

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

**19th Annual  
Report  
2005 - 2006**

**Lloyds Finance**

**Lloyds Finance Limited**

## **Board Of Directors**

<b>Basant B. Bhoruka</b>	<i>Chairman</i>
<b>P. C. Soni</b>	<i>Director</i>
<b>Pankaj R. Desai</b>	<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, 19th Annual General Meeting of the Members of **LLOYDS FINANCE LIMITED** will be held on Friday, the 18th day of August, 2006 at 10.30 a.m. at MVIRDC, World Trade Centre, Seminar Room I & II 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 2006 and the Balance Sheet as at that date together with Directors' and Auditors' Report thereon.
2. To appoint a director in place of Shri. Basant Bhoruka, 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.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:  
**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to such approval as may be necessary. Shri Pankaj R Desai be and is hereby re-appointed as Managing Director of the Company, for a period of five years with effect from 1st November, 2006 and he be paid remuneration in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956 as under with effect from the aforesaid date:
  - A. Basic Salary of Rs.3,96,000/- (Rupees three Lac Ninety Six Thousand Only) per annum with the authority to the Board to grant additional increments from time to time as they deem fit and proper so however that the total salary does not exceed the sum of Rs.12,00,000/- p.a.
  - B. House Rent Allowance of Rs.81,600/- (Eighty One Thousand Six Hundred Only) per annum with the authority to the Board to raise the allowance from time to time as they deem fit and proper so however that the total H.R.A. does not exceed the sum of Rs.3,00,000/- p.a.
  - C. Perquisites with authority to the Board to revise the ceiling on perquisites keeping in view the future increments :-
    - (i) Medical : Expenses incurred for the Managing Director and his family, subject to such ceiling per annum as may be fixed by the Board from time to time.
    - (ii) Leave : For the Managing Director and his family, Travel once in a year incurred in accordance with any rules specified by the Company and as may be modified by the Board from time to time.Explanation : For the purpose Clause (i) & (ii), "family" means the spouse and the dependent children of the Managing Director
  - D. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be made to the extent these either singly or put together are not taxable under the Income Tax.
  - E. Gratuity Payable shall not exceed half a month's salary for each completed year of service.
  - F. Leave : One month's leave with full salary for every 11 months of service. Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.
  - G. Provision of car for use on Company's business will not be considered as perquisites. However the use of car for

private purpose shall be billed by the Company to the Managing Director.

- H. Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company subject however to a reasonable ceiling as may be fixed by the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorised to revise the remuneration payable to him as Managing Director, from time to time subject to the ceiling laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, without further approval of the members of the company, but with such other approvals, sanctions, or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove, where in any financial year, during the currency of the tenure of the director, the Company has no profits or its profits are inadequate, the company shall pay to Shri Pankaj R. Desai, minimum remuneration by way of salary, perquisites and other allowances as above subject to the ceiling laid down in under Part II of Schedule XIII to the Companies Act, 1956 and such other amendments to the act from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances etc, within the prescribed limit or ceiling and to give effect to such modification, relaxation or variation without further reference to the Company in general meeting.

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

### 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 11th August 2006 to 18th August, 2006 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
3. An explanatory statement pursuant to section 173(2) of the Companies Act 1956 setting out the material facts in respect of item No.4 is annexed hereto.
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.
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. All documents referred to the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m. till the date of this Annual General Meeting.

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8. 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.

**Date : 21<sup>st</sup> June, 2006**

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) of THE COMPANIES ACT 1956

#### Item No. 1

The Company is working under the Special Committee appointed by the Hon'ble High Court. As per the directives of the Hon'ble High Court at Bombay vide its Order dated 12/4/2004 the Director and Company Secretary are functioning under the superintendence of the Special Committee.

Shri Pankaj R Desai, was appointed as the Managing Director of the company w.e.f. 1st November, 2001 for a period of five years. His term of office is due to expire on 31st October, 2006.

It is felt that the continuity of services of Shri Pankaj R Desai will help and support the Special Committee to continue the smooth functioning. The Special Committee has given their consent for the reappointment of Shri Pankaj R Desai as Managing Director for further period of five years w.e.f. 1st November, 2006.

