

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

21st
Annual Report
2007 - 2008

Lloyds Finance

LLOYDS FINANCE LIMITED

Board Of Directors

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

Mrs. Rinku Gadani,
Company Secretary

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

Regd. Office :
2nd Floor, Viraj Impex House,
47, P. D' Mello Road,
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, 21st Annual General Meeting of the Members of LLOYDS FINANCE LIMITED will be held on Thursday the 14th August, 2008 at 10.30 a.m. at "JASMINE" Hall, 1st Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 to transact the following business.

ORDINARY BUSINESS:-

1. To receive and adopt the audited Profit and Loss Account of the Company for the year ended 31st March 2008 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 Boruka, 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 Wednesday, the 6th August, 2008 to Thursday, the 14th August, 2008 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
3. Please intimate the changes, if any, in your registered address, to the Company's Registrar & Share Transfer Agent at the following address:-
Bigshare Services Private Limited,
E-2, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400 072.
Tel : 2847 0652/653 & 4043 0200/299.
Fax : 2847 5207
Email: bss@bigshareonline.com
4. Members are requested to quote the Folio Number or DP ID/Client ID, in case shares are in physical/dematerialized form, as the case may be, in all correspondence with the Company/Registrar & Share Transfer Agent.
5. 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 consolidation of all such shareholdings into one account to facilitate better services.

6. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to forward the same in writing at least 7 days before the date of the meeting to Mr. Pankaj R. Desai, Managing Director at the Registered Office of the Company, so that the same may be attended appropriately to your satisfaction.

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

-sd-

**Rinku Gadani,
Company Secretary**

Regd. Office:-

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

Date: 20th June, 2008

21st Annual Report 2007 - 2008 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 21st Annual Report of the Company with the audited statement of accounts for the financial year ended 31st March, 2008.

1. Financial Results

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

	(Rs. in Lacs)	
	31/03/2008	31/03/2007
Gross Income	145.31	608.77
Expenditure	(326.12)	(310.58)
Profit / (Loss) for the year	(180.81)	298.19
Write-offs	4091.96	3858.86
Profit / (Loss) for the year before tax	(4272.77)	(3560.67)
Provision for Fringe Benefit Tax	(2.71)	(2.52)
Profit / (Loss) for the year after tax	(4275.48)	(3563.19)
Balance of (Loss) brought forward	(24495.57)	(20932.38)
Income Tax refund of earlier years	132.48	-
Balance of (Loss) carried forward	(28638.57)	(24495.57)

2. Dividend

In view of the losses the Directors have not recommended any Dividend for the year ended 31st March, 2008.

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 by formulating scheme on the basis of availability of funds.

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 Non-Banking Finance Company (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. In spite of no business income of the company since last more than 10 years, your company has managed to reduce liability of Banks/Institutions, Fixed Deposit holders, out of recoveries made from defaulters. The reduction in liabilities of Bank/Financial Institutions, Fixed Deposit holders is more than 75%. The major reduction of these liabilities

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was possible under superintendence of Special Committee appointed by Hon'ble High Court of Bombay in last 4 (four) years.

The Company, under the direction of the Special Committee appointed by the Hon'ble High Court of Bombay, is complying with all the requirements of the Listing Agreement, The Companies Act and the Reserve Bank of India like submission of various forms and returns to Stock Exchanges, Registrar of Companies and Reserve Bank of India.

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

It is informed with profound grief that Mr. Justice A. B. Palkar (Retd. Judge of High Court of Bombay) expired on 21st May, 2008 after brief illness, who was Chairman of Special Committee from February, 2005. Due to sad demise of Mr. A. B. Palkar, the Hon'ble High Court of Bombay has appointed Mr. Justice V. R. Datar (Retd. Judge of High Court of Bombay) as Chairman of Special Committee on 12th June, 2008.

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:

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 2008-09 appears to be positive with the settlement of debts with remaining Banks and Financial Institutions, scheme for repayment to small depositors and the debenture holders and better recovery prospects in view of all efforts put forth by the Special Committee for recovery of dues from the defaulters.

4. Fixed Deposit

The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from public as on 31-3-2008 excluding security deposits stood at Rs.122.11 Crore (Previous Year Rs.125.79 Crore). As you are aware, the Special Committee appointed by the Hon'ble High Court of Bombay is in charge of the management and affairs of the Company and entitled

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to frame a scheme for the payment of dues of secured and unsecured creditors including fixed deposit holders.

