the recovery and growth of the Indian economy and industrial sector will help in expediting the recovery of dues from various defaulters of the Company. The outlook for the year 2009-10 appears to be positive with the settlement of debts with Banks and Financial Institutions, scheme for repayment to small depositors and the debenture holders and better recovery prospects in view of all efforts put forth by the Special Committee for recovery of dues from the defaulters.

4. Fixed Deposit

The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from public as on 31-3-2009 excluding security deposits and inter-corporate deposits stood at Rs.118.90 Crore (Previous Year Rs.122.11 Crore). As you are aware, the Special Committee appointed by the Hon'ble High Court of Bombay is in charge of the management and affairs of the Company and entitled to frame a scheme for the payment of dues of secured and unsecured creditors including fixed deposit holders.

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

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from the debtors of the Company.

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

5. Banks & Financial Institutions borrowings

The Directors wish to inform that pursuant to the directions of the Hon'ble High Court and the Special Committee, One Time Settlements have been reached with most of the Banks and Financial Institutions numbering 21 so far for an amount of **Rs.260.72 Crores** (outstanding in the books of the Company). The outstanding term loan from financial Institutions amounting to Rs.982.52 lacs includes settlement reached with Unit Trust of India (UTI). The amount settled with UTI is not accounted for due to non-receipt of No Dues Certificate before 31st March, 2009. The negotiations are in progress for One Time Settlement of dues under the directions of the Special Committee with the remaining one Financial Institution having outstanding of **Rs.670.98 Lacs**.

6. Debentures

As regards the liability of Non-Convertible Debentures outstanding in the books of the Company, the Hon'ble Securities Appellate Tribunal (SAT) vide Order dated 17/3/2006 had taken note of the scheme being formulated for repayment to the NCD holders by the Special Committee and directed SEBI to be associated in the Scheme. The scheme was formulated and placed before the Hon'ble High Court of Bombay by the Special Committee for approval and the same was acknowledged by SAT in its order dated 5.5.2006.

The Hon'ble High Court vide Order dated 3rd May, 2007 had directed the Scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly, the scheme was forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide its letter dated 25th May, 2007. Further as per order dated 17th December, 2007 of Hon'ble High Court of Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debenture holders in view of order dated 10th December, 2007 of SAT. This corrigendum was issued as per application of SEBI and as directed by Hon'ble High Court of Bombay. During the course of hearing on 16/12/2008 before Hon'ble High Court of Bombay, ICICI Bank Ltd, the Debenture Trustee and REPCO Bank Ltd, major Debenture Holder raised certain objections. In view of the objections, the Special Committee thought it proper and advised Board of Directors to propound a new Scheme of Compromise with Non-Convertible Debenture Holders u/s 391 of the Companies Act, 1956.

The Special Committee in its meeting held on 22/5/2009 has approved the new Scheme of compromise and the same has also been approved by the Board of Directors in its meeting held on 26/5/2009. Further, the Debenture Liability also includes 17% Redeemable Non-Convertible Debentures issued to Repco Bank Ltd. on private placement basis. The Company has filed an application with The Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd (NSE) for obtaining their approval under Clause 24(f) of Listing Agreement.

7. Statutory Information

There were no employees during the year ended 31st March, 2009 in respect of whom the particulars are required to be disclosed with reference to Section 217(2A) of the Companies Act, 1956.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the rules. The Company, not being a manufacturing company is

advised that Form A and B are not applicable to it. The Company had no Foreign Exchange earnings and outgoings during the year under review.

8. Directors

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

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

9. Directors' Responsibility Statement

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis.

10. Auditors' Observations

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

11. Auditors

M/s. Vijay H. Shah & Co., Chartered Accountants, Auditor for the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

12. Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

13. Acknowledgement

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

For and on behalf of the Board

Basant Bhoruka
Chairman

Place : Mumbai
Date : 30th June, 2009

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CORPORATE GOVERNANCE

(a) Company Philosophy

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

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

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

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

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

(b) The Board of Directors

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

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

During the year five Board meetings were held on 18th April, 2008, 20th June, 2008, 29th July, 2008, 27th October, 2008, 30th January, 2009 respectively.