The terms and conditions of his re-appointment as Managing Director are as follows :

- A. Basic Salary of Rs.3,96,000/- (Rupees three Lac Ninety Six Thousand Only) per annum with the authority to the Board to grant additional increments from time to time as they deem fit and proper so however that the total salary does not exceed the sum of Rs.12,00,000/- p.a.
- B. House Rent Allowance of Rs.81,600/- (Eighty One Thousand Six Hundred Only) per annum with the authority to the Board to raise the allowance from time to time as they deem fit and proper so however that the total H.R.A. does not exceed the sum of Rs.3,00,000/- p.a.
- C. Perquisites with authority to the Board to revise the ceiling on perquisites keeping in view the future increments :-
- (i) Medical : Expenses incurred for the Managing Director and his family, subject to such ceiling per annum as may be fixed by the Board from time to time.
- (ii) Leave : For the Managing Director and his family,  
Travel : family, once in a year incurred in accordance with any rules specified by the Company and as may be modified by the Board from time to time.
- Explanation : For the purpose Clause (i) & (ii), "family" means the spouse and the dependent children of the Managing Director
- D. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be made to the extent these either singly or put together are not taxable under the Income Tax.
- E. Gratuity Payable shall not exceed half a month's salary for each completed year of service.

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- F. Leave : One month's leave with full salary for every 11 months of service. Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.
- G. Provision of car for use on Company's business will not be considered as perquisites. However the use of car for private purpose shall be billed by the Company to the Managing Director.
- H. Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company subject however to a reasonable ceiling as may be fixed by the Board of Directors.

If in any financial year, during the currency of the tenure of Shri Pankaj R Desai, the Company has no profits or its profits are inadequate, the company shall pay to Shri Pankaj R. Desai, minimum remuneration by way of salary, perquisites and other allowances as above subject to the ceiling laid down in under Part II of Schedule XIII to the Companies Act, 1956 and such other amendments to the act from time to time.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.

The terms and conditions of appointment of Shri Pankaj R Desai may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to between the Board of Directors and Shri Pankaj R Desai subject to the approval of the Special Committee appointed by the Hon'ble High Court, Bombay in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

Pursuant to Part II of Schedule of XIII, of the Companies Act 1956, the Central Government approval is required for the re-appointment of Shri Pankaj R Desai as Managing Director. However the Company is working under the Special Committee appointed by the Hon'ble High Court. As per the directions of the Hon'ble High Court at Bombay vide its Order dated 12/4/2004 the Directors and Company Secretary are functioning under the superintendence of the Special Committee. The Special Committee has directed to continue the Board. The Special Committee has given approval for re-appointment of Shri Pankaj R Desai as Managing Director for further period of 5 years w.e.f. 1st November, 2006.

The draft of agreement between the company and Shri Pankaj R Desai is open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day of the company except Sunday and holidays.

The above may also be treated as an abstract under Section 302 of the Companies Act, 1956.

In compliance with the provisions of Section 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, the Board recommends the above resolution for your approval.

Shri Pankaj R Desai is concerned or interested in the Resolution since it relates to his re-appointment and payment of remuneration. None of the other Directors is in any way concerned or interested in the said resolution.

**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.

**Date : 21st June, 2006**

## 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 Nineteenth Annual Report of the Company with the audited statement of accounts for the financial year ended 31st March, 2006.

#### 1. Financial Results

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

	31/03/2006	31/03/2005
	(Rs. in Lacs)	
Gross Loss / Income	5.23	204.34
Profit before non-cash charges	(347.57)	(149.46)
Non-cash charges	—	—
Write-offs	1451.76	680.52
Net Profit / (Loss) for the year	(1799.33)	(829.98)
Balance brought forward	(19329.96)	(28587.83)
Liabilities written back (net)	3256.28	10087.85
I.T. refund of earlier years	196.91	—
Balance Carried Forward	(17676.10)	(19329.96)

#### 2. Dividend

In view of the losses the Directors have not recommended any Dividend for the year ended 31st March, 2006.

#### 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 Managing Director and the Company Secretary 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 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 is not doing NBFC activities 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 was registered with Reserve Bank of India (RBI) 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. 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 financial institution 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.

The Company is, under the direction of the Special Committee appointed by the Hon'ble High Court of Bombay, complying with all the requirements of the Listing Agreement, The Companies Act and the 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 vide order dated 3/2/2005.

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

#### 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 continued its high growth performance with a record growth of 8%. 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 2006-07 appears to be positive with the settlement of debts with Banks and Financial Institutions, scheme for repayment to small depositors 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 31-3-2006 excluding security deposits and inter-corporate deposits stood at Rs.129.16 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

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by the Special Committee for the repayment of deposits up to Rs.5000/-. The scheme for the other category of slab of depositors pursuant to the direction of the Hon'ble High Court of Bombay shall be framed by the Special Committee on the repayment of the claims of depositors received in the category up to Rs.5000/- on the basis of availability of funds generated out of the recovery from the debtors of the Company. The above superseded the previous scheme and orders passed including by Company Law Board, which now does not prevail.