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

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

5. Banks & Financial Institutions borrowings

The Directors wish to inform that pursuant to the directions of the Hon'ble High Court and the Special Committee, One Time Settlements have been reached with most of the Banks and Financial Institutions numbering 19 so far for an amount of Rs.235.40 Crores (outstanding in the books of the Company). The negotiations are in progress for One Time Settlement of dues under the directions of the Special Committee with remaining Banks and Financial Institutions having outstanding of Rs.10.18 Crore (Previous Year Rs.52.04 Crore) as per books of accounts of company which are pending settlements.

6. Debentures

As regards the liability of Non-Convertible Debentures outstanding in the books of the Company, the Hon'ble Securities Appellate Tribunal (SAT) vide Order dated 17/3/2006 has 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 and the same is also acknowledged by SAT in its order dated 5.5.2006.

The Hon'ble High Court vide Order dated 3rd May, 2007 has directed the Scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly the scheme has been forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide its letter dated 25th May, 2007. Further, as per order dated 17th December, 2007 of Hon'ble High Court of Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debenture holders in view of order dated 10th December, 2007 of SAT. This corrigendum was issued as per application of SEBI and as directed by Hon'ble High Court of Bombay. The scheme is pending before Hon'ble High Court of Bombay as certain queries raised by ICICI Bank Ltd. in its capacity as trustee, are yet to be resolved. The Special Committee is making efforts to resolve all queries/objections at the earliest.

7. Statutory Information

There were no employees during the year ended 31st March, 2008 in respect of whom the particulars are required to be disclosed with reference to Section 217(2A) of the Companies Act, 1956.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and

Technology Absorption in Form B prescribed by the rules. The Company, not being a manufacturing company is advised that Form A and B are not applicable to it. The Company had no Foreign Exchange earnings and outgoings during the year under review.

8. Directors

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

Mr. Basant Bhoruka, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

9. Directors' Responsibility Statement

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2008 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a going concern basis.

10. Auditors' Observations

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

11. Auditors

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

12. Corporate Governance

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

13. Acknowledgement

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

For and on behalf of the Board

Place : Mumbai
Date : 20th June, 2008

Basant Bhoruka
Chairman

(a) Company Philosophy

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

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

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

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

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

(b) The Board of Directors

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

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

During the year 5 (five) Board meetings were held on 21st May, 2007, 26th June, 2007, 31st July, 2007, 29th October, 2007, 31st January, 2008 respectively.

The Company Secretary acts as the Secretary to the Board Meetings.

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

Name of the Director	Category	Attendance at Board Meeting	Whether attended Last AGM held on 14.8.2007	Details of Committee positions held in other Public Co.'s.	
				Chairman	Member
Mr. Basant Bhoruka	Chairman, Non-Executive Independent Director	4	Yes	NIL	NIL
Mr. P.C. Soni	Non-Executive Independent Director	5	Yes	NIL	NIL
Mr. Pankaj Desai	Managing Director	5	Yes	NIL	NIL

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

The details of other Committee Chairmanship and Membership held by the Directors of the Company as at 31st March, 2008 are given below:

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

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

(c) Audit Committee

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

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

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

Mr. Pankaj R Desai - Managing Director

During the year, 5 (five) Audit Committee meetings were held on 21st May, 2007, 26th June, 2007, 31st July, 2007, 29th October, 2007, 31st January, 2008 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

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financial and risk management policies, review of the expenses vis-a-vis budget, repayment of F.D. as per the direction of the Special Committee and the Hon'ble High Court, Bombay, report on compliances with statutory requirements, reviewing compliances as regards the Company's Whistle Blower Policy etc. The Audit Committee reviews the adequacy of internal control systems etc. as mentioned in the scope and powers of the Audit Committee in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

The Company Secretary acts as the Secretary to the Audit Committee.

Attendance of the members at the meeting of the Audit Committee held during 2007-08.

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

(d) Share/ Investor Grievance Committee

During the year, 5 (five) Share / Investor Grievance Committee meeting were held on 21st May, 2007, 26th June, 2007, 31st July, 2007, 29th October, 2007, 31st January, 2008 respectively.