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

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

Name of the Director	Category	Attendance at Board Meeting	Whether Attended Last AGM held on 14.8.08	Details of Committee positions held in other Public Co.'s
Mr. Basant Bhoruka	Chairman, Non-Executive Independent Director	4	Yes	Nil
Mr. P.C. Soni	Non-Executive Independent Director	5	Yes	Nil
Mr. Pankaj Desai	Managing Director	5	Yes	Nil

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

The details of other Committee Chairmanship and Membership held by the Directors of the Company as at 31st March, 2009 are given below:

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

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

(c) Audit Committee

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

Mr. Basant Bhoruka - Chairman, Non-Executive Independent Director

Mr. P.C.Soni - Non-Executive Independent Director

Mr. Pankaj R Desai - Managing Director

During the year five Audit Committee meetings were held on 18th April, 2008, 20th June, 2008, 29th July, 2008, 27th October, 2008, 30th January, 2009 respectively.

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

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

Attendance of the members at the meeting of the Audit Committee held during 2008-09.

Name of the Director	Category	Attendance at Audit Committee meeting
Mr. Basant Bhoruka	Chairman, Non-Executive Independent Director	4
Mr. P.C. Soni.	Non-Executive Independent Director	5
Mr. Pankaj Desai	Managing Director	5

(d) Share/ Investor Grievance Committee

During the year, five Share / Investor Grievance Committee meetings were held on 18th April, 2008, 20th June, 2008, 29th July, 2008, 27th October, 2008, 30th January, 2009 respectively.

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

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

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

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

Description	Received	Replied
Direct	45	45
Bombay Stock Exchange	5	5
SEBI Complaints	22	22
DCA	9	9

(e) Details of Remuneration of Directors

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

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

The details of remuneration paid to Mr. Pankaj R Desai, Managing Director with approval of the Special Committee for the year ended 31st March, 2009 is given below:

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

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

Name	Sitting Fees for attending Board Meeting & Committee Meeting *
Mr. Basant Bhoruka	Rs.6,000/-
Mr. P.C. Soni	Rs.7,500/-
Mr. Pankaj Desai	NIL

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

(f) General Body Meeting

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

Financial Year	Date	Time	Venue of the Meeting
2007 - 2008	14-8-08	10:30 A.M.	Jasmine Hall, 1 st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005
2006 - 2007	14-8-07	10:30 A.M.	MVIRDC, 31 st Floor, World Trade Centre, Centre 1, Seminar Room I & II, Cuffe Parade, Mumbai – 400 005.
2005 - 2006	18-8-06	10:30 A.M.	MVIRDC, 31 st Floor, World Trade Centre, Centre 1, Seminar Room I & II, Cuffe Parade, Mumbai – 400 005.

Year ended 31-3-2008 - No Special Resolution was passed

Year ended 31-3-2007 - No Special Resolution was passed

Year ended 31-3-2006 - One Special Resolution was passed under section 269 read with Schedule XIII for the re-appointment of Mr. Pankaj Desai as Managing Director for a period of five years w.e.f. 1st November, 2006.

(ii) Postal Ballot

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

(g) Disclosure

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

There are no such transactions during the year.

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

Vide order dated 8/11/2004 SEBI imposed a penalty of Rs.3,00,000/- for adjudication proceedings conducted in the year

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2003 under section 15 (C) of the SEBI Act, 1992 for non-redressal of investors complaints pertaining to Non-Convertible Debentures (NCDs). As per the directions of the Special Committee appointed by the Hon'ble High Court of Bombay and in-charge of management and affairs of the Company, the Company has filed an appeal against the said Order before Securities Appellate Tribunal (SAT).

The Company Law Board (Western Region) has imposed compounding fees of Rs.5,000/- u/s 209(3)(b) of the Companies Act, 1956 for Balance Sheet as at 31/3/2000 and 31/3/2003.

The Employees State Insurance Corporation has imposed damages charges of Rs.1,544/- for the period August, 1992 to August, 1993.

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

The details pertaining to Director(s) seeking re-appointment is furnished hereunder:

Name of the Director	Shri Puranchandra C Soni
Date of Birth	16/8/1938
Date of Appointment on the Board	31/01/2000
Qualification	M.Com, FCS
Experience	He has rich experience in Management, Finance and Corporate Consultancy.
Name of Companies in which outside Directorship held	Nil
Membership of the Committees on the Board	1. Member of the Audit Committee 2. Member of the Shareholder & Investor Grievance Committee
No. of shares held in the Company	511

(iv) Secretarial Audit

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

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

No personnel has been denied access to the audit committee.

