

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

**18th Annual
Report
2004 - 2005**

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>

**Sr. Vice President (legal) &
Company Secretary**
M. G. Jalan

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

Regd. Office :
2nd Floor, Viraj Impex House,
47, P. D' Mello Road,
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, 18th Annual General Meeting of the Members of **LLOYDS FINANCE LIMITED** will be held on Thursday, the 30th day of June, 2005 at 10.30 a.m. at Jasmine Hall, 1st Floor, Centre No. 1, MVIRDC, World Trade Centre, 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 2005 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 24th June 2005 to 30th June 2005 (both days inclusive) in terms of Section 154 of the Companies Act,1956.
3. Pursuant to the Section 205-A of the Companies Act, 1956 the company has already transferred unclaimed dividend for the year 1996-97 to the Investor Education and Protection Fund.
4. 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, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka,
Andheri (East), Mumbai-400 072.
Tel. : 28473474, 2847 0652,53 Fax : 2847 5207
5. Members are requested to quote the Folio Number in the correspondence with the Company.
6. Members who have multiple accounts in the 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 consolidated of all such shareholdings into once account to facilitate better services.
7. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to forward the same in writing atleast 7 days before the date of the meeting to Mr. M. G. Jalan- Company Secretary at the following address, 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**

-Sd-

M. G. JALAN

Sr.Vice President (Legal) &
Company Secretary

Regd. Office :-

Viraj Impex House,2nd Floor, 47,
P. D. Mello Road, Mumbai- 400 009.
Tel. : 23759592, 23755997 Fax : 23705669
Date: 11th May, 2005

18th Annual Report 2004 - 2005 **Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay**
**Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	: Shri Puranchand Soni
Date of Birth	: 16/08/1938
Experience	: He has rich experience in Management, Finance and Consultancy.
Qualification	: M.Com., FCS
Name of Companies in which outside directorship held	: Lloyds Steel Industries Ltd.
Membership of the Committees on the Board	: 1. Member of the Audit Committee 2. Member of the Shareholder and Investor Grievances Committee.

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

Lloyds Finance

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 Eighteenth Annual Report of the Company with the audited statement of accounts for the financial year ended 31st March, 2005.

1. Financial Results

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

	31/03/2005	31/03/2004
	(Rs. in Lacs)	(Rs. in Lacs)
Gross Income	204.34	367.85
Profit before non-cash charges	(149.46)	(1172.28)
Non-cash charges	—	468.47
Write-offs	680.52	25.03
Net Profit / (Loss) for the year	(829.98)	(1665.77)
Balance brought forward	(28587.83)	(26922.06)
Loans written back	10087.85	—
Balance Carried Forward	(19329.96)	(28587.83)

2. Dividend

In view of the losses the Directors have not recommended any Dividend for the year ended 31st March, 2005.

3. Management Analysis and Discussion Report

You are aware that the Special Committee has been appointed by the Hon'ble High Court of Bombay vide Order dated 12th March 2004 comprising of Justice V.R.Datar (Retd.), High Court of Bombay as Chairman of Special Committee and Shri S.C.Malhotra I.P.S.,Retd. D.G.P. of Maharashtra State and Shri P.K.Bansal, I.P.S., Retd. D.G.P. of Gujarat State as Members of the Special Committee. After resignation of Justice V.R.Datar (Retd.) as Chairman of Special Committee on account of new assignment from Government of Maharashtra, Justice A.B.Palkar (Retd.), High Court of Bombay has been appointed as Chairman of the Special Committee vide Order dated 24/2/2005 by the Hon'ble High Court of Bombay. Pursuant to the Order of the Hon'ble High Court the Managing Director and the Company Secretary are working under the superintendence of the Special Committee.

The Special Committee is concentrating on recoveries and in addition to pursuing upon 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 has not been in a position to restart so far any business activity and the thrust is on recovery of its dues and repayment of its liability in a phased manner.

The Committee has reached One Time Settlement with few Banks and Financial Institutions and is hopeful of more settlements during this year.

The present income of the Company is mainly from business done in the past, since the Company is not doing NBFC activities w.e.f. 14th May 1998 as per restrictions imposed by Reserve Bank of India.

Adequacy of Internal Control :

The Company has a very effective Internal Control System covering both accounting and administrative control.

Share Capital :

The Company's share capital was Rs.3741.20 Lacs during the year.

Loan Fund :

Company's loan fund at the year end had been Rs.30646.34 Lacs during the year as compared to Rs.40783.65 Lacs last year. The reduction was caused due to settlement and repayment etc.

Investment :

Investment during the year remained at Rs.509.92 Lacs.

Human Resources / Industrial Relation :

In spite of the Company being under the management of Special Committee and facing financial difficulties, the morale of the employees remained high.