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

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

The Board had designated Mr. M.G. Jalan, Company Secretary as Compliance Officer. He has resigned as Company Secretary w.e.f. 7th January, 2008. Mr. Pankaj R. Desai, Managing Director was designated as Compliance Officer after the resignation of Company Secretary. However, after appointment of new Company Secretary, Mrs. Rinku Gadani has been designated 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	52	52
Bombay Stock Exchange	08	08
SEBI Complaints	12	12
DCA	04	04

(e) Details of Remuneration of Directors

The remuneration of the Managing Director of the Company is approved by the Special Committee appointed by the Hon'ble High Court of Bombay and Board of Directors within the limits of the Act and approved by the Shareholders in the General Meeting held on 18/08/2006. The Government of India, Ministry of Corporate Affairs vide letter dated 05/06/2007 approved the re-appointment of Mr. Pankaj R. Desai as Managing Director for a period of five years w.e.f. 1/11/2006.

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

The details of remuneration paid to Mr. Pankaj Desai, Managing Director with approval of the Special Committee for the year ended 31st March, 2008 is given below:

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

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

Name	Sitting Fees for attending Board Meeting & Committee Meeting *
Mr. Basant Bhorka	Rs. 6000/-
Mr. P.C. Soni	Rs. 7500/-
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
2006-2007	14-8-07	10.30 A.M.	MVIRDC, 31st Floor, World Trade Centre, Centre 1, Seminar Room I & II, Cuffe Parade, Mumbai – 400 005.
2005-2006	18-8-06	10.30 A.M.	MVIRDC, 31st Floor, World Trade Centre, Centre 1, Seminar Room I & II, Cuffe Parade, Mumbai – 400 005.
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.

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

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

Year ended 31-3-2005 - No Special Resolution was passed.

- (ii) Postal Ballot
During the last year no special resolution was passed through postal ballot and neither during the current year any special resolution is proposed to be conducted through postal ballot.

(g) Disclosure

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

There are no such transactions during the year.

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

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 was revoked w.e.f. 13th April 2005.

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).

The Hon'ble SAT vide Order dated 17/3/2006 has 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 and the same is also acknowledged by SAT in its order dated 5.5.2006.

The Hon'ble High Court vide Order dated 3rd May, 2007 has directed the Scheme to be forwarded to the debenture holders with a view of obtaining their views/objections to the scheme before granting its approval to the scheme. Accordingly the scheme has been forwarded by the Special committee to all Non-Convertible Debenture Holders of the Company vide its letter dated 25th May, 2007 and further a corrigendum dated 24th December, 2007 was issued to all the Non Convertible Debenture holders in terms of Hon'ble High Court of Bombay order dated 17th December, 2007 in view of order dated 10th December, 2007 of Hon'ble SAT. The appeal is pending before Hon'ble SAT.

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

The details pertaining to Directors seeking re-appointment is furnished hereunder:

Name of the Director	SHRI BASANT BHORUKA.
Date of Birth	09 th September, 1960.
Date of Appointment on the Board	31 st October, 2001.
Qualifications	B. Com.
Experience	Having over two decades of vast and varied experience in Industry.
Name of Companies in which outside Directorship held.	NIL
Membership of the Committees on the Board.	1. Member of the Audit Committee. 2. Member of the Shareholder and Investors Grievance Committee.
No. of shares held in the Company.	NIL

- (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 CERTIFICATION

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

(i) Means of Communication

- a) The Board of Directors of the Company with the permission of the Special Committee approves and takes on record the quarterly and half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period and yearly audited financial results within 3 months from close of the financial year.
- b) The quarterly and half-yearly unaudited financial results were published in Free Press Journal & Navashakti newspapers.

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- c) Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard and simultaneously posted on the website of the company www.lloydsfinance.in. The Company has also created an email address, pursuant to Clause 47(F) of the Listing Agreement for accepting investor's grievance on flinvestors@yahoo.co.in
- d) The Company's financial results and official news releases are displayed on the Company's website www.lloydsfinance.in
- e) No formal presentations were made to the institutional investors and analysts during the year under review.
- f) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

(j) Code of Conduct

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

(k) General Shareholder Information

- (I) Annual General Meeting
 - Date : 14th August, 2008
 - Venue : "JASMINE" Hall, 1st floor,
Centre 1, MVRDC, World Trade Centre,
Cuffe Parade, Mumbai - 400 005.
- (II) Results for quarter ending 30.06.2008
Results for quarter ending 30.09.2008
Results for quarter ending 31.12.2008
Audited Results for financial year 2008-09
 - Last week of July, 2008
 - Last week of October, 2008
 - Last week of January, 2009
 - On or before 30th June, 2009
- (III) Book Closure Date
 - 6th August, 2008 to 14th August, 2008
(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 2007-08
(as applicable) has been paid by the
Company to BSE and NSE.
- (VI) Stock Code
 - a) Trading Script/Symbol at
 - Bombay Stock Exchange : 507870
 - National Stock Exchange : Lloydfin
 - b) Demat ISIN Number in
NSDL & CDSL : INE174A01015