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

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

(h) **CEO CERTIFICATION**

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

(i) **Means of Communication**

- a) The Board of Directors of the Company with the permission of the Special Committee approves and takes on record the quarterly and half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period and yearly audited financial results within 3 months from close of the financial year.
- b) The quarterly and half-yearly unaudited financial results were published in Free Press Journal & Navashakti newspapers.
- c) Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard and simultaneously posted on the website of the company www.lloydsfinance.in. The Company has also created an e-mail address, pursuant to Clause 47(F) of the Listing Agreement, for accepting investor's grievance on lfinvestors@yahoo.co.in
- d) The Company's financial results and official news releases are displayed on the Company's website www.lloydsfinance.in
- e) No formal presentations were made to the institutional investors and analysts during the year under review.
- f) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

(j) **Code of Conduct**

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

(k) **General Shareholder Information**

- | | |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| (I) Annual General Meeting Date : | 28 th August, 2009
Venue : Jasmine Hall, 1 st Floor,
Centre 1, MVIRDC, World Trade Centre,
Cuffe Parade, Mumbai - 400 005. |
| (II) Results for quarter ending 30.6.2009 | Last week of July 2009 |
| Results for quarter ending 30.9.2009 | Last week of October 2009 |
| Results for quarter ending 31.12.2009 | Last week of January 2010 |
| Audited Results for financial year 2009-10 | On or before 30 th June, 2010 |
| (III) Book Closure Date | 20 th August, 2009 to 28 th August, 2009 (both days inclusive) |

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- (IV) Dividend Payment Date : Not declared
- (V) Listing of Equity Shares on Stock Exchanges and payment of Listing Fee:
Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
National Stock Exchange of India Limited (NSE),
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051.
Annual listing fee for the year 2008-09
(as applicable) has been paid by the
Company to BSE and NSE.
- (VI) Stock Code :
a) Trading Script/Symbol at :
Bombay Stock Exchange : 507870
National Stock Exchange : Lloydfin
b) Demat ISIN Number in :
NSDL & CDSL : INE174A01015

(VII) Stock Market Data :-

National Stock Exchange :

	NSE	
	High(in Rs.)	Low(in Rs.)
April 2008	3.85	2.85
May 2008	3.50	2.80
June 2008	3.05	2.15
July 2008	3.10	2.00
Aug. 2008	2.80	2.30
Sept. 2008	2.55	1.45
Oct. 2008	2.10	1.00
Nov. 2008	1.45	1.00
Dec. 2008	1.35	1.00
Jan. 2009	1.35	1.05
Feb. 2009	1.30	1.05
Mar. 2009	1.25	1.00

- (VIII) Registrar and Transfer Agents (share transfer and communication regarding share certificate, dividends and change of address) :
Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400072.
Tel : 2847 0652-53 & 40430200 / 299
Fax : 2847 5207
Email: info@bigshareonline.com

(IX) Share Transfer System

Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt. The Board has delegated the authority for approving transfer etc. of the Company's Securities to the Shareholders/Investor Grievance Committee. A summary of transfer etc. of Securities of the Company so approved by the said Committee is placed at the quarterly Board meetings.

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

(X) Distribution of Shareholding as at 31st March, 2009

NO. OF SHARES HELD		NO. OF SHAREHOLDERS		NO. OF SHARES HELD	
FROM	TO	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
1	500	57331	87.60	10535564	28.16
501	1000	3932	6.00	3371958	9.01
1001	2000	1939	2.96	3085379	8.25
2001	3000	681	1.04	1782965	4.77
3001	4000	279	0.43	1025032	2.74
4001	5000	423	0.65	2047608	5.47
5001	10000	502	0.77	3838806	10.26
10001	AND ABOVE	359	0.55	11724708	31.34
TOTAL		65446	100.00	37412020	100.00

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

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(XI) Categories of Shareholders as on 31st March, 2009

CATEGORY	NO.OF SHARES	% OF SHARE CAPITAL
Promoters	-	-
Banks / Financial Institutions	213800	0.57
MFs & UTI	35550	0.10
FII	-	-
Others	37162670	99.33
TOTAL	37412020	100.00

(XII) Dematerialization of Shares

Over 75.53% of the outstanding shares have been dematerialized upto 31st March,2009.Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India.

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

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

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

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.
Ph: 2847 0652/53 & 40430200 / 299
Email: info@bigshareonline.com

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

Secretarial Department :
Viraj Impex House, 2nd Floor,
47, P.D'Mello Road,
Masjid (East), Mumbai - 400 009.
Tel. : 23484592 / 23485997 Fax : 23482669

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March, 2009.