Listing :

The Company's Equity Shares are listed at the Stock Exchange Mumbai and the National Stock Exchange Ltd. Your Directors are pleased to inform you that with effect from 13/4/2005 the Stock Exchange Mumbai has revoked the suspension and permitted the members for trading into securities of the Company.

Future Outlook :

The outlook for the year 2005-06 appears to be positive with the settlement of debts with Banks and Financial Institutions, scheme for repayment to small depositors and better recovery prospects and all efforts put forth by the Special Committee for recovery of dues from the defaulters.

Fixed Deposit :

The Company has neither accepted any fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from public as on 31-3-2005 excluding security deposits and inter-corporate deposits stood at Rs.131.38 Crores. As you are aware, the Special Committee appointed by the Hon'ble High Court of Bombay is incharge 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 High Court of Bombay vide its order dated 3/2/2005 approved the scheme of repayment formulated by the Special Committee for the repayment of deposits up to Rs.5000/-. The scheme for the other category/slab of depositors shall be framed by the Special Committee on the basis of availability of funds generated out of the recovery from the debtors of the Company. The above Scheme has superseded the previous scheme and orders passed including by Company Law Board which now does not prevail.

4. Statutory Information

There were no employees during the year ended 31st March, 2005 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 outgoing during the year under review.

5. Directors

Mr. P.C.Soni, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

6. 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 2005 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 estimate 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, 2005 on a going concern basis.

7. 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.

8. 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 letters from them to effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

9. 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.

10. Acknowledgement

The Board wishes to express its deep appreciation to all staff members for the efficient and loyal services rendered by them.

For and on behalf of the Board

Place : Mumbai
Date : 11th May, 2005

Basant Bhoruka
Chairman

CORPORATE GOVERNANCE

(a) Company's philosophy

The Company believes in good Corporate Governance. The company is under the superintendence of the Special Committee appointed by the Hon'ble High Court vide order dated 12th March, 2004. The Special Committee is headed by Shri. A.B. Palkar (Retd. Justice 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 Special Committee. Further order dtd.12th April,2004 of 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 now 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 scheme to be framed from time to time under directions of Hon'ble High Court of Bombay.

(b) The Board of Directors

The Board of Directors comprises of a Managing Director and 2 Non-executive - independent Directors.

The proposal for the increase in the strength of the board to the desired level for Meeting of the compliance of the listing agreement Clause 49 and Audit Committee etc. was placed before the Special Committee appointed by the Hon'ble High Court of Bombay and in charge of the management and affairs of the company and the Special Committee gave the direction that though the Special Committee has been appointed by 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 with the existing terms and conditions without any change. The Board is therefore functioning as per the direction given by the Special Committee and the meeting of the Board, Audit Committee, Remuneration Committee, Investor Grievance Committee etc are being conducted with the direction and approval of the Special Committee

During the year four Board meetings were held on 19th June 2004, 23rd July 2004, 29th October 2004 and 31st January 2005 respectively.

Directors attendance at the Board Meeting is as follows.

Name of Director	Category	Attendance at Board Meeting
Mr. Basant Boruka	Chairman, independant	4
Mr. P.C. Soni	Non-Executive, independent	4
Mr. Pankaj Desai	Managing Director	4

None of the directors of the company was a member of more than Ten Committees of Board nor was a chairman of more than Five Committees across all Companies in which he was a Director.

(c) Details of Remuneration of Directors.

The reappointment of Mr. Pankaj Desai was Made for a period of five years w. e.f. 1st November, 2001. The Special Committee appointed by the High Court Bombay has given direction for the continuance of the service of Managing Director with the same remuneration, terms and conditions and the details of remuneration paid to Mr. Pankaj Desai, Managing Director is given below.

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

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

Name	Sitting Fees for attending Board Meeting & Committee Meeting Rs.
Mr. Basant Boruka	6000
Mr. P. C. Soni	6000
Mr. Pankaj Desai	NIL

(d) Audit Committee

The audit Committee constituted by the Company consists of Shri Basant Bhoruka, Shri. P.C.Soni and Shri. Pankaj Desai.

During the year the committee held four meeting on 19th June 2004, 23rd July 2004, 29th October 2004 and 31st January 2005 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 FD, report on compliances with statutory requirements. The audit committee review and discuss the report of internal auditors from time to time.

The minutes of the Audit Committee are circulated to the Board, discussed and taken note of at the Board Meeting.

Mr. M.G. Jalan, the Company Secretary acts as the Secretary to the Committee.

Attendance of the members at the meeting of the audit committee held during 2005-05.

Name of Director	Category	Attendance at Committee Meeting
Mr. Basant Bhoruka	Chairman	4
Mr. Pankaj Desai	Managing Director	4
Mr. P. C. Soni.	Non executive	4

(e) Share/ Investor Grievance Committee.