(VII) Stock Market Data

National Stock Exchange :

		NSE	
		High (in Rs.)	Low (in Rs.)
April	2007	1.30	1.00
May	2007	1.70	1.05
June	2007	1.45	1.25
July	2007	1.55	1.15
Aug.	2007	1.95	1.35
Sept.	2007	3.75	1.80
Oct.	2007	3.05	2.00
Nov.	2007	3.35	1.85
Dec.	2007	8.65	3.30
Jan.	2008	11.80	4.70
Feb.	2008	4.95	3.50
Mar.	2008	3.75	2.40

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

(VIII) Registrar and Transfer Agents
(share transfer and communication
regarding share certificate, dividends
and change of address)

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai-400072.
Tel : 2847 0652/ 653 & 40430200/299.
Fax : 2847 5207
Email: bss@bigshareonline.com

(IX) Share Transfer System

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

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

(X) Distribution of Shareholding as at 31st March, 2008.

No. of Equity Shares held	Total Holders	% of Total holders	Total No. of Shares held	% of Total Capital
1 to 500	57524	88.00	10593978	28.32
501 to 1000	3893	5.96	3331097	8.90
1001 to 2000	1817	2.78	2887858	7.72
2001 to 3000	644	0.99	1679400	4.49
3001 to 4000	254	0.39	927888	2.48
4001 to 5000	419	0.64	2030039	5.43
5001 to 10000	461	0.71	3495208	9.34
10001 & Above	353	0.54	12466552	33.32
Total	65365	100.00	37412020	100.00

(XI) Categories of Shareholders as on 31st March, 2008.

Category	No. of Shares	%
Promoters	0	0
Banks & Financial Institutions	213500	0.57
MFs & UTI	35550	0.10
FII	0	0
Others	37162970	99.33
Total	37412020	100.00

(XII) Dematerialization of Shares

Over 75.20% of the outstanding shares have been dematerialized up to 31st March, 2008. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India.

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

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

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

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.
Ph: 2847 0652/653 & 4043 0200/299
Fax: 2847 5207.
bss@bigshareonline.com

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

Secretarial Department :
Viraj Impex House, 2nd Floor,
47, P.D'Mello Road,
Masjid (East), Mumbai - 400 009.
Tel. : 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, 2008.

For Lloyds Finance Limited

Place : Mumbai
Date : 20th June, 2008

Pankaj Desai
Managing Director

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

Lloyds Finance

AUDITORS' REPORT ON CORPORATE GOVERNANCE

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

We have reviewed the implementation of Corporate Governance procedure by the Company during the year ended 31st March, 2008, 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 & Co.
Chartered Accountants

Place : Mumbai
Date : 20th June, 2008

VIJAY H. SHAH
Proprietor
M.No.47391

To the Members of

Lloyds Finance Limited

We have audited the attached Balance Sheet of LLOYDS FINANCE LIMITED as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government in terms of Section 227(4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in Section 211(3C) of the Companies Act, 1956.
 - (e) As per the information & explanation given to us, none of the Directors of the Company are disqualified from being appointed as Directors under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the matter so required and give a true and fair view in conformity of the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2008.
 - 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 : 20th June 2008

VIJAY H.SHAH
Proprietor

**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, 2008.**

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, 2008 excluding security deposits and inter corporate deposit stood at Rs.122.11 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. The Special Committee after the approval of the Hon'ble High Court of Bombay, in addition to the payment of deposits up to Rs.5000/- has commenced payment of the deposits of principal amount between Rs.5001/- - to Rs.10000/- from the month of August, 2006
4. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and any other statutory dues with the appropriate authorities.
5. The accumulated losses of the Company exceeded its net worth at the end of the financial year. The Company has incurred cash losses during the current year and also during immediately preceding financial year.
6. Company's loan fund at the year end is Rs.18298.78 lacs as compared to Rs.22852.54 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 : 20th June, 2008.