For Lloyds Finance Limited

Place : Mumbai
Date : 30th June, 2009

Pankaj Desai
Managing Director

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

Lloyds Finance

AUDITORS' REPORT ON CORPORATE GOVERNANCE

**The Board of Directors,
Lloyds Finance Limited
Mumbai – 400 009**

We have reviewed the implementation of Corporate Governance procedure by the Company during the year ended 31st March, 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

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

For VIJAY H.SHAH & Co.
Chartered Accountants

VIJAY H. SHAH
Proprietor
M.No.47391

Place : Mumbai
Date : 30th June, 2009

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

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AUDITORS REPORT

To the Members of

LLOYDS FINANCE LIMITED

We have audited the attached Balance Sheet of Lloyds Finance Limited as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government in terms of Section 227(4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in Section 211(3C) of the Companies Act, 1956.
 - (e) As per the information & explanation given to us, none of the Directors of the Company are disqualified from being appointed as Directors under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the matter so required and give a true and fair view in conformity of the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009.
 - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

VIJAY H. SHAH
Proprietor

Place: Mumbai
Date : 30th June, 2009

**Annexure referred to in paragraph 1 of the Auditors Report to the Members of
LLOYDS FINANCE LIMITED on the Accounts for the year ended 31st March, 2009.**

1. The nature of Company's activities during the year have been such that clauses (iii), (iv), (v), (vii), (viii), (xiii), (xvi), (xviii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
3. The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposit from the public as on 31st March, 2009 excluding security deposits and inter corporate deposit stood at Rs.118.90 crores. The Special Committee appointed by the Hon'ble High Court at Bombay is in charge of the management and affairs of the Company and entitled to frame a scheme for the payment of dues of secured and unsecured creditors including fixed deposit holders. The Special Committee after the approval of the Hon'ble High Court of Bombay, in addition to the payment of deposits up to Rs.5000/- has commenced payment of the deposits of principal amount between Rs.5001/- to Rs.10000/- from the month of August, 2006.
4. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and any other statutory dues with the appropriate authorities.
5. The accumulated losses of the Company exceeded its net worth at the end of the financial year. The Company has incurred cash losses during the current year and also during immediately preceding financial year.
6. Company's loan fund at the year end is Rs.17789.45 lacs as compared to Rs.18298.78 lacs in the previous year. The reduction was due to settlement and repayment etc.
7. In our opinion, adequate documents and records are maintained by the Company for loans and advances granted on the basis of security by way of pledge of shares and debentures and similar other securities.
8. As informed to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
9. In our opinion and according to information and explanation given to us, the Company has not issued any fresh debentures during the year.
10. During the year the Company has not raised money by the public issue.
11. According to the information and explanations given to us by the Management and checks carried out by us, any fraud on or by the Company has not been noticed or reported during the year under report.

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

Place: Mumbai
Date : 30th June, 2009

VIJAY H. SHAH
Proprietor

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

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LLOYDS FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Lacs)

	SCHEDULE	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
A. SHARE CAPITAL	1	3,741.20	3,741.20
B. RESERVES AND SURPLUS	2	20,827.62	20,769.76
		24,568.82	24,510.96
2. LOAN FUNDS			
A. SECURED	3	5,535.39	5,723.89
B. UNSECURED	4	12,254.06	12,574.89
		17,789.45	18,298.78
TOTAL		42,358.27	42,809.74
APPLICATION OF FUNDS			
1. FIXED ASSETS			
GROSS BLOCK	5	66.29	66.29
LESS : DEPRECIATION		6.17	6.17
NET BLOCK		60.12	60.12
2. INVESTMENTS : UNQUOTED	6	491.91	499.41
3. CURRENT ASSETS, LOANS & ADVANCES	7	13,492.96	14,209.79
LESS : CURRENT LIABILITIES & PROVISIONS	8	640.12	598.15
NET CURRENT ASSETS		12,852.84	13,611.64
4. PROFIT & LOSS A/C		28,953.40	28,638.57
TOTAL		42,358.27	42,809.74
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

LLOYDS FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lacs)

	SCHEDULE	Year Ended 31.03.2009	Year Ended 31.03.2008
INCOME			
INTEREST		51.02	94.34
MISCELLANEOUS		0.06	9.39
PROFIT ON SALE OF ASSETS		-	41.58
TOTAL INCOME		51.08	145.31
EXPENDITURE			
ADMINISTRATIVE & GENERAL EXPENSES	9	380.06	326.12
DEBTS/ADV./INVEST./ASSETS WRITTEN OFF & OTHER EXPS.		7.42	4,091.96
TOTAL EXPENSES		387.48	4,418.08
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		(336.40)	(4,272.77)
ADD : PROVISION FOR FRINGE BENEFIT TAX		(1.69)	(2.71)
PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(338.09)	(4,275.48)
LESS : IT REFUND OF EARLIER YEARS		23.26	132.48
NET (LOSS) FOR THE YEAR		(314.83)	(4,143.00)
ADD : BALANCE BROUGHT FORWARD		(28,638.57)	(24,495.57)
LOSS CARRIED TO BALANCE SHEET		(28,953.40)	(28,638.57)
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date
For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board
Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