During the year, the Committee held four meetings on 19th June 2004, 23rd July 2004, 29th Oct, 2004 and 31st January 2005 respectively.

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

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

The Board has designated Shri. M. G. Jalan, 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
DCA / MCA	182	121
Bombay Stock Exchange	15	15
SEBI Complaints	50	7
Legal Notice	0	0
Misc. / Direct	33	33

(f) General Body Meeting

The last three Annual General Meetings were held as under :

Financial year	Date	Time	Location
2003-2004	19-8-04	11.00 A.M.	Orchid Room, 1st Floor, Centre No.1, MVIKDC World Trade Centre, Cuffe Parade, Mumbai-400005.
2002-2003	14-8-03	11.30.A.M.	Seminar Room I &II, Cuffe Parede, WTC, Mumbai.
2001-2002	18-9-02	11.00 A.M.	Seminar Room I &II, Cuffe Parede, WTC, Mumbai.
Year ended 31-3-2004 – No Special Resolution was passed.			
Year ended 31-3-2003 – One Special Resolution was passed.			
Year ended 31-3-2002 – Two Special Resolutions were passed.			

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

Lloyds Finance

(g) 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 transaction during the year.

(h) 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 2003 under section 15(C) of the SEBI Act, 1992 for non-redressal of investors complaints pertaining to 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 SEBI Appellate Tribunal (SAT) and the appeal is pending.

The Stock Exchange Mumbai had imposed reinstatement fee of Rs. 8,34,000/- for revocation of suspension of trading into securities of the Company and accordingly on payment the suspension is revoked w.e.f. 13th April, 2005.

(i) Means of Communication

The quarterly and half-yearly unaudited financial results were published in Free press journal & Navashakti.

(j) Listing of Shares.

The shares of the company are listed and being traded on Bombay Stock Exchange and National Stock Exchange only. The Bombay Stock Exchange revoked the suspension and granted permission to trade in the securities of the company with effect from 13th April 2005.

(k) General Shareholder Information.

- | | |
|---|--|
| i) Annual General Meeting | Date : 30th June 2005
Venue : Jasmine Hall, 1st Floor,
Centre 1, MVIRDC World Trade Centre,
Cuffe Parade, Mumbai – 400 005. |
| ii) Results for quarter ending 30.06.2004 | Fourth week of July 2004 |
| Results for quarter ending 30.09.2004 | First week of November 2004 |
| Results for quarter ending 31.12.2004 | First week of February 2005 |
| Results for quarter ending 31.03.2005 | Second week of May 2005 |
| iii) Book Closure Date | Friday, 24th June, 2005 to Thursday, 30th June, 2005 (both days inclusive) |
| iv) Dividend Payment Date | Not declared |
| v) Listing of Equity Shares on | Mumbai and National Stock Exchange |
| vi) Stock Code 507870 – | Bombay Stock Exchange National Stock Exchange of India Ltd. |
| vii) Stock Market Data | |
| National Stock Exchange | |

	(NSE) High	(in Rs.) Low
April 2004	0.75	0.45
May 2004	0.75	0.55
June 2004	0.70	0.45
July 2004	0.70	0.45
Aug. 2004	0.65	0.50
Sept. 2004	1.45	0.40
Oct. 2004	1.60	0.85
Nov. 2004	2.15	1.40
Dec. 2004	2.55	1.75
Jan. 2005	3.10	1.85
Feb. 2005	4.00	2.00
Mar. 2005	3.75	2.50

- 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, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai-400 072.
Tel. : 2847 3474 / 2847 0652-53 • Fax : 28475207
- ix) Share Transfer System
Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt.

x) Distribution of shareholding as on 31st March, 2005

No. of Equity Shares held	Total No. of Holders	% of Total holders	Total Holding in Rupees	% of Total Capital
Up to 5000	61,523	91.21	11,15,30,910	29.81
5001 to 10000	2,895	4.29	2,34,66,120	6.27
10001 to 20000	1,350	2.00	2,08,97,700	5.59
20001 to 30000	456	0.68	1,16,80,430	3.12
30001 to 40000	188	0.28	68,52,200	1.83
40001 to 50000	353	0.52	1,70,75,300	4.56
50001 to 100000	366	0.54	2,88,43,860	7.71
Above 100000	321	0.48	15,37,73,680	41.10
Total	67452	100.00	37,41,20,200	100.00

xi) Categories of Shareholders.

Category	No. of Shares	%
Promoters	3604403	9.64
Companies	4010668	10.72
Individuals	28288741	75.61
FII's, NRIs & OCBs	1175840	3.14
Mutual Funds, Banks & Fis	250993	0.67
Others	81375	0.22
TOTAL	37412020	100.00

- xii) Dematerialisation of Shares
Over 64% of the outstanding shares have been dematerialized up to 31st March 2005.
Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchanges 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 / dematerialisation of shares, payment of dividend on shares, Interest and redemption of debentures and any other query relating to the Shares and debentures of the Company.