VIJAY H.SHAH
Proprietor

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs.in Lacs)

	SCHEDULE	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
A. SHARE CAPITAL	1	3,741.20	3,741.20
B. RESERVES AND SURPLUS	2	20,769.76	16,769.14
		24,510.96	20,510.34
2. LOAN FUNDS			
A. SECURED	3	5,723.89	9,910.01
B. UNSECURED	4	12,574.89	12,942.53
		18,298.78	22,852.54
TOTAL		42,809.74	43,362.88
APPLICATION OF FUNDS			
1. FIXED ASSETS			
GROSS BLOCK	5	66.29	101.71
LESS : DEPRECIATION		6.17	6.17
NET BLOCK		60.12	95.54
2. INVESTMENTS : UNQUOTED	6	499.41	508.42
3. CURRENT ASSETS, LOANS & ADVANCES	7	14,209.79	18,867.20
LESS : CURRENT LIABILITIES & PROVISIONS	8	598.15	603.85
NET CURRENT ASSETS		13,611.64	18,263.35
4. PROFIT & LOSS A/C		28,638.57	24,495.57
TOTAL		42,809.74	43,362.88
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 20th June, 2008

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

LLOYDS FINANCE LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs.in Lacs)

	SCHEDULE	Year Ended 31.03.2008	Year Ended 31.03.2007
INCOME			
INTEREST		94.34	28.32
MISCELLANEOUS		9.39	1.26
PROFIT ON SALE OF SHARES		-	10.98
PROFIT ON SALE OF ASSETS		41.58	568.21
		<u>145.31</u>	<u>608.77</u>
EXPENDITURE			
ADMINISTRATIVE & GENERAL EXPENSES	9	326.12	310.58
DEBTS/ADV./INVEST./ASSETS WRITTEN OFF & OTHER EXPS.		4,091.96	3,858.86
		<u>4,418.08</u>	<u>4,169.44</u>
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		(4,272.77)	(3,560.67)
ADD : PROVISION FOR FRINGE BENEFIT TAX		(2.71)	(2.52)
		<u>(4,275.48)</u>	<u>(3,563.19)</u>
PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(4,275.48)	(3,563.19)
LESS : IT REFUND OF EARLIER YEARS		132.48	-
		<u>(4,143.00)</u>	<u>(3,563.19)</u>
NET (LOSS) FOR THE YEAR		(4,143.00)	(3,563.19)
ADD : BALANCE BROUGHT FORWARD		(24,495.57)	(20,932.38)
		<u>(28,638.57)</u>	<u>(24,495.57)</u>
LOSS CARRIED TO BALANCE SHEET		(28,638.57)	(24,495.57)
ADDITIONAL SCHEDULE : PARTICULARS AS PER NBFC DIRECTIONS	10		
NOTES TO ACCOUNTS	11		

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 20th June, 2008

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE 1 :		
SHARE CAPITAL		
A. Authorised		
60000000 Equity Shares of Rs. 10/- each	6,000.00	6,000.00
1500000 Preference Shares of Rs. 100/- each	1,500.00	1,500.00
	<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 (Out of above)	3,741.20	3,741.20
I. 3818240 shares were allotted as fully paid Bonus Shares by capitalisation of General Reserves.		
II. 7493240 shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium		
TOTAL	<u>3,741.20</u>	<u>3,741.20</u>
SCHEDULE 2 :		
RESERVES AND SURPLUS		
Share Premium	7,418.27	7,418.27
Debenture Redemption Reserve	1,899.99	1,899.99
Special Reserve u/s 45 IC of the RBI Act, 1934	625.00	625.00
Investment Allowance (Utilised) Reserve	13.21	13.21
Capital Reserve	28.65	28.65
(includes Rs. 5.84 lacs realised from forfeiture of shares)		
Remission of Liabilities	10,784.64	6,784.02
TOTAL	<u>20,769.76</u>	<u>16,769.14</u>
SCHEDULE 3 :		
SECURED LOANS		
A. Debentures		
I) 2500000, 18.50% Redeemable NCDs of Rs.100/- each	2,166.67	2,166.67
II) 2084933, 15.00% Redeemable NCDs of Rs.120/- each	2,416.72	2,416.72
III) 4, 17.00% Redeemable NCDs of Rs.1 crore each after repayment	122.28	122.28
B. Term Loan From Institutions	1,018.22	4,790.04
C. Cash Credits from Banks	0.00	414.30
TOTAL	<u>5,723.89</u>	<u>9,910.01</u>
SCHEDULE 4 :		
UNSECURED LOANS		
A. Fixed Deposits	12,211.15	12,578.79
B. Security Deposits	363.74	363.74
TOTAL	<u>12,574.89</u>	<u>12,942.53</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 AT 31.03.2007	ADDI- TIONS	DEDU- CTIONS	AS AT 31.03.2008	UPTO 31.03.2007	FOR THE YEAR 07-08	DEDUC- TIONS	AS AT 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007
LAND & BUILDING	101.71	—	35.42	66.29	6.17	—	—	6.17	60.12	95.54
TOTAL	101.71	—	35.42	66.29	6.17	—	—	6.17	60.12	95.54
Previous Year	101.71	—		101.71	181.33	—	175.16	6.17	60.12	—