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

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LLOYDS FINANCE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs. in Lacs)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 1 : SHARE CAPITAL		
A. Authorised		
60000000 Equity Shares of Rs. 10/- each	6,000.00	6,000.00
1500000 Preference Shares of Rs. 100/- each	1,500.00	1,500.00
	7,500.00	7,500.00
B. Issued, Subscribed and Paid up		
37412020 Equity Shares of Rs. 10/- each fully paid up (Out of above)	3,741.20	3,741.20
I. 3818240 Shares were allotted as fully paid Bonus Shares by capitalisation of General Reserves		
II. 7493240 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium		
TOTAL	3,741.20	3,741.20
SCHEDULE 2 : RESERVES AND SURPLUS		
Share Premium	7,418.27	7,418.27
Debenture Redemption Reserve	1,899.99	1,899.99
Special Reserve u/s 45 IC of the RBI Act, 1934	625.00	625.00
Investment Allowance (Utilised) Reserve	13.21	13.21
Capital Reserve	28.65	28.65
(includes Rs. 5.84 lacs realised from forfeiture of shares)		
Remission of Liabilities	10,842.50	10,784.64
TOTAL	20,827.62	20,769.76
SCHEDULE 3 : SECURED LOANS		
A. Debentures		
I) 250000, 18.50% Redeemable NCDs of Rs.1000/- each	2,023.87	2,166.67
II) 2084933, 15.00% Redeemable NCDs of Rs.120/- each	2,416.72	2,416.72
III) 4, 17.00% Redeemable NCDs of Rs.1 crore each after repayment	112.28	122.28
B. Term Loan From Institutions	982.52	1,018.22
TOTAL	5,535.39	5,723.89
SCHEDULE 4 : UNSECURED LOANS		
A. Fixed Deposits	11,890.32	12,211.15
B. Security Deposits	363.74	363.74
TOTAL	12,254.06	12,574.89

LLOYDS FINANCE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 5 :

FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK			DEPRECIATION BLOCK					NET BLOCK	
	AS AT 01.04.2008	ADDI- TIONS	DEDUC- TIONS	AS AT 31.03.2009	UPTO 31.03.2008	01.04.2008 TO 31.03.2009	DEDUC- TIONS	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
LAND & BUILDING	66.29	-	-	66.29	6.17	-	-	6.17	60.12	60.12
TOTAL	66.29	-	-	66.29	6.17	-	-	6.17	60.12	60.12
Previous Year	101.71	-	35.42	66.29	6.17	-	-	6.17	60.12	-

SCHEDULE 6 :

INVESTMENTS

(Rs. in Lacs)

	Rate Per Unit	Quantity	As at 31.03.2009 Value	Quantity	As at 31.03.2008 Value
Investment in Govt. Securities					
11.50% GOI Stock 2010			1.66		1.66
	A		1.66		1.66
Others					
Europa Enterprises Ltd.	Rs.10/-	4900000	490.00	4900000	490.00
Shamrao Vithal Co-op.Bank	Rs.50/-	500	0.25	500	0.25
Gujarat Venture Fund Limited	Re. 1/-	-	-	1	7.50
	B		490.25		497.75
TOTAL	A+B		491.91		499.41

SCHEDULE 7 :

CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lacs)

	As at 31.03.2009	As at 31.03.2008
A. CURRENT ASSETS		
1. Cash and Bank Balances		
a. Cash on hand	0.53	2.71
b. Balances with Scheduled Banks -		
In Deposit Accounts	801.69	436.20
In Current Accounts	153.48	121.81
2. Receivables (Unsecured, considered good) More than 6 months	12,367.03	13,469.13
3. Stock in Trade	0.40	0.40
	13,323.13	14,030.25
B. LOANS AND ADVANCES (considered good)		
Staff Loans	0.26	0.26
Sundry Deposits	9.39	7.53
Advance payments of Tax	3.24	11.83
Other Advances	156.94	159.92
	169.83	179.54
TOTAL	13,492.96	14,209.79
SCHEDULE 8 :		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	199.60	162.08
Statutory Liabilities	6.25	3.49
Other Liabilities	434.27	432.58
TOTAL	640.12	598.15