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai – 400 072.
Tel. : 2847 3474 / 2847 0652-53 Fax : 2847 5207

(b) Any query on Annual Report

Secretarial Department :
Viraj Impex House, 2nd Floor, 47, P. D'Mello Road,
Masjid (East), Mumbai – 400 009.
Tel. : 2375 9592 / 2375 5997 • Fax : 2370 5669

**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, 2005, 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.

VIJAY H. SHAH
Chartered Accountants

Place : Mumbai
Date : 11th May, 2005

VIJAY H SHAH & Co.
Proprietor

18th Annual Report 2004 - 2005
AUDITORS REPORT

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

To the Members of

Lloyds Finance Limited

We have audited the attached Balance Sheet of LLOYDS FINANCE LIMITED AS AT 31ST March 2005 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 and 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 and 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.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2005.
 - 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.

Place : Mumbai
Date : 11th May 2005

VIJAY SHAH
Proprietor

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

Lloyds Finance

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 2005.

1. The nature of Company's activities during the year have been such that clauses (iii), (iv), (v), (vii), (viii), (xiii), (xvi), (xvii), (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 2005 excluding security deposits and inter-corporate deposit stood at Rs. 131.38 crores. Special Committee appointed by the Hon'able High Courts of Bombay is incharge 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 High Court of Bombay vide its order dated 3rd February, 2005 approved the Scheme of repayment formulated by the Special Committee for the repayment of deposits upto Rs. 5000. The Scheme for the other category/slab of depositors shall be framed by the Special Committee on the basis of availability of funds generated out of the recovery from the debtors of the Company. The above scheme has superseded the previous scheme and orders passed including by Company Law Board which now does not prevail.
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 networth 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. 30646.34 lakh as compared to Rs. 40783.65 lakh 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 : 11th May 2005

VIJAY SHAH
Proprietor

LLOYDS FINANCE LTD.**BALANCE SHEET AS AT 31 ST MARCH 2005**

(Rs.in Lacs)

SOURCES OF FUND	SCHEDULE	31.03.2005	31.03.2004
1. SHAREHOLDERS' FUND			
A. SHARE CAPITAL	1	3,741.20	3,741.20
B. RESERVES AND SURPLUS	2	9,985.11	9,985.11
		13,726.31	13,726.31
2. LOAN FUNDS			
A. SECURED	3	17,144.41	25,293.42
B. UNSECURED	4	13,501.93	15,490.23
		30,646.34	40,783.65
TOTAL FUNDS EMPLOYED		44,372.65	54,509.96
APPLICATION OF FUNDS			
1. FIXED ASSETS			
GROSS BLOCK	5	101.71	299.74
LESS : DEPRECIATION		6.17	175.17
NET BLOCK		95.54	124.57
2. UNQUOTED INVESTMENTS	6	509.91	775.22
3. CURRENT ASSETS, LOANS & ADVANCES	7	33,927.56	34,548.15
LESS : CURRENT LIABILITES	8	558.70	590.67
LESS : INTEREST PAYABLE		8,931.62	8,935.14
NET CURRENT ASSETS		24,437.24	25,022.34
4. PROFIT & LOSS A/C		19,329.96	28,587.83
TOTAL ASSETS		44,372.65	54,509.96
ADDITIONAL SCHEDULE	14		
NOTES TO ACCOUNTS	15		

As per our attached report of even date

For and on behalf of the Board

For **Vijay H. Shah & Co.**
Chartered Accountants**Basant B. Bhoruka**
Chairman**Pankaj R. Desai**
Managing Director**Vijay H. Shah**
Proprietor**M. G. Jalan**
Sr.Vice President (Legal) &
Company SecretaryPlace : Mumbai
Date : 11th May, 2005

LLOYDS FINANCE LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2005

(Rs.in Lacs)

	SCHEDULE	31.03.2005	31.03.2004
INCOME			
LEASE & HIRE PURCHASE (Refer Note 6 of Notes to Accounts)	9	200.00	291.56
CORPORATE FINANCE	10	—	0.22
INTEREST		0.75	13.49
MISCELLANEOUS		3.59	62.59
		<u>204.34</u>	<u>367.85</u>
EXPENDITURE			
INTEREST	11	—	1,148.36
ADMINISTRATIVE & GENERAL EXPENSES	12	353.80	348.09
NON CASH CHARGES	13	—	468.47
DEBT / ADV./ INVEST. / ASSETS WRITTEN OFF		680.52	68.69
		<u>1,034.32</u>	<u>2,033.62</u>
TOTAL EXPENSES		1,034.32	2,033.62
PROFIT \ (LOSS) FOR THE YEAR		(829.98)	(1,665.77)
ADD : BALANCE BROUGHT FORWARD		(28,587.83)	(26,922.05)
LESS : LOANS WRITTEN BACK		10,087.85	—
LOSS CARRIED TO BALANCE SHEET		(19,329.96)	(28,587.83)
ADDITIONAL SCHEDULE	14		
NOTES TO ACCOUNTS	15		