#### 5. Banks & Financial Institutions borrowings

The Directors wish to inform that pursuant to the directions of Hon'ble High Court and the Special Committee, One Time Settlements have been reached with most of the Banks and Financial Institutions numbering 17 so far for an amount of Rs.222.12 Crore outstanding in the books of the Company. The negotiations are in progress under the directions of the Special Committee with few Banks and Financial Institutions having outstanding of Rs.23.47 Crore which are pending settlements.

#### 6. Debentures

As regards the liability of Non-Convertible Debenture outstanding in the books of the Company, the Hon'ble Securities Appellate Tribunal (SAT) vide Order dated 17/3/2006 directed a scheme to be formulated in consultation with the Securities Exchange Board of India (SEBI). The Special Committee appointed by the Hon'ble High Court of Bombay has formulated a scheme for repayment to debenture holders in association with SEBI. The Scheme has been placed by the Special Committee before the Hon'ble High Court of Bombay for approval. The Hon'ble SAT vide Order dated 5/5/2006 appreciated the fact of 'No Objection' of SEBI to the scheme formulated by the Special Committee and submission of the scheme before the Hon'ble High Court of Bombay.

#### 7. Statutory Information

There were no employees during the year ended 31st March, 2006 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.

#### 8. Directors

Mr. Pankaj Desai was appointed as Managing Director of the company for a period of five years w.e.f. 1st November, 2001. His five years term of appointment will be expired on 31st October, 2006. The Special Committee appointed by the High Court Bombay have given their consent subject to the approval of the Members in the General Meeting to re-appoint Mr. Pankaj Desai as the Managing Director of the Company for a further period of five years w.e.f. 1st November, 2006. The remuneration, terms and

conditions and other details of his appointment as Managing Director for a further period of five years as approved by the Special Committee appointed by the High Court Bombay forms part of the Notice.

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

#### 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 2006 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, 2006 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 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.

#### 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 cooperation and to all staff members for the efficient and loyal services rendered by them.

For and on behalf of the Board

Place : Mumbai  
Date : 21st June, 2006

**Basant Boruka**  
Chairman

**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 superintendence 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 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 settlement reached with them as per the scheme to be framed from time to time under directions of Hon'ble High Court of Bombay.

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.

**(b) The Board of Directors**

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

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. The Board is therefore functioning as per the direction given by the specified Committee and the meeting of the Board, Audit Committee, Remuneration Committee, Investor Grievance Committee etc. is being conducted with the direction and approval of the Special Committee.

During the year four Board meetings were held on 11th May, 2005, 28th July, 2005, 27th October, 2005 and 30th January, 2006 respectively.

Directors attendance at the Board Meeting is as follows.

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

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, 2006 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 has been considered as per Clause 49 of the Listing Agreement.**

\*\* Mr. Pankaj Desai is being reappointed as Managing Director for a further period of five years w.e.f. 1st November, 2006.

**(c) Audit Committee**

The Audit Committee constituted by the Company consists of three directors with 2 independent Non-executive Directors :

Shri Basant Bhoruka — Chairman, Non-Executive Independent Director  
 Shri. P.C.Soni — Non-Executive Independent Director  
 Shri. Pankaj R Desai — Managing Director

During the year the committee held four meetings on 11th May, 2005, 28th July, 2005, 27th October, 2005, 30th January, 2006 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,

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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.

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 2005-06.

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

**(d) Share/ Investor Grievance Committee.**

During the year, the Committee held four meetings on 11th May, 2005, 28th July, 2005, 27th October, 2005 and 30th January, 2006 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, complaints/queries from shareholders/investors etc. and redressal of complaints / queries.

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
Direct	71	71
Bombay Stock Exchange	11	11
SEBI Complaints	41	41
DCA	0	0
Investor's Association	0	0

**(e) Details of Remuneration of Directors.**

Mr. Pankaj Desai was appointed as Managing Director of the company for a period of five years w.e.f. 1st November, 2001. His five years term of appointment is due to expire on 31st October, 2006. The Special Committee appointed by the High Court Bombay has given their consent to reappoint Mr. Pankaj Desai as the Managing Director for a further period of five years w.e.f. 1st November, 2006. The remuneration, terms and conditions and other details of his appointment as Managing Director for a further period of five years as approved by the Special Committee appointed by the High Court Bombay forms part of the Notice.