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

SCHEDULE 6 : INVESTMENTS	Rate Per Unit	Quantity	Value As at 31.03.2008	Quantity	Value As at 31.03.2007
	Investment in Govt. Securities				
11.50% GOI Stock 2010			1.66		1.66
	A		<u>1.66</u>		<u>1.66</u>
Others					
Europa Enterprises Ltd.	Rs.10/-	4900000	490.00	4900000	490.00
Shamrao Vithal Co-op.Bank	Rs.50/-	500	0.25	500	0.25
Laxmi Finance Co-op.Housing Society Ltd.	Rs.10/-	50	-	50	0.01
Gujarat Venture Fund Limited	Re. 1/-	1	7.50	1	16.50
	B		<u>497.75</u>		<u>506.76</u>
TOTAL	A+B		<u>499.41</u>		<u>508.42</u>

(Rs.in Lacs)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
1. Cash and Bank Balances		
a. Cash on hand	2.71	2.32
b. Balances with Scheduled Banks -		
In Deposit Accounts	436.20	384.44
In Current Accounts	121.81	50.08
2. Receivables (Unsecured, considered good)		
More than 6 months	13,469.13	18,219.33
3. Stock in Trade	0.40	0.56
	<u>14,030.25</u>	<u>18,656.73</u>
B. LOANS AND ADVANCES (considered good)		
Staff Loans	0.26	38.53
Sundry Deposits	7.53	5.25
Advance payments of Tax	11.83	6.83
Other Advances	159.92	159.86
	<u>179.54</u>	<u>210.47</u>
TOTAL	<u>14,209.79</u>	<u>18,867.20</u>
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	162.08	165.29
Statutory Liabilities	3.49	2.77
Other Liabilities	432.58	435.79
TOTAL	<u>598.15</u>	<u>603.85</u>

LLOYDS FINANCE LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 9 :		
ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries & Allowances	74.73	89.69
Contribution to Employees Provident Fund etc.	3.74	4.00
Communication Expenses	16.04	13.72
Committee Fees	10.20	9.70
Printing & Stationery	6.45	4.97
Directors' Sitting Fees	0.13	0.15
Rent, Rates and Taxes	12.80	9.72
Stock Exchange Listing Fee	2.27	2.00
ROC Filing Fees	0.07	0.47
Office Repairs and Maintenance	1.07	2.71
Legal and Professional Charges	151.35	131.51
Conveyance & Travelling Expenses	22.07	18.47
Advertisement Expenses	1.71	1.92
Bank Charges	0.05	0.35
Office Expenses	14.55	15.96
Electricity Expenses	1.42	1.24
Registrar & Share Transfer Expenses	1.60	1.15
Miscellaneous Expenses	3.34	0.71
Internal Audit Fees	0.81	0.46
Auditors Remuneration - Audit Fees	1.72	1.68
TOTAL	326.12	310.58

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

Particulars	—	
<u>Liabilities side</u> :	(Rs. in lacs)	
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :	Amount outstanding	Amount overdue
(a) Debentures : Secured	4705.67	4705.67
: Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	1018.22	1018.22
(d) Inter-Corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	12211.15	12211.15
(g) Cash Credit	0.00	0.00
(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)	12211.15	12211.15
<u>Assets side</u> :		
Amount outstanding		
(3) Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	4723.73	-
(4) Break-up of Sundry Debtors/Receivables and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Sundry debtors/receivables:		
(a) Financial Lease	5253.34	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	3492.06	-
(b) Repossessed Assets	-	-
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

SCHEDULE 10 (Cont'd)

		(Rs. in lacs)
		Amount outstanding
(5) Break-up of Investments :		
Current Investments :		
(1) Quoted :		
(i) Shares	:	(a) Equity 0.40
		(b) Preference -
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(2) Unquoted :		
(i) Shares	:	(a) Equity -
		(b) Preference -
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
Long Term Investments		
1. Quoted :		
(i) Shares	:	(a) Equity -
		(b) Preference -
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) PSE Securities		1.66
2. Unquoted :		
(i) Shares	:	(a) Equity 497.75
		(b) Preference -
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) PSE Securities		-

(6) Borrower group-wise classification of all sundry debtors/receivables, 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	-	13469.13	13469.13
Total	-	13469.13	13469.13

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

Lloyds Finance

**SCHEDULE 11 : SIGNIFICANT ACCOUNTING
POLICIES AND NOTES TO THE ACCOUNTS**

I. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting Convention :

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

2. Expenses :

All the expenses are provided on accrual basis.