As per our attached report of even date

For and on behalf of the Board

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

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Vijay H. Shah
Proprietor

M. G. Jalan
Sr.Vice President (Legal) &
Company Secretary

Place : Mumbai
Date : 11th May, 2005

LLOYDS FINANCE LTD.

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

	31.03.2005	31.03.2004
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
	<u>7,500.00</u>	<u>7,500.00</u>
B. Issued, Subscribed and Paid up.		
37412020 Equity Shares of Rs. 10/- each fully paid up	3,741.20	3,741.20
(Out of above.)		
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)		
	<u>3,741.20</u>	<u>3,741.20</u>
2. RESERVES AND SURPLUS		
Share Premium	7,418.26	7,418.26
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)		
	<u>9,985.11</u>	<u>9,985.11</u>
3. SECURED LOANS		
A. Debentures		
I) 250000 18.50% Redeemable NCDs of Rs. 1000/- each	2,166.67	2,166.67
II) 2084933,15% Redeemable NCDs of Rs. 120 each	2,420.86	2,420.66
III) 4, 17% Redeemable NCDs of Rs. 1 crore each after repayment	122.28	122.28
B. Term Loan from Institutions	4,930.04	5,700.33
C. Cash Credits from Banks	7,504.56	14,883.48
	<u>17,144.41</u>	<u>25,293.42</u>
4. UNSECURED LOANS		
A. Fixed Deposits	13,137.52	13,272.43
B. Security Deposits	364.41	368.04
C. External Commercial Borrowings	—	1,849.76
	<u>13,501.93</u>	<u>15,490.23</u>

**LLOYDS FINANCE LTD.
SCHEDULES FORMING PART OF BALANCE SHEET**

5. FIXED ASSETS

(Rs.in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 31.03.2004	ADDI- TIONS	DEDU- CTIONS	As on 31.03.2005	UPTO 31.03.2004	FOR THE YEAR 04-05	DEDUC- TIONS	AS ON 31.03.2005	AS ON 31.03.2005	AS ON 31.03.2004
1. OFFICE EQUIPMENTS	22.52		22.52	—	10.45		10.45	—	—	12.07
2. DATA PROCESSING EQUIPMENTS	148.86		148.86	—	148.86		148.86	—	—	
3. FURNITURE & FIXTURES	26.13		26.13	—	9.28		9.28	—	—	16.85
4. VEHICLES	0.51		0.51	—	0.40		0.40	—	—	0.11
5. LAND & BUILDING	101.71			101.71	6.17			6.17	95.54	95.54
TOTAL ==>	299.74	—	198.02	101.71	175.17	—	169.00	6.17	95.54	124.57
Previous Year	720.86	0.20	421.32	299.74	201.10	2.73	28.66	175.17	124.57	

6. INVESTMENTS						(Rs.in Lacs)
		Quantity	Value 31.03.2005	Quantity	Value 31.03.2004	
Investment in Govt.Securities/Units :						
11.50% GOI Stock 2010			1.66		1.66	
	A		1.66		1.66	
Others						
Sarthak Capital Services Ltd			—	90000	4.10	
Europa Enterprises Ltd.	Rs.10	4900000	490.00	4900000	490.00	
Indo Tech Transformers Limited			—	200000	110.00	
Akasha Synocotex Ltd	Rs.10		—	1500000	150.00	
Shamrao Vithal Co-op. Bank	Rs.50	500	0.25	500	0.25	
Laxmi Finance Co-op. Housing Society Ltd.	Rs.10	50	0.00	50	0.01	
Gujarat Venture Fund Limited	1	1	18.00	1	19.20	
	B		508.25		773.56	
TOTAL	A+B		509.91		775.22	

			(Rs.in Lacs)	
			31.03.2005	31.03.2004
7. CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS				
1. Cash and Bank Balances				
a. Cash on hand				
			1.00	0.92
b. Balances with Scheduled Banks				
In Deposit Accounts				
			9.94	19.94
In Current Accounts				
			485.25	9.39
2. Receivables				
(Unsecured, considered good)				
a. More than 6 months				
			33,202.75	33,754.70
3. Stock in Trade				
			0.96	109.15
			33,699.90	33,894.10
B. LOANS AND ADVANCES				
(considered good)				
Staff Loans				
			38.53	38.53
Sundry Deposits				
			4.88	27.43
Advance payments of Tax				
			6.67	6.56
Other Advances				
			177.58	581.53
			227.66	654.05
8. CURRENT LIABILITIES				
A. CURRENT LIABILITIES				
Sundry Creditors				
			125.64	122.16
Statutory Liabilities				
			2.16	1.36
Other liabilities				
			430.90	467.15
			558.70	590.67