The details of remuneration paid to Mr. Pankaj Desai, Managing Director with approval of the Special Committee for the year ended 31st March, 2006 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 Bhoruka	6000
Mr. P.C. Soni	6000
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	Location
2004-2005	30-6-05	10.30 A.M.	Jasmine Hall, 1st Floor, Centre No. 1, MVIRDC, World Trade Centre, Cuffe Parade, Mumbai – 400 005.
2003-2004	19-8-04	11.00 A.M.	Orchid Room, 1st Floor, Centre No.1, MVIRDC World Trade Centre, Cuffe Parade, Mumbai-400005.
2002-2003	14-8-03	11.30.A.M.	Seminar Room I &II, Cuffe Parede, WTC, Mumbai.
Year ended 31-3-2005 – No Special Resolution was passed.			
Year ended 31-3-2004 – One Special Resolution was passed.			
Year ended 31-3-2003 – Two Special Resolutions were passed.			

(ii) Postal Ballot

No Postal Ballot was conducted during the year.

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

**Lloyds Finance**

### **(g) Disclosure**

- (i) Disclosure on materially significant related party transaction i.e. transactions of the Company of materially 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 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) and the appeal is pending.

The Hon'ble SAT vide Order dated 17/3/2006 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 has been formulated and placed before the Hon'ble High Court of Bombay by the Special Committee for approval.

The Stock Exchange, Mumbai has imposed reinstatement fees 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.

- (iii) Disclosure of Directors seeking appointment / reappointment

The details pertaining to Directors seeking appointment / reappointment are furnished as annexure to Notice convening Annual General Meeting.

- (iv) Secretarial Audit

A qualified practicing 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/CFD 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/CFD 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, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- b) The quarterly and half-yearly unaudited financial results were published in Free Press Journal & Navashakti.
- 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](http://www.sebiedifar.nic.in) maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.
- d) The Company's financial results and official news releases are displayed on the Company's website [www.lloydsfin.com](http://www.lloydsfin.com).
- 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.lloydsfin.com](http://www.lloydsfin.com).

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

Pursuant to the requirement of Clause 51 of Listing Agreement, Company has also posted its quarterly and half yearly results through Electronic Data Information Filing and Retrieval (EDIFAR) on the web site [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

**(k) General Shareholder Information.**

- (I) Annual General Meeting Date : 18th August 2006  
Venue : Seminar Room No. 1 & 2 Centre 1, MVIRDC World Trade Centre, Cuffe Parade, Mumbai – 400 005.
- (II) Results for quarter ending 30.6.2006 First week of August 2006  
Results for quarter ending 30.9.2006 First Week of November 2006  
Results for quarter ending 31.12.2006 First week of February 2007  
Audited Results for Financial year 2006-2007 On or before 30th June, 2007
- (III) Book Closure Date 11th Aug. 2006 to 18th Aug. 2006  
(both days inclusive)
- (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 2006-07 (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  
National Stock Exchange  
Lloydsfin.com  
Demat ISIM Number in NSDL & CDSL  
For Equity Shares INE174A01015

(VII) Stock Market Data

**National Stock Exchange**

	<b>NSE High</b>	<b>(in Rs.) Low</b>
April 2005	4.20	2.95
May 2005	3.60	3.15
June 2005	4.00	2.70
July 2005	5.85	3.00
Aug. 2005	5.70	3.90
Sept. 2005	5.50	2.90
Oct. 2005	2.85	1.65
Nov. 2005	2.40	1.85
Dec. 2005	2.10	1.60
Jan. 2006	2.20	1.75
Feb. 2006	1.80	1.45
Mar. 2006	1.60	1.15

- (VIII) Registrar and Transfer Agents (share transfer and communication regarding share certificate dividends and change of address)  
Tel : 2847 3474 / 2847 0652-53  
Fax : 28475207  
Bigshare Services Pvt.Ltd  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai-400072.

**(IX) Share Transfer System**

Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt.

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

**Lloyds Finance**

**(X) Distribution of Shareholding as at 31st March 2005.**

No of Equity Shares held.	Total Holders holders	% of Total in Rupees. Nos.	Total Holding Capital.	% of Total
Up to 5000	58,845	88.58	10,78,64,140	29.81
5001 to 10000	3,575	5.38	3,02,92,450	8.10
10001 to 20000	1,777	2.67	2,86,07,940	7.65
20001 to 30000	660	0.99	1,73,31,330	4.63
30001 to 40000	255	0.38	93,44,210	2.50
40001 to 50000	461	0.69	2,23,45,870	5.97
50001 to 100000	497	0.75	3,81,52,800	10.20
Above 100000	365	0.55	12,01,81,460	32.12
<b>Total 66435</b>	<b>100.00</b>	<b>37,41,20,200</b>	<b>100.00</b>	

**(XI) Categories of Shareholders.**

Category	No. of Shares.	%
Companies	5250936	14.04
Individuals	31221436	83.45
FII's, NRIs & OCBs	630297	1.68
Mutual Funds, Banks & Fis	249650	0.67
Others	59701	0.1
<b>Total</b>	<b>37412020</b>	<b>100.00</b>

**(XII) Dematerialisation of Shares**

Over 64% of the outstanding shares have been dematerialized up to 31st March 2006. 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, 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.