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

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LLOYDS FINANCE LIMITED

SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	Year Ended 31.03.2009	Year Ended 31.03.2008
SCHEDULE 9 :		
ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries & Allowances	69.99	74.73
Contribution to Employees Provident Fund etc.	3.80	3.74
Communication Expenses	12.10	16.04
Committee Fees	9.83	10.20
Printing & Stationery	9.89	6.45
Directors' Sitting Fees	0.13	0.13
Rent, Rates and Taxes	17.80	12.80
Stock Exchange Listing Fee	2.77	2.27
ROC Filing Fees	0.08	0.07
Office Repairs and Maintenance	-	1.07
Legal and Professional Charges	188.35	151.35
Conveyance & Travelling Expenses	20.63	22.07
Advertisement Expenses	1.27	1.71
Corporate Expenses for Debentures	25.00	-
Bank Charges	0.23	0.05
Office Expenses	9.59	14.55
Electricity Expenses	1.26	1.42
Registrar & Share Transfer Expenses	1.24	1.60
Miscellaneous Expenses	3.72	3.34
Penalty Charges	0.07	-
Internal Audit Fees	0.81	0.81
Auditors Remuneration -		
Audit Fees	1.50	1.72
TOTAL	380.06	326.12

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

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

Particulars

Liabilities side :

(Rs. in lacs)

	Amount outstanding	Amount overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	4552.87	4552.87
: Unsecured (other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	982.52	982.52
(d) Inter-Corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	11890.32	11890.32
(g) Cash Credit	-	-
(h) External Commercial Borrowing	-	-
Note: Amount of Secured Debenture, Term Loan, Public Deposit and Cash Credit are exclusive of overdue interest.		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured Debentures	-	-
(b) In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other Public Deposits (exclusive of overdue interest)	11890.32	11890.32
Assets side :		
Amount outstanding		
(3) Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	4528.71	-
(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Leased assets including lease rentals under sundry debtors :		
(a) Financial Lease	4468.70	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	3369.62	-
(b) Repossessed Assets	-	-
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

SCHEDULE 10 (cont'd)

(Rs. in lacs)

		Amount outstanding
(5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares	: (a) Equity	0.40
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
2. Unquoted :		
(i) Shares	: (a) Equity	-
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
Long Term Investments		
1. Quoted :		
(i) Shares	: (a) Equity	-
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) PSE Securities		1.66
2. Unquoted :		
(i) Shares	: (a) Equity	490.25
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) PSE Securities		-

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

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	12367.03	12367.03
Total	-	12367.03	12367.03

SCHEDULE 10 (cont'd)

(Rs. in lacs)

	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) excluding stock in trade		
Category		
Quoted :		
1. Related Parties * *		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-
Unquoted :		
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	N.A.	490.00
2. Other than related parties	N.A.	1.91
Total	-	491.91

(8) Other information

Particulars

	Amount
(i) Gross Non-Performing Assets*	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets*	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

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

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

SCHEDULE 11 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting Convention :

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

2. Expenses :

All the expenses are provided on accrual basis.

3. Revenue :

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

4. Retirement Benefits :

The Gratuity is accounted for on accrual basis.

5. Investments :

Investments of the Company are valued as under -

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

II. NOTES TO THE ACCOUNTS:

1. Contingent Liabilities (Not provided for)

(Rs.in Lacs)

31.03.2009 31.03.2008

Sales tax liabilities disputed
by the Company, pending appeal **88.07** 88.07

2. (i) The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from the public as on 31st March, 2009 excluding security deposits stood at Rs.118.90 crores.
- (ii) The liability of Public Fixed Deposit is subject to reconciliation, reconfirmation, verification, netting off due to loans against fixed deposit. Previously the records were decentralized at respective regions which were transferred, computerized and maintained at Ahmedabad Office. Some of the records were also damaged during the earthquake at Ahmedabad in the year 2001. Pursuant to the direction of the Special Committee, effective from 01.04.2006 all records are now being maintained at the Registered Office at Mumbai.
- (iii) The Company was registered with Reserve Bank of India (RBI) as Non-Banking Finance Company (NBFC). The application for re-registration as required by the Reserve Bank of India Amendment Act, 1997 has been rejected by its Order dated 13/01/2004 under section 45 IA of the RBI Act, 1934 notified on 14th January 2004. On an appeal filed by the Company, the Ministry of Finance being the Appellate Authority for NBFC registration, directed RBI to maintain status quo for one year. However, on a Writ filed by RBI against the order of Ministry of Finance, the Hon'ble Delhi High Court vide Order dated 8/9/2005 upheld the decision of RBI and as such the Company cannot transact the business of a Non-Banking Finance Company (NBFC) as defined

in Clause (a) of section 45-I of the RBI Act, 1934. However, since the Special Committee appointed by the Hon'ble High Court at Bombay is in charge of the management and affairs of the Company, no further steps were considered necessary in the matter.