3. Revenue :

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

4. Retirement Benefits :

The Gratuity is accounted for on accrual basis.

5. Investments :

Investments of the Company are valued as under -

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

II. NOTES TO THE ACCOUNTS:

1. Contingent Liabilities (Not provided for)

		(Rs.in Lacs)
	31.3.2008	31.3.2007
ii) Sales tax liabilities disputed by the Company, pending appeal	88.07	88.07

2. (i) The Company has neither accepted fresh deposits nor renewed the existing deposits during the year under review. Outstanding deposits from the public as on 31st March, 2008 excluding security deposits stood at Rs.122.11 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 directions of the Special Committee, effective from 01.04.2006 all records are now being maintained at the Registered Office at Mumbai.

(iii) The Company was registered with Reserve Bank of India (RBI) as Non-Banking Finance Company(NBFC). The application for re-registration as required by the Reserve Bank of India Amendment Act, 1997 has been rejected by its Order dated 13/01/2004 under section 45 IA of the RBI Act, 1934 notified on 14th January 2004. On an appeal filed by the Company, the Ministry of Finance being the Appellate Authority for NBFC registration, directed RBI to maintain status quo for one year. However, on a Writ filed by RBI against the order of Ministry of Finance, the Hon'ble Delhi High Court vide Order dated 8/9/2005 upheld the decision of RBI and as such the Company cannot transact the business of a Non-Banking

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

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

3. Secured Creditors :-

The Hon'ble High Court of Bombay vide its Order dated 3/2/2005 directed the secured creditors to approach the Special Committee for the settlement of their dues. The Hon'ble High Court also directed regarding disbursement of funds to various creditors under the scheme empowered to be finalized by the Special Committee. The Special Committee, accordingly, has been authorized to utilize the funds recovered from the properties/ debtors of the Company, whether charged as a security or not, towards the scheme formulated for fixed deposit holders and other secured & unsecured creditors in appropriate proportion. Accordingly, and on the basis of availability of funds the Special Committee initiated steps to meet the secured creditors and settle the dues. Till 31/3/2008 the Special Committee has reached settlements with most of the secured creditors i.e. Banks and Financial Institutions except some 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 include 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 SAT. However, SEBI objected to the interpretation of the said 'No Objection' but SAT clarified the same in its order dated 10th December, 2007.

The Hon'ble High Court vide Order dated 3rd May, 2007 has directed the scheme to be forwarded to the debenture holders with a view of obtaining their views/ objections to the scheme before granting its approval to the scheme. Accordingly the scheme has been forwarded by the Special Committee to all Non-Convertible Debenture Holders of the Company vide its letter dated 25th May, 2007. Further, as per order dated 17th December, 2007 of Hon'ble High Court of

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

Bombay, a corrigendum dated 24th December, 2007 was issued to all the Non-Convertible Debentureholders in view of order dated 10th December, 2007 of SAT. The said scheme is pending for approval of the Hon'ble High Court of Bombay as certain queries raised by ICICI Bank Ltd. in its capacity as trustee are yet to be resolved. The Special Committee is taking steps to resolve all such queries/objections of ICICI Bank Ltd. before approval of the scheme.

In view of the above and in view of the affairs of the Company now seized before the Hon'ble High Court at Bombay it will be prudent to mention that all the creditors i.e. secured & unsecured will be repaid only under the scheme to be formulated by the Special Committee and to be approved by the Hon'ble High Court at Bombay, no distinction regarding the security / charges are being made here because all the creditors will be paid on the basis of scheme to be formulated for each class of

creditor but on the basis of availability of funds. The funds for such scheme are being made available from the realization of the assets of the Company which are primarily in the form of receivables / debtors.