**(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

**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, 2006.

For Lloyds Finance Limited

Place : Mumbai  
Date : 21st June, 2006

**Pankaj Desai**  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have reviewed implementation of Corporate Governance procedure set by Lloyds Finance Limited ("The Company") for the year ended 31<sup>st</sup> March, 2006 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

**VIJAY H.SHAH**  
Chartered Accountants

Place : Mumbai  
Date : 21st June, 2006

**VIJAY H SHAH & Co.**  
Proprietor

19th Annual Report 2005 - 2006  
**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, 2006 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, 2006.
    - 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 : 21st June,2006

**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, 2006.**

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, 2006 excluding security deposits and inter corporate deposit stood at Rs.129.16 crores. 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.
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.27138.68 lacs as compared to Rs.30646.34 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 : 21st June,2006

**VIJAY SHAH**  
Proprietor

**LLOYDS FINANCE LTD.****BALANCE SHEET AS AT 31 ST MARCH 2006**

(Rs.in Lacs)

<b>SOURCES OF FUND</b>	<b>SCHEDULE</b>	<b>31.03.2006</b>	<b>31.03.2005</b>
<b>1. SHAREHOLDERS' FUND</b>			
A. SHARE CAPITAL	1	<b>3,741.20</b>	3,741.20
B. RESERVES AND SURPLUS	2	<b>9,985.11</b>	9,985.11
		<b>13,726.31</b>	13,726.31
<b>2. LOAN FUNDS</b>			
A. SECURED	3	<b>13,858.50</b>	17,144.41
B. UNSECURED	4	<b>13,280.18</b>	13,501.93
		<b>27,138.68</b>	30,646.34
<b>TOTAL FUNDS EMPLOYED</b>		<b>40,864.99</b>	44,372.65
<b>APPLICATION OF FUNDS</b>			
1. FIXED ASSETS			
GROSS BLOCK	5	<b>101.71</b>	101.71
LESS : DEPRECIATION		<b>6.17</b>	6.17
<b>NET BLOCK</b>		<b>95.54</b>	95.54
2. UNQUOTED INVESTMENTS	6	<b>509.91</b>	509.91
3. CURRENT ASSETS, LOANS & ADVANCES	7	<b>23,277.33</b>	33,927.56
LESS : CURRENT LIABILITES	8	<b>693.89</b>	9,490.32
<b>NET CURRENT ASSETS</b>		<b>22,583.44</b>	24,437.24
4. PROFIT & LOSS A/C		<b>17,676.10</b>	19,329.96
<b>TOTAL ASSETS</b>		<b>40,864.99</b>	44,372.65
<b>ADDITIONAL SCHEDULE</b>	11		
<b>NOTES TO ACCOUNTS</b>	12	—	—

As per our attached report of even date

For **Vijay H. Shah & Co.**  
Chartered Accountants**Vijay H. Shah**  
ProprietorPlace : Mumbai  
Date : 21st June,2006

For and on behalf of the Board

**Basant B. Bhoruka**  
Chairman**Pankaj R. Desai**  
Managing Director**M. G. Jalan**  
Sr.Vice President (Legal) &  
Company Secretary

**LLOYDS FINANCE LTD.  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2006**

(Rs.in Lacs)

	SCHEDULEs	Ended 31.03.2006	Ended 31.03.2005
<b>INCOME</b>			
LEASE & HIRE PURCHASE (Refer Note 3 of Accounting Policies)	9	—	200.00
INTEREST		2.91	0.75
MISCELLANEOUS		1.36	3.59
PROFIT ON SALE OF SHARES		0.96	—
		—	—
		<b>5.23</b>	<b>204.34</b>
<b>EXPENDITURE</b>			
ADMINISTRATIVE & GENERAL EXPENSES	10	349.34	353.80
DEBTS/ADV./INVEST./ASSETS WRITTEN OFF		1,451.76	680.52
<b>TOTAL EXPENSES</b>		<b>1,801.10</b>	<b>1,034.32</b>
<b>PROFIT/(LOSS) FOR THE YEAR BEFORE TAX</b>		<b>(1,795.87)</b>	<b>(829.98)</b>
ADD : PROVISION FOR FRINGE BENEFIT TAX		(3.46)	—
<b>PROFIT/(LOSS) FOR THE YEAR AFTER TAX</b>		<b>(1,799.33)</b>	<b>(829.98)</b>
LESS : IT REFUND OF EARLIER YEARS		196.91	—
		<b>(1,602.42)</b>	<b>(829.98)</b>
ADD : BALANCE BROUGHT FORWARD		<b>(19,329.96)</b>	<b>(28,587.83)</b>
LESS : LIABILITIES WRITTEN BACK (NET)		3,256.28	10,087.85
<b>LOSS CARRIED TO BALANCE SHEET</b>		<b>(17,676.10)</b>	<b>(19,329.96)</b>
<b>ADDITIONAL SCHEDULE</b>	11		
<b>NOTES TO ACCOUNTS</b>	12		