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

3. Secured Creditors :-

The Hon'ble High Court of Bombay vide its Order dated 3/2/2005 directed the secured creditors to approach the Special Committee for the settlement of their dues. The Hon'ble High Court also directed regarding disbursement of funds to various creditors under the scheme empowered to be finalized by the Special Committee. The Special Committee, accordingly, has been authorized to utilize the funds recovered from the properties / debtors of the Company, whether charged as a security or not, towards the scheme formulated for fixed deposit holders and other secured & unsecured creditors in appropriate proportion. Accordingly, and on the basis of availability of funds the Special Committee initiated steps to meet the secured creditors and settle the dues. Till 31/3/2009 the Special Committee has reached settlements with all the secured creditors i.e. Banks and Financial Institutions except one Financial Institution. The status of pending settlements are being submitted to the Hon'ble High Court of Bombay by the Special Committee and will take steps as per the directions of the Hon'ble High Court of Bombay regarding the pending cases of settlement.

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

The Hon'ble High Court vide Order dated 3rd May, 2007 has directed the scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly the scheme has been forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide its letter dated 25th May, 2007. Further, as per order dated 17th December, 2007 of Hon'ble High Court of Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debenture Holders in view of order dated 10th December, 2007 of SAT. During the course of hearing on 16th December, 2008 before the Hon'ble High Court of Bombay, ICICI Bank Ltd., the Debenture Trustee and Repco Bank Ltd., major debenture holder raised certain objections. In view of the objection, the Special Committee thought it proper and advised Board of Directors to propound a new Scheme of Compromise with Non-Convertible Debenture Holders u/s 391 of the Companies Act, 1956.

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

Lloyds Finance

The Special Committee in its meeting held on 22/05/2009 has approved the new Scheme of Compromise and the same has also been approved by Board of Directors in its meeting held on 26/05/2009. The Company has filed an application with The Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd. (NSE) for obtaining their approval under Clause 24(f) of Listing Agreement.

Further, the Debenture Liability also includes 17% Redeemable Non Convertible Debentures issued to REPCO Bank Ltd. on private placement basis. The Special Committee in its meeting held on 22/05/2009 has approved a Scheme of Compromise to be filed u/s 391 of the Companies Act, 1956 and the Board of Directors has also approved the same in its meeting held on 26/05/2009. The Company has filed an application with BSE and NSE for obtaining their approval under Clause 24(f) of the Listing Agreement.

In view of the above and in view of the affairs of the Company now seized before the Hon'ble High Court at Bombay it will be prudent to mention that all the creditors i.e. secured & unsecured will be repaid only under the scheme to

be formulated by the Special Committee and to be approved by the Hon'ble High Court at Bombay, no distinction regarding the security / charges are being made here because all the creditors will be paid on the basis of scheme to be formulated for each class of creditor but on the basis of availability of funds. The funds for such scheme are being made available from the realization of the assets of the Company which are primarily in the form of receivables / debtors.

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

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

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

(Rs.in lacs)

7. Managerial Remuneration

1. Salary
2. Contribution to Provident Fund

	31.03.2009	31.03.2008
	4.78	4.78
	0.48	0.48

8. Earning Per Share :

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

Weighted average number of shares :

Outstanding during the year
(Loss) for the year (in Lacs)
(Loss) per share (Rs.)