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

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

ITEMS	OPENING STOCK		PURCHASE		SALES/W.OFF		CLOSING STOCK	
	Qty.	Value (in lacs)	Qty.	Value (in lacs)	Qty.	Value (in lacs)	Qty.	Value (in lacs)
Traded Units								
Shares Nos.	563700 (580400)	0.56 (0.58)	— —	— —	160800 (16700)	0.16 (0.02)	402900 (563700)	0.40 (0.56)

(Rs.in lacs)

7. Managerial Remuneration

1. Salary
2. Contribution to Provident Fund

31.03.2008	31.03.2007
4.78	4.78
0.48	0.48

8. Earning Per Share :

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

Weighted average number of shares
Outstanding during the year
(Loss) for the year (in Lacs)
(Loss) per share (Rs.)

31.3.2008	31.3.2007
37412020	37412020
(4143.00)	(3563.19)
(11.07)	(9.52)

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 Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 20th June, 2008

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

CASH FLOW STATEMENT

(Pursuant to Clause 32 of the listing agreement for the year ended 31st March, 2008)

(Rs. in lacs)

Particulars	2007-08	2006-07
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax and extraordinary items	(4,275.48)	(3,563.19)
Add : Income Tax refund of earlier years	132.48	-
Bad debts written off	4,091.96	3,858.86
Operating profit before working capital changes	(51.04)	295.67
(Increase)/Decrease in net stock on hire	0.16	0.02
(Increase)/Decrease in loans and advances	30.93	(8.20)
(Increase)/Decrease in other receivables	4,750.20	4,404.43
Increase/(Decrease) in current liabilities	(5.70)	(90.04)
Cash generated from operations	4,724.55	4,601.88
Written off against NPA's	(4,091.96)	(3,858.86)
Net Cash from Operating Activities (A)	632.59	743.02
CASH FLOW FROM INVESTING ACTIVITIES :		
(Placement) / Redemption of bank deposits	(51.76)	(25.75)
Sale of Fixed Assets	35.42	-
Sale of investments	9.01	1.50
Net Cash from Investing Activities (B)	(7.33)	(24.25)
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Bank Borrowings	(414.30)	(3,828.49)
Increase/(Decrease) in long term borrowings	(3,771.82)	(120.00)
Increase/(Decrease) in fixed deposits	(367.64)	(337.32)
Increase/(Decrease) in other borrowings	-	(0.33)
Remission of Liabilities	4,000.62	3,527.74
Net Cash from Financing Activities(C)	(553.14)	(758.40)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	72.12	(39.63)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR	52.40	92.03
CASH & CASH EQUIVALENTS AT THE END OF YEAR	124.52	52.40

As per our attached report of even date

For Vijay H. Shah & Co.
Chartered Accountants

Vijay H. Shah
Proprietor

Place : Mumbai
Date : 20th June, 2008

For and on behalf of the Board

Basant B. Bhoruka
Chairman

Pankaj R. Desai
Managing Director

Rinku Gadani
Company Secretary

Under the Management of Special Committee
Appointed by Hon'ble High Court at Bombay
21st Annual Report 2007 - 2008
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS
PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT 1956
AS ON 31st MARCH, 2008

I. Registration Details	
Registration No.	37130
State Code	11
Balance Sheet Date	31.03.2008
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	4280974
Total Assets	4280974
Sources of Funds	
Paid-up Capital	374120
Reserves & Surplus	2076976
Secured Loans	572389
Unsecured Loans	1257489
Application of Funds	
Net Fixed Assets	6012
Investments	49941
Net Current Assets	1361164
Accumulated Losses	2863857
IV. Performance of Company	
(Amount in Rs. Thousands)	
Total Income	14531
Total Expenditure	441808
Profit / (Loss) before tax	(427277)
Profit / (Loss) after tax	(414300)
Earnings Per Share (Rs.)	(11.07)
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 : 20th June, 2008

Rinku Gadani
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 **21st ANNUAL GENERAL MEETING OF LLOYDS FINANCE LIMITED** at the MVIRDC, "JASMINE" Hall, 1st floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai - 400 005 on Thursday, the **14th day of August, 2008** at **10:30 a.m.**

Member's / Proxy's Signature(s)

LLOYDS FINANCE LIMITED

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

PROXY FORM

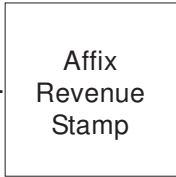
DP ID*	
Client ID*	

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 21st Annual General Meeting of Lloyds Finance Limited, to be held on Thursday, the **14th day of August, 2008** at **10.30 a. m.** and at any adjournment thereof.

Signed this day of 2008.

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, Saki Naka,
Andheri (East), Mumbai 400 072.

Crystal - 6614 0900