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 : 21st June,2006

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

(Rs.in Lacs)

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 1 :</b>		
<b>SHARE CAPITAL</b>		
<b>A. Authorised</b>		
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>B. Issued, Subscribed and Paid up</b>		
37412020 Equity Shares of Rs. 10/- each fully paid up <b>(Out of above)</b>	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		
	<u>3,741.20</u>	<u>3,741.20</u>
<b>SCHEDULE 2 :</b>		
<b>RESERVES AND SURPLUS</b>		
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>
<b>SCHEDULE 3 :</b>		
<b>SECURED LOANS</b>		
<b>A. Debentures</b>		
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	2,416.72	2,420.86
III) 4, 17% Redeemable NCDs of Rs.1 crore each after repayment	122.28	122.28
<b>B. Term Loan From Institutions</b>	4,910.04	4,930.04
<b>C. Cash Credits from Banks</b>	4,242.79	7,504.56
	<u>13,858.50</u>	<u>17,144.41</u>
<b>SCHEDULE 4 :</b>		
<b>UNSECURED LOANS</b>		
A. Fixed Deposits	12,916.11	13,137.52
B. Security Deposits	364.07	364.41
	<u>13,280.18</u>	<u>13,501.93</u>

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

**SCHEDULE 5.**

**FIXED ASSETS**

(Rs.in Lacs)

Particulars	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As on 31.03.2005	ADDI- TIONS	DEDU- CTIONS	As on 31.03.2006	UPTO 31.03.2005	FOR THE YEAR 05-06	DEDUC- TIONS	AS ON 31.03.2006	AS ON 31.03.2006	AS ON 31.03.2005
LAND & BUILDING	101.71	—	—	101.71	6.17	—	—	6.17	95.54	95.54
<b>TOTAL ==&gt;</b>	101.71	—	—	101.71	6.17	—	—	6.17	95.54	95.54
Previous Year	299.74	—	198.02	101.71	175.17	—	169.00	6.17	95.54	—

## SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 6 :					
INVESTMENTS					
		Quantity	Value As at 31.03.2006	Quantity	Value As at 31.03.2005
(Rs.in Lacs)					
<b>Investment in Govt. Securities / Units :</b>					
11.50% GOI Stock 2010			1.66		1.66
	<b>A</b>		<u>1.66</u>		<u>1.66</u>
<b>Others</b>					
Europa Enterprises Ltd.	Rs.10	4900000	490.00	4900000	490.00
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	0.00
Gujarat Venture Fund Limited	1	1	18.00	1	18.00
	<b>B</b>		<u>508.25</u>		<u>508.25</u>
<b>TOTAL</b>	<b>A+B</b>		<u>509.91</u>		<u>509.91</u>

(Rs.in Lacs)

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 7 :</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
1. Cash and Bank Balances		
a. Cash on hand	0.65	1.00
b. Balances with Scheduled Banks -		
In Deposit Accounts	358.69	9.94
In Current Accounts	91.38	485.25
2. Receivables (Unsecured, considered good)	22,623.76	33,202.75
More than 6 months	0.58	0.96
3. Stock in Trade	<u>23,075.06</u>	<u>33,699.90</u>
<b>B. LOANS AND ADVANCES</b> (considered good)		
Staff Loans	38.53	38.53
Sundry Deposits	4.98	4.88
Advance payments of Tax	0.54	6.67
Other Advances	158.22	177.58
	<u>202.27</u>	<u>227.66</u>
<b>TOTAL</b>	<u>23,277.33</u>	<u>33,927.56</u>
<b>SCHEDULE 8 :</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	146.94	125.64
Interest Payable	—	8,931.62
Statutory Liabilities	3.03	2.16
Other Liabilities	543.92	430.90
<b>TOTAL</b>	<u>693.89</u>	<u>9,490.32</u>

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

(Rs.in Lacs)