LLOYDS FINANCE LTD.
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

	31.03.2005	31.03.2004
9. INCOME FROM LEASE AND HIRE PURCHASE		
Leasing	200.00	252.48
Hire Purchase	—	39.08
	<u>200.00</u>	<u>291.56</u>
10. CORPORATE FINANCE INCOME		
Income From Financing Activities	—	0.21
Dividend	—	—
	<u>—</u>	<u>0.21</u>
11. INTEREST COST		
Fixed Deposits	—	1,148.36
	<u>—</u>	<u>1,148.36</u>
12. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries & Allowances	115.78	143.42
Contribution to Employees Provident Fund Etc.	5.42	7.05
Communication Expenses	15.22	25.91
Committee Expenses	9.98	—
Printing & Stationery	3.70	4.61
Directors' Sitting Fees	0.12	0.21
Rent, Rates and Taxes	12.98	11.44
Stock Exchanges Listing Fees	9.28	0.73
ROC Filing Fees	1.07	0.27
Repairs and Maintenance (Office)	7.21	3.70
Legal and Professional Charges	133.59	90.07
Conveyance & Travelling Expenses	16.70	26.36
Advertisement Expenses	0.94	1.08
Bank Charges	0.56	0.83
Office Expenses	11.30	16.88
Electricity Expenses	4.15	8.02
Share Transfer Expenses	1.06	1.26
Miscellaneous Expenses	2.01	3.60
Internal Audit Fees	1.05	1.03
Auditors Remuneration	—	—
a. Audit Fees	1.68	1.62
	<u>353.80</u>	<u>348.09</u>
13. NON CASH CHARGES		
Depreciation	—	468.47
	<u>—</u>	<u>468.47</u>

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

18th Annual Report 2004 - 2005

SCHEDULE 14 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 (Reserve Bank) Directions, 1998

(Rs. in lakhs)

Particulars

Liabilities side :

	Amount outstanding	Amount overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	4709.81	4709.81
: Unsecured (other than falling within the meaning of public deposits)	—	—
(b) Deferred Credits	—	—
(c) Term Loans	4,930.04	4,930.04
(d) Inter-corporate loans and borrowing	—	—
(e) Commercial Paper	—	—
(f) Public Deposits	13,137.52	13,137.52
(g) Cash Credit	7,504.56	7,504.56
(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)	13,137.52	13,137.52
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	18,490.26	—
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	7,882.46	—
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	6,830.03	—
(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-14- (Cont'd)

(Rs. in lacs)

(5) **Break-up of Investments :**

Current Investments :

		Amount Outstanding
1. <u>Quoted</u>	:	
(i) Shares	:	
	(a) Equity	0.96
	(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) Share	:	(a) Equity	—
		(b) Preference	—
(ii) Debentures and Bonds			—
(iii) Units of mutual funds			—
(iv) Government Securities			Nil
(v) PSE Securities			1.66

2. Unquoted :

(i) Shares	:	(a) Equity	508.25
		(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

1. Related Parties
(a) Subsidiaries
(b) Companies in the same group
(c) Other related parties
2. Other than related parties
Total

Amount net of provisions

Secured	Unsecured	Total
—	—	—
—	—	—
—	—	—
—	—	—
—	33,202.75	33,202.75
—	33,202.75	33,202.75

(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

2. Other than related parties

Total

Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
—	—
—	—
—	—
—	—
N.A.	490.00
N.A.	19.90
	509.91

(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.)

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

Lloyds Finance

SCHEDULE 15 : 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 on going efforts being made by the company for recovery and repayment of dues.

2. Expenses :

All the expenses are provided on accrual basis except interest cost.

3. Revenue

In respect of income arising out of lease agreements under litigation, it is the Company's policy to accrue lease income on due basis as per the terms of the agreement entered into with the lessees in spite of significant uncertainties of recovery.

4. Fixed Assets.

Fixed Assets on which depreciation is charged are taken in the books at net values.

5. Depreciation:

The company provides depreciation on straight-line method at rates as prescribed under schedule XIV of the Companies Act, 1956.

6. Retirement Benefits :

The Gratuity is accounted for on accrual basis.