	31.03.2009	31.03.2008
	37412020	37412020
	(314.83)	(4143.00)
	(0.84)	(11.07)

9. Related Party disclosure :

- a) Party where control exists : Nil
- b) Key Managerial Personnel : The Key Managerial Personnel are functioning under the superintendence of Special Committee, appointed by the Hon'ble High Court of Bombay vide its orders dated 12/3/2004 & 12/4/2004 in Company Petition 1017/2002 Company Application No 231/2004.
Mr. Pankaj R. Desai
(Managing Director)

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

As per our attached report of even date

For **Vijay H. Shah & Co.**
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

22nd Annual Report 2008-2009**Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay****CASH FLOW STATEMENT**

(Pursuant to Clause 32 of the listing agreement for the year ended 31st March,2009)

(Rs. in lacs)

Particulars	2008-09	2007-08
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax and extraordinary items	(338.09)	(4,275.48)
Add : Income Tax refund of earlier years	23.26	132.48
Bad debts written off	7.42	4,091.96
Operating profit before working capital changes	(307.41)	(51.04)
(Increase)/Decrease in net stock on hire	-	0.16
(Increase)/Decrease in loans and advances	9.71	30.93
(Increase)/Decrease in other receivables	1,102.10	4,750.20
Increase/(Decrease) in current liabilities	41.97	(5.70)
Cash generated from operations	846.37	4,724.55
Written off against NPA's	(7.42)	(4,091.96)
Net Cash from Operating Activities (A)	838.95	632.59
CASH FLOW FROM INVESTING ACTIVITIES :		
(Placement) / Redemption of bank deposits	(365.49)	(51.76)
Sale of Fixed Assets	-	35.42
Sale of investments	7.50	9.01
Net Cash from Investing Activities (B)	(357.99)	(7.33)
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Bank Borrowings	-	(414.30)
Increase/(Decrease) in long term borrowings	(35.70)	(3,771.82)
Increase/(Decrease) in fixed deposits	(320.83)	(367.64)
Increase/(Decrease) in other borrowings	(152.80)	-
Remission of Liabilities	57.86	4,000.62
Net Cash from Financing Activities (C)	(451.47)	(553.14)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	29.49	72.12
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR	124.52	52.40
CASH & CASH EQUIVALENTS AT THE END OF YEAR	154.01	124.52

As per our attached report of even date
For **Vijay H. Shah & Co.**
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board
Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

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

Lloyds Finance

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT, 1956
AS ON 31st MARCH, 2009**

I. Registration Details	
Registration No.	37130
State Code	11
Balance Sheet Date	31.03.2009
II. Capital raised during the year (Amount in Rs. Thousands)	
Public Issue	NIL
Rights Issue	NIL
Private Placement	NIL
Bonus issue	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities	4235827
Total Assets	4235827
Sources of Funds :	
Paid-up Capital	374120
Reserves & Surplus	2082762
Secured Loans	553539
Unsecured Loans	1225406
Application of Funds :	
Net Fixed Assets	6012
Investments	49191
Net Current Assets	1285284
Accumulated Losses	2895340
IV. Performance of Company (Amount in Rs. Thousands)	
Total Income	5108
Total Expenditure	38748
Profit / (Loss) before tax	(33640)
Profit / (Loss) after tax	(31483)
Earnings Per Share (Rs.)	(0.84)
Dividend (%)	NIL
V. Generic Names of Principal Products/Services of Company (as per monetary terms)	
Item Code No.	N. A.
Product Description	1. Corporate Finance 2. Lease & Hire Purchase 3. Consumer Finance

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

Place : Mumbai
Date : 30th June, 2009

LLOYDS FINANCE LIMITED

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

DP ID *	
Client ID *	

ATTENDANCE SLIP

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

Folio No.	
No. of Shares	

I, Certify that I am a registered Member / Proxy for the registered Member of the Company, I hereby record my presence at the **22nd Annual General Meeting of LLOYDS FINANCE LIMITED** to be held at Jasmine Hall, 1st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 on Friday, the 28th day of August, 2009 at 10:30 a.m.

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

Name of the Proxy in full _____
(in BLOCK LETTERS)

(To be filled in if the Proxy attends instead of Member/s)

Member/s / Proxy/s Signature(s)

----- Tear Here ----- ✂ -----

LLOYDS FINANCE LIMITED

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

DP ID *	
Client ID *	

PROXY FORM

Folio No.	
No. of Shares	

I / We _____ of _____ of _____ being a member / members of LLOYDS FINANCE LIMITED hereby appoint _____ of _____ or failing him _____ of _____ as my/our Proxy to attend and vote for me/us, on my/our behalf at the **22nd Annual General Meeting of LLOYDS FINANCE LIMITED** to be held on Friday, the 28th day of August, 2009 at 10:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature _____

Affix Re. 1/- Revenue Stamp

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

*Applicable for investors holding shares in electronic form.

Tear Here

BOOK - POST

To,

If undelivered, please return to :
BIGSHARE SERVICES PVT. LTD.
(Unit : Lloyds Finance Limited)
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400 072.