	<b>Year ended 31.03.2006</b>	Year ended 31.03.2005
<b>SCHEDULE 9 :</b>		
<b>INCOME FROM LEASE AND HIRE PURCHASE</b>		
Leasing	—	200.00
<b>TOTAL</b>	<b>—</b>	<b>200.00</b>
<b>SCHEDULE 10 :</b>		
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries & Allowances	<b>98.44</b>	115.78
Contribution to Employees Provident Fund Etc.	<b>4.40</b>	5.42
Communication Expenses	<b>14.61</b>	15.22
Committee Expenses	<b>9.07</b>	9.98
Printing & Stationery	<b>3.43</b>	3.70
Directors' Sitting Fees	<b>0.12</b>	0.12
Rent, Rates and Taxes	<b>9.27</b>	12.98
Stock Exchange Listing Fee	<b>0.94</b>	9.28
ROC Filing Fees	<b>0.08</b>	1.07
Office Repairs and Maintenance	<b>2.57</b>	7.21
Legal and Professional Charges	<b>160.92</b>	133.59
Conveyance & Travelling Expenses	<b>22.97</b>	16.70
Advertisement Expenses	<b>1.32</b>	0.94
Bank Charges	<b>0.61</b>	0.56
Office Expenses	<b>12.34</b>	11.30
Electricity Expenses	<b>2.15</b>	4.15
Share Transfer Expenses	<b>2.11</b>	1.06
Miscellaneous Expenses	<b>1.35</b>	2.01
Internal Audit Fees	<b>0.99</b>	1.05
Auditors Remuneration -		
a. Audit Fees	<b>1.65</b>	1.68
<b>TOTAL</b>	<b>349.34</b>	<b>353.80</b>

**Under the Management of Special Committee  
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**SCHEDULE 11 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
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :</b>		
(a) Debentures : Secured	4705.67	4705.67
: Unsecured (other than falling within the meaning of public deposits)	—	—
(b) Deferred Credits	—	—
(c) Term Loans	4910.04	4910.04
(d) Inter-Corporate loans and borrowing	—	—
(e) Commercial Paper	—	—
(f) Public Deposits	12916.11	12916.11
(g) Cash C	4242.79	4242.79
(h) External Commercial Borrowing	—	—
Note: Amount of Secured Debenture, Term Loan, Public Deposit and Cash Credit are exclusive of overdue interest.		
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
(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)	12916.11	12916.11
<b>Assets side :</b>		
Amount outstanding		
<b>(3) Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] :</b>		
(a) Secured	—	—
(b) Unsecured	12095.69	—
<b>(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
(i) Leased assets including lease rentals under sundry debtors :		
(a) Financial Lease	6369.39	—
(b) Operating Lease	—	—
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	4158.68	—
(b) Repossessed Assets	—	—
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	—	—
(b) Loans other than (a) above	—	—

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SCHEDULE 11 (Cont'd)

(Rs. in lacs)

			Amount outstanding
<b>(5) Break-up of Investments :</b>			
<b>Current Investments :</b>			
<b>(1) Quoted :</b>			
(i) Shares :	(a) Equity		0.58
	(b) Preference		—
(ii) Debentures and Bonds			—
(iii) Units of Mutual Funds			—
(iv) Government Securities			—
<b>(2) Unquoted :</b>			
(i) Shares :	(a) Equity		—
	(b) Preference		—
(ii) Debentures and Bonds			—
(iii) Units of Mutual Funds			—
(iv) Government Securities			—
(v) Others (please specify)			—
<b>Long Term Investments</b>			
<b>1. Quoted :</b>			
(i) Shares :	(a) Equity		—
	(b) Preference		—
(ii) Debentures and Bonds			—
(iii) Units of Mutual Funds			—
(iv) Government Securities			—
(v) PSE Securities			1.66
<b>2. Unquoted :</b>			
(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

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	—	22623.76	22623.76
<b>Total</b>	—	<b>22623.76</b>	<b>22623.76</b>



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

**Lloyds Finance**

### SCHEDULE 12 : 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<br>Market Value<br>whichever is lower, scripwise |

#### II. NOTES TO THE ACCOUNTS:

##### 1. CONTINGENT LIABILITIES (Not provided for)

	(Rs. in Lacs)	
	31.3.2006	31.3.2005
i) Income tax liabilities disputed by the Company	152.38	514.39
ii) Sales tax liabilities disputed by the Company	88.07	25.97
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, 2006 excluding security deposits stood at Rs.129.16 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. 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 financial institution 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 31/3/2006 the Special Committee has reached settlements with most of the secured creditors i.e. Banks and Financial Institutions except four Banks and Financial Institutions. 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.