7. 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)	
	31.3.2005	31.3.2004
i) Guarantees	268.00	268.00
ii) Income tax liabilities disputed by the Company.	514.39	994.60
iii) Sales tax liabilities disputed by the company.	25.97	25.97

2. (i) The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposit of the public as on 31st March, 2005 excluding security deposits and inter-corporate deposit stood at Rs. 131.38 crores.

(ii) 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. 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 creditors on the basis of recovery of dues from Company's borrowers.

(iii) The initial scheme framed by the Special Committee has already been approved by the Hon ble High Court of Bombay and the payments are being made accordingly.

(iv) The Honorable Company Law Board has rescheduled the repayment of fixed deposits vide order dated 16.4.1999 and revised order dated 22.12.2000. After appointment of Special Committee by the Hon ble High Court, the CLB order is superseded.

(v) The Company was registered with Reserve Bank of India as Non Banking Finance Company. 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. As such Company cannot transact the business of a non-banking financial institutions as defined in Clause (a) of section 45-I of the RBI Act 1934. The matter is subjudice and pending before Delhi High Court.

(vi) 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 has been transferred, computerized and maintained at Ahmedabad Office. Some of the records were also damaged during the earthquake at Ahmedabad in the year 2001.

3. Secured Loans :-

(i) Loans are secured by hypothecation of specific lease/hire purchase assets, the related rentals, book debts, personal guarantees etc.

(ii) Some of the loans from banks and Institutions have been settled. Hence liability to the extent of settlement of Rs. 9998.96 lacs have been reduced from the books. The Company has yet to receive No Dues Certificate from S.B.I. and ING Vysya Bank.

4. In the absence of quotations of listed companies, stock-in-trade of those shares are valued at token amount instead of lower of cost or Market value.

5. The provision of interest liability on fixed deposit is not required under the present circumstances hence management felt that crystallising the liability of interest on fixed deposit may be discontinued and can be considered in future depending on the availability of funds and circumstances. Interest provided in the books till previous year is Rs.8931.62 Lacs.

6. The income shown in the Profit & Loss Account of Rs. 200 Lacs (Previous year Rs.291.56 Lacs) is not an income from the business during the year but an income accrued from the business done in the past. All such accrued income is now completed in the current financial year and therefore the income from Lease and Hire Purchase will be NIL from the next financial year.

7. 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.

8. Secured Redeemable Non Convertible debentures together with all interest, remuneration payable to the trustees and all other monies in respect thereof are secured by :

A first mortgage and charge on the Company's flat at Mercantile Apartment, 1st Floor, Chembur, Mumbai. Such mortgage and charge ranking pari passu with the mortgages and charges created in favour of ICICI Bank Ltd. in its capacity as The Trustee for the holders of Non-convertible Debentures. An exclusive charge on the specific equipments of the Company, wherever situated, including the Company's receivables, lease rentals, hire charges and all other amounts arising in respect of the said equipments together with interest and all other monies vide Debenture Trust Deed dated 17.4.96 for Rs.190 crores and the Debenture trust deed dated 12.12.95 for Rs. 25 crores.

18th Annual Report 2004 - 2005

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

9. 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		CLOSING STOCK	
	Qty	Value (in lacs)	Qty	Value (in lacs)	Qty	value (in lacs)	Qty	Value (in lacs)
Shares Nos.	584937 (587987)	109.15 (109.19)			1337 (3050)	(0.05)	583600 (584937)	0.96 (109.15)

10. MANAGERIAL REMUNERATION

(Rs.in lacs)

1. Salary
2. Contribution to Provident Fund

	31.03.2005	31.03.2004
1. Salary	4.78	4.78
2. Contribution to Provident Fund	0.48	0.48

11. Segment reporting is not applicable due to non functioning of company.

12. 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 potential 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.)

Year ended 31.3.2005	Year ended 31.3.2004
37412020	37412020
(829.98)	(1665.77)
(2.22)	(4.45)
Nil	

13. Related Party disclosure

- a) Party where control exists :
- b) Key Managerial Personnel :

The Key Managerial Personnel are functioning under the suprintendence of Special Committee, appointed by the Hon'ble High Court of Bombay vide its order dated 12/3/2004 in Company Petion 1017/2002 Company Application No 231/2004.

Mr. Pankaj Desai Managing Director

During the year no transactions were carried out except managerial remuneration with the related parties and Key managerial personnel.

Note : Related party relationship is as identified by the company and relied upon by the auditors.