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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		CLOSING STOCK	
	Qty	Value ( in lacs)	Qty	Value ( in lacs)	Qty	value ( in lacs )	Qty	Value (in lacs)
Traded Units								
Shares Nos.	583600 (587987)	0.96 (109.19)	— —	— —	— (1337)	0.38 (0)	— (583600)	0.58 (0.96)

**7. MANAGERIAL REMUNERATION**

1. Salary
2. Contribution to Provident Fund

	(Rs.in lacs)	
	31.03.2006	31.03.2005
1. Salary	4.78	4.78
2. Contribution to Provident Fund	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.)

	31.3.2006	31.3.2005
Weighted average number of shares	37412020	37412020
(Loss) for the year (in Lacs)	(1799.33)	(829.98)
(Loss) per share (Rs.)	(4.81)	(2.22)

**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 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 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 : 21st June, 2006

**CASH FLOW STATEMENT**

Particulars	(Rs. in lacs)	
	2005-06	2004-05
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before tax and extraordinary items</b>	<b>(1799.33)</b>	(829.98)
Add : Income Tax refund of earlier years	196.91	—
Bad debts written off	1451.76	680.52
<b>Operating profit before working capital changes</b>	<b>(150.66)</b>	(149.46)
(Increase)/Decrease in net stock on hire	0.38	108.19
(Increase)/Decrease in loans and advances	25.39	426.40
(Increase)/Decrease in other receivables	10578.99	551.95
Increase/(Decrease) in current liabilities	(8796.43)	(35.49)
<b>Cash generated from operations</b>	<b>1657.67</b>	901.59
Written off against NPA's	(1451.76)	(680.52)
<b>Net Cash from Operating Activities (A)</b>	<b>205.91</b>	221.07
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Placement) / Redemption of bank deposits	(348.75)	10.00
Sale of fixed assets	—	29.02
Sale of investments	—	265.30
<b>Net Cash from Investing Activities (B)</b>	<b>(348.75)</b>	304.32
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Bank Borrowings	(3261.77)	(7378.92)
Increase/(Decrease) in long term borrowings	(20.00)	(770.29)
Increase/(Decrease) in fixed deposits	(221.41)	(134.91)
Increase/(Decrease) in other borrowings	(4.48)	(1853.18)
Loans/Liabilities written back (net)	3256.28	10087.85
<b>Net Cash from Financing Activities (C)</b>	<b>(251.38)</b>	(49.45)
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(394.22)</b>	475.94
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<b>486.25</b>	10.31
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>92.03</b>	486.25

For and on behalf of the Board

**Basant B. Bhoruka**  
Chairman

**Pankaj R. Desai**  
Managing Director

Place : Mumbai  
Date : 21st June, 2006

**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 2006 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 : 21st June, 2006

**Vijay H.. Shah**  
Proprietor

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

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS**  
**PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT 1956**  
**AS ON 31st MARCH, 2006**

<b>I. Registration Details</b>	
Registration No.	37130
State Code	11
Balance Sheet Date	31.03.2006
<b>II. Capital raised during the year</b> <b>(Amount in Rs. Thousands)</b>	
Public Issue	NIL
Rights Issue	NIL
Private Placement	NIL
Bonus issue	NIL
<b>III. Position of Mobilisation and Deployment of Funds</b> <b>(Amount in Rs. Thousands)</b>	
Total Liabilities	4086499
Total Assets	4086499
<b>Sources of Funds</b>	
Paid-up Capital	374120
Reserves & Surplus	998511
Secured Loans	1385850
Unsecured Loans	1328018
<b>Application of Funds</b>	
Net Fixed Assets	9554
Investments	50992
Net Current Assets	2258344
Accumulated Losses	1767610
<b>IV. Performance of Company</b> <b>(Amount in Rs. Thousands)</b>	
Total Income	523
Total Expenditure	180456
Profit / (Loss) before tax	179933
Profit / (Loss) after tax	179933
Earnings Per Share (Rs.)	(4.81)
Dividend (%)	NIL
<b>V. Generic Names of Principal Products/Services of Company</b> <b>(as per monetary terms)</b>	
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

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

Place : Mumbai  
Date : 21st June, 2006



**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 **19th ANNUAL GENERAL MEETING OF Lloyds Finance Limited** at the MVIRDC, World Trade Centre, Seminar Room I & II Cuffe Parade, Mumbai - 400 005 on Friday, the 18th day of August, 2006 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 19th Annual General Meeting of Lloyds Finance Limited, to be held on Friday, the 18th day of August, 2006 at 10.30 a. m. and at any adjournment thereof.

Signed this ..... day of ..... 2006.

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