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

As per our attached report of even date

For and on behalf of the Board

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

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Vijay H. Shah
Proprietor

M. G. Jalan
Sr.Vice President (Legal) &
Company Secretary

Place : Mumbai
Date : 11th May, 2005

CASH FLOW STATEMENT

Particulars	(Rs. in lacs)	
	2004-05	2003-04
CASH FLOW FROM OPERATING ACTIVITIES		
Profit(Loss) before tax and extraordinary items	-829.98	-1665.77
Add: Interest	—	1148.36
Non-Cash Charges	—	468.47
(Profit)/Loss on assets given on lease		
Bad debts written off	680.52	25.03
(Profit)/Loss on investments (net)	—	—
Dividend received	—	-0.39
Interest received	—	—
Loss on sale of assets	—	44.58
Loss on assets	—	—
Investment w.off	—	—
Loss on sale of stock-in-trade	—	0.04
Operating profit before working capital changes	-149.46	20.32
(Increase)/Decrease in net stock on hire	108.19	416.33
(Increase)/Decrease in loans and advances	426.4	3138.12
(Increase)/Decrease in other receivables	551.95	803.56
Increase/(Decrease) in current liabilities	-35.49	1098.9
Cash generated from operations	901.59	5477.23
Written off against NPA's	-680.52	-25.03
Interest Paid	—	-1148.36
Net Cash from Operating Activities (A)	221.07	4303.84
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of bank deposits	10.00	67.75
Redemption of Bank deposits		
Purchase of fixed assets	—	-0.20
Sale of fixed assets	29.02	392.66
Loss on sale of assets	—	(44.58)
Sale of investments	265.30	—
Interest received	—	—
Dividend received	—	0.39
Net Cash from Investing Activities (B)	304.32	416.02
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Share Capital/Share Premium		
Increase/(Decrease) in Bank Borrowings	-7378.92	—
Increase/(Decrease) in long term borrowings	-770.29	-4068.76
Increase/(Decrease) in fixed deposits	-134.91	-626.83
Increase/(Decrease) in other borrowings	-1853.18	-18.25
Loans written Back	10087.85	—
Net Cash from Financing Activities (C)	-49.45	-4713.84
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	475.94	6.02
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR	10.31	4.29
CASH & CASH EQUIVALENTS AT THE END OF YEAR	486.25	10.31

For and on behalf of the Board

Basant B. Bhoruka Chairman
Pankaj R. Desai Managing Director

Place : Mumbai
Date : 11th May, 2005

M. G. Jalan
Sr.Vice President (Legal) &
Company Secretary

AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of LLOYDS FINANCE LIMITED derived from the audited financial statements for the year ended 31st March 2005 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with the Stock Exchange.

For **VIJAY H. SHAH & CO,**
Chartered Accountants

Place : Mumbai
Date : 11th May, 2005

Vijay H.. Shah
Proprietor

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

18th Annual Report 2004 - 2005
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS
PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT 1956
AS ON 31st MARCH, 2005

I. Registration Details	
Registration No.	37130
State Code	11
Balancesheet Date	31.03.2005
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	4437265
Total Assets	4437265
Sources of Funds	
Paid-up Capital	374120
Reserves & Surplus	998511
Secured Loans	1714441
Unsecured Loans	1350193
Application of funds	
Net Fixed Assets	9554
Investments	50992
Net Current Assets	2443724
Accumulated Losses	1932996
IV. Performance of Company (Amount in Rs. Thousands)	
Total income	20434
Total Expenditure	103432
Profit/Loss Before tax	82998
Profit/Loss After tax	82998
Earnings Per Share (Rs.)	(2.22)
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 Desai
Managing Director

Place : Mumbai
Date : 11th May, 2005

M. G. Jalan
Sr.Vice President (Legal) &
Company Secretary



LLOYDS FINANCE LIMITED

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

ATTENDANCE SLIP

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

Name of the attending Member

Member's Folio No. No. of Shares Held

Name of Proxy
(To be filled if the Proxy attends instead of the Member)

I hereby, record my presence at the 18th ANNUAL GENERAL MEETING OF Lloyds Finance Limited at the Jasmine Hall, 1st Floor, Centre No. 1, MVIRDC, World Trade Centre, Cuffe Parade, Mumbai - 400 005 on Thursday, the 30th day of June, 2005 at 10.30 a.m.

Member's / Proxy's Signature(S)



PROXY FORM
LLOYDS FINANCE LIMITED

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

DP ID*	
Client ID*	

Registered Folio No.	
----------------------	--

I/We of in the district of being a Member/Members of the above named Company, hereby appoint of in the district of or failing him of in the District of as my / our Proxy to attend and vote for me/us, on my/our behalf at the 18th Annual General Meeting of Lloyds Finance Limited, to be held on Thursday, the 30th day of June, 2005 at 10.30 a. m. and at any adjournment thereof.

Signed this day of 2005.

Signature



Member's Folio

No. of Shares

This form is to be used
* in favour of the resolution. Unless otherwise instructed, the Proxy will act as he think Fit.
* against

*Strike out whichever is not desired.

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.

BOOK - POST

To,

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

Crystal - 23823151/52